

De Grey Mining Ltd

A.B.N. 65 094 206 292

The Bold Explorer

7 July 2011

ASX/MEDIA RELEASE

DE GREY OPTIONS PACHI PROJECT, ARGENTINA

De Grey Mining Ltd (**De Grey** or the **Company**) is pleased to announce that the Company's wholly-owned subsidiary De Grey Argentina S.A. has executed a binding letter of intent to enter into an option-to-purchase agreement over the Pachi Project, located in Santa Cruz Province, Argentina.

Pachi comprises a single *cateo* (exploration licence) covering 100 sq km of prospective Jurassic volcanic rocks of the Deseado Massif. The property adjoins tenements that cover Hunt Mining's La Josephina and El Gateado prospects and covers interpreted extensions and repeats of structures that host mineralisation on those properties.

Importantly, Pachi features a silica-carbonate sinter horizon that subcrops over 800 metres strike on the property. Previous rock chip sampling of this horizon has returned up to **0.29g/t Au** (with **58.7g/t Ag**) and **68g/t Ag**. De Grey's sampling has returned elevated levels of mercury (to 5000ppb), arsenic and manganese, demonstrating that the sinter represents the fossil outflow zone of an epithermal system that carried significant metals.

The Pachi *cateo* is held by an Argentine individual. Terms of the agreement include escalating annual option fees with a first-year fee of US\$24,200 and a commitment to drill at least 500 metres in the first year of the agreement.

De Grey's Managing Director Gary Brabham commented: "*The Pachi Project is an important addition to our portfolio in one of the world's most exciting epithermal provinces. Limited work to date indicates mineralised structures with highly anomalous geochemistry occur within the tenement, and given its close proximity to several advanced exploration projects and the indications of the preservation of high levels of an epithermal system, De Grey intends to rapidly advance exploration on the project.*"

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Pachi Project, Santa Cruz Province, Argentina

Location and Access

The Pachi project comprises a single 100 sq km *cateo* (exploration licence) located in the central-western Deseado Massif of Santa Cruz Province, Argentina (Figure 1). The property lies close to the southern tenements of De Grey's Cerro La Taba project and the Cañadon Langostura property the Company has optioned from Minera Sudamericana. Provincial road Route 12 passes through the property, providing excellent access.

