

Form 51-102F6

Statement of Executive Compensation
(for the year ended December 31, 2018)
GOLDGROUP MINING INC.

For the purposes of this Statement of Executive Compensation, named executive officers (“NEOs”) are defined as follows:

- a) the individual who acted as the Company’s Chief Executive Officer (“CEO”) or acted in a similar capacity for any part of the most recently completed financial year;
- b) the individual who acted as the Company’s Chief Financial Officer (“CFO”) or acted in a similar capacity for any part of the most recently completed financial year;
- c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000; and
- d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year.

The Company’s current NEOs are Keith Piggott and Anthony Balic.

COMPENSATION DISCUSSION AND ANALYSIS

The objectives of the Company’s executive compensation program are:

- to reward individual contributions in light of the Company’s performance;
- to be competitive with the companies with whom the Company competes for talent;
- to align the interests of the executives with the interests of the shareholders; and
- to attract and retain executives who could help the Company achieve its objectives.

The two basic components of executive compensation have been a fixed salary and performance-based variable incentive compensation which is comprised of stock option grants (the “Total Direct Compensation”). The allocation of Total Direct Compensation value to these different compensation elements is not based on a formula, but rather is intended to reflect market practices as well as the Compensation Committee’s discretionary assessment of an executive officer’s past contribution and ability to contribute to future short and long-term business results.

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 is 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 any or all of the following: compensation surveys, peer comparison, analysis, compensation consultants and any other reference or means deemed appropriate. All of the members of the Compensation Committee have experience setting compensation for executives in companies of similar size to the Company.

In the course of its deliberations, the Compensation Committee considered the implications of the risks associated with adopting the compensation program currently in place. The Compensation Committee does not believe that the compensation program adopted by the Company creates a material risk that the NEOs or any employee would be encouraged to take inappropriate or excessive risks and no such risks have been detected to date. The Compensation Committee will continue to include this consideration in its deliberations and believes that it and the Board would detect actions of management or employees of the Company that constitute or would lead to inappropriate or excessive risks.

The Company does not have a policy that would prohibit the NEOs or directors from purchasing financial instruments that are designed or would have the effect of hedging the value of equity securities granted to or held by these individuals.

Executive Compensation-Related Fees

During the year ended December 31, 2018, there were no fees paid with respect to executive compensation related fees.

Base Salary

Base salary is the fixed portion of Total Direct Compensation and was designed to provide income certainty and to attract and retain executives. Base salaries for NEOs are reviewed annually. During the 2018 fiscal year there were no increases in compensation for the CEO and compensation was set for the CFO.

Long-term Incentives

Long-term incentive compensation is provided through the granting of stock options. This incentive arrangement is typically designed to motivate executives to achieve longer-term sustainable business results, align their interests with those of the shareholders and to attract and retain executives.

Participants benefit only if the market value of the Company's common shares at the time of stock option exercise is greater than the exercise price of the stock options at the time of grant. In most instances to date, the vesting period and term of the option has been established by the Board in relation to the circumstances surrounding each grant.

For the 2018 fiscal year, the Compensation Committee reviewed all compensation to be awarded to the NEOs.

The Compensation Committee believed it was important to follow appropriate governance practices in carrying out its responsibilities with respect to the development and administration of executive compensation and benefit programs. Governance practices followed by the Compensation Committee included holding in-camera sessions without management present and, when necessary, obtaining advice from external consultants.

The Role of Management

For the 2018 fiscal year, management had direct involvement in and knowledge of the business goals, strategies, experiences and performance of the Company. As a result, management played an important role in the compensation decision-making process. The CEO may also provide a self-assessment of his own individual performance objectives and/or results achieved, if requested by the Compensation Committee. No such requests were made by the Compensation Committee during 2018.

Performance Assessment

Rather than strictly applying formulas and weightings to forward-looking performance objectives, which may lead to unintended consequences for compensation purposes, the Compensation Committee exercises its discretion and uses sound judgment in making compensation determinations. For this reason, the Compensation Committee does not measure performance using any pre-set formulas in determining compensation awards for NEOs. The Compensation Committee's assessment of the overall business performance of the Company, including corporate performance against both quantitative and qualitative objectives and, where appropriate, relative performance against peers, provides the context for individual executive officer evaluations for all direct compensation awards.

Corporate Performance

In the future the Compensation Committee will review the results achieved by the Company and discuss them with management on an annual basis. For the purposes of Total Direct Compensation deliberations, the Compensation Committee will then consider the results achieved by the Company to provide general context for the Compensation Committee's review of individual performance by the NEOs. A summary of the 2018 corporate performance results are noted in the section "*Overall Corporate Performance*", below.

Individual Performance

During the 2018 fiscal year the compensation for the CEO and CFO was fixed. Compensation of the Company's CEO and CFO is disclosed under the Summary Compensation Table.

