



## **GOLDGROUP EXPANDS CABALLO BLANCO INDICATED MINERAL RESOURCES BY 314%**

**VANCOUVER, BRITISH COLUMBIA – February 16, 2012** - Goldgroup Mining Inc. (TSX:GGA) (“Goldgroup” or “the Company”) is pleased to announce the updated National Instrument 43-101 (“NI 43-101”) compliant mineral resource estimate (the “Technical Report”) for its flagship 100%-owned Caballo Blanco gold project in Veracruz, Mexico. Based on a 0.2 g/t Au cut-off grade, the Company’s indicated mineral resources at the La Paila Zone at Caballo Blanco grew by 314% from 139,000 to 575,000 ounces of gold (28.9 million tonnes grading 0.62 g/t Au). The inferred mineral resources summed to 419,000 ounces of gold (24.0 million tonnes grading 0.54 g/t Au). This Technical Report also adds silver mineral resources to the mineral resource estimate at Caballo Blanco, including 2,150,000 ounces of silver indicated mineral resources (28.9 million tonnes grading 2.32 g/t Ag) and 1,930,000 ounces of silver inferred resources (24.0 million tonnes grading 2.5 g/t Ag). The Technical Report was prepared for the Company by Jim Cuttle, P. Geo. and Gary Giroux, P. Eng. of Giroux Consultants Ltd., each an independent Qualified Person under NI 43-101 standards.

Goldgroup’s total indicated mineral resources for its two main exploration/development projects, Caballo Blanco and San José de Gracia, have grown from 212,500 to 648,500 ounces of gold, representing an increase of 205%. The Company’s total inferred mineral resources for its two main projects total 900,500 ounces of gold.

Keith Piggott, President and CEO of Goldgroup, stated, “The updated resource estimate on the Caballo Blanco project is a significant milestone for the Company. Goldgroup has been able to grow substantially the resources in the La Paila Zone, which is expected to form the basis of our upcoming PEA in the first quarter of 2012. We continue to achieve our Company targets and are currently in-line to commence production on the project by 2012 year-end. Furthermore, we intend to continue growing our resources in 2012 as we continue to conduct infill drilling at the La Paila Zone, as well as exploration drilling at multiple identified anomalies in the south, southwest and northeast of the Northern Zone, in addition to drilling new targets in the Highway Zone.”

**Table 1: Caballo Blanco Project Resource Estimation, February 2012**

<b>Date of Report</b>	<b>Cut-off Grade (g/t Au)</b>	<b>Resource Class</b>	<b>Tonnes</b>	<b>Avg. Au Grade (g/t)</b>	<b>Contained Au (oz)</b>	<b>Avg. Ag Grade (g/t)</b>	<b>Contained Ag (oz)</b>
Feb. 16, 2012	0.20	Indicated	28,890,000	0.62	575,000	2.32	2,150,000
	0.20	Inferred	24,020,000	0.54	419,000	2.50	1,930,000
Mar. 22, 2010	0.20	Indicated	6,710,000	0.65	139,000	-	-
	0.20	Inferred	27,600,000	0.58	517,000	-	-

## La Paila Mineral Resource Estimate Method

The previous technical report compiled by Jim Cuttle and Gary Giroux dated March 22, 2010 contained a mineral resource estimate based on a total of 33 drill holes containing 7,010 metres drilled by predecessor companies, all at the La Paila Zone. The updated mineral resource estimate incorporates the original 33 holes drilled by prior owners and the 112 holes containing 29,822 metres of diamond core drilling completed by Goldgroup during its October 2010 to December 2011 drilling campaign, all at the La Paila Zone. In total, 36,832 metres of mostly HQ core drilling in 145 holes has been used to estimate the updated resource, up to holes 11 CBN178, in addition to holes 11CBN182 and 11CNB184. The central portion of the La Paila Zone has now been drilled on approximately 50 metre by 30 metre centers. All of the mineralized material contained in the resource estimate is completely oxidized and shows high- leach recoveries in preliminary column leach testing conducted by Goldgroup. The resource is tabulated below at a range of gold cut-off grades and a cut-off of 0.2 g/t Au has been highlighted as a possible open pit cut-off.

