



Goldgroup Mining Inc.

Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2021 and 2020
(Unaudited)
(expressed in thousands of US dollars, except where indicated)

Goldgroup Mining Inc.

Condensed Interim Consolidated Statements of Financial Position

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

	Note	June 30, 2021	December 31, 2020
Assets			
Current assets			
Cash and cash equivalents	5	\$ 3,415	\$ 582
Other receivables and prepaid expenses	4	833	739
Investments	5,7	1,541	1,049
Inventory	6	2,896	3,430
		8,685	5,800
Receivables	4	1,870	1,864
Property, plant and equipment	8	1,474	1,474
Right of use asset	12	360	60
Mineral property	10	1,118	1,857
Total assets		\$ 13,507	\$ 11,055
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5	\$ 6,035	\$ 6,495
Tax payable		922	61
Current lease liability	5,12	101	69
Decommissioning obligation		313	313
Loan payable	5,11	762	436
		8,133	7,374
Warrant liability	5,13	455	545
Loan payable	5,11	763	1,089
Long-term lease liability	5,12	260	-
Decommissioning obligation		1,358	1,351
Total liabilities		10,969	10,359
Shareholders' equity			
Share capital	14	134,551	134,551
Contingent share consideration	19	3,305	3,305
Reserves		8,181	8,140
Deficit		(143,499)	(145,300)
Total shareholders' equity		2,538	696
Total liabilities and shareholders' equity		\$ 13,507	\$ 11,055

Nature of operations and going concern (note 1)

Commitments (note 19)

Approved by the Board of Directors

"Javier Reyes" Director

"Corry Silbernagel" Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Goldgroup Mining Inc.

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

For the three and six months ended June 30,

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

	Note	Three months ended June 30,		Six months ended June 30,	
		2021	2020	2021	2020
Revenue					
Gold sales		\$ 6,975	\$ 3,234	\$ 14,124	\$ 8,377
Silver sales		309	59	509	178
		7,284	3,293	14,633	8,555
Cost of operation					
Cost of sales	16	(4,870)	(2,377)	(11,053)	(6,499)
Depreciation and depletion		(499)	(425)	(1,132)	(1,003)
		1,915	491	2,448	1,053
Depreciation	8,12	(26)	(30)	(52)	(62)
Share-based compensation	14,15	(18)	-	(41)	-
General and administrative		(184)	(180)	(465)	(414)
Salary and consulting	15	(134)	(125)	(264)	(244)
Professional fees	15	(304)	(325)	(595)	(461)
Gain on investments	7	759	170	816	36
Gain on disposal of property, plant and equipment		58	-	58	-
Finance cost	17	(53)	(48)	(108)	(97)
Unrealized derivative gain – warrant liability	13	83	-	90	-
Foreign exchange gain (loss)		-	(31)	8	101
Other income	9	1,188	12	1,214	27
Income (loss) before income taxes		3,284	(66)	3,109	(61)
Income taxes (expense) recovery – current		(1,069)	(36)	(1,308)	(201)
Net income (loss) and comprehensive income (loss)		2,215	(102)	1,801	(262)
Income (loss) per share – Basic and diluted		\$ 0.01	\$ (0.00)	\$ 0.01	\$ (0.00)
Weighted average shares outstanding (000's)					
Basic		211,804	185,137	211,804	185,137
Diluted		214,992	185,137	215,505	185,137
Total shares issued and outstanding (000's)		211,804	185,137	211,804	185,137

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Goldgroup Mining Inc.

