



Goldgroup Provides Permitting and Project Update at Caballo Blanco and Election of Board of Directors

Vancouver, British Columbia – (June 12, 2012) – Goldgroup Mining Inc. (“Goldgroup” or the “Company”) (TSX:GGA) is pleased to announce that it has completed the next stage of its permitting process at the Caballo Blanco project by submitting responses to the list of comments from the Secretaría de Medio Ambiente y Recursos Naturales (“SEMARNAT”), also known as the Ministry of Environmental and Natural Resources, received on March 13, 2012, regarding its previously submitted Environmental Impact Statement (“EIS”). Goldgroup’s responses were filed within the 60 working day timeframe provided by SEMARNAT. The responses are standard procedure in the environmental permitting process and are meant to clarify certain aspects of Goldgroup’s permit application, as well as facilitate SEMARNAT’s review of the EIS. The environmental permitting process is governed by Mexican federal law and regulations.

Background for the Environmental Impact Statement and Change of Soil Use Permitting Application

As previously disclosed, Goldgroup requires two independent environmental permits in order to commence construction at the Caballo Blanco project. The two permits are the EIS and the Estudio Técnico Justificativo para Cambio de Uso de Suelo (“ETJ”), also known as the Change of Soil Use Permit.

The EIS application was submitted by Goldgroup to SEMARNAT on December 15, 2011. Formal comments from SEMARNAT in regards to Goldgroup’s EIS application were received by the Company on March 13, 2012. The comments requested more information on risk mitigation, along with environmental protection and rehabilitation of several aspects of the proposed mining operations.

As of the date of this news release, Goldgroup has addressed all of SEMARNAT’s comments and provided a detailed written response to SEMARNAT within the required 60 working day response time. Goldgroup will continue to ensure that the best interests of all stakeholders are factored into the development process of the project. 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.

The ETJ application was submitted by Goldgroup to SEMARNAT on December 16, 2011. The ETJ is evaluated by the regional office of SEMARNAT in Veracruz. As disclosed in Goldgroup’s May 23, 2012 news release, comments received by SEMARNAT requested that the Company provide further details on the following information for its ETJ application:

- Rescue programs for protected flora species
- Environmental mitigation measures for the project and how Goldgroup will measure its success
- Ecosystems affected by the use of environmental services (water, soil, air, etc.) required for the project
- Economic and social benefits of the project

Goldgroup is currently addressing the above issues 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 is currently anticipated to be in the third quarter of 2012, however, extensions by SEMARNAT may occur. Based on recent results from the Preliminary Economic Assessment 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.

Project Update

Goldgroup also announces that a local municipal authority has alleged that underground workings at the Caballo Blanco site have encroached on a neighbouring surface property. Goldgroup retained surveyors who have confirmed that no such encroachment has occurred. Until this encroachment issue is resolved, the municipal authority has restricted access to certain areas of the Caballo Blanco property as a result of the alleged encroachment. The Company has applied to the Mexican courts for a formal declaration that access to the Caballo Blanco site be restored. The courts are currently in the process of rendering a judgement and issuing notifications to the parties involved.

Work has been completed at the Caballo Blanco exploration tunnel to sufficiently conclude the project's bulk sample program. Due to the wet season in Veracruz, which runs between mid-June to late September, exploration drilling has been suspended at the Caballo Blanco project. Goldgroup has undertaken a program of cost containment with the aim of focusing on obtaining the required permits, the required land surface rights and the completion of additional engineering studies prior to the commencement of construction at the Caballo Blanco project.

Election of Directors

Goldgroup is pleased to announce that it has conducted its Annual General Meeting and has elected its Board of Directors; Chairman, Gregg Sedun, President and CEO, Keith Piggott, Lead Director, Dr. Hans von Michaelis, Lenard Boggio, Chester Millar, Corry Silbernagel and Francisco Escandon.

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 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 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.