



**ANNUAL INFORMATION FORM**

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2023

**April 2, 2024**

**GOLDGROUP MINING INC.**  
**ANNUAL INFORMATION FORM**  
**FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2023**

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## GENERAL MATTERS

In this Annual Information Form, unless the context otherwise requires, the “Company” or “Goldgroup” refers to Goldgroup Mining Inc. and its subsidiaries. Unless otherwise indicated, information in the Annual Information Form is provided as of December 31, 2023.

This Annual Information Form should be read in conjunction with the Company’s consolidated financial statements and management’s discussion and analysis for the year ended December 31, 2023. The financial statements and management’s discussion and analysis are available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### Cautionary Statement on Forward-Looking Statements

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

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

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

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

This list is not exhaustive of the factors that may affect the Company's forward-looking information. These and other factors should be considered carefully, and readers should not place undue reliance on such forward-looking information. Investors should carefully consider the risks set out below under the heading "Risk Factors" as well as those contained in the management's discussion and analysis for the year ended December 31, 2023.

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

### **Compliance with NI 43-101**

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

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

### **Classification of Mineral Reserves and Mineral Resources**

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

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

The Mineral Resource and Mineral Reserve estimates contained in this annual information form have been prepared in accordance with the requirements of Canadian securities laws, which differ from the requirements of United States securities laws and uses terms that are not recognized by the United States Securities and Exchange Commission ("SEC"). The terms "Mineral Reserve", "Proven Mineral Reserve" and "Probable Mineral Reserve" are Canadian mining terms as defined in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") — Definition Standards adopted by CIM Council on May 10, 2014 (the "CIM Definition Standards") which were incorporated by reference in the Canadian Securities Administrators' National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43- 101"). These

definitions differ from the definitions in SEC Industry Guide 7 (“SEC Industry Guide 7”) under United States securities laws. Under SEC Industry Guide 7 standards, a “final” or “bankable” feasibility study is required to report reserves or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

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

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

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

#### **Non-GAAP Measure - Cash Costs**

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

These gold cash costs differ from measures determined in accordance with IFRS. They are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures are not necessarily indicative of net earnings or cash flow from operations as determined under IFRS. Refer to Goldgroup’s management’s discussion and analysis for the year ended December 31, 2023 filed on SEDAR at [www.sedar.com](http://www.sedar.com) for a reconciliation of total cash cost to the most directly comparable IFRS measure.

#### **Currency Presentation and Exchange Rate Information**

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

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

|             | 2023 (*)  | 2022 (*)  | 2021 (*)  |
|-------------|-----------|-----------|-----------|
| High        | C\$1.3875 | C\$1.3856 | C\$1.2942 |
| Low         | C\$1.3128 | C\$1.2451 | C\$1.040  |
| Average (*) | C\$1.3497 | C\$1.3011 | C\$1.2942 |
| Closing     | C\$1.3226 | C\$1.3544 | C\$1.2678 |

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

On December 31, 2023, the closing exchange rate for Canadian dollars in terms of the United States dollar, as quoted by the Bank of Canada, was US\$1.00 = C\$1.3226.

## Historic Gold Prices

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

|         | 2023  | 2022  | 2021  |
|---------|-------|-------|-------|
| High    | 2,115 | 2,039 | 1,943 |
| Low     | 1,811 | 1,629 | 1,684 |
| Average | 1,943 | 1,800 | 1,797 |
| Closing | 2,063 | 1,814 | 1,806 |

### 1.1 NAME, ADDRESS AND INCORPORATION

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

#### *Business Combination between Sierra Minerals and Goldgroup*

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

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

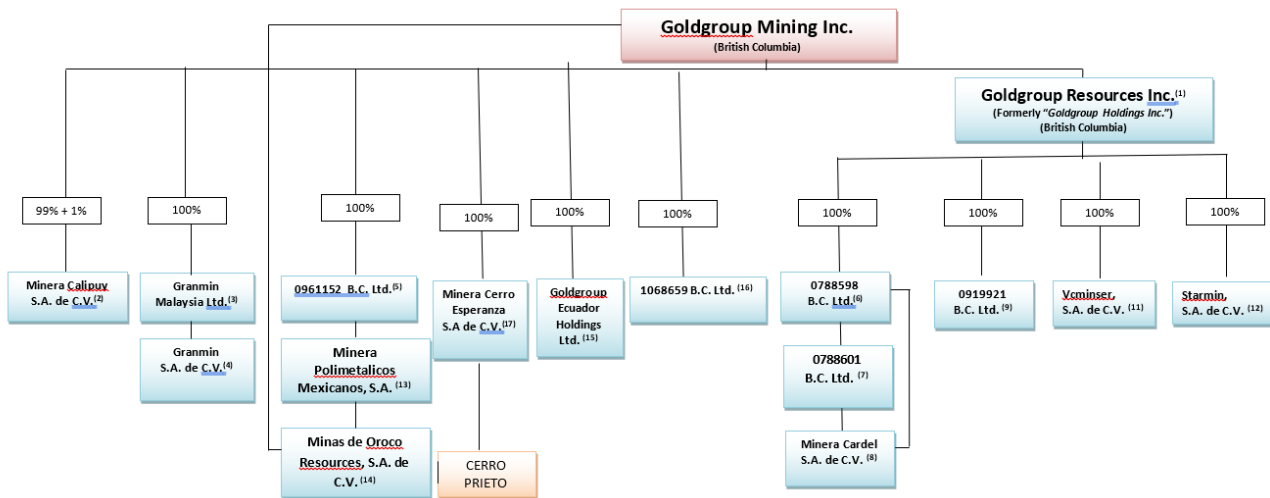
On May 7, 2010, the Company began trading on the Toronto Stock Exchange (“TSX”) under its new symbol “GGA”. The Company also trades on the Over-The-Counter (“OTC”) market under the symbol “GGAZF”. On June 21, 2012, the Company began trading on the Sistema Internacional de Cotizaciones (SIC) of the BMV-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

## Change in Jurisdiction

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

## INTER-CORPORATE RELATIONSHIPS

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



### Notes:

- |   |  |
|---|--|
| (1) Goldgroup Resources Inc.                | Incorporated - British Columbia, Canada (100% owned by Goldgroup Mining Inc.)  |
| (2) Minera Calipuy S.A. de C.V.             | Incorporated - Mexico (9,999 Common Shares Held by Goldgroup Mining Inc. & 1 Common Share by Peter James Mullen)   |
| (3) Granmin Malaysia Ltd.                   | Incorporated - Labuan, Malaysia (100% owned by Goldgroup Mining Inc.)  |
| (4) Granmin S.A. de C.V.                    | Incorporated - Mexico (99 Shares held by Granmin Malaysia Ltd. and 1 share owned by S. Diegotti)   |
| (5) 0961152 B.C. Ltd.                       | Incorporated - British Columbia, Canada (100% owned by Goldgroup Mining Inc.)  |
| (6) 0788598 B.C. Ltd.                       | Incorporated - British Columbia, Canada (100% owned by Goldgroup Resources Inc.)   |
| (7) 0788601 B.C. Ltd.                       | Incorporated - British Columbia, Canada (100% owned by 0788598 B.C. Ltd.)  |
| (8) Minera Cardel S.A. de C.V.              | Incorporated - Mexico (495 shares held by 0788598 B.C. Ltd. & 5 shares owned by 0788601 B.C. Ltd.)   |
| (9) 0919921 B.C. Ltd.                       | Incorporated - British Columbia, Canada (100% owned by Goldgroup Resources Inc.)   |
| (10) Vcmiser, S.A. de C.V.                  | Incorporated - Mexico (99 shares held by Goldgroup Resources Inc. & 1 share held by Anthony Balic)   |
| (11) Starmin, S.A. de C.V.                  | Incorporated - Mexico (99 shares held by Goldgroup Resources Inc. & 1 share held by Anthony Balic)   |
| (12) Starmin, S.A. de C.V.                  | Incorporated - Mexico (99 shares held by Goldgroup Resources Inc. & 1 share held by Anthony Balic)   |
| (13) Minera Polimetalicos Mexicanos, S.A.   | Incorporated - Panama (1,000 shares held by 0961152 B.C. Ltd. -100%)   |
| (14) Minas de Oroco Resources, S.A. de C.V. | Incorporated - Mexico (Serie B 126,400 shares held by Goldgroup Mining Inc. 99.96046%, Minera Polimetalicos Mexicanos, S.A. Serie A 0.03875% & Enrique Peralta Serie A 0.00079%) |
| (15) Goldgroup Ecuador Holdings Ltd.        | Incorporated - British Columbia, Canada (100% owned by Goldgroup Mining Inc.)  |
| (16) 1068659 B.C. Ltd.                      | Incorporated - British Columbia, Canada (100% owned by Goldgroup Mining Inc.)  |
| (17) Minera Cerro Esperanza S.A. de C.V.    | Incorporated - Mexico (100% owned by Goldgroup Mining Inc.)  |

## GENERAL DEVELOPMENT OF THE BUSINESS

### OVERVIEW

Goldgroup is focused on the acquisition, exploration and development of advanced stage gold-bearing mineral properties in the Americas. The Company’s current gold exploration, development and production activities are conducted in Mexico, where the Company operates its 100% owned Cerro Prieto Mine in Sonora. During the fiscal year ended December 31, 2023, the Company listed on the Toronto Stock Exchange (“TSX”) and subsequent to year end transitioned to the Toronto Venture Exchange (“TSX-V”) on February 20, 2024.



## 1.2 THREE YEAR HISTORY

### 2021

- In Q4 2021, the Company moved production from Cerro Prieto to the Company's Puma zone which is an exploration and evaluation property. Production for 2022 is anticipated to come entirely from the Puma zone.
- During the year ended December 31, 2021, the Company produced 12,906 ounces of gold (Cerro Prieto 9,686, Puma 3,220) (December 31, 2020 – 11,441 ounces of gold).
- During the year ended December 31, 2021, the average realized price for the gold sold was \$1,805 (December 31, 2020 – \$1,764).
- During the year ended December 31, 2021, Cerro Prieto's all-in sustaining cost of production per ounce was \$1,422<sup>(1)</sup> and all-in cost per ounce was \$1,645. During the year ended December 31, 2021, Puma's all-in sustaining cost of production per ounce was \$2,004 and all-in cost per ounce was \$2,227.
- During the year ended December 31, 2020, the Company's all-in sustaining cost of production per ounce was \$1,570<sup>(1)</sup> and all-in cost per ounce was \$1,821
- Cerro Prieto – the Company is pursuing exploration of nearby areas within our concessions to extend mine life and potentially increase production. The Company intends to pruse re-leaching material to extract residual gold from previously leached material which is expected to increase gold production in the coming quarters.

### 2022

- In Q4 2021, the Company began operations in the new Puma zone which is classified as an exploration and evaluation asset where all related revenue and production costs are capitalized and the minimal production from the Cerro Prieto pit in Q1 2022 was recorded as revenue and cost of sales which accounts for the significant reduction in statement of loss and comprehensive loss compared to the prior year periods.
- During the year ended December 31, 2022, the Company produced 11,274 ounces of gold (Cerro Prieto 392, Puma 10,882) (December 31, 2021 – Cerro Prieto 9,686, Puma 3,220).
- During the year ended December 31, 2022, the average realized price for the gold sold was \$1,810 (December 31, 2021 – \$1,800).
- During the year ended December 31, 2022, Puma's all-in sustaining cost of production per ounce was \$2,360 and all-in cost per ounce was \$2,619. As the Puma zone is classified as an exploration and evaluation asset there is no inventory adjustment in the calculation of cash costs. As operations has significantly built-up work-in-progress ounces in stockpile and on the leach pad, the cash cost number would be lower if an inventory adjustment was included and therefore the prior periods are not comparable.
- During the year ended December 31, 2022, Cerro Prieto's all-in sustaining cost of production per ounce was \$2,485 and all-in cost per ounce was \$2,804. During the year ended December 31, 2021, Cerro Prieto's all-in sustaining cost of production per ounce was \$1,422 and all-in cost per ounce was \$1,645.

### 2023

- In Q4 2021, the Company began operations in the new Puma zone which is classified as an exploration and evaluation property and all related revenue and production costs are capitalized which accounts for the minimal revenue and cost of sales in the statement of loss and comprehensive loss in fiscal 2022. In the later quarters of 2023, more

production has come from the Cerro Prieto pit and therefore more revenue and cost of sales has been recorded than in comparative periods. The Company fully mined out the Puma zone in Q4 2023.

- During the year ended December 31, 2023, the Company produced 12,911 ounces of gold (Cerro Prieto 4,828, Puma 8,083) (December 31, 2022 – Cerro Prieto 392, Puma 10,883).
- During the year ended December 31, 2023, the average realized price for the gold sold was \$1,934 (December 31, 2022 – \$1,810).
- During the year ended December 31, 2023, Cerro Prieto’s all-in sustaining cost of production per ounce was \$2,078<sup>(1)</sup> and all-in cost per ounce was \$2,318<sup>(1)</sup>
- During the year ended December 31, 2023, Puma’s all-in sustaining cost of production per ounce was \$1,715<sup>(1)</sup> and all-in cost per ounce was \$1,960<sup>(1)</sup>

### **1.3 SIGNIFICANT ACQUISITIONS**

#### **2021**

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

#### **2022**

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

#### **2023**

On July 1, 2023, the Company entered into a settlement agreement (“Settlement Agreement”) with Minera Cerro Esperanza S.A de C.V. (“MER”) who acquired the Company’s secured loan with Accendo Banco S.A., Multiple Banking Institution (“Accendo”). As part of the Settlement Agreement, the Company transferred all of the Minas de Oroco concessions to MER in satisfaction of the Accendo loan and entered into an Exploitation and Option to Purchase Agreement with MER, which provided the Company with the right to continue to operate the Minas de Oroco mine in exchange for a 2% NSR and provided the Company will have the option to repurchase the assets for a payment of \$1,838,000 in cash or common shares of the Company an initial term of thirty (30) years and shall automatically renew for additional thirty (30) year periods not to exceed 99 years.