Internal Equity and Retention Value

Executive officers pay relative to other executives' internal equity is generally considered in establishing compensation levels. The difference between one executive officer's compensation and that of the other NEOs reflects, in part, the difference in their relative responsibilities. The CEO's responsibility for the management and oversight of the enterprise is greater than each of the executive officers' respective business areas. The Compensation Committee also considers the retentive potential of its compensation decisions. Retention of the NEOs is generally critical to business continuity and succession planning.

Previously Awarded Compensation

The Compensation Committee approved or recommended compensation awards which were not contingent on the number, term or current value of other outstanding compensation previously awarded to the individual. The Compensation Committee believed that reducing or limiting current stock option grants or other forms of compensation because of prior gains realized by an executive officer would unfairly penalize the officer and reduce the motivation for continued high achievement. Similarly, the Compensation Committee did not purposely increase long-term incentive award values in a given year to offset less-than-expected returns from previous grants. During the annual Total Direct Compensation deliberations, the Compensation Committee was provided with summaries of the history of each executive officer's previously awarded Total Direct Compensation. These summaries help the Compensation Committee to track changes in an executive officer's Total Direct Compensation from year to year and to remain aware of the historical compensation for each individual.

Overall Corporate Performance

Highlights and Developments included:

- During the year ended December 31, 2018, the Company produced 15,430 ounces of gold (December 31, 2017 – 14,740 ounces of gold).

- During the year ended December 31, 2018, the company's all-in sustaining cost of production per ounce was \$1,088⁽¹⁾ and all-in cost per ounce was \$1,261. ⁽¹⁾ During the year ended December 31, 2017, the company's all-in sustaining cost of production per ounce was \$1,017⁽¹⁾ and all-in cost per ounce was \$1,218⁽¹⁾

(1) Cash cost is a non IFRS measure. See "Non IFRS Measures"

Performance Graph

The Board of Directors recognizes that the mining industry is volatile in share prices. Goldgroup's focus is on long-term shareholder value growth. Goldgroup's common shares were valued at \$0.05 on the TSX at December 31, 2018 compared to \$0.08 at December 31, 2013, a decrease of approximately 38%. The following chart compares the total cumulative shareholder return for \$100 invested in the Company's common shares since December 31, 2013, with the cumulative total return of the S&P/TSX Composite Index for the five most recently completed fiscal years of the Company.

Goldgroup has experienced significant changes with the acquisition and disposition of certain assets, and market fluctuation. Goldgroup's compensation to the Named Executive Officers has stayed relatively flat since 2006, with the exception of severances paid in 2012 and 2013 to certain NEO's and the increase in CEO compensation in 2016 and appointment of new CFO. Also a significant portion of NEO compensation is based on long-term incentives with the ultimate value received tied directly to Goldgroup's share price performance. The trend in the performance graph does not directly correlate to the trend of the compensation paid to the Named Executive Officers.

Compensation of Directors

The following table sets forth all compensation the Company paid or granted to the Company's directors, other than NEOs, for the most recently completed financial year ended December 31, 2018. All compensation noted below are in US Dollars.

Name	Fees earned	Share-based Awards	Option-based Awards ⁽¹⁾	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total
Corry J. Silbernagel	\$37,375	Nil	\$12,000	N/A	N/A	\$Nil	\$49,375
Javier Reyes ⁽²⁾	\$32,500	Nil	\$12,000	N/A	N/A	\$72,000	\$104,500
Javier Montano	\$15,600	Nil	\$8,000	N/A	N/A	\$Nil	\$23,600
Harry Burgess	\$30,100	Nil	\$12,000	N/A	N/A	\$Nil	\$42,100

Notes:

- (1) Fair value at the time of grant calculated using the Black-Scholes option pricing model using the assumption described in the table "Share Option Values and Assumptions" above.
- (2) Javier Reyes received \$6,000 in management fees with respect to providing corporate development services.

Other than amounts already included in the above table, the Company has no arrangements, standard or otherwise, pursuant to which directors are compensated by the Company or its subsidiaries for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as a consultant or expert during the most recently completed financial year or subsequently, up to and including the date of this Statement of Executive Compensation.

The Company has a stock option plan for the granting of incentive stock options to the officers, employees and directors. The purpose of granting such options to the Company's directors is to assist the Company in compensating, attracting, retaining and motivating the directors and to closely align the personal interests of the directors to that of the Company's shareholders.

Material Factors Necessary to Understand Director Compensation

The Company has adopted a compensation scheme for non-executive directors that pay cash amounts. Below is a description of the directors' compensation fees.

A cash retainer is paid quarterly effective after the Company's annual general meeting. Directors are also reimbursed for their board-related expenses incurred on our behalf. The cash retainer (in US Dollars) is comprised of the following:

Annual fees from October 2016:

- an annual fee of \$15,600;
- an additional annual retainer fee of \$3,900 for each committee of which he is a member, other than the Audit Committee and an additional annual retainer fee of \$5,850 for being a member of the audit committee;
- the Chair of each committee receives an annual retainer fee of \$3,250 in addition to their \$3,900 committee fee, except for the Chair of the Audit Committee who receives an annual retainer fee of \$4,875 in addition to their \$5,850 committee fee; and
- The Lead Director receives an annual fee of \$12,000. Currently, the Company does not have a Lead Director.

