



Goldgroup Drilling Continues to Extend the La Paila Zone at Caballo Blanco

DDH 11 CBN 153: 197.10 m @ 0.60 g/t Au

DDH 11 CBN 157: 66.55 m @ 0.84 g/t Au

DDH 11 CBN 159: 67.32 m @ 0.88 g/t Au

Vancouver, British Columbia (January 31, 2012) – Goldgroup Mining Inc. (“Goldgroup” or the “Company”) (TSX:GGA) is pleased to announce that additional diamond drill holes at the Company’s 100% wholly owned Caballo Blanco gold project in Veracruz, Mexico have yielded significant gold intercepts. All diamond drill holes are contained in completely oxidized, vuggy and siliceous rock occurring within and peripheral to the La Paila Zone, which lies within the Northern Zone. All 11 drill holes reported below (see Tables 1 and 2 and the drill hole location map) are above the established cut-off grade and are part of the ongoing drilling program intended to increase mineralized resources at Caballo Blanco. Of the 11 drill holes reported below, six of these drill holes further define the La Paila mineral resource, and the remaining five drill holes expanded the southwestern flank of the La Paila Zone. The zone currently remains open to the south and southwest.

Keith Piggott, President and CEO of Goldgroup, stated, “We are pleased with these new diamond drill results, which continue to confirm, define and expand the La Paila Zone. As we continue to receive positive results from our 2011 drill program and conduct our additional 30,000 metre drill program in 2012, we expect to increase resources at the La Paila Zone, as the zone currently remains open to the south and southwest. Furthermore, Management expects to identify new zones of mineralization in both the Northern Zone and Highway Zone through its 2012 drill program.”

The Company focused its 2011 drilling program primarily on the La Paila Zone, specifically with the objectives of designing the first open pit and updating the current NI 43-101 mineral resource estimate for Caballo Blanco, which is expected to be released in the coming weeks. Moreover, in-house and consultant engineering have significantly advanced Goldgroup’s column leach testing in its large on-site facility and progressed leach pad and carbon recovery plant design. The drilling and infrastructure work, combined with the anticipated upcoming updated NI 43-101 mineral resource estimate, are intended to form the basis of a preliminary economic assessment (PEA) expected to be completed on the Caballo Blanco project in the first quarter of 2012. 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 commencement of production at Caballo Blanco by 2012 year-end.

As part of Goldgroup’s ongoing 30,000 metre drill program in 2012, the Company expects to continue diamond drilling in the La Paila Zone, in addition to diamond drilling a number of identified geochemical and geophysical targets occurring to the south, southwest and northeast of the La Paila Zone, all within the large Northern Zone ring structure. Furthermore, the Company also intends to drill targets in the Highway Zone, which is located approximately seven kilometres to the southeast of the Northern Zone.

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

DIAMOND DRILLING - LA PAILA ZONE				
Diamond Drill Hole	Mineralization			
	From (m)	To (m)	Interval (m)	Au grade (g/t)
11 CBN 150	135.33	145.73	10.40	0.39
and	199.34	211.53	12.19	0.23
and	226.27	232.27	6.00	0.29
11 CBN 151	73.05	143.30	70.25	0.64
11 CBN 151A	73.58	189.58	116.00	0.49
and	203.58	209.58	6.00	0.25
and	227.58	231.58	4.00	0.30
and	237.58	251.58	14.00	0.37
11 CBN 152	122.00	128.60	6.60	0.26
and	161.60	256.60	95.00	0.27
and	264.60	268.60	4.00	0.27
11 CBN 153	35.00	41.00	6.00	0.40
and	51.00	248.10	197.10	0.60
11 CBN 154	153.00	177.00	24.00	0.33
and	183.00	189.00	6.00	0.20
and	273.00	310.79	37.79	0.30
11 CBN 155	198.45	201.50	3.05	0.41
11 CBN 156	7.01	22.25	15.24	1.04
and	62.05	80.05	18.00	0.27
and	114.55	204.55	90.00	0.39
and	240.55	268.55	28.00	0.79
and	292.28	300.42	8.14	0.35
11 CBN 157	109.05	114.40	5.35	0.36
and	209.95	276.50	66.55	0.84
11 CBN 158	196.40	254.40	58.00	0.37
11 CBN 159	106.38	173.70	67.32	0.88
and	258.30	268.30	10.00	0.25
and	288.70	296.70	8.00	0.21

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

All of the holes presented above intersected gold mineralization in excess of the 0.2 g/t Au cut-off grade used in the current Caballo Blanco NI 43-101 technical report dated February 28, 2011 which is available on SEDAR. However, it is expected that as a result of favourable leach kinetics, recovery and ease of mining, a lower cut-off grade may be applicable.

