Goldgroup Mining Inc.

Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2022 and 2021
(Unaudited)
(expressed in thousands of US dollars, except where indicated)

Goldgroup Mining Inc.

Condensed Interim Consolidated Statements of Financial Position

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

	Note	September 30, 2022	December 31, 2021
Assets			
Current assets			
Cash and cash equivalents	5	$ 657	$ 948
Other receivables and prepaid expenses	4	966	1,624
Investments	5,7	-	692
Inventory	6	687	762
		2,310	4,026
Receivables	4	2,334	1,823
Property, plant and equipment	8	2,221	1,385
Right of use asset	13	166	165
Mineral property	10	970	1,008
Exploration and evaluation property	11	7,914	2,465
Total assets		$ 15,915	$ 10,872
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5	$ 11,547	$ 6,537
Tax payable		-	3
Current lease liability	5,13	73	56
Decommissioning obligation		313	313
Warrant liability	5,14	47	-
Loan payable	5,12	3,535	982
		15,515	7,891
Warrant liability	5,14	145	255
Loan payable	5,12	-	589
Lease liability	5,13	99	112
Decommissioning obligation		2,250	2,236
Total liabilities		18,009	11,083
Shareholders' equity (deficiency)			
Share capital	15	134,651	134,551
Contingent share consideration	20	3,305	3,305
Reserves		8,418	8,271
Deficit		(148,468)	(146,338)
Total shareholders' equity (deficiency)		(2,094)	(211)
Total liabilities and shareholders' equity (deficiency)		$ 15,915	$ 10,872

Nature of operations and going concern (note 1)
Commitments (note 20)

Approved by the Board of Directors

___________"Javier Reyes"_____________ Director   _________"Corry Silbernagel"__________ Director

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

Goldgroup Mining Inc.

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

For the three and nine months ended September 30,
(amounts expressed in thousands of US dollars, except where indicated - Unaudited)

		Three months ended Sept. 30,		Nine months ended Sept. 30,	
	Note	**2022**	**2021**	**2022**	**2021**
Revenue					
Gold sales		$ -	$ 5,311	$ 525	$ 19,435
Silver sales		-	246	27	755
		-	5,557	552	20,190
Cost of operation					
Cost of sales	17	-	(5,641)	(974)	(16,694)
Depreciation and depletion	8,10	-	(538)	(54)	(1,670)
		-	(622)	(476)	1,826
Depreciation	8,13	(11)	(29)	(42)	(81)
Share-based compensation	15,16	(27)	(11)	(147)	(52)
General and administrative		(328)	(276)	(924)	(740)
Salary and consulting	16	(130)	(128)	(397)	(392)
Professional fees	16	(255)	(400)	(1,014)	(995)
Gain on investments	7	-	(436)	2	380
Gain on disposal of property, plant and equipment		-	-	-	58
Finance cost	18	(67)	(60)	(180)	(168)
Unrealized derivative gain (loss) – warrant liability	14	345	78	431	168
Foreign exchange gain		(52)	(25)	101	(17)
Other income	9	170	64	516	1,277
Income (loss) before income taxes		(355)	(1,845)	(2,130)	1,264
Income taxes (expense) recovery – current		11	465	-	(843)
Net income (loss) and comprehensive income (loss)		(344)	(1,380)	(2,130)	421
Income (loss) per share – Basic and diluted		$ (0.02)	$ (0.07)	$ (0.10)	$ 0.02
Weighted average shares outstanding (000's)					
Basic		22,263	21,180	21,902	21,180
Diluted		22,263	21,180	21,902	21,631
Total shares issued and outstanding (000's)		22,925	21,180	22,925	21,180

Goldgroup Mining Inc.

Condensed Interim Consolidated Statements of Cash Flows

For the three and nine months ended September 30,
(amounts expressed in thousands of US dollars, except where indicated - Unaudited)

