



GOLDGROUP CLOSSES ACQUISITION OF 100% OF THE CABALLO BLANCO PROJECT

VANCOUVER, BRITISH COLUMBIA - (October 17, 2011) - Goldgroup Mining Inc. (TSX:GGA) ("Goldgroup" or the "Company") is pleased to announce that, further to its news release of September 26, 2011, Goldgroup has completed the acquisition of the remaining 30% interest in the Caballo Blanco project held by Almaden Minerals Ltd. ("Almaden"). Goldgroup now owns 100% of the Caballo Blanco project.

The aggregate consideration paid by Goldgroup to Almaden in connection with the transaction consisted of: US\$2,500,000 in cash; 7,000,000 Goldgroup common shares at closing; the right to receive up to an additional 7,000,000 Goldgroup common shares upon the achievement of certain project milestones (1,000,000 common shares upon commencement of commercial production, 2,000,000 common shares upon measured and indicated resources, including cumulative production, reaching 2,000,000 ounces of gold, 2,000,000 common shares upon measured, indicated and inferred resources, including cumulative production, reaching 5,000,000 ounces of gold and 2,000,000 common shares upon measured, indicated and inferred resources, including cumulative production, reaching 10,000,000 ounces of gold); a 1.5% net smelter return royalty; and the transfer of the Company's 40% interest in the El Cobre property.

Keith Piggott, Goldgroup's President and CEO said: "The closing of this transaction represents one of Goldgroup's most significant milestones to date. The Caballo Blanco gold project is Goldgroup's flagship project and an asset that has the potential to contribute an additional 100,000 ounces of low cost annual gold production to Goldgroup's growth profile, with initial production scheduled for Q4 2012. The project also has tremendous upside exploration potential which, if realized, could allow production to be expanded from this initial rate. Our Caballo Blanco team has built strong relationships with local stakeholders, including the Government of Veracruz and many local partners. We collectively look forward to fast-tracking the development of the Caballo Blanco gold project."

About Caballo Blanco

The Caballo Blanco project covers an area of approximately 55,000 hectares and is centered next to the Gulf of Mexico, 65 kilometres northwest of the city of Veracruz in the state of Veracruz, Mexico. In November, 2009, Goldgroup acquired from NGEx an option to acquire a 70% interest in the Caballo Blanco project from Almaden. In August, 2011, the Company satisfied its obligations to earn its 70% interest in the Caballo Blanco project. Further information related to the Caballo Blanco project is available in the technical report entitled "NI 43-101 Technical Report Caballo Blanco Project and a Resource Estimate at the La Paila Zone" dated February 28, 2011 available under Goldgroup's profile on SEDAR at www.sedar.com.

About Goldgroup

Goldgroup is a well-funded 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 exclusively in Mexico, one of the world's most advantageous mining jurisdictions. Goldgroup owns and operates the Cerro Colorado Mine in Sonora along with a property portfolio that includes its interests in the Caballo Blanco project in Veracruz and the San José de Gracia project in Sinaloa.

For further information on **Goldgroup**, please visit www.goldgroupmining.com or contact:

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain information contained in this news release, including any information relating to future financial or operating performance may be deemed "forward-looking". All statements in this news release, other than statements of historical fact, that address events or developments that Goldgroup expects to occur, are "forward-looking information". These statements relate to future events or future performance and reflect Goldgroup's expectations regarding the future growth, results of operations, business prospects and opportunities of Goldgroup. These forward-looking statements reflect Goldgroup's current internal projections, expectations or beliefs and are based on information currently available to Goldgroup. In some cases forward-looking information can be identified by terminology such as "may", "will", "should", "expect", "intend", "plan", "anticipate", "believe", "estimate", "projects", "potential", "scheduled", "forecast", "budget" or the negative of those terms or other comparable terminology. Certain assumptions have been made regarding the Company's plans at the Caballo Blanco property. Many of these assumptions are based on factors and events that are not within the control of Goldgroup and there is no assurance they will prove to be correct. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to materially differ from those reflected in the forward-looking statements, and are developed based on assumptions about such risks, uncertainties and other factors including, without limitation: fluctuations in precious and base metal prices; inherent hazards and risks associated with mining operations; inherent uncertainties associated with mineral exploration and development activities; uncertainties inherent in the estimation of mineral reserves and/or resources and precious metal recoveries; uncertainties related to actual capital costs, operating costs and expenditures, production schedules and economic returns from Goldgroup's projects; uncertainties related to current global financial conditions; uncertainties related to the availability of future financing necessary to undertake exploration, development, mining and processing activities on Goldgroup's properties; Goldgroup's substantial reliance on its Cerro Colorado Mine for revenues; risks related to the planned expansion of the Cerro Colorado Mine; risks related to the continued operation and planned expansion of the Cerro Colorado Mine without a current economic analysis; risks related to the integration of businesses and assets acquired by Goldgroup; uncertainties related to the competitiveness of the mining industry; risks associated with Goldgroup being subject to government regulation, including changes in law and regulation and risks associated with Goldgroup's need for governmental licenses and permits; risks associated with Goldgroup being subject to extensive environmental laws and regulations, including a change in regulation; risks that Goldgroup's title to its property could be challenged; political and country risk; risk of water shortages and risks associated with competition for water; Goldgroup's need to attract and retain qualified personnel; increases in off-site transportation and concentrate processing costs; risks related to the need for reclamation activities on Goldgroup's properties, including the nature of reclamation required and uncertainty of costs estimates related thereto; risks associated with potential conflicts of interest; risks associated with potential labour disputes; and risks associated with potential blockades of mining operations as well as "Risks and Uncertainties" included in the Annual Information Form and MD&A for Goldgroup available at www.sedar.com. Forward-looking information is not a guarantee of future performance and actual results and future events could differ materially from those discussed in the forward-looking information. All of the forward-looking information contained in this news release is qualified by these cautionary statements. Although Goldgroup believes that the forward-looking information contained in this news release are based on reasonable assumptions, readers cannot be assured that actual results will be consistent with such statements. Accordingly, readers are cautioned against placing undue reliance on forward-looking information. Goldgroup expressly disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, events or otherwise, except in accordance with applicable securities laws.