The results presented today are part of the 2011 drill program and are intended to be used in the preparation of the upcoming updated NI 43-101 mineral resource estimate. Drill holes 11 CBN 150, 151, 151A, 153, 156 and 159 were all drilled within the main La Paila Zone to further define the mineral resource. Five of these

six drill holes encountered mineralized intervals at widths and gold grades comparable to those used in the initial resource calculation. Drill hole 11 CBN 150 encountered sporadic mineralization above the 0.2g/t cut off grade, below the main zone. Drill holes 11 CBN 152, 154, 155, 157 and 158 were all collared on the southwestern flank of the La Paila Zone and extend the mineralization in this direction. Relative to the current NI 43-101 resource estimate, the La Paila Zone has been extended by the current drill campaign an average of 50 metres down dip to the west and on average 150 metres down plunge to the southwest. The zone remains open to the south and southwest. The middle portion of the eastern flank between coordinates 2,184,200N and 2,184,500N has been extended 50 metres further east. A complete summary of the assay results from diamond drill holes DDH 11 CBN 150 to DDH 11 CBN 159, as well as a drill-hole location map of the La Paila Zone detailing the relative locations of all historical drill holes will be posted on the Goldgroup website under at <http://www.goldgroupmining.com/s/projects.asp>.

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

DD Hole Number	East UTM Coord	North UTM Coord (metres)	Elevation (m.a.s.l)	Azimuth (degrees)	Plunge (degrees)	Total Length (metres)
11 CBN 150	768308	2184687	481	90	-60	318.2
11 CBN 151	768274	2184449	503	90	-65	143.3
11 CBN 151A	768274	2184449	503	90	-60	347.5
11 CBN 152	768118	2184192	527	0	-90	277.5
11 CBN 153	768341	2184550	544	90°	-57	257.0
11 CBN 154	768178	2184138	536	0	-90	321.0
11 CBN 155	768117	2184195	528	270°	-80	201.5
11 CBN 156	768343	2184742	499	135	-45	300.4
11 CBN 157	768159	2184240	509	270°	-70	308.4
11 CBN 158	768118	2184150	536	0	-90	274.0
11 CBN 159	768247	2184448	503	90	-80	311.0

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

About Caballo Blanco

Goldgroup owns 100% of the Caballo Blanco gold project which consists of a series of fully oxidized gold zones located in the State of Veracruz in eastern Mexico. The principal known gold zone at Caballo Blanco is the La Paila Zone located within a cluster of high-sulphidation epithermal alteration zones referred to as the Northern Zone. The current NI 43-101 mineral resource estimate for the La Paila Zone was compiled from 32 diamond drill holes totalling approximately 7,000 metres completed by NGEx Resources Inc., prior to Goldgroup's acquisition of its interest in the project in November 2009. This mineral resource estimate 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. NGEx Resources Inc. drilled an additional 8 drill holes at the Caballo Blanco project outside the La Paila Zone. Subsequently, Goldgroup has drilled an additional 149 holes in 2010 and 2011, for a total of 189 holes drilled to date at the Caballo Blanco project.

During 2011, Goldgroup completed a 30,000 metre, 120 hole drill program, of mostly HQ core, centered largely on the La Paila mineralized zone. The Company has received assays for all 2010 holes and 90 holes drilled in its 2011 program, which are expected to be used to update the NI 43-101 mineral resource estimate in the coming weeks.

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 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 ten 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 with significant upside in a portfolio of projects in Mexico, including its flagship 100%-owned advanced stage gold development project, Caballo Blanco, in Veracruz, and the 50%-owned high grade gold exploration project, San José de Gracia, in Sinaloa. The Company operates the 100%-owned Cerro Colorado gold mine in Sonora, Mexico.

Goldgroup remains in a flexible financial position with a strong cash balance, no debt and no gold hedging. The Company is led by a team of highly successful and seasoned individuals with extensive expertise in mine development, corporate finance, and exploration in Mexico. Goldgroup's mission is to grow gold production, mineral resources, profitability and cash flow, building a leading gold producer in Mexico.

For further information on Goldgroup, please visit www.goldgroupmining.com

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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 project. 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. 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.