**Table 2: Indicated Resource within the Mineralized Solid – La Paila Zone**

Au Cut-Off Grade (g/t)	Tonnes	Avg. Au Grade (g/t)	Avg. Ag Grade (g/t)	Contained Au (oz)	Contained Ag (oz)
0.10	29,510,000	0.61	2.30	579,000	2,180,000
0.15	29,350,000	0.61	2.31	578,000	2,180,000
<b>0.20</b>	<b>28,890,000</b>	<b>0.62</b>	<b>2.32</b>	<b>575,000</b>	<b>2,150,000</b>
0.25	27,700,000	0.64	2.33	566,000	2,080,000
0.30	25,670,000	0.67	2.33	549,000	1,920,000
0.40	20,800,000	0.74	2.32	494,000	1,550,000
0.50	15,860,000	0.83	2.38	422,000	1,210,000
0.60	11,710,000	0.93	2.48	349,000	930,000
0.70	8,210,000	1.05	2.65	276,000	700,000
0.80	5,900,000	1.16	2.87	221,000	540,000
0.90	4,290,000	1.28	3.11	177,000	430,000
1.00	3,110,000	1.41	3.24	141,000	320,000
1.10	2,170,000	1.57	3.41	109,000	238,000
1.20	1,710,000	1.68	3.47	92,000	191,000
1.30	1,390,000	1.78	3.54	80,000	158,000

**Table 3: Inferred Resource within the Mineralized Solid – La Paila Zone**

Au Cut-Off Grade (g/t)	Tonnes	Avg. Au Grade (g/t)	Avg. Ag Grade (g/t)	Contained Au (oz)	Contained Ag (oz)
0.10	24,160,000	0.54	2.49	420,000	1,930,000
0.15	24,090,000	0.54	2.50	420,000	1,940,000
<b>0.20</b>	<b>24,020,000</b>	<b>0.54</b>	<b>2.50</b>	<b>419,000</b>	<b>1,930,000</b>
0.25	23,440,000	0.55	2.53	415,000	1,910,000
0.30	21,900,000	0.57	2.55	401,000	1,800,000
0.40	16,240,000	0.64	2.65	336,000	1,380,000
0.50	10,420,000	0.76	2.88	254,000	960,000
0.60	6,930,000	0.86	2.89	192,000	640,000
0.70	4,670,000	0.97	3.22	145,000	480,000
0.80	3,160,000	1.07	3.26	109,000	330,000
0.90	2,220,000	1.17	3.46	83,000	250,000
1.00	1,490,000	1.27	3.40	61,000	160,000
1.10	1,010,000	1.38	2.65	45,000	90,000
1.20	600,000	1.54	2.27	30,000	40,000
1.30	390,000	1.70	2.31	21,000	30,000

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

Additional maps on the Caballo Blanco projects are expected to be available in the first quarter of 2012.

The Technical Report on the updated mineral resource estimate on the Caballo Blanco project titled “NI 43-101 Technical Report – Caballo Blanco Project – Resource Update at the La Paila Zone – Veracruz State, Mexico” dated effective February 16, 2012 has been filed on SEDAR in compliance with NI 43-101. The Technical Report can be viewed under the Company’s profile on SEDAR ([www.sedar.com](http://www.sedar.com)) and can also be viewed on the Company’s website at [www.goldgroupmining.com](http://www.goldgroupmining.com).

La Paila is a high sulphidation epithermal system with fine gold hosted within a massive silica breccia formed within andesitic volcanic rocks. Goldgroup has created a three-dimensional solid model based on the mineralized silica breccia identified by the drill-hole results. This three-dimensional solid model forms the basis for the updated mineral resource estimate.

Geostatistical analysis of the assays was completed to determine the nature of the gold population and to determine the appropriate capping grades for the gold and silver values. A cap of 6.0 g/t Au and 70.0 g/t Ag in the mineralized solid and 0.26g/t Au and 20.0 g/t Ag in the waste solid was used.