Condensed Interim Consolidated Statements of Cash Flows

For the three and six months ended June 30,

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

	Note	Three months ended June 30,		Six months ended June 30,	
		2021	2020	2021	2020
Cash flows provided (used) by operating activities					
Income (loss) for the period		\$ 2,215	\$ (102)	\$ 1,801	\$ (262)
Items not affecting cash					
Depreciation	8,12	148	299	385	599
Depletion	10	383	223	739	542
Share-based compensation	14	18	-	41	-
Finance cost - Decommissioning obligation	17	3	16	7	30
Unrealized foreign exchange gain		(14)	(15)	(30)	18
Finance cost		46	46	91	67
Gain on investments	7	(759)	(170)	(816)	(36)
Unrealized derivative gain – warrant liability	13	(83)	-	(90)	-
Accretion on lease liability		-	-	3	-
Gain on disposal of property, plant and equipment		(58)		(58)	
Impairment of inventory in cost of sales	6	-	(13)	-	143
Change in non-cash operating working capital					
Decrease (increase) in other receivables and prepaid expenses		(443)	(85)	40	336
Increase (decrease) in inventory		(182)	(558)	472	(646)
Increase (decrease) in tax payable		773	36	861	(166)
Decrease in accounts payable and accrued liabilities		(531)	(281)	(320)	(307)
		1,516	(604)	3,126	318
Cash flows used by financing activities					
Repayment of Accendo loan	11	-	-	-	(53)
Repayment of interest on Accendo loan	11	(45)	(29)	(91)	(53)
Lease payments	12	(31)	(36)	(62)	(72)
		(76)	(65)	(153)	(178)
Cash flows provided (used) in investing activities					
Purchase of property, plant and equipment	8	(45)	(158)	(494)	(395)
Proceeds on sale of investments	7	354	-	354	37
		309	(158)	(140)	(358)
Increase (decrease) in cash and cash equivalents					
		1,749	(827)	2,833	(218)
Cash and cash equivalents – beginning of period					
		1,666	1,169	582	560
Cash and cash equivalents – end of period					
		\$ 3,415	\$ 342	\$ 3,415	\$ 342
Cash		3,396	317	3,396	317
Cash equivalents		19	25	19	25
Cash and cash equivalents – end of period					
		\$ 3,415	\$ 342	\$ 3,415	\$ 342

Supplemental cash flow information (note 21)

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Goldgroup Mining Inc.**Condensed Interim Consolidated Statement of Changes in Shareholders' Equity**

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

	Notes	Shares ('000)	Share capital	Contingent shares (Note 19)	Share based compensation reserves	Foreign currency translation reserves	Investment revaluation reserves	Deficit	Total equity
January 1, 2021		211,804	\$ 134,551	\$ 3,305	\$ 8,448	\$ (308)	\$ -	\$ (145,300)	\$ 696
Income for the period		-	-	-	-	-	-	1,801	1,801
Share-based compensation	14	-	-	-	41	-	-	-	41
Balance at June 30, 2021		211,804	\$ 134,551	\$ 3,305	\$ 8,489	\$ (308)	\$ -	\$ (143,499)	\$ 2,538
January 1, 2020		185,137	\$ 134,405	\$ 3,305	\$ 8,344	\$ (308)	\$ -	\$ (144,070)	\$ 1,676
Loss for the period		-	-	-	-	-	-	(262)	(262)
Balance at June 30, 2020		185,137	\$ 134,405	\$ 3,305	\$ 8,344	\$ (308)	\$ -	\$ (144,332)	\$ 1,414

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Goldgroup Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the period ended June 30, 2021 and 2020

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

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 1201 – 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 in Mexico. Goldgroup owns a property portfolio that includes a 100% interest in the operating Cerro Prieto project in Sonora, which commenced commercial production on April 1, 2016 for accounting purposes. 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 \$143,499 at June 30, 2021. In addition, as at June 30, 2021, the Company has working capital of \$552. 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 9). These matters result in material uncertainties which may cast significant doubt about the Company 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 classifications used in the statement of financial position.

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. To date, the Company was required to limit operations at the Cerro Prieto project for 45 days in Q2 2020 due to the Mexican Government mandate to suspend non-essential businesses and since then the operations have continued at full capacity with the government approved safety standards in place. It is not possible for the Company to predict the duration or magnitude of any further adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

2 Basis of presentation

These unaudited condensed interim consolidated 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, 2020.

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, 2020.

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

These unaudited condensed interim consolidated financial statements were approved by the Board of Directors on August 13, 2021.

3 Estimates, risks and uncertainties

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The Company's management makes judgments in its process of applying the Company's accounting policies in the preparation of its 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

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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.

Significant judgments in applying accounting policies

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are as follows:

(i) Impairment of assets

The carrying value of property, plant and equipment and the Company's mineral property is reviewed each reporting period to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and an impairment loss is recognized in profit or loss. The assessment of fair values, including those of the cash-generating units, require the use of estimates and assumptions for recoverable production, long-term commodity prices, discount rates, foreign exchange rates, future capital requirements and operating performance. Changes in any of the assumptions or estimates used in determining the fair value of assets could impact the impairment analysis.

(ii) Economic recoverability and probability of future economic benefits of exploration and development costs

Management has determined that exploratory drilling and evaluation costs incurred which have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

(iii) Functional currency

The functional currency for each of the Company's subsidiaries, joint ventures and investments in associates, is the currency of the primary economic environment in which the entity operates. The Company has determined the functional currency of each entity is the US dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

(iv) Commencement of commercial production

Costs associated with the commissioning of new assets, in the pre-commercial period before they are operating in the way intended by management, are capitalized, net of any pre-production revenues. Commercial production is deemed to have occurred when management determines that, amongst other items, the completion of operational commissioning of major mine components has been reached, operating results, which includes the grade and volume of material mined, are being achieved consistently for a period of time, and there are indicators that these operating results will continue, all of which involve management judgments.