		Three months ended Sept. 30,		Nine months ended Sept. 30,	
	Note	**2022**	**2021**	**2022**	**2021**
Cash flows provided by operating activities					
Income (loss) for the period		$ (344)	$ (1,380)	$ (2,130)	$ 421
Items not affecting cash					
Depreciation	8,13	10	235	59	620
Depletion	10	-	288	38	1,027
Share-based compensation	15	27	11	147	52
Finance cost - Decommissioning obligation	18	4	3	14	10
Unrealized foreign exchange gain (loss)		(3)	41	(8)	11
Finance cost		15	46	104	137
Gain on investments	7	-	436	(2)	(380)
Unrealized derivative gain (loss) – warrant liability	14	(345)	(78)	(431)	(168)
Accretion on lease liability		5	9	17	12
Impairment of inventory in cost of sales			561		561
Gain on disposal of property, plant and equipment		-	-	-	(58)
Change in non-cash operating working capital					
Decrease (increase) in other receivables and prepaid expenses		(393)	503	146	543
Decrease in inventory		7	489	75	961
Decrease in tax payable		-	(941)	(3)	(80)
Increase (decrease) in accounts payable and accrued liabilities		2,398	(83)	5,017	(403)
		1,381	140	3,043	3,266
Cash flows provided (used) by financing activities					
Proceeds of private placement	15	-	-	477	-
Loan advances	12	1,860	-	1,860	-
Repayment of interest on Accendo loan		-	(46)	-	(137)
Lease payments	13	(14)	(30)	(56)	(92)
		1,846	(76)	2,281	(229)
Cash flows used in investing activities					
Purchase of property, plant and equipment	8	(554)	-	(1,157)	(494)
Proceeds on sale of investments	7	-	-	694	354
Recovery from exploration property sales	11	4,247	-	15,418	-
Exploration and evaluation property		(6,985)	-	(20,570)	-
		(3,292)	-	(5,615)	(140)
Increase (decrease) in cash and cash equivalents		(65)	64	(291)	2,897
Cash and cash equivalents – beginning of period		722	3,415	948	582
Cash and cash equivalents – end of period		$ 657	$ 3,479	$ 657	$ 3,479
Cash		612	3,461	612	3,461
Cash equivalents		45	18	45	18
Cash and cash equivalents – end of period		$ 657	$ 3,479	$ 657	$ 3,479

Supplemental cash flow information (note 22)

Goldgroup Mining Inc.

Condensed Interim Consolidated Statement of Changes in Shareholders' Equity (Deficiency)

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

	Notes	Shares ('000) Note 1	Share capital	Contingent shares (Note 20)	Share based compensation reserves	Foreign currency translation reserves	Deficit	Total equity (deficiency)
January 1, 2022		21,180	$ 134,551	$ 3,305	$ 8,579	$ (308)	$ (146,338)	$ (211)
Loss for the period		-	-	-	-	-	(2,130)	(2,130)
Private placement	15	1,744	100	-	-	-	-	100
Share-based compensation	15	-	-	-	147	-	-	147
Balance at September 30, 2022		22,925	$ 134,651	$ 3,305	$ 8,726	$ (308)	$ (148,468)	$ (2,094)
January 1, 2021		21,180	$ 134,551	$ 3,305	$ 8,448	$ (308)	$ (145,300)	$ 696
Income for the period		-	-	-	-	-	421	421
Share-based compensation	15	-	-	-	52	-	-	52
Balance at September 30, 2021		21,180	$ 134,551	$ 3,305	$ 8,500	$ (308)	$ (143,479)	$ 1,169

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

1 Nature of operations and Going Concern

Nature of operations

Goldgroup Mining Inc. is the parent company of its consolidated group ("Goldgroup" or the "Company"). Goldgroup was incorporated in Quebec under the Business Corporations Act (Québec) and on July 28, 2011 it was continued under the Business Corporations Act (British Columbia). Its head office is located at Suite 1201 – 1166 Alberni Street, Vancouver BC, V6E 3Z3. Goldgroup together with its subsidiaries, is a Canadian-based gold producer and is focused on the acquisition, exploration and development of advanced stage gold-bearing mineral properties in the Americas. The Company's current gold production and exploration and development related activities are conducted in Mexico. Goldgroup owns a property portfolio that includes a 100% interest in the operating Cerro Prieto project in Sonora, which commenced commercial production on April 1, 2016 for accounting purposes. The Company is listed on the Toronto Stock Exchange ("TSX") under the symbol "GGA".

Going Concern

The Company has experienced recurring operating losses and has an accumulated deficit of $148,468 at September 30, 2022. In addition, as at September 30, 2022, the Company has working capital deficiency of $13,205. Working capital is defined as current assets less current liabilities and provides a measure of the Company's ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year. The continuing operations of the Company are dependent upon its ability to arrange additional financing and resolving the legal disputes with DynaResource, Inc. ("DynaUSA") (note 9). These matters result in material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. These unaudited condensed interim 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 unaudited condensed interim 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.

