Goldgroup Mining Inc.

Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2015 and 2014
(Unaudited)
(expressed in thousands of US dollars, except where indicated)

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that these condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

Goldgroup Mining Inc.

Condensed Consolidated Interim Statements of Financial Position

(Unaudited)

(expressed in thousands of US dollars, except where indicated)

	Note	March 31, 2015	December 31, 2014
Assets			
Current assets			
Cash and cash equivalents	4	$ 4,263	$ 12,859
Other receivables and prepaid expenses	3,4	1,619	625
Inventory		925	925
Restricted cash	4	916	-
		7,723	14,409
Investments	4,5	11,082	15,841
Receivables	3,4	1,399	2,639
Property, plant and equipment	6	1,726	969
Enterprise resource software	7	132	185
Development properties	9	15,747	15,601
Total assets		$ 37,809	$ 49,644
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	4,10	$ 4,114	$ 4,620
Tax payable		172	1,866
Promissory note	12	1,000	1,503
		5,286	7,989
Loan payable	11	2,583	4,444
Deferred income tax liabilities		607	607
Warrant liability	13	386	704
Decommissioning obligation		1,110	1,103
Total liabilities		9,972	14,847
Shareholders' equity			
Share capital		129,999	129,999
Contingent share consideration		5,572	5,572
Reserves		4,583	8,951
Deficit		(112,317)	(109,725)
Total shareholders' equity		27,837	34,797
Total liabilities and shareholders' equity		$ 37,809	$ 49,644

Nature of operations and going concern (note 1)
Commitments (note 19)

Approved by the Board of Directors

___________"Keith Piggott"______________ Director __________"Corry Silbernagel"___________ Director

The accompany notes are an integral part of these consolidated financial statements

Goldgroup Mining Inc.

Condensed Consolidated Interim Statements Loss and Comprehensive Loss

For the three months ended March 31,

(expressed in thousands of US dollars, except where indicated - Unaudited)

	Note	2015	2014
Revenue			
Gold sales		$ -	$ 2,573
Silver sales		-	24
		-	2,597
Cost of operation			
Cost of sales	16	-	(2,225)
Depreciation and depletion	16	-	(127)
		-	245
Other (expense) income			
Depreciation	6,7	(71)	(49)
Share-based compensation	14	(99)	(13)
General and administrative		(258)	(184)
Salary and consulting		(193)	(221)
Professional fees		(378)	(358)
Investment in associate – equity loss		-	(7)
Exploration expense		(16)	(7)
Finance income		-	3
Finance cost	17	(1,345)	(198)
Gain from disposal of property, plant and equipment		30	-
Unrealized derivative gain – warrant liability	13	318	1
Foreign exchange (loss) gain		(214)	138
Other expense		(24)	(77)
Loss before income taxes		(2,250)	(727)
Income taxes expense – current		(50)	(132)
Income taxes expense – future		(292)	-
Net loss		(2,592)	(859)
Other comprehensive (loss) income (“OCI”)			
Unrealized (loss) gain on available for sale investments, net of tax	5	(4,467)	90
Net loss and comprehensive loss		$ (7,059)	$ (769)
Loss per share			
Basic and diluted		$ (0.02)	(0.01)
Weighted average shares outstanding (000’s)			
Basic and diluted		145,095	136,346
Total shares issued and outstanding (000’s)		145,095	136,437

The accompany notes are an integral part of these consolidated financial statements

Goldgroup Mining Inc.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity and Deficit

(expressed in thousands of US dollars, except where indicated - Unaudited)

	Notes	Shares ('000)	Share capital	Share based compensation reserves	Contingent shares (Note 19(c))	Foreign currency translation reserves	Investment revaluation reserves	Deficit	Total equity
January 1, 2015		145,095	$ 129,999	$ 7,353	$ 5,572	$ (355)	$ 1,953	$ (109,725)	$ 34,797
Net loss for the period		-	-	-	-	-	-	(2,592)	(2,300)
Other comprehensive loss		-	-	-	-	-	(4,467)	-	(4,759)
Share-based compensation charges	14	-	-	99	-	-	-	-	99
Balance at March 31, 2015		145,095	$ 129,999	$ 7,452	$ 5,572	$ (355)	$ (2,514)	$ (112,317)	$ 27,837
January 1, 2014		136,437	$ 128,768	$ 7,322	$ 5,572	$ (355)	$ -	$ (52,750)	$ 88,557
Net loss for the period		-	-	-	-	-	-	(859)	(859)
Other comprehensive loss		-	-	-	-	-	90	-	90
Share-based compensation charges	14	-	-	13	-	-	-	-	13
Balance at March 31, 2014 (Note 2)		136,437	$ 128,768	$ 7,335	$ 5,572	$ (355)	$ 90	$ (53,609)	$ 87,801

The accompany notes are an integral part of these consolidated financial statements

(amounts expressed in thousands of US dollars, except where indicated - Unaudited)