On October 6, 2023, the Company transferred the Cerro Prieto concessions and settled the outstanding Accendo facility. Then on October 17, 2023, the Company exercised its option to purchase all of the issued and outstanding common shares of MER and elected to settle the full option price of \$1,838,000 in common shares of the Company and issued 25,067,500 common shares.

## **DESCRIPTION OF THE BUSINESS**

### **1.4 GENERAL**

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

### 2021

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

### 2022

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

### 2023

- Cerro Prieto – the Company is pursuing exploration of nearby areas within our concessions to extend mine life and potentially increase production. The Company is investigating the possibility of re-leaching material to extract residual gold from previously leached material which is expected to increase gold production in the coming quarters.
- Puma zone - In Q4 2021 the Company began producing for the Puma zone which is an exploration and evaluation property and fully mined out this area in Q4 2023.
- Esperanza Zone - In Q4 2024 the Company began developing for production the Esperanza zone which is similar area in the same concession to the Puma zone.
- Satellite deposits – the Company is assessing additional satellite deposits in the area to evaluate whether there are economical ounces to be added to the Company’s resource base.

### *Cyclical and Seasonality*

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

### *Competitive Conditions*

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

### *Environmental Protection*

The current and future operations of the Company, including development activities on its properties, are subject to laws and regulations and best practice principles governing exploration, development, waste disposal, greenhouse gas emissions, protection and remediation of environment, reclamation, hazardous substances and other matters. Compliance with such laws and regulations increases the costs of and delays planning, designing, drilling and developing the Company’s properties. The

Company plans to diligently attempt to apply technically proven and economically feasible measures to advance protection of the environment throughout the exploration and development process. Current costs associated with compliance are considered normal.

#### *Foreign Operations*

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

#### *Employees*

Goldgroup employed 3 employees for the year ended December 31, 2023 (2022 – 3 employees; 2021 – 2 employees) at its head office in Vancouver, British Columbia.

Goldgroup employed 145 employees for the year ended December 31, 2023 (2022 – 139 employees; 2021 – 137 employees) in Mexico.

#### *Social and Environmental Policies*

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

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

## **1.5 RISK FACTORS**

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

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

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

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

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

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

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

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

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

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

#### ***Calculations of mineral resources are estimates and are subject to uncertainty***

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

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

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

#### ***There are no assurances of future economical production***

During the year ended December 31, 2023, total gold production was 12,911 ounces of gold (2022 – 11,274, 2021 – 12,906). There can be no assurances for future gold production at the Cerro Prieto mine which would be considered economical. The Company has concentrated on bringing improved efficiency into the operations to allow profitability at lower metal prices.

#### ***Exploration at Cerro Prieto may not be successful***

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

#### ***General economic conditions may adversely affect our growth and profitability***

Recent events in global financial markets have had a profound impact on the global economy. Many industries, including the precious and base metals mining industry, are impacted by these market conditions. Some of the key impacts of the current

financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect Goldgroup's growth and profitability.

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

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

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

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

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

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

***Goldgroup will need to raise additional capital***

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

## *Goldgroup's Obligations under a Loan Facility*

### **Accendo Loan**

During the year ended December 31, 2020, the Company closed an agreement with Accendo Banco S.A., Multiple Banking Institution (the "Accendo"), for a \$3,000,000 secured loan facility. Javier Reyes, a director of the Company, was the CEO and Chairman of Accendo at that time, although is currently no longer associated with Accendo.

#### *The Facility Terms*

The Facility was available to draw on for 12 months, and bore interest at the rate of 12% per annum, accruing on the outstanding amount drawn under the Facility. Repayments were set to begin 15 months after the first drawdown under the Facility, and be payable in equal installments, quarterly in arrears until the final repayment date of 36 months from the date of the first drawdown. Minas de Oroco had the 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 was to be requested with two days' notice, and will have a separate promissory note.

As consideration for the Loan:

- The Company paid Accendo an arrangement fee in an amount equal to 0.925% of the facility amount, payable on the date of the first disbursement under the Facility; and
- the Company issued Accendo a total of 7,500,000 common share purchase warrants exercisable to purchase one common share in the capital of the Company at a price of CAD\$0.025 for a period of 36 months.

The Facility was 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;

During the fourth quarter of the year ended December 31, 2021, the Company was made aware that the Mexican National Banking and Securities Commission notified Accendo of the revocation of its authorization to organize and operate as a multiple banking institution due to Accendo falling below the regulatory minimum levels of liquidity coverage ratio of the institution and that Accendo was being placed in liquidation. The Accendo Facility was acquired by MER from the bankruptcy proceedings and the Company settled the amount outstanding during the year ended December 31, 2023.

### **Calu Loan**

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

On December 9, 2022, the Company entered into an amending loan agreement (the “Amended Loan Agreement”) with Calu Opportunity Fund LP, previously known as Sail Natural Resources LP, (the “Lender”) in the principal amount of USD\$2,160,000 (the “Amended Loan”). This Amended Loan includes USD \$550,000 previously advanced to the Company under the Loan Agreement, which was restructured into the current Amended Loan amount. The Amended Loan is unsecured, bears interest at 6% per annum and is repayable on December 31, 2023. On June 28, 2023, the Company received shareholder approval to transition the Amended Loan into a convertible debt instrument with the face value of \$2,160,000 being convertible into common shares of the Company at CAD \$0.10 per share at a fixed FX rate of 1.345 USD to CAD. During the period ended December 31, 2023, total convertible debt held was converted into 29,052,000 shares.

### ***Goldgroup may experience difficulties with its jointly held property partners***

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

### ***Overview***

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

### ***Legal disputes***

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

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

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

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

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

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

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



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

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

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

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

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

#### **Results and Award from Arbitration**

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

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

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

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

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

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

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

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

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

The court's order confirms all of the relief outlined in the August 2016 arbitration award, including DynaUSA having to: pay the Company \$404,000 in costs and attorney fees; pay the Company \$86,000 in separate fees and expenses; and pay DynaMexico \$1,045,000 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 \$1,107,000 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 \$1,111,000 bond before July 28, 2020, but denied DynaResource's request to stay the non-monetary awards of the judgement. This bond has been posted and therefore the monetary awards are stayed pending the outcome of Dyna's appeal of the arbitration award. The appeal is fully briefed, and the Tenth Circuit Court of Appeals in Denver, Colorado, heard argument on the appeal on March 9, 2021.

On April 16, 2021, the Tenth Circuit Court of Appeals (the "Circuit Court") affirmed the May 9, 2019 order and judgment from United States District Court for the District of Colorado, which confirmed the arbitration award (the "Arbitral Award") the Company received on August 14, 2016 pursuant to an arbitration held in Denver, Colorado, commencing in March 2014 (the "Arbitration"). The Company received the \$1,111,000 appeal bond funds from DynaUSA which is recorded in other expenses on the statement of loss and comprehensive loss.

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

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

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

On December 4, 2020, DynaMexico filed another claim seeking recognition of the judgment under the Texas Uniform Foreign-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 and on May 12, 2021, the 134th Judicial District Court, as a District Court of the State of Texas, ruled it is not required to recognize DynaMexico's foreign judgment from the country of Mexico. DynaUSA has appealed this decision and the appeal has been fully briefed and oral arguments were held on April 20, 2022. On May 2, 2023, the court of appeals dismissed DynaUSA's appeal.

On March 6, 2023, the Company announced that it has filed a Request for Arbitration with the International Centre for Settlement of Investment Disputes ("ICSID") against the United Mexican States. The treatment and inaction by the Mexican courts have resulted in a judicial expropriation of its subsidiary's investment in DynaMexico and a denial of justice in breach of Mexico's obligations under the North American Trade Agreement ("NAFTA"). On February 7, 2024, the Company filed

its Memorial related to the NAFTA claim and is awaiting the response from the Mexican government. The Company is seeking damages as a result of Mexico's breaches of NAFTA.

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

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

***Goldgroup's operations are subject to political and country risk***

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

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

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

***Goldgroup is subject to government regulation***

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

***Goldgroup may not have adequate land and/or surface rights***

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

***Environmental risks and other hazards***

All phases of a company's mining operations are typically subject to environmental regulation in the various jurisdictions in which the Company operates. Environmental legislation in many countries is evolving and the trend has been toward stricter

standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and increasing responsibility for companies and their officers, directors and employees.

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

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

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

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

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

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

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

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

***Goldgroup's directors and officers may have conflicts of interest***

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

***Goldgroup may experience problems integrating new acquisitions***

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

an acquisition outside of markets in which the Company has previously operated, conducting and managing operations in a new operating environment.

### ***Competition***

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

### ***Theft***

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

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

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

### ***Uninsured risks and inadequate insurance coverage***

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

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

### ***Legal proceedings***

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

### ***Going concern***

The Company has experienced recurring operating losses and has an accumulated deficit of \$156,137,000 at December 31, 2023. In addition, as at December 31, 2023, the Company has working capital deficiency of \$8,407,000. 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”). These matters result in material uncertainties that may cast significant doubt on the Company’s ability to continue as a going concern. These consolidated financial statements do not include any adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenues and expenses, and the classifications used in the statement of financial position.

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

#### ***Community relations and license to operate***

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

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

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

#### ***Outside contractor risks***

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

#### ***Risks related to archaeological sites***

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

#### ***Foreign currency risks***

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

#### ***Security and human rights***

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

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

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

#### *Land reclamation and mine closure requirements may be burdensome and costly*

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

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

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

#### *COVID-19*

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

## **1.6 MINERAL PROJECTS**

### **1.6.1 CERRO PRIETO PROJECT**

The Cerro Prieto Mine is an open pit heap leach gold mine located in Sonora, Mexico. Goldgroup, through its 100% owned subsidiary Minas de Oroco SA de CV ("Oroco") commenced mining operations at Cerro Prieto in 2013 based upon a measured and indicated resource of 8,220,000 metric tonnes of 0.81 g/t Au, 17.22 g/t Ag, 0.21% Pb and 0.54% Zn, published in a 2013 technical report. These resources have been fully exploited as of mid 2013 whereafter, the Company has been mining additional unpublished mineralization identified during subsequent exploration but this mineralization has not yet been included in a published resource calculation.

**It should be noted that all of the Company's historic mining of the above published resources and mineralization was conducted without the benefit of completing a feasibility study and Investors are further cautioned that the Company has chosen to advance the newly discovered mineralization into production without the benefit of completing a feasibility study demonstrating economic and technical viability or, an independent technical report confirming resources. Accordingly, readers should be cautioned that Goldgroup's production decision has been made without a comprehensive feasibility study of established reserves or resources such that there is greater risk and uncertainty as to future economic results from the**

## **Cerro Prieto Mine and a higher technical risk of failure than would be the case if a feasibility study were completed and relied upon to make a production decision.**

From start of mining operations 2015 to date, Cerro Prieto has produced 117,033 ounces of gold and 291,707 ounces of silver at the project. Ongoing mining operations continue to produce approximately 1,000 – 1,200 ounces of gold monthly.

## **Historic 2013 NI 43-101 Compliant Published Technical Report**

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

Unless otherwise stated, information of a technical or scientific nature related to the Cerro Prieto Project contained in this annual information form is summarized or extracted from the 2013 Technical Report or in the case of recent exploration and mining, is provided by the Company. For a complete description of assumptions, qualifications and procedures associated with the information in the Cerro Prieto 2013 Technical Report, reference should be made to the full text of the, which is available under Goldgroup’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

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

### *Status of Operations and Outlook*

Gold is produced in doré on site in Mexico and then shipped to a refiner in the United States for final refining prior to sale. Cerro Prieto is subject to a 2% NSR royalty payable upon production.

## **Property Description and Location**

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

Mexican mining- concession have a duration of 50 years from the date of registration with the potential to renew for a further 50 years. Rental fees must be paid twice a year (end of January and end of July). Annual rental fees total \$77,500 Mexican Pesos for San Felix, \$2,962 Mexican Pesos for San Francisco, \$947,322 Mexican Pesos for Cerro Prieto and \$1,595,436 Mexican Pesos for Argonauta 6 Fraccion. The Elba requires an annual payment of \$2,198 Mexican Pesos, the Huerto de Oro requires \$7,554 and the Reyna de Plate \$3,700.

On July 1, 2023, the Company entered into a settlement agreement (“Settlement Agreement”) with Minera Cerro Esperanza S.A de C.V. (“MER”) who acquired the Company’s secured loan with Accendo Banco S.A., Multiple Banking Institution (“Accendo”). As part of the Settlement Agreement, the Company transferred all the Cerro Prieto Project concessions to MER in satisfaction of the Accendo loan and entered into an Exploitation and Option to Purchase Agreement with MER, which provided the Company with the right to continue to operate the Minas de Oroco mine in exchange for a 2% NSR and provided that the Company have the option to repurchase the concessions for a payment of \$1,838,000 in cash or common shares of the Company. The Option had an initial term of thirty (30) years and automatically renews for additional thirty (30) year periods not to exceed 99 years. On October 6, 2023, the Company transferred the Cerro Prieto Project concessions and settled the outstanding Accendo facility.



On October 17, 2023, the Company exercised its option to purchase all of the issued and outstanding common shares of MER and elected to settle the full option price of \$1,838,000 in common shares of the Company and issued 25,067,500 common shares regaining ownership of the Cerro Prieto Project concessions.

