



## **SHAREHOLDER UPDATE**

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## **SHAREHOLDER UPDATE**

Goldgroup is diligently working to realize its vision of becoming a premier gold producer in Mexico, one of the world's best mining jurisdictions. Goldgroup is primarily focused on developing its near-term production projects but has been evaluating the acquisition of other gold deposits. All efforts are directed at expanding gold ore resources and bringing those resources into production thus escalating the market value of its in-ground ounces.

To accomplish this mission, Goldgroup has been focused on the following initiatives:

1. Raising \$10 - \$15 million in the next 2-3 months as either pre-IPO financing or as part of a going-public transaction.
2. Conclusion of a public listing in 6 months.
3. Updating the NI 43-101 Technical Report on El Porvenir, finalize metallurgy to optimise recovery and profit margin with a view of putting the project into production in the near future.
4. Completion of a NI 43-101 Technical Report on San Jose de Gracia and preparation of a Pre-Feasibility Study to put the project into production.
5. Acquisition of near-term production projects.

Please refer to Goldgroup's recently launched website below for detailed project data, financial statements and past shareholder updates.

**[www.goldgroupresources.com](http://www.goldgroupresources.com)**

## ***Financial Highlights***

Financially, Goldgroup has prudently expended its funds on in-ground activities while keeping overhead expenses to a minimum. Please refer to the attached audited Financial Statements to December 31, 2008. Summarized below are the funds raised & expenditures made since our inception three years ago and cash on hand, as of June 30, 2009.

	<b>Millions of CDN\$</b>
<b>Total Funds Raised</b>	<b><u>\$24.0</u></b>
<b>Expenditures</b>	
<i>Issue Costs for Financing</i>	\$ 1.9
<i>Earn-in Expenditures – San Jose de Gracia project</i>	\$ 10.3
<i>Exploration Expenditures and Concession Payments – El Porvenir, El Candelero and Kenya projects</i>	\$ 2.1
<i>Option Payments to Goldcorp on El Porvenir project</i>	\$ 1.6
<i>Purchase of 9% interest in Sierra Minerals</i>	\$ 1.5
<i>Equipment purchases</i>	\$ 0.6
<i>Overhead expenses – net of interest income</i>	<u>\$ 1.8</u>
<b>Total expenditures to June 30, 2009</b>	<b><u>\$ 17.9</u></b>
<b>Cash on hand, June 30, 2009</b>	<b><u>\$ 4.2</u></b>

## ***Share Structure***

As of June 30, 2009, there were 36,732,637 common shares issued and outstanding. There are incentive stock options granted and outstanding for 2,710,000 shares with an exercise price of \$0.65 per share.

## ***Project Highlights***

The following are the resource highlights of our two principal projects, El Porvenir and San Jose de Gracia. They are derived from estimates contained in recently completed NI 43-101 compliant reports.

### **El Porvenir**

- Global Indicated Mineral Resource of 14,831,000 tonnes at 0.623 g/t Au and 18.80 g/t Ag;
- At 0.2 g/t Au cut off (open pit mining with heap leach extraction);
- 297,000 oz contained Au and 8,964,000 oz contained Ag;
- **425,000 oz Au equivalent** (using 70:1 gold:silver ratio).

### **San Jose de Gracia - Goldgroup earning 50%**

- Inferred Resource of 3,441,000 tonnes at 5.59 g/t Au, 10.02 g/t Ag, 0.2% Cu, 0.18% Zn;
- At 2.0 g/t Au cut off (underground mining with level adit access, gravity/flotation extraction);
- **618,000 oz Au**, 1,109,000 oz Ag, 15,175,000 lbs Cu, 13,657,000 lbs Zn.

**NOTE:** Drilling is continuing at El Porvenir and is expected to resume at San Jose de Gracia in October 2009 after the rain season has passed.

## ***Project Management Team***

Goldgroup's professional staff on the ground in Mexico consists of twelve mining professionals. Keith Piggott, Goldgroup's President & Chief Executive Officer, and Kevin Sullivan, Goldgroup's Vice-President of Exploration, lead the team of nine geologists, one mining engineer and two metallurgists.

