

MINING EXPLOITATION AND OPTION TO PURCHASE AGREEMENT

THIS MINING EXPLOITATION AND OPTION TO PURCHASE AGREEMENT (the “**Agreement**”) is made this 1st day of July, 2023 by and between Minera Cerro Esperanza S.A de C.V., a corporation organized under the laws of Mexico and having an office at Av campos eliseos 385 int 7A, Polanco III sección, Miguel Hidalgo, CP 11550 (“**MER**”) and Goldgroup Mining Inc., a corporation organized under the laws of the Province of British Columbia, Canada and having an office at Suite 1201, 1166 Alberni Street, Vancouver, British Columbia, Canada (the “**Company**”).

WHEREAS:

- A. MER, through Minas de Oroco Resources, SA de CV, owns and possesses all of the mining claims located at the Cerro Prieto Property, in the Cucurpe Mining District, Sonora, Mexico, as more particularly described on Exhibit A attached hereto;
- B. These mining claims, together with all ores, minerals, surface and mineral rights, and the right to explore for, mine, and remove the same, and all water rights and improvements, easements, licenses, rights-of-way and other interests appurtenant thereto, owned by MER are referred to collectively as the “Property”.
- C. The parties desire to enter into this Agreement providing the Company the exclusive right to explore, develop, mine and otherwise conduct mining operations at the Property and to purchase the Property pursuant to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the execution by the parties of this Agreement, and of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

SECTION ONE TERM AND ROYALTIES

- 1.1 **Term of Agreement.** This Agreement shall be for an initial term of thirty (30) years and shall automatically renew for additional thirty (30) year periods not to exceed 99 years. This Agreement may be terminated as provided in Section Five below.
- 1.2 **Annual Work Commitment.** There shall be no annual work commitment on the Property, however, the Company agrees to diligently pursue discovery and commercial production as contemplated by this Agreement.
- 1.3 **Production Royalties.** The Company will pay MER a 2 % net smelter return for gold, silver, other metals, mineral products or geothermal resources produced and sold from mining claims, which shall automatically be extinguished upon exercise of the purchase Option set forth below in Section ten.

The term “net smelter return” shall mean the net dollar amount received by the Company from the sale of minerals produced from the ore mined from the Property in the corresponding calendar quarter, after deducting: (i) all charges, penalties, and deductions of any nature made by the smelter, refinery, or other treatment plant or purchaser arising out of the receipt, processing or handling of production, including umpire charges; and (ii) the following items attributable to production paid by or for the account of the Company: (a) all brokers’ or agents’ commissions on the sale and all other costs of sale, (b) all cost of transportation and extraction of the production, and (c) any tax, royalty or fee levied on the ownership, mining production, processing, severance, or sale of the subject minerals.

Payment of production royalties shall be made quarterly and not later than thirty (30) days after quarter end. All payments shall be accompanied by a statement explaining the manner in which the payment was calculated.

SECTION TWO OPERATIONS

- 2.1 ***Right to Explore, Develop and Mine.*** Upon execution of this Agreement, the Company shall have the exclusive right to make geological investigations and surveys, to drill on the Property by any means, and to have all the rights and privileges incident to ownership of the Property, including without limitation the right to mine underground or on the surface, access water or water rights, extract by leaching in place or any other means, remove, save, mill, concentrate, treat, stockpile, store, ship and sell or otherwise dispose of ores, concentrates, mineral-bearing earth and rock and other products therefrom and to construct, use and operate thereon and therein structures, excavations, stockpiles, facilities, roads, equipment and other improvements which the Company shall deem reasonably required for, or in connection with, the full enjoyment of the rights and interests granted to the Company by this Agreement.
- 2.2 ***Conduct of Work.*** The Company shall perform its mining activities on the Property prudently, diligently and in accordance with good mining practice.
- 2.3 ***Liability and Insurance.*** The Company shall indemnify and hold MER harmless from any claims, demands, liabilities or liens arising out of the Company's activities on the Property or under this Agreement. To that end, the Company shall immediately obtain and carry a policy of general liability insurance in the amount of \$1,000,000.00 or more for personal injury and \$250,000.00 for property damage to third parties, protecting MER against any claims for injury to persons or damage to property of third parties resulting from the Company's operations. The Company shall provide MER with a certificate of insurance evidencing such insurance which names MER as additional named insured and requires notice of release or termination of policy.
- 2.4 ***Environmental Liabilities.*** The Company shall indemnify and hold MER harmless from any environmental liabilities arising out of the Company's activities on the Property.
- 2.5 ***Installation and Removal of Equipment.*** The Company may install, maintain, replace, and remove during the term of this Agreement any and all mining machinery, equipment, tools, and facilities which it may desire to use in connection with its mining activities on the Property. Upon termination of this Agreement for any reason, the Company shall have a period of six (6) months following such termination during which it may remove all or part of the above items at its sole cost and expense. MER may, at MER's discretion, require the Company to remove all of the above items from the Property upon termination. Any equipment remaining on the Property after six (6) months shall if and to the extent that MER so elects by giving written notice of election to the Company become the property of MER.
- 2.6 ***Acquisition of Permits.*** The Company shall acquire and comply with all federal, state and county permits required for its operations. The Company shall be responsible for reclamation of only those areas of the Property disturbed by the Company's activities as at the date of the agreement and in the future. In the event that the Company is required to post a reclamation bond, the bond if and to the extent provided for by applicable law, will revert to the Company upon satisfactory completion of the reclamation program.
- 2.7 ***Commingling of Ore.*** The Company shall have the right to commingle ores from the Property with ores from other properties provided that the Company weighs and samples the ores in accordance with sound mining and metallurgical practices and fully and accurately accounts for its share of production.
- 2.8 ***Drill Logs, Assays, and Maps.*** Upon request by MER, copies of all drill logs, exploration information, assays, maps, metallurgical studies, and a summary report of all factual information shall be furnished by the Company to MER upon the expiration or termination of this Agreement.

