ANNUAL INFORMATION FORM

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

March 31, 2023

GOLDGROUP MINING INC.

ANNUAL INFORMATION FORM

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

TABLE OF CONTENTS

GENERAL MATTERS

In this Annual Information Form, unless the context otherwise requires, the "Company" or "Goldgroup" refers to Goldgroup Mining Inc. and its subsidiaries. Unless otherwise indicated, information in the Annual Information Form is provided as of December 31, 2022.

This Annual Information Form should be read in conjunction with the Company's consolidated financial statements and management's discussion and analysis for the year ended December 31, 2022. The financial statements and management's discussion and analysis are available under the Company's profile on SEDAR at www.sedar.com.

Cautionary Statement on Forward-Looking Statements

This Annual Information Form contains "forward-looking information" (within the meaning of applicable Canadian securities law) concerning Goldgroup's plans at its Mineral Properties and other matters. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Actual results could differ materially from the conclusions, forecasts and projections contained in such forward-looking information.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "is expected", "anticipates", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential" or variations thereof or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to materially differ from those reflected in the forward-looking statements, and are developed based on assumptions about such risks, uncertainties and other factors set out herein including, without limitation:

- uncertainties related to actual capital costs, operating costs and expenditures, production schedules and economic returns from Goldgroup's projects;
- uncertainties associated with development activities;
- uncertainties inherent in the estimation of mineral resources and precious metal recoveries;
- risks related to obtaining appropriate permits and licences to explore, develop, operate and produce at the Company's projects;
- uncertainties related to current global economic conditions;
- fluctuations in precious and base metal prices;
- uncertainties related to the availability of future financing;
- potential difficulties with joint venture partners;
- risks that Goldgroup's title to its property could be challenged;
- political and country risk;
- risks associated with Goldgroup being subject to government regulation;
- risks associated with having adequate surface rights for operations;
- environmental risks;
- Goldgroup's need to attract and retain qualified personnel;
- risks associated with operating hazards at the Cerro Prieto Mine;
- risks associated with potential conflicts of interest;
- Goldgroup's lack of experience in overseeing the construction of a mining project;
- risks related to the integration of businesses and assets acquired by Goldgroup;
- uncertainties related to the competitiveness of the mining industry;
- risk associated with theft;
- risk of water shortages and risks associated with competition for water;
- uninsured risks and inadequate insurance coverage;
- risks associated with potential legal proceedings;
- risks associated with community relations;

- outside contractor risks;
- risks related to archaeological sites;
- foreign currency risks;
- risks associated with security and human rights; and
- risks related to the need for reclamation activities on Goldgroup's properties.
- risks related to Covid-19

This list is not exhaustive of the factors that may affect the Company's forward-looking information. These and other factors should be considered carefully, and readers should not place undue reliance on such forward-looking information. Investors should carefully consider the risks set out below under the heading "Risk Factors" as well as those contained in the management's discussion and analysis for the year ended December 31, 2022.

The Company undertakes no obligation to revise or update any forward-looking statement, or any other information contained or referenced in this Annual Information Form to reflect future events and circumstances for any reason, except as required by law. In addition, any forecasts or guidance provided by the Company are based on the beliefs, estimates and opinions of the Company's management as at the date of this Annual Information Form and, accordingly, they involve a number of risks and uncertainties. Consequently, there can be no assurances that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Except as required by law, the Company undertakes no obligation to update such projections if management's beliefs, estimates or opinions, or other factors should change.

Compliance with NI 43-101

As required by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101"), Goldgroup has filed technical reports detailing the technical information related to its material mineral properties discussed herein. For the purposes of NI 43-101, the Company's material mineral properties are the Cerro Prieto Mine and the San José de Gracia Property. Unless otherwise indicated, Goldgroup has prepared the technical information in this Annual Information Form ("Technical Information") based on information contained in the technical reports, news releases and other public filings (collectively, the "Disclosure Documents") available under the Company's profile on SEDAR. Each Disclosure Document was prepared by or under the supervision of a qualified person as defined in NI 43-101. For readers to fully understand the information in this Annual Information Form, they should read the Disclosure Documents in their entirety, including all qualifications, assumptions and exclusions that relate to the information set out in this Annual Information Form which qualifies the Technical Information. The Disclosure Documents are each intended to be read as a whole, and sections should not be read or relied upon out of context. The Technical Information is subject to the assumptions and qualifications contained in the Disclosure Documents.

Except where specifically indicated otherwise, the disclosure in this AIF regarding the Technical Informatuon has been reviewed and approved by Craig Gibson, Ph.D., CPG who by reason of education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, fulfills the requirements of a Qualified Person as defined in NI 43-101, and he is Independent of the issuer applying all of the tests in Section 1.5 of NI 43-101CP. Mr. Gibson is Goldgroup's qualified person for the purposes of NI 43-101.

Classification of Mineral Reserves and Mineral Resources

In this Annual Information Form and as required by NI 43-101, the definitions of proven and probable mineral reserves and measured, indicated and inferred mineral resources are those used by Canadian provincial securities regulatory authorities and conform to the definitions utilized by the Canadian Institute of Mining, Metallurgy and Petroleum in the "CIM Definition Standards on Mineral Resources and Mineral Reserves".

Cautionary Note to U.S. Investors Concerning Estimates of Mineral Reserves and Mineral Resources

The Mineral Resource and Mineral Reserve estimates contained in this annual information form have been prepared in accordance with the requirements of Canadian securities laws, which differ from the requirements of United States securities laws and uses terms that are not recognized by the United States Securities and Exchange Commission ("SEC"). The terms "Mineral Reserve", "Proven Mineral Reserve" and "Probable Mineral Reserve" are Canadian mining terms as defined in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") — Definition Standards adopted by CIM Council on May 10, 2014 (the "CIM Definition Standards") which were incorporated by reference in the Canadian Securities Administrators' National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43- 101"). These definitions differ from the definitions in SEC Industry Guide 7 (“SEC Industry Guide 7”) under United States securities laws. Under SEC Industry Guide 7 standards, a “final” or “bankable” feasibility study is required to report reserves or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

In addition, the terms “Mineral Resource”, “Measured Mineral Resource”, “Indicated Mineral Resource” and “Inferred Mineral Resource” are defined in and required to be disclosed by NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. United States investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. “Inferred Mineral Resources” have a great amount of uncertainty as to their existence and their economic and legal feasibility.

A significant amount of exploration must be completed in order to determine whether an Inferred Mineral Resource may be upgraded to a higher category. Under Canadian regulations, estimates of Inferred Mineral Resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. United States investors are cautioned not to assume that all or any part of an Inferred Mineral Resource exists or is economically or legally mineable. Disclosure of “contained ounces” in a resource is permitted disclosure under Canadian regulations if such disclosure includes the grade or quality and the quantity for each category of Mineral Resource and Mineral Reserve; however, the SEC normally only permits issuers to report mineralization that does not constitute “reserves” by SEC standards as in place tonnage and grade without reference to unit measures.

Accordingly, information contained in this annual information form containing descriptions of our mineral deposits may not be comparable to similar information made public by United States companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

Non-GAAP Measure - Cash Costs

This Annual Information Form often refers to cash costs per ounce, a non-International Financial Reporting Standards (“IFRS”) performance measure in order to provide investors with information about the measure used by management to monitor performance. This information is used to assess how well the producing gold mine is performing compared to plan and prior periods, and also to assess the overall effectiveness and efficiency of gold mining operations. “Cash cost” figures are calculated in accordance with a standard developed by The Gold Institute, which was a worldwide association of suppliers of gold and gold products and included leading North American gold producers. The Gold Institute ceased operations in 2002, but the standard is still an accepted standard of reporting cash costs of gold production in North America. Adoption of the standard is voluntary, and the cost measures presented herein may not be comparable to other similarly titled measures of other companies. Costs include mine site operating costs such as mining, processing, administration, royalties and production taxes, but are exclusive of amortization, reclamation, capital, exploration and development costs. These costs are then divided by ounces of gold sold to arrive at the total cash costs per ounce of gold sold. The measure, along with sales, is considered to be a key indicator of a company’s ability to generate operating earnings and cash flow from its mining operations.

These gold cash costs differ from measures determined in accordance with IFRS. They are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures are not necessarily indicative of net earnings or cash flow from operations as determined under IFRS. Refer to Goldgroup’s management’s discussion and analysis for the year ended December 31, 2022 filed on SEDAR at www.sedar.com for a reconciliation of total cash cost to the most directly comparable IFRS measure.

Currency Presentation and Exchange Rate Information

This annual information form contains references to United States dollars and Canadian dollars. All dollar amounts referenced, unless otherwise indicated, are expressed in United States dollars (“$” or “US$”). Certain information in this annual information form is presented in Canadian dollars (“Canadian dollars” or “C$”).

The following table sets forth, for each period indicated, the high and low exchange rates, the average exchange rate, and the exchange rate at the end of the period, based on the rate of exchange of one U.S. dollar in exchange for Canadian dollars published by the Bank of Canada.

	2022 (*)	2021 (*)	2020 (*)
High	C$1.3856	C$1.2942	C$1.4496
Low	C$1.2451	C$1.040	C$1.2718
Average (*)	C$1.3011	C$1.2942	C$1.3415
Closing	C$1.3544	C$1.2678	C$1.2732

(*) Calculated as an average of the daily noon rates for each period.

On December 31, 2022, the closing exchange rate for Canadian dollars in terms of the United States dollar, as quoted by the Bank of Canada, was US$1.00 = C$1.3544.

Historic Gold Prices

The high, low, average and closing afternoon fixing gold and silver prices in United States dollars per troy ounce, as quoted by the London Bullion Market Association for each of the three years ended December 31, were as follows:

	2022	2021	2020
High	2,039	1,943	2,067
Low	1,629	1,684	1,474
Average	1,800	1,797	1,769
Closing	1,814	1,806	1,887

1.1 NAME, ADDRESS AND INCORPORATION

The Company, formerly known as Acabit Exploration Inc., was formed under the laws of the Province of Québec by the result of a merger under the *Companies Act* (Québec) on November 9, 1989. In 1996, the Company changed its name to Western Pacific Mining Exploration Inc. In October 2002, the Company consolidated its outstanding common shares on the basis of one new common share for ten old common shares and changed its name to Sierra Minerals Inc.

Business Combination between Sierra Minerals and Goldgroup

On January 29, 2010, the Company and Goldgroup Holdings Corp. ("Pre-RTO Goldgroup" and formerly Goldgroup Resources Inc.), a privately held British Columbia company, entered into a binding letter agreement with respect to a proposed business combination (the "RTO"). On February 23, 2010, the Company and Pre-RTO Goldgroup signed a definitive agreement with respect to the RTO.

On April 30, 2010, the Company changed its name from Sierra Minerals Inc. to Goldgroup Mining Inc. and consolidated its common shares on the basis of one new common share for 2.85 old common shares. Effective April 30, 2010, the Company completed the RTO with Pre-RTO Goldgroup pursuant to a statutory plan of arrangement under the *Business Corporations Act* (British Columbia). The RTO has been treated as a reverse take-over of the Company by Pre-RTO Goldgroup. Pursuant to the RTO, security holders of Pre-RTO Goldgroup received 51,942,637 post-consolidated common shares of the Company in exchange for their Pre-RTO Goldgroup common shares. In addition, all outstanding options to acquire Pre-RTO Goldgroup shares were exchanged for options to acquire the equivalent number of common shares of the Company for the same aggregate consideration.

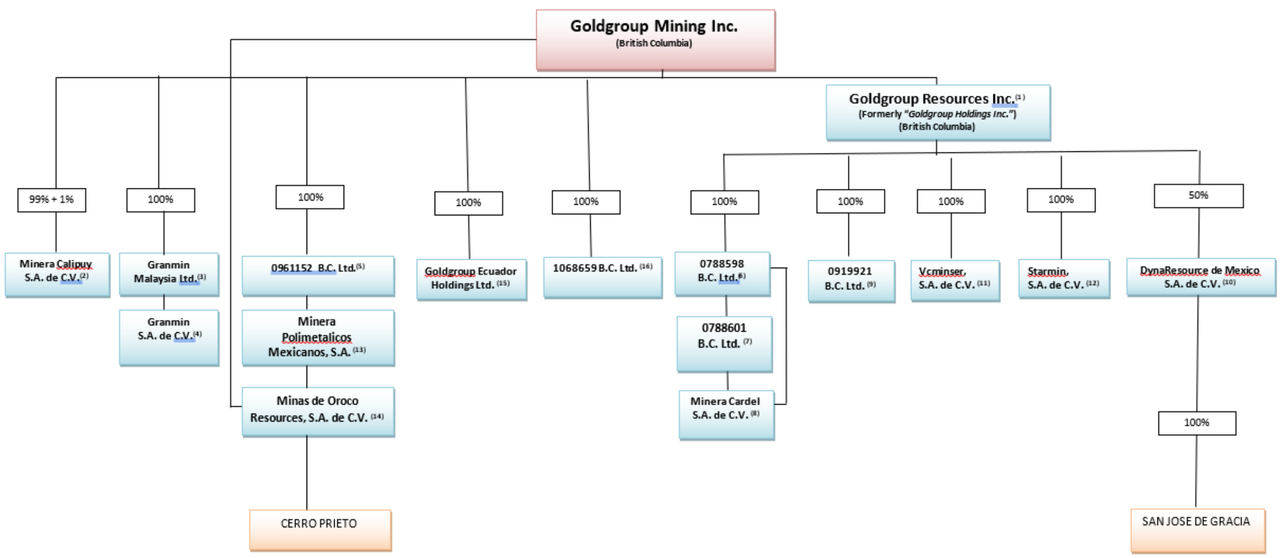
On May 7, 2010, the Company began trading on the Toronto Stock Exchange ("TSX") under its new symbol "GGA". The Company also trades on the Over-The-Counter ("OTC") market under the symbol "GGAZF". On June 21, 2012, the Company began trading on the Sistema Internacional de Cotizaciones (SIC) of the BMV- International Segment of the Mexican Stock Exchange under the symbol BMV: GGAN.MX. Effective after the close of trading on September 16, 2011, the Standard and Poor's Canadian Index Operations added Goldgroup to the S&P/TSX SmallCap Index. On September 21, 2012 the Company was struck from the S&P/TSX SmallCap Index. The head office of the Company is located at Suite #1201 – 1166 Alberni Street, Vancouver, British Columbia, V6E 3Z3, Canada. The Company's registered office is located at Suite 2800, 666 Burrard Street, Vancouver, British Columbia, V6C 2Z7, Canada.

Change in Jurisdiction

On June 10, 2011 the Company held its Annual General and Special Meeting of Shareholders whereby the Shareholders approved the continuance of the Company under the *Business Corporations Act* (Québec) to the *Business Corporations Act* (British Columbia). The continuance was completed on July 28, 2011

INTER-CORPORATE RELATIONSHIPS

The following chart sets out Goldgroup's corporate structure, including all subsidiaries and their respective jurisdictions of incorporation.



Notes:

(1)	Goldgroup Resources Inc.	Incorporated - British Columbia, Canada (100% owned by Goldgroup Mining Inc.)
(2)	Minera Calipuy S.A. de C.V.	Incorporated – Mexico (9,999 Common Shares Held by Goldgroup Mining Inc. & 1 Common Share by Peter James Mullen)
(3)	Granmin Malaysia Ltd.	Incorporated - Labuan, Malaysia (100% owned by Goldgroup Mining Inc.)
(4)	Granmin S.A. de C.V.	Incorporated – Mexico (99 Shares held by Granmin Malaysia Ltd. and 1 share owned by K.Piggott)
(5)	0961152 B.C. Ltd.	Incorporated – British Columbia, Canada (100% owned by Goldgroup Mining Inc.)
(6)	0788598 B.C. Ltd.	Incorporated – British Columbia, Canada (100% owned by Goldgroup Resources Inc.)
(7)	0788601 B.C. Ltd.	Incorporated – British Columbia, Canada (100% owned by 0788598 B.C. Ltd.)
(8)	Minera Cardel S.A. de C.V.	Incorporated – Mexico (495 shares held by 0788598 B.C. Ltd. & 5 shares owned by 0788601 B.C. Ltd.)
(9)	0919921 B.C. Ltd.	Incorporated – British Columbia, Canada (100% owned by Goldgroup Resources Inc.)
(10)	DynaResource de Mexico S.A. de C.V.	Incorporated – Mexico(Goldgroup holds a 50% interest in DynaResource de Mexico, S.A. de C.V., which owns 100% of San José de Gracia)
(11)	Vcminser, S.A. de C.V.	Incorporated – Mexico (99 shares held by Goldgroup Resources Inc. & 1 share held by Anthony Balic)
(12)	Starmin, S.A. de C.V.	Incorporated – Mexico (99 shares held by Goldgroup Resources Inc. & 1 share held Anthony Balic)
(13)	Minera Polimetalicos Mexicanos, S.A.	Incorporated - Panama (1,000 shares held by 0961152 B.C. Ltd. -100%)
(14)	Minas de Oroco Resources, S.A. de C.V.	Incorporated – Mexico (Serie B 126,400 shares held by Goldgroup Mining Inc. 99.96046%, Minera Polimetalicos Mexicanos, S.A.Serie A 0.03875% & Enrique Peralta Serie A 0.00079%)
(15)	Goldgroup Ecuador Holdings Ltd.	Incorporated – British Columbia, Canada (100% owned by Goldgroup Mining Inc.)
(16)	1068659 B.C. Ltd.	Incorporated – British Columbia, Canada (100% owned by Goldgroup Mining Inc.)

GENERAL DEVELOPMENT OF THE BUSINESS

OVERVIEW

Goldgroup is focused on the acquisition, exploration and development of advanced stage gold-bearing mineral properties in the Americas. The Company's current gold exploration, development and production activities are conducted in Mexico and previously included Ecuador. Goldgroup owns a property portfolio that includes: i) an interest in DynaResource de Mexico, S.A. de C.V., which owns 100% of the San José de Gracia Project. Goldgroup and ii) 100% owner and operater the Cerro Prieto Mine in Sonora. The Company is listed on the Toronto Stock Exchange ("TSX").

1.2 THREE YEAR HISTORY

2020

- During the year ended December 31, 2020, the Company produced 11,441 ounces of gold (December 31, 2019 – 13,460 ounces of gold).

- During the year ended December 31, 2020, the average realized price for the gold sold was $1,764 (December 31, 2019 – $1,385).

- During the year ended December 31, 2020, the Company's all-in sustaining cost of production per ounce was $1,570[(1)] and all-in cost per ounce was $1,821.[(1)] During the year ended December 31, 2019, the Company's all-in sustaining cost of production per ounce was $1,178[(1)] and all-in cost per ounce was $1,377[(1)]

- On June 29, 2020, the Company closed an additional facility with Accendo in the amount of USD$3,000,000 the ("Facility").

- Cerro Prieto – the Company only produced from the Cerro Prieto project in 2020 although had to deal with a government mandated COVID 19 shutdown in Q2 and had water issues in Q3 which reduced production. Q4 2020 saw the Company get back on track with production and 2021 should see production restored to historical levels.
  - Management is pursuing exploration of nearby areas within our concessions to extend mine life beyond the current two years and potentially increase production.

2021

- In Q4 2021, the Company moved production from Cerro Prieto to the Company's Puma zone which is an exploration and evaluation property. Production for 2022 is anticipated to come entirely from the Puma zone.

- During the year ended December 31, 2021, the Company produced 12,906 ounces of gold (Cerro Prieto 9,686, Puma 3,220) (December 31, 2020 – 11,441 ounces of gold).

- During the year ended December 31, 2021, the average realized price for the gold sold was $1,805 (December 31, 2020 – $1,764).

- During the year ended December 31, 2021, Cerro Prieto's all-in sustaining cost of production per ounce was $1,422[(1)] and all-in cost per ounce was $1,645. During the year ended December 31, 2021, Puma's all-in sustaining cost of production per ounce was $2,004 and all-in cost per ounce was $2,227.

- During the year ended December 31, 2020, the Company's all-in sustaining cost of production per ounce was $1,570[(1)] and all-in cost per ounce was $1,821

- Cerro Prieto – the Company is pursuing exploration of nearby areas within our concessions to extend mine life and potentially increase production. The Company is re-leaching material to extract residual gold from previously leached material which is expected to increase gold production in the coming quarters.

2022

- In Q4 2021, the Company began operations in the new Puma zone which is classified as an exploration and evaluation asset where all related revenue and production costs are capitalized and the minimal production from the Cerro Prieto pit in Q1 2022 was recorded as revenue and cost of sales which accounts for the significant reduction in statement of loss and comprehensive loss compared to the prior year periods.

- During the year ended December 31, 2022, the Company produced 11,274 ounces of gold (Cerro Prieto 392, Puma 10,882) (December 31, 2021 – Cerro Prieto 9,686, Puma 3,220).

- During the year ended December 31, 2022, the average realized price for the gold sold was $1,810 (December 31, 2021 – $1,800).

- During the year ended December 31, 2022, Puma's all-in sustaining cost of production per ounce was $2,360 and all-in cost per ounce was $2,619. As the Puma zone is classified as an exploration and evaluation asset there is no inventory adjustment in the calculation of cash costs. As operations has significantly built-up work-in-progress ounces in stockpile and on the leach pad, the cash cost number would be lower if an inventory adjustment was included and therefore the prior periods are not comparable.

- During the year ended December 31, 2022, Cerro Prieto's all-in sustaining cost of production per ounce was $2,485 and all-in cost per ounce was $2,804. During the year ended December 31, 2021, Cerro Prieto's all-in sustaining cost of production per ounce was $1,422 and all-in cost per ounce was $1,645.

1.3 SIGNIFICANT ACQUISITIONS

2020

During the year ended December 31, 2020, there were no significant acquisitions.

2021

During the year ended December 31, 2021, there were no significant acquisitions.

2022

During the year ended December 31, 2022, there were no significant acquisitions.

DESCRIPTION OF THE BUSINESS

1.4 GENERAL

Goldgroup is focused on the acquisition, exploration and development of advanced stage gold-bearing mineral properties in Mexico and the Americas.

2020

- Cerro Prieto – the Company only produced from the Cerro Prieto project in 2020 although had to deal with a government mandated COVID 19 shutdown in Q2 and had water issues in Q3 which reduced production. Q4 2020 saw the Company get back on track with production and 2021 should see production restored to historical levels.
  - Management is pursuing exploration of nearby areas within our concessions to extend mine life beyond the current two years and potentially increase production.
- San José de Gracia – work to bring a resolution to the conflict with DynaUSA and move the project into production.
- Satellite deposits – the Company is assessing additional satellite deposits in the area to evaluate whether there are economical ounces to be added to the Company's resource base.

2021

- Cerro Prieto – the Company is pursuing exploration of nearby areas within our concessions to extend mine life and potentially increase production. The Company is re-leaching material to extract residual gold from previously leached material which is expected to increase gold production in the coming quarters.
- Puma zone - In Q4 2021 the Company began producing for the Puma zone which is an exploration and evaluation property.
- Satellite deposits – the Company is assessing additional satellite deposits in the area to evaluate whether there are economical ounces to be added to the Company's resource base.
- San José de Gracia – work to bring a resolution to the conflict with DynaUSA and move the project into production.

2022

- Cerro Prieto – the Company is pursuing exploration of nearby areas within our concessions to extend mine life and potentially increase production. The Company is re-leaching material to extract residual gold from previously leached material which is expected to increase gold production in the coming quarters.
- Puma zone - In Q4 2021 the Company began producing for the Puma zone which is an exploration and evaluation property and continues to explore the area to attempt to extend the life of the zone.
- Satellite deposits – the Company is assessing additional satellite deposits in the area to evaluate whether there are economical ounces to be added to the Company's resource base.

Cyclicality and Seasonality

The cyclicality of the business reflects the global supply and demand outlook for gold, which in turn is influenced by diverse factors, U.S. currency valuations, derivatives market activity, interest rate and inflation forecasts, and other factors discussed further in the "Risk Factors" section of this Annual Information Form. Seasonality does not have a pronounced impact on the Company's business, as the Cerro Prieto Mine operates year-round and is not subject to any significant maintenance shut-downs or weather-related seasonality.

Competitive Conditions

The precious metals exploration and mining industry is extremely competitive, and the Company competes with other mining companies for precious metals properties, for joint venture partners and opportunities and for the acquisition of investments in other mining companies.

Environmental Protection

The current and future operations of the Company, including development activities on its properties, are subject to laws and regulations and best practice principles governing exploration, development, waste disposal, greenhouse gas emissions, protection and remediation of environment, reclamation, hazardous substances and other matters. Compliance with such laws and regulations increases the costs of and delays planning, designing, drilling and developing the Company's properties. The Company plans to diligently attempt to apply technically proven and economically feasible measures to advance protection of the environment throughout the exploration and development process. Current costs associated with compliance are considered normal.

Foreign Operations

The Company's operations are carried out in Mexico, and as such, the Company's operations may be affected by possible political or economic instability and government regulations relating to the mining industry and foreign investors therein. Mineral exploration and mining activities may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, maintenance of property, environmental legislation, land use, land claims of local people, water use and property safety. The effect of these factors on the Company cannot be accurately predicted.

Employees

Goldgroup employed 3 employees for the year ended December 31, 2022 (2021 – 2 employees; 2020 – 2 employees) at its head office in Vancouver, British Columbia.

Goldgroup employed 139 employees for the year ended December 31, 2022 (2021 – 137 employees; 2020 – 145 employees) in Mexico.

Social and Environmental Policies

The Company has adopted a Code of Business Conduct and Ethics that states that where possible, the Company will strive to prevent or otherwise minimize, mitigate and remediate any negative impact on the environment as a result of its operations.

The Code of Business Conduct & Ethics also provides that the directors, officers and employees of the Company will do their best to accommodate the different cultures, lifestyles, heritage and preferences of the communities in which the Company operates in. The Company has also approved and adopted an Environmental and Safety Policy. A complete copy of the Company's Environmental and Safety Policy can be viewed on the Company's website located at www.goldgroupmining.com.

1.5 RISK FACTORS

Exploration, development and mining of metals involve numerous inherent risks. As such, the Company is subject to various financial, operational and political risks that could have a significant impact on its profitability and levels of operating cash flows. Such risk factors could materially affect the value of the Company's assets and future operating results of the Company and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

An investment in the securities of the Company should be considered speculative due, generally, to the nature of the business in which the Company is engaged, the limited extent of the Company's assets, the Company's state of development and the degree of its reliance upon the expertise of management. Specifically, in evaluating an investment in any of the Company's securities the following risk factors should be given special consideration:

Goldgroup's expected operating costs and expenditures, economic returns and other projections from a mining project which are contained in this document and in any technical reports or other studies prepared for or by Goldgroup are based on assumed or estimated future metals prices, cut-off grades, operating costs, capital costs, and expenditures and other factors that each may prove to be inaccurate. Therefore, such studies and reports may prove to be unreliable.

