

De Grey Mining Ltd

A.B.N. 65 094 206 292

The Bold Explorer

29 September 2009

ASX/MEDIA RELEASE

DE GREY STEPS INTO MOUNT ISA INLIER

Highlights

- **Non-binding letter agreement with Teck Australia Pty Ltd under which De Grey can earn up to 100% interest (subject to certain earn-back rights to Teck) in EPM14142 “Apex” in NW Queensland.**
- **Outstanding frontier exploration target in well endowed Mount Isa terrain.**
- **Prospective for IOCG-style mineralisation or, alternatively, nickel-copper mineralisation associated with mafic intrusive rocks.**
- **Straightforward exploration proposition amenable to rapid advance to drill testing.**

Managing Director Gary Brabham said “*Some time ago we flagged De Grey’s intentions to seek early-stage exploration plays in prospective geological regions outside of the Company’s traditional Pilbara stomping ground and Apex is the first such play. The Eastern Succession of the Mount Isa block is a very fertile area that has demonstrated its ability to throw up not just ‘traditional’ IOCG-type deposits but also styles of mineralisation that are completely new to the region such as Falcon Mineral’s nickel-copper intercepts at Saxby and Ivanhoe Australia’s high-grade moly-rhenium deposit at Merlin. Apex represents a great frontier exploration play and it’s these sorts of targets in covered terrains that are increasingly providing the world-class mineral discoveries.*”

For further information:

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Technical Report

De Grey Mining Limited (**De Grey** or the **Company**; ASX code: DEG) is pleased to announce that it has entered into a non-binding letter agreement with Teck Australia Pty Ltd (**Teck**) under which the Company can earn 100% interest in EPM14142 (subject to certain earn-back rights to Teck), located north of Cloncurry in Northwest Queensland (Figure 1).

EPM14142 covers a geophysical feature informally called the Apex Magnetic Complex, located 55 kilometres north of Xstrata's Ernest Henry copper-gold mine and 90 kilometres south of Falcon Minerals/Anglogold Ashanti's Saxby project, in the covered northern extension of the Eastern Succession of the Mount Isa Inlier.

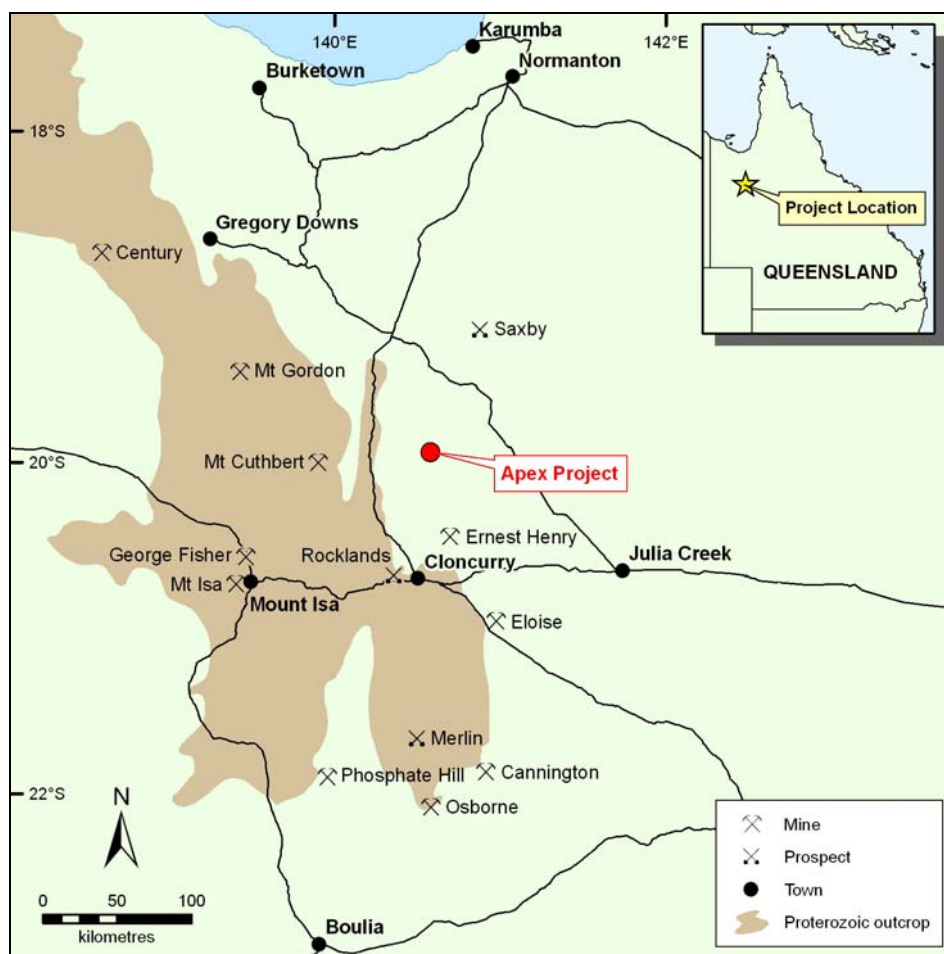


Figure 1: Apex Project location map

In addition to the established deposits such as Ernest Henry (copper-gold), Cannington (silver-lead) and Eloise (copper-gold), the prospectivity of the Eastern Succession has been highlighted by recent discoveries including CuDeco's Rocklands copper deposits, Ivanhoe Australia's Merlin molybdenum-rhenium deposit and both nickel-copper mineralisation and high-grade gold mineralisation at Saxby.