	Note	2015	2014
Cash (outflows) inflows from operating activities			
Net loss for the period		$ (2,592)	$ (859)
Items not affecting cash			
Depreciation and depletion	6,7	71	176
Deferred tax expense		292	
Share-based compensation charges	14	99	13
Gain from investment in associates		-	7
Unrealized foreign exchange gain		(1)	(156)
Finance cost – accretion of loan payable and promissory note	17	1,175	23
Unrealized derivative gain – warrant liability	19	(318)	-
Gain from disposal of property, plant and equipment		(30)	-
Other		-	3
Change in non-cash operating working capital			
Decrease (increase) in accounts receivable and prepaid expense		271	(171)
Decrease in inventory		-	419
(Decrease) increase in accounts payable and accrued liabilities		(2,913)	1,007
		(3,946)	462
Cash outflows from financing activities			
Repayment of principal of promissory note	12	(500)	-
Repayment of interest on promissory note	12	(65)	-
Repayment of interested on loan payable	11	(144)	-
Repayment of principal on loan payable	11	(3,000)	-
		(3,709)	-
Cash (outflows) inflows used in investing activities			
Proceeds from disposal of equipment		33	-
Purchase of Property Plant and Equipment		(124)	-
Investment – investment in associate		-	(111)
Exploration and evaluation property		-	(165)
Developing and operating on mining operation	9	(1,979)	(2,306)
Recovery from pre-production sales	9	2,045	2,716
Increase in restricted cash	4	(916)	-
(Decrease) increase in cash and cash equivalents		(8,596)	596
Cash and cash equivalents - beginning of year		12,859	936
Cash and cash equivalents - end of year		$ 4,263	$ 1,559
Cash		$ 4,263	$ 1,538
Cash equivalents		-	21
Cash and cash equivalents - end of period		$ 4,263	$ 1,559

Supplemental cash flow (note 21)

1 Nature of operations and Going Concern

Nature of operations

Goldgroup Mining Inc. is the parent company of its consolidated group ("Goldgroup" or the "Company"). Goldgroup was incorporated in Quebec under the Business Corporations Act (Québec) and on July 28, 2011 it was continued under the Business Corporations Act (British Columbia). Its head office is located at Suite 1502 – 1166 Alberni Street, Vancouver BC, V6E 3Z3. Goldgroup together with its subsidiaries, is a Canadian-based gold producer and is focused on the acquisition, exploration and development of advanced stage gold-bearing mineral properties in the Americas. The Company's current gold production and exploration and development related activities are conducted exclusively in Mexico. Goldgroup owns the Cerro Colorado mine in Sonora, along with a property portfolio that includes a 100% interest in the Cerro Prieto project in Sonora. The Company is listed on the Toronto Stock Exchange ("TSX") under the symbol "GGA".

Going Concern

The Company has experienced recurring operating losses and has an accumulated deficit of $112,317 at March 31, 2015 (December 31, 2014 – $109,725). In addition, as at March 31, 2015, the Company has working capital of $2,437 (December 31, 2014 - $6,420). 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 8). These matters result in material uncertainties which may cast significant doubt about the Company's on its ability to continue as a going concern. These 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 financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

2 Basis of presentation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB have been condensed or omitted and these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2014.

The Company's management makes judgments in its process of applying the Company's accounting policies in the preparation of its unaudited interim condensed consolidated financial statements. In addition, the preparation of the financial data requires that the Company's management make assumptions and estimates of the effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The critical judgments and estimates applied in the preparation of the Company's unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended December 31, 2014. In addition the accounting policies applied in these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended December 31, 2014.

The Company's interim results are not necessarily indicative of its results for a full year.

These unaudited condensed consolidated financial statements were approved for issue by the Board of Directors on May 15, 2015.

(amounts expressed in thousands of US dollars, except where indicated - Unaudited)

Restatement of prior period

As at December 31, 2014, the Company determined that no discount to the value of shares that are to be issued on the acquisition of Minas De Oroco Resources, Sa De Cv (Note 9) should have been recorded in fiscal 2013. The effect of the restatement is to increase Development properties and Contingent share consideration by $900. The effect on the Statement of Changes in Shareholders' Equity is an increase of $900 to contingent shares as at January 1, 2014.

There is no impact on the statement of loss and comprehensive loss and statement of cash flow.

3 Other Receivables and Prepaid Expenses

		March 31, 2015	December 31, 2014
Current asset			
Financial assets			
Other receivables		$ 14	$ 57
Non-Financial assets			
Value-added tax receivables		1,498	-
Corporate tax receivables		2	412
Total receivables		1,514	469
Prepaid expenses		105	156
		$ 1,619	$ 625
Non-current assets			
Non-Financial assets			
Value-added tax receivables		$ 481	$ 1,248
Corporate tax receivables		918	1,391
		$ 1,399	$ 2,639

(amounts expressed in thousands of US dollars, except where indicated - Unaudited)

4 Financial instruments

Fair values of financial instruments

The accounting classification and of each category of financial instruments, and the level within the fair value hierarchy in which they have been classified are set out below:

	Fair Value Hierarchy Level	March 31, 2015	December 31, 2014
Financial assets			
Loans and receivables			
Cash and cash equivalents (1)	N/A	4,263	12,859
Restricted cash (1) (2)	N/A	916	-
Receivables (1)	N/A	14	57
Available-for-sale			
Investments	Level 1	11,082	15,841
Financial liabilities			
Other financial liabilities			
Accounts payable & accrued liabilities (1)	N/A	4,114	4,620
Promissory note (1)	N/A	1,000	1,503
Loan payable (3)	N/A	2,583	4,444
Derivative			
Warrant liability (4)	Level 3	386	704

(1) The carrying value of cash and cash equivalents, restricted cash, receivables, accounts payable and accrued liabilities, and promissory note approximates fair value due to the short-term nature of these items.