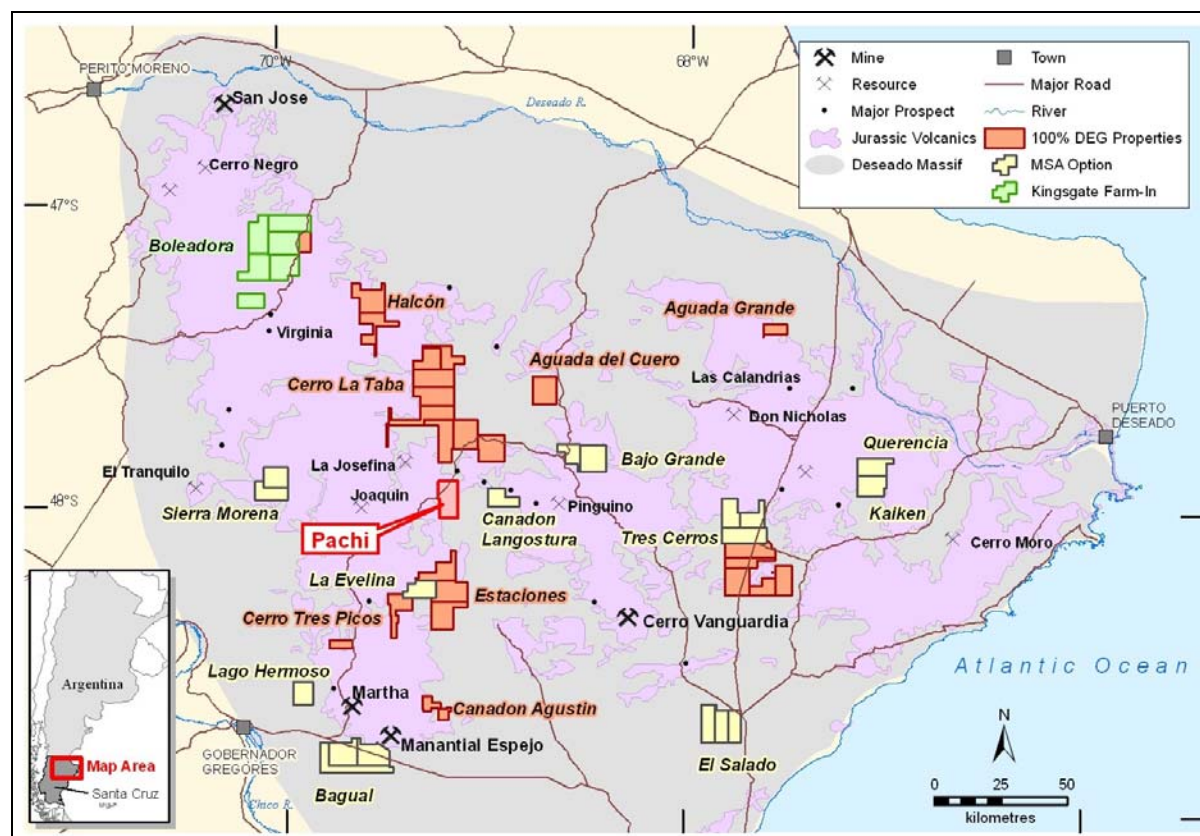


Figure 1: Locations of De Grey's projects, Santa Cruz, Argentina

Geology

The Pachi tenement covers Jurassic volcanic rocks of the Chon Aike Formation, host to almost all known low-sulphidation epithermal Au-Ag mineralisation discovered to date in the Deseado.

The property lies less than 15km SE of Hunt Mining Corporation's La Josefina deposits (125,000oz Au and 1.7Moz Ag) and just 5km south of Hunt's El Gateado prospect (Figure 2).

Geological interpretation suggests that a NNW striking fault located in the southern part of Pachi continues into, and is an important control on mineralisation, at La Josefina. La Josefina features several vein deposits and a siliceous sinter horizon where recent drilling by Hunt has intersected high-grade feeder structures with

intercepts including 19.47m true width @ 18.83g/t Au and 34.0m true width @ 2.82g/t Au¹.

In addition, a series of north-striking faults are interpreted to occur on the property, similar to the structure that possibly controls mineralisation at the El Gateado prospect. Hunt's drilling at El Gateado has achieved intersections including 11.3m (estimated true width) @ 3.65g/t Au.

