



Goldgroup Cuts Additional 100-Plus Metre Intercepts of Oxide Gold at Caballo Blanco, Mexico

DDH 11 CBN 79: 100.10 m @ 0.88 g/t Au

DDH 11 CBN 82: 154.00 m @ 0.59 g/t Au

Other Higher-Grade Intercepts Include:

DDH 11 CBN 84: 64.00 m @ 1.20 g/t Au

May 25, 2011

TSX: GGA

Vancouver, British Columbia (May 25, 2011) – Goldgroup Mining Inc. (“Goldgroup” or the “Company”) 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 and southwest. All the drill holes reported below (see Tables 1 and 2) are exploration holes. Drilling remains ongoing to define and to delimit the eastern and southwestern flanks of the La Paila gold zone as the zone currently remains open in these two directions.

Keith Piggott, President and CEO of Goldgroup, stated: “These diamond drill results yielded gold intercepts contained in completely oxidized rock occurring inside and peripheral to the existing La Paila zone. They are similar in grade to the current NI 43-101 estimated mineral resource and give better definition to allow the design of the first open pit. The current drilling program, together with the on-going column-leach metallurgical testing, environmental and sociological studies as well as the heap-leach pad design form the basis for targeting to bring Caballo Blanco into production in 2012.”

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

DIAMOND DRILLING - LA PAILA ZONE				
Diamond Drill Hole	Mineralization			Au grade (g/t)
	From (m)	To (m)	Interval (m)	
11 CBN 75	98.00	102.00	4.00	0.66
and	134.00	180.00	46.00	0.35
11 CBN 76	81.10	85.10	4.00	0.98
and	106.14	121.50	15.36	0.37
and	131.50	156.21	24.71	0.22
and	164.21	177.45	13.24	0.28
and	191.89	209.89	18.00	0.25
and	284.50	289.50	5.00	0.34
11 CBN 77	98.00	106.00	8.00	0.70
and	120.00	138.00	18.00	0.40
and	152.00	174.00	22.00	1.39

DIAMOND DRILLING - LA PAILA ZONE - Continued				
Diamond Drill Hole	Mineralization			
	From (m)	To (m)	Interval (m)	Au grade (g/t)
11 CBN 77 cont.	198.00	224.00	26.00	0.30
and	232.00	256.00	24.00	0.41
11 CBN 79	47.40	147.50	100.10	0.88
11 CBN 80	93.40	153.40	60.00	0.76
11 CBN 82	81.50	235.50	154.00	0.59
and	247.50	263.50	16.00	0.23
and	293.50	303.50	10.00	0.48
11 CBN 83	98.50	146.50	48.00	0.90
and	194.50	216.50	22.00	0.41
and	240.50	248.50	8.00	0.21
11 CBN 84	86.84	150.84	64.00	1.20
and	278.40	291.10	12.70	0.32
11 CBN 85	63.33	73.33	10.00	1.33
and	92.96	160.02	67.06	0.35
11 CBN 86	102.36	107.93	5.57	0.53
and	133.93	140.10	6.17	0.46

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

A high percentage of 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, as amended February 28, 2011, and available on SEDAR. These results 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 10 CBN 54 to 11 CBN 86 as well as a drill-hole location map of the La Paila zone detailing the relative locations of the drill holes used in estimating the current NI 43-101 mineral resource, will be posted on the Company's website under "Projects – Caballo Blanco" at www.goldgroupmining.com.

Table 2. Drill Hole 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 75	768338	2184494	484	090	-45	234
11 CBN 76	768339	2184546	480	090	-45	364.5
11 CBN 77	768156	2184153	479	090	-70	301.5
11 CBN 79	768213	2184211	472	na	-90	202.5
11 CBN 80	768306	2184251	513	090	-75	315.3
11 CBN 82	768307	2184251	513	090	-50	335
11 CBN 83	768199	2184152	495	090	-70	310.5
11 CBN 84	768235	2184250	505	na	-90	314.5
11 CBN 85	768337	2183886	502	na	-90	220.6
11 CBN 86	768154	2184104	487	270	-70	253.5

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

About Caballo Blanco

Goldgroup owns a 70% interest in Caballo Blanco. The remaining 30% interest is owned by Almaden Minerals Ltd. 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 gold deposits referred to as the Northern Zone. The current 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 from NGEx in November, 2009. 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. 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 15 samples sent the laboratory. This news release has been prepared under the supervision of Mr. Kevin Sullivan, B.Sc. MAusIMM, and the Company's Vice President of Exploration who serves as the qualified person as defined by National Instrument 43-101 responsible for ensuring that the scientific and technical information in this release is accurate.

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 interests in its flagship project, Caballo Blanco in Veracruz and 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.

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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 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. 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.