## ***Properties***

Over the past twelve months, Goldgroup's main focus has remained on our two advanced properties (El Porvenir & San Jose de Gracia), but we are actively seeking additional strategic and prospective assets that match our criteria, particularly gold production or near-term production opportunities in Mexico.

## 1. El Porvenir

On February 27, 2007, Goldgroup entered into an agreement with Desarrollos, a subsidiary of Goldcorp, to acquire 100% of its El Porvenir mine for payments of \$3 million over two years. We believe El Porvenir, which is located in the state of Aguascalientes, Mexico, has the potential to produce 45,000 oz Au equivalent per year.

A NI 43-101 Technical Report on the project was recently completed with a resource shown in the Project Highlights. This report can be found on our company website in the near future.

Exploration work in the area has indicated the potential to increase resources. To date, we have drilled 80 percussion holes for a total of 8,682m with Goldgroup's own percussion drill to an average depth of 108m. These holes were initially programmed to better define the reported resource. Drilling has since been expanded to open up new targets outside the projected mining pit limits with significant results as shown in the table below.

### El Porvenir – Significant Exploration Drilling Results (Outside Main Resource)

Drill Hole	Interval (m)	Gold Grade (g/t)	Silver Grade (g/t)
29	34	1.88	3.7
57	66	0.73	3.8
59	36	0.73	6.6
71	96	0.93	5.2
72	6	2.18	3.6
72	16	0.68	9.2
73	4	6.08	8.4
73	8	0.76	8.8
73	20	0.63	7.5

As discussed in the July 2008 Shareholder Update, prior metallurgical studies by Goldcorp and Hecla indicate that heap leaching at minus 1/2 inch crush size will give recoveries of 65% Au and 20% Ag. Our 6 inch column leach tests gave results similar to the prior work of Hecla and Goldcorp's subsidiary Desarrollos. These tests were expanded to 16 inch by 6m high columns to ascertain larger test recoveries and also reagent consumption. These results again gave similar expected recoveries. In addition, they indicated relatively low cyanide consumption with elevated lime consumption, which tend to cost neutral. In addition we have almost completed a 500 tonne bulk leach test, which has indicated similar recoveries as above.

We note that finer material in this bulk test shows faster leaching and higher recovery than coarser material. Since our prior bottle roll testing has shown recoveries in excess of 90% Au and 70% Ag, we are therefore testing fine crushing to optimize recovery.

Consultant metallurgists have been retained to further this work and to design the recovery circuit. There are two geologists, two metallurgists, and ten support staff currently working on the project including our own drilling crew.

## 2. San Jose de Gracia

Goldgroup has the right to earn up to a 50% interest in San Jose de Gracia, subject to Goldgroup funding US\$18 million of phased exploration and development work on the project phased over four and a half years. To date, Goldgroup has funded over US\$9.0 million in exploration and development. We estimate that prior to Goldgroup's involvement, in the recent past, more than \$10 million was spent assembling and exploring the project. Also, in the more distant past, British companies mined over 1 million oz at grades of between 30 g/t and 60 g/t, or between 1-2 oz/t.

We expanded our 100m by 100m rock chip geochemistry sampling program, with closer spacing over some anomalies, to cover an area of approximately 8km by 4km, the results of which show more than thirty serious geochemical anomalies along the mineralized trend which, from recent regional Mexican government work, is believed to be at least 20km long. To date, we have concentrated on drilling 4 of these geochemical anomalies, having drilled a total of 126 diamond drill holes to an average depth of 235m.

Drilling has concentrated on four areas: San Pablo, Tres Amigos, Purisima, and La Union. The San Pablo shoot has sufficient holes with continuous mineralization to indicate direction and dimension. This shoot has initially been drilled with 100m line spacing and 50m hole spacing along the lines. This indicates a shoot with continuous mineralization along a plunge distance of 550m with an average strike length of 170m and an average width of 4.5m. Average grades are several times the probable economic cut-off grade, which suggests that they are high profit margin ounces.