For example, significant declines in market prices for base and precious metals or extended periods of inflation would have an adverse effect on any economic projections. In addition, any material reductions in estimates of mineralization or increases in capital costs and expenditures, or in Goldgroup's ability to maintain a projected budget or renew a particular mining permit, could also have a material adverse effect on projected production schedules and economic returns, as well as on Goldgroup's overall results of operations or financial condition.

There is also a risk that rising costs for labour and material could have an adverse impact on forecasted construction costs and that shortages of labour and material could have a negative impact on any mine development schedule.

Goldgroup's operating costs are affected by the cost of commodities and goods such as steel, fuel, electrical power and supplies, including tires and reagents. Management of Goldgroup prepares its cost and production guidance and other forecasts based on its review of current and estimated future costs, and management assumes that the materials and supplies required for operations will be available for purchase. An increase in any of these costs, or a lack of availability of commodities and goods, may have an adverse impact on Goldgroup's financial condition.

Uncertainties and risks relating to the development of Goldgroup's projects

Goldgroup is subject to inherent uncertainties and risks related to the development and potential construction of its projects the principal of which include:

- hiring of key personnel for the construction and commissioning;

- availability and delivery of critical equipment on time;
- delays associated with contractors;
- budget overruns due to changes in the cost of fuel, power, materials and supplies;
- securing rights of passage for a water pipeline; and
- potential opposition from non-governmental organizations, environmental groups or local groups which may delay or prevent activities.

It is common in new mining operations to experience such unexpected costs, problems and delays during construction, development and mine start-up. In addition, delays in the commencement of mineral production often occur. Accordingly, we cannot provide assurance that our activities will result in profitable mining operations at Goldgroup's projects.

Calculations of mineral resources are estimates and are subject to uncertainty

The Company's calculations of mineral resources are estimates and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be inaccurate. Actual recoveries of gold from mineralized material may be lower than those indicated by test work. Any material changes in the quantity of mineralization, grade or stripping ratio, may affect the economic viability of the Company's properties.

In addition, there can be no assurance that metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. Notwithstanding pilot plant tests for metallurgy and other factors, there remains the possibility that the ore may not react in commercial production in the same manner as it did in testing. Mining and metallurgy are inexact sciences and, accordingly, there always remains an element of risk that a mine may not prove to be commercially viable.

Until a deposit is actually mined and processed, the quantity of mineral resources and grades must be considered as estimates only. In addition, the quantity of mineral resources may vary depending on, among other things, metal prices, cut-off grades and operating costs. Any material change in quantity of mineral resources or grade may affect the economic viability of the Company's mining projects.

There are no assurances of future economical production

During the year ended December 31, 2022, total gold production was 11,274 ounces of gold (2021 – 12,906, 2020 – 11,441). There can be no assurances for future gold production at the Cerro Prieto mine which would be considered economical. The Company has concentrated on bringing improved efficiency into the operations to allow profitability at lower metal prices.

Exploration at Cerro Prieto may not be successful

While historically the Cerro Prieto Mine has been economically productive, there can be no assurance that any new mineral resources, if any, can be identified or mined profitably. Ultimately, economic factors beyond the control of the Company may result in the mine being unable to operate at a profit.

General economic conditions may adversely affect our growth and profitability

Recent events in global financial markets have had a profound impact on the global economy. Many industries, including the precious and base metals mining industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect Goldgroup's growth and profitability.

Goldgroup will require additional capital to finance other acquisitions and current projects. If Goldgroup obtains further debt financing, it will be exposed to the risk of leverage and its operations could become subject to restrictive loan and lease covenants and undertakings. If Goldgroup obtains equity financing, existing shareholders may suffer dilution. There can be no assurance that Goldgroup would be successful in overcoming these risks or any other problems encountered in connection with such financings. The Company anticipates that further financing will be required in order for the Company's projects to be successful.

Changes in the market price of gold and other metals, which in the past have fluctuated widely, could negatively affect the profitability of the Company's operations and financial condition

The commercial viability of the Company's properties is dependent on, among other things, the market price of gold and other base and precious metals. Depending on the price to be received for any minerals produced, the Company may determine that it is impractical to develop the San José de Gracia Property or to continue commercial production at the Cerro Prieto Mine. A reduction in the market price of gold and other base and precious metals may prevent the Company's properties from being economically mined or result in the write-off of assets whose value is impaired as a result of low metals prices.

The market price of gold and other base and precious metals is volatile and is impacted by numerous factors beyond the Company's control, including, among others: international economic and political conditions; expectations of inflation or deflation;

- national currency exchange rates;
- international economic and political conditions;
- interest rates;
- global or regional consumptive patterns;
- speculative activities;
- levels of supply and demand;
- increased production due to new mine developments;
- decreased production due to mine closures;
- improved mining and production methods;
- availability and costs of metal substitutes;
- metal stock levels maintained by producers and others; and
- inventory carrying costs.

The effect of these factors on the price of precious and base metals cannot be accurately predicted and there can be no assurance that the market price of these metals will remain at current levels or that such prices will improve. A decrease in the market price of gold and other base and precious metals could affect the Company's ability to finance the exploration and development of the Company's properties, which would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Goldgroup will need to raise additional capital

Goldgroup will need to raise additional capital to fund future property option payments, acquisitions or joint ventures. Additional capital may not be available, at such times or in amounts, as needed. Even if capital is available, it might be on adverse terms. There can be no assurance that unforeseen developments or circumstances will not alter Goldgroup's requirements for capital. Any additional equity financing will be dilutive to Goldgroup's shareholders. If access to sufficient capital is not available as and when needed, Goldgroup's business may be impaired.

Goldgroup's Obligations under a Loan Facility

Accendo Loan

During the year ended December 31, 2018, the Company closed an agreement with Accendo Banco S.A., Multiple Banking Institution (the "Accendo"), for a $1,800,000 secured loan facility. Javier Reyes, a director of the Company, was the CEO and Chairman of Accendo at that time, although is currently no longer associated with Accendo. An initial drawdown of $1,379,000 was used to repay the Credipresto facility and an additional $421,000 was drawn for working capital.

The Accendo facility has the following terms:

- Amount USD $1,800,000
- Term of 24 months
- Standby charge of 1.0% per annum on undrawn amounts
- Interest rate of 15% per annum
- The interest rate for overdue payments increases to 30% per annum

- Principal and interest must be repaid quarterly. (The principal is repaid in equal quarterly installments from drawdown with final payment October 2020).
- The credit amount can be requested in any increment with three days notice
- Every withdrawal will have a separate promissory note and repayment schedule
- The loan has senior security over all the assets of the Company

During the period ended June 30, 2020, the Company obtained a waiver from Accendo which deferred the March 2020 and June 2020 payments for 6 months respectively.

On June 29, 2020, the Company closed an additional facility with Accendo in the amount of USD$3,000,000 the (”Facility”).

The Facility Terms

The Facility will be available to draw on for 12 months, and will bear interest at the rate of 12% per annum, accruing on the outstanding amount drawn under the Facility. Repayments will begin 15 months after the first drawdown under the Facility, and be payable in equal installments, quarterly in arrears until the final repayment date of 36 months from the date of the first drawdown. Minas de Oroco will have an option to prepay without penalty any portion of the Facility, subject to 10 days' notice, payment of additional fees or costs associated with prepayment, and minimum prepayment amounts of $200,000. Each disbursement under the Facility can be requested with two days' notice, and will have a separate promissory note.

As consideration for the Loan:

The Company will pay Accendo an arrangement fee in an amount equal to 0.925% of the facility amount, payable on the date of the first disbursement under the Facility; and

- the Company will issue Accendo a total of 7,500,000 common share purchase warrants exercisable to purchase one common share in the capital of the Company at a price of CAD$0.025 for a period of 36 months. The fair value of warrants issued was calculated at $75 (note 16) and recorded as finance costs as it was determined that the loan was an extinguishment.

The Facility is secured by:

- certain assets of the Company, including the Company's Cerro Prieto project;
- guarantees by the Company and certain subsidiaries of the Company; and
- a pledge of the issued and outstanding shares of Minas de Oroco;

A portion of the first draw on the Facility of $1,500,000 was used to repay the existing loan amount with Accendo.

During the fourth quarter of the year ended December 31, 2021, the Company was made aware that the Mexican National Banking and Securities Commission notified Accendo of the revocation of its authorization to organize and operate as a multiple banking institution due to Accendo falling below the regulatory minimum levels of liquidity coverage ratio of the institution and that Accendo was being placed in liquidation. Due to the resulting uncertainty, the Company has not made any of the principal or interest payments due to date on the loan and is currently in discussions with the liquidator.

Calu Loan

On August 11, 2022, the Company entered into a loan agreement (the “Loan Agreement”) with Sail Natural Resources LP (the “Lender”) in the principal amount of $550,000 (the “Loan”). The Loan bears interest at 5% per annum, will be repaid in 11 equal monthly installments of $50,000 commencing on October 10, 2022, maturing on August 10, 2023. The Loan is initially being advanced on an unsecured basis, however, under the Loan Agreement, the Company has agreed to use reasonable efforts going forward to reorganize certain security granted by the Company under a credit facility from Accendo so that the Loan is secured behind the Accendo credit facility. There is no guarantee that such security will ultimately be granted in favor of the Lender.

On December 9, 2022, the Company entered into an amending loan agreement (the "Amended Loan Agreement") with Calu Opportunity Fund LP, previously known as Sail Natural Resources LP, (the "Lender") in the principal amount of USD$2,160,000 (the "Amended Loan"). This Amended Loan includes USD $550,000 previously advanced to the Company under the Loan Agreement, which was restructured into the current Amended Loan amount. The Amended Loan is unsecured, bears interest at 6% per annum and is repayable on December 31, 2023.

Goldgroup may experience difficulties with its jointly held property partners

The Company is subject to the risks normally associated with the conduct of jointly held property partners, which include disagreements with the Company's jointly held property partners on how to develop, operate and finance the Company's jointly held property activities, including San José de Gracia, and possible disputes with the Company's jointly held property partners regarding jointly held property developments and operations. These disagreements and disputes may have an adverse effect on the Company's ability to successfully pursue the development of the San José de Gracia Project, which could affect the Company's business, financial condition, results of operation and prospects.

Overview

San José de Gracia is located in the northeast portion of Sinaloa State, Mexico, approximately 120 kilometres northeast of the coastal city of Los Mochis, straddling the Chihuahua border. The property consists of 34 mineral concessions covering approximately 69,000 hectares with no outstanding royalty or other applicable interests.

Legal disputes

There are several ongoing legal disputes between Goldgroup and DynaUSA which are summarized below:

The Company has an interest in DynaMexico which owns 100% of an exploration project known as the San José de Gracia ("SJG") located in the state of Sinaloa, Mexico.

The other owner of DynaMexico is DynaUSA. DynaUSA provides management and accounting services based on 2.5% of the cash expenditures incurred by DynaMexico.

As a result of the Company qualifying to earn its 50% equity interest on March 14, 2011, the board of directors of DynaMexico was to be expanded to five members with DynaUSA and the Company each appointing two members and mutually agreeing on one additional member.

On January 22, 2013 Goldgroup announced that it had moved to dismiss as totally without merit a lawsuit filed against it and others in Dallas County District Court by DynaResource, Inc. and DynaResource de Mexico, S.A. de C.V. (collectively "DynaResource").

DynaResource alleged, among other things, that the Company has wrongfully used and disseminated confidential information and data belonging to DynaResource, and materially misrepresented Goldgroup's ownership interest in SJG. Goldgroup owns a 50% interest in DynaMexico, which owns 100% of SJG. Goldgroup has properly disclosed its interest in SJG, has not materially misrepresented it, and has not improperly used any DynaResource confidential information. On March 7, 2014 DynaResource dropped its lawsuit against the Company.

On October 28, 2013 the Company announced that it filed a legal action before the appropriate authorities in Mexico concerning activities undertaken by Koy Wilber Diepholz ("Diepholz"), shareholder, President and Chairman of the Board of Directors of DynaMexico and Chairman, Chief Executive Officer and Treasurer of DynaUSA. The purpose of the legal action case is to investigate whether illegal acts were committed by Diepholz, in his role as CEO of DynaMexico, for his own benefit and for the benefit of DynaUSA.

On March 10, 2014 the Company filed for arbitration in Denver, Colorado, against DynaResource Inc. to protect its interests pursuant to the Earn-In/Option Agreement between DynaResource and Goldgroup, dated September 1, 2006 (the "Agreement").

On June 29, 2015 a Mazatlán Judge denied DynaMex the request for an "amparo", which is, by Mexican Law, an appeal to the injunction obtained by Goldgroup against DynaMex regarding the 300 new shares of DynaMex issued in favor of

DynaUSA. The issuance of the DynaMex shares to DynaUSA diluted Goldgroup's ownership interest (from 50% to 20%) in DynaMex with DynaUSA purporting to be an owner of 80% of DynaMex.

On October 13, 2015 the Company was made aware of a news release disseminated by DynaMexico. Goldgroup was never notified of the purported court case discussed, does not recognize any of the claims mentioned therein and is of the belief that such claims are without merit.

During the year ended December 31, 2015, management concluded that due to the ongoing legal disputes the Company no longer has significant influence over DynaMexico and therefore discontinued treating the investment as an investment in associate.

During the year ended December 31, 2016 the Company received the favorable results and award from the conclusion of the arbitration between the Company and DynaResource. The results and award were issued by the American Arbitration Association – International Centre for Dispute Resolution ("Arbitrator" or "ICDR") on August 24, 2016. This Award is final, binding and may be enforced in court.

Results and Award from Arbitration

The Arbitrator concluded that there is no doubt that DynaUSA failed to do what it is obligated to do under the Agreement.

The Award, in summary, clarifies several doubts arising from misleading news releases issued by DynaUSA:

The Award confirms that the Agreement is in full force and effect;

- The expenditures made by DynaUSA without the approval of the joint Management Committee have to be reimbursed to DynaMexico, an entity in which Goldgroup own a 50% equity of, since Goldgroup did not participate in those decisions;
- A detailed accountability assessment by DynaUSA must be done for Goldgroup for the last 5 years when DynaUSA excluded Goldgroup from the management of DynaMexico and delivered to Goldgroup within 20 days of the issuance of the Award;
- The use of the Power of Attorney of Mr. K.D. Diepholz did not provide authorization for Mr. Diepholz to circumvent the Management Committee's power to approve and oversee expenditures;
- DynaUSA has acted in bad faith and breached the terms of the Agreement;
- Certain amounts must be reimbursed to Goldgroup which includes and not is limited to the fees paid and to be paid in the Mexico City case related to the current dispute;
- A fifth director must be jointly appointed in DynaMexico and the names of prospective candidates exchanged by the parties, no later than 10 calendar days from the date of the Award ; and
- The deliberate dilution by DynaUSA of Goldgroup's equity interest in DynaMexico was illegal.

The Company has complied with all requirements set out in the Arbitration award and has yet to receive any payment or required documentation from DynaUSA or Dyna Mexico.

On August 24, 2017, a Federal Amparo judge in the state of Veracruz, Mexico, dismissed Goldgroup Resources Inc.'s Amparo challenge. Goldgroup's position in response to the USD$48 million claim remains the same, that Goldgroup was never notified of the purported court case, and does not recognize any of the claims mentioned therein and is of the belief that such claims are entirely without merit. The Company pursued the case to the Mexican Supreme Court level to get the judgement overturned.

Following the arbitration, DynaUSA filed documents in an attempt to convince the court to vacate the arbitration award. In February 2018, the Company received the recommendation of the magistrate judge in Denver, who recommended that the Company's application to confirm the arbitration award be denied. The Company filed an objection to request the presiding judge to reject the recommendation and confirm the arbitration award.

On May 9, 2019, the Company received a final judgment in the United States District Court for the District of Colorado confirming the Company's Results and Award from Arbitration discussed above.

The May 9th order denied DynaResource's motion to vacate the award and rejected the recommendation of the magistrate Judge, who had agreed with DynaResource that the arbitration award should be thrown out.

The court's order confirms all of the relief outlined in the August 2016 arbitration award, including DynaUSA having to: pay the Company $404 in costs and attorney fees; pay the Company $86 in separate fees and expenses; and pay DynaMexico $1,045 for various legal and other expenses that DynaUSA improperly caused DynaMexico to incur.

On March 25, 2020, the United States District Court for the District of Colorado denied DynaResource's motion to alter or amend the Final judgement and denied DynaResource's motion for a stay of judgment pending appeal and to waive or reduce supersedeas bond and ordered DynaResource to post a supersedeas bond in the amount of $1,107 in order to be granted a stay, within 21 days of the order. On April 10, 2020, DynaResource appealed the May 9, 2019 order and Final judgement.

On July 24, 2020, the United States District Court for the District of Colorado granted DynaResource a stay on the monetary awards upon posting of a $1,111 bond before July 28, 2020, but denied DynaResource's request to stay the non-monetary awards of the judgement. This bond has been posted and therefore the monetary awards are stayed pending the outcome of Dyna's appeal of the arbitration award. The appeal is fully briefed, and the Tenth Circuit Court of Appeals in Denver, Colorado, heard argument on the appeal on March 9, 2021.

On April 16, 2021, the Tenth Circuit Court of Appeals (the "Circuit Court") affirmed the May 9, 2019 order and judgment from United States District Court for the District of Colorado, which confirmed the arbitration award (the "Arbitral Award") the Company received on August 14, 2016 pursuant to an arbitration held in Denver, Colorado, commencing in March 2014 (the "Arbitration"). The Company received the $1,111 appeal bond funds from DynaUSA which is recorded in other expenses on the statement of loss and comprehensive loss.

The Circuit Court rejected the appeal lodged by Texas-based DynaResource Inc. ("DynaUSA") and its Mexican subsidiary ("DynaMexico") to vacate the Arbitral Award, which had found that DynaUSA had improperly diluted the Company's interest in the San Jose de Gracia Mexican mining project, which Goldgroup had earned into pursuant to an option agreement between the Company and DynaUSA (the "Agreement")

On December 6, 2019 the 11th Federal Circuit Collegiate Court in México denied Goldgroup's Amparo regarding the USD $48 million claim and on February 20, 2020 a Mexico City court issued a judgement in favour of DynaMexico. The Company will continue to pursue all legal avenues in Mexico to achieve a favorable resolution to the dispute. On August 28, 2020, DynaMexico sought recognition of the judgment under the Texas Uniform Foreign-Country Money Judgment Recognition Act. This lawsuit was dismissed by the Court for want of jurisdiction on November 30, 2020. DynaMexico filed a Motion for new trial on December 30, 2020. The motion for a new trial was overruled by operation of law on February 15, 2021.

On February 23, 2022, Goldgroup filed another Motion for Contempt against DynaResources, asserting that DynaResources had not fully complied with the Court's September 3, 2021 order or with the non-monetary relief mandated by the Court's May 9, 2019 final judgment. That motion was fully briefed as of March 18, 2022, and is awaiting the Court's ruling.

On December 4, 2020 DynaMexico filed another claim seeking recognition of the judgment under the Texas Uniform Foreign-County Money Judgment Recognition Act. The Company has filed a Special Appearance, Motion to Dismiss for Improper Venue, and Motion for Non-Recognition in response. A hearing was held on the Special Appearance and Motion to Dismiss for Improper Venue on February 8, 2021 and on May 12, 2021 The 134th Judicial District Court, as a District Court of the State of Texas, ruled it is not required to recognize DynaMexico's foreign judgment from the country of Mexico. DynaUSA has appealed this decision and the appeal has been fully briefed and oral arguments were held on April 20, 2022. The Company is currently waiting for the judgement.

There can be no guarantee that Goldgroup's title to its properties will not be challenged

Although Goldgroup has received or will receive title opinions for any properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. Goldgroup's properties may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by unidentified or unknown defects. Goldgroup has conducted as thorough an investigation as possible on the title of properties that it has acquired or will be acquiring to be certain that there are no other claims or agreements that could affect its title to the properties.

Goldgroup's operations are subject to political and country risk

Goldgroup conducts, or will conduct, exploration, development and production activity in Mexico. These operations are potentially subject to a number of political, social, economic and other risks. Goldgroup is not able to quantify the impact of political, social, economic or other risks on its future financial position, including:

- cancellation or renegotiation of contracts;
- changes in foreign laws or regulations;
- changes in tax laws;
- royalty and tax increases or claims by governmental entities;
- retroactive tax or royalty claims;
- expropriation or nationalization of property;
- inflation of costs that is not compensated by a currency devaluation;
- restrictions on the remittance of dividend and interest payments offshore;
- environmental controls and permitting;
- risks of loss due to civil strife, acts of war, guerrilla activities, insurrection and terrorism, and
- other risks arising out of foreign sovereignty over the areas in which Goldgroup's operations are conducted.

Such risks could potentially arise in any country in which Goldgroup operates. Furthermore, in the event of a dispute arising from such activities, Goldgroup may be subject to the exclusive jurisdiction of courts outside North America or may not be successful in subjecting persons to the jurisdiction of the courts in North America, which could adversely affect the outcome of a dispute.

Goldgroup is subject to government regulation

Operations, development and exploration on Goldgroup's properties are affected to varying degrees by political stability and government regulations relating to such matters as environmental protection, health, safety and labour, mining law reform, tax increases, maintenance of claims, tenure, and expropriation of property. There is no assurance that future changes in such regulations, if any, will not adversely affect Goldgroup's operations. The activities of Goldgroup require licenses and permits from various governmental authorities. While Goldgroup currently has been granted the requisite licenses and permits to enable it to carry on its existing business and operations, there can be no assurance that Goldgroup will be able to obtain all the necessary licenses and permits which may be required to carry out exploration, development and mining operations for its projects.

Goldgroup may not have adequate land and/or surface rights

Goldgroup may require additional surface rights to exploit the resources on its properties. Goldgroup will require access to additional land beyond that currently owned, which will require negotiations with private landowners for the additional ownership and/or surface rights in order for Goldgroup to fully operate. Surface rights may also be regulated and restricted by applicable law. There is no assurance that Goldgroup will be able to obtain the required surface rights or negotiate successfully with private landowners to allow it to develop its properties and establish commercial mining operations on a timely basis.

Environmental risks and other hazards

All phases of a company's mining operations are typically subject to environmental regulation in the various jurisdictions in which the Company operates. Environmental legislation in many countries is evolving and the trend has been toward stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and increasing responsibility for companies and their officers, directors and employees.

Compliance with environmental laws and regulations may require significant capital outlays on behalf of the Company and may cause material changes or delays in Goldgroup's intended activities. There can be no assurance that future changes in environmental regulations will not adversely affect Goldgroup's business, and it is possible that future changes in these laws or regulations could have a significant adverse impact on some portion of Goldgroup's business, causing Goldgroup to re-evaluate those activities at that time.

Mining involves various other types of risks and hazards, including industrial accidents; metallurgical and other processing problems; unusual or unexpected rock formations; structural cave-ins or slides; flooding; fires; metals losses; and periodic interruptions due to inclement or hazardous weather conditions.

These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties, personal injury, delays in mining, increased production costs, monetary losses and possible legal liability. Goldgroup may be subject to liability for clean-up work. Goldgroup currently carries insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured include environmental pollution and mine flooding. Therefore, Goldgroup may suffer a material adverse impact on its business if it incurs losses related to any significant events that are not covered by its insurance policies.

Goldgroup depends on key management personnel and may not be able to attract and retain qualified personnel

Goldgroup is dependent on a number of key management personnel, including the services of certain key employees. Goldgroup's ability to manage its operations, exploration and development activities, and hence its success, will depend in large part on the ability to retain current personnel and attract and retain new personnel, including management, technical and unskilled workforce. The loss of the services of one or more key management personnel could have a material adverse effect on Goldgroup's ability to manage and expand its business.

Goldgroup may experience growth in its number of employees as a result of its growth strategy. This growth will place substantial demands on Goldgroup and its management. Goldgroup's ability to recruit and assimilate new personnel will be critical to its performance. Goldgroup will be required to recruit additional personnel and to train, motivate and manage its employees. The international mining industry is very active and Goldgroup is facing increased competition for personnel in all disciplines and areas of operation, and there can be no assurance that it will be able to retain current personnel and attract and retain new personnel.

Goldgroup faces operating hazards and risks relating to the Cerro Prieto Mine

Mining operations generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Hazards such as unusual or unexpected formations and other conditions can occur. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of precious and base metals, any of which could result in work stoppages, damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damages. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. Any compensation for such liabilities may have a material, adverse effect on the Company's financial position.

Goldgroup's directors and officers may have conflicts of interest

Certain of the directors and officers of Goldgroup also serve as directors and/or officers of other companies involved in natural resource exploration and development, and consequently there exists the possibility for such directors and officers to be in a position of conflict.

Goldgroup may experience problems integrating new acquisitions

The Company's success at completing future acquisitions will depend on a number of factors, including, but not limited to, identifying acquisitions that fit the Company's strategy, negotiating acceptable terms with the seller of the business or property to be acquired and obtaining approval from regulatory authorities in the jurisdictions of the business or property to be acquired. Any positive effect on the Company's results from the Company's acquisitions, will depend on a variety of factors, including, but not limited to, assimilating the operations of an acquired business or property in a timely and efficient manner, maintaining the Company's financial and strategic focus while integrating the acquired business or property, implementing uniform standards, controls, procedures and policies at the acquired business, as appropriate, and to the extent that the Company makes an acquisition outside of markets in which the Company has previously operated, conducting and managing operations in a new operating environment.

Competition

The mining industry is intensely competitive. Significant competition exists for the acquisition of properties producing or capable of producing gold or other metals. Goldgroup may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than Goldgroup. Goldgroup may also encounter increasing competition from other mining companies in its efforts to hire experienced mining professionals. Increased competition could adversely affect Goldgroup's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

Theft

The Company is required to store precious metals, including gold bars, in and around its operating mines prior to their transportation to a refinery. The value of precious metals makes them an attractive target for theft. Although the Company uses its best efforts to ensure that valuable assets are safely guarded and stored, there can be no assurance that such assets will not be the target of thefts in the future. Any theft of precious metals in the future could have a material adverse effect on Goldgroup's business, financial condition and operations.

Goldgroup may be adversely affected by competition for water and by water shortages

Goldgroup's future operations require water, and its projects are located in regions where water is scarce. While Goldgroup believes it holds or will obtain sufficient water rights to support its future operations, future developments could limit the amount of water available to Goldgroup. New water development projects, or climatic conditions such as extended drought, could adversely affect Goldgroup. There can be no guarantee that Goldgroup will be successful in obtaining sufficient water rights.