(2) Restricted cash is held in a separate guaranteed investment certificate as collateral for a letter of credit entered into to purchase equipment during the period.

(3) The fair value of the loan payable would approximate the face value of the facility of $3,470 (see note 11).

(4) The Company applies a standard Black-Scholes model to value the warrant liability (see note 13).

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents and restricted cash. The majority of the Company's cash and cash equivalents and restricted cash are held through large Canadian financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as described in Note 20. The accounts payable and income taxes payable are due within the current operating period.

Market Risk

The Company's financial instruments include investments which are publicly traded and therefore subject to the risks related to the fluctuation in market prices of publicly traded securities. Some of these investments have been acquired as a result of property transactions and, to a large extent, represent strategic investments in related mining companies and their properties. The Company closely monitors market values to determine the most appropriate course of action.

(amounts expressed in thousands of US dollars, except where indicated - Unaudited)

Price Risk

Price risk is the risk that the trading price of the Company's shares will fluctuate and result in an increase or decrease in value of the warrant liability.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Company is exposed from time to time to interest rate risk as a result of holding fixed income cash equivalents and investments, of varying maturities and loans payable. A 1% change in market interest rates would result in no significant change in value of cash and cash equivalents or fixed income securities. The risk that the Company will realize a loss as a result of a decline in the fair value of these assets is limited as they are generally held to maturity.

Foreign Exchange Risk

The Company operates in Canada, and Mexico and is exposed to foreign exchange risk arising from transactions denominated in foreign currencies.

The operating results and the financial position of the Company are reported in United States dollars. Fluctuations of the operating currencies in relation to the United States dollar will have an impact upon the reported results of the Company and may also affect the value of the Company's assets and liabilities.

The Company's financial assets and liabilities as at March 31, 2015 are denominated in United States Dollars, Canadian Dollars, and Mexican Pesos, and are set out in the following table:

	Canadian Dollars	US Dollars	Mexico Pesos	Total
Financial assets				
Cash and cash equivalent	$ 55	$ 4,031	$ 177	$ 4,263
Restricted cash	-	916	-	916
Receivables - other	14	-	-	14
	69	4,947	177	5,193
Financial liabilities				
Accounts payables and accrued liabilities	(698)	(916)	(2,500)	(4,114)
Loan payable	-	(2,583)	-	(2,583)
Promissory note	-	(1,000)	-	(1,000)
Net financial (liabilities) assets	$ (629)	$ 448	$ (2,323)	$ (2,504)

(amounts expressed in thousands of US dollars, except where indicated - Unaudited)

The Company's financial assets and liabilities as at December 31, 2014 are denominated in United States Dollars, Canadian Dollars, and Mexican Pesos, and are set out in the following table:

	Canadian Dollars	US Dollars	Mexico Pesos	Total
Financial assets				
Cash and cash equivalent	$ 78	$ 12,770	$ 11	$ 12,859
Receivables - other	40	-	3,224	3,264
	118	12,770	3,235	16,123
Financial liabilities				
Accounts payables and accrued liabilities	919	-	3,701	4,620
Loan payable	-	4,444	-	4,444
Promissory note	-	1,503	-	1,503
Net financial (liabilities) assets	$ (801)	$ 6,823	$ (622)	$ 5,556

The Company's reported results will be affected by changes in the US dollar to Canadian dollar and US dollar to Mexican Pesos exchange rate. As of March 31, 2015, a 10% appreciation of the Canadian dollar relative to the US dollar would have decreased net financial assets by approximately $63 (December 31, 2014 - $74). A 10% depreciation of the US Dollar relative to the Canadian dollar would have had the equal but opposite effect. A 10% appreciation of the Mexican Pesos relative to the US dollar would have decreased net financial asset by approximately $232 (December 31, 2014 - $62) and a 10% depreciation of the Mexican Pesos would have had an equal but opposite effect. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risk.

The table below summarizes the maturity profile of the Company's non-derivative financial liabilities based on undiscounted payments. These amounts represent the future undiscounted principal and interest contractual cash flows and therefore do not equate to the carrying values shown in the statement of financial position.