## Concession Information and Ownership

| Concession Name      | Certificate Number | Area (Hectares) | Staking Date      | Expiration Date   | Royalty | Owner of Record        |
|----------------------|--------------------|-----------------|-------------------|-------------------|---------|------------------------|
| SAN FÉLIX            | 176213             | 205.1784        | August 26, 1985   | August 25, 2035   | 2% NSR  | Minera Cerro Esperanza |
| SAN FRANCISCO        | 182330             | 10              | February 1, 1989  | June 12, 2038     | 2% NSR  | Minera Cerro Esperanza |
| ARGONAUTA 6 Fraccion | 236194             | 4120            | May 19, 2010      | March 15, 2057    | 2% NSR  | Minera Cerro Esperanza |
| CERRO PRIETO         | 229932             | 2,508.00        | July 3, 2007      | July 2, 2057      | Nil     | Minera Cerro Esperanza |
| FRACCIÓN ELBA        | 177302             | 5.82            | March 18, 1986    | March 17, 2036    | Nil     | Minera Cerro Esperanza |
| HUERTO DE ORO        | 172314             | 20              | November 23, 1983 | November 23, 2033 | Nil     | Minera Cerro Esperanza |
| REYNA DE PLATA       | 177266             | 9.79            | March 17, 1986    | March 16, 2036    | Nil     | Minera Cerro Esperanza |

## Accessibility, Climate, Local Resources, Infrastructure and Physiography

### Accessibility

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

### Climate

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

### Local Resources and Infrastructure

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

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

### Physiography

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

The maximum local elevation is approximately 1200 metres above sea level (asl). From the arroyo at the south end of the San Francisco concession (Arroyo Las Rastras) the topography slopes steeply upwards to the north. This has allowed a series of open cuts to be constructed during the period of active mining in the early 1900s production.

## History

### Pre-Goldgroup/Oroco

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

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

From the closing of the historic underground mine to the to the start of the Company's open pit mining operation in 2013 only a small amount of work had been done. During the First World War (1914-1918) extraction and re-processing of tailings from the original operation was carried out. This work attempted to make a vanadium concentrate for sale, but no commercial vanadium product was ever reported.

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

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

Wulfenite, (PbMoO<sub>4</sub>), and mimetite, (Pb<sub>5</sub>(AsO<sub>4</sub>)<sub>3</sub>Cl) crystals have been mined from Cerro Prieto commencing in the early 1970s, when samples first appeared on the crystal specimen market (White, 1972; Bideaux, 1972; Moore, 2004). Local miners have collected samples from open cavities within the main Cerro Prieto vein intermittently from that time until the early 1990s. From 1990 to 1993 a ramp was driven down from the 900 Level by a crew led by Bryan and Ed Swoboda. This ramp provided access to the 1000 Level and 1050 Level to allow the continuation of the collection of mineral specimens. This collecting continued until 1994.

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

Following the report by Perry and Mulchay (1934), Anaconda Copper Co. drilled three diamond drill holes from underground stations on the 1000 Level. Although no detailed drill logs exist, the Anaconda report stated that:

# Geological Setting

## *Regional Geology*

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

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

## *Property Geology*

### *Stratigraphy*

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

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

### *Structural Geology*

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

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

### *Mineralization*

Historical information (Manning, 1969; Pye, 1972; Smith, 1986) reported that the mineralized veins are confined to the hanging wall and footwall boundaries of the shear zone. Investigation by Dr. Bain confirmed this but also showed that there are two major veins. The main East Vein, averaging 1.7 metres in width, lies on or close to the east wall of the shear zone. The

narrower West Vein, which averages 1.0 metres in width, lies against the west wall of the shear zone. In addition to these two major veins the shear zone usually carries one or more subsidiary zones of mineralization, both as disseminations in the wallrock and in narrow (1 to 40 centimetres wide) veins and stringers, between the two major veins. These are not as persistent as the main vein. They are en echelon and parallel the major veins. These subsidiary mineralized zones were seen by Dr. Bain at the 600 Level and 800 Level adits west of the main workings (access to East Vein) and represent surface exposure of these subsidiary veins.

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

### ***Deposit Type***

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

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

## **Recent Exploration 2012-2014**

Mining of the above published resources was focused within the El Centro, Union and South Pit zones along a mineralized structurally controlled shear zone, the "Cerro Prieto Shear" over a strike length of approximately 1,600 meters. A fourth zone, Puma, offset from the Cerro Prieto Shear was discovered and drilled in 2019 to 2023 and mined from 2020 to 2023. See Figure 1 for zone locations.

The published and now exploited 2013 resources and new mineralized zones referred to below, were/are located within or near the Cerro Prieto Shear, a major north trending, near vertical shear zone up to 65 metres wide, that contains a series of major veins near the edges of the zone, secondary veins, stringers zones, breccia zones and silicification which, with the veins, forms a mineralized system from 15 to 65 metres thick.

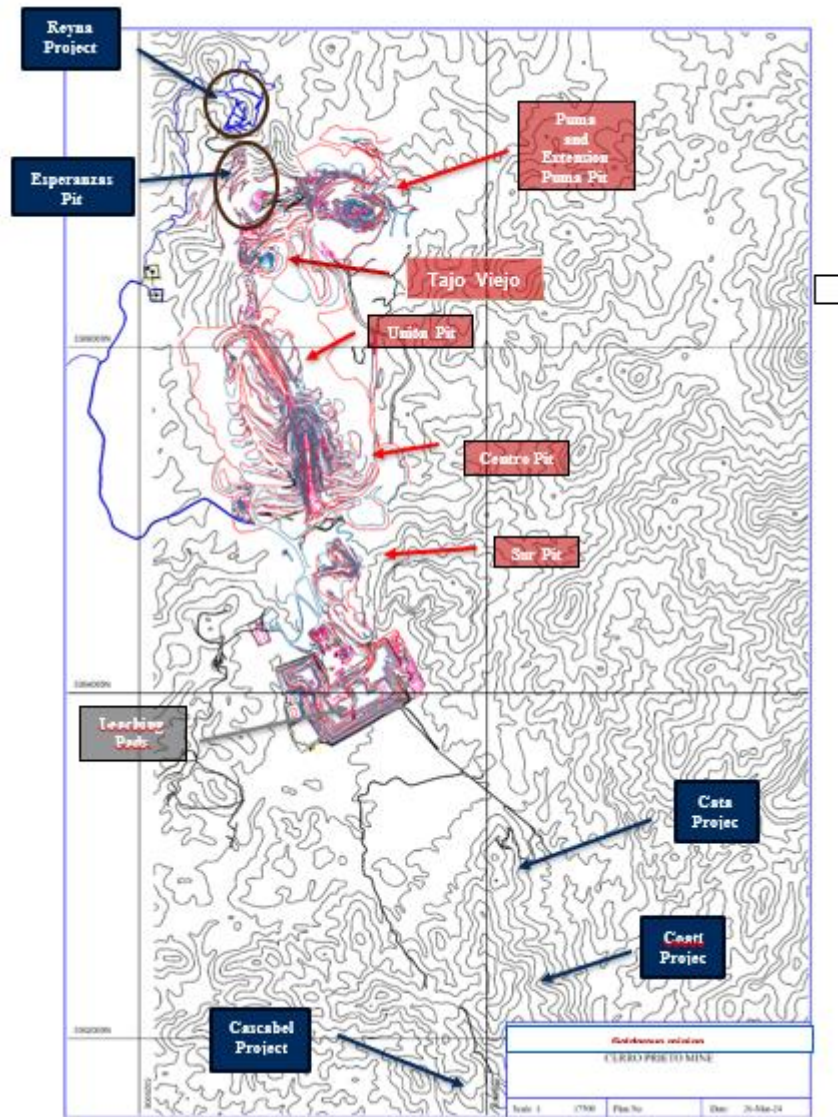


Figure 1.  
*Mined zones and Exploration Zones*  
*(for details of exploration zones see Figure 3 below.)*

The Cerro Prieto Shear extends to the north from the Union Zone at least an additional 1,300 meters where exploration has identified gold mineralization in the Esperanzas, Cumbre, Nueva Esperanza and Reyna zones. The Esperanzas and Cumbre zones have been drill tested with 30 core holes on a 25m line spacing with two or three holes per section over a strike length of approximately 150 to 200 meters. Nueva Esperanza has been drill tested with 16 more widely spaced holes and the Reyna has been trench sampled but has not yet been drilled. An industry standard quality assurance-quality control program was followed during the drilling program.

# Cumbre – Esperanzas Zones 2023 Drilling

Highlights of some significant drill hole intersections

- DDH Hole **CP362** - meters of **19.70 @ 1.03 g/t** Gold and 3.58 g/t Silver
- DDH Hole **CP384** - meters of **12.20 @ 1.26 g/t** Gold and 0.64 g/t Silver
- DDH Hole **CP374** - meters of **37.78 @ 0.88 g/t** Gold and 1.70 g/t Silver
- DDH Hole **CP367** - meters of **17.97 @ 1.13 g/t** Gold and 6.07 g/t Silver

Diamond Drilling sample fire assay analytical results for gold and silver for 30 holes drilled on the Cumbre and Esperanza are shown in Table I below. Drill hole location and orientation are shown in Table 2 and Figure 2 below. Independent sample assay analysis was conducted by ALS Chemex, located in Hermosillo, Mexico.

Table 1 – Assay Results Cumbre & Esperanza  
ESP=Interval width, Au and Ag in g/t

| HOLE_CP387 - ESPERANZAS                                      |       |       |      |      | HOLE_CP405 - ESPERANZAS                                       |        |       |      |       |
|--|-------|-------|------|------|---|--------|-------|------|-------|
| 3366725.66 N, 532563.2 E, 1145 ELEV, LENGTH 115.20, DIP -45° |       |       |      |      | 366879.01N, 532708.93 E, 1245.1ELEV, LENGTH 253.15, DIP -45°  |        |       |      |       |
| FROM   | TO    | ESP   | Au   | Ag   | FROM  | TO     | ESP   | Au   | Ag    |
| 22.85  | 24.40 | 1.55  | 0.28 | 4.79 | 18.30   | 21.80  | 3.50  | 0.20 | 0.00  |
| 41.10  | 42.70 | 1.60  | 0.48 | 3.63 | 25.20   | 30.50  | 5.30  | 0.37 | 0.00  |
| 44.20  | 45.75 | 1.55  | 0.52 | 0.00 | 45.76   | 51.85  | 6.09  | 0.24 | 11.57 |
| 55.72  | 57.71 | 1.99  | 0.43 | 2.68 | 68.20   | 70.20  | 2.00  | 0.33 | 3.25  |
| 59.70  | 75.48 | 15.78 | 0.46 | 5.80 | 138.60  | 147.70 | 9.10  | 0.62 | 2.86  |
|  | TOTAL | 22.47 |      |      | 165.25  | 173.50 | 8.25  | 0.32 | 1.73  |
|  |       |       |      |      | 183.00  | 184.50 | 1.50  | 0.22 | 19.42 |
|  |       |       |      |      | TOTAL   |        | 35.74 |      |       |
| HOLE_CP388 - ESPERANZAS                                      |       |       |      |      | HOLE_CP406 - ESPERANZAS                                       |        |       |      |       |
| 3366683.51N, 532597.49 E, 1154 ELEV, LENGTH 70.15, DIP -45°  |       |       |      |      | 366889.46 N, 532725.54 E, 1245 ELEV, LENGTH 219.2, DIP -45°   |        |       |      |       |
| FROM   | TO    | ESP   | Au   | Ag   | FROM  | TO     | ESP   | Au   | Ag    |
| 0.00   | 3.05  | 3.05  | 0.28 | 0.35 | 0.00  | 43.89  | 43.89 | 0.43 | 7.32  |
| 33.55  | 46.75 | 13.20 | 1.33 | 6.46 | 53.35   | 56.40  | 3.05  | 0.30 | 1.34  |
|  | TOTAL | 16.25 |      |      | 68.60   | 70.42  | 1.82  | 0.34 | 2.80  |
|  |       |       |      |      | 95.85   | 97.85  | 2.00  | 0.29 | 0.67  |
| HOLE_CP389 - ESPERANZAS                                      |       |       |      |      | HOLE_CP390 - ESPERANZAS                                       |        |       |      |       |
| 3366663.198 N, 532616 E, 1159 ELEV, LENGTH 50.3, DIP -45°    |       |       |      |      | 3366649.87 N, 532571.47 E, 1142 ELEV, LENGTH 108.25, DIP -45° |        |       |      |       |
| FROM   | TO    | ESP   | Au   | Ag   | FROM  | TO     | ESP   | Au   | Ag    |
| 15.25  | 19.80 | 4.55  | 0.30 | 0.47 | 0.00  | 3.05   | 3.05  | 0.66 | 0.00  |
| 24.40  | 36.60 | 12.20 | 0.77 | 0.31 |   | TOTAL  | 3.05  |      |       |
|  | TOTAL | 16.75 |      |      |   |        |       |      |       |

o.

