



## Goldgroup Announces Further Significant Drill Results at its 100% Owned Caballo Blanco Project

**DDH 11 CBN 127: 144.00 m @ 0.89 g/t Au**

**DDH 11 CBN 120: 126.25 m @ 0.69 g/t Au**

**DDH 11 CBN 125: 57.33 m @ 1.16 g/t Au**

**Vancouver, British Columbia (October 20, 2011)** – Goldgroup Mining Inc. (“Goldgroup” or the “Company”) (TSX:GGA) is pleased to announce that additional diamond drill holes at its Caballo Blanco gold project in Veracruz, Mexico have yielded significant gold intercepts, extending the La Paila oxide gold zone to the west, east and southwest. All the drill holes reported below (see Tables 1 and 2 and the drill the hole location map) are exploration holes. Drilling remains ongoing to define and to expand the eastern, western and southwestern flanks of the La Paila gold zone as the zone currently remains open in these directions.

Keith Piggott, President and CEO of Goldgroup, stated: “These diamond drill results yielded significant gold intercepts above the cut-off grade and which continue to be contained in completely oxidized, vuggy and siliceous rock occurring inside and peripheral to the existing La Paila zone. These results continue to give better definition to the design of the first open pit and its extension in almost all directions. The current drilling program, together with the on-going column-leach metallurgical testing, environmental and sociological studies as well as the run of mine heap-leach pad design and other engineering, form the basis for targeting to bring Caballo Blanco into production in late 2012.”

**Table 1. Drill-Hole Results for the Caballo Blanco Project, Mexico**

<b>DIAMOND DRILLING - LA PAILA ZONE</b>				
<b>Diamond Drill Hole</b>	<b>Mineralization</b>			
	<b>From (m)</b>	<b>To (m)</b>	<b>Interval (m)</b>	<b>Au grade (g/t)</b>
11 CBN 118	101.04	129.00	27.96	0.38
11 CBN 119	101.50	107.50	6.00	0.25
<b>11 CBN 120</b>	<b>13.75</b>	<b>140.00</b>	<b>126.25</b>	<b>0.69</b>
11 CBN 121	54.05	66.05	12.00	0.40
And	104.05	122.05	18.00	0.48
and	152.05	170.05	18.00	0.51
and	193.60	199.60	6.00	0.30
and	205.50	209.50	4.00	0.91
11 CBN 122	108.00	177.50	69.50	0.47
11 CBN 123	73.00	92.30	19.30	0.32
and	110.30	116.30	6.00	0.25
11 CBN 124	86.00	92.00	6.00	0.45
and	110.00	118.00	8.00	0.53

DIAMOND DRILLING - LA PAILA ZONE - Continued				
Diamond Drill Hole	Mineralization			
	From (m)	To (m)	Interval (m)	Au grade (g/t)
11 CBN 124	222.00	268.00	46.00	0.31
and	282.00	288.00	6.00	0.33
<b>11 CBN 125</b>	<b>88.37</b>	<b>145.70</b>	<b>57.33</b>	<b>1.16</b>
and	195.80	212.80	17.00	1.01
11 CBN 126	136.15	199.50	63.35	0.49
<b>11 CBN 127</b>	<b>39.30</b>	<b>183.30</b>	<b>144.00</b>	<b>0.89</b>
and	251.30	257.30	6.00	0.36
and	296.00	299.60	3.60	0.62
11 CBN 128	117.00	123.00	6.00	0.27
and	247.00	251.00	4.00	0.63

For a drill hole location map, click [here](#).

All the holes presented above that intersected gold mineralization are in excess of the 0.2 g/t Au cut-off grade used in estimating the inferred mineral resource presented in the current Caballo Blanco NI 43-101 technical report available on SEDAR. The results presented today are part of the current drill program and are intended to be used in the preparation of an updated mineral resource estimate. A complete summary of the assay results from diamond drill holes DDH 10 CBN 54 to DDH 11 CBN 128 as well as a drill-hole location map of the La Paila zone detailing the relative locations of the drill holes will be posted on the Goldgroup website under “Projects – Caballo Blanco” at [www.goldgroupmining.com](http://www.goldgroupmining.com).