March 31, 2015	Current – within 1 year	Non- current – 1 to 3 years
Accounts payables and accrued liabilities	$ 4,114	$ -
Loan payable	-	4,576
Tax payable	122	-
Promissory note	1,040	-
	5,276	4,576

December 31, 2014	Current – within 1 year	Non- current – 1 to 3 years
Accounts payables and accrued liabilities	$ 4,620	$ -
Loan payable	-	8,532
Tax payable	1,866	-
Promissory note	1,695	-
	8,181	8,532

(amounts expressed in thousands of US dollars, except where indicated - Unaudited)

5 Investments

	Notes	January 1, 2015 Fair value	Acquired	OCI (before tax)	March 31, 2015 Fair value
Oroco common shares		$ 182	$ -	$ 43	$ 225
Oroco share purchase warrants		6	-	-	6
Timmins Gold common shares		15,653	-	(4,802)	10,851
		$ 15,841	$ -	$ (4,759)	$ 11,082

	Notes	January 1, 2014 Fair value	Acquired	OCI (before tax)	December 31, 2014 Fair value
Oroco common shares		$ 164	$ -	$ 18	$ 182
Oroco share purchase warrants		6	-	-	6
Timmins Gold common shares		-	13,426	2,227	15,653
		$ 170	$ 13,426	$ 2,245	$ 15,841

On December 23, 2014, the Company sold its 100% interest in the Caballo Blanco Project (the "Project") to Timmins Gold Corp ("Timmins Gold"). On Closing, Timmins Gold paid the Company $10,000 ($9,698 net of transaction cost) in cash 16,065,000 Timmins Gold shares, valued at $13,540 (15,929,200 valued at $13,426 net of transactions cost). As part of the transaction the Company issued 160,650 Timmins Gold shares to a director of the Company who assisted with the transaction. A value of $154 related to these shares was included in transaction costs.

Post-Closing, the Company will be entitled to receive an additional contingent amount of $5.0 million that will become payable in cash, Timmins Gold shares, or a combination thereof (at the option of Timmins Gold, provided that the Company's ownership in Timmins Gold will not exceed 9.9% at any time) should any of the following events occur prior to October 31, 2019:

- The approval of the Project's Environmental Impact Statement from SEMARNAT
- A change in beneficial ownership of Timmins Gold of greater than 50%; or
- The removal or change, at one time, of a majority of the current members of the Timmins Gold Board of Directors

Although the Company may become entitled to the contingent payments, the value of these payments has not been recognized in the statement of financial position as at March 31, 2015 and December 31, 2014 due to the level of uncertainty surrounding the conditions required for the payments.

The Company came to an agreement with RMB Resources Inc. and Credipresto SAPI de CV SOFM ENR to release and replace the existing security held over the Project in order for this transaction to close. As part of this agreement the Company is required to maintain cash on hand of more or equal to the amount of the Facility outstanding, which is approximately $3,470 as at March 31, 2015, until the escrowed shares are released to the Company. The terms and conditions of the existing credit agreement are otherwise unchanged (see note 11).

As at March 31, 2015, the shares were held in escrow and the cash collateral requirement was still in effect.

On April 27, 2015, 15,929,200 shares were released from escrow by Timmins. Of these shares, 9,503,200 are now held by RMB who released the cash collateral requirement and 6,426,000 were held by the Company.

(amounts expressed in thousands of US dollars, except where indicated - Unaudited)

6 Plant and equipment

	Cost December 31, 2013	Additions	Disposals	December 31, 2014	Additions	Disposals	March 31, 2015
Plant and mining equipment	$ 9,129	$ -	$ (137)	$ 8,992	$ 973	$ -	$ 9,965
Machinery	1,471	-	-	1,471	-	-	1,471
Office and furniture	259	-	(8)	251	-	-	251
Vehicles	905	-	-	905	-	(50)	855
Lab equipment	72	-	-	72	-	-	72
	$ 11,836	$ -	$ (145)	$ 11,691	$ 973	$ (50)	$ 12,614
	Acc. Dep. December 31, 2013	**Depreciation**	**Disposals**	**December 31, 2014**	**Depreciation**	**Disposals**	**March 31, 2015**
Plant and mining equipment	$ 7,648	$ 727	$ (137)	$ 8,238	$ 183	$ -	$ 8,421
Machinery	1,268	57	-	1,325	14	-	1,339
Office and furniture	223	11	(6)	228	2	-	230
Vehicles	806	60	-	866	13	(47)	832
Lab equipment	61	4	-	65	1	-	66
	$ 10,006	$ 859	$ (143)	$ 10,722	$ 213	$ (47)	$ 10,888

Depreciation on plant and equipment for the three month period ended March 31, 2015 is $213 (2014 - $213) of which $nil (2014 - $127) is recorded as a cost of operation, $18 (2014 - $49) is recorded as depreciation expense, and $195 (2014 - $nil) is capitalized to the Cerro Prieto property (note 9).

Carrying amount	March 31, 2015	December 31, 2014
Plant and mining equipment	$ 1,544	$ 754
Machinery	132	146
Office and furniture	21	23
Vehicles	23	39
Lab equipment	6	7
	$ 1,726	$ 969

7 Enterprise Resource Planning Software

The intangible asset relates to an Enterprise Resource Planning (“ERP”) software implementation that occurred in 2012. The total cost of the software was $665 and the accumulated amortization as March 31, 2015 was $533 (December 31, 2014 - $480). The net book value as of March 31, 2015 was $132 (December 31, 2014 - $185).

8 Investments in associate – DynaMexico

The Company has a 50% equity 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 50% equity holder 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. Currently there are only four members as the one additional member has yet to be added.

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. Goldgroup denies all such allegations by DynaResource, has moved to dismiss the lawsuit, and intends to vigorously defend itself and its interests.

