



## Goldgroup Announces Tunnel Assays Confirming Drill Results at Caballo Blanco

- **24.2 metres of 1.09 g/t gold**
- **19.35 metres of 1.48 g/t gold**

**Vancouver, British Columbia (June 25, 2012)** – Goldgroup Mining Inc. (“Goldgroup” or the “Company”) (TSX:GGA) is pleased to announce final assay results from the completed underground tunnel development at the Company’s 100%-owned Caballo Blanco gold project in Veracruz, Mexico. Both the recently completed main tunnel and crosscut tunnel west of the main tunnel encountered mineralized, massive and brecciated massive silica. Assay results from the channel sampling in the main tunnel returned **24.2 metres of 1.09 g/t gold** and the crosscut tunnel returned **19.35 metres of 1.48 g/t gold**. The average gold grades of the mineralized zones in the tunnel correspond well with the grades of the drill holes completed in the area surrounding the tunnel, and demonstrates strong gold grade continuity through this section of the Caballo Blanco mineralized zone. These results provide confirmation of a robust resource model, further de-risking the Caballo Blanco project. A sufficient supply of mineralized material has been stockpiled from the underground tunnel development for all anticipated remaining metallurgical test work at Caballo Blanco.

### Tunnel Results

The main tunnel and west crosscut tunnel at the La Paila Zone were driven to collect bulk-sample material for ongoing metallurgical testwork. The tunnelling also provides direct access to the mineralized zone allowing the Company to enhance its understanding of the geological and geotechnical characteristics of the mineralization at the La Paila Zone. Since the previous tunnel news release dated March 29, 2012, the main tunnel has advanced an additional 24.2 metres for a total length of 249.15 metres. The west crosscut tunnel has been driven a total length of 51.2 metres.

The results disclosed today from the current tunnel sampling are outlined in the table below:

#### Tunnel Assay Results

Main Tunnel							
Channel Samples				Blast Samples			
From (m)	To (m)	Interval (m)	Gold Grade (g/t)	From (m)	To (m)	Interval (m)	Gold Grade (g/t)
91.55	115.75	24.2	1.09	91.55	115.75	24.2	1.09
Crosscut Tunnel							
Channel Samples				Blast Samples			
From (m)	To (m)	Interval (m)	Gold Grade (g/t)	From (m)	To (m)	Interval (m)	Gold Grade (g/t)
28.25	47.6	19.35	1.48	28.25	47.6	19.35	1.47

The complete results from the main tunnel and crosscut tunnel are outlined in the table below. Overall, excellent grade continuity was noted throughout the tunnel and crosscut. Additionally, there is strong correlation between the results seen in the channel sampling and the results from the blast sampling.

<b>Main Tunnel Complete Results</b>
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Channel Samples				Blast Samples			
From (m)	To (m)	Interval (m)	Gold Grade (g/t)	From (m)	To (m)	Interval (m)	Gold Grade (g/t)
23.5	249.15	225.65	0.69	26.6	249.15	222.55	0.68
Crosscut Tunnel Complete Results							
Channel Samples				Blast Samples			
From (m)	To (m)	Interval (m)	Gold Grade (g/t)	From (m)	To (m)	Interval (m)	Gold Grade (g/t)
0	47.6	47.6	1.35	0	47.6	47.6	1.29

For a detailed plan of the La Paila tunnels, click [here](#).

The tunnel plan linked above shows the sample intervals and average gold grades for both the channel and blasted material samples together with drill-hole traces in the vicinity of the tunnel. These assays were plotted 2.5 metres above and below the 485-metre level.

The tunnel was collared at an elevation of 485 metres above sea level, approximately 115 vertical metres below the highest point at the La Paila Zone. The tunnel has dimensions of approximately 2.5 metres wide by 2.8 metres tall and was being driven horizontally northeast at 25 degrees, approximately in-line with the interpreted strike of the La Paila mineralized zone. The west crosscut tunnel was driven from the main tunnel at 293 degrees and has similar dimensions to the main tunnel.

As expected, the main tunnel initially encountered approximately 20 metres of non-mineralized andesite before passing into the mineralized zone at the La Paila Zone. Gold mineralization is predominantly hosted by vuggy silica, massive silica, and brecciated massive silica. The main tunnel finished within the La Paila mineralized zone. The west crosscut tunnel finished in unmineralized andesite from 47.6 metres to 51.2 metres as expected based on previous drill hole logs.

The tunnel was advanced by drilling and blasting rounds of approximately 1.5 metres in length. The blasted material was removed using a mechanical scoop and divided into mineralized and non-mineralized storage piles near the tunnel entrance. After each blast, channel samples were cut using a diamond blade equipped rock saw in both the east and west walls, in addition to the ceiling of the tunnel. Representative samples were also taken from the material generated from each blast.

The three channel samples from the sides and roof of the tunnel were assayed separately, with the results averaged together to arrive at the grade for each channel sample interval. The representative samples from the material from each blast were assayed separately, with the results averaged together to arrive at the grade for the blast material interval. The channel samples from the walls and ceiling are considered to be more representative of the tenor of mineralization due to the difficulty of taking representative samples from the large piles of blasted material.