Uninsured risks and inadequate insurance coverage

Goldgroup carries an industry standard level of insurance coverage based on it's financial resources but does not carry insurance to protect against certain risks. Risks not insured against in each case include environmental pollution, earthquake damage, mine flooding, or other hazards against which mining exploration corporations cannot insure or against which the Company may elect not to insure because of high premium costs or other reasons. Failure to have insurance coverage for any one or more of such risks or hazards could have a material adverse effect on the Company's business, financial condition and results of operations. Due to the age of the mobile equipment and plant equipment insurance coverage has not been purchased.

The mining industry is subject to significant risks that could result in damage to, or destruction of, mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining and monetary losses and possible legal liability. Goldgroup's policies of insurance may not provide sufficient coverage for losses related to these or other risks. Goldgroup's insurance does not cover all risks that may result in loss or damage and may not be adequate to reimburse Goldgroup for all losses sustained. The occurrence of losses or damage not covered by insurance could have a material and adverse effect on Goldgroup's cash flows, results of operation and financial condition.

Legal proceedings

Goldgroup may become party to litigation or other adversary proceedings, with or without merit, in a number of jurisdictions. The cost of defending such claims may take away from management time and effort and if determined adversely to Goldgroup, may have a material and adverse effect on its cash flows, results of operation and financial condition.

Going concern

The Company has experienced recurring operating losses and has an accumulated deficit of $149,314 at December 31, 2022. In addition, as at December 31, 2022, the Company has working capital deficiency of $12,799. Working capital is defined as current assets less current liabilities and provides a measure of the Company's ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year. The continuing operations of the Company are dependent upon its ability to arrange additional financing and resolving the legal disputes with DynaResource, Inc. ("DynaUSA") (note 10). These matters result in material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenues and expenses, and the classifications used in the statement of financial position.

Recent global issues, including the ongoing COVID-19 pandemic and the 2022 Russian invasion of Ukraine have adversely affected workplaces, economies, supply chains, and financial markets globally. It is not possible for the Company to predict the duration or magnitude of the adverse results of these issues and their effects on the Company's business or results of operations this time.

Community relations and license to operate

The Company's relationship with the communities in which it operates are critical to ensure the future success of its existing operations and the construction and development of its projects. There is an increasing level of public concern worldwide relating to the perceived effect of mining activities on the environment and on communities impacted by such activities.

Certain non-governmental organizations ("NGOs"), some of which oppose globalization and resource development, are often vocal critics of the mining industry and its practices, including the use of cyanide and other hazardous substances in processing activities. Adverse publicity generated by such NGOs or others related to extractive industries generally, or Goldgroup's operations specifically, could have an adverse effect on the Company's reputation or financial condition and may impact its relationship with the communities in which it operates.

While Goldgroup is committed to operating in a socially responsible manner, there is no guarantee that the Company's efforts in this respect will mitigate this potential risk. Goldgroup has implemented extensive community relations and security and safety initiatives to anticipate and manage social issues that may arise at its operations.

Outside contractor risks

The Company uses contractors for all mining related activities. Such operations are subject to a number of risks, including reduced control over the aspects of the operations that are the responsibility of the contractor, failure of the contractor to perform under its agreement with the Company, inability to replace the contractor if either party terminates the contract, interruption of operations in the event the contractor ceases operations due to insolvency or other unforeseen events, failure of the contractor to comply with applicable legal and regulatory requirements and the failure of the contractor to properly manage its workforce resulting in labour unrest or employment issues.

Risks related to archaeological sites

Certain of Goldgroup's projects and properties may be located on or near significant archaeological sites which could require Goldgroup to adjust its operations to minimize the impact on any such archaeological site. Goldgroup could potentially be found liable by applicable regulatory authorities if it were to damage any such archaeological sites.

Foreign currency risks

Goldgroup's operations in Mexico make it subject to foreign currency fluctuations. Goldgroup's operating expenses are primarily incurred in Mexican pesos in Mexico and the fluctuation of the Canadian dollar in relation to the Mexican peso will consequently have an impact upon the profitability of Goldgroup and may also affect the value of Goldgroup's assets and the amount of shareholders' equity.

Security and human rights

Civil disturbances and criminal activities such as trespass, illegal mining, theft and vandalism can cause disruptions at certain Goldgroup's operations. Affected sites have taken measures to protect their employees, property and production facilities from these risks. Certain sites have engaged armed security personnel and cameras in sensitive areas, such as main entrances. The measures that have been implemented by the Company will not guarantee that such incidents will not continue to occur, and such incidents may halt or delay production, increase operating costs, result in harm to employees or trespassers, decrease operational efficiency, increase community tensions or result in criminal and/or civil liability for the Company or its employees and/or financial damages or penalties.

The manner in which the Company's personnel respond to civil disturbances and criminal activities can give rise to additional risks where those responses are not conducted in a manner that is consistent with international standards relating to the use of force and respect for human rights. Goldgroup has implemented a number of significant measures and safeguards which are intended to ensure that its personnel understand and uphold these standards.

The implementation of these measures will not guarantee that the Company's personnel will uphold these standards in every instance. The failure to conduct security operations in accordance with these standards can result in harm to employees or community members, increase community tensions, reputational harm to Goldgroup and its partners or result in criminal and/or civil liability for the Company or its employees and/or financial damages or penalties.

Land reclamation and mine closure requirements may be burdensome and costly

Land reclamation and mine closure requirements are generally imposed on mining companies, such as the Company's, which require the Company, among other things, to minimize the effects of land disturbance. Such requirements may include controlling the discharge of potentially dangerous effluents from a site and restoring a site's landscape to its pre-exploration form.

The actual costs of reclamation and mine closure are uncertain and planned expenditures may differ from the actual expenditures required. Therefore, the amount that the Company is required to spend could be materially higher than current estimates. Any additional amounts required to be spent on reclamation and mine closure may have a material adverse effect on the Company's financial performance, financial position and results of operations and may cause the Company to alter the Company's operations.

Although the Company includes liabilities for estimated reclamation and mine closure costs in the Company's financial statements, it may be necessary to spend more than what is projected to fund required reclamation and mine closure activities.

COVID-19

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

1.6 MINERAL PROJECTS

1.6.1 SAN JOSÉ DE GRACIA PROJECT

Unless otherwise stated, information of a technical or scientific nature related to the San José de Gracia Project contained in this annual information form is summarized or extracted from the technical report entitled "NI 43-101 Technical Report on the San José de Gracia Project Updated Resource Estimates on the Tres Amigos, San Pablo, La Union, La Purisima Zones" effective September 5, 2011 and dated January 3, 2012 (the "San José de Gracia Technical Report"), which is compliant with NI 43-101.

The San José de Gracia Technical Report was prepared by J. Cuttle, P. Geo., and G. Giroux, P. Eng. of Giroux Consultants Ltd. On February 15, 2012, DynaUSA announced that it had received the results of a different mineral resource estimate for the San José de Gracia project (the "DynaUSA Estimate"). The DynaUSA estimate included a higher volume of indicated mineral resources as compared to the mineral resources estimate contained in the technical report released by Goldgroup due to the use of different qualified persons and their corresponding assumptions and parameters.

For a complete description of assumptions, qualifications and procedures associated with the information in the San José de Gracia Technical Report, reference should be made to the full text of the San José de Gracia Technical Report, which is available under Goldgroup's profile on SEDAR. The authors of the San José de Gracia Technical Report are "qualified persons" for the purposes of NI 43-101 and independent of Goldgroup, within the meaning of NI 43-101.

Project Description and Location

The San José de Gracia Gold Property is located at Latitude 26˚, 9' N, Longitude 107˚, 53' W, in the northeast portion of Sinaloa State, Mexico, approximately 120 kilometres east northeast of the coastal city of Los Mochis. The mineral claim block covers an area of 69,121 hectares (170.801 acres) and is 100% owned by DynaMexico. DynaMexico is 50% owned by DynaUSA, a Delaware company, and 50% owned by Goldgroup Resources Inc. (a 100% owned subsidiary of Goldgroup Mining Inc.) (references to "Goldgroup" in this section 1.7.2 of the Annual Information Form refer to Goldgroup Resources

Inc. and Goldgroup Mining Inc.). Under the terms of an Earn-In/Option Agreement between DynaMexico, DynaUSA, and Goldgroup, dated September 1, 2006, Goldgroup has acquired 50% equity interest in the form of common shares of DynaMexico, in four phases, between September 2006 and March 2011, for total deposits into a segregated DynaMexico bank account of US$18,000,000.

On March 14, 2011 the Company completed its earn-in/option agreement with DynaResource de Mexico SA de CV ("DynaMexico") for a 50% equity interest in DynaMexico by reaching the expenditure funding requirement of $18,000,000. DynaMexico owns a 100% interest in the San José de Gracia project.

To advance this project additional financing will be required.

The bulk of the historical mine workings within the current property boundary and the four areas of mineral resource (Tres Amigos, San Pablo, La Union and La Purisima) are located in the south-western portion of the claim block, approximately two to four kilometres northeast of the town of San José de Gracia.

The San José de Gracia property consists of 34 contiguous mineral concessions located on map sheet G13 -A81 in the Culiacan mining district of Sinaloa State, Mexico. The claims cover an area approximately 69,121 hectares in size. The Title of the San José de Gracia Project is held by DynaMexico.

The Title has been confirmed by a title opinion which the author of the San José de Gracia Technical Report has not verified. The author of the San José de Gracia Technical Report is not aware of any environmental liabilities related to the San José de Gracia Project.

Surface rights access has been granted to DynaMexico by the "El Ejido Santa Maria" in a Land Occupation Agreement dated May 12, 2002 and covering a 30-year period.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access to the claim area is by hard cap road from Los Mochis to the small town of Sinaloa de Leyva then by gravel road to the village of San José de Gracia (population 250), roughly a five hours trip. A gravel airstrip nearby the town of San José de Gracia is suitable for light aircraft. Air charters are available at the airport in Los Mochis. The topography is generally rugged with elevations varying from 400 meters in the valley bottoms to over 1600 meters in the higher sierra. A network of small roads and tracks winds their way around areas nearer the old workings at San José de Gracia however access to the remainder of the large property is not easy without the use horse or helicopter.

The climate is semi-tropical with a rainy season dominating from late June through October. Summer temperatures vary up to 40˚C with high humidity while the winter temperatures are cooler with night-time lows of 5˚C. Rains in the wet season can range from gentle late afternoon/early evening showers to strong rains, which can last up to a few days. Precipitation averages 550 mm annually.

The village of San José de Gracia (population 250) in the south-western corner of the land package provided much of the labour for the operation, which had approximately 75 employees, however, has very limited services. There is no running water and the few stores offer minimal goods. The Project produces its own diesel-generated power for the mine site and mill and has developed a water supply. In late 2011 grid electric power was installed to the town by the Mexican government.

The mine site area has accommodation facilities for about 50 persons. DynaMexico maintains an administrative and logistics office in Guamuchil and the project sources many of its supplies there, in Los Mochis and in Culiacan. Although there is a satellite dish installed at the site, communications from the site to Guamuchil relies on a radio link using a repeater station in the Sierra Madre foothills. During the property visit in May 2009 by the author of the San José de Gracia Technical Report, the San José de Gracia Project hosted a camp staff of 10-15 people, including geologists, local field helpers, consultants, security and cooks and cleaners. Most of these employees come from outside of the community.

History

Much of the exploration and mining activity dates back to as early as 1828 when gold mineralization at San José de Gracia was first discovered by Spanish explorers. During the next eighty years over sixty gold occurrences were uncovered, of particular importance were the La Purisima and La Prieta vein structures that were recorded to host high grade gold up to 3.4 ounces per tonne.

The peak period of production from the San José de Gracia camp occurred in 1890 to 1910 with an estimated 1 million ounces of gold produced from the La Purisima and La Prieta area. Other smaller mines that contributed to this production were Palos Chinos, San Pablo, Tres Amigos, La Ceceña, La Union, La Parilla, Veta Tierra, Santa Rosa, Eduwiges and Los Hilos Mines.

Mining did not resume immediately after the Mexican Revolution in 1910 due to several logistical problems. It was not until the 1970's when mining could resume at San José de Gracia, when the first road to San José de Gracia was opened, allowing Compania Rosarito to begin producing gold from the Palos Chinos, San Pablo, Tres Amigos and La Union mines from 1978 to 1994. Several other mining companies such as Asarco and Peñoles had tried in vain to consolidate the tightly held mining concessions. In 1996, Golden Hemlock acquired a controlling interest in the property through Minera Finisterre, SA de CV, and later carried out a substantial drill program.

DynaMexico was formed by DynaUSA in 2000 to acquire and consolidate ownership of San José de Gracia. By the end of 2003 DynaMexico had completed the acquisition of 100% of San José de Gracia. In 2003 DynaMexico began small scale underground mining at San Pablo until operations were suspended in 2006, producing 18,250 ounces of gold from 42,000 tonnes of material over 3 1/2-year span.

Goldgroup has earned a 50% equity interest in DynaMexico, through the acquisition of common shares. DynaMexico is owned 50% by DynaUSA, and 50% by Goldgroup.

<u>San Pablo Area</u>

Mining activity at the San Pablo prospect is a relatively recent event with the majority of the work and exploration at this site occurring from the 1980's to recent times. The prospect outcrops prominently along the edge of a more resistant gossanous hilltop, known as the 'Gossan Cap'. In 1992 and 1997 it was this cap that drew the attention of companies like Peñoles and

Golden Hemlock where they focused their work primarily on drilling shallow holes near to the top of the ridge and just beneath the Gossan Cap. In 2003 DynaMexico opened and refurbished an old drift located approximately 60 meters below the cap where at least one vein structure is exposed over a strike length of 135m and vertical extent of 40m. It is here that DynaMexico produced 18,250 ounces of gold from 42,000 tonnes of production from selected high grade "pockets" of ore.

These are historic estimates only and may not be considered reliable. A qualified person has not done sufficient work to classify the historical estimates as current mineral resources or mineral reserves. The Company is not treating the historical estimates as current mineral resources or mineral reserves. The operation was based on previous production records, underground sampling and a very small amount of diamond drilling by past operators. There was no formal mine plan and day to day operations were sustained by advance on the vein as directed by the mine geologist and foreman. Mining was being carried out by drifting along the strike of the vein on multiple levels with up-dip mining of the vein between the strike drift.

The strike drifts were interconnected by ramps and approximately 50% of the vein was left in pillars between the strike drifts. All mining was completed by jackleg and LHD units, which trammed the ore to a stockpile at the portal, a distance of several hundred meters. Dilution of the mineralized veins was estimated to be 40 to 60% in the drifts along strike due to the narrow width of the veins relative to the strike -heading dimensions (3 - 3.5 m).

It was not until 2007 when a fan of holes was drilled down plunge from below the current underground workings that the continuation of the San Pablo shoot was discovered.

<u>Tres Amigos Area</u>

Tres Amigos is a relatively new prospect, located 1.2 kilometres northeast of San Pablo. Current day exploration and mining activity was not documented in detail until the late 1990's when Golden Hemlock drilled 26 core holes along the flanks of two intersecting mineralized vein trends. The main Tres Amigos trend strikes northeast at 060 and dips variably from 30' to 45' to the northwest. A second intersecting structure known as the Orange Tree strikes northwest at 310 and dips 35 ° to 45' to the southwest. DynaMexico collected a 500 kg bulk sample of stockpiled ore from the lower adit level of Tres Amigos as well as three 5 -15 kg samples from quartered drill core in holes drilled in 1997 by Golden Hemlock. It is not clear what year this bulk sample was collected.

<u>La Purisima</u>

The La Purisima trend represents the area of greatest past production at San José de Gracia with over 471,000 ounces of gold produced from highly oxidized, high grade (66.7 g/t Au) quartz veins in the Anglo, Rosario and La Cruz deposits on Purisima Ridge. The author of the San José de Gracia Technical Report cautions that these are historic estimates only and may not be considered reliable. A qualified person has not done sufficient work to classify the historical estimates as current mineral resources or mineral reserves.

The Company is not treating the historical estimates as current mineral resources or mineral reserves. Mining of the La Purisima trend exploited a southeast striking, moderately (45-50°) southwest dipping quartz vein system along a 1.25-kilometre strike length and 400 meters down dip (250m vertical). Based on the spacing of ore bodies along the La Purisima trend, it appears that the mines were exploiting high grade, southwest plunging ore shoots that developed at regular intervals along the trend of the vein system. The orientation of workings in the Anglo Mine suggests that this ore body may have formed at the intersection of southeast and southwest trending vein systems, with the southwest trending veins extending towards mineralization of the La Parilla to Veta Tierra trend.

<u>La Union Area</u>

The La Union mine is part of the larger La Parilla to Veta Tierra trend that in total comprise five southwest striking, northwest dipping (50-70°) veins (Veta Tierra, Sta Eduwiges, La Union, La Mochemara, La Parilla) traced over a 700 meters strike length. Down dip continuity of the veins within this trend has been confirmed by two phases of drilling by Peñoles in 1992 and by Hemlock in 1997. In addition to down dip potential, the vein is interpreted to coalesce at deeper levels into a central feeder vein, which may host significant gold mineralization through increased vein widths and the development of structurally controlled shoots.

Geological Setting

Regionally the San José de Gracia Property is situated on the western portion of the Sierra Madre Occidental (SMO) geological province, a linear belt of volcanic rocks approximately 1500 kilometres long by 250 kilometres wide that has proven to host many important and economic epithermal gold and silver veins in western Mexico. The SMO rests on highly deformed Carboniferous sediments that are overlain uncomfortably by two principle Tertiary and Cretaceous volcanic units referred to as the Upper and Lower Volcanic Groups respectively. Both upper and lower packages are separated by two lengthy periods of erosion and associated local felsic intrusive activity.

Although not commonly seen elsewhere in the SMO, the basement Carboniferous rocks are highly deformed metasediments and include shale, siltstone and conglomerates. The Cretaceous age Lower Volcanic Group (LVG) is dominated by andesitic to dacitic volcanics including minor rhyolites which are intruded towards the end of their cycle by a suite of quartz monzonite, granodiorite, porphyritic andesite and diorite.

The Tertiary age Upper Volcanic Group (UVG) is characterized by basal conglomerates, ignimbrites, rhyolites, felsic tuffs and minor andesites. The contact between the two volcanic packages is highly prospective for precious metal vein style mineralization as a majority of epithermal gold - silver prospects and mines in the SMO occur just below or in some newer cases just above this unconformity interval.

Four principal and important rock units outcrop on the San José de Gracia Property and are described below, from oldest to youngest.

<u>Upper Palaeozoic (Carboniferous) Sedimentary Rocks</u> – These shales, sandstones, limestones and pebble conglomerates are highly deformed, folded and faulted marine sediments with lithological thicknesses believed to be greater than 800 meters. They are best exposed along the eastern edges of the current project area.

<u>Cretaceous Lower Volcanic Group</u> – This group of volcanic rocks is found extensively throughout western Mexico in the Sierra Madre Occidental and commonly host many of Mexico's base and precious metal deposits. They can be roughly divided into a basal sequence of feldspar bearing rhyodacite crystal tuffs and flows grading upwards to a thicker sequence of andesite flows, tuff breccias and related sills.

<u>Tertiary Upper Volcanic Group</u> – Higher elevations of the San José de Gracia property, particularly along its western edges are underlain by rhyolitic ignimbrite and tuffs. These are resistant rock types that most likely acts as a cap to mineralization.

Tertiary Intrusive rocks – Three types of intrusion have been mapped in the project area. They include 1.) Stocks and plugs quartz feldspar porphyry located near Tres Amigos and are possibly coeval to the rhyodacite tuffs. 2.) Sill like diorite porphyry occurring in the basement sediments or close to the overlying Lower Volcanic Group. 3.) Mafic Dykes that cut all units and act as possible 'feeders' to the Upper Volcanic Group Hornillos and Navachiste Formations (CRM,1992).

Exploration

The earliest exploration work documented at San José de Gracia dates back to 1992 and 1997 when Peñoles and Golden Hemlock completed limited drilling campaigns at Tres Amigos. San Pablo, La Union and Ala Purisima areas. DynaMexico has been conducting exploration activities on the San José de Gracia property since late 2006. These activities have included geological mapping, geochemical stream sediment and rock chip sampling, underground surveying and diamond drilling. Geochemical surveys comprise systematic sampling of available rock outcrop and collection of creek sediment.

DynaMexico has collected 6,834 outcrop chip samples and analyzed them for Au, Ag, Cu, Pb, Zn, As, Mo, Ba, Mn, and Fe. Refer to previous NI 43-101 report on San José de Gracia (Feb 11, 2011) for descriptions and maps. DynaMexico has also collected 144 stream sediment samples and analyzed them for gold.

Rock chip geochemical surveying covers an area of approximately 5 kilometres (east-west) by 5.5 kilometres (north-south) with an approximate grid density of 100 metres by 100 metres. There are several areas containing anomalous gold values located in bedrock and creek drainages that, for the most part, correspond to areas that have had historical mining activity. These also include new anomalies yet to be investigated. In 2010/11, DynaMexico collected 45 underground chip samples at La Prieta.

Mineralization

Gold mineralization at San José de Gracia is hosted within andesite and rhyodacite of the LVG and underlying Palaeozoic sediments as fault breccia veins and crackle breccias that exhibit multiple stages of reactivation and fluid flow, as evidenced by crustiform/colloform textures and cross cutting veins. Locally, veins exhibit sharp, clay gouge hanging wall and footwall contacts with slickensides, indicating reactivation of structurally-hosted veins subsequent to mineralization. Gold grades can also be carried within the mineralized halo adjacent to the principal veins as quartz -chlorite stock work and it is this type of mineralization that may hold the greatest potential on the property. In addition to vein - hosted mineralization, broad zones of un-mineralized clay alteration, developed southwest of the main mineralized trends, may overlie lower -grade, disseminated gold mineralization at depth.

Alteration at San José de Gracia is laterally and vertically zoned from discrete zones of silicification to broad zones of illite to clay alteration with increasing elevation and/or distance from the main feeder structures.

Faulting and tilting of the mineralization system has affected the surface distribution of alteration and in general has exposed deeper portions of the system in the northeast and exposed shallower, more distal portions of the hydrothermal system in the southwest part of the property.

The geological model that is emerging for gold mineralization at San José de Gracia is one in which precious metal bearing low sulphidation fluids exploited steeply to locally moderately dipping northwest to northeast trending faults over a strike length of at least 1.5 km. Although mineralization may have followed pre-existing structures, the presence of breccia zones suggests that deformation was at least in part synchronous with mineralization.

Underground mapping suggests a high potential for the presence of thick, high-grade ore shoots formed within and adjacent to the main mineralized structures. These include: 1) Dilational jogs – Palos Chinos; 2) Vein intersections – San Pablo 3) Vein flattening (rolls) Amigos; and 4) Flat Zones - La Union and La Prieta (La Prieta may be hosted within a pre-existing thrust fault).

Mineralized veins comprise principal south west and secondary south striking fault breccia veins that are cut by late east-west and northwest striking brittle faults with normal displacement. Gold- bearing siliceous fluids formed tabular or sheet-like quartz, quartz -sulphide and quartz- calcite veins and breccia veins which were subsequently cut by late brittle, normal (right lateral) faults, resulting in the small- scale (often <1 meter) offsets observed on surface and in underground. Quartz-replaced bladed barite and possibly calcite mapped on surface suggests that boiling was the principal mechanism of gold deposition within the system.

The presence of this textural evidence at surface, along with the presence of the old working implies that the zone of gold deposition is well preserved at San José de Gracia. Precious metal epithermal vein systems, such as at the Tayoltita silver - gold mine, located some 220 km to the south, have been shown to host economic mineralization down dip over lengths of some 200 to 300 m, well below the depth of old workings at San José de Gracia. Given the dimensions of the mineralizing system at San José de Gracia, it has the potential to host similar quantities of gold in a similar geological setting as Tayoltita.

Previous studies suggest that the gold mineralization at San José de Gracia can be grouped into the 'low sulphidation' epithermal model of precious metal ore deposits. These deposits are found worldwide and have been formed commonly during the Cretaceous to modern times. They occur as veins, breccias and disseminations of precious metal mineralization deposited by the circulation of neutral to weakly acid hydrothermal fluids along regional fault structures, fracture zones or along highly permeable lithologies such as volcanic ignimbrite and agglomerate.

Because the fluids are relatively neutral, very little alteration is evident and the veins and nearby wall rock may commonly include illite, sericite and adularia. Generally, this style of mineralization is found distally from a heat source.

Drilling

Four drill campaigns have been completed in the vicinity of the old mines at San José de Gracia. Peñoles drilled eleven short reverse circulation (RC) holes in 1992 targeting shallow mineralization and up -dip potential of previously identified vein structures. Unfortunately results of this drill program are not well documented and are not considered reliable. In 1997 and 2007 to 2011 both Golden Hemlock and DynaMexico drilled a total of 362 core holes stretching over a horizontal distance of approximately three kilometres.

<u>San Pablo Area</u>

One hundred and seventeen holes have been drilled at and around the San Pablo area, a total of 22,797 meters. These programs included 4 reverse circulation holes by Peñoles in 1992, 12 NQ core holes by Golden Hemlock in 1997 and 101 HQ/NQ core holes by DynaMexico in 2007–2011, under Goldgroup's technical direction. This drill program was specifically designed on 50-meter grid spacing and roughly 50-meter pierce points down dip of the vein.

Of these 117 drill holes, 85 define the San Pablo mineralized zone and have been used to calculate the resource. The drilling identifies a tabular shaped mineralized zone trending approximately 015 north northeast with variable dips to the west between 35 and 55 degrees. Along this plane the mineralized zone plunges to the southwest over 550 meters with roughly 70% of the shoot lying below the underground workings at San Pablo.

The San Pablo mineralized zone at present contains only inferred resources despite the fact that the zone has been penetrated by 101 drill holes on roughly 30x30m centres. Further infill drilling is required to raise a portion of the resource to indicated status. Refer to the San José de Gracia Technical Report for technical results.

<u>Tres Amigos Area</u>

One hundred and seventeen core holes (25,941 meters) have been drilled in the Tres Amigos area, twenty-six holes by Golden Hemlock in 1997 and ninety-one holes by DynaMexico under Goldgroup's technical direction in 2008 to 2011. The vein structures are located in an area with deep valley cuts and steep topographic terrain making any future drilling problematic unless underground drill drifts are developed.

Many of the current holes have two or three collars from one setup, some of which have been turned 180 ° to get additional cuts of the shallow to moderately dipping vein structures. Of the 117 holes drilled in the Tres Amigos area, 99 have been used to define the mineralized zone and to calculate the resource. The zone remains open down dip and along strike to the northeast.