Key sources of Estimation Uncertainty

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

(i) Mineral resource estimation

The carrying value and recoverability of mineral properties requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project. The determination of mineral resources also requires the use of estimates. The Company estimates its mineral resources based on information compiled by Qualified Persons as defined in accordance with Canadian Securities Administrators National Instrument 43-101, Standards for Disclosure of Mineral Projects. There are numerous uncertainties inherent in estimating mineral resources and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the

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forecasted prices of commodities, exchange rates, production costs or recovery rates may change the economic status of resources and may result in changes to resource estimates.

(ii) Depreciation and depletion

Plants and other facilities used directly in mining activities are depreciated using the units-of-production (“UOP”) method over a period not to exceed the estimated life of the ore body based on recoverable ounces to be mined from estimated resources. Mobile and other equipment are depreciated, net of residual value, on a straight-line basis, over the useful life of the equipment to the extent that the useful life does not exceed the related estimated life of the mine based on estimated recoverable resources.

The calculation of the UOP rate, and therefore the annual depreciation and depletion expense, could be materially affected by changes in the underlying estimates. Changes in estimates can be the result of actual future production differing from current forecasts of future production, expansion of mineral reserves through exploration activities, differences between estimated and actual costs of mining and differences in gold price used in the estimation of mineral reserves.

Significant judgment is involved in the determination of useful life and residual values for the computation of depreciation and depletion and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

(iii) Inventories

Expenditures incurred, and depreciation and depletion of assets used in mining and processing activities are deferred and accumulated as the cost of ore in stockpiles, ore on leach pads, in-process and finished metal inventories. These deferred amounts are carried at the lower of average cost or net realizable value (“NRV”). Write-downs of ore in stockpiles, ore on leach pads, in-process and finished metal inventories resulting from NRV impairments are reported as a component of current period costs. The primary factors that influence the need to record write-downs include prevailing and long-term metal prices and prevailing costs for production inputs such as labour, fuel and energy, materials and supplies, as well as realized ore grades and actual production levels.

Costs are attributed to the leach pads based on current mining costs, including applicable depreciation and depletion relating to mining operations incurred up to the point of placing the ore on the pad. Costs are removed from the leach pad based on the average cost per recoverable ounce of gold on the leach pad as the gold is recovered. Estimates of recoverable gold on the leach pads are calculated from the quantities of ore placed on the pads, the grade of ore placed on the leach pads and an estimated percentage of recovery. Timing and ultimate recovery of gold contained on leach pads can vary significantly from the estimates. The quantities of recoverable gold placed on the leach pads are reconciled to the quantities of gold actually recovered (metallurgical balancing), by comparing the grades of ore placed on the leach pads to actual ounces recovered. The nature of the leaching process inherently limits the ability to precisely monitor inventory levels. As a result, the metallurgical balancing process is constantly monitored and the engineering estimates are refined based on actual results over time. The ultimate recovery of gold from a pad will not be known until the leaching process is completed.

The allocation of costs to ore on leach pads and in-process inventories and the determination of NRV involve the use of estimates. There is a high degree of judgment in estimating future costs, future production levels, proven and probable reserves estimates, gold and silver prices, and the ultimate estimated recovery for ore on leach pads. There can be no assurance that actual results will not differ significantly from estimates used in the determination of the carrying value of inventories. Such inventories are included in development costs until commercial production is achieved.

(iv) Decommissioning and restoration provision

The Company assesses its provision for reclamation and remediation on an annual basis or when new material information becomes available. Mining and exploration activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations at each mining operation and exploration and development property. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management’s best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

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(v) Share-based payments

Share-based payments are determined using the Black-Scholes option pricing model based on estimated fair values of all share-based awards at the date of grant and is expensed to profit or loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

For asset acquisitions, contingent share consideration is an estimate of the fair value of the contingent amounts expected to be payable in the future. The fair value is based on number of contingent shares, the share price of the Company on the date of acquisition and management's expectations of probability.

(vi) Contingencies

Due to the size, complexity and nature of the Company's operations, various legal and tax matters are outstanding from time to time. In the event that management's estimate of the future resolution of these matters changes, the Company will recognize the effects of the changes in its consolidated financial statements on the date such changes occur.

(vii) Deferred taxes

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Forecasted cash flows from operations are based on life of mine projections internally developed and reviewed by management. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. At the end of each reporting period, the Company reassesses unrecognized income tax assets.