On October 28, 2013 the Company announced that it filed a legal action before the appropriate criminal authorities in Mexico concerning recent 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 11, 2014 DynaResource dropped its lawsuit against the Company.

On March 14, 2014 the Company filed for arbitration in Denver, Colorado, against DynaResource Inc. to protect its interests pursuant to the SJG earn-in option agreement dated September 1, 2006.

As at December 31, 2014, the Company impaired the remaining balance of the investment to $nil, which was management's estimate of the fair value of the Company's interest in the private entity taking into account the lack of control of the investment, as management had not received a response to requests for the records, and the uncertainty of the ongoing legal disputes.

(amounts expressed in thousands of US dollars, except where indicated - Unaudited)

9 Development and operating mine properties

Carrying amount	Cerro Prieto
Balance, December 31, 2013	$ 12,055
Depreciation capitalized	341
Mine operations	6,806
Plant and lab	188
Engineering	148
Leach pad	364
Geology	300
Roads	-
Crusher	1,632
Other	232
Royalties	153
Restoration	153
Gold Sales (pre-production)	(6,771)
Balance, December 31, 2014	$ 15,601
Depreciation capitalized	195
Mine operations	1,460
Plant and lab	45
Engineering	120
Leach pad	36
Geology	177
Crusher	102
Royalties	40
Restoration	5
Other	11
Gold Sales (pre-production)	(2,045)
Balance, March 31, 2015	$ 15,747

(amounts expressed in thousands of US dollars, except where indicated - Unaudited)

Pursuant to an agreement (the “Oroco Agreement”) dated August 30, 2013 with Oroco, an unrelated TSX Venture Exchange listed company, Goldgroup acquired all of the issued and outstanding shares of Minera Polimetalicos Mexicanos S.A., thereby indirectly acquiring Minas de Oroco Resources SA de CV (“MOR”). MOR owns a 100% interest in the Cerro Prieto Project located in Sonora, Mexico, and is engaged in the exploration and development of that mineral property interest.

The project has an existing 2% net smelter return royalty.

A production royalty calculated as 20% of the difference between the market price of gold and $1,250.00 per ounce up to a maximum of $90.00 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.

10 Accounts payable and accrued liabilities

	March 31, 2015	December 31, 2014
Trade payables and accrued liabilities	$ 3,974	$ 4,480
Oroco IVA payable (see note 12)	140	140
	$ 4,114	$ 4,620

Trade payables are non-interest bearing and are normally settled on 45 day terms.

11 Loan payable

On September 22, 2014, the Company closed an agreement with two lenders (the "Lenders"), RMB Australia Holdings Limited. ("RMB") and Credipresto SAPI de CV SOFOM ENR ("Credipresto"), for a $10,000 secured medium term loan facility (the "Facility"). The Facility is being funded 80% by RMB and 20% by Credipresto. Javier Reyes, a director of Goldgroup, is a principle of Credipresto.

The Facility is available for drawdown through December 18, 2016, the total amount drawn down as at March 31, 2015 is $3,470 (December 31, 2014 - $6,470).

The outstanding principal amount of the Facility accrues interest, in arrears, at an annualized rate of 15% on the portion of the Facility that is drawn down. The portion of the Facility which is not drawn down accrues interest, in arrears, at an annualized rate at 2% until December 18, 2016. The Facility matures on September 18, 2017 and is repayable in the amount of 25% of the outstanding amounts drawn (plus accrued interest) every three months commencing December 18, 2016. The Company will have the ability to cancel any amount of the Facility not drawn at any time prior to December 18, 2016 without penalty, and will also have the ability to prepay without penalty any outstanding drawn amount at any time subject to ten (10) days' notice, payment of adjustment costs and minimum prepayment amounts of $500.

In connection with the Facility, the Company has incurred transaction costs of $2,223, which included a $600 structuring fee paid at the time of the first drawdown, the fair market value of the issued financier warrants of $1,082 and legal fees. The transaction costs are amortized and charged to the profit or loss over the term of the facility.

(amounts expressed in thousands of US dollars, except where indicated - Unaudited)

	March 31, 2015
Balance, January 1, 2015	$ 4,444
Finance cost – accretion expense of Facility (see note 17)	140
Finance cost – pro-rata write-off of transaction costs due to repayment (see note 17)	999
Finance cost – commitment fees of Facility (see note 17)	15
Repayments – principal	(3,000)
Repayments – interest expense and commitment fees	(144)
Interest expense (see note 17)	129
	$ 2,583

12 Promissory note payable

Pursuant to the Oroco Agreement, a promissory note in the principal amount of $1,500 (the "First Loan"), bearing simple interest at a rate of 8% per annum and payable in six equal monthly instalments of $250 each, commencing on the later of January 31, 2015 and the first day of the month following the date the Cerro Prieto Project achieves production criteria. Interest will accrue on the principal amount of the First Loan from the date of closing of the Transaction and will be payable quarterly in arrears, on a declining balance, however, the Company's obligation to deliver such quarterly interest payments will be suspended until the Project achieves commercial production. As at March 31, 2015, the principal amount of $1,000 was due. The terms of the agreement are currently being re-negotiated.

The undiscounted amount of estimated cash flows required to settle the promissory note payable are estimated to be $1,040, including interest of $40.