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.

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.

2 Basis of presentation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB have been condensed or omitted and these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2021.

The accounting policies applied in these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended December 31, 2021.

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

These unaudited condensed interim consolidated financial statements were approved by the Board of Directors on November 14, 2022.

3 Estimates, risks and uncertainties

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

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

Significant judgments in applying accounting policies

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

(i) Impairment of assets

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

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

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

(iii) Functional currency

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

Key sources of Estimation Uncertainty

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

(i) Mineral resource estimation

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

(ii) Depreciation and depletion

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

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

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

(iii) Inventories

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

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

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

(iv) Decommissioning and restoration provision

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

(v) Share-based payments

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

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

(vi) Contingencies

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

(vii) Deferred taxes

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

(viii) Impairment

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

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

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

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

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

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

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

4 Other receivables and prepaid expenses

	September 30, 2022	December 31, 2021
Current asset		
Financial assets		
Other receivables	$ 407	$ 160
Employee receivables	27	16
Non-Financial assets		
Value-added tax receivables	230	230
Corporate tax receivables	37	35
Total receivables	701	441
Prepaid expenses	265	1,183
	$ 966	$ 1,624
Non-current assets		
Non-Financial assets		
Value-added tax receivables	$ 918	$ 920
Other receivables	1,268	763
Corporate tax receivables	148	140
	$ 2,334	$ 1,823

5 Financial instruments

Fair values of financial instruments

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

	Fair Value Hierarchy Level	September 30, 2022	December 31, 2021
Financial assets			
Amortized cost			
Cash and cash equivalents (1)	N/A	$ 657	$ 948
Receivables (1)	N/A	434	176
Fair value through profit or loss			
Investments	Level 1	-	692
Financial liabilities			
Other financial liabilities			
Accounts payable & accrued liabilities (1)	N/A	11,547	6,537
Loan payable (3)	N/A	3,535	1,571
Lease liability	N/A	172	168
Warrant liability (2)	Level 3	192	255

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

(2) The company applies a standard Black-Scholes model to value the warrant liability as described in note 14.

(3) Loan payable is presented on an amortized cost basis and will be accreted to its face amount over the term to maturity of the loan at an effective interest rate.

Credit Risk

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

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as described in note 21. The accounts payable and accrued liabilities, lease liability, loan payable and tax payable are due within the current operating period. The Company is exposed to liquidity risk.

Market Risk

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

Price Risk

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

Commodity Price Risk

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

Interest Rate Risk

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

Foreign Exchange Risk

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

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

The Company's financial assets and liabilities as at September 30, 2022 are denominated in United States Dollars, Canadian Dollars, and Mexican Pesos, and are set out in the following table:

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

	Canadian Dollars	US Dollars	Mexico Pesos	Total
Financial assets				
Cash and cash equivalents	$ 27	$ 593	$ 37	$ 657
Receivables - other	-	434	-	434
	27	1,027	37	1,091
Financial liabilities				
Accounts payable and accrued liabilities	(437)	(7,464)	(3,646)	(11,547)
Loan payable	(309)	(3,226)	-	(3,535)
Lease liability	(172)	-	-	(172)
Warrant liability	(192)	-	-	(192)
Net financial (liabilities) assets	$ (1,083)	$ (9,663)	$ (3,609)	$ (14,355)

The Company's financial assets and liabilities as at December 31, 2021 are denominated in United States Dollars, Canadian Dollars, and Mexican Pesos, and are set out in the following table:

	Canadian Dollars	US Dollars	Mexico Pesos	Total
Financial assets				
Cash and cash equivalents	$ 292	$ 567	$ 89	$ 948
Receivables - other	-	176	-	176
Investments	692	-	-	692
	984	743	89	1,816
Financial liabilities				
Accounts payable and accrued liabilities	(120)	(3,763)	(2,654)	(6,537)
Loan payable	-	(1,571)	-	(1,571)
Lease liability	(168)	-	-	(168)
Warrant liability	(255)	-	-	(255)
Net financial (liabilities) assets	$ 441	$ (4,591)	$ (2,565)	$ (6,715)

The Company's reported results will be affected by changes in the US dollar to Canadian dollar and US dollar to Mexican Pesos exchange rate. As of September 30, 2022, a 10% appreciation of the Canadian dollar relative to the US dollar would have decreased net financial assets by approximately $108 (December 31, 2021 -$44). A 10% depreciation of the US Dollar relative to the Canadian dollar would have had the equal but opposite effect. A 10% appreciation of the Mexican Pesos relative to the US dollar would have decreased net financial asset by approximately $361 (December 31, 2021 -$256) and a 10% depreciation of the Mexican Pesos would have had an equal but opposite effect. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risk.