Retirement Policy for Directors

The Company does not have a retirement policy for its directors.

Performance Graph

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Goldgroup has experienced significant changes with the acquisition and disposition of certain assets, and market fluctuation. Goldgroup's compensation to the Named Executive Officers has stayed relatively flat since 2006, with the exception of severances paid in 2012 and 2013 to certain NEO's and the increase in CEO compensation in 2016 and appointment of new CFO.

Also a significant portion of NEO compensation is based on long-term incentives with the ultimate value received tied directly to Goldgroup's share price performance. The trend in the performance graph does not directly correlate to the trend of the compensation paid to the Named Executive Officers.



Five Year Cumulative Return on \$100 Investment

	For the financial years ended					
	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2018
Goldgroup Mining Inc.	\$100	\$169	\$125	\$163	\$69	\$63
S&P/TSX Composite Index	\$100	\$107	\$96	\$112	\$119	\$105

Share Option Values and Assumptions

2018 Grant Dates	
Number of options granted	2,740,000
Share Price at Grant Date	\$0.06
Exercise Price	\$0.07
Expected Volatility (weighted average volatility)	96%
Option life (expected weighted average life)	5 Years
Expected Dividends	Nil
Risk-free interest rate (based on government bonds)	1.77%
Resulting fair value at grant date	\$109,600

Incentive Plan Awards

OPTIONS-BASED AWARDS					SHARE-BASED AWARDS		
Name	Number of securities underlying unexercised options (#)	Option exercise price (CDN\$)	Option expiration date	Value of Unexercised in-the-money options (CDN\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (CDN\$)	Market or payout value of vested share-based awards not paid out or distributed (CDN\$)
Keith Piggott ⁽²⁾ Chairman	1,000,000	\$0.145	Feb. 12, 2020	Nil	Nil	Nil	Nil
	1,000,000	\$0.06	Dec. 8, 2020	Nil	Nil	Nil	Nil
	1,800,000	\$0.27	Oct. 26, 2021	Nil	Nil	Nil	Nil
	500,000	\$0.07	Jan. 23, 2023	Nil	125,000	Nil	Nil
Anthony B. Balic CFO & Corporate Secretary	200,000	\$0.06	Dec. 8, 2020	Nil	Nil	Nil	Nil
	375,000	\$0.27	Oct. 26, 2021	Nil	Nil	Nil	Nil
	200,000	\$0.07	Jan. 23, 2023	Nil	50,000	Nil	Nil

Notes:

- (1) Value calculated based on the difference between the closing price of the Common Shares on December 31, 2018 (\$0.05) and the option exercise price.
- (2) Keith Piggott resigned as CEO of the Company on June 26, 2019.

Incentive Plan Awards - Value Vested or Earned During The Year ended December 31, 2018

Name	Option-based awards Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Keith Piggott ⁽¹⁾ , Chairman	550,000	\$98,500	Nil
Anthony B. Balic , CFO & Corporate Secretary	193,750	\$32,313	Nil

- (1) Keith Piggott resigned as CEO of the Company on June 26, 2019.

OTHER COMPENSATION

Executive officers receive other benefits that the Company believes are reasonable and consistent with its overall executive compensation program. These benefits, which are based on competitive market practices, support the attraction and retention of executive officers. Benefits consist of extended medical and dental coverage, the level of which is consistent with industry practice and limited executive perquisites. Any non-policy perquisites are outlined in the discussion following the Summary Compensation Table.

Summary Compensation Table

The following table is a summary of compensation paid in the Company's previous three financial years to the Company's NEOs for the most recently completed fiscal year. All compensation noted below are in US Dollars.

Name and Position	Year	Salary (\$)	Share based awards (\$)	Option-based awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Keith Piggott ⁽²⁾	2018	162,000	Nil	20,000	Nil	Nil	Nil	Nil	182,000
Chairman	2017	162,000	Nil	Nil	Nil	Nil	Nil	Nil	162,000
	2016	130,500	Nil	176,006	Nil	Nil	Nil	120,000	426,506
Anthony B. Balic	2018	129,000	Nil	8,000	Nil	Nil	Nil	Nil	137,000
CFO &	2017	131,500	Nil	Nil	Nil	Nil	Nil	Nil	131,500
Corporate Secretary	2016	105,900	Nil	36,688	Nil	Nil	Nil	18,875	161,463

Notes:

This figure includes the US dollar value of cash and non-cash base salary each NEO earned (accrued) during the financial year.

- (1) Fair value at the time of grant calculated using the Black-Scholes option pricing model using the assumption described in the table "Share Option Values and Assumptions" below.
- (2) Keith Piggott resigned as CEO of the Company on June 26, 2019.