	March 31, 2015	December 31, 2014
Balance, beginning of period	$ 1,503	$ 1,399
Repayment	(500)	-
Interest expense (see note 17)	26	120
Interest paid	(65)	(120)
Accretion expense (see note 17)	36	104
	$ 1,000	$ 1,503

On September 19, 2014, the Company closed an agreement (“IVA Agreement”) with Oroco whereby Oroco assigned to Gold group its rights to refunds stemming from certain IVA paid by Minas de Oroc S.A. de C.V. (the Company’s Mexican subsidiary acquired from Oroco Agreement). Under the IVA agreement, Oroco is entitled to 60% of the first CDN $400 IVA refund (“First Split”). The Company settled the First Split by issuing Oroco 1.2 million common shares, valued at $210 in 2014. In addition, the Company will pay Oroco 50% of IVA refund in excess of CDN $400 (“Second Split”). The Company may elect to settle Second Split through issuance of the Company’s common shares. As at March 31, 2015 the amount owing Oroco related to the Second Split is $140 (December 31, 2014 - $140) and is included in accounts payable and accrued liabilities (note 10).

(amounts expressed in thousands of US dollars, except where indicated - Unaudited)

13 Warrant liability

	Number of warrants	Weighted average exercise price (C$)	Warrant liability (US$)
Balance, December 31, 2013	2,000,000	$ 1.25	$ 3
Value at grant	15,729,011	0.22	1,350
Warrant issuance cost	-	-	(18)
Change in fair value	-	-	(631)
Balance, December 31, 2014	17,729,011	$ 0.34	$ 704
Change in fair value	-	-	318
Balance, March 31, 2015	17,729,011	$ 0.34	$ 386

Expiry date	Note	Number of warrants	Weighted average exercise price (C$)
November 26, 2015		2,000,000	$ 1.25
August 12, 2016	(ii)	2,767,955	0.25
August 22, 2016	(ii)	961,056	0.25
March 18, 2018	(i)	6,000,000	0.19
March 18, 2018	(i)	6,000,000	0.23
Balance, March 31, 2015		17,729,011	$ 0.34

(i) In connection with the loan payable indicated in Note 11, on September 19, 2014, the Company issued 12,000,000 warrants exercisable at prices ranging from $0.19 to $0.23 per share, expiring March 18, 2018. These warrants were assigned a fair value of $1,082 using the Black-Scholes Pricing Model.

(ii) In connection with the two tranches of the private placement in August 2014, the Company issued 3,729,011 warrants exercisable at a price of CDN$0.25 per share, expiring up to August 22, 2016. These warrants were assigned a fair value of $268 using the Black-Scholes Pricing Model.

The fair value allocated to the warrants at March 31, 2015 was $386 (December 31, 2014 - $704) and is recorded as a derivative financial liability as these warrants are exercisable in Canadian dollars, differing from the Company’s functional currency. The gain recognized in the statement of loss and comprehensive loss for the three months ended March 31, 2015 $318 (2014 - $nil).

The fair value of the warrants is calculated using the Black-Scholes Option Pricing Model. Option pricing models require the input of highly speculative assumptions, including the expected future price volatility of a Company’s shares. Changes in these assumptions can materially affect the fair value estimate and, therefore, existing models do not necessarily provide a reliable single measure of the fair value of the Company’s warrants.

(amounts expressed in thousands of US dollars, except where indicated - Unaudited)

	March 31, 2015	March 31, 2014
Expected option life	2.6 years	1.6 years
Expected stock price volatility	91%	99%
Dividend payment during life of option	Nil	Nil
Expected forfeiture rate	Nil	Nil
Risk free interest rate	0.46%	1.02%
Weighted average strike price	$ 0.22	$ 1.25
Weighted average fair value per warrant	$ 0.10	$ 0.03
Weighted average share price	$ 0.10	$ 0.24

14 Share Capital

(i) Share Capital

The Company's authorized share capital consists of an unlimited number of common shares without par value.

(ii) Share based compensation

The Company has adopted a share option plan for which options to acquire up to 10% of the issued share capital, at the award date, may be granted to eligible optionees from time to time. Generally, share options granted have a maximum term of five years, and a vesting period and exercise price determined by the directors. The exercise price may not be less than the closing quoted price of the Company's common shares traded through the facilities of the exchange on which the Company's common shares are listed. As at March 31, 2015, share options available for issue under the plan were 11,174,460 (December 31, 2014 – 14,509,460).