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

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

September 30, 2022	Current – within 1 year	Non- current – 1 to 3 years
Accounts payable and accrued liabilities	$ 11,547	$ -
Loan payable	3,535	-
Lease liability	73	99
	$ 15,155	$ 99

December 31, 2021	Current - within 1 year	Non- current – 1 to 3 years
Accounts payable and accrued liabilities	$ 6,537	$ -
Lease liability	56	112
Loan payable	982	589
	$ 7,575	$ 701

6 Inventory

	September 30, 2022	December 31, 2021
Consumable supplies	$ 687	$ 762
	$ 687	$ 762

As at September 30, 2022 and December 31, 2021, the Company was concentrating efforts on the Puma zone and therefore has no inventory other than consumable supplies. All of the Company's consumable supplies are located at the Cerro Prieto mine in Mexico.

7 Investments

	December 31, 2021 Fair value	Disposed	Gain/(Loss)	Foreign exchange	September 30, 2022 Fair value
Oroco common shares	$ 692	$ (694)	$ 2	$ -	$ -
	December 31, 2020 Fair value	**Disposed**	**Gain/(Loss)**	**Foreign exchange**	**December 31, 2021 Fair value**
Oroco common shares	$ 1,049	$ (620)	$ 271	$ (8)	$ 692

As at September 30, 2022 the Company held nil (December 31, 2021 – 430,600) common shares of Oroco Resource Corp. ("Oroco"). During the period ended September 30, 2022 the Company sold 430,600 (December 31, 2021 – 291,400) Oroco shares for total proceeds of $694 (December 31, 2021 $620).

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

8 Property, plant and equipment

	Cost December 31, 2020	Additions	Disposals	December 31, 2021	Additions	Disposals	September 30, 2022
Plant and mining equipment	$ 10,915	$ 388	$ -	$ 11,303	$ 1,024	$ -	$ 12,327
Machinery	2,701	31	-	2,732	133	-	2,865
Office and furniture	257	6	-	263	-	-	263
Vehicles	903	118	(85)	936	-	-	936
Lab equipment	92	5	-	97	-	-	97
	$ 14,868	$ 548	$ (85)	$ 15,331	$ 1,157	$ -	$ 16,488

	Accumulated Depreciation December 31, 2020	Depreciation	Disposals	December 31, 2021	Depreciation	Disposals	September 30, 2022
Plant and mining Equipment	$ 9,818	$ 404	$ -	$ 10,222	$ 209	$ -	$ 10,431
Machinery	2,453	164	-	2,617	65	-	2,682
Office and furniture	253	5	-	258	3	-	261
Vehicles	795	47	(73)	769	40	-	809
Lab equipment	75	5	-	80	4	-	84
	$ 13,394	$ 625	$ (73)	$ 13,946	$ 321	$ -	$ 14,267

Depreciation on property, plant and equipment for the period ended September 30, 2022 is $321 (2021 - $480) of which $17 (2021 - $450) is recorded as a cost of the mine, $nil (2021 - $1) is recorded as depreciation expense, $304 (2021 - $nil) was recorded in exploration and evaluation assets and $nil (2021 - $29) is included in inventory.