The Tres Amigos mineralised zone remains open down dip and along strike to the northeast. Further drilling is required in these areas to better define the total extent of the zone. Historic drilling in the Tres Amigos area by Golden Hemlock in 1997 has no record of quality control. Although none of these holes were twinned during the more recent programs a number of infill holes were drilled between and around the 1997 drill holes. Down hole intercepts and grades encountered during the recent campaign correspond closely with historic drill results. Refer to the San José de Gracia Technical Report for technical results.

La Purisima

Eighty holes have been drilled at La Purisima (including Z Argilica) from 1992 through 2011. Peñoles drilled 1 reverse circulation hole in 1992, Golden Hemlock drilled 14 diamond drill holes in 1997 and DynaMexico drilled 65 diamond drill holes from 2007 to 2011.

Drilling at La Purisima has established an up dip connection between the old Palos Chinos workings and the main La Purisima zone outlining a mineralised shoot plunging to the southwest. Mineralized intercepts are generally narrower than at Tres Amigos and San Pablo however there is sufficient continuity to calculate an inferred resource in the area. The zone remains open on its western margin and additional drilling is required to better define the extent of the mineralization. Refer to the San José de Gracia Technical Report for technical results.

La Union

Fifty-four holes have been drilled at La Union from 1992 through 2011. Peñoles drilled 4 reverse circulation holes in 1992, Golden Hemlock drilled 12 diamond drill holes in 1997 and DynaMexico drilled the remaining 38 diamond drill holes from 2007 to 2011. Recent drilling by DynaMexico, utilizing technical personnel contributed by Goldgroup and contracted by Mineras has targeted gold mineralization along the La Union trend.

Drilling along strike from La Union to the northeast has demonstrated continuity of the vein structure as far as the old Veta Tierra mine. Further drilling in this area is required to determine whether La Union, Veta Tierra and San Pablo are all the same structure. Of the 54 holes drilled in the La Union Veta Tierra trend, 31 have been used to calculate a resource. Please refer to the San José de Gracia Technical Report for technical results.

Sampling and Analysis

Four basic periods of core drilling and reverse circulation sample collection have taken place in recent years at San José de Gracia. In 1992, Peñoles drilled 11 short reverse circulation (RC) holes at various locations near San Pablo and La Union areas. Unfortunately, this data was not well kept, and the quality of the assays is questionable. During Golden Hemlock's 1997 drill program no information is available on what Quality Assurance and Quality Control (QA/QC) measures were in place during their drilling and consequently the 2431 drill core assays from 63 drill holes cannot verify the calibre of laboratory quality control.

However, the larger drill programs completed in 2007 to 2008 and 2009 to 2011 incorporated a program of QA/QC for all of the 40,070 samples taken from 290 of the 298 diamond drill holes (holes 07-09 to 11-298). Project geologists first logged and marked the core at storage facilities in San José de Gracia, while technicians later split the individual core lengths with a diamond saw, placed half the core in a plastic bag, numbered the bags for the laboratory and then closed them with security clips.

The half core samples were then trucked to Hermosillo, Mexico where Sonora Sample Preparation SA de CV (SSP) crushed each sample to -150 mesh. The rejects remained with SSP while the pulps were air couriered to International Plasma Labs Ltd. (IPL) of Vancouver, Canada or Inspectorate Labs of Reno, Nevada and analyzed for gold by fire assay with Atomic Absorption (AA) finish. During the program after drill hole 10-148, IPL was taken over by Inspectorate and all samples were subsequently sent to the Inspectorate preparation facility in Hermosillo.

Samples over 10 grams per tonne gold were re-run using fire assay with gravity finish. In addition, a 30 element Inductively Coupled Plasma (ICP) analysis (aqua regia digest) was conducted on all samples. The remaining half of the core is stored on site at the Company's camp in San José de Gracia. As far as a Quality Assurance/Quality Control, DynaMexico, utilizing technical personnel contributed by Goldgroup and contracted by Mineras, one of either the regular blanks, duplicates or one of the three different 'reference' standards were inserted into each lab shipment roughly every 20 samples. These standards were purchased commercially from Rocklabs Ltd., of Auckland, New Zealand.

The 2007 and 2008 assay program was reviewed by Caroline Vallat of Geospark Consulting whose conclusion was that "The review of the San José de Gracia 2007 and 2008 analytical results for quality has shown that the primary analytical results obtained from IPL are of sufficient precision and accuracy to represent the project. Control charts show most of the assay data on the three different standards to be within three standard deviations of the norm. Re assay of all batches of samples with standards above and below three standard deviations has been undertaken.

The following show assay data variation using a stricter 2 standard deviation control:

- Standard SP-37, 7.1% or 23 samples out of a base of 323 – above/ below 2SD
- Standard SG-31, 5.9% or 15 samples out of a base of 254 – above/ below 2SD
- Standard OxL-51, 6.8% or 18 samples out of a base of 262 – above/ below 2SD

Although most of the 'blank' inserts are within acceptable range, control charts with 417 inserted blanks identify 3 outliers that require re -assay. These include sample 11592 (24ppb Au), sample 14705 (30ppb Au) and sample 14724 (40ppb Au). The duplicate assaying program identifies 2 outlier samples from 226 duplicates that require re-assay. When these two outliers are removed the program shows a high degree of correlation with a 50 ppb constant variance. The two samples are #1373 (orig 297ppb Au, dup 102ppb Au) and #1900 (orig 320 ppb Au, dup 203 ppb Au).

Although concerns have been identified, Cuttle believes sample preparation, security and general analytical procedures have been adequate. 2009 to 2011 quality control on standards submitted to IPL Labs show most of the assay data on seven different standards to be within three standard deviations of the norm. This data is of sufficient accuracy to represent the drilling at San José de Gracia.

- Standard SP-37, 2.2% or 14 samples out of a base of 618 – above/ below 3SD
- Standard SG-31, 0,3% or 1 sample out of a base of 283 – above/ below 3SD
- Standard OxL-51, 0% or 0 samples out of a base of 80 – above/ below 3SD
- Standard OxL63, 2.3% or 11 samples out of a base of 461 - above / below 3SD
- Standard SG40, 5.9% or 19 samples out of a base of 320 - above / below 3SD
- Standard Sj-53, 18.69% or 40 samples out of a base of 214 - above / below 3SD
- Standard OxP76, 4.3% or 6 samples out of a base of 138 - above / below 3SD

Mr. Cuttle travelled to and visited the San José de Gracia Project area from May 21 to May 24, 2009, in the company of Keith Piggott (former Chairman, President and a Director of the Company), Omar Felix Saavedra and Jonathan Cordery. Core logging and storage facilities, the geology offices, the mill, as well as several historic mining sites including Tres Amigos, San Pablo, La Prieta, La Union, and Gossan Cap were viewed and photographed. Many of the recent drill pads from the 2007-2008 drill campaign were clearly located and are identified by cement carne. A total of five rock samples were collected by the author of the San José de Gracia Technical Report including three rock samples of quartered core from drill holes at Tres Amigos and San Pablo and two chip samples from underground workings at the same locations. These rocks were hand delivered to Acme Labs of Vancouver for analysis (certificate in Appendix IV).

Below is a list of the assay results from the five samples taken at Tres Amigos and San Pablo. Five check samples collected by Cuttle and listed below support the fact that gold mineralization is verified from specific 'point' locations, in two areas namely Tres Amigos and San Pablo.

The project's technical staff have kept a well-maintained database of all its drill hole collars, deviation surveys, assays and geology information in both Microsoft Access and Surpac software formats. More recent improvements have involved re-checking surveys of drill collars, re-logging of all the 126 drill holes including the 68 holes at San Pablo, and re-assay checks of pulps from selected holes at San Pablo and Tres Amigos. During the property visit Cuttle was able to verify locations of several surface drill collars as well as check different drill holes from San Pablo and Tres Amigos for consistency of general rock descriptions and sample assay locations. In addition, to the quality control programs already in practice.

The author of the San José de Gracia Technical Report requested 350 drill core pulps be sent to ALS Chemex Labs for assay checks. Results from this study show an acceptable degree of correlation between new assays from Chemex and the original assays from IPL Labs and Inspectorate Labs. Results of this study are found in Appendix IV.

Mr. Cuttle visited the property on the 24th and 25th of May 2011 in the company of Kevin Sullivan, Former Vice President of Goldgroup and Omar Felix where he inspected drill core and several of the historic mine sites including Tres Amigos and San Pablo and some of the recent drill collars marked by concrete plinth from the 2009 to 2011 drill campaign. The author of the San José de Gracia Technical Report is of the opinion that the data is of industry standard and suitable for a resource estimate.

Ore and existing mill tailings samples were collected prior to DynaUSA assuming full control of the operation. The ore samples consisted of a bulk (about 500 kilograms) of stockpiled ore from the lower adit of the Tres Amigos mine (intercept of the Tres Amigos and Orange Tree veins).

In addition, approximately 100 kilograms of ore as a bulk sample was taken from the surface at the Gossan Cap area. Three additional ore samples (approximately 5-15 kilograms each) were assembled from splits of the cores from several of the 1997 drilling program core holes and were primarily to develop samples representing different ore types for testing (other than that represented in the bulk samples).

These included: segments from the drill hole from Palos Chinos, massive sulphide veins from the Tres Amigos vein and the so-called disseminated, non-sulphide mineralized zones at the bottom of several Tres Amigos core holes. The logic was that major exploratory test work to define a metallurgical process would be done on the bulk sample from the adit at Tres Amigos and the other samples would have limited testing done at the selected metallurgical process conditions to verify the performance of that selected metallurgical process circuit on other types of San José mineralization. Finally, several bulk samples (50-100 kilograms) of existing tailings from the Rosarito mill and the old Rosarito mill were collected and used to do flotation, gravity and limited leach ability test work on the tailings.

The samples were shipped to the laboratory of Carbonyx Carbon Technologies in Plano, Texas where in 2000 and 2001 two separate preliminary test programs were conducted, one for the tailings, the other for a portion of the bulk Tres Amigos ore. A concept for the metallurgical processing to produce both gravity and flotation concentrates (rougher and cleaner) was developed.

The tests confirmed a metallurgical flow sheet to be utilized at San José de Gracia to recover up to 90% of the feed gold into the concentrates. This testing established a preliminary flow sheet for a mill circuit for processing either primary ore or for reprocessing the existing tailings. Subsequently Hazen Research Laboratories of Golden, Colorado was engaged to provide independent verification of the in-house work and carry out additional optimization test work.

The initial gravity beneficiation/flotation test work on the Tres Amigos and Gossan Cap bulk ore samples was very encouraging with up to 80% recovery of the feed gold into the gravity concentrates while maintaining a minimum concentrate grade of 100 g Au/t. The existing tailings samples (feed grades of 3-8 g Au/t) returned similar recovery results, but had to be cleaned to produce a final concentrate with greater than 100 g Au/t.

The overall gold recoveries in the gravity cleaner concentrate still were in excess of 50% of the total feed gold. Flotation tests on primary ore samples resulted in recoveries of 85-90% of the feed gold into the rougher concentrates, however, recoveries after cleaning (to get greater than 100 g Au/t grade) dropped to the 65-75% range. A combination circuit of a gravity pre-concentration stage with flotation on the gravity tailings indicated the potential to recover greater than 90% of the feed gold into the gravity concentrate, the rougher flotation and the cleaner flotation concentrates while maintaining a 100 g Au/t grade in all of the concentrates. This combination became the basis for subsequent mill circuit design at San José de Gracia.

Security of Samples

Project geologists first logged and marked the core at storage facilities in San José de Gracia, while technicians later split the individual core lengths with a diamond saw, placed half the core in a plastic bag, numbered the bags for the laboratory and then closed them with security clips. The half core samples were then trucked to Hermosillo, Mexico where Sonora Sample Preparation SA de CV (SSP) crushed each sample to -150 mesh. The rejects remained with SSP while the pulps were air couriered to International Plasma Labs Ltd. (IPL) of Vancouver, Canada or Inspectorate Labs of Reno, Nevada and analyzed for gold by fire assay with Atomic Absorption (AA) finish. During the program after drill hole 10-148, IPL was taken over by Inspectorate and all samples were subsequently sent to the Inspectorate preparation facility in Hermosillo.

Samples over 10 grams per tonne gold were re-run using fire assay with gravity finish. In addition, a 30 element Inductively Coupled Plasma (ICP) analysis (aqua regia digest) was conducted on all samples. The remaining half of the core is stored on site at the Company's camp in San José de Gracia.

As far as a Quality Assurance/Quality Control, DynaMexico, utilizing technical personnel contributed by Goldgroup and contracted by Mineras, one of either the regular blanks, duplicates or one of the three different 'reference' standards were inserted into each lab shipment roughly every 20 samples. These standards were purchased commercially from Rocklabs Ltd., of Auckland, New Zealand.

Although concerns have been identified, Cuttle believes sample preparation, security and general analytical procedures have been adequate. Since the completion of this report Cuttle understands the quality control issues during the 1997, 2007 and

2008 drill programs were addressed. These issues have been reviewed and verified by Caroline Vallat of Geospark Consulting.

Mineral Resource Estimate

Based on the study herein reported, delineated mineralization of the San José de Gracia Property is classified as a resource. At this stage of the project there is reasonable geologic continuity based on surface and underground exposures and drill core to establish the vein boundaries.

Grade continuity can be quantified by semivariogram analysis. Usually the classification can be linked to the semivariogram range with blocks estimated during pass 1 at ¼ of the semivariogram range being classed measured, blocks estimated using ½ the range being classed indicated and all others classed inferred. The Tres Amigos vein with the additional drilling completed in 2010-11, had blocks within the more densely drilled north east section, classified as Indicated if estimated during Pass 1 or 2.

All other blocks within the Tres Amigos structure were classified as Inferred. At this time there was insufficient drill data to determine semivariograms on the La Union and La Purisima domains and too few blocks estimated in Pass 1 and 2 on the San Pablo to classify any of this resource as measured or indicated. The total indicated and inferred resource is tabulated below with a gold cut-off of 2 g/t highlighted as a possible cut-off for underground extraction. No economic evaluation of this project has been completed and as a result the economic cut-off is unknown at this time.

Unless otherwise stated the information below has been summarized or extracted from the technical report entitled “NI 43-101 Technical Report on the San José de Gracia Project Updated Resource Estimates on the Tres Amigos, San Pablo, La Union, La Purisima Zones” effective September 5, 2011 and dated January 3, 2012 (the “San José de Gracia Technical Report”), which is compliant with NI 43-101. The San José de Gracia Technical Report was prepared by J. Cuttle, P. Geo., and G. Giroux, P. Eng. of Giroux Consultants Ltd.

Tres Amigos Veins - Indicated Resource

Cut-off (Au g/t)	Tonnes > Cut-off (tonnes)	Grade > Cut-off					Contained Metal				
		Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	Pb (%)	Ozs. Au	Ozs. Ag	Kg Cu	Kg Zn	Kg Pb
0.50	1,060,000	4.52	10.15	0.21	0.52	0.06	154,000	346,000	2,226,000	5,512,000	636,000
1.00	1,051,000	4.55	10.19	0.21	0.52	0.06	154,000	344,000	2,207,000	5,465,000	631,000
1.50	997,000	4.73	10.42	0.21	0.52	0.07	152,000	334,000	2,094,000	5,184,000	698,000
2.00	**913,000**	**5.00**	**10.72**	**0.21**	**0.54**	**0.07**	**147,000**	**315,000**	**1,917,000**	**4,930,000**	**639,000**
2.50	819,000	5.31	11.16	0.22	0.55	0.07	140,000	294,000	1,802,000	4,505,000	573,000
3.00	696,000	5.76	11.65	0.23	0.56	0.07	129,000	261,000	1,601,000	3,898,000	487,000
3.50	572,000	6.31	11.97	0.23	0.57	0.08	116,000	220,000	1,316,000	3,260,000	458,000
4.00	458,000	6.95	11.97	0.23	0.55	0.08	102,000	176,000	1,053,000	2,519,000	366,000
4.50	391,000	7.42	12.45	0.23	0.57	0.08	93,000	157,000	899,000	2,229,000	313,000
5.00	328,000	7.94	12.75	0.23	0.57	0.09	84,000	134,000	754,000	1,870,000	295,000

San José de Gracia Veins - Inferred Resource

Cut-off (Au g/t)	Tonnes > Cut-off (tonnes)	Grade > Cut-off					Contained Metal				
		Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	Pb (%)	Ozs. Au	Ozs. Ag	Kg Cu	Kg Zn	Kg Pb
0.50	6,999,000	4.54	9.74	0.20	0.15	0.03	1,020,00	2,192,000	13,998,000	10,499,000	2,100,000
1.00	6,850,000	4.62	9.87	0.20	0.15	0.03	1,017,00	2,174,000	13,700,000	10,275,000	2,055,000
1.50	6,536,000	4.78	10.04	0.20	0.16	0.03	1,004,00	2,110,000	13,072,000	10,458,000	1,961,000
2.00	**5,812,000**	**5.16**	**10.26**	**0.21**	**0.16**	**0.03**	**963,000**	**1,917,000**	**12,205,000**	**9,299,000**	**1,744,000**
2.50	5,125,000	5.55	10.49	0.22	0.17	0.03	914,000	1,728,000	11,275,000	8,713,000	1,538,000
3.00	4,387,000	6.02	10.80	0.23	0.16	0.03	849,000	1,523,000	10,090,000	7,019,000	1,316,000
3.50	3,750,000	6.49	11.03	0.23	0.16	0.03	783,000	1,330,000	8,625,000	6,000,000	1,125,000
4.00	3,190,000	6.97	11.42	0.24	0.16	0.03	715,000	1,171,000	7,656,000	5,104,000	957,000
4.50	2,608,000	7.58	12.10	0.25	0.17	0.03	636,000	1,015,000	6,520,000	4,434,000	782,000

5.00	2,125,000	8.23	12.99	0.27	0.18	0.04	562,000	887,000	5,738,000	3,825,000	850,000

This total inferred resource is subdivided into the four Vein systems in the Tables below. Note the combined tonnages, ounces and kgs of the various individual veins may not total exactly with the table above due to round off errors.

Tres Amigos Veins - Inferred Resource

Cut-off (Au g/t)	Tonnes > Cut-off (tonnes)	Grade > Cut-off					Contained Metal				
		Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	Pb (%)	Ozs. Au	Ozs. Ag	Kg Cu	Kg Zn	Kg Pb
0.50	2,079,000	4.70	10.10	0.24	0.41	0.06	314,000	675,000	4,990,00	8,524,00	1,247,00
1.00	2,079,000	4.70	10.10	0.24	0.41	0.06	314,000	675,000	4,990,00	8,524,00	1,247,00
1.50	2,019,000	4.81	10.21	0.24	0.41	0.06	312,000	663,000	4,846,00	8,278,00	1,211,00
2.00	**1,811,000**	**5.16**	**10.62**	**0.25**	**0.41**	**0.06**	**300,000**	**618,000**	**4,528,00**	**7,425,00**	**1,087,00**
2.50	1,590,000	5.57	11.03	0.25	0.43	0.06	284,000	564,000	3,975,00	6,837,00	954,000
3.00	1,286,000	6.23	11.35	0.24	0.44	0.06	258,000	469,000	3,086,00	5,658,00	772,000
3.50	1,076,000	6.82	11.26	0.23	0.43	0.06	236,000	390,000	2,475,00	4,627,00	646,000
4.00	901,000	7.43	11.56	0.23	0.43	0.07	215,000	335,000	2,072,00	3,874,00	631,000
4.50	757,000	8.03	12.06	0.23	0.45	0.07	195,000	294,000	1,741,00	3,407,00	530,000
5.00	649,000	8.58	12.47	0.23	0.49	0.07	179,000	260,000	1,493,00	3,180,00	454,000

San Pablo Veins - Inferred Resource

Cut-off (Au g/t)	Tonnes > Cut-off (tonnes)	Grade > Cut-off					Contained Metal				
		Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	Pb (%)	Ozs. Au	Ozs. Ag	Kg Cu	Kg Zn	Kg Pb
0.50	2,192,000	5.64	11.91	0.26	0.04	0.01	397,000	839,000	5,699,	877,000	219,000
1.00	2,115,000	5.81	12.16	0.27	0.04	0.01	395,000	827,000	5,711,	846,000	212,000
1.50	1,989,000	6.10	12.44	0.28	0.04	0.01	390,000	796,000	5,569,	796,000	199,000
2.00	**1,827,000**	**6.49**	**12.80**	**0.29**	**0.04**	**0.01**	**381,000**	**752,000**	**5,298,**	**731,000**	**183,000**
2.50	1,666,000	6.90	13.27	0.30	0.04	0.01	369,000	711,000	4,998,	666,000	167,000
3.00	1,541,000	7.23	13.63	0.31	0.04	0.01	358,000	675,000	4,777,	616,000	154,000
3.50	1,400,000	7.63	14.05	0.32	0.04	0.01	344,000	632,000	4,480,	560,000	140,000
4.00	1,272,000	8.02	14.44	0.33	0.04	0.01	328,000	591,000	4,198,	509,000	127,000
4.50	1,143,000	8.45	14.78	0.34	0.04	0.01	310,000	543,000	3,886,	457,000	114,000
5.00	1,026,000	8.87	15.09	0.35	0.04	0.01	293,000	498,000	3,591,	410,000	103,000

La Union Veins - Inferred Resource

Cut-off (Au g/t)	Tonnes > Cut-off (tonnes)	Grade > Cut-off					Contained Metal				
		Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	Pb (%)	Ozs. Au	Ozs. Ag	Kg Cu	Kg Zn	Kg Pb
0.50	1,154,000	3.55	11.24	0.14	0.04	0.02	132,000	417,000	1,616,000	462,000	231,000
1.00	1,134,000	3.60	11.37	0.15	0.04	0.02	131,000	415,000	1,701,000	454,000	227,000
1.50	1,114,000	3.64	11.47	0.15	0.04	0.02	130,000	411,000	1,671,000	446,000	223,000
2.00	**909,000**	**4.06**	**11.37**	**0.17**	**0.04**	**0.02**	**119,000**	**332,000**	**1,545,000**	**364,000**	**182,000**
2.50	743,000	4.47	10.95	0.19	0.05	0.03	107,000	262,000	1,412,000	372,000	223,000
3.00	614,000	4.84	11.33	0.20	0.06	0.03	96,000	224,000	1,228,000	368,000	184,000
3.50	489,000	5.25	11.63	0.21	0.07	0.04	82,000	183,000	1,027,000	342,000	196,000
4.00	379,000	5.68	11.98	0.22	0.08	0.04	69,000	146,000	834,000	303,000	152,000
4.50	267,000	6.29	12.74	0.23	0.09	0.05	54,000	109,000	614,000	240,000	134,000
5.00	194,000	6.88	14.17	0.24	0.12	0.06	43,000	88,000	466,000	233,000	116,000

La Purisima Veins - Inferred Resource

Cut-off (Au g/t)	Tonnes > Cut-off (tonnes)	Grade > Cut-off					Contained Metal				
		Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	Pb (%)	Ozs. Au	Ozs. Ag	Kg Cu	Kg Zn	Kg Pb

0.50	1,574,000	3.50	5.15	0.08	0.05	0.02	177,000	261,000	1,259,000	787,000	315,000
1.00	1,522,000	3.59	5.27	0.08	0.05	0.02	176,000	258,000	1,218,000	761,000	304,000
1.50	1,414,000	3.77	5.27	0.08	0.05	0.02	171,000	240,000	1,131,000	707,000	283,000
2.00	**1,266,000**	**4.01**	**5.31**	**0.08**	**0.06**	**0.02**	**163,000**	**216,000**	**1,013,000**	**760,000**	**253,000**
2.50	1,128,000	4.23	5.33	0.08	0.06	0.02	153,000	193,000	902,000	677,000	226,000
3.00	945,000	4.51	5.10	0.09	0.05	0.01	137,000	155,000	851,000	473,000	95,000
3.50	784,000	4.77	4.96	0.09	0.05	0.01	120,000	125,000	706,000	392,000	78,000
4.00	638,000	5.01	4.86	0.09	0.05	0.01	103,000	100,000	574,000	319,000	64,000
4.50	441,000	5.34	4.86	0.10	0.04	0.01	76,000	69,000	441,000	176,000	44,000
5.00	256,000	5.77	5.03	0.11	0.03	0.01	47,000	41,000	282,000	77,000	26,000

The additional drilling completed on the San José de Gracia property during 2010-11 has increased the tonnage and contained metal for the property based on a comparison with the results reported in Cuttle and Giroux, 2010 (refer to Tabulation below). The Tres Amigos Vein now has an indicated resource of 913,000 tonnes averaging 5.0 g/t Au, 10.7 g/t Ag, 0.21 % Cu and 0.54 % Zn and 0.07 % Pb at a 2.0 g/t Au cut-off. The inferred resource in the Tres Amigos tripled in tonnage and has a higher average grade for Au, Ag and Cu at a 2.0 g/t Au cut-off. At the San Pablo vein, the tonnage at a 2.0 g/t Au cut-off increased 79% while the grade dropped for Au and Ag.

This resulted in an increase in contained Au, Ag and Cu. At the La Purisima vein the tonnage at a 2.0 g/t Au cut-off increased 16% while the grade of Au, Ag and Zn decreased resulting in a slight increase in contained Au, Ag, Cu and Zn. At the La Union vein at a 2.0 g/t Au cut-off, the tonnage increased by 24% and grades for Au, and Ag increased.

The overall results from the additional drilling showed an increase in Indicated resource from zero in 2009 to 913,000 tonnes averaging 5.0 g/t Au, 10.7 g/t Ag, 0.21 % Cu, 0.54 % Zn and 0.07% Pb at a 2.0 g/t Au cut-off in 2011. In the inferred resource there was an overall increase of 2,371,000 tonnes above a 2.0 g/t Au cut-off with resulting increases in contained Au (345,000 ozs) and Ag (808,000 ozs).

