

De Grey Mining Ltd

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The Bold Explorer

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ASX/MEDIA RELEASE

DE GREY SECURES MINIMUM \$1.7M FUNDING TO PROGRESS EXPLORATION AT TURNER RIVER PROJECTS

De Grey Mining Limited (**De Grey** or the **Company**; ASX code: DEG) is pleased to advise that it has entered into binding letter agreements with HJH Nominees Pty Ltd (**HJH**) over the Company's Turner River gold and base metals exploration projects under which HJH may earn up to 75% interest in each project. HJH is an unlisted Australian company partly funded by Chinese investors.

The gold farm-out agreement covers tenements in the western portion of the Turner River project area (Figure 1), containing the T1, Mt Berghaus, Brierly, Amanda and Edkins targets but **excluding the Wingina Well gold resource**. Terms of the gold farm-out agreement include:

- HJH may earn 75% interest by sole funding exploration expenditure of \$2.5 million over not more than 4 years;
- HJH must incur minimum expenditure of at least \$1 million over the first 2 years (minimum commitment) of which not less than \$500,000 must be incurred in the first year;
- At least 70% of the minimum commitment expenditure must be on direct costs of drilling, associated access works and assays;
- At any time after HJH has fulfilled the minimum commitment, it may withdraw from the agreement and retain no interest;
- Upon HJH earning its interest, a joint venture will be established under which De Grey's 25% interest will be free carried to a decision to mine;
- HJH is required to maintain exploration expenditure sufficient to satisfy DMP expenditure requirements.

The base metals farm-out covers the eastern portion of the Turner River project where De Grey has previously outlined VMS-style Zn-Pb-Ag mineralisation with significant gold credits over a strike length of approximately 25 kilometres from Hakea prospect to Tabba Tabba prospect (Figure 1). Terms of the base metals farm-out agreement include:

- HJH may earn 75% interest by sole funding exploration expenditure of \$2 million over not more than 4 years;
- HJH must incur minimum expenditure of at least \$700,000 over the first 2 years (minimum commitment) of which not less than \$350,000 must be incurred in the first year;
- At least 70% of the minimum commitment expenditure must be on direct costs of drilling, associated access works and assays;

- At any time after HJH has fulfilled the minimum commitment, it may withdraw from the agreement and retain no interest;
- Upon HJH earning its interest, a joint venture will be established under which De Grey's 25% interest will be free carried to a decision to mine;
- HJH is required to maintain exploration expenditure sufficient to satisfy DMP expenditure requirements.

Rights to iron ore are excluded from both deals and HJH is required to acknowledge Atlas Iron's rights to iron ore over portions of both project areas, arising out of previous De Grey - Atlas agreements. De Grey's residual rights under those agreements are also excluded from the farm-outs, remaining entirely for De Grey's benefit.

De Grey has offered to manage exploration under both agreements for the first 12 months should HJH desire, in which case HJH will pay De Grey a management and overheads fee comprising 15% of exploration expenditure.

Managing Director Gary Brabham said "We welcome HJH's involvement at Turner River. These deals benefit De Grey by maintaining exploration momentum at the project at minimal cost and risk to the Company. Any additional gold resources discovered by the joint venture will certainly enhance the economics of Wingina Well, yielding a win-win outcome. Additionally, HJH's minimum commitment to drill expenditure on the VMS base metals targets allows for a meaningful drill effort on those over the next couple of years."

For further information:

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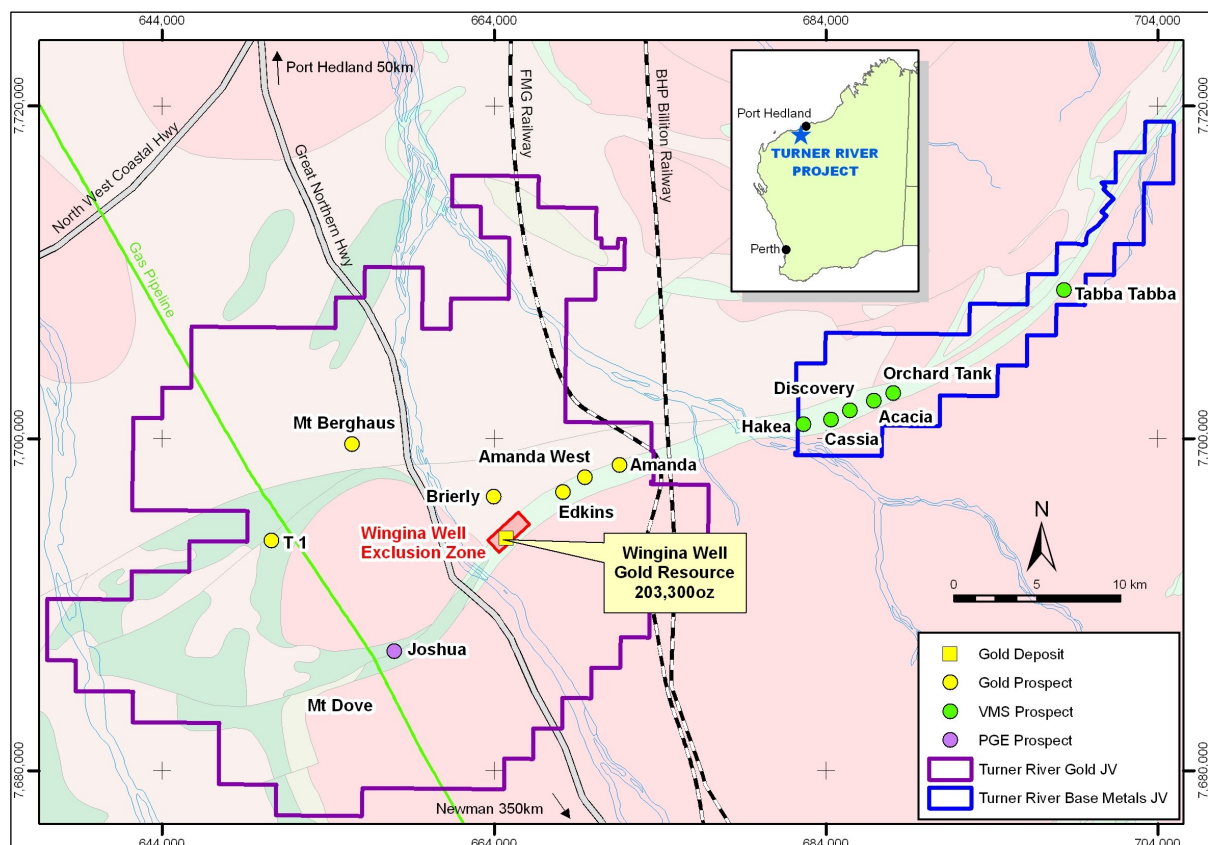


Figure 1: Location of Turner River Gold and Base Metals projects, Pilbara, WA.