Carrying amount	September 30, 2022	December 31, 2021
Plant and mining equipment	$ 1,896	$ 1,081
Machinery	183	115
Office and furniture	2	5
Vehicles	127	167
Lab equipment	13	17
	$ 2,221	$ 1,385

9 Investments in associate - DynaMexico

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

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

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

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

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

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

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

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

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

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

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

Results and Award from Arbitration

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

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

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

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

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

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

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

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

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

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

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

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

On April 16, 2021, the Tenth Circuit Court of Appeals (the "Circuit Court") affirmed the May 9, 2019 order and judgment from United States District Court for the District of Colorado, which confirmed the arbitration award (the "Arbitral Award") the Company received on August 14, 2016 pursuant to an arbitration held in Denver, Colorado, commencing in March 2014 (the

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"Arbitration"). The Company received the $1,111 appeal bond funds from DynaUSA which is recorded in other income on the statements 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 December 4, 2020 DynaMexico filed another claim seeking recognition of the judgment under the Texas Uniform Foreign-County Money Judgment Recognition Act. The Company has filed a Special Appearance, Motion to Dismiss for Improper Venue, and Motion for Non-Recognition in response. A hearing was held on the Special Appearance and Motion to Dismiss for Improper Venue on February 8, 2021 and on May 12, 2021 The 134th Judicial District Court, as a District Court of the State of Texas, ruled it is not required to recognize DynaMexico’s foreign judgment from the country of Mexico. DynaUSA has appealed this decision and the appeal has been fully briefed and oral arguments were heard on April 20, 2022 and the Company is currently waiting for the judgement.

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

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10 Mineral property

Carrying amount	**Cerro Prieto**
Balance, December 31, 2020	$ 1,857
Depletion	(962)
Change in decommissioning obligation	113
Balance, December 31, 2021	1,008
Depletion	(38)
Balance, September 30, 2022	$ 970

Cerro Prieto commenced commercial production on April 1, 2016 for accounting purposes. The project has an existing 2% NSR. In addition, there is a production royalty calculated as 20% of the difference between the market price of gold and $1,250 per ounce up to a maximum of US$90 per ounce of gold produced from the Cerro Prieto Project, of the greater of (i) the first 90,000 ounces of gold produced from the Project and (ii) all ounces of gold produced from the Cerro Prieto Project until the completion of five full years after certain criteria have been met. In August 2022, the 90,000 ounce cap was achieved and the royalty has maxed out and no longer be accrued.

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

11 Exploration and evaluation asset

During the year ended December 31, 2021, the Company identified a new resource area called the Puma extension. This extension is currently recognized as an exploration and evaluation asset until the Company defines the resource, completes a technical feasibility and commercial viability assessment on the area and transitions the property to mineral properties. During the fourth quarter of the year ended December 31, 2021, the Company started production from this area and all sales and expenses from production will be capitalized until the property is no longer classified as an exploration and evaluation asset.

Carrying amount	September 30, 2022	December 31, 2021
Opening	$ 2,465	$ -
Exploration costs	-	795
Mining	13,673	3,790
Crushing	3,288	1,065
Plant and laboratory	1,004	428
Mine administration	1,080	514
Machine maintenance	108	81
Royalty	760	357
Other	650	218
Depreciation	304	183
Increase in decommissioning obligation	-	758
Gold and silver sales (pre-production)	(15,418)	(5,724)
	$ 7,914	$ 2,465

12 Loan payable

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

The Accendo facility has the following terms:

- Amount USD $1,800
- Term of 24 months
- Standby charge of 1.0% per annum on undrawn amounts
- Interest rate of 15% per annum
- The interest rate for overdue payments increases to 30% per annum
- Principal and interest must be repaid quarterly. (The principal is repaid in equal quarterly installments from drawdown with final payment October 2020).
- The credit amount can be requested in any increment with three days notice
- Every withdrawal will have a separate promissory note and repayment schedule
- The loan has senior security over all the assets of the Company

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

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

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

The Facility Terms

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

As consideration for the Loan:

- The Company will pay Accendo an arrangement fee in an amount equal to 0.925% of the facility amount, payable on the date of the first disbursement under the Facility; and
- the Company will issue Accendo a total of 750,000 common share purchase warrants exercisable to purchase one common share in the capital of the Company at a price of CAD$0.25 for a period of 36 months. The fair value of warrants issued was calculated at $75 (note 14) and recorded as finance costs as it was determined that the loan was an extinguishment.

The Facility is secured by:

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

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

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

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 (the “Loan”). The Loan bears interest at 5% per annum, will be repaid in 11 equal monthly installments of $50 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.

During the period ended September 30, 2022, the Company received $1,310 in advances of which $309 were from a related party. These amounts are non-secured, payable on demand and non-interest bearing.