SECTION THREE INSPECTION BY MER

- 3.1 ***Inspection of Property.*** MER, or MER's authorized agents or representatives, shall be permitted to enter upon the Property at all reasonable times for the purpose of inspection, but shall enter upon the Property at

MER's own risk and so as not to hinder unreasonably the operations of the Company. MER shall indemnify and hold the Company harmless from any damage, claim, or demand by reason of injury to MER or MER's agents or representatives on the Property or the approaches thereto.

- 3.2 **Inspection of Accounts.** The Company agrees to keep accurate books of account reflecting the mining operations on the Property, and MER shall have the right, either personally or through a qualified accountant of MER's choice and at MER's cost, to examine and inspect the books and records of the Company pertaining to the operations of the Company and to materials produced from the Property.

SECTION FOUR TAXES

- 4.1 The Company shall pay all taxes levied or assessed upon the Property, yearly concession fees existing improvements, and any improvements placed on the Property by the Company, upon presentation of suitable documentation from MER (as property owner), if applicable. Upon termination of this Agreement for any reason, taxes shall be apportioned between the parties on a calendar year basis for the remaining portion of the calendar year. However, MER shall not be liable for taxes on any tools, equipment, machinery, facilities, or improvements placed upon the Property unless the Company fails to remove them within the time provided by this Agreement.

SECTION FIVE TERMINATION AND DEFAULT

- 5.1 **Termination.** The Company shall have the right to terminate this Agreement at its sole discretion at any time by giving thirty (30) days written notice to MER. Upon termination, MER shall retain all payments previously made as liquidated damages and this Agreement shall cease and terminate. The Company shall promptly upon termination provide MER with all cores, cuttings, samples, factual data, maps, assays, and reports pertaining to the Property.
- 5.2 **Default.** If the Company fails to perform any material obligations under this Agreement, including but not limited to the making of required payments due to MER hereunder, MER may declare the Company in default by giving the Company written notice of default which specifies the obligation(s) which the Company has failed to perform. If the Company fails to remedy a default in payment within sixty days (60) of receiving the notice of default, and within thirty (30) days for any other default, MER may terminate this Agreement and the Company shall peaceably surrender possession of the Property to MER. Notice of termination shall be in writing and served in accordance with this Agreement.
- 5.3 **Obligations Following Termination.** In the event of voluntary or involuntary termination, the Company shall peaceably surrender possession of the Property to MER and shall have no further liability or obligation under this Agreement except for its obligation (i) to pay production royalties then owed to MER; (ii) to pay the cost of removal as stated in Section 2.5; (iii) to fulfill its reclamation responsibilities as stated in Section 2.6; (iv) to satisfy any accrued obligations or liabilities including but not limited to any relating to the Company's obligations to indemnify and hold MER harmless; and (v) to satisfy any other obligation imposed by this Agreement or by law.

SECTION SIX NOTICES AND PAYMENTS

- 6.1 **Notices.** All notices to the Company or MER shall be in writing and shall be sent by email, or certified or registered mail, return receipt requested, as provided below. Notice of any change in address shall be given in the same manner.

TO MER:

Edwing Valverde

Av campos elíseos 385 int 7A
Polanco III sección
Miguel Hidalgo
CP 11550
evalverde@calugroup.com

To the Company:

Anthony Balic
1201 – 1166 Alberni Street
Vancouver, BC, V6E 3G3
abalic@goldgroupmining.com

- 6.2 **Payments.** All payments shall be in United States currency in the form of bank draft or certified check payable to MER at the address above or by wire transfer.