All Resource Classifications

Vein	Year	Cut-off Au (g/t)	Class	Tonnes > Cut-off (tonnes)	Grade > Cut-off				Million Ozs. Au	Million Ozs. Ag
					Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)		
Tres Amigos	2009	2.00	Indicated	0						
	2011	2.00	Indicated	913,000	5.00	10.72	0.21	0.54	0.147	0.315
Tres Amigos	2009	2.00	Inferred	600,000	4.13	9.19	0.19	0.69	0.080	0.177
	2011	2.00	Inferred	1,811,000	5.16	10.62	0.25	0.41	0.300	0.618
San Pablo	2009	2.00	Inferred	1,023,000	8.84	14.26	0.28	0.06	0.291	0.469
	2011	2.00	Inferred	1,827,000	6.49	12.80	0.29	0.04	0.381	0.752
La Purisima	2009	2.00	Inferred	1,087,000	4.48	6.01	0.07	0.09	0.157	0.210
	2011	2.00	Inferred	1,266,000	4.01	5.31	0.08	0.06	0.163	0.216
La Union	2009	2.00	Inferred	731,000	3.89	10.72	0.29	0.07	0.091	0.252
	2011	2.00	Inferred	909,000	4.06	11.37	0.17	0.04	0.119	0.332
All Veins	2009	2.00	Inferred	3,441,000	5.59	10.02	0.20	0.18	0.618	1.109
	2011	2.00	Inferred	5,813,000	5.16	10.26	0.21	0.16	0.963	1.917

Metallurgical, environmental, permitting, legal, title and socio-economic factors have been considered in the resource estimation. The mineral resources are acceptable for preliminary economic planning and areas of uncertainty that may materially affect the resource estimations include operating and capital assumptions.

Exploration and Development

The latest diamond drilling program was completed during the second quarter of 2011 with results very much in line with the previous grades and widths. The San Pablo shoot showed positive results and has been delineated to a configuration approximately 550 metres down plunge, 170 metres along strike and a true width averaging approximately five metres. The Tres Amigos shoot is approximately 800 metres along strike on the same structure to the northeast and is currently open down plunge and showing larger dimensions than San Pablo. Two other shoots at Purisima and La Union show positive results and are open in several directions.

The Company released an updated technical report dated effective September 5, 2011, which was prepared by Jim Cuttle, P.Geo. and Gary Giroux, P.Eng of Giroux Consultants Ltd., each an independent qualified person under NI 43-101. The technical report significantly increased the Company's mineral resource estimate at San José de Gracia, establishing indicated mineral resources at the Tres Amigos vein of 147,000 ounces of gold, and growing inferred mineral resources at all four veins from 618,000 to 963,000 ounces of gold, representing an increase of 56%. The previous technical report dated February 28, 2011, estimated solely inferred mineral resources.

On February 15, 2012, DynaUSA announced that it had received the results of a different mineral resource estimate for the San José de Gracia project (the "DynaUSA Estimate"). The DynaUSA Estimate included aggregate indicated mineral resources at Tres Amigos of 892,534 tonnes, with an average grade of 4.46 g/t, totaling 127,921 oz/Au, and at San Pablo of 1,307,509 tonnes, with an average grade of 6.52 g/t, totaling 274,171 oz/Au, and aggregate inferred mineral resources of 3,953,143 tonnes, with an average grade of 5.83 g/t, totaling 740,911 oz/Au. The DynaUSA Estimate includes a higher volume of indicated mineral resources as compared to the mineral resources estimate contained in the technical report released by Goldgroup due to the use of different qualified persons and their corresponding assumptions and parameters.

The current mineral resource estimate is expected to be used to support a future preliminary economic assessment for development of the project.

Status of Project

The Company is currently in a legal dispute with the other owner of the project and there in uncertainty related to the timing and favorability of the outcome.

1.6.2 CERRO PRIETO PROJECT

On August 8, 2013 the Company released an updated National Instrument 43-101 Measured and Indicated and Inferred mineral resource estimate (the "NI 43-101") for the Cerro Prieto Project. Giroux Consultants Ltd. and Duncan Bain Consulting Ltd. prepared and authorized the release of this NI 43-101 resource estimate entitled "Report on the 2011-2012 Exploration Program including an Updated Resource Estimation on the Cerro Prieto Project - Magdelena de Kino Area, Sonora State Mexico dated June 10, 2013" (the "Cerro Prieto Project Technical Report).

Unless otherwise stated, information of a technical or scientific nature related to the Cerro Prieto Project contained in this annual information form is summarized or extracted from the Cerro Prieto Project Technical Report. For a complete description of assumptions, qualifications and procedures associated with the information in the Cerro Prieto Project Technical Report, reference should be made to the full text of the Cerro Prieto Project Technical Report, which is available under Goldgroup's profile on SEDAR at www.sedar.com.

Current Status

The Cerro Prieto Property, located in the Cucurpe Mining District, Sonora, Mexico, is comprised of the San Felix (205 ha), San Francisco (10 ha), Elba (5.82 ha), Huerta de Oro (20 ha), Reyna de Plata (9.79 ha), Cerro Prieto "North" (2,508 ha) and Argonauta 6 (4,120 ha) mineral concessions. The title all of these concessions are held by Minas de Oroco. The Cerro Prieto Property is 52 road kilometers from the regional centre of Magdalena de Kino (population 40,000) and 150 kilometers northeast of the City of Hermosillo.

Status of Operations and Outlook

Gold is produced in doré in Mexico and then shipped to a refiner in the United States for final refining prior to sale. Cerro Prieto is subject to a 2% NSR royalty payable upon production in addition to a production royalty payable Oroco Resource Corp. calculated as 20% of the difference between the market price of gold and $1,250 per ounce up to a maximum of US$90 per ounce of gold produced from the project, for the greater of:

(i) The first 90,000 ounces of gold produced from the Cerro Prieto Project; and
(ii) All ounces of gold produced from the Project until the completion of five full years of commercial production.

On April 1, 2016, the Cerro Prieto mine achieved its main commercial production criteria of over 1,200 oz gold production per month consistently over a two-month period. This was achieved by better utilization of crushing and pad capacity by management. In August 2022, the 90,000 ounce cap was achieved and the royalty has maxed out and no longer be accrued.

In March 2016, the Company commissioned an independent review of the Mineral Resource estimate for Cerro Prieto. This study was undertaken to ensure that management has appropriate information regarding efficient extraction of mineralized material identified at its Cerro Prieto mineral deposit.

By incorporating exploration drilling results acquired subsequent to the last Mineral Resource update of 2013 and assessing production information accumulated by the Company since commencement of test mining operations in December 2013, an update to the previously defined Mineral Resources has been completed. Highlights of this update are as follows:

- Virtually all resource blocks potentially amenable to open-pit surface mining have been reclassified to the Measured or Indicated Mineral Resource classification;
- Un-mined mineralized material within the oxide portion of the Cerro Prieto mine plan (through 2019) have been estimated to aggregate 2,478,000 tonnes grading 1.35 g/t gold, for 108,000 gross ounces (as at December 31, 2015);
- Within the reclassified Mineral Resource blocks above the 1,000 meter elevation to the Q1 2016 topographic surface (the surface after mining from Q4 2013 to Q1 2016) certain portions are candidates for upgrade to Proven or Probable Mineral Reserves; and
- Depending on the outcome of certain economic viability tests, which are currently under way, 2,341,000 tonnes grading 1.35 g/t gold are candidates for classification to the Proven plus Probable Mineral Reserve classification. An additional 137,000 tonnes grading 1.51 g/t gold are classified as Measured plus Indicated Mineral Resources.

Estimates of Mineral Reserves necessarily depend upon a number of variable factors and assumptions, all of which may vary from the actual results, such as: changes in commodity prices, international exchange rates, taxation of environmental regulations, or unforeseen changes in geological or mining conditions.

A determination of Mineral Resources and Mineral Reserves prepared by a QP are estimates based on technical assumptions that comply with applicable mining standards. Though preparation of the estimates are conducted in accordance with relevant mining standards, the estimates are subject to a number of uncertainties inherent in estimating quantities and classification of Mineral Resources and Mineral Reserves, including the QP's assessment of available financial, technical, geological, and contractual information.

Therefore, such statements should not be interpreted as assurances of mine life or a measure of the profitability of future operations, particularly in these times of global economic uncertainty.

Scientific and technical information relating to Cerro Prieto presented above has been approved by Rodney A. Blakestad, J.D., C.P.G., who by reason of education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, fulfills the requirements of a Qualified Person as defined in NI 43-101, and he is Independent of the issuer applying all of the tests in Section 1.5 of NI 43-101CP.

On August 8, 2013 the Company released an updated National Instrument 43-101 Measured and Indicated and Inferred mineral resource estimate (the "NI 43-101") for Cerro Prieto. Giroux Consultants Ltd. and Duncan Bain Consulting Ltd. prepared and authorized the release of this NI 43-101 resource estimate entitled "Report on the 2011-2012 Exploration Program including an Updated Resource Estimation on the Cerro Prieto Project - Magdalena de Kino Area, Sonora State Mexico dated June 10, 2013". Highlights of this estimate can be found in the MD&A for the year ended December 31, 2013 on SEDAR.

The Company wishes to make clear that it is not basing its production decision on a preliminary economic assessment demonstrating the potential viability of mineral resources or a feasibility study of mineral reserves demonstrating economic and technical viability, and as a result there is increased uncertainty, and these are multiple technical and economic risks of failure which are associated with this production decision. These risks, among others, include areas that are analyzed in more detail in a Preliminary Economic Assessment ("PEA") or Feasibility Study, such as applying economic analysis to resources or reserves, more detailed metallurgy, a number of various specialized studies.

At the Cerro Prieto Project gold mine, the Company produced 11,274 ounces of gold during the year ended December 31, 2022 (2021 – 12,906 and 2020 – 11,441 ounces).

For a complete description of assumptions, qualifications and procedures associated with the information in the Cerro Prieto Project Technical Report, reference should be made to the full text of the Cerro Prieto Project Technical Report, which is available under Goldgroup's profile on SEDAR at www.sedar.com.

The following description of the Cerro Prieto Project has been summarized, in part, from the Cerro Prieto Project Technical Report, and readers should consult the Cerro Prieto Project Technical Report to obtain further particulars regarding the Cerro Prieto Project. The Report is available for review on SEDAR at www.sedar.com under Goldgroup's profile.

Property Description and Location

The Cerro Prieto Project is located 150 kilometres northeast of the city of Hermosillo, and 35 kilometres by air (approximately 52 kilometres by road) southeast of the town of Magdalena de Kino, both of which are in the north central part of the state of Sonora, northwestern Mexico. The Project is centered at Latitude 30° 25' North, Longitude 110° 40'.

The original Project consists of three Mining Concessions covering a total area of approximately 4335 hectares. These are the Cerro Prieto, the San Francisco and the San Felix concessions. During 2009 the Company optioned a 4120 ha portion of a claim (Argonauta 6 Fraccion) from Yamana Gold Inc. Argonauta 6 Fraccion surrounds the San Francisco and San Felix claims and hosts extensions to the mineralized structure on Oroco's claims a distance of 1.75 kilometres to the north and 7.5 kilometres to the south. In January 2012 Oroco acquired three additional mineral concessions.

These are Elba, Huerto de Oro and Reyna de Plata concessions. The 5.82 ha Elba concession lies directly south of the southern boundary of the original property and hosts approximately 250 meters of strike length of the main mineralized structure. The 20 ha Huerto de Oro and 9.79 ha Reyna de Plata mineral concessions are located approximately four kilometers east of Cerro Prieto.

As of April 28, 2005, the historical distinction between exploration and exploitation concessions was replaced by the establishment of mining concessions, which confers upon its holders the rights to exploration, exploitation and extraction of substances. The concession has a duration of 50 years from the date of request with the potential to renew for a further 50 years. Rental fees must be paid twice a year (end of January and end of July). Annual rental fees total $77,500 Mexican Pesos for San Felix, $2,962 Mexican Pesos for San Francisco, $947,322 Mexican Pesos for Cerro Prieto and $1,595,436 Mexican Pesos for Argonauta 6 Fraccion. The Elba requires an annual payment of $2,198 Mexican Pesos, the Huerto de Oro requires $7,554 and the Reyna de Plate $3,700.

The company entered into an agreement to purchase all of the issued and outstanding shares of Minera Polimetalicos Mexicanos S.A. ("Polimetalicos"), a Panamanian company which holds 98% (49 out of 50) of the issued and outstanding shares of Minas de Oroco Resources S.A. de C.V., a Mexican company which has acquired 100% interest in the Cerro Prieto mining property. Pursuant to this agreement, as amended on September 24, 2007, the Company had the right to purchase the issued and outstanding shares of Polimetalicos in consideration for US$ 2,500,000, which has been paid in full.

The agreement also includes a 2% NSR (Net Smelter Return) royalty. The Company also entered into an agreement with Yamana to acquire a 4120 ha portion of the Argonauta 6 concession that surrounds the original San Francisco and San Felix concessions. The agreement with Yamana stipulates that the Company will conduct 1500 metres of drilling on the concession and will give Yamana 1,000,000 shares of the Company by January 1, 2011. At the date of this report the drilling requirement has been completed and 500,000 shares have been given to Yamana. In 2007 the Cerro Prieto concession was added to the project. It covers the area north of the main area of mineralization and contains an extension of the structure. Details of the Cerro Prieto concessions.

Concession Name	Certificate Number	Area (Hectares)	Staking Date	Expiration Date	Owner of Record
San Felix	176213	205.1784	August 26, 1985	August 25, 2035	Minas de Oroco
San Francisco	182330	10.00	February 1, 1989	June 12, 2038	Minas de Oroco
Argonauta 6 Fraccion	236194	4120	May 19, 2010	March 15, 2057	Minas de Oroco
Cerro Prieto	229932	2508.0	July 3, 2007	July 2, 2057	Minas de Oroco
Elba	177302	5.82	March 18, 1986	March 17, 2036	Minas de Oroco
Huerto de Oro	172314	20	Nov. 23, 1983	Nov. 22, 2033	Minas de Oroco
Reyna de Plata	177266	9.79	March 17, 1986	March 16, 2036	Minas de Oroco

To the knowledge of Dr. Bain of Duncan Bain Consulting Ltd., Co-Author of the Cerro Prieto Project Technical Report, there are no further obligations, liens or encumbrances on the property. Dr. Bain is also unaware of any environmental liabilities to which the property is subject. As the proposed work has not been initiated the author is unaware of whether all necessary permits have been obtained. The work is a continuation of drilling and therefore Dr. Bain does not anticipate any issues with obtaining those permits. To the author's knowledge there are no other significant factors and risks that may affect access, title, or the right or ability to perform work on the property.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Accessibility

Access to the Cerro Prieto Project is primarily by paved roads southeast from Magdalena de Kino for 40 kilometres to the general area and from there via secondary roads and tracks which follow arroyos (dry riverbeds) for an additional 12 kilometres north to the mineralized zone.

Climate

The area is typically arid to semi-arid, with day time temperatures ranging from extremes of 50°C in the summer to 20°C in the winter, although nights can reach as low as –5°C. Rainfall is in the form of thunderstorms during the late summer months, with some short periods of a gentler cold rain in the winter. Thunderstorms may produce flash floods in the arroyos and creeks and may cause washouts of the local roads and trails. The Company, in conjunction with the ranch owner, has a program of regular maintenance of the roads.

Local Resources and Infrastructure

Electrical power is present in Magdalena de Kino, and in fact a power line runs down the paved road and along the off-road access to within five kilometres of the Project. It continues through the village of Cucurpe, which lies approximately five kilometres southeast of the access road from the highway. The town of Magdalena de Kino and the surrounding region has a population of approximately 40,000 people. There is a large labour force and several people were in fact trained for the exploration programs.

Land surveyors are available in Hermosillo, and mining personnel and equipment, as well as exploration equipment and supplies, can be found in the Hermosillo-Magdalena de Kino region. The village of Cucurpe lies approximately 10 kilometres by air (17.5 km by road) to the southeast and could supply a small labor force.

As the project is still in an exploration stage there is no need for increased power or water beyond that already in place for exploration. At this stage in the work there is no need for mining personnel, tailings disposal areas, heap leach pad areas or a site for a processing plant.

Physiography

Topography in the area is rugged, and consists of a series of block faulted, low-angle dipping sedimentary layers capped by relatively impermeable volcanic flows and pyroclastics. This produces a series of sharp ridges that rise abruptly to a height of 200 to 300 metres above local canyon floors and arroyos.

The maximum local elevation is approximately 1200 metres above sea level (asl). From the arroyo at the south end of the San Francisco concession (Arroyo Las Rastras) the topography slopes steeply upwards to the north. This has allowed a series of open cuts to be constructed during the period of active mining in the early 1900s production. Although a well exists for use by the ranch (Rancho Cerro Prieto) which lies within the San Felix concession, the Phase 1, 2 and 3 drill programs relied on water trucked to the site from the Rio Saracachi. During Dr. Bain's site visit in 2013 a well was being drilled by a contractor for Goldgroup to be used for future needs.

History

Exploration History

Pre-Oroco

In 1969 L.J. Manning reviewed the Cerro Prieto Project (also referred to in some reports as San Francisco, or Sierra Prieta) files held by the Cananea, Mexico office of Anaconda Copper Co. Although at that time no direct copies of these files were allowed, sketches and notes were taken. Manning's review of the Anaconda files (Manning 1969) reports that the early history of the property is unknown, but the first records indicate that Cerro Prieto operated as a gold mine as early as 1906.

Whenever gold prices dropped below a certain value or the operator encountered a change in mineralization from gold to lead or other non-gold minerals, mining of those headings would be abandoned. Those records also indicate that the silver content of the ore taken out was only secondary to the gold present and was removed. Manning's research revealed that at the time the mine was operating (1907) the mill was supposed to be processing 720 tons per day (other sources report 500 tons per day), with a recovery of 85% of the gold and 25-30% of the silver. The head grade (ore before processing) was reported to be 0.10 oz/t (approximately 3 g/t). Manning also reported that at that time (1907) a vertical shaft was collared 1,180 feet (360 m) inside the 800 Level adit. The remains of that shaft can still be seen today. The mine was abandoned in 1912 at the time of the Mexican Revolution and has never been re-opened as an operating mine.

From the closing of the old mine to the present day only a small amount of work has been done. During the First World War (1914-1918) extraction and re-processing of tailings from the original operation was carried out. This work attempted to make a vanadium concentrate for sale, but no commercial vanadium product was ever reported.

Examination of the mine workings by Manning (1969), Pye (1972) and Smith (1987) reported on the development work during the operating life of the mine. Open cuts were made in the sidehill of the surface exposure of the mineralized Cerro Prieto vein. A large open cut is found at the crest of the local topography, and this appears to be the site of much of the gold mining. An adit appears to have been made along the vein at regular 100 foot (30 metre) elevation intervals. The most prominent of these is the drift driven on the 800 Level for a distance of a minimum 730 metres (2400 feet) north from the 800 Level adit portal.

Several raises were driven from the 800 Level to connect with open cuts exposed at the surface and appear to have followed mineralized veins. The vein has also been worked downward into the floor of the 800 Level (sub-levels and benches) at several points. During Dr. Bain's site visit in August 2006 most of the 800 Level was inaccessible due to caving. Cleanup in December 2006 allowed access to the 800 Level from the adit to beyond the shaft.

During Dr. Bain's sampling program in December-January he found that several sections of the 800 Level did not give access to the main (East) vein. Instead these sections were part of a haulage tunnel, with veining and mineralization known to be present in the wallrock in either side of the tunnel or in (open or closed) raises and stopes above the haulage way. Within these sections sampling was done to investigate mineralization within the wallrock on one side or the other of a vein that was known to be present but inaccessible. When the field crew arrived in April 2008 the 800 Level was blocked by caving approximately 100 metres from the entrance.

A 3-compartment shaft (Plate 2) was originally driven down from the 800 Level to give access to the 1000 Level and beyond to the 1050 Level. A sump lies at the bottom of the shaft below the 1100 Level. This shaft is no longer operational and access to these depths is now only available by a ramp collared at the 900 Level (Plate 3) which continues for approximately 600 m to the 1000 Level and beyond to the 1050 Level. The 1100 Level is currently flooded, and it and the sump are currently inaccessible.

Mineralization has been reported at several points in the shaft from the 1000 Level to above the 800 Level. Several historical pits and trenches are located south across the arroyo from the old mine workings and explored the southern extension of the

Cerro Prieto vein system. Both north and south of the mine workings are reported one or more shallow shafts on the same vein. Other than the Anaconda Copper Co. report reviewed by Manning, Dr. Bain could not find any written record of these additional workings. Four chip samples were taken from these workings in January 2007 with the best assays of 1.16 g/t Au, 13.6 g/t Ag, 0.13% Pb and 0.41% Zn.

A review of Manning's report shows that he visited the Project in November 1968. An examination was made of both the 800 Level and the 1000 Level. Access to the 1000 Level was made by use of a ladder down the vertical shaft, as there was no operating lift present. As these levels were much more accessible than currently, surveying and sampling were carried out on them, as well as on various levels above the 800 Level.

From the Anaconda report (1934) reviewed by Manning it is known that mining had been carried out on the 1100 Level, and that the shaft would continue below this. In 1972 Mr. William Pye, consulting geologist, investigated the Cerro Prieto Project for Devex Corporation. He carried out extensive sampling of the 1000 Level vein south of the shaft, as well as a small amount of sampling at other sites on that level and on other levels. He reported findings similar to those of L.J. Manning. A review of Pye's findings by Morgain Minerals Inc. geological staff reported the higher grade sections from Pye's underground chip sampling program in Morgain Minerals Inc. 1998 Annual Report (filed on SEDAR May 19, 1999).

Note, the authors do not have the number, type, nature, spacing or density of the samples collected by Pye or the specific location and dimensions of the area sampled. Further, even though it is known that the assays were conducted by Southwestern Assayers & Chemists, Inc., a registered assayer in Tucson Arizona, the assay method utilized could not be determined. However, Dr. Bain has reviewed the Pye report and other historical reports (Manning, Smith, Dominquez, Morgain) and, in his opinion, Pye's findings and results are consistent with those other historical reports as well as his own results and are considered, in Dr. Bain's opinion, to be relevant.

Compania Fresnillo, S.A. de C.V. investigated and reported on the Cerro Prieto Project in 1987. The review stated that the mill treated 400 tons/day between 1906 and 1912 and estimated that approximately 500,000 tons of material had been processed. Other than this change the conclusions were the same as those of Manning and Pye. In that report (Smith, 1987) Ing. Evaristo Dominguez L. examined the underground workings and the surface topography of the old mine. He estimated that there was significant mineralization between the 800 and 1000 Levels.

Wulfenite, ($PbMoO_4$), and mimetite, ($Pb_5(AsO_4)_3Cl$) crystals have been mined from Cerro Prieto commencing in the early 1970s, when samples first appeared on the crystal specimen market (White, 1972; Bideaux, 1972; Moore, 2004). Local miners have collected samples from open cavities within the main Cerro Prieto vein intermittently from that time until the early 1990s. From 1990 to 1993 a ramp was driven down from the 900 Level by a crew led by Bryan and Ed Swoboda. This ramp provided access to the 1000 Level and 1050 Level to allow the continuation of the collection of mineral specimens. This collecting continued until 1994.

Morgain Minerals Inc. acquired an option to earn a 100% interest in the Project in April 1998. In the same year Morgain company geologists conducted an underground chip sampling program to confirm the assay values reported by Pye (1972) and Smith (1987). A news release by Morgain dated January 1999 reports that those values were confirmed. No technical report which includes that sampling program is available to the authors, the exact position of those samples within the workings is not known and the sampling was reported prior to the implementation of National Instrument 43-101; however they were written by engineers and geologists and are considered in Dr. Bain's opinion to be relevant.

Despite the selectivity of data in the Pye and Smith reports, Dr. Bain is confident, based on his review of several studies as well as his own preliminary sampling program, that the Morgain assay values are consistent with those of other programs. Drilling activity was first reported from the project after 1934. Following the report by Perry and Mulchay (1934), Anaconda Copper Co. drilled three diamond drill holes from underground stations on the 1000 Level. Although no detailed drill logs exist, the Anaconda report stated that:

Drillhole #1, 456 feet in length and dipping -60°, cut at right angles to the strike of the vein. It was intended to examine the ore at depth. It was reported to have exhibited only low gold, silver and lead values in the vein.

Drillhole #2, 537 feet in length and dipping -70°, cut at right angles to the strike of the vein. It was reported to have returned even lower values than those in Drillhole #1.

Drillhole #3, 1000 feet in length and dipping -72°, cut at right angles to the strike of the vein. It was reported to have contained moderate lead but low gold and silver values.

It is not known whether any of these holes cut through the entire shear. Hole #2 is reported to not have intersected the main vein. In 1998 Morgain conducted a reverse circulation (RC) drill program of 23 holes collared from surface. The assay results of this drill program and seven underground cross cuts were reported to the public in Morgain Minerals news releases of January 18, 1999 and March 16, 1999 and its 1998 Annual Report (all available on SEDAR). A historical estimate (Table 5) based on these assay results was calculated by Morgain Minerals management and also reported in its 1998 Annual Report.

Note that the only source that Dr. Bain is aware of showing the results of the Morgain drill program or the average gold equivalents for Blocks A to F and the historical estimates, which were reported as "preliminary reserve estimates", are the January 18, 1999 and March 16, 1999 Morgain news releases and Morgain's 1998 Annual Report. No technical reports of the drill program or the historical estimates are available to the authors. Consequently, the authors do not know the location of the drill collars or intercepts; the methodology used in the calculations of the average individual grades for each block; the average individual grades of each metal used to calculate the gold grade equivalent for each block; or the methodology and assumptions and parameters used in the preparation of the historical estimates. Also, the historical estimates are stated to have been prepared by Morgain management.

The authors of the Cerro Prieto Technical Report are not aware of the technical qualifications of Morgain's management. The authors presume that Morgain management calculated the estimates using only geometrical parameters and assays taken at widely spaced intervals. It also does not appear that geostatistical information or economic factors to back up the valuations were used as is required in the calculation of reserves and resources by National Instrument 43-101.

However, the gold grade equivalents and historical estimates are based upon assay samples, including the assay results from the 23 reverse circulation drill holes reported in Table 4 above, and measurements obtained by engineers and geologists and assay results from a certified lab and which are consistent with results set out in other historical reports and with Dr. Bain's own results. In the authors' opinion the drill program results are relevant and reliable. It is also the author's opinion that the exploration results available to Morgain would have provided it sufficient information to calculate the reported historical estimates and that, subject to categorization of the reserve or resource, based upon the historical information available and Dr. Bain's own sampling results, the estimates as calculated are reasonable.

Also note that Morgain's historical estimates were prepared prior to the implementation of the Standards of National Instrument 43-101 and that under the current definitions of resources and reserves as stated in sections 1.2 and 1.3 of National Instrument 43-101 or in the CIM Standards on mineral resources and reserves, there is no category of "preliminary reserve estimate".

A qualified person has not done sufficient work to classify the historical estimates as a current mineral resource. The historical estimate is not being treated as a current estimate and the historical estimates should not be relied upon as a current estimate. None of the results from any of the programmes prior to Oroco's involvement in the project have been incorporated in the current resource estimate.