	September 30, 2022	December 31, 2021
Opening balance	$ 1,571	$ 1,525
Interest expense	138	182
Interest paid	-	(136)
Loan -Sail	550	-
Loan advances	1,310	-
Transaction costs - Sail	(40)	-
Amortization of transaction costs - Sail	6	-
Classified as short-term	$ 3,535	$ 982
Long-term portion	$ -	$ 589

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

13 Right of use asset and lease liability

Right of use asset	September 30, 2022	December 31, 2021
Opening balance	$ 165	$ 60
Recognition of right of use asset	43	186
Less: depreciation	(42)	(81)
Total right of use asset	$ 166	$ 165

Lease liability	September 30, 2022	December 31, 2021
Opening balance	$ 168	$ 69
Recognition of lease liability	43	186
Lease payments	(56)	(102)
Lease interest	17	15
Total lease liability	172	168
Less: current portion	(73)	(56)
Classified as long-term liability	$ 99	$ 112

Undiscounted lease payments	September 30, 2022	December 31, 2021
Not later than a year	$ 93	$ 78
Later than a year	111	127
	$ 204	$ 205

The Company's lease relates to its office lease. Interest expense on the lease liability for the period ended September 30, 2022 is $17 (2021 - $12). Depreciation of right-to-use assets is calculated using the straight-line method over the remaining lease term. During the period ended September 30, 2022, the Company incurred $9,291 (2021 - $6,036) for leases with variable lease payments not included in lease liabilities. The variable lease payments relate to certain equipment with consideration based on usage. During the period ended September 30, 2022, the Company received $52 (2021 - $62) from subleasing office space.

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

14 Warrant liability

	Number of warrants	Weighted average exercise price (C$)	Warrant liability (US$)
Balance, December 31, 2020	2,083,333	$ 0.47	$ 545
Change in fair value	-	-	(290)
Balance, December 31, 2021	2,083,333	$ 0.47	$ 255
Warrants granted	1,744,286	0.5	368
Warrants expired	(1,333,333)	0.6	
Change in fair value	-	-	(431)
Balance, September 30, 2022	2,494,286	$ 0.42	$ 192
Less: current portion			(47)
Classified as long-term			145

Expiry date	Number of warrants	Weighted Average exercise price (C$)
June 29, 2023	750,000	0.25
June 9, 2025	1,744,286	0.5
Balance, September 30, 2022	2,494,286	0.42

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 (CAD $610). 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. The fair value of warrants issued was calculated at $368 and was determined on the date of issuance using the Black-Scholes option pricing model with the following weighted average assumptions: 3.07% risk free interest rate, expected life of 3 years, 192% annualized volatility and 0% dividend rate.

The fair value allocated to the warrants at September 30, 2022 was $192 (December 31, 2021 - $255) and was recorded as a derivative financial liability as these warrants were exercisable in Canadian dollars, differing from the Company's functional currency. The unrealized gain recognized in the statements of loss and comprehensive loss for the period ended September 30, 2022 was $431 (2021 loss of $168).

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

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

	September 30, 2022	December 31, 2021
Expected warrant life	2.11 years	0.82 years
Expected stock price volatility	210.18%	142%
Dividend payment during life of warrant	Nil	Nil
Expected forfeiture rate	Nil	Nil
Risk free interest rate	3.79%	0.95%
Weighted average strike price CAD	$ 0.42	$ 0.5
Weighted average fair value per warrant CAD	$ 0.1059	$ 0.13
Weighted average share price CAD	$ 0.14	$ 0.35

15 Share Capital

(i) Share Capital

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

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 $477 (CAD $610). 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. The fair value of warrants issued was calculated at $368 and was determined on the date of issuance using the Black-Scholes option pricing model with the following weighted average assumptions: 3.07% risk free interest rate, expected life of 3 years, 192% annualized volatility and 0% dividend rate.

(ii) Share based compensation

The Company has adopted a share option plan for which options to acquire up to 10% of the issued share capital, at the award date, may be granted to eligible optionees from time to time. Generally, share options granted have a maximum term of five years, and a vesting period and exercise price determined by the directors. The exercise price may not be less than the closing quoted price of the Company's common shares traded through the facilities of the exchange on which the Company's common shares are listed. As at September 30, 2022, the remaining share options available for issue under the plan were 308,466 (December 31, 2021 – 134,040).

Total share options granted during the period ended September 30, 2022 was nil (2021 – nil). Total share-based compensation expense recognized for the fair value of share options granted and vested during the period ended September 30, 2022 was $147 (2021 - $52).