SECTION SEVEN WARRANTY OF TITLE

- 7.1 **Warranty.** MER represents and warrants that MER owns and possesses the undivided full interest and title to the mining claims in respect of the Property as described in Exhibit A and all lode mineral rights within the boundary of those claims, that the mining claims are valid under the mining laws of Mexico in which they are located and that MER has and will continue to have the right to commit the Property to this Agreement unreservedly. MER further represents and warrants that there are no defects in title to the mining claims which would affect the Company's right to possession and use of the Property pursuant to the terms of this Agreement and there are no claims, disputes, legal actions or environmental hazards affecting the Property.
- 7.2 **Examination of Title Documents.** Promptly after execution of this Agreement, MER shall deliver to the Company copies of all documents in MER's possession bearing upon MER's title, interest and ownership in the Property. The Company may then undertake such further and other investigation of the title and status of the claims as the Company shall deem necessary. If that investigation should reveal defects in the title, MER agrees to proceed forthwith to cure said title defects to the satisfaction of the Company; and in the event MER should not do so, the Company may cure such title defects and deduct the expense incurred, including reasonable attorney's fees, from any payment to be made hereunder.
- 7.3 **No Liability for Loss of Claims.** The Company shall not be held liable for the loss of any claims by virtue of invalid location by MER. The Company shall not be held liable for the loss of any claims due to any act of governmental agencies, provided that the Company has promptly given MER written notice of the initiation of any such act by a governmental agency and taken all reasonable and legal means to protect and maintain such claims.

SECTION EIGHT FORCE MAJEURE

- 8.1 **Suspension of Obligations.** If the Company is prevented by Force Majeure from timely performance of any of its obligations hereunder, the failure of performance shall be excused and the period for performance shall be extended for an additional period equal to the duration of Force Majeure. Upon the occurrence and upon the termination of Force Majeure, the Company shall promptly notify MER in writing. The Company shall use reasonable diligence to remedy Force Majeure but shall not be required to contest the validity of any law or regulation or any action or inaction of civil or military authority.
- 8.2 **Definition of Force Majeure.** "Force Majeure" means any cause beyond a party's reasonable control that the party is unable to cure by the exercise of due diligence, including law or regulation; action or inaction of civil or military authority; inability to obtain any license, permit, or other authorization that may be required to

conduct operations on or in connection with the Property; interference with mining operations by a lessee of oil, gas, or geothermal resources under the Property; unusually severe weather; mining casualty; unavoidable mill shutdown; damage to or destruction of mine plant or facility; fire; explosion; flood; insurrection; riot; labor disputes; inability after diligent effort to obtain workmen or material; delay in transportation; and acts of God.

- 8.3 ***Economic Force Majeure.*** During the term of this Agreement, the Company shall have the right to suspend operations and hold the Property during periods of Economic Force Majeure. “Economic Force Majeure” shall mean periods during which the price of gold or other mineral commodities is too low to allow economic recovery and sale of ore from the Property.

SECTION NINE REPRESENTATIONS AND WARRANTIES

Each party hereby represents and warrants to the other as of the date hereof as follows:

- 9.1 ***Organization, Good Standing and Qualification.*** The party is a corporation duly organized and validly existing under the laws of its jurisdiction of incorporation and has all corporate power and authority required to carry on its business as presently conducted and as presently proposed to be conducted.
- 9.2 ***Corporate Power.*** The party has all requisite corporate power to execute and deliver this Agreement and to carry out and perform its obligations under the terms of the Agreement.
- 9.3 ***Authorization.*** All corporate action on the part of the party, its directors and its shareholders necessary for the authorization of this Agreement and the execution, delivery and performance of all obligations of the party under this Agreement, has been taken and this Agreement, when executed and delivered by the party, shall constitute the valid and binding obligation of the party enforceable against it in accordance with its terms.
- 9.4 ***Governmental Consents.*** All consents, approvals, orders, or authorizations of, or registrations, qualifications, designations, declarations, or filings with, any governmental authority, required on the part of the party in connection with the valid execution and delivery of this Agreement and the consummation of any the transactions contemplated hereby shall have been obtained and will be effective at such time as required by such governmental authority.

SECTION TEN OPTION TO PURCHASE PROPERTY

- 10.1 ***Option to Purchase.*** MER grants to the Company the exclusive right and option (the “**Option**”), to purchase the Property by acquiring all of the issued and outstanding common shares of MER (the “**MER Shares**”), subject to the obligations under the conveyance to be executed and delivered by MER on the closing of the purchase as provided below. The purchase price for the MER Shares shall be One Million Eight Hundred and Fifty Thousand United States Dollars (USD\$1,850,000), which may be paid in cash or Common Shares of the Company, or a combination thereof, as agreed by the parties. If Common Shares of the Company are issued for the purchase price of the MER Shares, they shall be issued at a floor price of \$0.10 and in accordance with rules of the Toronto Stock Exchange.
- 10.2 ***Notice of Election.*** If the Company elects to exercise the Option, the Company shall deliver written notice of exercise of the Option to MER during the term of this Agreement. Following MER’s receipt of the Company’s notice to exercise the Option, the parties shall make diligent efforts to close the purchase of the MER Shares within thirty (30) days thereafter.
- 10.3 ***Real Property Transfer Taxes.*** The Company shall pay the real property transfer taxes, if any, the costs of escrow and all recording costs incurred in closing of the Option.