Total share options granted during the three months ended March 31, 2014 were 4,660,000 (2014 – nil). Total share-based compensation expense recognized for the fair value of share options granted and vested during the three months ended March 31, 2015 was $99 (2014 - $13).The fair value of the share options granted during the three months ended March 31, 2015 and 2014 was estimated on the date of grant using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	March 31, 2015	March 31, 2014
Expected option life	2.5 years	-
Expected stock price volatility	88.53%	-
Dividend payment during life of option	Nil	-
Expected forfeiture rate	Nil	-
Risk free interest rate	0.48%	-
Weighted average strike price	$ 0.14	-
Weighted average fair value per option	$ 0.07	-
Weighted average share price	$ 0.14	-

(amounts expressed in thousands of US dollars, except where indicated - Unaudited)

Options Outstanding	March 31, 2015		December 31, 2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding - beginning of year	6,135,000	$ 0.68	8,748,858	$ 0.70
Granted	4,660,000	0.15	-	-
Forfeited	-	-	-	-
Expired	(1,325,000)	1.00	(2,613,858)	0.77
Outstanding - end of year	9,470,000	$ 0.37	6,135,000	$ 0.68

The following table discloses the number of options and vested options outstanding as at March 31, 2015:

	Options Outstanding			Options Exercisable		
Exercise price (C$/option)	Options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price (C$/option)	Options outstanding and exercisable	Weighted average remaining contractual life (years)	Weighted average exercise price (C$/option)
$0.10 to $0.70	7,770,000	4.33	$ 0.14	3,598,750	3.93	$ 0.15
$1.16 to $1.60	1,700,000	1.23	1.40	1,700,000	1.23	1.40
Outstanding - end of year	9,470,000	**3.77**	$ 0.37	5,298,750	**3.06**	$ 0.55

The following table discloses the number of options and vested options outstanding as at December 31, 2014:

	Options Outstanding			Options Exercisable		
Exercise price (C$/option)	Options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price (C$/option)	Options outstanding and exercisable	Weighted average remaining contractual life (years)	Weighted average exercise price (C$/option)
$0.10 to $0.70	3,460,000	3.71	$ 0.15	2,733,750	3.67	$ 0.16
$71 to $1.45	2,675,000	1.07	1.36	2,675,000	1.07	1.36
Outstanding - end of year	6,135,000	**2.56**	$ 0.68	5,408,750	**2.38**	$ 0.75

15 Related party transactions

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel. The remuneration of the Company's directors and other key management personnel during the three months ended March 31, are as follows:

	2015	2014
Short-term employee benefits	$ 50	$ 133
Director's fees	22	33
Share-based compensation	87	11
Legal fees	35	17
Consulting fees	12	39

(amounts expressed in thousands of US dollars, except where indicated - Unaudited)

Short-term employee benefits include salaries incurred within the last twelve months of the statement of financial position date and other annual employee benefits.

At March 31, 2015, trade and other accounts payable includes $154 (December 31, 2014 - $324) owing to a director and/or officer and/or companies controlled by the directors.

During the three month period ended March 31, 2015 the Company paid legal fees totalling $35 (2014 - $17) and consulting fees totalling $12 (2014 - $nil) to companies controlled by directors of the Company.

Due to the particulars Mexican law, it is common for operating companies to employ their workers through a management company. The employees of Granmin Mexico were employed until May 31, 2014 by Pabelini, S.A. de C.V. ("Pabelini"), a company owned by the estranged spouse of the CEO. Under an agreement, dated June 1, 2011, between Granmin Mexico and Pabelini, Pabelini paid all of the Cerro Colorado mine employees and Granmin Mexico administrative personnel and was reimbursed by Granmin Mexico. Pabelini charged a fee equal to 5% of the base salaries of the employees, before additions for statutory remittances. During the three months ended March 31, 2015 this fee totaled $nil (2014 - $32). This fee was meant to reimburse Pabelini for its office costs and administrative overhead costs incurred in managing the payroll and making all required remittances to the Mexican government in association with salaries of such employees. At March 31, 2015, amounts owing to Pabelini totalled $12 (December 31, 2014 - $12).

In addition to Pabelini, a number of expatriate workers and Caballo Blanco employees were employed until September 30, 2014 by MINOP, S.A. de C.V. ("Minop"). Minop is a private company controlled by the son-in-law of the CEO. Under an agreement, dated October 1, 2011 and expiring September 30, 2014, Minop charged a service fee equal to 1.5% of base salary for employees earning greater than $100 per year and 3% for employees earning less than $100 base salary per year. During the three month period ended March 31, 2015 this fee totaled $nil (2014 - $7). This fee was meant to reimburse Minop for administrative costs incurred by the company in providing these services. At March 31, 2015, amounts owing to Minop totalled $nil (December 31, 2014 - $nil).

Amounts owing to or from related parties are non-interest bearing, unsecured and due on demand.

16 Cost of sales

	Three months ended March 31,	
	2015	**2014**
Raw materials	$ -	$ 1,281
Salaries and benefits	-	390
Contractors	-	122
Royalties	-	83
Change in inventory	-	215
Other	-	134
	$ -	$ 2,225

(amounts expressed in thousands of US dollars, except where indicated - Unaudited)

17 Finance cost

		Three months ended March 31,	
	Note	**2015**	**2014**
Accretion expense – promissory note	12	$ 36	$ 23
Interest expense – promissory note	12	26	30
Accretion expense – loan payable		-	144
Accretion expense - Facility	11	1,139	-
Other finance expense – Facility	11	15	-
Interest expense – Facility	11	129	-
Other finance cost		-	1
		$ 1,345	$ 198

(amounts expressed in thousands of US dollars, except where indicated - Unaudited)

18 Segmented disclosure

The Company operates in two geographical and three operating segments. The operating segments are managed separately based on the nature of operations. Mining operations consists of the Cerro Colorado mine (discontinued as at December 31, 2014), while exploration and development is primarily the Cerro Prieto project.