	September 30, 2022		December 31, 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding - beginning of period	1,984,000	$ 0.375	1,306,000	$ 1.00
Granted	-	-	1,025,000	0.35
Expired/forfeited	-	-	(347,000)	2.7
Outstanding - end of period	1,984,000	$ 0.375	1,984,000	$ 0.375

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

The following table discloses the number of options and vested options outstanding as at September 30, 2022:

	Options Outstanding			Options Exercisable		
Exercise price (C$/option)	**Options outstanding**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price (C$/option)**	**Options outstanding and exercisable**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price (C$/option)**
$0.70	144,000	0.32	$ 0.70	144,000	0.32	$ 0.70
$0.35	815,000	2.82	0.35	815,000	2.82	0.35
$0.35	1,025,000	4.24	0.35	512,500	4.24	0.35
Outstanding - end of period	1,984,000	3.37	$ 0.375	1,471,500	3.07	$ 0.375

The following table discloses the number of options and vested options outstanding as at December 31, 2021:

	Options Outstanding			Options Exercisable		
Exercise price (C$/option)	**Options outstanding**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price (C$/option)**	**Options outstanding and exercisable**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price (C$/option)**
$0.70	144,000	1.06	$ 0.70	144.000	1.06	$ 0.70
$0.35	815,000	3.57	0.35	611,250	3.57	0.35
$0.35	1,025,000	4.98	0.35	256,250	4.98	0.35
Outstanding - end of year	1,984,000	4.12	$ 0.375	1,011,500	3.57	$ 0.40

16 Related party transactions

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel. Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include officers, directors or companies with common directors of the Company. The remuneration of the Company's directors and other key management personnel during the period ended September 30, 2022 and 2021, are as follows:

	2022	**2021**
Short-term employee benefits included in salary and consulting	$ 215	$ 99
Director's fees included in professional fess	86	86
Share-based compensation	104	39
Consulting fees included in salary and consulting	81	81
	$ 486	$ 305

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

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

At September 30, 2022, accounts payable and accrued liabilities includes $269 (December 31, 2021 - $135) owing to a director and/or officer and/or companies controlled by the directors.

During the period ended September 30, 2022 the Company paid consulting fees totalling $81 (2021 - $81) to companies controlled by directors and/or officers of the Company.

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

17 Cost of sales

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Mining	$ -	$ 2,079	$ 682	$ 7,602
Crushing	-	898	38	2,701
Plant and Laboratory	-	382	118	1,351
Mine administration	-	382	4	1,180
Machine maintenance	-	107	44	454
Royalty	-	346	46	1,210
Inventory impairment	-	561	-	561
Change in inventory	-	446	-	925
Other	-	440	42	710
	$ -	$ 5,641	$ 974	$ 16,694

18 Finance cost

		Three months ended September 30,		Nine months ended September 30,	
	Note	2022	2021	2022	2021
Accretion - Decommissioning obligation		$ 4	$ 3	$ 14	$ 10
Interest expense	12	49	46	138	137
Interest on lease liabilities	13	5	9	17	12
Amortization of transaction costs	12	6	-	6	-
Other finance cost		3	2	5	9
		$ 67	$ 60	$ 180	$ 168

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

19 Segmented disclosure

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

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

	As at September 30, 2022			As at December 31, 2021		
	Canada	Mexico	Total	Canada	Mexico	Total
Assets						
Cash and cash equivalents	$ 556	$ 101	**$ 657**	$ 374	$ 574	**$ 948**
Investments	-	-	-	692	-	**692**
Other receivables and prepaid expenses	89	3,211	**3,300**	180	3,267	**3,447**
Inventory	-	687	**687**	-	762	**762**
Right of use asset	166	-	**166**	165	-	**165**
Property, plant and equipment	-	2,221	**2,221**	-	1,385	**1,385**
Mineral property	-	970	**970**	-	1,008	**1,008**
Exploration property	-	7,914	**7,914**	-	2,465	**2,465**
Liabilities						
Accounts payable and accrued liabilities	(2,662)	(8,885)	**(11,547)**	(1,477)	(5,060)	**(6,537)**
Tax payable	-	-	-	-	(3)	**(3)**
Loan payable	-	(3,535)	**(3,535)**	-	(1,571)	**(1,571)**
Warrant liability	(192)	-	**(192)**	(255)	-	**(255)**
Lease liability	(172)	-	**(172)**	(168)	-	**(168)**
Decommissioning obligations	-	(2,250)	**(2,250)**	-	(2,549)	**(2,549)**