- 10.4 **Proration of Taxes.** Payment of any and all real property and personal property taxes levied on the Property and not otherwise provided for in this Agreement shall be the responsibility of MER.
- 10.5 **Payment on Closing.** On closing of the Option, the Company shall pay the purchase price to MER in full.
- 10.6 **Conveyance on Closing.** If the Company exercises and closes the Option, MER shall execute and deliver to the Company the deed to the Property and/or such other documents as are required to transfer title to the Property to the Company. The parties shall complete the deed or other documents by inserting the description of the Property. MER and the Company shall execute and deliver such other written assurances and instruments as are reasonably necessary for the purpose of closing the purchase of the Property.
- 10.7 **Effect of Closing.** On closing of the Option, the Company shall own the Property, subject to the Company's obligations stated in the deed and/or other title document(s).

SECTION ELEVEN MISCELLANEOUS PROVISIONS

- 11.1 **Assignment.** The parties may not assign this Agreement at any time, in whole or in part, without the written consent of the other party, which shall not be unreasonably withheld.
- 11.2 **Binding Effect.** This Agreement shall inure to the benefit of and be binding upon the parties hereto, and their respective heirs, executors, administrators, successors, and assigns.
- 11.3 **Applicable Law.** The terms and provisions of this Agreement and the rights and obligations of the parties shall be governed and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein. The parties hereby attorn to the exclusive jurisdiction of the courts located in the City of Vancouver, Province of British Columbia, Canada in respect of the settlement of disputes hereunder.
- 11.4 **Entire Agreement.** This Agreement terminates and replaces all prior agreements, either written, oral or implied, between the parties hereto, and constitutes the entire agreement between the parties, and no party shall be liable or bound to any other party in any manner by any representations, warranties, covenants and agreements except as specifically set forth herein. This Agreement shall not be amended except with the prior written consent of each of the parties, subject to required approvals from applicable regulatory authorities and stock exchanges.
- 11.5 **Severability.** If any term, provision, covenant or condition of this Agreement, or any application thereof, should be held by a court of competent jurisdiction to be invalid, void or unenforceable, all provisions, covenants and conditions of this Agreement, and all applications thereof not held invalid, void or unenforceable, shall continue in full force and effect and shall in no way be affected, impaired, or invalidated thereby.
- 11.6 **Time of the Essence.** Time is of the essence of this Agreement and each and every part thereof.
- 11.7 **Confidentiality.** Except as otherwise required by law, all reports and data and other confidential information provided by the Company to MER shall be held in strictest confidence, and MER shall not use or disclose such information without the Company's prior written consent.
- 11.8 **No Partnership.** This Agreement shall not be deemed to constitute any party, in its capacity as such, the partner, agent or legal representative of the other party, or to create any partnership, mining partnership or other partnership or other partnership relationship, or fiduciary relationship between them for any purpose whatsoever.
- 11.9 **Independent Legal Advice.** By executing this Agreement, each of MER and the Company acknowledges that it has read and understood the terms and conditions of this Agreement and acknowledges and agrees that it has had the opportunity to seek and was neither prevented nor discouraged by the other from seeking any

independent legal advice which it considered necessary prior to the execution and delivery of this Agreement. Each of MER and the Company further agrees that failure to obtain independent legal advice will not be used by such party as a defence to the enforcement of its obligations under this Agreement.

11.10 **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same document. Electronic signatures will be acceptable for a binding agreement among the parties.

IN WITNESS WHEREOF the parties hereto have executed this Agreement on the day and year first above written.

MINERA CERRO ESPERANZA S.A DE C.V.

By: 

Name: Enrique Peralta
Title: Manager

GOLDGROUP MINING INC.

By: 

Name: Anthony Balic
Title: Interim CEO and CFO

EXHIBIT A

Description of Mining Claims

PROYECTO CERRO PRIETO LISTA DE CONCESIONES		
CONCESIONES	TITULO	SUPERFICIE
ARGONAUTA 6	236194	4,223.8610 Has.
CERRO PRIETO	229932	2,508.0000 Has.
SAN FRANCISCO	182330	10.0000 Has.
SAN FÉLIX	176213	205.1800 Has.
FRACCIÓN ELBA	177302	5.8200 Has.
HUERTO DE ORO	172314	20.0000 Has.
REYNA DE PLATA	177266	7.1100 Has.
		SUPERFICIE TOTAL: 6,979.9710 Has.