Table 1 – Assay Results Cumbre & Esperanza, cont.

| HOLE_CP377 - NUEVA ESPERANZA                                     |        |       |      |       | HOLE_CP374 - ESPERANZAS  |        |       |      |       |
|--|--------|-------|------|-------|--|--------|-------|------|-------|
| 3367055.92 N, 532585.5 E, 1116 ELEV, LENGTH 146.4, DIP -45'      |        |       |      |       | 6791.41N, 532695.63 E, 1224.00 ELEV, LENGTH 247.05, DIP -45'   |        |       |      |       |
| FROM   | TO     | ESP   | Au   | Ag    | FROM   | TO     | ESP   | Au   | Ag    |
| 13.88  | 15.25  | 1.37  | 0.20 | 1.59  | 35.05  | 36.60  | 1.55  | 0.68 | 5.97  |
| 22.40  | 27.45  | 5.05  | 0.49 | 10.91 | 93.23  | 94.40  | 1.17  | 0.26 | 3.15  |
| 30.50  | 35.05  | 4.55  | 1.97 | 20.72 | 100.65   | 105.20 | 4.55  | 1.16 | 8.73  |
|  | TOTAL  | 10.97 |      |       | 111.30   | 112.85 | 1.55  | 4.78 | 4.30  |
|  |        |       |      |       | 127.00   | 128.47 | 1.47  | 0.34 | 0.00  |
|  |        |       |      |       | 130.37   | 134.20 | 3.83  | 0.83 | 0.15  |
|  |        |       |      |       | 135.70   | 137.25 | 1.55  | 0.43 | 0.00  |
|  |        |       |      |       | 155.27   | 158.97 | 3.70  | 0.75 | 4.17  |
|  |        |       |      |       | 161.65   | 164.41 | 2.76  | 0.45 | 1.17  |
|  |        |       |      |       | 172.30   | 185.50 | 13.20 | 2.05 | 3.18  |
|  |        |       |      |       | 189.88   | 193.05 | 3.17  | 0.34 | 0.72  |
|  |        |       |      |       | 215.00   | 216.16 | 1.16  | 0.26 | 10.03 |
|  | TOTAL  | 10.09 |      |       | TOTAL  |        | 39.66 |      |       |
|  |        |       |      |       |  |        |       |      |       |
| HOLE_CP378 - NUEVA ESPERANZA                                     |        |       |      |       | HOLE_CP373 - ESPERANZAS  |        |       |      |       |
| 3367081.47 N, 532545.41 E, 1091 ELEV, LENGTH 137.25, DIP -45'    |        |       |      |       | 6741.40 N, 532701.73 E, 1198.73 ELEV, LENGTH 138.75, DIP -45'  |        |       |      |       |
| FROM   | TO     | ESP   | Au   | Ag    | FROM   | TO     | ESP   | Au   | Ag    |
| 27.45  | 30.50  | 3.05  | 0.34 | 9.59  | 7.60   | 12.20  | 4.60  | 0.70 | 0.92  |
| 33.50  | 36.60  | 3.10  | 1.21 | 16.03 | 15.25  | 17.22  | 1.97  | 0.44 | 0.00  |
| 55.30  | 56.49  | 1.19  | 0.90 | 0.00  | 42.70  | 44.20  | 1.50  | 0.25 | 2.01  |
| 134.50   | 137.25 | 2.75  | 0.40 | 0.00  | 46.42  | 47.48  | 1.06  | 0.25 | 0.00  |
|  | TOTAL  | 10.09 |      |       | 69.53  | 70.65  | 1.12  | 0.31 | 0.00  |
|  |        |       |      |       | 74.70  | 77.10  | 2.40  | 0.98 | 0.00  |
|  |        |       |      |       | 86.25  | 87.45  | 1.20  | 0.31 | 0.00  |
|  |        |       |      |       | 133.78   | 137.78 | 4.00  | 0.29 | 2.21  |
|  |        |       |      |       | TOTAL  |        | 17.85 |      |       |
|  |        |       |      |       |  |        |       |      |       |
| HOLE_CP375 - ESPERANZA   |        |       |      |       | HOLE_CP384 - ESPERANZAS  |        |       |      |       |
| 8366687.69 N, 532653.179 E, 1176.61 ELEV, LENGTH 189.1, DIP -45' |        |       |      |       | 866693.15 N, 532700.72 E, 1172 ELEV, LENGTH 189.1, DIP -45'    |        |       |      |       |
| FROM   | TO     | ESP   | Au   | Ag    | FROM   | TO     | ESP   | Au   | Ag    |
| 3.05   | 6.60   | 3.55  | 0.33 | 5.09  | 93.00  | 94.55  | 1.55  | 0.36 | 1.79  |
| 12.20  | 13.70  | 1.50  | 0.31 | 0.00  | 97.60  | 111.30 | 13.70 | 1.15 | 0.44  |
| 15.25  | 16.75  | 1.50  | 0.25 | 1.66  |  | TOTAL  | 15.25 |      |       |
| 18.30  | 19.80  | 1.50  | 0.26 | 0.81  |  |        |       |      |       |
| 27.25  | 28.60  | 1.35  | 0.59 | 2.85  |  |        |       |      |       |
| 38.10  | 44.20  | 6.10  | 0.69 | 2.73  |  |        |       |      |       |
| 48.97  | 52.94  | 3.97  | 0.80 | 5.37  |  |        |       |      |       |
| 54.22  | 58.59  | 4.37  | 0.99 | 1.82  |  |        |       |      |       |
| 90.40  | 91.65  | 1.25  | 0.21 | 6.75  |  |        |       |      |       |
| 151.23   | 152.13 | 0.90  | 0.63 | 0.00  |  |        |       |      |       |
|  | TOTAL  | 25.93 |      |       |  |        |       |      |       |
|  |        |       |      |       |  |        |       |      |       |
| HOLE_CP412 - ESPERANZAS  |        |       |      |       | HOLE_CP383 - ESPERANZAS  |        |       |      |       |
| 8366866.74 N, 532687.48 E, 1245.89 ELEV, LENGTH 214.50, DIP -45' |        |       |      |       | 86714.11 N, 532716.377 E, 1178.8 ELEV, LENGTH 228.75, DIP -45' |        |       |      |       |
| FROM   | TO     | ESP   | Au   | Ag    | FROM   | TO     | ESP   | Au   | Ag    |
| 0.00   | 1.50   | 1.50  | 1.13 | 4.36  | 69.46  | 71.37  | 1.91  | 0.24 | 1.31  |
| 7.50   | 8.90   | 1.40  | 1.78 | 10.05 | 138.75   | 140.30 | 1.55  | 0.38 | 6.12  |
| 11.00  | 14.16  | 3.16  | 0.37 | 10.24 | 184.50   | 187.55 | 3.05  | 0.23 | 0.00  |
| 20.00  | 22.00  | 2.00  | 0.85 | 0.68  | 195.20   | 196.70 | 1.50  | 0.28 | 4.08  |
| 26.00  | 27.55  | 1.55  | 0.25 | 1.26  |  | TOTAL  | 8.01  |      |       |
| 29.55  | 31.55  | 2.00  | 0.24 | 0.00  |  |        |       |      |       |
| 39.60  | 42.65  | 3.05  | 0.43 | 3.23  |  |        |       |      |       |
| 47.60  | 54.25  | 6.65  | 0.60 | 13.83 |  |        |       |      |       |
| 57.71  | 59.45  | 1.74  | 0.42 | 8.92  |  |        |       |      |       |
| 64.52  | 66.00  | 1.48  | 0.29 | 7.00  |  |        |       |      |       |
| 81.00  | 84.00  | 3.00  | 2.23 | 19.62 |  |        |       |      |       |
| 90.00  | 100.50 | 10.50 | 0.57 | 6.39  |  |        |       |      |       |
|  | TOTAL  | 38.03 |      |       |  |        |       |      |       |
|  |        |       |      |       |  |        |       |      |       |
| HOLE_CP386 - ESPERANZAS  |        |       |      |       | HOLE_CP382 - ESPERANZAS  |        |       |      |       |
| 3366857.11 N, 532677.329 E, 1165.7 ELEV, LENGTH 137.5, DIP -45'  |        |       |      |       | 86617.88 N, 532539.136 E, 1138 ELEV, LENGTH 125.05, DIP -45'   |        |       |      |       |
| FROM   | TO     | ESP   | Au   | Ag    | FROM   | TO     | ESP   | Au   | Ag    |
| 41.11  | 43.25  | 2.14  | 0.87 | 0.00  | 0.00   | 7.85   | 7.85  | 0.26 | 4.57  |
| 61.00  | 67.10  | 6.10  | 2.05 | 5.59  | 15.85  | 21.38  | 5.53  | 0.20 | 1.79  |
| 76.25  | 77.90  | 1.65  | 0.24 | 6.64  | 30.05  | 31.95  | 1.90  | 0.22 | 0.00  |
|  | TOTAL  | 9.89  |      |       | 58.16  | 61.84  | 3.68  | 0.46 | 3.62  |
|  |        |       |      |       |  | TOTAL  | 18.96 |      |       |
|  |        |       |      |       |  |        |       |      |       |
| HOLE_CP385 - ESPERANZAS  |        |       |      |       | HOLE_CP381 - ESPERANZAS  |        |       |      |       |
| 3366766.95 N, 532723.646 E, 1201 ELEV, LENGTH 155.55, DIP -45'   |        |       |      |       | 8618.97 N, 532603.177 E, 1147.92 ELEV, LENGTH 59.45, DIP -45'  |        |       |      |       |
| FROM   | TO     | ESP   | Au   | Ag    | FROM   | TO     | ESP   | Au   | Ag    |
| 141.07   | 143.13 | 2.06  | 0.35 | 0.00  | 0.00   | 5.17   | 5.17  | 0.20 | 9.04  |
|  | TOTAL  | 2.06  |      |       |  | TOTAL  | 5.17  |      |       |
|  |        |       |      |       |  |        |       |      |       |

Table 2.- Drill hole information for Cumbre & Esperanzas

| DDH ESPERANZAS              |            |            |          |          |       |           |               |               |               |
|-----------------------------|------------|------------|----------|----------|-------|-----------|---------------|---------------|---------------|
| SECTION                     | LOCATION   |            |          | PLAN DDH | DDH   | AZ        | INC.          | PLANNED DEPTH | DRILLED DEPTH |
|                             | NORTH      | EAST       | ELEV     |          |       |           |               |               |               |
| 925                         | 3366730.91 | 532581.032 | 1156.032 |          | CP220 | 73        | -45           | 50            | 57.95         |
| 900                         | 3366704    | 532591     | 1150     |          | CP221 | 73        | -45           | 60            | 61            |
| 925                         | 3366740.38 | 532612.79  | 1177     |          | CP223 | 73        | -50           | 70            | 70.15         |
| 950                         | 3366759.43 | 532589.122 | 1170.7   |          | CP224 | 73        | -55           | 73            | 62.50         |
|                             | 3366636    | 532611     | 1148     |          | CP225 | 73        | -45           | 68            | 68.6          |
| TOTAL (m)                   |            |            |          |          |       |           |               | 321           | 320.20        |
| MARCH-APRIL                 |            |            |          |          |       |           |               |               |               |
| SECTION                     | LOCATION   |            |          | PLAN DDH | DDH   | AZ        | INC.          | PLANNED DEPTH | DRILLED DEPTH |
|                             | NORTH      | EAST       | ELEV     |          |       |           |               |               |               |
| 975                         | 3366829.04 | 532717.833 | 1226     | PBEE-01  | CP363 | 253       | -45           | 185           | 216.55        |
| 1000                        | 3366839.54 | 532682.951 | 1247.982 | PBEE-02  | CP362 | 253       | -45           | 150           | 152.5         |
| 1025                        | 3366866.74 | 532687.48  | 1245.897 | PBEE-03  | CP364 | 280       | -45           | 165           | 195.2         |
| N-S                         | 3366970.65 | 532654.185 | 1186     | PBEE-04  | CP365 | 0         | -90           | 130           | 131.15        |
|                             | 3366862.8  | 532674.73  | 1245.89  | PBEE-07  | CP366 | 253       | -45           | 150           | 183           |
| 1025                        | 3366850    | 532707     | 1239     | PBEE-08  | CP367 | 253       | -45           | 150           | 213.5         |
| TOTAL (m)                   |            |            |          |          |       |           |               | 930           | 1091.90       |
| MAY                         |            |            |          |          |       |           |               |               |               |
| SECTION                     | LOCATION   |            |          | PLAN DDH | DDH   | AZ        | INC.          | PLANNED DEPTH | DRILLED DEPTH |
|                             | NORTH      | EAST       | ELEV     |          |       |           |               |               |               |
| 975                         | 3366822.17 | 532688.87  | 1242.39  | PBEE-12  | CP370 | 253*      | -45*          | 200           | 239.40        |
| 1000                        | 3366860.76 | 532742.66  | 1227.72  | PBEE-13  | CP372 | 253*      | -45*          | 220           | 274.50        |
| 1025                        | 3366873.76 | 532707.12  | 1246.32  | PBEE-14  | CP371 | 253*      | -45*          | 140           | 208.90        |
| 950                         | 3366791.41 | 532695.63  | 1224.00  | PBEE-16  | CP374 | 253*      | -45*          | 150           | 247.05        |
| 900                         | 3366741.40 | 532701.73  | 1198.73  | PBEE-18  | CP373 | 253*      | -45*          | 155           | 138.75        |
| 875                         | 3366687.69 | 532653.179 | 1176.61  | PBEE-20  | CP375 | 253*      | -45*          | 170           | 189.1         |
| TOTAL (m)                   |            |            |          |          |       |           |               | 865           | 1297.70       |
| JULY                        |            |            |          |          |       |           |               |               |               |
| SECTION                     | LOCATION   |            |          | PLAN DDH | DDH   | AZ        | INC.          | PLANNED DEPTH | DRILLED DEPTH |
|                             | NORTH      | EAST       | ELEV     |          |       |           |               |               |               |
| 800                         | 3366618.97 | 532603.177 | 1147.92  | PBEE-26  | CP381 | 253       | -45*          | 80            | 59.45         |
| 925                         | 3366766.95 | 532723.646 | 1201     | PBEE-28  | CP385 | 253       | -45*          | 170           | 155.55        |
| 825                         | 3366617.88 | 532539.136 | 1138     | PBEE-29  | CP382 | 253       | -50*          | 120           | 125.05        |
| 875                         | 3366714.11 | 532716.377 | 1178.8   | PBEE-30  | CP383 | 253       | -45*          | 165           | 228.75        |
| 850                         | 3366693.15 | 532700.72  | 1172     | PBEE-31  | CP384 | 253       | -45*          | 150           | 189.1         |
| 825                         | 3366657.11 | 532677.329 | 1165.7   | PBEE-32  | CP386 | 253       | -45           | 125           | 137.5         |
| 925                         | 3366725.66 | 532563.2   | 1145     | PBEE-34  | CP387 | 73*       | -45           | 100           | 115.20        |
| 875                         | 3366683.51 | 532597.49  | 1154     | PBEE-36  | CP388 | 73*       | -45           | 70            | 70.15         |
| 850                         | 336663.198 | 532616     | 1159     | PBEE-37  | CP389 | 73*       | -45           | 50            | 50.3          |
| 850                         | 3366649.87 | 532571.47  | 1142     | PBEE-38  | CP390 | 73*       | -45           | 80            | 108.25        |
| TOTAL (m)                   |            |            |          |          |       |           |               | 1110          | 1239.30       |
| SEPTEMBER                   |            |            |          |          |       |           |               |               |               |
| SECTION                     | LOCATION   |            |          | PLAN DDH | DDH   | AZ        | INC.          | PLANNED DEPTH | DRILLED DEPTH |
|                             | NORTH      | EAST       | ELEV     |          |       |           |               |               |               |
| BR 1025-F1100               | 3366866.74 | 532687.48  | 1245.89  | PBEC-68  | CP412 | 267*      | -45*          | 200           | 214.50        |
| BR 1025-F1100               | 3366879.01 | 532708.93  | 1245.1   | PBEC-69  | CP405 | 280*      | -45*          | 200           | 253.15        |
| BR 1025-F1100               | 3366889.46 | 532725.54  | 1245     | PBEC-70  | CP406 | 280*      | -45*          | 200           | 219.2         |
| TOTAL DDH'S                 |            |            |          |          | 30    | TOTAL (m) |               | 600           | 686.85        |
| G RAND TOTAL METERS DRILLED |            |            |          |          |       |           | TOTAL DDH (m) | 3505          | 4635.95       |