### **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 property consists of fourteen mineral claims covering an area of 54,732 hectares. Two large areas of epithermal gold mineralization have been discovered within the Caballo Blanco property, referred to as the Northern Zone, where the La Paila Zone is situated, and the Highway Zone. Both zones are prominent high-sulphidation, epithermal gold prospects that occur within extensive areas of clay and silica alteration. The gold is fine and occurs within a vuggy and brecciated silica alteration of an original andesite host rock in the upper levels of the surrounding epithermal system.

The principal known gold zone at Caballo Blanco is the La Paila Zone, which is located on the northern portion of a large 'magnetic high' ring structure that measures approximately three kilometres in diameter. At least four other large induced polarization (IP) resistivity high anomalies occur in the Northern Zone, with similar silica alteration to La Paila, are identified along the inner flanks of this magnetic feature.

As estimated in the Caballo Blanco Technical Report of February 7, 2012, current mineral resources at the La Paila Zone consist of 575,000 ounces of gold in the indicated category (28,890,000t at a grade of 0.62g/t Au) and 419,000 ounces in the inferred category (24,020,000t at a grade of 0.54g/t Au).

Goldgroup filed the Preliminary Economic Assessment ("PEA") for the Caballo Blanco on May 10, 2012. Based on the PEA, the Caballo Blanco project is expected to generate a 66.4% pre-tax internal rate of return ("IRR") and a US\$283.8 million pre-tax net present value ("NPV") at a 5% discount rate, over an approximate 7.5-year mine life and produce 687,000 ounces of gold and 1.3 million ounces of silver, based on the current mineable resource determined from the Whittle-pit optimization model.

Goldgroup has recently submitted responses to the list of comments received on March 13, 2012 from the Secretaría de Medio Ambiente y Recursos Naturales ("SEMARNAT"), also known as the Ministry of Environmental and Natural Resources, regarding its previously submitted Environmental Impact Statement ("EIS"). Following the receipt of this written response from Goldgroup, SEMARNAT will further evaluate the comments. This form of federal regulatory response is standard procedure in the environmental permitting process.

Goldgroup is currently addressing the comments received from SEMARNAT on its Estudio Técnico Justificativo para Cambio de Uso de Suelo ("ETJ") permit, and after completion, will resubmit an enhanced ETJ application to SEMARNAT on a timely basis. When the enhanced ETJ application is submitted Goldgroup will also include all information on additional land which has been acquired since the time of the initial filing of the ETJ application.

The timing of the EIS and ETJ permit approvals are currently anticipated to be in the third quarter of 2012, however, extensions by SEMARNAT may occur. Based on recent results from the PEA on the Caballo Blanco project, management estimates the project will require approximately nine months of construction time from the date of the anticipated approvals of the EIS, ETJ and other related permits.

### **Assaying and Qualified Person**

The channel samples and blast material samples were collected and bagged separately with unique identification for each sample. 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 were stored at the prep facility and the pulps were air couriered to the ALS Minerals North Vancouver facility and analyzed for gold by 30 g fire assaying 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 tunneling program. Standard and blank were regularly inserted into the sample stream. Goldgroup's QA/QC program is supplemental to the internal laboratory QA/QC program. 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, development, 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 the state of Veracruz, and a 50% interest in DynaResource de Mexico, S.A. de C.V., which owns 100% of the high-grade gold exploration project, San José de Gracia located in the state of Sinaloa. The Company also operates its 100%-owned Cerro Colorado gold mine in the state of Sonora.

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 increase 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](http://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 considered "forward-looking information" (within the meaning of applicable Canadian securities law) and "forward-looking statements" (within the meaning of the United States Private Securities Litigation Reform Act of 1995). These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Actual results could differ materially from the conclusions, forecasts and projections contained in such forward-looking information. 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 Cerro 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 information is 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 information, and are developed based on assumptions about such risks, uncertainties and other factors including, without limitation: uncertainties related to actual capital costs, operating costs and expenditures, production schedules and economic returns from Goldgroup's projects; uncertainties associated with development activities; uncertainties inherent in the estimation of mineral resources and precious metal recoveries; risks related to the continued operation of the Cerro Colorado mine without a current economic analysis; risks related to the planned expansion of the Cerro Colorado mine; uncertainties related to current global economic conditions; fluctuations in precious and base metal prices; uncertainties related to the availability of future financing; potential difficulties with joint venture partners; risks that Goldgroup's title to its property could be challenged; political and country risk; risks associated with Goldgroup being subject to government regulation; risks associated with surface rights; environmental risks; Goldgroup's need to attract and retain qualified personnel; risks associated with operating hazards at the Cerro Colorado mine; risks associated with potential conflicts of interest; Goldgroup's lack of experience in overseeing the construction of a mining project; risks related to the integration of businesses and assets acquired by Goldgroup; uncertainties related to the competitiveness of the mining industry; risk associated with theft; risk of water shortages and risks associated with competition for water; uninsured risks and inadequate insurance coverage; risks associated with potential legal proceedings; risks associated with community relations; outside contractor risks; risks related to archaeological sites; foreign currency risks; risks associated with security and human rights; and risks related to the need for reclamation activities on Goldgroup's properties, as well as the risk factors disclosed in Goldgroup's Annual Information Form and MD&A. Any and 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 is 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 as may be required by, and in accordance with, applicable securities laws.*