**Table 2. Drill Hole Location Data, Caballo Blanco Project, Mexico**

DD Hole Number	East UTM Coord (metres)	North UTM Coord (metres)	Elevation (m.a.s.l)	Azimuth (degrees)	Plunge (degrees)	Total Length (metres)
11 CBN 118	768350	2184203	486	90	-80	351.00
11 CBN 119	768248	2184097	516	90	-80	340.50
11 CBN 120	768363	2184242	513	90	-45	193.70
11 CBN 121	768300	2183946	514	90	-80	235.50
11 CBN 122	768235	2184247	499	90	-76	260.50
11 CBN 123	768285	2184150	504	90	-80	272.30
11 CBN 124	768250	2184003	535	na	-90	332.50
11 CBN 125	768233	2184254	513	270	-80	215.7
11 CBN 126	768294	2183900	517	na	-90	214.5
11 CBN 127	768341	2184305	515	90	-63	299.6
11 CBN 128	768303	2184051	502	na	-90	310.5

m.a.s.l = metres above sea level; Coord = Coordinate; na = not applicable

## About Caballo Blanco

Goldgroup owns 100% of Caballo Blanco. The Caballo Blanco project consists of a series of oxide gold zones located in the Veracruz province of eastern Mexico. The principal gold zone at Caballo Blanco is the La Paila prospect located within a cluster of high-sulphidation epithermal alteration zones referred to as the Northern Zone. The 43-101 compliant estimated mineral resource for La Paila consists of 139,000 ounces of gold (6.7 million tonnes grading 0.65 g/t Au) contained in the category of indicated resources and 517,000 ounces of gold (27.6 million tonnes grading 0.58 g/t Au) contained in the category of inferred resources. This estimate was

compiled from 32 diamond drill holes totaling approximately 7,000 metres completed by NGEx Resources Inc. prior to Goldgroup's acquisition of its interest in the project in November, 2009. Subsequently, Goldgroup has drilled an additional 61 diamond drill holes totaling approximately 15,000 metres. Other known gold zones at Caballo Blanco occur approximately 7 km to the southeast at the Highway Zone. These gold zones have yet to be drill tested.

### **Assaying and Qualified Person**

After project geologists logged and marked the core, technicians cut the individual lengths with a diamond saw, then tagged the bags and secured them with security clips. The samples were then collected by Inspectorate America Corp. ("Inspectorate") and transported to their preparation facility at Durango, Mexico where they were dried and crushed to -150 mesh. The rejects remained with Inspectorate while the pulps were air couriered to Inspectorate's Richmond, BC, Canada facility and analyzed for gold by fire assay with Atomic Absorption ("AA") finish. In addition, a 30 element Inductively Coupled Plasma ("ICP") analysis (aqua regia digest) was conducted on all samples up to drill hole 11 CBN 113. From drill hole 11 CBN 114 onwards, the samples were collected by ALS Minerals and transported to their Guadalajara preparation facility where they were dried and crushed to -2mm. A 250 gram split of the coarse material was then pulverized to -200 mesh. The rejects remained at the prep facility and the pulps were air couriered to ALS Minerals North Vancouver facility and analyzed for gold by 30g fire assay with an AA finish. In addition, a 35 element ICP analysis was conducted on all samples. A QA/QC program was implemented as part of the sampling procedure for the drill program. One standard, one blank or one duplicate was inserted per group of 10 samples sent to the laboratory. The information in this news release has been approved by **Marc Simpson, P. Geo.**, the Company's Qualified Person under National Instrument 43-101 standards.

### **About Goldgroup**

Goldgroup is a well-funded Canadian-based gold production and exploration Company focused exclusively on Mexico, targeting growth in gold production, mineral resources, profitability and cash flow from a portfolio of production, development and exploration stage projects. The Company owns and operates the Cerro Colorado Gold Mine in Sonora, Mexico. Goldgroup's property portfolio includes its flagship project, Caballo Blanco in Veracruz and its 50% interest in the San José de Gracia project in Sinaloa.

Goldgroup is lead by a team of highly successful and seasoned individuals with extensive expertise in exploration, corporate finance and mine development in Mexico.

For further information on **Goldgroup**, please visit [www.goldgroupmining.com](http://www.goldgroupmining.com)  
or contact:

Keith Piggott, President & CEO  
T: 604-682-1943

David Fry, Corporate Development  
Toll Free: **1-877-655-ozAu** (6928)

### **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](http://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.*

*The potential quantities and grades disclosed herein are conceptual in nature and there has been insufficient drilling and exploration to define a mineral resource. It is uncertain if further drilling and exploration will result in the target being delineated as a mineral resource. The true widths of the intercepts disclosed in this news release are unknown at this time.*