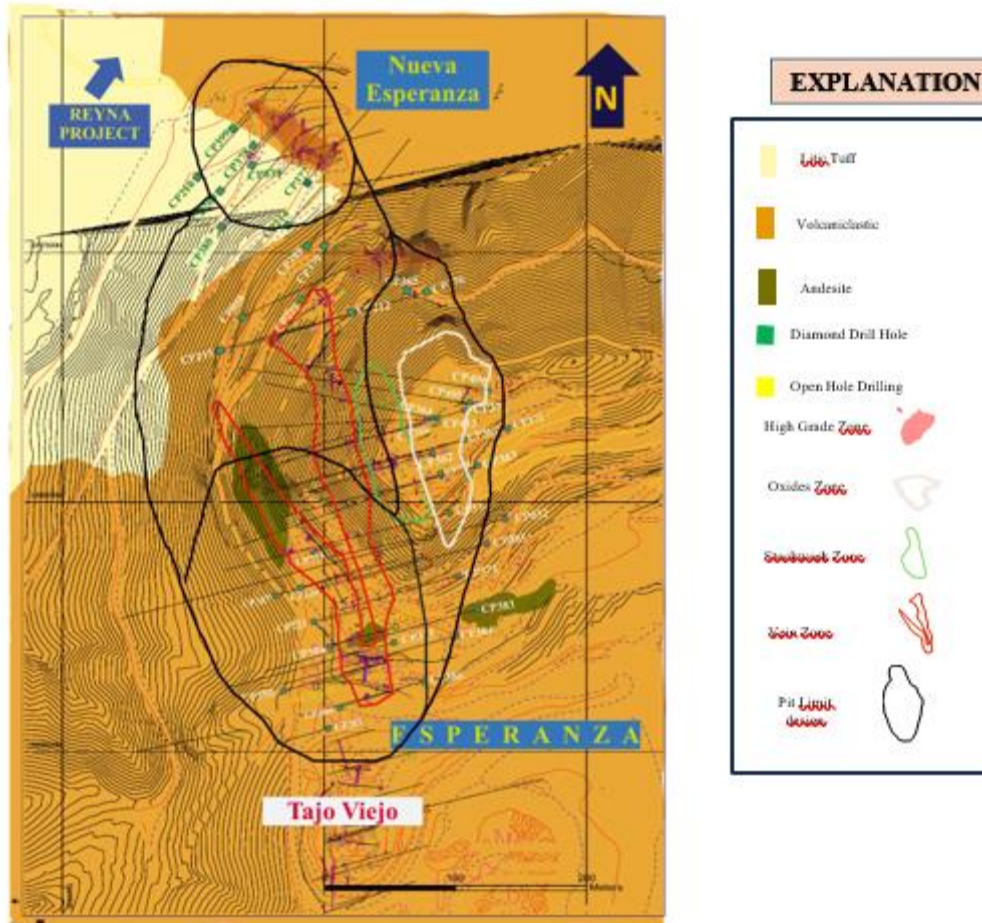


Figure 2.- Drill hole map for the Cumbre & Esperanzas

The Company has internally modeled an open pit shell containing the identified mineralization and has chosen to advance these two zones into production. Mine ramp preparation, waste stripping was completed during January and February 2024 and production blasting and mining of mineralized material commenced at the end of February 2024.

*The Company cautions that it has chosen to advance the Cumbre and Esperanza zones into production without the benefit of completing a feasibility study demonstrating economic and technical viability or, an independent technical report confirming resources. Accordingly, readers should be cautioned that Goldgroup's production decision has been made without a comprehensive feasibility study of established reserves or resources such that there is greater risk and uncertainty as to future economic results from the Cerro Prieto Mine and a higher technical risk of failure than would be the case if a feasibility study were completed and relied upon to make a production decision.*

## Nueva Esperanzas Zone Drilling

The Company has diamond drill tested the Nueva Esperanza zone immediately north and contiguous to the Esperanza zone, together forming the Esperanzas zone. 13 drill holes at 25 line spacing encountering significant mineralization across appreciable widths with assay result as shown in Table 2 below and drill hole location and orientation in Figure 2 above.

Highlights of some significant drill hole intersections on Nueva Esperanza

- DDH Hole CP209 – **7.97 meters** of **1.67 g/t Gold** and 6.28 g/t Silver
- DDH Hole CP377 – **11.15 meters** of **1.07 g/t Gold** and 11.46 g/t Silver
- DDH Hole CP212 – **9.42 meters** of **0.42 g/t Gold** and 2.15 g/t Silver
- DDH Hole CP376 – **7.72 meters** of **0.88 g/t Gold** and 0.77 g/t Silver

Table 3.- Drill hole information for Nueva Esperanza

| DDH NUEVA ESPERANZA |            |            |         |           |       |           |      |               |               |
|---------------------|------------|------------|---------|-----------|-------|-----------|------|---------------|---------------|
| SECTION             | LOCATION   |            |         | PLAN DDH  | DDH   | AZ        | INC. | PLANNED DEPTH | DRILLED DEPTH |
|                     | NORTH      | EAST       | ELEV    |           |       |           |      |               |               |
| -75                 | 3866948.37 | 582537.34  | 1128.39 |           | CP050 | 63        | -45  | 30            | 50            |
| 0                   | 3867049.08 | 582521.57  | 1091    |           | CP209 | 40        | -45  | 125           | 129.6         |
| 25                  | 3867059.17 | 532500.963 | 1078.3  |           | CP210 | 40        | -45  | 120           | 120.45        |
| -50                 | 3867020.25 | 582571.02  | 1118.8  |           | CP214 | 40        | -50  | 67            | 67.1          |
| -75                 | 3866921.67 | 582520.72  | 1128    |           | CP215 | 73        | -45  | 99            | 94.55         |
| -100                | 3866959.05 | 532380.5   | 1154    |           | CP222 | 40        | -45  | 70            | 73            |
| -175                | 3866968.56 | 532678.612 | 1186    |           | CP376 | 253       | -45  | 250           | 253           |
| -50                 | 3867055.92 | 532385.5   | 1116    |           | CP377 | 40        | -45  | 146           | 146.4         |
| 0                   | 3867081.47 | 582545.41  | 1091    |           | CP378 | 40        | -45  | 135           | 137.25        |
| -100                | 3867005.24 | 582599.95  | 1166.02 |           | CP379 | 40        | -45  | 145           | 146.4         |
| -25                 | 3367022.5  | 532521     | 1097    |           | CP380 | 40        | -45  | 130           | 134.4         |
| -75                 | 3867000.53 | 582583.26  | 1138    |           | CP398 | 40        | -45  | 90            | 94.55         |
| 25                  | 3867097.89 | 582529.69  | 1080.08 |           | CP399 | 40        | -45  | 90            | 93            |
|                     |            |            |         | TOTAL DDH | 13    | TOTAL (m) |      | 1511          | 1539.70       |

### New Mineralized Zones - Recent Surface Exploration Identifies

Recent surface exploration up to 1.7 km south of the mine’s heap leach pads has identified the potential southern extension of the Cerro Prieto Shear within the Cata and Coati Zones as well as exposed the Cascabel Zone, a parallel mineralized structure. Internal mine lab assay results are presented in Table 4 and sample locations in Figure 3 below. Please note, these exploration samples assay results have not been verified by an independent laboratory.

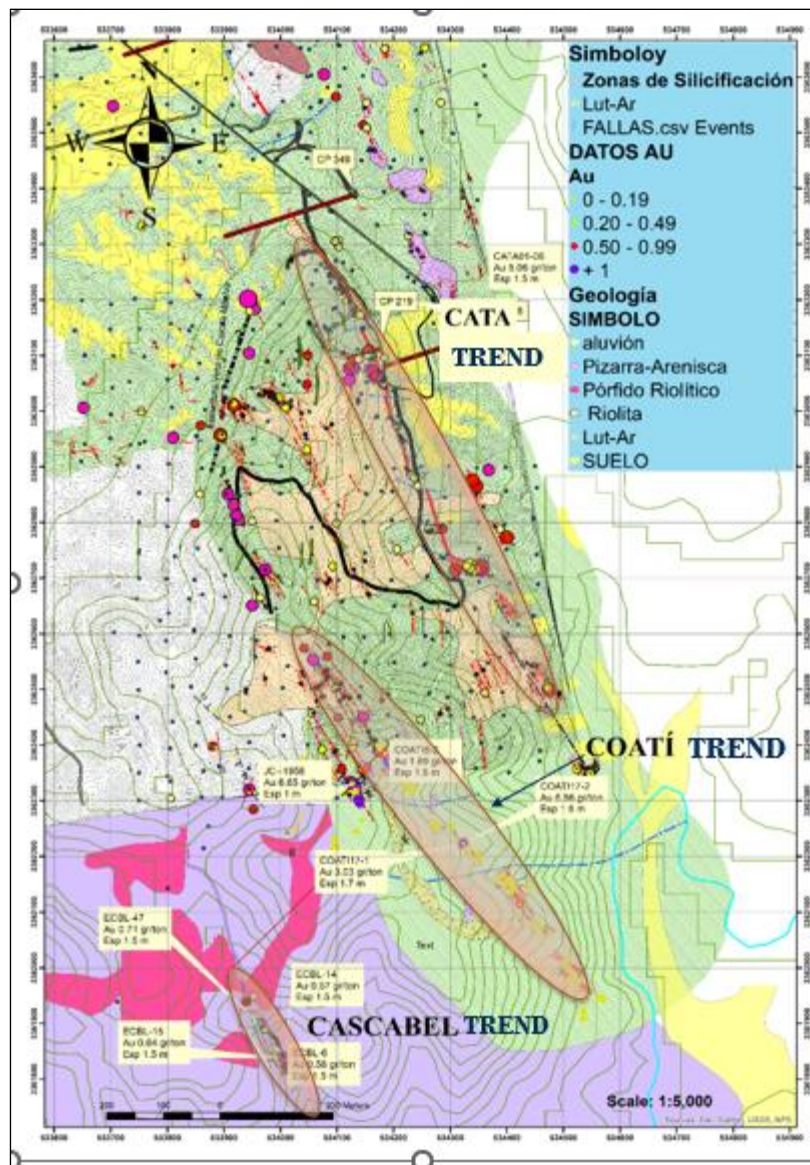


Figure 2.- Recent surface exploration at Coati, Cata and Cascabel

Table 4.- Highlights of assay data for exploration sampling at Coati, Cata and Cascabel

| COATI        |          |      |       |
|--------------|----------|------|-------|
| ID           | Width(m) | Au   | Ag    |
| COATI6-2     | 1.5      | 1.89 | 2.13  |
| COATI17-1    | 1.7      | 3.03 | 14.07 |
| COATI17-2    | 1.8      | 6.56 | 19.17 |
| JC-1958      | 1        | 6.65 | 40.45 |
| <b>TOTAL</b> | <b>6</b> |      |       |