Dr. Bain first visited the Project in August 2006. A series of 19 channel samples were taken both on surface and at 50 metre intervals down ramp from the 900 Level Adit for a distance of 650 m. Dr. Bain also took select samples of mineralization from muck piles at the 1000 Level and the 1050 Level, and roof collapse on the 800 Level.

Although not detailed, this sampling confirmed the type and grade of mineralization reported by others. A select sample (483003) of vein material was also taken from a trench/cut on a vein extending south from the south side of the arroyo, south of the old mine. It is assumed that this vein is a continuation of the West Vein.

Based on recommendations from this initial work a more detailed exploration program was initiated in December 2006 and January 2007. Access to the 800 Level, the 900 Level Ramp and the 1000 Level was improved by hand labour and a survey crew was brought in to produce a map of the workings.

The veins and wallrock on either side were sampled at three metre intervals to provide more detail of grade, position and continuity of the mineralization. In addition traverses were made on surface, along the assumed strike both to the north and south of the known workings to check for continuity of the main structure and mineralized zones. Sampling of this material was carried out.

Based on review of the historical data, examination of the Project and the August assay results Dr. Bain concluded that there was potential for additional mineralization of grades similar to those already reported by Manning (1969), Pye (1972) and Smith (1986). Maximum values from Dr. Bain's initial samples were 4.37g/t Au, 701 g/t Ag, 8.6% Pb, 5.87% Zn and 6050 ppm (0.605%) Mo. Based on the data collected from this initial visit Dr. Bain recommended that a more detailed exploration program be carried out on the Cerro Prieto property to explore for mineralization from the surface (0 Level) to below the 1050 Level similar in grade to that already mined in the early 20th century.

In mid-December 2006, a crew was hired to clean up the 800 level for easy and safe access and in late December Dr. Bain, a representative from Oroco and Sr. German Gonzalez, manager of the cleanup crew and sampling program, prepared for a major sampling program on the property. Muck piles blocking access to the 800 Level were removed, but a lack of easily accessible water prevented the walls of these workings from being properly cleaned to make major and minor veins more visible.

From January 2 to 6, 2007 the workers hired to do cleanup were re-hired and carried out underground sampling of the 800 Level, the 900 Ramp and the 1000 Level workings, and farther down the ramp to the 1050 Level. They were supervised by Sr. Gonzalez and by Dr. Bain. At the 800 Level the silver content was relatively low with only one sample assaying greater than 50 g/t. Highest values reported from the detailed sampling program are 43 g/t Au, 89.9 g/t Ag, 3.68% Pb, 11.30% Zn, and 0.185% Mo.

Sampling of the 900 Ramp extended from the adit downslope past a crosscut access to a parallel vein (West Vein) and beyond to approximately the 1050 Level (Figure 10). Although not recognized during the initial visit, Dr. Bain realized that the December-January sampling program would not follow the East Vein for most of the ramp, as this tunnel was only created by crystal miners (Swoboda, 1994; Moore, 2004) to gain access to specimen quality crystals of wulfenite and mimetite at the 1000 and 1050 levels without due regard for the base and precious metal potential for industrial use.

Therefore many sample sites did not actually contain the West Vein, and therefore, overall assay values are lower. Samples 701 to 707 represent samples taken in the crosscut at the 1000 Level, between the 900 Ramp where it intersects the East Vein. These samples were taken every three metres along this crosscut from the East Vein for approximately 21 metres west to the drift that exposes the West Vein at the 1000 Level.

These samples cover stringer and narrow vein mineralization located between the East Vein and West Vein, similar to that seen on the 800 Level. Lead, zinc and silver mineralization is mainly found within the East Vein (4.41% Pb, 2.47% Zn, 213 g/t Ag) although as above, the zinc mineralization is continuous for most of this section.

Low grade gold is present at one site. The three underground samples (483056-57, 483061) report high values in lead, zinc and silver and are select samples of mineralization in or in close proximity to the East Vein. Highest values are 1055 g/t Ag and > 30% Pb from sample 483061. High sulphur and arsenic values indicate some sulphide mineralization, although at this point there is little present in the main underground workings. The samples cover an elevation of 80 metres (250 feet). Lead and zinc values are moderate to high in most of the samples. Sample 483058 contains high gold, assaying 16.3 g/t Au.

Geological Setting

Regional Geology

Jurassic and Cretaceous rocks in the Magdalena de Kino-Cucurpe region record the transition from a shallow level magmatic arc to a northwest trending marine embayment (Nourse, 1995).

The stratigraphy is subdivided into 1) Lower or Middle Jurassic Rhyolite Porphyry and quartz arenite/conglomerate, 2) Upper Jurassic-Lower Cretaceous Glance Conglomerate, with minor sandstone-siltstone, 3) Lower Cretaceous basinal marine clastic and carbonate sediments of the Bisbee Group, and 4) Lower-Middle Tertiary shallow marine siliclastic deposits corresponding to the Baucarit Formation. The lower three series were weakly metamorphosed by compression during the Laramide Orogeny and/or by mid-Tertiary volcanism, mylonitization and detachment faulting. Felsic intrusions reported from Upper Cretaceous/Lower Tertiary may be remnants of a metamorphic core complex. The area around the Cerro Prieto Project is underlain by Lower to Middle Tertiary age shallow marine/shoreline/deltaic deposits of conglomerate and quartz arenite. These have been capped by Lower to Middle Tertiary volcanic flows of andesite/basalt composition, and by rhyolite-dacite ash flow tuffs. These resistant volcanic “caps” produce the rugged topography and sharp changes in elevation.

Property Geology

Stratigraphy

Regional geology is shown below in the Figure: Phase 1 Trench and Outcrop Sample Locations. The local area including the Project consists of terrigenous shallow marine to deltaic clastic sediments, equivalent to the Baucarit Formation (Nourse, 1995). Generally this formation is composed of polymictic conglomerate partly consolidated and cemented in a medium grained matrix. It is possible to observe these rocks on the north side of Cerro Prieto, in discordant contact with both the Cretaceous sediments and the intrusions of the area, but otherwise they are rare in the Project area. Within the Project these Tertiary sediments consist of thinly bedded fine to medium grained arenites. These have a general strike of 055° and a general dip of 30° to 45° to the northwest. They are weakly metamorphosed and highly silicified.

Intrusions of tonalite are also present in the area, although not seen within the old mine. They range from red to grey and indicate alteration due to hydrothermal activity. Total kaolinization of feldspar phenocrysts indicates that the alteration was intense. These intrusions are considered to be of Middle or Upper Cretaceous age and are equivalent to a granite/granodiorite batholith found east of the property. Within the Project Tertiary volcanic rocks are represented by andesitic to basaltic flows and minor rhyolite flows. They lie disconformably between the Tertiary arenites and polymictic conglomerates. In places extensive rhyolite/dacite tuff beds have been deposited. Dyke rocks consisting of andesite porphyry are found in the central part of the Project area. This is reported by Smith (1987) but to the author's knowledge there is no detailed surface map of the Project that shows the exact position of these intrusive rocks. Smith reports these shallow intrusions/dykes to be found about the 700 Level and are cutting the Lower Cretaceous Bisbee Group sediments.

Structural Geology

The principal structure in the Project area is a zone of shearing with a strike of 345° and an average dip of 70° - 80° to the northeast. It cuts all units in the area, from Jurassic to Tertiary in age. This shear zone is up to 65 metres wide, is a regional structure, and can be traced for approximately ten kilometres both north and south of the old mine. At the old mine site this structure strikes 350° and dips vertical to 80° to the northeast. The system is generally continuous but is offset over a few metres by several small crosscutting fractures. In the vicinity of the mine strong siliceous dykes (metamorphosed rhyolite dykes) act as boundaries to the shear zone. Similar dykes are found in the area around the mine, which may be indicators to the locations of other shear zones in the vicinity. Quartz veins and minor calcite veins are present within the shear zone.

It is evident after two phases of drilling that two major structures cross cut the main mineralized zone and have relative vertical movements of from 250 to +400 metres. One such structure crosses the mineralized zone at approximately section 650N and a second such feature crosses at approximately section 1100N. Both feature major down drops on the north side of the structures and have a bearing on the style and intensity of the mineralization.

Mineralization

Historical information (Manning, 1969; Pye, 1972; Smith, 1986) reported that the mineralized veins are confined to the hanging wall and footwall boundaries of the shear zone. Investigation by Dr. Bain confirmed this but also showed that there are two major veins. The main East Vein, averaging 1.7 metres in width, lies on or close to the east wall of the shear zone. The narrower West Vein, which averages 1.0 metres in width, lies against the west wall of the shear zone. In addition to these two major veins the shear zone usually carries one or more subsidiary zones of mineralization, both as disseminations in the wallrock and in narrow (1 to 40 centimetres wide) veins and stringers, between the two major veins. These are not as persistent as the main vein. They are in echelon and parallel the major veins. These subsidiary mineralized zones were seen by Dr. Bain at the 600 Level and 800 Level adits west of the main workings (access to East Vein) and represent surface exposure of these subsidiary veins.

Drilling in 2008 and 2009 confirmed that the mineralized zone consists of quartz veins, breccia with quartz, barite, hematite and manganese cement, sheared rock with veinlets and microveinlets primarily but not totally within a zone confined by quartz veining. The lead and zinc in the oxide mineralization are yellow and white clays respectively and the actual minerals have not been identified to date. In the sulphide zone the minerals containing lead and zinc are primarily galena and sphalerite respectively. The only copper mineral noted is chalcopyrite.

Deposit Type

The initial investigation of the Project led Dr. Bain to consider that the Cerro Prieto Project mineralization is a mesothermal (moderate depth) vein system. This type of deposit lies generally between near surface high grade epithermal gold-silver type deposits and the deeper base metal vein to upper parts of a copper-molybdenum porphyry system. Results of Dr. Bain's 2007 sampling suggested that there may have been more than one mineralizing event. Detailed sampling by Dr. Bain showed numerous results with 1 to 3 g/t gold values (where much of the vein material was unavailable for sampling), and a significant number of assay results ranging from 3 to 43 g/t gold. These relatively high grade results, from surface down to 1050 Level (1050 feet or 320 m) suggest that an epithermal near-surface gold-mineralized system may also be present. Drilling results from Oroco's 2008 and 2009 programs support the theory of multiple mineralizing events within the broader mineralized zone. Several holes exhibit overlapping zones of high precious and base metals. In general though, gold and silver are more evident in the higher portions of the systems and lead and zinc are higher in the deeper parts of the system.

After reviewing the data Dr. Bain concludes that the mineralized zone is an example of recurring mineralizing events through a long history but in appearance may be considered to be a telescoped epithermal – mesothermal system.

Exploration

The Cerro Prieto Project Technical Report is a compilation of work conducted by Oroco Resource Corp. and previous operators. It is intended to provide a detailed summary of the mineral potential of the Cerro Prieto Project. No field based exploration has been carried out since completion of the Phase 3 drilling program by Oroco. The report is to be used to assist in Goldgroup's decision to acquire the Cerro Prieto Project from Oroco Resource Corp. At the request of Kevin Sullivan, Goldgroup's Former Vice-President of Exploration, Giroux Consultants Ltd. was contracted in the spring of 2013 to produce a resource update based on 41 additional infill and step out holes completed in 2011-12 on the Cerro Prieto Au-Zn deposit.

Drilling

<u>2020</u>

The Company continued with early-stage low cost (in-house) drilling and will be in a position to update the Cerro Prieto mine plan in 2021.

<u>2021</u>

The Company continued with early-stage low cost (in-house) drilling and has identified a new ore zone named Puma which the Company has started producing from in Q4 2021.

<u>2022</u>

The Company continued with early-stage low cost (in-house) drilling and has identified a new ore zone named Puma which the Company has started producing from in Q4 2021.

Production

<u>2020</u>

During the year ended December 31, 2019, the Cerro Prieto Project produced 11,441 ounces of gold. The Company only produced from the Cerro Prieto project in 2020 although had to deal with a government mandated shutdown in Q2 and had water issues in Q3 which reduced production. Q4 2020 saw the Company get back on track with production and 2021 should see production restored to historical levels

<u>2021</u>

During the year ended December 31, 2021, the Company produced 12,906 ounces of gold (Cerro Prieto 9,686, Puma 3,220) (December 31, 2020 – 11,441 ounces of gold). Total gold produced has increased from the comparative period due to increased tonnage placed on the pad in addition to the Company starting a run-of-mine program and rehandling/re-leaching of old zones of the leach pad in the current year. The total recovery has decreased as the expected recovery of the run-of-mine and rehandling program is lower than the standard crushing program the Company had in the prior years. The grade mined was lower in the current year as a result of the production area during the year.

<u>2022</u>

During the year ended December 31, 2022, the Company produced 11,274 ounces of gold (Cerro Prieto 392, Puma 10,882) (December 31, 2021 – 12,906 ounces of gold, Cerro Prieto 9,686, Puma 3,220). Total gold produced has decreased from the comparative period due to the decreased grade of ore mined and placed on the pad. The total recovery has decreased as the expected recovery of the run-of-mine is lower than the standard crushing program the Company solely used in the prior years. The grade mined was lower in the current year as a result of the production area during the year.

Preparation, Analysis and Security

Drill core sampling was supervised by the senior geologist on site. Prior to the core being cut with a diamond saw, the core was oriented and geologically logged. The logger would then markup sample intervals which were restricted by geological contacts. No sample was taken longer than 1.5 metres. As identifying numbered sample tag and the bag was stapled shut. The sample number was also written on the outside of the plastic sample bag and the samples were placed in larger bags not exceeding 20 kilograms in weight for transport to the laboratory. The larger sample bags were secured with a tamper proof fastener. The sample number was also entered into the geologic log at the appropriate down hole interval. Samples were submitted to the laboratory for assaying.

A second sample was submitted for every 25 samples to a different laboratory. For core, the halved core was cut in half again and treated the same as the initial sample with respect to bagging and tagging. In order to test the full range of assays in the resampling procedure slight modifications were made in selecting every 25th sample to ensure the full spectrum of assays was represented.

To check the lab accuracy every 40th sample submitted was a blank sample. Blanks consisted of samples from an outcrop of massive rhyolite located approximately five kilometres from the Cerro Prieto mineralized zone. Samples were delivered by one of the company’s geologists to a globally recognized ISO certified laboratory (ALS-Chemex Labs) in Hermosillo for assaying. All samples were of rock and weighed an average of one to two kilograms. Check samples were delivered to Inspectorate America Corporation in Guadalajara for sample preparation and pulps were shipped to Sparks, Nevada for assaying.

All samples were transported by one of the company’s geologists to the ALS-Chemex lab in Hermosillo, Mexico for sample preparation and analysis. For the 35 element analyses the Induced Coupled Plasma Mass Spectrometry (ICP-MS) procedure was used. Gold and silver contents were determined by Fire Assay-Atomic Absorption method from 30 gram pulps. Pulps and rejects are stored by the lab for a minimum of 90 days.

Sampling and Analysis

Samples were dried at 110-120°C and then crushed with either an oscillating jaw crusher or a roll crusher. Both labs’ Quality Control (QC) specification for crushed material is that >70% of the sample must pass a 2mm (10 mesh) screen. The entire sample is crushed, but typically 250 g to 1 kg, is subdivided from the main sample by use of a riffle splitter. If splitting is required, a substantial part of the sample (the "reject" or “spare”) remains. A whole or split portion derived from the crushing process is pulverized using a ring mill. QC specification for final pulverizing is that >85% of the sample is less than 75 microns.

ICP-MS

In plasma mass spectroscopy, the inductively coupled argon plasma (ICP) is used as an excitation source for the elements of interest. The plasma in ICP-MS is used to generate ions that are then introduced to the mass spectrometer. These ions are then separated and collected according to their mass to charge ratios. The constituents of an unknown sample can then be identified and measured. ICP-MS offers extremely high sensitivity to a wide range of elements. It is a multi-element analytical technique capable of determining an extremely wide range of elements to very low detection limits (typically sub ppb).

Fire Assay

Because ICP-MS does not give a sufficiently low detection limit for gold the Fire Assay method was used for this element. This consists of the melting (fusion and cupellation) of the pulp of a sample of interest. The precious metal bead that remains following cupellation is an alloy of silver and gold. When an atomic absorption spectroscopy finish is selected, the upper reporting limit is set at 10 g/t (0.3 oz/ton) and samples higher than this must be re-analyzed using additional silver in the firing process and a larger dilution factor.

Alternatively, gravimetric finish can be used for those samples reporting greater than 10 g/t gold. Standard Fire Assay methods are used to produce a gold-silver bead. Gravimetric methods involve the use of balances to weigh the element of interest, either in its pure elemental form or as a chemical compound. Weighing this bead will give the total weight of silver and gold. If the bead is then treated with dilute nitric acid, it is possible to remove the silver quantitatively. The residual mass consists of pure gold which can then be weighed separately, thus allowing the silver to be determined by the difference. The balances used for this purpose are microbalances capable of weighing to the nearest microgram (one millionth of a gram). The fire assay procedure is universally accepted as the definitive method for the analysis of gold.

Dr. Bain has reviewed the nature, extent and results of quality control procedures used and quality assurance actions taken to provide adequate confidence in the data collection and processing. He has also reviewed the sample preparation procedures, security and analytical procedures described above and he is satisfied that they provide adequate confidence in the results of the analyses.

Mineral Resource Estimates

At the request of Kevin Sullivan, Former Vice-President of Exploration for Goldgroup, Giroux Consultants Ltd. was contracted to produce a resource update based on 41 additional infill and step out holes completed in 2011-12 on the Cerro Prieto Au-Zn deposit. G.H. Giroux is the qualified person responsible for the resource estimate. Mr. Giroux is a qualified person by virtue of education, experience and membership in a professional association. He is independent of both the issuer and the vendor applying all of the tests in section 1.5 of National Instrument 43-101. Mr. Giroux did not visit the property.

Data Analysis

Goldgroup provided drill hole data on 107 drill holes and 957 surface and underground channel samples of which 88 drill holes and 446 channel samples were within the mineralized area estimated for the Cerro Prieto Au-Zn Deposit. The effective date for this resource is May 7, 2013. Goldgroup geologic staff provided a geologic (combined grade zone) model for the deposit outlining mineralized veins. The assay data was coded as waste or veins and the statistics for each variable are included in the Cerro Prieto Project Technical Report.

In the case of gold within the veins a threshold for capping was chosen at 2 standard deviations above the mean of population 2. A total of 9 gold assays were capped at 18 g/t Au. The capping procedure for the remaining variables in the veins and waste zones are summarized in the Cerro Prieto Project Technical Report.

Composites

Drill holes were "passed through" the geologic solids with the point of entry and exit recorded. Uniform down hole 3 m composites were formed for Veins and Waste honouring the solid boundaries. Intervals at the boundaries less than 1.5 m were combined with adjoining samples to produce a file of uniform support at 3 ± 1.5 m. While the number of composites in veins is less than the number of assays the number of composites in waste increased due to large unsampled intervals being broken up into 3 m composites with equal low grade.

Variography

Based on the geology, pairwise relative semivariograms were produced along strike (Az. 340) and down dip (Az. 70 Dip - 75) for each of the four variables within each of the vein and waste domains. Within the veins all variable showed the maximum continuity along directions Az. 340 Dip 0 and Az. 75 Dip - 75. In the surrounding lower grade waste all variables showed similar anisotropy to the veins. The parameters for all models are tabulated and can be found in the Cerro Prieto Project Technical Report.

Bulk Density

A total of 89 reject samples were submitted to SGS de Mexico S.A. de C.V. in Durango, Mexico from two drill holes CP009 and CP019. SGS used a weight in air weight in water procedure to determine the specific gravity (see Appendix 3 of the Cerro Prieto Project Technical Report for laboratory procedure).

This procedure was used for the 2009 Oroco resource estimate, (Bain and Giroux, 2009). During 2009 field determinations were also made for these 89 samples by wrapping the ½ core in plastic wrap and using the weight in air weight in water method. The comparisons between the two methodologies are discussed in the Cerro Prieto Project Technical Report. It is clear that while using the crushed reject material in the Lab may give an appropriate specific gravity for the minerals present, it fails to take into account the porosity present in the rock. This is especially important in an oxide deposit such as Cerro Prieto where the crushed reject material indicates significantly higher bulk densities.

During the 2009 drill campaign an additional 746 samples from holes CP025 to CP066 were measured in the field using small pieces of core wrapped in plastic wrap and then measured using the wt. in air - wt. in water method. An additional 438 specific gravities were taken in 2011-12 from holes numbered CP067 to CP102 using small pieces of core wrapped in plastic wrap and then measured using the wt. in air - wt. in water method. These combined 1,273 specific gravity determinations were used to interpolate a bulk density value into every estimated block in the model by the inverse distance squared method. The specific gravity for the vein portion of blocks was estimated from specific gravities in vein material while the specific gravity in waste portions of blocks was estimated from samples in waste. The total specific gravity for the block was a weighted average of the two estimates.

Each block was compared to the various solids and the percentage within Veins and Interpreted Stopes was recorded. The stopes solids were built from surface exposure and drill intersections and the percentage of stope present within each block was subtracted from the blocks volume when computing tonnage. The tonnage that could be mined can be estimated for blocks containing some proportion of stopes by assuming a specific gravity for material previously mined at 2.77. Using all blocks with some percentage within stopes a tonnage of 1,025,000 tonnes is estimated for the mined areas.

For all other technical data, the reader should refer to the Cerro Prieto Technical report.

Cerro Prieto Project – Measure, Indicated & Inferred Resources

Based on Mr. Giroux's experience carrying out mineral resource estimates Mr. Giroux has no reason to believe that the Cerro Prieto mineral resource estimates could be materially affected by any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors. Below are the Measured, Indicated and Inferred Resource Estimates which have been reported in the Cerro Prieto Project Technical Report.

CERRO PRIETO MEASURED RESOURCE IN VEINS

Cut-off (Au g/t)	Tonnes > Cut-off (tonnes)	Grade > Cut-off			
		Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)
0.10	1,230,000	1.51	30.67	0.15	0.34
0.15	1,230,000	1.51	30.69	0.15	0.34
0.20	1,220,000	1.52	30.46	0.15	0.34
0.25	**1,180,000**	**1.56**	**30.28**	**0.15**	**0.33**
0.30	1,160,000	1.58	30.31	0.15	0.33
0.40	1,090,000	1.66	30.45	0.14	0.33
0.50	1,030,000	1.73	30.68	0.15	0.33
		Au (g/t)	**Ag (g/t)**	**Pb (%)**	**Zn (%)**
0.60	960,000	1.81	30.74	0.14	0.33
0.70	880,000	1.92	30.77	0.14	0.33
0.80	790,000	2.05	30.98	0.14	0.32
0.90	720,000	2.17	31.00	0.14	0.32
1.00	660,000	2.28	31.03	0.15	0.32

CERRO PRIETO INDICATED RESOURCE IN VEINS

Cut-off (Au g/t)	Tonnes > Cut-off (tonnes)	Grade > Cut-off			
		Au (g/t)	(Ag g/t)	Pb (%)	Zn (%)
0.10	5,130,000	1.00	22.60	0.32	0.79
0.15	5,120,000	1.00	22.56	0.32	0.79
0.20	5,050,000	1.01	22.43	0.32	0.80
0.25	**4,920,000**	**1.03**	**22.12**	**0.32**	**0.80**
0.30	4,760,000	1.06	21.79	0.31	0.79
0.40	4,090,000	1.17	22.11	0.31	0.76

0.50	3,450,000	1.31	21.92	0.31	0.76
0.60	2,940,000	1.44	22.23	0.31	0.75
0.70	2,570,000	1.55	22.72	0.30	0.72
0.80	2,230,000	1.67	23.33	0.28	0.70
0.90	1,950,000	1.79	23.51	0.27	0.66
1.00	1,750,000	1.89	24.29	0.26	0.64

CERRO PRIETO INFERRED RESOURCE IN VEINS

Cut-off (Au g/t)	**Tonnes > Cut-off (tonnes)**	**Grade > Cut-off**			
		Au (g/t)	**Ag (g/t)**	**Pb (%)**	**Zn (%)**
0.10	5,100,000	0.74	21.20	0.49	1.28
0.15	5,100,000	0.74	21.20	0.49	1.28
0.20	5,091,000	0.74	21.05	0.49	1.28
0.25	**5,025,000**	**0.75**	**20.62**	**0.49**	**1.28**
0.30	4,883,000	0.76	20.59	0.49	1.28
0.40	3,994,000	0.85	21.39	0.51	1.29
0.50	3,160,000	0.96	22.67	0.51	1.27
0.60	2,323,000	1.11	23.68	0.48	1.18
0.70	1,901,000	1.21	22.99	0.47	1.15
0.80	1,538,000	1.32	21.21	0.45	1.11
0.90	1,315,000	1.40	19.85	0.45	1.09
1.00	1,082,000	1.50	19.94	0.44	1.05

Mineral Reserve Estimate

No mineral reserve estimate has been done on the Cerro Prieto Project.

Mining Operations

Mining Method

As at the date of the Cerro Prieto Project Technical Report, the authors did not have knowledge of any mining methods have been outlined for the Cerro Prieto Project.

Recovery Methods

As at the date of the Cerro Prieto Project Technical Report, the authors did not receive any reported recovery methods.

Market Studies and Contracts

As at the date of the Cerro Prieto Project Technical Report, the authors did not have knowledge of any market studies or contracts having been discussed.

Environmental Studies, Permitting and Social or Community Impact

As at the date of the Cerro Prieto Project Technical Report, the authors did not receive any information on environmental studies, permitting or social/community impact.

Taxation

On December 11, 2013 it was published in the Mexico Federal Official Gazette a decree amending, supplementing or repealing several tax provisions thereof that take effect on January 1, 2014. This reform, among other things, repealing the Income Tax and IETU tax laws in effect at December 31, 2013 and establishes a new Income Tax Law effective as of January 1, 2014.

The main amendments to the Tax Reform 2014 with effects for the Company consisted of the following:

a) The new law establishes the income tax rate for 2014 and subsequent years of 30%; the previous tax law stated that the income tax rate would be 29% for 2014 and 28% from 2015.
b) The new law provides that paid dividends will be subject to an additional tax of 10%, which shall be withheld by the entities that pay the dividends. This applies to the profits generated from 2014 and thereafter.
c) The new law limits the deductible amount of some employee benefits expenses, that is the expenses for wages that are an exempt income for the employee will be deductible only in 47% and in some cases up to 53%.
d) The new tax law amends the basis for calculating accrued PTU, effective for 2014 it will be the net taxable income for income tax purposes with some adjustments considered in the new Income Tax Law.

