



Goldgroup Announces Appointment of Gregg J. Sedun as Interim Chief Executive Officer

Vancouver, British Columbia (October 12, 2012) – Goldgroup Mining Inc. (“Goldgroup” or the “Company”) (TSX:GGA) announced today that its Board of Directors has appointed Executive Chairman, Gregg J. Sedun, to also fill the role of President and Interim Chief Executive Officer, replacing Mr. Keith Piggott. Mr. Piggott is a major shareholder of the Company and continues to serve on the Company’s Board of Directors. This leadership appointment is effective immediately.

Mr. Sedun stated, “On behalf of our Board, I would like to thank Mr. Piggott for his significant contribution to Goldgroup’s development over the last six years. The Board has determined that the Company’s focus going forward remains in optimizing capital and other costs, in addition to streamlining permitting and operational processes in order to ensure production at our flagship project, Caballo Blanco, is completed on a timely basis.”

The Board is taking steps to fill the CEO position in an expeditious manner. As interim CEO, Mr. Sedun will provide strong continuity in the transition period and will supervise day-to-day operations of the Company.

Mr. Sedun, LLB, has been Executive Chairman of Goldgroup from its inception six ago years and has extensive knowledge of the Company’s operations, in addition to 29 years of expertise in legal, corporate finance, and executive management positions for publicly traded resource companies. Mr. Sedun has been involved as a director and/or founding shareholder in a number of successful companies including as founding director of Diamond Fields Resources Inc. which was acquired by Inco for \$4.3 billion. He was also a founding director of Adastra Minerals Inc. which was acquired by First Quantum Minerals Ltd. for \$275 million, and was part of the founding shareholder group of Peru Copper Inc. which was acquired by Chinalco in an all-cash \$840 million takeover.

Mr. Sedun continued, “The Company has significant growth potential in near-term production and exploration at Caballo Blanco, a management team with proven mine development, operations and production experience, and has significant financial flexibility. My focus will be reviewing, in conjunction with the Board, our corporate strategies to ensure cost-saving measures are implemented and permitting is executed, with an emphasis on maximizing shareholder value.”

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

On behalf of the Board of Directors,

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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.