Due to the amount of recent exploration activity around Ernest Henry, the general framework of the basement Proterozoic geology in the area is fairly well understood (Figure 2). The Apex Magnetic Complex is located at the northern extremity of the Ernest Henry Terrain, an area where Na-Ca metasomatism and K-magnetite alteration, driven by magmatic events, have resulted in basement rocks of distinctive magnetic character (Figure 3).

The magnetic signature at Apex is similar to that at Ernest Henry and occurs in an area of structural complexity immediately adjacent to the intersection of major, terrain-bounding structures. The high-amplitude magnetic anomaly is thought to be due to magnetite associated with an IOCG-style alteration system or, alternatively, a mafic intrusive complex similar to that which hosts nickel-copper intercepts reported by Falcon Minerals in their Saxby Project joint venture with AngloGold Ashanti.

The Apex Magnetic Complex has never been drilled. Based on the nearest drilling to basement, about 10 kilometres from Apex, prospective Proterozoic rocks are thought to be overlain by about 250 metres of flat-lying Cretaceous rocks and Recent cover.

De Grey proposes to conduct a detailed aeromagnetic survey and a ground gravity survey over the Apex target area prior to selecting targets for initial drill testing.

Considering that Apex represents a frontier exploration target in a covered area of a well-endowed terrain, De Grey believes first-pass drilling may qualify for assistance under the Queensland Government's Collaborative Drilling Initiative (CDI). Under the CDI, companies can apply for government funding for up to half of the cost of an initial drill program in frontier exploration areas, to a limit of \$150,000 for any one program.

Farm-in Terms

- De Grey can earn 100% interest in EPM14142 by sole funding exploration expenditures of \$2 million over four years, with Teck retaining 1% NSR royalty.
- De Grey is committed incur minimum expenditure of \$250,000 in the first year, with a minimum program to include detailed aeromagnetics, ground gravity and at least 1000 metres of drilling in at least two holes.
- Teck retains the right to earn back to 70% interest at all times, until De Grey has spent \$7.5 million, by incurring a significant premium on De Grey's expenditures.
- Should Teck complete an earn-back it will forgo its right to an NSR royalty and a joint venture will commence with each of the parties electing to contribute pro rata to further expenditure or to dilute.
- Should either party's joint venture interest dilute to less than 10% that party's interest reverts to a 1% NSR royalty.
- Commencement relies upon confirmation of extension to the term of EPM14142 by the Queensland Department of Mines and Energy, expected within the next two months.

It is anticipated that a binding formal agreement, which is subject to approval by Teck's senior management and De Grey's board and the satisfaction of certain conditions, will be executed within 90 days.