DIVIDENDS AND DISTRIBUTIONS

Although the Board of Directors of the Company (the "Board") is permitted to declare dividends on the common shares from time to time out of available funds, it is the current policy of the Board to reinvest any profits in the development and advancement of the Company's business. No dividends have been declared on the common shares in the three most recently completed financial years.

DESCRIPTION OF CAPITAL STRUCTURE

1.7 GENERAL DESCRIPTION OF CAPITAL STRUCTURE

Authorized and Issued Capital

The Company is authorized to issue an unlimited number of common shares. As at March 31, 2022 the Company has **28,623,656** common shares issued and outstanding.

Common Shares

The holders of the common shares are entitled to dividends if, as and when declared by the Board, to one vote per share at meetings of common shareholders and, upon liquidation, to receive such assets as are distributable to the holders of the common shares.

Voting

The holders of common shares are entitled to receive notice of, attend and vote at any meeting of the shareholders of the Company. Each common share carries one vote per share.

Dividends

The holders of common shares are entitled to receive on a pro-rata basis such dividends as the Board from time to time may declare, out of funds legally available.

Rights on Dissolution

In the event of a liquidation, dissolution or winding up of the Company, or other distribution of its assets, the holders of the common shares have the right to receive on a pro-rata basis all of the assets of the Company remaining after payment of all of the Company's liabilities.

Pre-emptive, Conversion and Other Rights

No pre-emptive, redemption, sinking fund or conversion rights are attached to the common shares, and the common shares, when fully paid, will not be liable to further call or assessment. No other class of shares may be created without the approval of the holders of the common shares.

As at the year ended December 31, 2022, the Company also had the following options issued and outstanding:

- 1,984,000 common share purchase options with a weighted average exercise price of C$0.375 expiring at various dates to December 22, 2026.
- 750,000 warrants exercisable at a price of $0.25 expiring June 29, 2023.
- 1,744,286 warrants exercisable at a price of $0.50expiring June 9, 20225.

1.8 CONSTRAINTS

The Company does not have any constraints imposed on the ownership of its securities to ensure that the Company has a required level of Canadian ownership.

1.9 RATING

The Company does not have any ratings for its securities from a rating organization.

MARKET FOR SECURITIES

1.10 TRADING PRICE AND VOLUME

The common shares of the Company are listed for trading on the TSX under the current trading symbol GGA. The following chart sets out the high and low trading prices, and volume of shares traded, for the period January 1, 2022 to December 31, 2022 for Goldgroup:

Trading Price and Volume for the Year 2022

Month	High $	Low $	Volume
January	0.40	0.40	136,920
February	0.40	0.40	61,730
March	0.40	0.30	627,610
April	0.40	0.30	337,270
May	0.40	0.30	368,350
June	0.30	0.20	82,140
July	0.30	0.20	169,120
August	0.20	0.20	546,700
September	0.30	0.10	636,090
October	0.20	0.11	403,200
November	0.10	0.12	376,700
December	0.09	0.12	203,400

On September 27, 2022, the Company completed a 10:1 consolidation of the common shares of the Company. All share and per share information has been retrospectively restated in these unaudited condensed interim consolidated financial statements to reflect this share consolidation.

PRIOR SALES

On August 31, 2020, the Company issued 26,666,667 units at a price of $0.03 per unit, for aggregate gross proceeds of approximately $600,000 (CAD $800,000). Each unit consisted of one common share of the Company and one-half of one common share purchase warrant, with each full warrant exercisable to purchase one share at a price of $0.06 per Share until August 31, 2022.

On June 9, 2022, the Company closed a private placement and issued 1,744,286 units at a price of $0.35 per unit, for aggregate gross proceeds of approximately $478,000 (CAD $610,000). Each unit consisted of one common share of the Company and one common share purchase warrant, with each warrant exercisable to purchase one share at a price of $0.50 per share until June 9, 2025.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

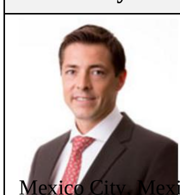
As at March 31, 2022, the Company's had nil issued and outstanding common shares in escrow or subject to a contractual restriction on transfer subject to various transfer restrictions.

DIRECTORS AND OFFICERS

1.12 NAME, OCCUPATION AND SECURITY HOLDING

The following table sets forth for each of the directors and officers of the Company, their name, province/state and country of residence; their principal occupations or employment; a brief biographical description; the date on which they became directors of the Company; their independence; their memberships with the applicable committees of the Company.

The three committees of the Company are: (i) Audit Committee (**AC**), (ii) Compensation Committee (**CC**), and (iii) Governance & Nominating Committee (**GNC**).

<table>
<tr><th>Name of Director/Officer</th><th>Common Shares Beneficially Owned, Directly or Indirectly, or Controlled or Directed (1)</th><th>Number of Options Held (1)</th></tr>
<tr><td colspan="3">Corry J. Silbernagel</td></tr>
<tr><td rowspan="2">
British Columbia, Canada
Director since: May 2010
Independent Member of the Board
Chairman & Member of GNC
Chairman & Member of AC
Member of the CC</td><td>344,091</td><td>325,000 Stock Options</td></tr>
<tr><td colspan="2">Principal Occupation for the Past Five Years: Mr. Silbernagel is Partner of Bond Capital, a Vancouver-based private equity fund. Formerly he was a Director of Universal Uranium Ltd., and a Director and Senior Officer of Toro Resources Corp. Prior to this, he was CFO of Cabo Drilling Corp., one of Canada's largest exploration drilling services companies following his role as a management and financial consultant and corporate advisor in strategy, finance, business development and marketing. He holds a Master of Business Administration from INSEAD in France and a Bachelor's degree in Applied Science in Civil Engineering from the University of British Columbia.
<table><tr><th>Number of Stock Options Granted</th><th>Exercise Price</th><th>Expiry</th></tr><tr><td>200,000</td><td>$0.35</td><td>July 27, 2025</td></tr><tr><td>125,000</td><td>$0.35</td><td>December 22, 2026</td></tr></table></td></tr>
<tr><td colspan="3">Javier Reyes</td></tr>
<tr><td rowspan="2">
Mexico City, Mexico
Director since: June 2013</td><td>1,604,500(1)</td><td>325,000 Stock Options</td></tr>
<tr><td colspan="2">Principal Occupation for the Past Five Years: Mr. Reyes was the Chairman of Accendo Banco and is the Founder (2004), President and Chief Executive Officer of Antares Capital Management Ltd., a company that manages four hedge funds which are located in Tortola, British Virgin Islands. He is currently a Director of Candelaria Mining</td></tr>
</table>

Non-Independent Member
of the Board
Member of the AC
Chairman of the CC
Member of GNC

Corp. and Core Gold Inc. (formerly "Dynasty Metals & Mining Inc."). Mr. Reyes holds a Bachelor's Degree in Economics and Business Administration and also holds a Masters in Finance. He began his professional and financial services career in 1996 at a well-known brokerage firm in Mexico City. In 2001, he founded a financial consultancy company, where he became the CEO. Mr. Reyes is the founder, President and Chief Executive Officer of the Antares Capital Management and Cygnus Asset Management, and manages 3 hedge funds: Antares Capital Fund, Antares Oil & Gas Fund and Cygnus Real Estate Opportunity Fund. Mr. Reyes currently holds the following positions: President of CrediPresto, S.A. de C.V. ENR. (since 2007) and President of Mex e Trade Asesores, S.C. (since 2004). Mr. Reyes has also held the following positions: Chief Executive Office of Mex e Trade On Line, S.C. (2001-2003); Financial Manager of Fabrica de Calzado Liz Ardel, S.A. (1998-2000); and Financial Advisor of Estrategia Bursatil, S.A. (1995-1997).

Number of Stock Options Granted	Exercise Price	Expiry
200,000	$0.35	July 27, 2025
125,000	$0.35	December 22, 2026

Notes:

1) Of the 1,604,500 common shares, 758,658 common shares are held by CrediPresto S.A. de C.V. a company of which Mr. Reyes is a principal, 833,330 are held by Antares Capital Management Ltd., a company controlled by Mr. Reyes, and 12,512 are held directly by Mr. Reyes.

(2) Of the convertible securities, 325,000 stock options common shares are directly by Mr. Reyes

Javier Montaño

282,500(1)	45,000 Stock Options

Culiacan, Mexico (3)
Director since: June 2015
Independent Member
of the Board
Member of the AC

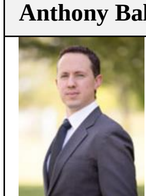
Principal Occupation for the Past Five Years: Mr. Montaño is a Certified Public Accountant with a postgraduate in accounting at Universidad Panamericana de Guadalajara, Jalisco. He is currently a Director of Candelaria Mining Corp. and the Chief Executive Officer of C-UNO, S.A. de C.V. Since 2004. Mr. Montaño holds various other positions which includes: President, Secretary and Board Member of Codesin, which is the private sector chamber for economic development for the State of Sinaloa since 2011; President of Administración de Crediavance, S.A. de C.V. Sofom ENR; since 2012; Member of the Board of Promotora de Casas y Edificios SA de CV since 2004 and Member of the Board of Endeavor for the State of Sinaloa since 2010.

Number of Stock Options Granted	Exercise Price	Expiry
10,000	$0.35	July 27, 2025
35,000	$0.35	December 22, 2026

Notes:

(1) Of the 282,500 common shares, 200,000 common shares are held by Alberto Alejandro Coppel Luken (Javier Montaño is Mr. Luken's investment representative) and 82,500 are held directly by Javier Montaño.

Anthony Balic



Nil	325,000 Stock Options

British Columbia, Canada
Chief Financial Officer, Interim-CEO
& Corporate Secretary

Principal Occupation for the Past Five Years: Mr. Balic is the principle of Katuni Capital Corp. which provides accounting services to publicaly listed companies and is currently the Chief Financial Officer and the Corporate Secretary of the Company. Mr. Balic was previously the Director of Finance of Goldgroup from May 1, 2015 to September 1, 2016 where he managed the entire finance and accounting function of the Company. Mr. Balic also held the positon of Senior Manager at Deloitte LLP. in Vancouver, where he specialized in assurance and advisory for mining companies prior to joining the Company.

Number of Stock Options Granted	Exercise Price	Expiry
200,000	$0.35	July 27, 202
125,000	$0.35	December 22, 2026

Blair Jordan

Nil	175,000 Stock Options

British Columbia, Canada Director Independent Member of the Board Member of the AC Member of the CC Member of GNC	Principal Occupation for the Past Five Years: Mr. Jordan is currently the Managing Partner of Restructur Advisors, a boutique restructuring and turnaround advisory firm with specific expertise in the industrial, cleantech, technology, transportation, cannabis and biotech/pharma sectors. He was the CFO of HeyBryan Media Inc. from October 2019 to November 2020. Previously, Mr. Jordan was Vice President, Corporate Development, and later CFO and Interim CEO, of Ascent Industries Corp. (January 2018 to April 2019), and Managing Director, Investment Banking at Echelon Wealth Partners Inc. (February 2012 to December 17, 2020).

Number of Stock Options Granted	Exercise Price	Expiry
175,000	$0.35	December 22, 2026

Notes:

(1) The number of Common Shares beneficially owned, controlled or directed, directly or indirectly, by the above directors and officers is based on information furnished by the directors and officers themselves and from the insider reports available at www.sedi.ca.
(2) As of March 31, 2022, the current directors and officers of the Company, five (5) in the aggregate, beneficially owned, controlled or directed, directly or indirectly, an aggregate of 2,231,091 Common Shares (excluding stock options granted) or approximately 7.79% of the Common Shares issued and outstanding. To the knowledge of the Company there are no common share owned directly or indirectly by the Nominee Directors.
(3) The Audit Committee shall meet four times annually, or more frequently as circumstances dictate. The Audit Committee was comprised of Corry J. Silbernagel (Chairman), Blair Jordan and Javier Montano.
(4) The Compensation Committee will meet as often as the Chair shall determine to be necessary or appropriate. The Compensation Committee was comprised of Blair Jordan (Chairman), Corry J. Silbernagel and Javier Reyes.
(5) The Governance & Nominating Committee will meet as often as the Chair shall determine to be necessary or appropriate. The Governance & Nominating Committee was comprised of comprised of Corry J. Silbernagel (Chairman), Javier Reyes and Blair Jordan.

1.13 DIRECTORS AND OFFICERS BACKGROUND

Please refer to Item 1.12 above for the background of each of the directors and officers of the Company.

1.14 BOARD COMMITTEES

The Board has three standing committees: the Audit Committee, the Governance and Nominating Committee and the Compensation Committee.

The Audit Committee was comprised of Corry J. Silbernagel (Chairman), Blair Jordan and Javier Montano.

All three Audit Committee members were independent within the meaning of National Instrument 52-110 – *Audit Committees* (“NI 52-110”). The Audit Committee aids management in fulfilling its responsibility for the integrity of the Company’s internal accounting and control systems.

The Audit Committee receives and reviews the financial statements of the Company and makes recommendations thereon to the Board prior to their approval by the full Board. The Audit Committee communicates directly with the Company’s external auditors in order to discuss audit and related matters whenever appropriate. The Audit Committee charter can be found at Schedule “A” attached hereto and available on the Company’s website at www.goldgroupmining.com. Additional information can be found under Section 14 of this Annual Information Form.

The Governance & Nominating Committee will meet as often as the Chair shall determine to be necessary or appropriate. The Governance & Nominating Committee was comprised of Corry J. Silbernagel (Chairman) Javier Reyes and Blair Jordan. The Governance & Nominating Committee met once during the year ended December 31, 2022. The Governance and Nominating Committee believes good corporate governance is a process used to oversee the management of the business affairs of the Company, in the best interests of the Company. The process and structure define the division of power between and establish mechanisms for achieving accountability by the Board of Directors and senior management. In addition, based on the guidelines referred to in the Charter, the Committee, in consultation with the Chairman of the Board and the Chief Executive Officer, annually or as required, recruit and identify individuals qualified to become new Board members and recommend to the Board new director nominees for each annual meeting of shareholders.

The Compensation Committee will meet as often as the Chair shall determine to be necessary or appropriate. The Compensation Committee was comprised of Blair Jordan (Chairman), Corry J. Silbernagel and Javier Reyes. The Compensation Committee met once during the year ended December 31, 2022. The Compensation Committee assists the Board in fulfilling its responsibility to shareholders, potential shareholders and the investment community by reviewing and providing recommendations to the Board regarding compensation of the Company’s executive officers, employees and directors, succession plans for executive officers, and the Company's overall compensation and benefits policies, plans and programs.

The Compensation Committee responsible for establishing, administering and evaluating the compensation philosophy based on criteria including the Company's performance for the accomplishment of long-term strategic objectives. The Compensation Committee oversees the Company plans, i.e. the Stock Option Incentive Plan. In the determination of compensation for the Executive Management and directors, the Compensation Committee will utilize and or all of the following: compensation surveys, peer comparison, analysis, compensation consultants and any other reference or means deemed appropriate.

1.15 CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Except as disclosed below, to the knowledge of the Company, no director or executive officer of the Company:

(a) is, as at the date of this Annual Information Form, or was within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including the Company), that:

  (i) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or

  (ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of subsection (a), "order" means:

(i) a cease trade order;
(ii) an order similar to a cease trade order; or
(iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for more than 30 consecutive days.

Except as disclosed herein, to the knowledge of the Company, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company

a) is, as at the date of this Annual Information Form, or has been within the 10 years before the date of this Annual Information Form, a director or executive officer of any company (including the Company) that, while that person was acting in the that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder;

b) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

c) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Mr. Blair Jordan was Interim CEO, CFO, and a director of Ascent Industries Corp. ("**Ascent**") when, on Friday, March 1, 2019, the Supreme Court of British Columbia issued an order granting Ascent's application for creditor protection under the *Companies' Creditors Arrangement Act* (Canada). The order also extends protection to Agrima Botanicals Corp., Bloom Holdings Ltd., Bloom Meadows Corp., Pinecone Products Ltd., Agrima Scientific Corp. and West Fork Holdings NV Inc. These proceedings did not include or impact the operations and activities of Ascent's other subsidiaries, including operations in Oregon, Nevada, and Denmark. The aforementioned companies sought creditor protection to address near term liquidity issues, which were in large part caused by the ongoing suspension of their licenses by Health Canada which were negatively impacting their ability to complete a strategic alternatives process in sufficient time to address its short term liquidity issues. In the circumstances, the board of directors of Ascent determined that a CCAA proceeding was the most prudent and effective way to carry on business and maximize value for Ascent's stakeholders. While under CCAA protection, Ascent continued its day-to-day operations and, on April 5, 2019, completed the sale of its Canadian assets and certain related liabilities for approximately $41.5m. On April 26, 2019, Mr. Jordan resigned as an officer and director of Ascent.

On April 30, 2021, the Ontario Securities Commission appointed PriceWaterhouseCoopers Inc. ("PwC") as receiver over all the assets and undertaking of Bridging Finance Inc., to whom Mjardin Group Inc. (the "Company") owed over $160 million. As a result, on April 30, 2021, the Company announced a review of strategic alternatives available to the Company due to liquidity issues given the amount of debt on its balance sheet, including a sales and investment solicitation process ("SISP") relating to its assets. On May 26,2021, given his background in cannabis and capital markets, Mr. Jordan agreed to act as a director and member of the Special Committee of the directors of the Company in connection with a proposed restructuring of the Company's balance sheet, and turnaround of operations. From the date of his appointment as a director, the Company worked vigorously towards a restructuring of its balance sheet, which included a wide ranging SISP of both its Canadian and US assets, and the development of two turnaround plans. However, notwithstanding the work undertaken towards the restructuring and turnaround, PwC, as receiver, determined to place the Company into receivership on March 23, 2022. Mr. Jordan resigned as a director and officer immediately prior to the Order of the Superior Court of Ontario in that regard.

1.16 CONFLICTS OF INTEREST

The directors are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests that they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter.

To the best of the Company's knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest among the Company, its promoters, directors and officers or other members of management of the Company or of any proposed promoter, director, officer or other member of management as a result of their outside business interests, except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies. All related party transactions during each reporting period are detailed in the Company's Management Discussion & Analysis for the fiscal year ended December 31, 2022.

Mr. Reyes was the Chairman of Accendo, the counterparty to the Company's currently outstanding debt facility at time of issuance of the debt.

PROMOTERS

The Company does not currently have any promoters, nor has it had any promoters during the past two most recently completed financial years.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Goldgroup may become party to litigation or other adversary proceedings, with or without merit, in a number of jurisdictions. The cost of defending such claims may take away from management time and effort and if determined adversely to Goldgroup, may have a material and adverse effect on its cash flows, results of operation and financial condition.

DynaResource

San José de Gracia is located in the northeast portion of Sinaloa State, Mexico, approximately 120 kilometres northeast of the coastal city of Los Mochis, straddling the Chihuahua border. The property consists of 34 mineral concessions covering approximately 69,000 hectares with no outstanding royalty or other applicable interests.

Legal disputes

There are several ongoing legal disputes between Goldgroup and DynaUSA which are summarized below:

The Company has an interest in DynaMexico which owns 100% of an exploration project known as the San José de Gracia ("SJG") located in the state of Sinaloa, Mexico.

The other owner of DynaMexico is DynaUSA. DynaUSA provides management and accounting services based on 2.5% of the cash expenditures incurred by DynaMexico.

As a result of the Company qualifying to earn its 50% equity interest on March 14, 2011, the board of directors of DynaMexico was to be expanded to five members with DynaUSA and the Company each appointing two members and mutually agreeing on one additional member.

On January 22, 2013 Goldgroup announced that it had moved to dismiss as totally without merit a lawsuit filed against it and others in Dallas County District Court by DynaResource, Inc. and DynaResource de Mexico, S.A. de C.V. (collectively “DynaResource”).

DynaResource alleged, among other things, that the Company has wrongfully used and disseminated confidential information and data belonging to DynaResource, and materially misrepresented Goldgroup’s ownership interest in SJG. Goldgroup owns a 50% interest in DynaMexico, which owns 100% of SJG. Goldgroup has properly disclosed its interest in SJG, has not materially misrepresented it, and has not improperly used any DynaResource confidential information. On March 7, 2014 DynaResource dropped its lawsuit against the Company.

On October 28, 2013 the Company announced that it filed a legal action before the appropriate authorities in Mexico concerning activities undertaken by Koy Wilber Diepholz (“Diepholz”), shareholder, President and Chairman of the Board of Directors of DynaMexico and Chairman, Chief Executive Officer and Treasurer of DynaUSA. The purpose of the legal action case is to investigate whether illegal acts were committed by Diepholz, in his role as CEO of DynaMexico, for his own benefit and for the benefit of DynaUSA.

On March 10, 2014 the Company filed for arbitration in Denver, Colorado, against DynaResource Inc. to protect its interests pursuant to the Earn-In/Option Agreement between DynaResource and Goldgroup, dated September 1, 2006 (the “Agreement”).

On June 29, 2015 a Mazatlán Judge denied DynaMex the request for an “amparo”, which is, by Mexican Law, an appeal to the injunction obtained by Goldgroup against DynaMex regarding the 300 new shares of DynaMex issued in favor of DynaUSA. The issuance of the DynaMex shares to DynaUSA diluted Goldgroup’s ownership interest (from 50% to 20%) in DynaMex with DynaUSA purporting to be an owner of 80% of DynaMex.

On October 13, 2015 the Company was made aware of a news release disseminated by DynaMexico. Goldgroup was never notified of the purported court case discussed, does not recognize any of the claims mentioned therein and is of the belief that such claims are without merit.

During the year ended December 31, 2015, management concluded that due to the ongoing legal disputes the Company no longer has significant influence over DynaMexico and therefore discontinued treating the investment as an investment in associate.

During the year ended December 31, 2016 the Company received the favorable results and award from the conclusion of the arbitration between the Company and DynaResource. The results and award were issued by the American Arbitration Association – International Centre for Dispute Resolution (“Arbitrator” or “ICDR”) on August 24, 2016. This Award is final, binding and may be enforced in court.

Results and Award from Arbitration

The Arbitrator concluded that there is no doubt that DynaUSA failed to do what it is obligated to do under the Agreement.

The Award, in summary, clarifies several doubts arising from misleading news releases issued by DynaUSA:

The Award confirms that the Agreement is in full force and effect;

- The expenditures made by DynaUSA without the approval of the joint Management Committee have to be reimbursed to DynaMexico, an entity in which Goldgroup own a 50% equity of, since Goldgroup did not participate in those decisions;

- A detailed accountability assessment by DynaUSA must be done for Goldgroup for the last 5 years when DynaUSA excluded Goldgroup from the management of DynaMexico and delivered to Goldgroup within 20 days of the issuance of the Award;
- The use of the Power of Attorney of Mr. K.D. Diepholz did not provide authorization for Mr. Diepholz to circumvent the Management Committee's power to approve and oversee expenditures;
- DynaUSA has acted in bad faith and breached the terms of the Agreement;
- Certain amounts must be reimbursed to Goldgroup which includes and not is limited to the fees paid and to be paid in the Mexico City case related to the current dispute;
- A fifth director must be jointly appointed in DynaMexico and the names of prospective candidates exchanged by the parties, no later than 10 calendar days from the date of the Award ; and
- The deliberate dilution by DynaUSA of Goldgroup's equity interest in DynaMexico was illegal.

The Company has complied with all requirements set out in the Arbitration award and has yet to receive any payment or required documentation from DynaUSA or Dyna Mexico.

On August 24, 2017, a Federal Amparo judge in the state of Veracruz, Mexico, dismissed Goldgroup Resources Inc.'s Amparo challenge. Goldgroup's position in response to the USD$48 million claim remains the same, that Goldgroup was never notified of the purported court case, and does not recognize any of the claims mentioned therein and is of the belief that such claims are entirely without merit. The Company pursued the case to the Mexican Supreme Court level to get the judgement overturned.

Following the arbitration, DynaUSA filed documents in an attempt to convince the court to vacate the arbitration award. In February 2018, the Company received the recommendation of the magistrate judge in Denver, who recommended that the Company's application to confirm the arbitration award be denied. The Company filed an objection to request the presiding judge to reject the recommendation and confirm the arbitration award.

On May 9, 2019, the Company received a final judgment in the United States District Court for the District of Colorado confirming the Company's Results and Award from Arbitration discussed above.

The May 9th order denied DynaResource's motion to vacate the award and rejected the recommendation of the magistrate Judge, who had agreed with DynaResource that the arbitration award should be thrown out.

The court's order confirms all of the relief outlined in the August 2016 arbitration award, including DynaUSA having to: pay the Company $404 in costs and attorney fees; pay the Company $86 in separate fees and expenses; and pay DynaMexico $1,045 for various legal and other expenses that DynaUSA improperly caused DynaMexico to incur.

On March 25, 2020, the United States District Court for the District of Colorado denied DynaResource's motion to alter or amend the Final judgement and denied DynaResource's motion for a stay of judgment pending appeal and to waive or reduce supersedeas bond and ordered DynaResource to post a supersedeas bond in the amount of $1,107 in order to be granted a stay, within 21 days of the order. On April 10, 2020, DynaResource appealed the May 9, 2019 order and Final judgement.

On July 24, 2020, the United States District Court for the District of Colorado granted DynaResource a stay on the monetary awards upon posting of a $1,111 bond before July 28, 2020, but denied DynaResource's request to stay the non-monetary awards of the judgement. This bond has been posted and therefore the monetary awards are stayed pending the outcome of Dyna's appeal of the arbitration award. The appeal is fully briefed, and the Tenth Circuit Court of Appeals in Denver, Colorado, heard argument on the appeal on March 9, 2021.

On April 16, 2021, the Tenth Circuit Court of Appeals (the "Circuit Court") affirmed the May 9, 2019 order and judgment from United States District Court for the District of Colorado, which confirmed the arbitration award (the "Arbitral Award") the Company received on August 14, 2016 pursuant to an arbitration held in Denver, Colorado, commencing in March 2014 (the "Arbitration"). The Company received the $1,111 appeal bond funds from DynaUSA which is recorded in other expenses on the statement of loss and comprehensive loss.

The Circuit Court rejected the appeal lodged by Texas-based DynaResource Inc. ("DynaUSA") and its Mexican subsidiary ("DynaMexico") to vacate the Arbitral Award, which had found that DynaUSA had improperly diluted the Company's interest in the San Jose de Gracia Mexican mining project, which Goldgroup had earned into pursuant to an option agreement between the Company and DynaUSA (the "Agreement")

On December 6, 2019 the 11th Federal Circuit Collegiate Court in México denied Goldgroup's Amparo regarding the USD $48 million claim and on February 20, 2020 a Mexico City court issued a judgement in favour of DynaMexico. The Company will continue to pursue all legal avenues in Mexico to achieve a favorable resolution to the dispute. On August 28, 2020, DynaMexico sought recognition of the judgment under the Texas Uniform Foreign-Country Money Judgment Recognition Act. This lawsuit was dismissed by the Court for want of jurisdiction on November 30, 2020. DynaMexico filed a Motion for new trial on December 30, 2020. The motion for a new trial was overruled by operation of law on February 15, 2021.