(viii) Impairment

Non-current assets are tested for impairment if there is an indicator of impairment, and in the case of goodwill, at least annually. The impairment analysis requires the use of estimates and assumptions, including amongst others, long-term commodity prices, discount rates, length of mine life, future production levels, future operating costs, future capital expenditures and tax estimates. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances the carrying value of the assets may be impaired or a prior period's impairment charge reversed with the impact recorded in profit or loss.

Current assets include receivables which are reviewed for collectability that may be affected by default, delays and other economic indicators.

(ix) Valuation of right-of-use asset and lease liabilities

The application of IFRS 16 requires the Company to make judgments that affect the valuation of the right-of-use assets and the valuation of lease liabilities. These include: determining agreements in scope of IFRS 16, determining the contract term and determining the interest rate used for discounting of future cash flows.

The lease term determined by the Company is comprised of the non-cancellable period of lease agreements, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

The present value of the lease payment is determined using a discount rate representing the rate of its loan payable observed in the period when the lease agreement commences or is modified.

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

4 Other receivables and prepaid expenses

	June 30, 2021	December 31, 2020
Current asset		
Financial assets		
Other receivables	\$ 206	\$ 198
Employee receivables	21	27
Non-Financial assets		
Value-added tax receivables	193	224
Corporate tax receivables	35	63
Total receivables	455	512
Prepaid expenses	378	227
	\$ 833	\$ 739
Non-current assets		
Non-Financial assets		
Value-added tax receivables	\$ 771	\$ 895
Other receivables	958	717
Corporate tax receivables	141	252
	\$ 1,870	\$ 1,864

5 Financial instruments

Fair values of financial instruments

The accounting classification 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	June 30, 2021	December 31, 2020
Financial assets			
<i>Amortized cost</i>			
Cash and cash equivalents ⁽¹⁾	N/A	\$ 3,415	\$ 582
Receivables ⁽¹⁾	N/A	227	225
<i>Fair value through profit or loss</i>			
Investments	Level 1	1,541	1,049
Financial liabilities			
<i>Other financial liabilities</i>			
Accounts payable & accrued liabilities ⁽¹⁾	N/A	6,035	6,495
Loan payable ⁽³⁾	N/A	1,525	1,525
Lease liability	N/A	361	69
Warrant liability ⁽²⁾	Level 3	455	545

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- (1) The carrying value of cash and cash equivalents, receivables, accounts payable and accrued liabilities approximates fair value due to the short-term nature of these items.
- (2) The company applies a standard Black-Scholes model to value the warrant liability as described in note 13.
- (3) Loan payable is presented on an amortized cost basis and will be accreted to its face amount over the term to maturity of the loan at an effective interest rate.

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. The majority of the Company's cash and cash equivalents are held through large Canadian financial institutions. Receivables are primarily due from government agencies.

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 accrued liabilities, and tax payable are due within the current operating period. The Company is exposed to liquidity risk.

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.

Commodity Price Risk

The Company is exposed to commodity price risk given that its revenues are derived from the sale of metals, the price of which have been historically volatile.

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.

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

The Company's financial assets and liabilities as at June 30, 2021 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 equivalents	\$ 380	\$ 2,924	\$ 111	\$ 3,415
Receivables - other	-	227	-	227
Investments	1,541	-	-	1,541
	1,921	3,151	111	5,183
Financial liabilities				
Accounts payable and accrued liabilities	(115)	(3,736)	(2,184)	(6,035)
Loan payable	-	(1,525)	-	(1,525)
Lease liability	(361)	-	-	(361)
Net financial (liabilities) assets	\$ 1,445	\$ (2,110)	\$ (2,073)	\$ (2,738)

The Company's financial assets and liabilities as at December 31, 2020 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 equivalents	\$ 27	\$ 489	\$ 66	\$ 582
Receivables - other	-	225	-	225
Investments	1,049	-	-	1,049
	1,076	714	66	1,856
Financial liabilities				
Accounts payable and accrued liabilities	(183)	(3,959)	(2,353)	(6,495)
Loan payable	-	(1,525)	-	(1,525)
Lease liability	(69)	-	-	(69)
Net financial (liabilities) assets	\$ 824	\$ (4,770)	\$ (2,287)	\$ (6,233)

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 June 30, 2021, a 10% appreciation of the Canadian dollar relative to the US dollar would have decreased net financial assets by approximately \$144 (December 31, 2020 -\$82). 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 \$207 (December 31, 2020 -\$229) 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.

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The table below summarizes the maturity profile of the Company's non-derivative financial liabilities.