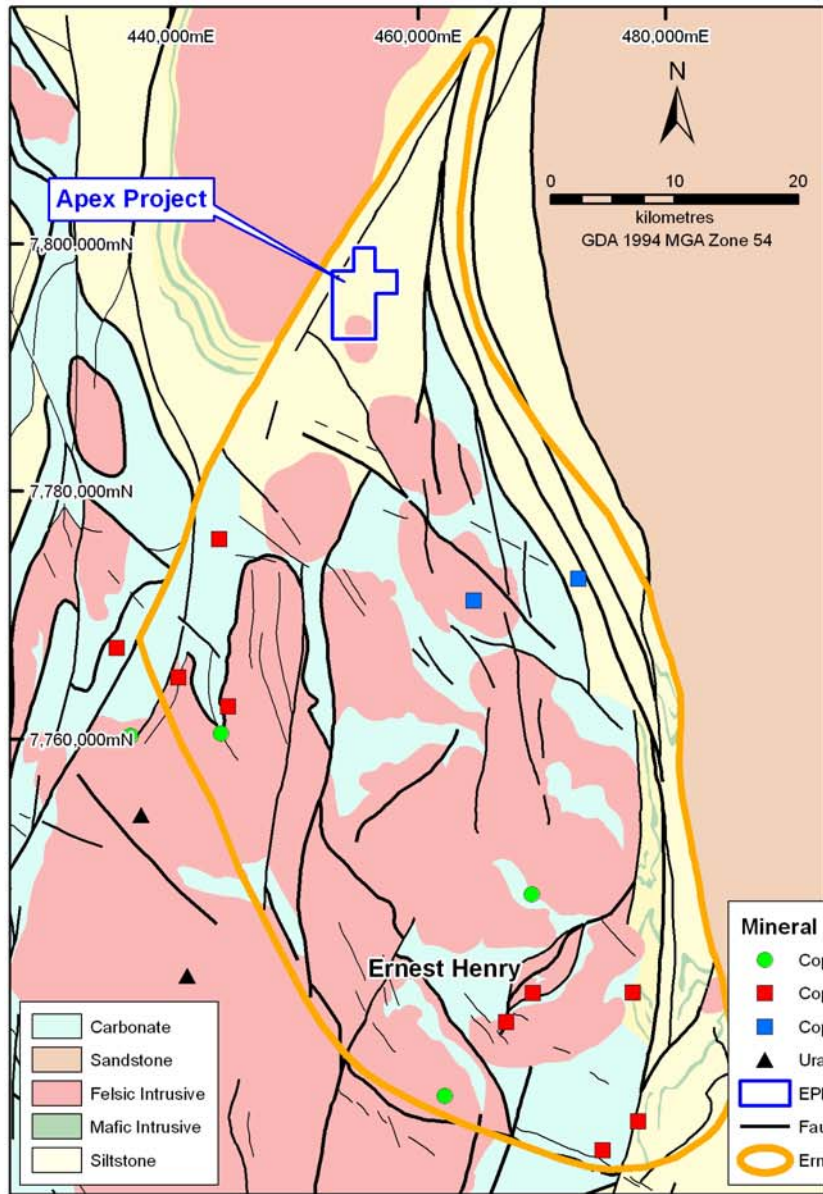


Figure 2: Regional geology and mineral occurrences

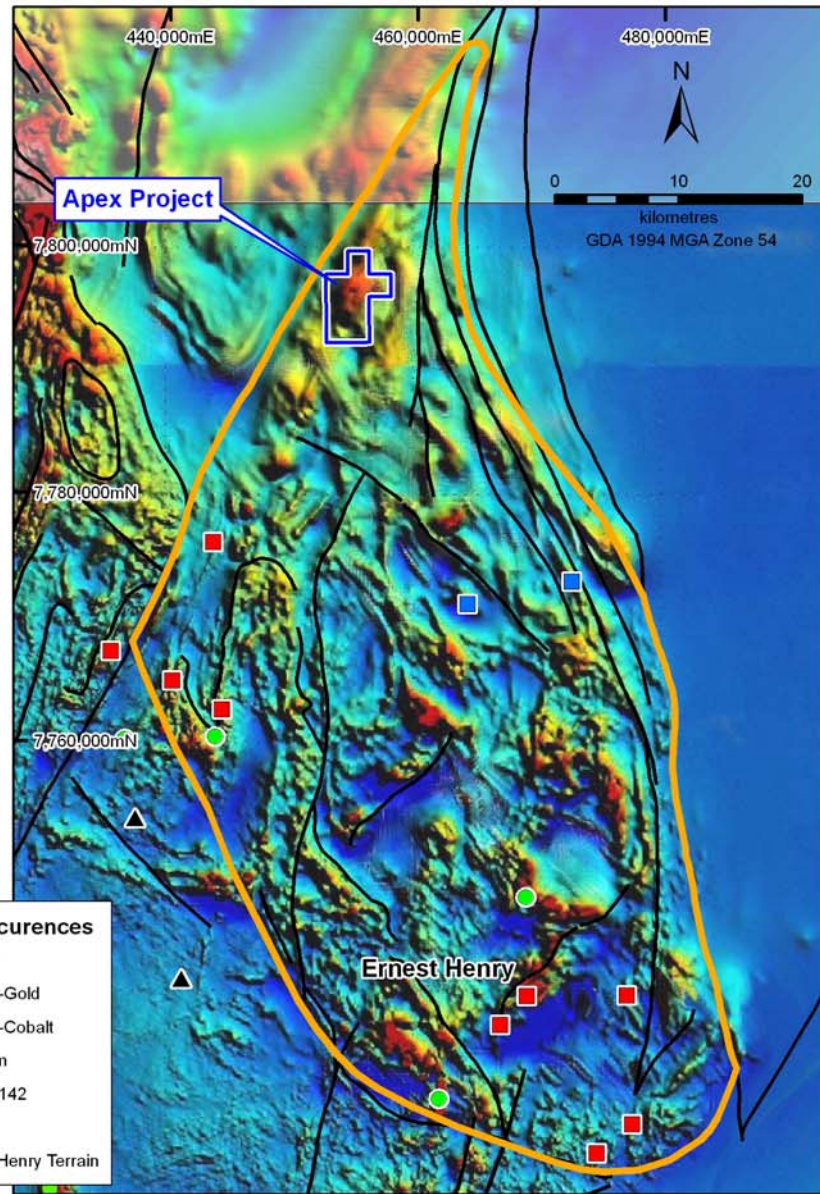


Figure 3: Regional aeromagnetics