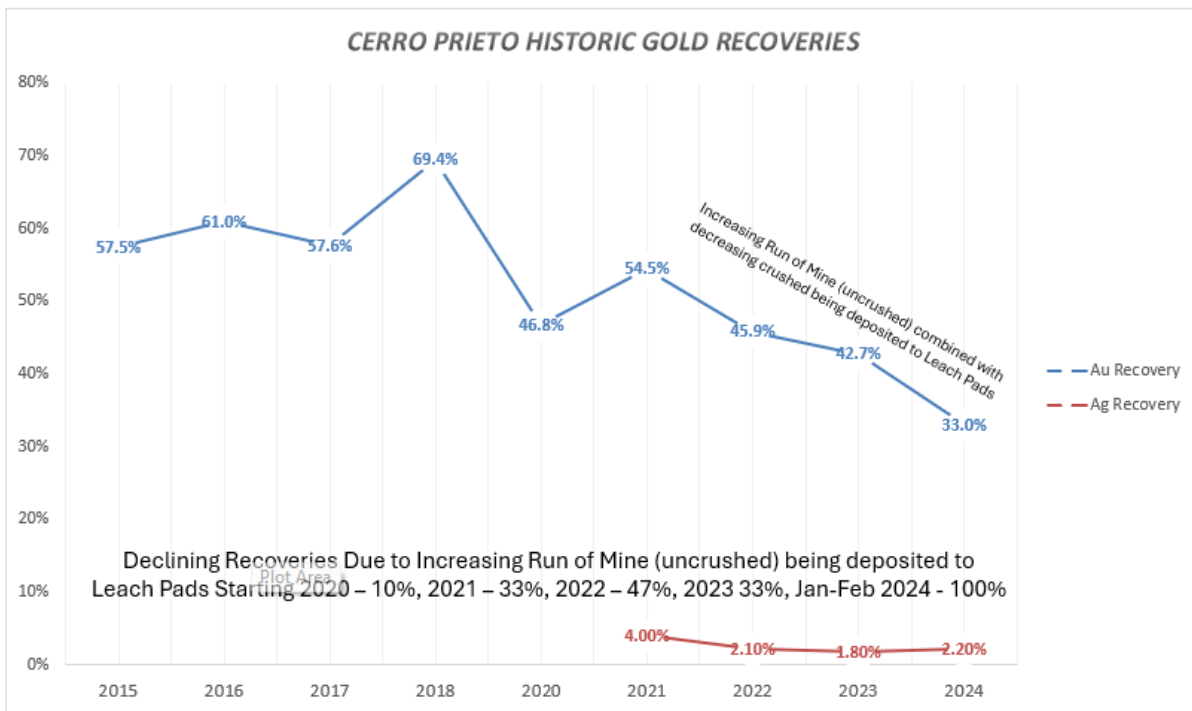
| CATA             |            |             |               |
|------------------|------------|-------------|---------------|
| ID               | Width (m)  | Au          | Ag            |
| <b>CATA-046</b>  | <b>1.5</b> | <b>1.66</b> | <b>475.14</b> |
| <b>CATA01-06</b> | <b>1.5</b> | <b>5.06</b> | <b>13.71</b>  |
| <b>TOTAL</b>     | <b>3</b>   |             |               |

| CASCABEL     |           |      |      |
|--------------|-----------|------|------|
| ID           | Width (m) | Au   | Ag   |
| ECBL-6       | 1.5       | 0.58 | 1.71 |
| ECBL-14      | 1.5       | 0.57 | 3.17 |
| ECBL-15      | 1.5       | 0.64 | 1.19 |
| ECBL-47      | 1.5       | 0.71 | 4.72 |
| <b>TOTAL</b> | <b>6</b>  |      |      |

## Metallurgy

Metallurgical testing as presented in the 2013 published technical report, section 6.2 Metallurgy, has shown varying recoveries up to 77% from samples from four zones within Centro, Union and South pits of the exploited deposit. The historical average recoveries at the mine are shown in Figure 4 below.

Historic gold recoveries obtained since 2015 are displayed in graph form below. Starting in 2021 the mine was experiencing ongoing difficulties in maintain consistent crushing operation resulting in Run Of Mine (“ROM”) mineralization being deposited to leach pads. ROM deposition increased in 2022 to as high as 47% of total mineralization deposited to the leach pads. This ROM deposition to leach pad resulted in an expected significant decrease in gold recoveries as show below.



### ***Technical Report Update In Progress.***

Goldgroup has retained a Qualified Person that is preparing an updated comprehensive technical report for the Cerro Prieto Mine. Completion and publication of this report is expected near end of June 2024.

## Production

### 2021

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

## 2022

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

## 2023

During the year ended December 31, 2023, the Company produced 12,911 ounces of gold (Cerro Prieto 4,828, Puma 8,083) (December 31, 2022 – 11,274 ounces of gold, Cerro Prieto 392, Puma 10,882). Total gold produced has increased slightly from the comparative period due to the increased grade of ore mined and placed on the pad. The total recovery has increased as the Company placed less run of mine material on the pad in the current year which has a lower expected recoveries. The grade mined was higher in the current year as a result of the production area during the year.

## **DIVIDENDS AND DISTRIBUTIONS**

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

## **DESCRIPTION OF CAPITAL STRUCTURE**

### **1.7 GENERAL DESCRIPTION OF CAPITAL STRUCTURE**

#### *Authorized and Issued Capital*

The Company is authorized to issue an unlimited number of common shares. As at April 1, 2024 the Company has **82,743,156** common shares issued and outstanding.

#### *Common Shares*

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

#### *Voting*

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

#### *Dividends*

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

#### *Rights on Dissolution*

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

### *Pre-emptive, Conversion and Other Rights*

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

As at the year ended December 31, 2023, the Company also had the following options issued and outstanding:

- 7,990,000 common share purchase options with a weighted average exercise price of C\$0.099 expiring at various dates to October 31, 2028.
- 1,744,286 warrants exercisable at a price of \$0.50 expiring June 9, 2025.

## **1.8 CONSTRAINTS**

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

## **1.9 RATING**

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

## **MARKET FOR SECURITIES**

### **1.10 TRADING PRICE AND VOLUME**

During the year ended December 31, 2023, the common shares of the Company were listed for trading on the TSX under the current trading symbol GGA. Subsequent to year end on February 20, 2024, the Company's common shares transitioned to the TSX-V. The following chart sets out the high and low trading prices, and volume of shares traded, for the period January 1, 2022 to December 31, 2022 for Goldgroup:

#### **Trading Price and Volume for the Year 2023**

| <b>Month</b> | <b>High \$</b> | <b>Low \$</b> | <b>Volume</b> |
|--------------|----------------|---------------|---------------|
| January      | 0.13           | 0.09          | 246,300       |
| February     | 0.12           | 0.10          | 172,000       |
| March        | 0.11           | 0.09          | 185,900       |
| April        | 0.11           | 0.08          | 378,000       |
| May          | 0.08           | 0.05          | 339,300       |
| June         | 0.06           | 0.05          | 437,200       |
| July         | 0.07           | 0.05          | 920,100       |
| August       | 0.05           | 0.04          | 545,600       |
| September    | 0.05           | 0.04          | 218,600       |
| October      | 0.04           | 0.03          | 724,500       |
| November     | 0.04           | 0.04          | 139,400       |
| December     | 0.04           | 0.03          | 2,353,400     |

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

## PRIOR SALES

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

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

On January 16, 2023, the Company closed a private placement and issued 5,700,000 common shares at a price of CAD \$0.10 per share, for aggregate gross proceeds of approximately \$425,000 (CAD \$570,000).

On July 28, 2023, the Company issued 29,052,000 common shares upon conversion of the outstanding convertible loan which had a face value of \$2,160,000 and was converted into common shares of the Company at CAD \$0.10 per share at a fixed FX rate of 1.345 USD to CAD.

October 17, 2023, the Company issued 25,067,500 common shares on exercised its option to purchase all of the issued and outstanding common shares of MER.

## ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER


As at April 1, 2023, the Company's had nil issued and outstanding common shares in escrow or subject to a contractual restriction on transfer subject to various transfer restrictions.

## DIRECTORS AND OFFICERS



### 1.12 NAME, OCCUPATION AND SECURITY HOLDING

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

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

| Name of Director/Officer   | Common Shares Beneficially Owned, Directly or Indirectly, or Controlled or Directed (1)  | Number of Options Held (1) |               |
|--|--|----------------------------|---------------|
| <b>Corry J. Silbernagel</b>  |  |                            |               |
|   | 344,091  | 1,225,000 Stock Options    |               |
| British Columbia, Canada<br>Director since: May 2010<br>Independent Member of the Board<br>Chairman & Member of GNC<br>Chairman & Member of AC<br>Member of the CC | Principal Occupation for the Past Five Years: Mr. Silbernagel is Partner of Bond Capital, a Vancouver-based private equity fund. Formerly he was a Director of Universal Uranium Ltd., and a Director and Senior Officer of Toro Resources Corp. Prior to this, he was CFO of Cabo Drilling Corp., one of Canada's largest exploration drilling services companies following his role as a management and financial consultant and corporate advisor in strategy, finance, business development and marketing. He holds a Master of Business Administration from INSEAD in France and a Bachelor's degree in Applied Science in Civil Engineering from the University of British Columbia. |                            |               |
|  | <b>Number of Stock Options Granted</b>   | <b>Exercise Price</b>      | <b>Expiry</b> |
|  | 200,000  | \$0.35                     | July 27, 2025 |



|   | 125,000<br>900,000   | \$0.35<br>\$0.04  | December 22, 2026<br>October 31, 2028 |                                 |                |        |         |        |               |         |        |                   |         |        |                  |
|---|--|-------------------|---------------------------------------|---------------------------------|----------------|--------|---------|--------|---------------|---------|--------|-------------------|---------|--------|------------------|
| <b>Javier Reyes</b>   |  |                   |                                       |                                 |                |        |         |        |               |         |        |                   |         |        |                  |
|    | 1,604,500 <sup>(1)</sup>   |                   | 1,225,000 Stock Options               |                                 |                |        |         |        |               |         |        |                   |         |        |                  |
| British Columbia, Canada<br>Director since: June 2013 (3)<br>Non-Independent Member of the Board<br>Member of the AC<br>Chairman of the CC<br>Member of GNC | Principal Occupation for the Past Five Years: Mr. Reyes was the Chairman of Accendo Banco and is the Founder (2004), President and Chief Executive Officer of Antares Capital Management Ltd., a company that manages four hedge funds which are located in Tortola, British Virgin Islands. He is currently a Director of Candelaria Mining Corp. and Core Gold Inc. (formerly "Dynasty Metals & Mining Inc."). Mr. Reyes holds a Bachelor's Degree in Economics and Business Administration and also holds a Masters in Finance. He began his professional and financial services career in 1996 at a well-known brokerage firm in Mexico City. In 2001, he founded a financial consultancy company, where he became the CEO. Mr. Reyes is the founder, President and Chief Executive Officer of the Antares Capital Management and Cygnus Asset Management, and manages 3 hedge funds: Antares Capital Fund, Antares Oil & Gas Fund and Cygnus Real Estate Opportunity Fund. Mr. Reyes currently holds the following positions: President of CrediPresto, S.A. de C.V. ENR. (since 2007) and President of Mex e Trade Asesores, S.C. (since 2004). Mr. Reyes has also held the following positions: Chief Executive Office of Mex e Trade On Line, S.C. (2001-2003); Financial Manager of Fabrica de Calzado Liz Ardel, S.A. (1998-2000); and Financial Advisor of Estrategia Bursatil, S.A. (1995-1997). |                   |                                       |                                 |                |        |         |        |               |         |        |                   |         |        |                  |
|   | <table border="1"> <thead> <tr> <th>Number of Stock Options Granted</th> <th>Exercise Price</th> <th>Expiry</th> </tr> </thead> <tbody> <tr> <td>200,000</td> <td>\$0.35</td> <td>July 27, 2025</td> </tr> <tr> <td>125,000</td> <td>\$0.35</td> <td>December 22, 2026</td> </tr> <tr> <td>900,000</td> <td>\$0.04</td> <td>October 31, 2028</td> </tr> </tbody> </table>  |                   |                                       | Number of Stock Options Granted | Exercise Price | Expiry | 200,000 | \$0.35 | July 27, 2025 | 125,000 | \$0.35 | December 22, 2026 | 900,000 | \$0.04 | October 31, 2028 |
| Number of Stock Options Granted   | Exercise Price   | Expiry            |                                       |                                 |                |        |         |        |               |         |        |                   |         |        |                  |
| 200,000   | \$0.35   | July 27, 2025     |                                       |                                 |                |        |         |        |               |         |        |                   |         |        |                  |
| 125,000   | \$0.35   | December 22, 2026 |                                       |                                 |                |        |         |        |               |         |        |                   |         |        |                  |
| 900,000   | \$0.04   | October 31, 2028  |                                       |                                 |                |        |         |        |               |         |        |                   |         |        |                  |
|   | <p><b>Notes:</b></p> <p>1) Of the 1,604,500 common shares, 758,658 common shares are held by CrediPresto S.A. de C.V. a company of which Mr. Reyes is a principal, 833,330 are held by Antares Capital Management Ltd., a company controlled by Mr. Reyes, and 12,512 are held directly by Mr. Reyes.</p> <p>(2) Of the convertible securities, 1,225,000 stock options common shares are directly by Mr. Reyes</p>  |                   |                                       |                                 |                |        |         |        |               |         |        |                   |         |        |                  |
| <b>Javier Montaña</b>   |  |                   |                                       |                                 |                |        |         |        |               |         |        |                   |         |        |                  |
|   | 282,500 <sup>(1)</sup>   |                   | 45,000 Stock Options                  |                                 |                |        |         |        |               |         |        |                   |         |        |                  |
| Culiacan, Mexico<br>Director since: June 2015 (3)<br>Independent Member of the Board<br>Member of the AC  | Principal Occupation for the Past Five Years: Mr. Montaña is a Certified Public Accountant with a postgraduate in accounting at Universidad Panamericana de Guadalajara, Jalisco. He is currently a Director of Candelaria Mining Corp. and the Chief Executive Officer of C-UNO, S.A. de C.V. Since 2004. Mr. Montaña holds various other positions which includes: President, Secretary and Board Member of Codesin, which is the private sector chamber for economic development for the State of Sinaloa since 2011; President of Administración de Credivance, S.A. de C.V. Sofom ENR; since 2012; Member of the Board of Promotora de Casas y Edificios SA de CV since 2004 and Member of the Board of Endeavor for the State of Sinaloa since 2010.   |                   |                                       |                                 |                |        |         |        |               |         |        |                   |         |        |                  |
|   | <table border="1"> <thead> <tr> <th>Number of Stock Options Granted</th> <th>Exercise Price</th> <th>Expiry</th> </tr> </thead> <tbody> <tr> <td>10,000</td> <td>\$0.35</td> <td>July 27, 2025</td> </tr> <tr> <td>35,000</td> <td>\$0.35</td> <td>December 22, 2026</td> </tr> <tr> <td>100,000</td> <td>\$0.04</td> <td>October 31, 2028</td> </tr> </tbody> </table>  |                   |                                       | Number of Stock Options Granted | Exercise Price | Expiry | 10,000  | \$0.35 | July 27, 2025 | 35,000  | \$0.35 | December 22, 2026 | 100,000 | \$0.04 | October 31, 2028 |
| Number of Stock Options Granted   | Exercise Price   | Expiry            |                                       |                                 |                |        |         |        |               |         |        |                   |         |        |                  |
| 10,000  | \$0.35   | July 27, 2025     |                                       |                                 |                |        |         |        |               |         |        |                   |         |        |                  |
| 35,000  | \$0.35   | December 22, 2026 |                                       |                                 |                |        |         |        |               |         |        |                   |         |        |                  |
| 100,000   | \$0.04   | October 31, 2028  |                                       |                                 |                |        |         |        |               |         |        |                   |         |        |                  |
|   | <p><b>Notes:</b></p> <p>(1) Of the 282,500 common shares, 200,000 common shares are held by Alberto Alejandro Coppel Luken (Javier Montaña is Mr. Luken's investment representative) and 82,500 are held directly by Javier Montaña.</p>   |                   |                                       |                                 |                |        |         |        |               |         |        |                   |         |        |                  |
| <b>Anthony Balic</b>  |  |                   |                                       |                                 |                |        |         |        |               |         |        |                   |         |        |                  |
|    | Nil  |                   | 1,225,000 Stock Options               |                                 |                |        |         |        |               |         |        |                   |         |        |                  |