All of the Company's revenue is generated in Mexico. Other selected financial information by geographical segment is as follows:

	As at March 31, 2015			As at December 31, 2014		
	Canada	**Mexico**	**Total**	**Canada**	**Mexico**	**Total**
Assets						
Cash and cash equivalent	3,500	763	**4,263**	6,802	6,057	**12,859**
Investments	11,082	-	**11,082**	15,841	-	**15,841**
Accounts receivables and prepaids	14	3,004	**3,018**	131	3,133	**3,264**
Inventory	-	925	**925**	-	925	**925**
Restricted cash	916		**916**			
Property, plant and equipment	-	1,726	**1,726**	-	969	**969**
Enterprise Resource	132	-	**132**	185	-	**185**
Development properties	-	15,747	**15,747**	-	15,601	**15,601**
Liabilities						
Accounts payable and accrued liabilities	(698)	(3,416)	**(4,114)**	(939)	(3,681)	**(4,620)**
Tax payable	-	(172)	**(172)**	-	(1,866)	**(1,866)**
Loan payable	(2,583)	-	**(2,583)**	(4,444)	-	**(4,444)**
Promissory note	(1,00)	-	**(1,000)**	(1,503)	-	**(1,503)**
Warrant liability	(386)	-	**(386)**	(704)	-	**(704)**
Decommissioning obligation	-	(1,110)	**(1,110)**	-	(1,103)	**(1,103)**

(amounts expressed in thousands of US dollars, except where indicated - Unaudited)

Selected financial information by operating segments is as follows:

	As at March 31, 2015				As at December 31, 2014			
	Mining Operation	Exploration & Development	Corporate	Total	Mining Operation	Exploration & Development	Corporate	Total
Assets								
Cash and cash equivalent	-	763	3,500	**4,263**	-	6,057	6,802	**12,859**
Investments	-	-	11,082	**11,082**	-	-	15,841	**15,841**
Accounts receivables and prepaids	-	3,004	14	**3,018**	-	3,133	131	**3,264**
Inventory	-	925	-	**925**	-	925	-	**925**
Restricted cash	-	-	916	**916**				
Property, plant and equipment	-	1,726	-	**1,726**	511	458	-	**969**
Enterprise Resource	-	-	132	**132**	-	-	185	**185**
Investment in associate	-	-	-	**-**	-	-	-	**-**
Exploration and evaluation properties	-	-	-	**-**	-	-	-	**-**
Development properties	-	15,747	-	**15,747**	-	15,601	-	**15,601**
Total assets	-	21,996	15,802	**37,809**	511	26,174	22,959	**49,644**

	Three Months Ended March 31,	
	2015	**2014**
Revenue		
Mining operations	-	2,597
Loss before income taxes for the period		
Mining Operations	-	245
Exploration and evaluation	(16)	(14)
Corporate	(2,234)	(958)
	$ (2,250)	$ (727)

19 Commitment

a. In December 2013, the Company entered into a new office lease agreement whereby the Company has minimum lease payment of $50 per year for the period February 1, 2014 to July 31, 2016.

b. As part of ongoing surface rights land negotiations with local property owners, the Company's subsidiary has entered into surface land purchase agreements whereby it has agreed to pay a fee by October 25, 2013 and October 25, 2016 for specific surface rights. In October 2013 the Company's subsidiary and the local property owners agreed to defer the surface land rights payments, originally due on October 25, 2013, by six months each and up to another six months in the event that the Company has not commenced construction on the Caballo Blanco project. Subsequent to the sale of Caballo Blanco to Timmins Gold in 2014, the fees related to the surface right agreement remained unchanged. The Company is proceeding with ongoing discussions to modify the agreement to reduce the overall payment.

(amounts expressed in thousands of US dollars, except where indicated - Unaudited)

c. In 2011, the Company acquired the Caballo Blanco project held previously by Almaden Minerals Ltd. ("Almaden"). As part of the consideration, the company may have to issue up to an additional 7.0 million common shares of the Company upon achievement of certain project milestones. Subsequent to the sale of Caballo Blanco to Timmins Gold in the prior year, the terms of these contingent shares remained unchanged.

d. With respect to acquisition of the Cerro Prieto project in 2013, the Company has committed to issue 16.5 million of its common shares or, at its option, pay $4,125 to Oroco on or before August 30, 2015.

20 Capital management

The capital of the Company consists of items included in shareholder's equity. The Company's objectives for capital management are to safeguard its ability to support the Company's normal operating requirement on an ongoing basis, continue the development and exploration of its mineral properties and support any expansionary plans.

The Company manages its capital structure and makes adjustments in light of changes in its economic environment and the risk characteristics of the Company's assets. To effectively manage the entity's capital requirements, the Company has in place a planning, budgeting and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. As at March 31, 2015, the Company expects its capital resources will support its normal operating requirements, planned development and exploration of its mineral properties for the next twelve months. There are no externally imposed capital requirements to which the Company has not complied.

21 Supplemental cash flow information

	Three Months Ended March 31,	
	2015	**2014**
Depreciation capitalized to development properties (note 9)	$ 195	$ 90
Accretion expense capitalized (note 9)	5	23