Uniform 5 metre down-hole composites were produced for La Paila that honour the mineralized solid. Smaller intervals near the mineralized solid boundary were combined with adjoining samples if less than 2.5 metres in length. Those greater than or equal to 2.5 metres were left alone. As a result the composites produced were of uniform support  $5 \pm 2.5$  metres. The data outside the breccia solid were also composited in a similar manner.

Variography was assessed with pairwise relative semivariograms which were produced for gold and silver from composites within the mineralized solid. The four principal horizontal directions were modeled first: azimuth 90°, 0°, 45° and 135°. The directions with the longest continuity (range) were at 0° and 45° so azimuths between 0° and 45° were modeled. The direction of longest continuity in both Au and Ag was found to be along azimuth 05°. The vertical plane perpendicular to azimuth 05° was then examined and the longest range for Au and Ag was found along azimuth 95° dip -78°. In all cases nested spherical models were fit to the data. The nugget-to-sill ratio was 30% for gold and 31% for silver showing reasonable sampling variability.

A total of 267 specific gravity measurements were made on drill core using the weight in water/weight in air method, with the results sorted by rock type into mineralized units and waste. Samples, from within the mineralized solid had an average specific gravity of 2.39. Samples from outside the mineralized solid had an average specific gravity of 2.38.

A block model consisting of blocks 20 x 20 x 5 cubic metres in dimension was superimposed over the drill hole data and 3D solids. Within each block the percentage of material below surface topography and within the breccia solid was recorded.

Grades for Au and Ag were interpolated into all blocks with some percentage within the mineralized solid by ordinary kriging. For blocks estimated within the mineralized zone but containing some percentage of waste a second kriging run was made using only composites outside the mineralized solid. These blocks were estimated in a similar manner using the semivariograms for Au and Ag in waste. Blocks containing both a mineralized grade and waste grade were given the weighted average.

### **Caballo Blanco Exploration Update**

The Company focused its 2011 drill program primarily on the La Paila Zone, specifically with the objectives of designing the first open pit and further expanding its mineral resource estimate for Caballo Blanco. 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 at Caballo Blanco, combined with the updated NI 43-101 mineral resource estimate, are intended to form the basis of a preliminary economic assessment (PEA) expected to be completed in the first quarter of 2012. The current drill 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. The zone demonstrates good continuity from section to section and several areas remain open for drill testing along the east, west and southern portions of the current block model. Furthermore, Goldgroup intends to conduct diamond drilling on 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. Goldgroup currently has five diamond drills operating at the Caballo Blanco project.

A total of 25 column tests were completed to the date of the updated Technical Report on a bulk surface sample of the La Paila Zone and reverse circulation drill cuttings which demonstrated gold recoveries from 76% to 94%. Leach times have been run for an average of 40 days and average cyanide and lime consumptions are low at 0.14 kg and 1.6kg per tonne of sample respectively.

### **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 current Caballo Blanco property, referred to as the Northern Zone and Highway Zone. Both 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 located within the Northern Zone, a cluster of high-sulphidation epithermal alteration zones. The La Paila Zone 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 IP resistivity high anomalies occurring here, with similar silica alteration to La Paila, are identified along the inner flanks of this magnetic feature.

To date, 142 holes have been drilled at the Caballo Blanco project by Goldgroup. Of these holes, 19 were reverse circulation holes, seven were holes drilled outside La Paila within the Northern Zone, and four were unassayed as at the date of the Technical Report, resulting in a total of 112 holes incorporated in the updated mineral resource estimate.

Goldgroup has now received assays for all of its remaining four drill holes from its 2011 drill program, which will be incorporated with 2012 drilling results in an expected future updated NI 43-101 mineral resource estimate.

### **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 Veracruz, and the 50%-owned high grade gold exploration project, San José de Gracia, in Sinaloa. The Company also 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](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 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; 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](http://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.*