On February 23, 2022, Goldgroup filed another Motion for Contempt against DynaResources, asserting that DynaResources had not fully complied with the Court's September 3, 2021 order or with the non-monetary relief mandated by the Court's May 9, 2019 final judgment. That motion was fully briefed as of March 18, 2022, and is awaiting the Court's ruling.

On December 4, 2020 DynaMexico filed another claim seeking recognition of the judgment under the Texas Uniform Foreign-County Money Judgment Recognition Act. The Company has filed a Special Appearance, Motion to Dismiss for Improper Venue, and Motion for Non-Recognition in response. A hearing was held on the Special Appearance and Motion to Dismiss for Improper Venue on February 8, 2021 and on May 12, 2021 The 134th Judicial District Court, as a District Court of the State of Texas, ruled it is not required to recognize DynaMexico's foreign judgment from the country of Mexico. DynaUSA has appealed this decision and the appeal has been fully briefed and oral arguments were held on April 20, 2022. The Company is currently waiting for the judgement.

The Company will continue to pursue the recovery of its original 50% interest in DynaMexico with the potential for further litigation in Mexico or the United States and there is no guarantee the Company will be successful in its claim.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described below, in the three most recently completed financial years or the current financial year, no director, officer, insider or associate or affiliate of any director, officer or insider of the Company had or is expected to have any material interest, direct or indirect in any transactions with the Company that materially affected or would materially affect the Company. All related party transactions are detailed in the Company's Management Discussion & Analysis for the fiscal year ended December 31, 2022.

Please note that transactions are translated at applicable average exchange rates, but monetary assets and liabilities are translated at appropriate period end exchange rates. Accordingly, while balance continuity can be reconciled in the original currency differences will arise due to translation in the amounts reported in US dollars.

Transactions with related parties during the years ended December 31, 2022, 2021 and 2020

	2022	2021	2020
Short-term employee benefits included in salary and consulting	$ 260	$ 150	$ 160
Director's fees included in professional fess	115	115	86
Share-based compensation	149	107	78
Consulting fees included in salary and consulting	108	108	108
	$ 632	$ 480	$ 432

At December 31, 2022, accounts payable and accrued liabilities includes $139,000 (December 31, 2021 - $135,000, December 31, 2020 - $189,000) owing to a director and/or officer and/or companies controlled by the directors.

All of the above transactions with related parties are measured at the exchange amounts, which are the amounts of consideration established and agreed to by the related parties. Unless specifically noted as being included in "Due to related party" or "Loans payable", all liabilities to related parties are included in "Accounts payable and accrued liabilities".

TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is Computershare Investor Services Inc. in Vancouver, British Columbia.

MATERIAL CONTRACTS

The Company is not a party to any material contracts entered into within the most recently completed financial year, or before the most recently completed financial year, but that are still in effect, other than those contracts entered into in the ordinary course of business.

INTERESTS OF EXPERTS

1.17 NAME OF EXPERTS

The audited consolidated financial statements of the Company for the period ended December 31, 2022 have been audited by Davidson & Company LLP, Chartered Accountants, of Suite 1200, 609 Granville Street, Vancouver, B.C., Canada, V7Y 1G6. Davidson & Company LLP were appointed as Auditors of the Company on November 7, 2014.

The San José de Gracia Technical Report dated January 3, 2012 and effective September 5, 2011 was prepared by J. Cuttle, P. Geo., and G. Giroux, P. Eng. of Giroux Consultants Ltd.

The Preliminary Economic Assessment" ("PEA") dated May 7, 2012 was prepared by KD Engineering of Tucson, Arizona, U.S.A.

The Cerro Prieto Project Technical Report dated June 10, 2013 was prepared by G. Giroux, P. Eng. of Giroux Consultants Ltd. and D. Bain, Ph.D., P.Geo. of Duncan Bain Consulting Ltd.

The Company's Qualified Person is currently Craig Gibson, Ph.D., CPG., who by reason of education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, fulfills the requirements of a Qualified Person as defined in NI 43-101, and he is Independent of the issuer applying all of the tests in Section 1.5 of NI 43-101CP. Mr. Gibson has reviewed and verified the Technical Information.

1.18 INTERESTS OF EXPERTS

As at March 31, 2022, to the best of the Company's knowledge, Craig Gibson, Marc Simpson, Jim Cuttle, Gary Giroux, Fernando Rodrigues, Giroux Consultants Ltd., SRK Consulting (U.S.) Ltd., KD Engineering, Duncan Bain Consulting Ltd. and their designated professionals does not presently own nor has previously owned, at any time, beneficially, directly or indirectly any securities of the Company.

Davidson & Company LLP are the auditors of the Company and have performed the audit in respect of the annual financial statements of the Company for the financial year ended December 31, 2022. Davidson & Company LLP are independent of the Company in accordance with the rules of professional conduct of the Institute of Chartered Accountants of British Columbia. Davidson & Company LLP were appointed auditors of the Company on November 7, 2014.

AUDIT COMMITTEE

The Audit Committee is responsible for overseeing the Company's accounting and financial reporting processes and the audits of the Company's financial statements and to exercise the responsibilities and duties to assist the Board in fulfilling its responsibilities in reviewing the financial disclosures and internal controls over financial reporting; monitoring the system of internal control; monitoring the Company's compliance with the binding requirement of any stock exchanges on which the securities of the Company are listed and all other applicable laws; selecting the external auditors for shareholder approval; reviewing the qualifications, independence and performance of the external auditor; reviewing the qualifications, independence and performance of the Company's financial management; and identifying, evaluating and monitoring the management of the Company's principal risks impacting financial reporting. The Committee also assists the Board with the oversight of the financial strategies and overall risk management.

The full text of the Charter of the Audit Committee is included as Schedule "A" to this Annual Information Form.

1.19 COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee of Goldgroup was comprised of the following members of the Board during the year ended December 31, 2022:

Name	Corporate Position	Independent	Financially Literate
Corry J. Silbernagel	Director	Yes	Yes
Blair Jordan	Director	Yes	Yes
Javier Montano	Director	Yes	Yes

The following table describes the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member:

1.20 NAME OF AUDIT COMMITTEE MEMBER, RELEVANT EXPERIENCE AND QUALIFICATIONS

Composition, Name of Audit Committee Member, Relevant Experience and Qualifications
During the Year Ended December 31, 2022

Audit Committee Member	Relevant Experience and Qualifications [(1) (2)]
Corry J. Silbernagel Independent Member of the Board of Directors Financially Literate	Mr. Silbernagel became a director of Goldgroup in May 2010 and was a Director of Pre-RTO Goldgroup in 2006. Mr. Silbernagel is a partner of a Vancouver-based private equity fund. Prior, Mr. Silbernagel was CFO of Cabo Drilling Corp., one of Canada's largest exploration drilling services companies following his role as a management and financial consultant and corporate advisor in strategy, finance, business development and marketing. As a professional engineer, Mr. Silbernagel has managed large-scale projects in excess of $100 million in the mining and oil and gas industry for companies such as Suncor Energy and TransAlta Energy. Mr. Silbernagel holds a Master of Business Administration from INSEAD in Fontainbleau, France and a bachelor's degree in applied science in Civil Engineering from the University of British Columbia.
Javier Montano Independent Member of the Board of Directors Financially Literate	Principal Occupation for the Past Five Years: Mr. Montaño is a Certified Public Accountant with a postgraduate in accounting at Universidad Panamericana de Guadalajara, Jalisco. He is currently a Director of Candelaria Mining Corp. and the Chief Executive Officer of C-UNO, S.A. de C.V. Since 2004. Mr. Montaño holds various other positions which includes: President, Secretary and Board Member of Codesin, which is the private sector chamber for economic development for the State of Sinaloa since 2011; President of Administración de Crediavance, S.A. de C.V. Sofom ENR; since 2012; Member of the Board of Promotora de Casas y Edificios SA de CV since 2004 and Member of the Board of Endeavor for the State of Sinaloa since 2010.
Blair Jordan Independent Member of the Board of Directors Financially Literate	Principal Occupation for the Past Five Years: Mr. Jordan is currently the Managing Partner of Restructur Advisors, a boutique restructuring and turnaround advisory firm with specific expertise in the industrial, cleantech, technology, transportation, cannabis and biotech/pharma sectors. He was the CFO of HeyBryan Media Inc. from October 2019 to November 2020. Previously, Mr. Jordan was Vice President, Corporate Development, and later CFO and Interim CEO, of Ascent Industries Corp. (January 2018 to April 2019), and Managing Director, Investment Banking at Echelon Wealth Partners Inc. (February 2012 to December 17, 2020).

Notes:

1) A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.
2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

1.21 PRE-APPROVAL POLICIES AND PROCEDURES

The Audit Committee has the sole authority to review in advance and grant any appropriate approvals of all auditing services to be provided by the external auditors of the Company and any non-audit services to be provided by the external auditors of the Company as permitted by applicable securities laws and the TSX.

1.22 RELIANCE ON CERTAIN EXEMPTIONS

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

a) The exemption in section 2.4 of NI 52-110 (De Minimis Non-Audit Services);
b) The exemption in section 3.2 of NI 52-110 (Initial Public Offerings);
c) The exemption in section 3.4 of NI 52-110- (Events Outside Control of Member);
d) The exemption in section 3.5 of NI 52-110 (Death, Disability or Resignation of Audit Committee Member); or
e) An exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions).

Reliance on the Exemption in Subsection 3.3(2) or Section 3.6

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemption in subsection 3.3(2) of NI 52-110 (Controlled Companies) or section 3.6 of NI 52-110 (Temporary Exemption for Limited and Exceptional Circumstances).

Reliance on Section 3.8

Since the commencement of the Company's most recently completed financial year, the Company has no need to rely on the exemption in section 3.8 of NI 52-110 (Acquisition of Financial Literacy) as all members of the Audit Committee are financially literate.

1.23 AUDIT COMMITTEE OVERSIGHT

At no time since the commencement of 2022, the Company's most recently completed financial year, has a recommendation of the Audit Committee to nominate or compensate an external auditor, not been adopted by the board of directors of the Company.

1.24 PRE-APPROVAL POLICIES AND PROCEDURES

The Audit Committee has the sole authority to review in advance and grant any appropriate approvals of all auditing services to be provided by the external auditors of the Company and any non-audit services to be provided by the external auditors of the Company as permitted by applicable securities laws and the TSX.

The Audit Committee has adopted the following policies and procedures for the engagement of non-audit services by the Company's external auditors. Each year management presents a forecast to the Audit Committee of those services that it anticipates will be required for the coming year. These services fall into three board categories, namely:

Audit

- Audit of consolidated financial statements.
- Consultation with respect to implementation of new accounting and reporting guidance.
- Other consultation with respect to accounting and reporting issues.
- Quarterly reviews of interim consolidated financial statements.
- Audit of subsidiary financial statements.
- Services associated with registration statements, prospectuses, periodic reports and other documents filed with securities regulatory bodies or other documents issued in connection with services or offerings (e.g. comfort letters, consents).

Audit Related Services

- Guidance with respect to documentation and testing of internal controls pursuant to SOX 404.
- Consultations by the Company's management as to the accounting or disclosure treatment of transactions or events and/or the actual or potential impact of final or proposed rules, standards or interpretations on proposed transactions that are not reflected in the financial statements.

Tax

- Canadian tax compliance.
- Canadian and international tax planning and advisory services.

1.25 EXTERNAL AUDITOR SERVICE FEES TAX FEES AND ALL OTHER FEES

External Auditor Service Fees (By Category)

Audit Fees

Davidson & Company LLP was appointed auditors of the Company on November 7, 2014. During the financial year ended December 31, 2022, the Current External Auditor billed the Company C$135,000 (2021 - C$135,000; 2020 – C$122,000) for audit services.

Audit-Related Fees

During the financial year ended December 31, 2022, the External Auditor billed the Company C$Nil (2021 - C$Nil; 2020 – C$Nil) for Audited-Related Fees.

Tax Fees

During the financial year ended December 31, 2022, the External Auditor billed the Company C$Nil (2021 - $Nil; 2020 – C$Nil) for Tax Fees.

All Other Fees

During the financial year ended December 31, 2022, the Current External Auditor billed the Company C$43,000 (2021 - C$42,000; 2020 – C$47,000) for Other Fees.

ADDITIONAL INFORMATION

Financial information about the Company is contained in its comparative financial statements and Management's Discussion & Analysis for the fiscal years ended December 31, 2022 and 2021, and additional information relating to the Company is available on SEDAR, under the Company's profile, at www.sedar.com.

Additional information, including particulars of directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in the 2022 Information Circular prepared in respect of the Company's most recent annual general meeting.

SCHEDULE "A" - AUDIT COMMITTEE CHARTER

A. *Introduction and Purpose*

1. The primary function of the Audit Committee of Goldgroup Mining Inc. (the "Committee") is to oversee the accounting and financial reporting processes of the Company and the audits of the Company's financial statements and to exercise the responsibilities and duties set forth below, including, but not limited to, assisting the Board in fulfilling its responsibilities in reviewing the following financial disclosures and internal controls over financial reporting; monitoring the system of internal control; monitoring the Company's compliance with the binding requirement of any stock exchanges on which the securities of the Company are listed and all other applicable laws (collectively, the "Applicable Requirements"); selecting the external auditors for shareholder approval; reviewing the qualifications, independence and performance of the external auditor; reviewing the qualifications, independence and performance of the Company's financial management; and identifying, evaluating and monitoring the management of the Company's principal risks impacting financial reporting . The Committee also assists the Board with the oversight of the financial strategies and overall risk management.

2. The Committee is not responsible for: planning or conducting audits; certifying or determining the completeness or accuracy of the Company's financial statements or that the financial statements are in accordance with generally accepted accounting principles or international financial reporting standards, as applicable; or guaranteeing the report of the Company's external auditor. The fundamental responsibility for the Company's financial statements and disclosure rests with management and the external auditor.

B. *Membership and Organization*

1. **Composition –** The Committee shall consist of not less than three independent members of the Board. At the invitation of the Committee, members of the Company's management and others may attend Committee meetings as the Committee considers necessary or desirable.

2. **Appointment and Removal of Committee Members –** Each member of the Committee shall be appointed by the Board on an annual basis and shall serve at the pleasure of the Board, or until the earlier of (a) the close of the next annual meeting of the Company's shareholders at which the member's term of office expires, (b) the death of the member, or (c) the resignation, disqualification or removal of the member from the Committee or from the Board. The Board may fill a vacancy in the membership of the Committee.

3. **Independence –** Each member of the Committee shall meet the independence and audit committee composition requirements of the Applicable Requirements.

4. **Financial Literacy –** At the time his or her appointment to the Committee, each member of the Committee shall be financially literate and able to read and understand a set of financial statements, including a balance sheet, cash flow statement and income statement, that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

C. *Meetings*

1. **Meetings –** The members of the Committee shall hold meetings as are required to carry out this mandate, and in any case no less than four meetings annually. The external auditors and non-Committee board members are entitled to receive notice of and attend and be heard at each Committee meeting. The Chair, any member of the Committee, the external auditors, the Chairman of the Board, the Chief Executive Officer or the Chief Financial Officer may call a meeting of the Committee by notifying the Company's Corporate Secretary who will notify the members of the Committee. The Chair shall chair all Committee meetings that he or she attends, and in the absence of the Chair, the members of the Committee present may appoint a chair from their number of a meeting.

2. **Quorum –** A majority of the members of the Committee shall constitute a quorum. The affirmative vote of a majority of the members of the Committee participating in any meeting of the Committee is necessary for the adoption of any resolution of the Committee.

3. **Access to Management and Outside Advisors –** The Committee shall have unrestricted access to the Company's management and employees and the books and records of the Company, and, from time to time may hold unscheduled or regularly scheduled meetings or portions of the regularly scheduled meetings with the external auditor, the Chief Financial Officer or the Chief Executive Officer The Committee shall have the authority to retain and terminate external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the respective compensation for these advisors without consulting or obtaining the approval of the Board or any Company officer.

4. **Funding –** The company shall provide appropriate funding, as determined by the Committee, for:

   a. the payment of compensation to any external auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services of the Company;
   b. payment for the services of any advisors retained by the Committee; and
   c. the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

5. **Meetings Without Management –** The Committee shall hold unscheduled or regularly scheduled meetings, or portions of regularly scheduled meetings, at which only independent directors are present.

D. Functions and Responsibilities

The Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Committee by the Board and that the Board is authorized to delegate by applicable laws and regulations. In addition to these functions and responsibilities, the Committee shall perform the duties required of an audit committee by the Applicable Requirements.

1. **Financial Reports**

   a. General – The Committee is responsible for overseeing the Company's financial statements and financial disclosures. Management is responsible for the preparation, presentation and integrity of the Company's financial statements and financial disclosures and for the appropriateness of the account principles and the reporting policies used by the Company. The external auditors are responsible for auditing the Company's annual consolidated financial statements and for reviewing the Company's unaudited interim financial statements.
   b. Review of Annual Financial Reports – The Committee shall review the annual consolidated audited financial statements of the Company, the external auditors' report thereon, the related management's discussion and analysis of the Company's financial condition and results of operation ("MD&A"), and the financial disclosure in any earnings press release. After completing its review, if advisable, the Committee shall recommend for Board approval the annual financial statements, the related MD&A, and the earnings release.
   c. Review of Interim Financial Reports – The Committee shall review the interim consolidated financial statements of the Company, the external auditors' review report thereon, the related MD&A, and the financial disclosure in any earnings press release as well as the release of significant new financial information. After completing its review, if advisable the Committee shall recommend for Board approval the interim financial statements, the related MD&A, and the earnings release.

      Review Considerations – In conducting its review of the annual financial statements or the interim financial statements, the Committee shall:

      i. meet with management, the external auditors to discuss the financial statements and MD&A;
      ii. review the disclosures in the financial statements;
      iii. review the audit report or review report prepared by the external auditors;
      iv. discuss with management, the external auditors and legal counsel, as requested, any pending or threatened litigation claims and assessments or other contingency that could have a material effect on the financial statements;
      v. review critical accounting and other significant estimates and judgements underlying the financial statements as presented by management;

vi. review any material effects of regulatory accounting initiatives or off-balance sheet structures on the financial statements as presented by management;
vii. review critical accounting and other significant estimates and judgements underlying the financial statements as presented by management;
viii. review the use of any non-GAAP financial measures, including "pro forma" or "adjusted" information;
ix. review management's report on the design and effectiveness of disclosure controls and procedures and internal controls over financial reporting;
x. review results of the Company's whistle blower program;
xi. meet in private with external auditors and one or more senior executives; and
xii. review any other matters related to the financial statements that are brought forward by the external auditors and amendment or which are required to be communicated to the Committee under accounting policies, auditing standards or Applicable Requirements.
xiii. If the Company's lists its securities on a stock exchange in a jurisdiction other than Canada the Audit Committee should review the equivalent applicable documentation and procedures.
xiv. Maintain minutes of meetings and periodically report to the Board of Directors on significant results of the foregoing activities.

e. Approval of Other Financial Disclosures – The Committee shall review and if advisable, approve and recommend for Board approval financial related disclosure in a prospectus or other securities officering documents, annual report, annual information form and managements information or proxy circular of the Company.

The Committee will be satisfied that adequate procedures are in place of the review of the Company's public disclosure of financial information extracted or derived from the financial statements and must periodically assess the adequacy of those procedures.

2. **Auditors**

a. General – The Committee shall be directly responsible for oversight of the work of the external auditors, including the external auditors work in preparing or issuing an audit report, performing other audit review, or attest services of any other related work. The external auditors shall report directly to the Committee and the Committee shall have authority to communicate directly with the Company's external auditors.

b. Appointment of External Auditors – The Committee shall review and if advisable select and recommend to the Board the appointment of the external auditors. The Committee shall review and recommend for Board approval the compensation of the external auditors.

c. Resolution of Disagreements – The Committee shall resolve any disagreements between management and the external auditors as to financial reporting matters brought to its attention.

d. Discussions with External Auditor – At least annually, the Committee shall discuss with the external auditor such matters as are required by applicable auditing standards to be discussed by the external auditor with the audit committee, including the matters required to be discussed by Applicable Requirements and review with the external auditor any difficulties encountered in the course of the audit work or otherwise, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management; receive from and review with the independent auditor any accounting adjustments that were noted or proposed by the auditor but that were "passed" (as immaterial or otherwise), any "management" or "internal control" letter or schedule of unadjusted differences issued, or proposed to be issued, by the auditor to the Company, or any other material written communication provided by the auditor to the Company's management.

e. External Audit Plan – At least annually, the Committee shall review a summary of the external auditors' annual audit plan. The Committee shall consider and review with the external auditors any material changes to the scope of the plan.

f. Quarterly Review Report – The Committee shall review a report prepared by the external auditors in respect of each of the interim financial statements of the Company and any other material communication between the external auditor and management.

g. Independence of External Auditors – At least annually, and before the external auditors issue their report on the annual financial statements, the Committee shall: obtain from the external auditors a formal written statement describing all relationships between the external auditors and the Company; discuss with the external auditors any disclosed relationships or services that may affect the objectivity and independence of the auditors; and obtain written confirmation from the external auditors that they are objective and independent within the meaning of the applicable Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of chartered accountants to which it belongs and other Applicable Requirements. The Committee shall take appropriate action to oversee the independence of the external auditors.

h. Evaluation and Rotation of Lead Partner – At least annually, the Committee shall review the qualifications and performance of the lead partner of the external auditors. The Committee shall obtain a report from the external auditors annually verifying that the lead partner of the external auditors has served in that capacity for no more than five fiscal years of the Company and that the engagement team collectively possesses the experience and competence to perform an appropriate audit.

i. Hiring of Former Employees of External Auditor – The Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.

j. Requirements for Pre-Approval of Non-Audit Services – The Committee shall approve in advance any retainer of the external auditors to perform any non-audit service to the Company in accordance with Applicable Requirements, specifically relating to such non-audit services. The Committee may delegate pre-approval authority to a member of that Committee. The decisions of any member of the Committee to whom this authority has been delegated must be presented to the full Committee at its next scheduled Committee meeting. Approval by the Committee of a non-audit service to be performed by the external auditor of the Company shall be disclosed in periodic reports as required by the Applicable Requirements.

3. Internal Accounting and Disclosure Controls

a. General – The Committee shall review the adequacy of the Company's internal accounting and disclosure controls, its management information systems and its financial, auditing and accounting organizations and systems.

b. Establishment, Review and Approval – the Committee shall require management to implement and maintain appropriate systems of internal control in accordance with applicable laws, regulations and guidance, including internal control over maintenance of records, financial reporting and disclosure and to review, evaluate and approve these procedures. At least annually, the Committee shall consider and review with management and the external auditors:

   i. the effectiveness of, or weaknesses or deficiencies in: the design or operating effectiveness of the Company's internal controls the overall control environment for management business risks; and accounting, financial and disclosure controls (including without limitation, controls over financial reporting) non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management's conclusions;
   ii. any significant changes in internal control over financial reporting that are disclosed, or considered for disclosure, including those in the Company's periodic regulatory filings;
   iii. any material issues raised by any inquiry or investigation by the Company's regulators;
   iv. the Company's fraud prevention and detection program, including deficiencies in internal controls that may impact the integrity of financial information, or may expose the Company to other significant internal or external fraud losses and the extent of those losses and any disciplinary action in respect of fraud taken against management or other employees who have a significant role in financial reporting; and
   v. any related significant issues and recommendations of the auditors together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls.

4. **Compliance with Legal and Regulatory Requirements** – The Committee shall receive and review regular reports from the Company's General Counsel and other management members on: legal or compliance matters that may have a material impact on the Company; the effectiveness of the Company's compliance policies; and any material communications received from regulators. The Committee shall review management's evaluation of and representations relating to compliance with specific Applicable Requirements, and management's plans to remediate any deficiencies identified.

5. **Committee Whistleblower Procedures** – The Committee shall establish or oversee the establishment of procedures for (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the company of concerns regarding outside advisors, as necessary or appropriate, to investigate the matter and will work with management, external auditors, and the general counsel to reach a satisfactory conclusion.

6. **Compliance with Code of Business Conduct** – The Committee shall:

   a. at least annually, review and assess the adequacy of and, if advisable, approve and recommend for Board approval, any amendments to the Company's Code of Business Conduct;

   b. review and, if advisable, approve the Company's processes for administering the Code of Business Conduct;

   c. review, on a regular basis, summaries of the usage of, and the matters being reported to, the whistle blower services;

   d. review with management the results of their assessment of the Company's compliance with the Code of Business Conduct and their plans to remediate any deficiencies identified; and

   e. review and, if advisable, approve any waiver from a provision of the Code of Business Conduct requested by a member of the Board or senior management.

7. **Committee Disclosure** – The Committee shall prepare, review and approve any audit committee disclosures required by the Applicable Requirements in the Company's disclosure documents.

8. **Delegation** – The Committee may, to the extent permissible by Applicable Requirements, designate a sub-committee to review any matter within this mandate as the Committee deems appropriate.

E. Financial Instruments, Risk Assessment and Risk Management

1. **Monitor** – The Committee shall review and monitor the management of the principal financial risks that could materially impact the reporting of the Company.

2. **Processes** – the Committee shall review and monitor the processes in place for identifying principal financial risks and reporting them to the Board.

3. **Assessment** – the Committee shall review policies with respect to the management of capital and financial instrument risk management, including:

   a. Review and periodic approval of management's financial instrument risk philosophy and management policies;

   b. Review management reports of demonstrating compliance with risk management policies; and

   c. Discussing with management, at least annually, the Company`s major financial risk exposures and the steps management has taken to monitor, control and report such risks.

F. Reporting to the Board

The Chair shall report to the Board, as required by Applicable Requirements or as deemed necessary by the Committee or as requested by the Board, on matters arising at Committee meetings and, where applicable, shall present the Committee`s recommendation to the Board for its approval.

G. General

1. **Authority –** The Committee shall, to the extent permissible by Applicable Requirements, have such additional authority as may be reasonably necessary or desirable, in the Committee's discretion, to exercise its powers and fulfill its duties under this mandate.

2. **Charter Review** – The Committee shall review this Charter on an annual basis or more frequently, as required. Where appropriate, the Committee shall propose changes to this Charter to the Board.

H. Performance Evaluation

The Committee shall assess and report annually to the Board on the performance of the Committee by comparing the performance of the Committee against this Charter and the Committee's goals and objectives for the year.