|   |   |                         |                   |
|---|---|-------------------------|-------------------|
| British Columbia, Canada<br>Chief Financial Officer,<br>& Corporate Secretary   | Principal Occupation for the Past Five Years: Mr. Balic is the principle of Katuni Capital Corp. which provides accounting services to publically listed companies and is currently the Chief Financial Officer and the Corporate Secretary of the Company. Mr. Balic was previously the Director of Finance of Goldgroup from May 1, 2015 to September 1, 2016 where he managed the entire finance and accounting function of the Company. Mr. Balic also held the position of Senior Manager at Deloitte LLP. in Vancouver, where he specialized in assurance and advisory for mining companies prior to joining the Company.                     |                         |                   |
|   | <b>Number of Stock Options Granted</b>  | <b>Exercise Price</b>   | <b>Expiry</b>     |
|   | 200,000   | \$0.35                  | July 27, 2025     |
|   | 125,000   | \$0.35                  | December 22, 2026 |
|   | 900,000   | \$0.04                  | October 31, 2028  |
| <b>Blair Jordan</b>   |   |                         |                   |
|   | Nil   | 1,075,000 Stock Options |                   |
| British Columbia, Canada<br>Director<br>Independent Member<br>of the Board<br>Member of the AC<br>Member of the CC<br>Member of GNC | Principal Occupation for the Past Five Years: Mr. Jordan is currently the Managing Partner of Restructur Advisors, a boutique restructuring and turnaround advisory firm with specific expertise in the industrial, cleantech, technology, transportation, cannabis and biotech/pharma sectors. He was the CFO of HeyBryan Media Inc. from October 2019 to November 2020. Previously, Mr. Jordan was Vice President, Corporate Development, and later CFO and Interim CEO, of Ascent Industries Corp. (January 2018 to April 2019), and Managing Director, Investment Banking at Echelon Wealth Partners Inc. (February 2012 to December 17, 2020). |                         |                   |
|   | <b>Number of Stock Options Granted</b>  | <b>Exercise Price</b>   | <b>Expiry</b>     |
|   | 175,000   | \$0.35                  | December 22, 2026 |
|   | 900,000   | \$0.04                  | October 31, 2028  |
| <b>Ralph Shearing</b>   |   |                         |                   |
|   | Nil   | 1,500,000 Stock Options |                   |
| British Columbia,<br>Canada<br>Chief Executive<br>Officer   | Principal Occupation for the Past Five Years: Mr. Shearing is an experienced and accomplished exploration and mining executive holding a designation of Professional Geologist registered in Alberta (APEGA). Since 1987 he has held senior executive positions of CEO and/or President with public junior mining and exploration companies, primarily with Luca Mining Corp., a company he founded in 1986 and successfully guided the company through the exploration and initial development phase of the Tahuehueto mine located in northwestern Durango México.  |                         |                   |
|   | <b>Number of Stock Options Granted</b>  | <b>Exercise Price</b>   | <b>Expiry</b>     |
|   | 1,500,000   | \$0.04                  | October 31, 2028  |

**Notes:**

- (1) The number of Common Shares beneficially owned, controlled or directed, directly or indirectly, by the above directors and officers is based on information furnished by the directors and officers themselves and from the insider reports available at www.sedi.ca.
- (2) As of December 31, 2023, the current directors and officers of the Company, five (5) in the aggregate, beneficially owned, controlled or directed, directly or indirectly, an aggregate of 2,231,091 Common Shares (excluding stock options granted) or approximately 2.69% of the Common Shares issued and outstanding. To the knowledge of the Company there are no common share owned directly or indirectly by the Nominee Directors.
- (3) Mr. Javier Montaña resigned from the Board on January 14, 2024. Mr. Javier Reyes resigned from the Board on January 26, 2024. Mr. Roberto Guzman was appointed to Board on January 15, 2024.
- (4) The Audit Committee shall meet four times annually, or more frequently as circumstances dictate. During the year ended December 31, 2023, the Audit Committee was comprised of Corry J. Silbernagel (Chairman), Blair Jordan and Javier Montano. As at April 1, 2024, the Audit Committee was comprised of Corry J. Silbernagel (Chairman), Blair Jordan and Roberto Guzman.
- (5) The Compensation Committee will meet as often as the Chair shall determine to be necessary or appropriate. During the year ended December 31, 2023, the Compensation Committee was comprised of Blair Jordan (Chairman), Corry J. Silbernagel and Javier Reyes. As at April 1, 2024, the Compensation Committee was comprised of Corry J. Silbernagel (Chairman), Blair Jordan and Roberto Guzman.
- (6) The Governance & Nominating Committee will meet as often as the Chair shall determine to be necessary or appropriate. During the year ended December 31, 2023, the Governance & Nominating Committee was comprised of comprised of Corry J. Silbernagel (Chairman), Javier Reyes and Blair Jordan. As at April 1, 2024, the Governance & Nominating Committee was comprised of Corry J. Silbernagel (Chairman), Blair Jordan and Roberto Guzman.

**1.13 DIRECTORS AND OFFICERS BACKGROUND**

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

## 1.14 BOARD COMMITTEES

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

During the year ended December 31, 2023, the Audit Committee was comprised of Corry J. Silbernagel (Chairman), Blair Jordan and Javier Montano. As at April 1, 2024, the Audit Committee was comprised of Corry J. Silbernagel (Chairman), Blair Jordan and Roberto Guzman.

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

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

The Governance & Nominating Committee will meet as often as the Chair shall determine to be necessary or appropriate. During the year ended December 31, 2023, the Governance & Nominating Committee was comprised of Corry J. Silbernagel (Chairman) Javier Reyes and Blair Jordan. As at April 1, 2024, the Governance & Nominating Committee was comprised of Corry J. Silbernagel (Chairman), Blair Jordan and Roberto Guzman. The Governance & Nominating Committee met once during the year ended December 31, 2023. The Governance and Nominating Committee believes good corporate governance is a process used to oversee the management of the business affairs of the Company, in the best interests of the Company. The process and structure define the division of power between and establish mechanisms for achieving accountability by the Board of Directors and senior management. In addition, based on the guidelines referred to in the Charter, the Committee, in consultation with the Chairman of the Board and the Chief Executive Officer, annually or as required, recruit and identify individuals qualified to become new Board members and recommend to the Board new director nominees for each annual meeting of shareholders.

The Compensation Committee will meet as often as the Chair shall determine to be necessary or appropriate. During the year ended December 31, 2023, the Compensation Committee was comprised of Blair Jordan (Chairman), Corry J. Silbernagel and Javier Reyes. As at April 1, 2024, the Compensation Committee was comprised of Corry J. Silbernagel (Chairman), Blair Jordan and Roberto Guzman. The Compensation Committee met once during the year ended December 31, 2023. The Compensation Committee assists the Board in fulfilling its responsibility to shareholders, potential shareholders and the investment community by reviewing and providing recommendations to the Board regarding compensation of the Company’s executive officers, employees and directors, succession plans for executive officers, and the Company’s overall compensation and benefits policies, plans and programs.

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

## 1.15 CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

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

- (a) is, as at the date of this Annual Information Form, or was within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including the Company), that:
  - (i) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or
  - (ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred

while that person was acting in the capacity as director, chief executive officer or chief financial officer.

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

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

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

- a) is, as at the date of this Annual Information Form, or has been within the 10 years before the date of this Annual Information Form, a director or executive officer of any company (including the Company) that, while that person was acting in the that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder;
- b) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- c) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

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

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

In October 2021, Mr Javier Reyes was Chairman of Accendo Banco S.A., Multiple Banking Institution, where the Mexican National Banking and Securities Commission notified Accendo of the revocation of its authorization to organize and operate as a multiple banking institution due to Accendo falling below the regulatory minimum levels of liquidity coverage ratio of the institution and that Accendo was being placed in liquidation.

## 1.16 CONFLICTS OF INTEREST

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

To the best of the Company's knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest among the Company, its promoters, directors and officers or other members of management of the Company or of any proposed promoter, director, officer or other member of management as a result of their outside business interests, except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies. All related party transactions during each reporting period are detailed in the Company's Management Discussion & Analysis for the fiscal year ended December 31, 2023.

Mr. Reyes was the Chairman of Accendo Banco S.A., Multiple Banking Institution, the counterparty to the Company's previous debt facility at time of issuance of the debt.

## PROMOTERS

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

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

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

### DynaResource

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

### *Legal disputes*

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

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

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

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

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

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

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

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

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

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

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

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

#### **Results and Award from Arbitration**

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

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

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

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

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

On August 24, 2017, a Federal Amparo judge in the state of Veracruz, Mexico, dismissed Goldgroup Resources Inc.’s Amparo challenge. Goldgroup’s position in response to the USD\$48 million claim remains the same, that Goldgroup was never notified

of the purported court case, and does not recognize any of the claims mentioned therein and is of the belief that such claims are entirely without merit. The Company pursued the case to the Mexican Supreme Court level to get the judgement overturned.

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

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

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

The court's order confirms all of the relief outlined in the August 2016 arbitration award, including DynaUSA having to: pay the Company \$404,000 in costs and attorney fees; pay the Company \$86,000 in separate fees and expenses; and pay DynaMexico \$1,045,000 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 \$1,107,000 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 \$1,111,000 bond before July 28, 2020, but denied DynaResource's request to stay the non-monetary awards of the judgement. This bond has been posted and therefore the monetary awards are stayed pending the outcome of Dyna's appeal of the arbitration award. The appeal is fully briefed, and the Tenth Circuit Court of Appeals in Denver, Colorado, heard argument on the appeal on March 9, 2021.

On April 16, 2021, the Tenth Circuit Court of Appeals (the "Circuit Court") affirmed the May 9, 2019 order and judgment from United States District Court for the District of Colorado, which confirmed the arbitration award (the "Arbitral Award") the Company received on August 14, 2016 pursuant to an arbitration held in Denver, Colorado, commencing in March 2014 (the "Arbitration"). The Company received the \$1,111,000 appeal bond funds from DynaUSA which is recorded in other expenses on the statement of loss and comprehensive loss.

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

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

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

On December 4, 2020, DynaMexico filed another claim seeking recognition of the judgment under the Texas Uniform Foreign-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 and on May 12, 2021, the 134th Judicial District Court, as a District Court of the State of Texas, ruled it is not required to recognize DynaMexico's foreign judgment from the country of Mexico. DynaUSA has appealed this decision and the appeal has been fully briefed and oral arguments were held on April 20, 2022. On May 2, 2023, the court of appeals dismissed DynaUSA's appeal.

On March 6, 2023, the Company announced that it has filed a Request for Arbitration with the International Centre for Settlement of Investment Disputes (“ICSID”) against the United Mexican States. The treatment and inaction by the Mexican courts have resulted in a judicial expropriation of its subsidiary’s investment in DynaMexico and a denial of justice in breach of Mexico’s obligations under the North American Trade Agreement (“NAFTA”). On February 7, 2024, the Company filed its Memorial related to the NAFTA claim and is awaiting the response from the Mexican government. The Company is seeking damages as a result of Mexico’s breaches of NAFTA.

## **INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than as described below, in the three most recently completed financial years or the current financial year, no director, officer, insider or associate or affiliate of any director, officer or insider of the Company had or is expected to have any material interest, direct or indirect in any transactions with the Company that materially affected or would materially affect the Company. All related party transactions are detailed in the Company’s Management Discussion & Analysis for the fiscal year ended December 31, 2023.

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

### *Transactions with related parties during the years ended December 31, 2023, 2022 and 2021*

|  | <b>2023</b>   | <b>2022</b>   | <b>2021</b>   |
|--|---------------|---------------|---------------|
| Short-term employee benefits included in salary and consulting | \$ 161        | \$ 260        | \$ 150        |
| Director’s fees included in professional fess                  | 115           | 115           | 115           |
| Share-based compensation                                       | 71            | 149           | 107           |
| Consulting fees included in salary and consulting              | 108           | 108           | 108           |
|  | <b>\$ 455</b> | <b>\$ 632</b> | <b>\$ 480</b> |

At December 31, 2023, accounts payable and accrued liabilities includes \$192,000 (December 31, 2022 - \$139,000, December 31, 2021 - \$135,000) owing to a director and/or officer and/or companies controlled by the directors.

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

## **TRANSFER AGENT AND REGISTRAR**

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

## **MATERIAL CONTRACTS**

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

## **INTERESTS OF EXPERTS**

### **1.17 NAME OF EXPERTS**

The audited consolidated financial statements of the Company for the period ended December 31, 2023 have been audited by Davidson & Company LLP, Chartered Accountants, of Suite 1200, 609 Granville Street, Vancouver, B.C., Canada, V7Y 1G6. Davidson & Company LLP were appointed as Auditors of the Company on November 7, 2014.