June 30, 2021	Current – within 1 year	Non- current – 1 to 3 years
Accounts payable and accrued liabilities	\$ 6,035	\$ -
Loan payable	762	763
	\$ 6,797	\$ 763

December 31, 2020	Current - within 1 year	Non- current – 1 to 3 years
Accounts payable and accrued liabilities	\$ 6,495	\$ -
Loan payable	436	1,089
	\$ 6,931	\$ 1,089

6 Inventory

	June 30, 2021	December 31, 2020
Consumable supplies	\$ 704	\$ 697
Work in progress	2,140	2,050
Finished goods	52	683
	\$ 2,896	\$ 3,430

Cost of sales represents the amount of product inventory recognized as an expense. All of the Company's inventory on hand are located at the Cerro Prieto mine in Mexico. During the period ended June 30, 2021 \$nil (2020 - \$143) impairment was recorded in inventory.

7 Investments

	December 31, 2020 Fair value	Disposed	Gain/(Loss)	Foreign exchange	June 30, 2021 Fair value
Oroco common shares	\$ 1,049	\$ (354)	\$ 816	\$ 30	\$ 1,541

	December 31, 2019 Fair value	Disposed	Gain/(Loss)	Foreign exchange	December 31, 2020 Fair value
Oroco common shares	\$ 371	\$ (268)	\$ 925	\$ 21	\$ 1,049

As at June 30, 2021 the Company held 597,000 (2020 – 722,000) common shares of Oroco Resource Corp. ("Oroco"). During the period ended June 30, 2021 the Company sold 125,000 (2020 – 100,000) Oroco shares for total proceeds of \$354 (2020 \$37).

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8 Property, plant and equipment

	December 31, 2019	Additions	Disposals	December 31, 2020	Additions	Disposals	June 30, 2021
Cost							
Plant and mining equipment	\$ 10,448	\$ 467	\$ -	\$ 10,915	\$ 238	\$ -	\$ 11,153
Machinery	2,910	45	(254)	2,701	15	-	2,716
Office and furniture	249	8	-	257	4	-	261
Vehicles	975	52	(124)	903	89	(85)	907
Lab equipment	72	20	-	92	-	-	92
	\$ 14,654	\$ 592	\$ (378)	\$ 14,868	\$ 346	\$ (85)	\$ 15,129

	December 31, 2019	Depreciation	Disposals	December 31, 2020	Depreciation	Disposals	June 30, 2021
Accumulated Depreciation							
Plant and mining Equipment	\$ 9,315	\$ 503	\$ -	\$ 9,818	\$ 201	\$ -	\$ 10,019
Machinery	2,334	373	(254)	2,453	109	-	2,562
Office and furniture	249	4	-	253	1	-	254
Vehicles	849	56	(110)	795	21	(73)	743
Lab equipment	72	3	-	75	2	-	77
	\$ 12,819	\$ 939	\$ (364)	\$ 13,394	\$ 334	\$ (73)	\$ 13,655

Depreciation on property, plant and equipment for the period ended June 30, 2021 is \$334 (2020 - \$538) of which \$141 (2020 - \$299) is recorded as a cost of the mine, \$1 (2020 - \$1) is recorded as depreciation expense, \$192 (2020 - \$238) is included in inventory.

Carrying amount – Net book value	June 30, 2021	December 31, 2020
Plant and mining equipment	\$ 1,134	\$ 1,097
Machinery	154	248
Office and furniture	7	4
Vehicles	164	108
Lab equipment	15	17
	\$ 1,474	\$ 1,474

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9 Investments in associate - DynaMexico

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;

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- 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

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"Arbitration"). The Company received the \$1,111 appeal bond funds from DynaUSA which is recorded in other expenses on the statement of income (loss) and comprehensive income (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 December 4, 2020 DynaMexico filed another claim seeking recognition of the judgment under the Texas Uniform Foreign-Country 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. The Court has taken those motions under advisement.

The Company will continue to pursue the recovery of its original 50% interest in DyneMexico 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.

10 Mineral property

Carrying amount	Cerro Prieto
Balance, December 31, 2019	\$ 3,018
Depletion	(1,132)
Change in estimate ARO	(29)
Balance, December 31, 2020	1,857
Depletion	(739)
Balance, June 30, 2021	\$ 1,118

Cerro Prieto commenced commercial production on April 1, 2016 for accounting purposes. The project has an existing 2% NSR. In addition, there is a production royalty 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 Cerro Prieto Project, of the greater of (i) the first 90,000 ounces of gold produced from the Project and (ii) all ounces of gold produced from the Cerro Prieto Project until the completion of five full years after certain criteria have been met.

