



Goldgroup Enters into Agreement to Sell the Caballo Blanco Project for Approximate Total Consideration of up to US\$30 Million

Vancouver, British Columbia (December 18, 2014) – Goldgroup Mining Inc. (“Goldgroup” or the “Company”) (TSX:GGA, OTC:GGAZF, BMV SIX:GGAN.MX) is pleased to announce that it has entered into a definitive agreement (the “Agreement”) to sell its 100% interest in the Caballo Blanco Project (the “Project”) to Timmins Gold Corp. (“Timmins Gold”) for approximate cash and share proceeds totaling up to US\$30 million.

On Closing, Timmins Gold will pay Goldgroup US\$10 million in cash and 16,065,000 Timmins Gold shares, valued at approximately US\$15 million (based on the closing price of Timmins Gold shares on December 17, 2014) (the “Share Consideration”). Post-Closing, Goldgroup will be entitled to receive an additional contingent amount of US\$5 million that will become payable in cash, Timmins Gold shares, or a combination thereof (at the option of Timmins Gold, provided that Goldgroup’s ownership in Timmins Gold will not exceed 9.9% at any time) should any of the following events occur prior to October 31, 2019:

- The approval of the Project’s Environmental Impact Statement from SEMARNAT
- A change in beneficial ownership of Timmins Gold of greater than 50%; or
- The removal or change, at one time, of a majority of the current members of the Timmins Gold Board of Directors

“This sale unlocks the value of Caballo Blanco for Goldgroup shareholders and dramatically improves our balance sheet in a time where capital is very difficult to come by” stated Keith Piggott, Chairman and CEO of Goldgroup. “With the proceeds of the sale, we plan to focus on advancing the high-grade San José de Gracia project as well as potentially look to grow our production profile by accretive acquisition.

Timmins Gold is a proven mine builder and operator and we look forward to our continued participation in the Caballo Blanco project as well as sharing in the value of Timmins Gold’s producing San Francisco mine through our retained ownership in Timmins Gold shares and through the anticipated future receipt of the Contingent Payment.”

Completion of the transaction is subject to customary closing conditions, including receipt of required regulatory and TSX approvals, and the Company will be restricted from trading the Timmins Gold shares obtained in the transaction until the expiration of the standard statutory hold period. The Company expects to close the transaction on or before December 31, 2014. Up to 40% of the Share Consideration will be held in escrow upon Closing, to be released upon the earlier to occur of the completion of certain post-Closing actions or the expiration of the standard statutory hold period.

Goldgroup has come to an agreement with RMB Resources Inc. and Credipresto SAPI de CV SOFM ENR to release and replace the existing security held over the Project in order for this

transaction to proceed. As part of this agreement Goldgroup will be required to maintain at least US\$6 million cash on hand until the escrowed shares are released to the Company. The terms and conditions of the existing credit agreement are otherwise unchanged.

Advisors and Legal Counsel

Maxit Capital LP (“Maxit”) acted as financial advisor and Davis LLP acted as legal counsel to Goldgroup. In addition, Maxit has provided a fairness opinion to the Board of Directors of Goldgroup that, subject to the assumptions, limitations, and qualifications set out therein, the consideration received by Goldgroup is fair, from a financial point of view to Goldgroup.

Corporate Update

Goldgroup is pleased to announce Sam Wong, CA has been appointed as the Company’s Chief Financial Officer. Mr. Wong is currently the Chief Financial Officer of Chesapeake Gold Corp and Lowell Copper Ltd. Prior to those positions, he was the Corporate Controller at Luna Gold Corp where he oversaw the finance division during Luna’s transition from development through to commercial production. Mr. Wong is a Chartered Accountant and articulated at Deloitte & Touche LLP in Vancouver, BC where he specialized in assurance and advisory for mining companies.

Goldgroup also announces that Dustin VanDoorselaere has resigned as Vice President, Operations.

About Goldgroup

Goldgroup is a Canadian-based gold production, development, and exploration Company with significant upside in a portfolio of projects in Mexico, including 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 Prieto heap-leach gold mine, in the state of Sonora.

Goldgroup 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,

Mr. Keith Piggott, Chairman and CEO

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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 Prieto 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; 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 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.