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

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

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

### **1.18 INTERESTS OF EXPERTS**

As at April 2, 2023, to the best of the Company’s knowledge, Craig Gibson, does not presently own nor has previously owned, at any time, beneficially, directly or indirectly any securities of the Company.

Davidson & Company LLP are the auditors of the Company and have performed the audit in respect of the annual financial statements of the Company for the financial year ended December 31, 2023. Davidson & Company LLP are independent of the Company in accordance with the rules of professional conduct of the Institute of Chartered Accountants of British Columbia. Davidson & Company LLP were appointed auditors of the Company on November 7, 2014.

### **AUDIT COMMITTEE**

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

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

### **1.19 COMPOSITION OF THE AUDIT COMMITTEE**

The Audit Committee of Goldgroup was comprised of the following members of the Board during the year ended December 31, 2023:

| <b>Name</b>          | <b>Corporate Position</b> | <b>Independent</b> | <b>Financially Literate</b> |
|----------------------|---------------------------|--------------------|-----------------------------|
| Corry J. Silbernagel | Director                  | Yes                | Yes                         |
| Blair Jordan         | Director                  | Yes                | Yes                         |
| Javier Montano       | Director                  | Yes                | Yes                         |

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

### **1.20 NAME OF AUDIT COMMITTEE MEMBER, RELEVANT EXPERIENCE AND QUALIFICATIONS**

**Composition, Name of Audit Committee Member, Relevant Experience and Qualifications  
During the Year Ended December 31, 2023**

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

**Notes:**

- 1) A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.
- 2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.
- 3) Subsequent to December 31, 2023, Mr. Javier Montano resigned from the Board and was replaced by Mr. Roberto Guzman as a director and member of the Audit Committee.

## 1.21 PRE-APPROVAL POLICIES AND PROCEDURES

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

## 1.22 RELIANCE ON CERTAIN EXEMPTIONS

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

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

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

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

### *Reliance on Section 3.8*

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

## **1.23 AUDIT COMMITTEE OVERSIGHT**

At no time since the commencement of 2023, the Company's most recently completed financial year, has a recommendation of the Audit Committee to nominate or compensate an external auditor, not been adopted by the board of directors of the Company.

## **1.24 PRE-APPROVAL POLICIES AND PROCEDURES**

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

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

### *Audit*

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

### *Audit Related Services*

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

### *Tax*

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

## **1.25 EXTERNAL AUDITOR SERVICE FEES TAX FEES AND ALL OTHER FEES**

### **External Auditor Service Fees (By Category)**

#### *Audit Fees*

Davidson & Company LLP was appointed auditors of the Company on November 7, 2014. During the financial year ended December 31, 2023, the Current External Auditor billed the Company C\$120,000 (2022 - C\$135,000; 2021 – C\$135,000) for audit services.

#### *Audit-Related Fees*

During the financial year ended December 31, 2023, the External Auditor billed the Company C\$Nil (2022 - C\$Nil; 2021 – C\$Nil) for Audited-Related Fees.

#### *Tax Fees*

During the financial year ended December 31, 2023, the External Auditor billed the Company C\$Nil (2022 - \$Nil; 2021 – C\$Nil) for Tax Fees.

*All Other Fees*

During the financial year ended December 31, 2023, the Current External Auditor billed the Company C\$43,000 (2022 - C\$44,000; 2021 – C\$42,000) for Other Fees.

**ADDITIONAL INFORMATION**

Financial information about the Company is contained in its comparative financial statements and Management's Discussion & Analysis for the fiscal years ended December 31, 2023 and 2022, and additional information relating to the Company is available on SEDAR, under the Company's profile, at [www.sedar.com](http://www.sedar.com).

Additional information, including particulars of directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in the 2023 Information Circular prepared in respect of the Company's most recent annual general meeting.

## SCHEDULE “A” - AUDIT COMMITTEE CHARTER

### A. *Introduction and Purpose*

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1. The primary function of the Audit Committee of Goldgroup Mining Inc. (the “Committee”) is to oversee the accounting and financial reporting processes of the Company and the audits of the Company’s financial statements and to exercise the responsibilities and duties set forth below, including, but not limited to, assisting the Board in fulfilling its responsibilities in reviewing the following financial disclosures and internal controls over financial reporting; monitoring the system of internal control; monitoring the Company’s compliance with the binding requirement of any stock exchanges on which the securities of the Company are listed and all other applicable laws (collectively, the “Applicable Requirements”); selecting the external auditors for shareholder approval; reviewing the qualifications, independence and performance of the external auditor; reviewing the qualifications, independence and performance of the Company’s financial management; and identifying, evaluating and monitoring the management of the Company’s principal risks impacting financial reporting . The Committee also assists the Board with the oversight of the financial strategies and overall risk management.
2. The Committee is not responsible for: planning or conducting audits; certifying or determining the completeness or accuracy of the Company’s financial statements or that the financial statements are in accordance with generally accepted accounting principles or international financial reporting standards, as applicable; or guaranteeing the report of the Company’s external auditor. The fundamental responsibility for the Company’s financial statements and disclosure rests with management and the external auditor.

### B. *Membership and Organization*

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1. **Composition** – The Committee shall consist of not less than three independent members of the Board. At the invitation of the Committee, members of the Company’s management and others may attend Committee meetings as the Committee considers necessary or desirable.
2. **Appointment and Removal of Committee Members** – Each member of the Committee shall be appointed by the Board on an annual basis and shall serve at the pleasure of the Board, or until the earlier of (a) the close of the next annual meeting of the Company’s shareholders at which the member’s term of office expires, (b) the death of the member, or (c) the resignation, disqualification or removal of the member from the Committee or from the Board. The Board may fill a vacancy in the membership of the Committee.
3. **Independence** – Each member of the Committee shall meet the independence and audit committee composition requirements of the Applicable Requirements.
4. **Financial Literacy** – At the time his or her appointment to the Committee, each member of the Committee shall be financially literate and able to read and understand a set of financial statements, including a balance sheet, cash flow statement and income statement, that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

### C. *Meetings*

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

3. **Access to Management and Outside Advisors** – The Committee shall have unrestricted access to the Company’s management and employees and the books and records of the Company, and, from time to time may hold unscheduled or regularly scheduled meetings or portions of the regularly scheduled meetings with the external auditor, the Chief Financial Officer or the Chief Executive Officer. The Committee shall have the authority to retain and terminate external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the respective compensation for these advisors without consulting or obtaining the approval of the Board or any Company officer.
4. **Funding** – The company shall provide appropriate funding, as determined by the Committee, for:
  - a. the payment of compensation to any external auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services of the Company;
  - b. payment for the services of any advisors retained by the Committee; and
  - c. the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
5. **Meetings Without Management** – The Committee shall hold unscheduled or regularly scheduled meetings, or portions of regularly scheduled meetings, at which only independent directors are present.

#### *D. Functions and Responsibilities*

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

##### **1. Financial Reports**

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

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

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

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

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

## 2. **Auditors**

- a. General – The Committee shall be directly responsible for oversight of the work of the external auditors, including the external auditors work in preparing or issuing an audit report, performing other audit review, or attest services of any other related work. The external auditors shall report directly to the Committee and the Committee shall have authority to communicate directly with the Company’s external auditors.
- b. Appointment of External Auditors – The Committee shall review and if advisable select and recommend to the Board the appointment of the external auditors. The Committee shall review and recommend for Board approval the compensation of the external auditors.
- c. Resolution of Disagreements – The Committee shall resolve any disagreements between management and the external auditors as to financial reporting matters brought to its attention.
- d. Discussions with External Auditor – At least annually, the Committee shall discuss with the external auditor such matters as are required by applicable auditing standards to be discussed by the external auditor with the audit committee, including the matters required to be discussed by Applicable Requirements and review with the external auditor any difficulties encountered in the course of the audit work or otherwise, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management; receive from and review with the independent auditor any accounting adjustments that were noted or proposed by the auditor but that were “passed” (as immaterial or otherwise), any “management” or “internal control” letter or schedule of unadjusted differences issued, or proposed to be issued, by the auditor to the Company, or any other material written communication provided by the auditor to the Company’s management.
- e. External Audit Plan – At least annually, the Committee shall review a summary of the external auditors’ annual audit plan. The Committee shall consider and review with the external auditors any material changes to the scope of the plan.
- f. Quarterly Review Report – The Committee shall review a report prepared by the external auditors in respect of each of the interim financial statements of the Company and any other material communication between the external auditor and management.

- g. Independence of External Auditors – At least annually, and before the external auditors issue their report on the annual financial statements, the Committee shall: obtain from the external auditors a formal written statement describing all relationships between the external auditors and the Company; discuss with the external auditors any disclosed relationships or services that may affect the objectivity and independence of the auditors; and obtain written confirmation from the external auditors that they are objective and independent within the meaning of the applicable Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of chartered accountants to which it belongs and other Applicable Requirements. The Committee shall take appropriate action to oversee the independence of the external auditors.
- h. Evaluation and Rotation of Lead Partner – At least annually, the Committee shall review the qualifications and performance of the lead partner of the external auditors. The Committee shall obtain a report from the external auditors annually verifying that the lead partner of the external auditors has served in that capacity for no more than five fiscal years of the Company and that the engagement team collectively possesses the experience and competence to perform an appropriate audit.
- i. Hiring of Former Employees of External Auditor – The Committee shall review and approve the Company’s hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- j. Requirements for Pre-Approval of Non-Audit Services – The Committee shall approve in advance any retainer of the external auditors to perform any non-audit service to the Company in accordance with Applicable Requirements, specifically relating to such non-audit services. The Committee may delegate pre-approval authority to a member of that Committee. The decisions of any member of the Committee to whom this authority has been delegated must be presented to the full Committee at its next scheduled Committee meeting. Approval by the Committee of a non-audit service to be performed by the external auditor of the Company shall be disclosed in periodic reports as required by the Applicable Requirements.

### **3. Internal Accounting and Disclosure Controls**

- a. General – The Committee shall review the adequacy of the Company’s internal accounting and disclosure controls, its management information systems and its financial, auditing and accounting organizations and systems.
- b. Establishment, Review and Approval – the Committee shall require management to implement and maintain appropriate systems of internal control in accordance with applicable laws, regulations and guidance, including internal control over maintenance of records, financial reporting and disclosure and to review, evaluate and approve these procedures. At least annually, the Committee shall consider and review with management and the external auditors:
  - i. the effectiveness of, or weaknesses or deficiencies in: the design or operating effectiveness of the Company’s internal controls the overall control environment for management business risks; and accounting, financial and disclosure controls (including without limitation, controls over financial reporting) non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management’s conclusions;
  - ii. any significant changes in internal control over financial reporting that are disclosed, or considered for disclosure, including those in the Company’s periodic regulatory filings;
  - iii. any material issues raised by any inquiry or investigation by the Company’s regulators;
  - iv. the Company’s fraud prevention and detection program, including deficiencies in internal controls that may impact the integrity of financial information, or may expose the Company to other significant internal or external fraud losses and the extent of those losses and any disciplinary action in respect of fraud taken against management or other employees who have a significant role in financial reporting; and
  - v. any related significant issues and recommendations of the auditors together with management’s responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls.



4. **Compliance with Legal and Regulatory Requirements** – The Committee shall receive and review regular reports from the Company’s General Counsel and other management members on: legal or compliance matters that may have a material impact on the Company; the effectiveness of the Company’s compliance policies; and any material communications received from regulators. The Committee shall review management’s evaluation of and representations relating to compliance with specific Applicable Requirements, and management’s plans to remediate any deficiencies identified.
5. **Committee Whistleblower Procedures** – The Committee shall establish or oversee the establishment of procedures for (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the company of concerns regarding outside advisors, as necessary or appropriate, to investigate the matter and will work with management, external auditors, and the general counsel to reach a satisfactory conclusion.
6. **Compliance with Code of Business Conduct** – The Committee shall:
  - a. at least annually, review and assess the adequacy of and, if advisable, approve and recommend for Board approval, any amendments to the Company’s Code of Business Conduct;
  - b. review and, if advisable, approve the Company’s processes for administering the Code of Business Conduct;
  - c. review, on a regular basis, summaries of the usage of, and the matters being reported to, the whistle blower services;
  - d. review with management the results of their assessment of the Company’s compliance with the Code of Business Conduct and their plans to remediate any deficiencies identified; and
  - e. review and, if advisable, approve any waiver from a provision of the Code of Business Conduct requested by a member of the Board or senior management.
7. **Committee Disclosure** – The Committee shall prepare, review and approve any audit committee disclosures required by the Applicable Requirements in the Company’s disclosure documents.
8. **Delegation** – The Committee may, to the extent permissible by Applicable Requirements, designate a sub-committee to review any matter within this mandate as the Committee deems appropriate.

*E. Financial Instruments, Risk Assessment and Risk Management*

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1. **Monitor** – The Committee shall review and monitor the management of the principal financial risks that could materially impact the reporting of the Company.
2. **Processes** – the Committee shall review and monitor the processes in place for identifying principal financial risks and reporting them to the Board.
3. **Assessment** – the Committee shall review policies with respect to the management of capital and financial instrument risk management, including:
  - a. Review and periodic approval of management’s financial instrument risk philosophy and management policies;
  - b. Review management reports of demonstrating compliance with risk management policies; and
  - c. Discussing with management, at least annually, the Company’s major financial risk exposures and the steps management has taken to monitor, control and report such risks.

#### *F. Reporting to the Board*

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

#### *G. General*

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- 1. Authority** – The Committee shall, to the extent permissible by Applicable Requirements, have such additional authority as may be reasonably necessary or desirable, in the Committee's discretion, to exercise its powers and fulfill its duties under this mandate.
- 2. Charter Review** – The Committee shall review this Charter on an annual basis or more frequently, as required. Where appropriate, the Committee shall propose changes to this Charter to the Board.

#### *H. Performance Evaluation*

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