A NI 43-101 Technical Report on the project was recently completed with a resource as shown in the Project Highlights. This report can be found on our company website in the near future.

### San Jose de Gracia – Significant Drilling Results

Drill Hole	Interval (m)	Gold Grade (g/t)
97-02*	16.5	3.85
97-13*	21.5	14.09
97-35*	16.5	3.91
97-39*	3.0	29.50
21	6.1	26.89
26	4.1	16.82
27	6.1	13.59
31	7.5	53.98
51	10.8	19.32
60	5.3	10.90
76	2.8	27.29
104	1.4	26.58
115	5.7	8.67
116	8.2	9.37

\* **NOTE:** Holes 97-02, 97-13, 97-35, & 97-39 were drilled by San Jose de Gracia's previous owner Golden Hemlock in 1997.

### **3. El Candelero**

On May 31, 2007, Goldgroup acquired the option to earn up to a 70% interest in the El Candelero project from Luismin, also a subsidiary of Goldcorp, by spending an aggregate of \$1.5 million over five years. Luismin can earn back 30% by spending \$3 million over three years. If Luismin exercises back in, it will own 60% and Goldgroup will own 40%.

El Candelero remains a very exciting exploration project as it has the potential for Tayoltita-like mineralization. El Candelero has old workings and vein-style mineralization which resembles Tayoltita's geology. El Candelero is only 7km west of the nearest workings of the Tayoltita mine and the east/west structural trend of higher grade mineralization from Tayoltita is believed to extend into the El Candelero concession area. We understand that Goldcorp's Tayoltita Mine is currently producing approximately 250,000 oz Au equivalent per year at approximate grades in excess of 6 g/t Au and 450 g/t Ag. Historic production there is reported to be 23 million oz Au equivalent with the potential to produce an equal amount in the future.

Gold and silver mineralization at El Candelero is hosted in low sulphidation epithermal quartz veins in the andesites and locally within the granite. These veins trend E/W and NE/SW as do the veins at Tayoltita. The veins are up to 35m wide and 1km long and are located in three main zones at La Soledad, Santa Cruz and El Pino.

The sampling is designed to outline the higher grade shoots within the quartz veining for eventual drill testing. To date, Goldgroup has collected and assayed a total of 461 samples, of which 118 contain grades in excess of 1 g/t Au equivalent.

### **4. Kenya**

Goldopmin SA de CV, our 90%-owned subsidiary, holds a 100% property interest in approximately 45,000 hectares of prospective land in the Sierra Madre Gold Belt in the state of Chihuahua. We refer to these claims, collectively, as "Kenya". Kenya is located 50km from our San Jose de Gracia project.

Rocks in the area are mainly Tertiary volcanics consisting of andesites of the Lower Volcanic Series and rhyolitic tuffs of the Upper Volcanic Series with the LVS exposed in most of the drainage systems. The rocks are traversed by a series of NW and NE trending structures which host gold and silver-rich low-sulphidation epithermal quartz veining.

Exploration to date has been concentrated on locating and systematically sampling these quartz veins in order to define the higher grade shoots within the veins. Mapping in one area has defined six mineralized structures up to 1km in length with a NE/SW strike. These zones contain quartz veining and stockworking up to 20m wide with gold equivalent grades up to 14.6 g/t over 2m in the vein material. To date, Goldgroup has collected and assayed a total of 712 samples, of which 84 contain grades in excess of 1 g/t Au equivalent.

The next six months will be a very exciting time for your company. We look forward to keeping you informed. Please do not hesitate to contact us with any questions or comments by telephone at +1.604.682.1943 or by email at [info@goldgroupresources.com](mailto:info@goldgroupresources.com). Please contact David Fry for investor relations inquiries at [dfry@goldgroupresources.com](mailto:dfry@goldgroupresources.com)

Sincerely,

***GOLDGROUP RESOURCES INC.***

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