11 Loan payable

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 secured loan facility. Javier Reyes, a director of the Company, is the CEO and Chairman of Accendo. An initial drawdown of \$1,379 was used to repay the Credipresto facility and an additional \$421 was drawn for working capital.

The Accendo facility has the following terms:

- Amount USD \$1,800

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- 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 is available to draw on for 12 months, and bears interest at the rate of 12% per annum, accruing on the outstanding amount drawn under the Facility. Repayments begin 15 months after the first drawdown under the Facility, and are 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 paid to the Lender an arrangement fee in an amount equal to 0.925% of the Facility amount; and
- the Company issued to the Lender 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 13) 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 was used to repay the existing loan amount with Accendo

	June 30, 2021	December 31, 2020
Balance, January 1	\$ 1,525	\$ 733
Interest expense	91	131
Interest paid	(91)	(111)
Repayment	-	(728)
Transfer from original loans to combine into one facility	-	1,500
Classified as short-term	762	436
Long-term portion	\$ 763	\$ 1,089

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12 Right of use asset and lease liability

Right of use asset - equipment	June 30, 2021	December 31, 2020
Opening balance	\$ -	\$ 133
Recognized on adoption of IFRS 16	-	-
Derecognition of asset	-	(133)
Less: depreciation	-	-
	\$ -	\$ -

Right of use asset - office	June 30, 2021	December 31, 2020
Opening balance	\$ 60	\$ 186
Recognition of right of use asset	351	-
Derecognition of asset	-	(9)
Less: depreciation	(51)	(117)
	\$ 360	\$ 60
Total right of use assets	\$ 360	\$ 60

Lease liability	June 30, 2021	December 31, 2020
Opening balance	\$ 69	\$ 342
Accretion on lease liability	3	10
Lease payments	(62)	(141)
Recognition of liability	351	-
Derecognition of liability	-	(142)
	361	69
Less: current portion	(101)	(69)
Classified as long-term liability	\$ 260	\$ -

Undiscounted lease payments	June 30, 2021	December 31, 2020
Not later than a year	\$ 144	\$ 74
Later than a year	306	-
	\$ 450	\$ 74

The Company's leases relate to office and equipment leases. Interest expense on the lease liabilities for the period ended June 30, 2021 is \$3 (2020 - \$18). Depreciation of right-to-use assets is calculated using the straight-line method over the remaining lease term. Depreciation of equipment leases is recorded in cost of sales. During the period ended June 30, 2021, the Company incurred \$4,580 for leases with variable lease payments not included in lease liabilities. The variable lease payments relate to certain

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equipment with consideration based on usage. During the period ended June 30, 2021, the Company received \$38 from subleasing office space.

13 Warrant liability

	Number of warrants	Weighted average exercise price (C\$)	Warrant liability (US\$)
Balance, December 31, 2019	-	\$ -	\$ -
Warrants granted	7,500,000	0.025	75
Warrants granted	13,333,332	0.06	445
Change in fair value	-	-	25
Balance, December 31, 2020	20,833,332	\$ 0.047	\$ 545
Change in fair value	-	-	(90)
Balance, June 30, 2021	20,833,332	\$ 0.047	\$ 455

Expiry date	Number of warrants	Weighted Average exercise price (C\$)
June 29, 2023	7,500,000	0.025
August 31, 2022	13,333,332	0.06
Balance, December 31, 2020	20,833,332	0.047

On August 31, 2020, the Company closed a private placement and issued 26,666,667 units at a price of \$0.03 per unit, for aggregate gross proceeds of approximately \$600 (CAD \$800). 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. The fair value of warrants issued was calculated at \$445 and was determined on the date of issuance using the Black-Scholes option pricing model with the following weighted average assumptions: 0.23% risk free interest rate, expected life of 2 years, 117% annualized volatility and 0% dividend rate.

As part of a loan restructure, the Company issued 7,500,000 warrants to Accendo (note 11). Each warrant is exercisable for the purchase of one common share in the capital of the Company at a price of \$0.025 per share with an expiry date of June 29, 2023. The fair value of warrants issued was calculated at \$75 and was determined on the date of issuance using the Black-Scholes option pricing model with the following weighted average assumptions: 0.28% risk free interest rate, expected life of 3 years, 105% annualized volatility and 0% dividend rate.

The fair value allocated to the warrants at June 30, 2021 was \$455 (December 31, 2020 - \$545) and was recorded as a derivative financial liability as these warrants were exercisable in Canadian dollars, differing from the Company's functional currency. The unrealized gain recognized in the statement of loss and comprehensive loss for the period ended June 30, 2021 was \$90 (2020 - \$nil).

The fair value of the warrants was 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.