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

Selected financial information by operating segments is as follows:

	As at September 30, 2022				As at December 31, 2021			
	Production	Exploration	Corporate	Total	Production	Exploration	Corporate	Total
Assets								
Cash and cash equivalents	$ 101	$ -	$ 556	**$ 657**	$ 582	$ -	$ 366	**$ 948**
Investments	-	-	-	**-**	-	-	692	**692**
Other receivables and prepaid expenses	3,211	-	89	**3,300**	3,267	-	180	**3,447**
Inventory	687	-	-	**687**	762	-	-	**762**
Right of use asset	-	-	166	**166**	-	-	165	**165**
Property, plant and equipment	2,221	-	-	**2,221**	1,385	-	-	**1,385**
Mineral property	970	-	-	**970**	1,008	-	-	**1,008**
Exploration property	-	7,914	-	**7,914**	-	2,465	-	**2,465**
Total assets	$ 7,190	$ 7,914	$ 811	**$ 15,915**	$ 7,004	$ 2,465	$ 1,403	**$ 10,872**

For the nine months ended September 30, 2022

	Corporate	Cerro Prieto	Total
Revenue	-	552	552
Income before income taxes	(232)	(1,896)	(2,130)

For the three months ended September 30, 2022

	Corporate	Cerro Prieto	Total
Revenue	-	-	-
(Loss) income before income taxes	782	(1,137)	(355)

For the nine months ended September 30, 2021

	Corporate	Cerro Prieto	Total
Revenue	-	20,190	20,190
Income before income taxes	(1,109)	2,373	1,264

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

For the three months ended September 30, 2021

	Corporate	Cerro Prieto	Total
Revenue	-	5,557	5,557
Income before income taxes	(1,006)	(839)	(1,845)

20 Commitments

a. In 2011, the Company acquired the Caballo Blanco project held previously by Almaden Minerals Ltd. ("Almaden"). As part of the consideration, the Company may have to issue up to an additional 0.7 million common shares of the Company upon achievement of certain project milestones. As a result, the Company recorded a contingent share consideration of $3,305 (December 31, 2020 - $3,305). Subsequent to the sale of Caballo Blanco to Timmins Gold in fiscal 2014, the terms of these contingent shares remained unchanged. Pursuant to a plan of arrangement the right to receive shares has been transferred to Almadex Minerals Limited.

b. The Company was entitled to receive an additional contingent consideration from the 2014 Caballo Blanco sale of $5.0 million ("Contingent Gain") that would become payable in cash, Timmins Gold shares, or a combination thereof (at the option of Timmins Gold, provided that the Company's ownership in Timmins Gold will not exceed 9.9% at any time) should any of the following events occur prior to October 31, 2019:

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

During the year ended December 31, 2016, the Company sold the contingent receivable to Credipresto for cash consideration of $1,900, which was paid upon execution and the proceeds were used to pay back the principal of the Facility and recognizing a gain on sale of $1,900. An additional $600 will be contingently payable to the Company by Credipresto when the owner of Caballo Blanco receives the Environmental Permit. Although the Company may become entitled to the contingent payments, the value of these payments has not been recognized in the statement of financial position as at September 30, 2022 due to the level of uncertainty surrounding the conditions required for the payments.

21 Capital management

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

The Company manages its capital structure and makes adjustments in light of changes in its economic environment and the risk characteristics of the Company's assets. To effectively manage the entity's capital requirements, the Company has in place a planning, budgeting and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. As at September 30, 2022, the Company expects its capital resources will require additional financial support for its normal operating requirements, planned development and exploration of its mineral properties for the next twelve months. There are no externally imposed capital requirements to which the Company has not complied.

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

22 Supplemental cash flow information

	Three months ended September 30,		Nine months ended September 30,	
Supplemental cash flow information	**2022**	**2021**	**2022**	**2021**
Depreciation capitalized to exploration properties	$ 87	$ -	$ 304	$ -
Depreciation and depletion included in inventory	-	284	-	92
Recognition of right of use asset and liability	43	-	43	351