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	June 30, 2021	December 31, 2020
Expected warrant life	1.32 years	1.96 years
Expected stock price volatility	116.82%	208%
Dividend payment during life of warrant	Nil	Nil
Expected forfeiture rate	Nil	Nil
Risk free interest rate	0.26%	0.20%
Weighted average strike price CAD	\$ 0.05	\$ 0.05
Weighted average fair value per warrant CAD	\$ 0.026	\$ 0.033
Weighted average share price CAD	\$ 0.045	\$ 0.040

14 Share Capital

(i) Share Capital

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

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 (CAD \$800). 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. The fair value of warrants issued was calculated at \$445 and was determined on the date of issuance using the Black-Scholes option pricing model with the following weighted average assumptions: 0.23% risk free interest rate, expected life of 2 years, 117% annualized volatility and 0% dividend rate. As part of the financing the Company incurred \$9 in transaction costs.

(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 June 30, 2021, the remaining share options available for issue under the plan were 8,240,336 (December 31, 2020 – 8,120,336).

Total share options granted during the period ended June 30, 2021 was nil (2020 – nil). Total share-based compensation expense recognized for the fair value of share options granted and vested during the for the fair value of share options granted and vested during the period ended June 30, 2021 was \$41 (2020 - \$nil).

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	June 30, 2021		December 31, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding - beginning of period	13,060,000	\$ 0.10	15,455,000	\$ 0.16
Granted	-	-	8,150,000	0.035
Expired/forfeited	(120,000)	0.14	(10,545,000)	0.14
Outstanding - end of period	12,940,000	\$ 0.16	13,060,000	\$ 0.10

The following table discloses the number of options and vested options outstanding as at June 30, 2021:

Exercise price (C\$/option)	Options Outstanding			Options Exercisable		
	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)
\$0.07	1,440,000	1.82	\$ 0.07	1,440,000	1.82	\$ 0.07
\$0.27	3,350,000	0.57	0.27	3,350,000	0.57	0.27
\$0.035	8,150,000	4.33	0.035	4,075,000	4.33	0.035
Outstanding - end of period	12,940,000	3.08	\$ 0.10	8,865,000	2.50	\$ 0.16

The following table discloses the number of options and vested options outstanding as at December 31, 2020:

Exercise price (C\$/option)	Options Outstanding			Options Exercisable		
	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)
\$0.07	1,500,000	2.06	\$ 0.07	1,500,000	2.06	\$ 0.07
\$0.27	3,410,000	0.82	0.27	3,410,000	0.82	0.27
\$0.035	8,150,000	4.57	0.035	2,037,500	4.57	0.035
Outstanding - end of year	13,060,000	3.30	\$ 0.10	6,947,500	2.19	\$ 0.16

15 Related party transactions

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel. Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include officers, directors or companies with common directors of the Company. The remuneration of the Company's directors and other key management personnel during the period ended June 30, 2021 and 2020, are as follows:

	2021	2020
Short-term employee benefits included in salary and consulting	\$ 66	\$ 60
Director's fees included in professional fees	57	43
Share-based compensation	31	-
Consulting fees included in salary and consulting	54	54
	\$ 208	\$ 157

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Short-term employee benefits include salaries incurred within the last twelve months of the statement of financial position date and other annual employee benefits. They are included in cost of sales, administrative expenses and exploration and evaluation properties.

At June 30, 2021, accounts payable and accrued liabilities includes \$159 (December 31, 2020 - \$189) owing to a director and/or officer and/or companies controlled by the directors.

During the period ended June 30, 2021 the Company paid consulting fees totalling \$54 (2020 - \$54) to companies controlled by directors and/or officers of the Company.

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

16 Cost of sales

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Mining	\$ 2,502	\$ 1,233	\$ 5,523	\$ 3,264
Crushing	874	378	1,803	841
Plant and Laboratory	495	620	969	1,239
Mine administration	437	308	798	668
Machine maintenance	252	89	347	316
Royalty	450	249	864	540
Inventory impairment	-	(13)	-	143
Change in inventory	(251)	(581)	479	(670)
Other	111	94	270	158
	\$ 4,870	\$ 2,377	\$ 11,053	\$ 6,499

17 Finance cost

	Note	Three months ended June 30,		Six months ended June 30,	
		2021	2020	2021	2020
Accretion - Decommissioning obligation		\$ 3	\$ 16	\$ 7	\$ 30
Interest expense – Accendo loan	12	46	24	91	49
Interest on lease liabilities	13	-	8	3	18
Other finance cost		4	-	7	-
		\$ 53	\$ 48	\$ 108	\$ 97

18 Segmented disclosure

The Company operates in two geographical and two operating segments. The operating segments are managed separately based on the nature of operations. Mining operations consists of the Cerro Prieto project currently operational.

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

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	As at June 30, 2021			As at December 31, 2020		
	Canada	Mexico	Total	Canada	Mexico	Total
Assets						
Cash and cash equivalents	\$ 394	\$ 3,021	\$ 3,415	\$ 187	\$ 395	\$ 582
Investments	1,541	-	1,541	1,049	-	1,049
Other receivables and prepaid expenses	135	2,568	2,703	209	2,394	2,603
Inventory	-	2,896	2,896	-	3,430	3,430
Right of use asset	360	-	360	60	-	60
Property, plant and equipment	-	1,474	1,474	-	1,474	1,474
Mineral property	-	1,118	1,118	-	1,857	1,857
Liabilities						
Accounts payable and accrued liabilities	(1,606)	(4,429)	(6,035)	(1,391)	(5,104)	(6,495)
Tax payable	-	(922)	(922)	-	(61)	(61)
Loan payable	-	(1,525)	(1,525)	-	(1,525)	(1,525)
Warrant liability	(455)	-	(455)	(545)	-	(545)
Lease liability	(361)	-	(361)	(69)	-	(69)
Decommissioning obligation	-	(1,671)	(1,671)	-	(1,664)	(1,664)

Selected financial information by operating segments is as follows:

	As at June 30, 2021			As at December 31, 2020		
	Production	Corporate	Total	Production	Corporate	Total
Assets						
Cash and cash equivalents	\$ 3,021	\$ 394	\$ 3,415	\$ 513	\$ 69	\$ 582
Investments	-	1,541	1,541	-	1,049	1,049
Other receivables and prepaid expenses	2,568	135	2,703	2,394	209	2,603
Inventory	2,896	-	2,896	3,430	-	3,430
Right of use asset	-	360	360	-	60	60
Property, plant and equipment	1,474	-	1,474	1,474	-	1,474
Mineral property	1,118	-	1,118	1,857	-	1,857
Total assets	\$ 11,077	\$ 2,430	\$ 13,507	\$ 9,668	\$ 1,387	\$ 11,055

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Notes to Condensed Interim Consolidated Financial Statements

For the period ended June 30, 2021 and 2020

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

For the six months ended June 30, 2021

	Corporate	Cerro Prieto	Total
Revenue	-	14,633	14,633
Income before income taxes	(103)	3,212	3,219

For the three months ended June 30, 2021

	Corporate	Cerro Prieto	Total
Revenue	-	7,284	7,284
Income before income taxes	306	2,978	3,284

For the six months ended June 30, 2020

	Corporate	Cerro Prieto	Total
Revenue	-	8,555	8,555
(Loss) income before income taxes	(822)	761	(61)

For the three months ended June 30, 2020

	Corporate	Cerro Prieto	Total
Revenue	-	3,293	3,293
Income before income taxes	(355)	289	(66)

19 Commitments

- a. 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. As a result, the Company recorded a contingent share consideration of \$3,305 (December 31, 2020 - \$3,305). Subsequent to the sale of Caballo Blanco to Timmins Gold in fiscal 2014, the terms of these contingent shares remained unchanged. Pursuant to a plan of arrangement the right to receive shares has been transferred to Almadex Minerals Limited.
- b. The Company was entitled to receive an additional contingent consideration from the 2014 Caballo Blanco sale of \$5.0 million (“Contingent Gain”) that would 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 (“Environmental Permit”); or
 - A change in beneficial ownership of Timmins Gold of greater than 50%; or

Goldgroup Mining Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the period ended June 30, 2021 and 2020

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

- The removal or change, at one time, of a majority of the current members of the Timmins Gold Board of Directors

During the year ended December 31, 2016, the Company sold the contingent receivable to Credipresto for cash consideration of \$1,900, which was paid upon execution and the proceeds were used to pay back the principal of the Facility and recognizing a gain on sale of \$1,900. An additional \$600 will be contingently payable to the Company by Credipresto when the owner of Caballo Blanco receives the Environmental Permit. 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 June 30, 2021 due to the level of uncertainty surrounding the conditions required for the payments.

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 operations, 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 June 30, 2021, the Company expects its capital resources will require additional financial support for 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

Supplemental cash flow information	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Depreciation capitalized to exploration properties	\$ -	\$ -	\$ -	\$ -
Depreciation and depletion included in inventory	(52)	(68)	(192)	(238)
Derecognition of right of use asset and lease liability	-	-	-	133
Warrant liability recorded as deferred transaction costs	-	75	-	75
Recognition of right of use asset and liability	351	-	351	-