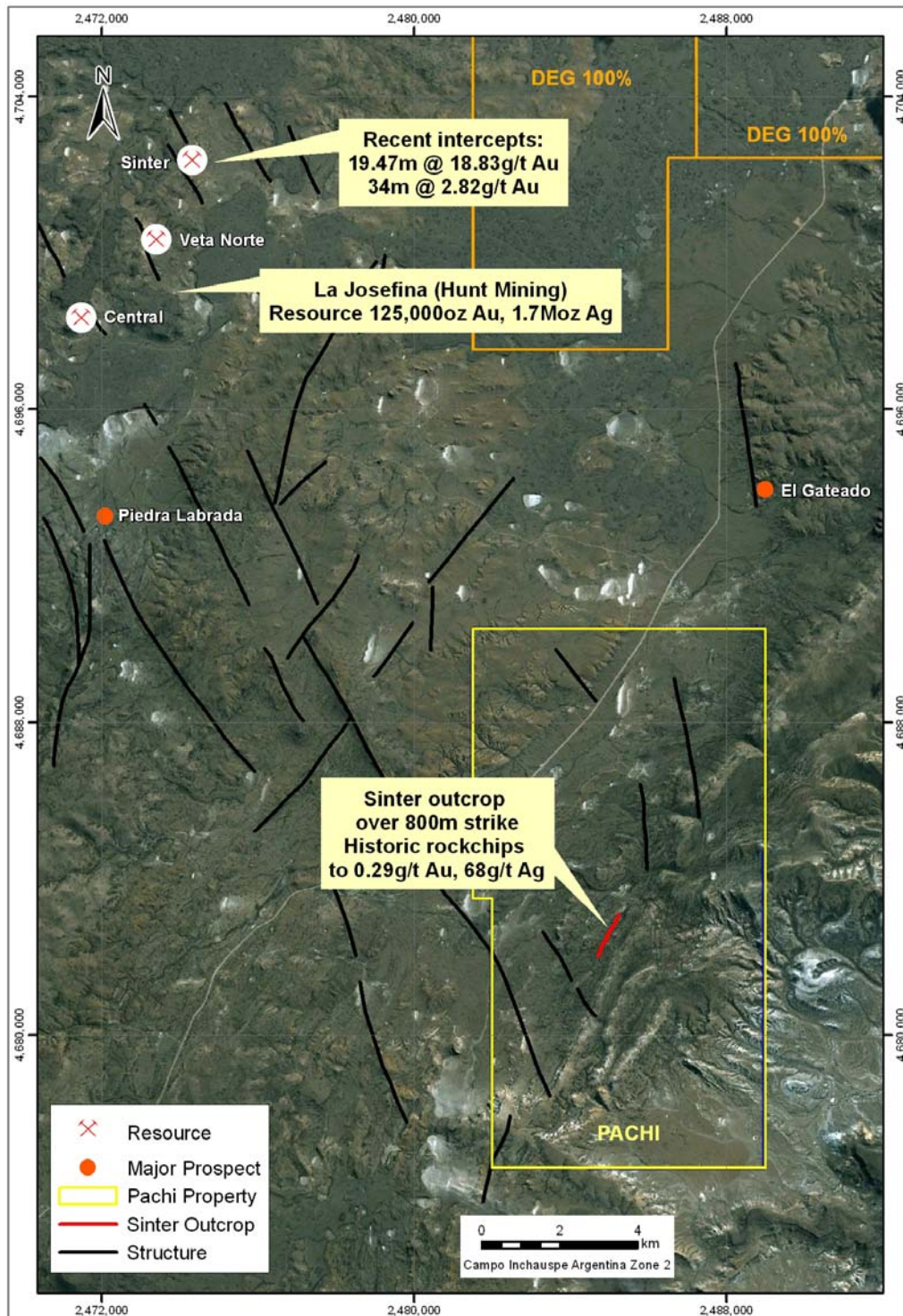


Figure 2: Pachi property location and interpreted structures

¹ Refer to Hunt Mining news release dated 25 May 2011

An important feature at Pachi is a silica-carbonate sinter horizon that sub-crops over 800 metres strike on the property (Figure 3). Previous rock chip sampling of this horizon has returned up to **0.29g/t Au** (with **58.7g/t Ag**) and **68g/t Ag**.

De Grey personnel visited the site in February 2011 and took several spot rock chip samples from outcrops of the sinter horizon. Several of those samples returned elevated levels of mercury (to 5069ppb), arsenic and manganese (Table 1), demonstrating that the sinter represents the fossil outflow zone of an epithermal system that carried significant metals. More detailed sampling and mapping is expected to reveal vectors to the source hydrothermal feeder structure, a prime drill target for high-grade epithermal Au-Ag mineralisation.



Figure 3: Silica-carbonate sinter outcrop, Pachi

Option Terms

Key terms of the option include:

- US\$24,200 first year option fee payable at commencement;
- US\$60,500 second year option fee;
- US\$121,000 third year option fee;
- US\$1,210,000 purchase price payable no more than 3 years from commencement;

- De Grey to undertake at least 500 metres of drilling in the first year option period provided all required permits are achieved;
- Additional US\$1,210,000 payable if a resource over 250,000 of gold equivalent is defined and decision to mine is made within 5 years of commencement;
- 1% NSR royalty.

Forward Program

De Grey has scheduled detailed geological mapping and sampling to commence at Pachi as early as possible in the upcoming field season, expected mid-September 2011, with a view to drilling in early 2012.

*Sample	North	East	Au (ppb)	Ag (ppm)	As (ppm)	Mn (ppm)	Hg (ppb)
BVNA011	4682472	2484933	289	58.7	78	122	**
BVNA009	4684278	2483039	73	68	75	127	**
A-187	4682878	2485157	47	<5	168	239	1430
A-181	4683078	2485228	42	<5	60	114	1402
A-180	4561712	2487041	13	<5	17	258	866
BVNA034	4683802	2486114	<5	2.7	61	265	**
A-182	4682460	2484943	<5	<5	169	117	2110
A-183	4682243	2484325	<5	<5	27	215	867
A-184	4682516	2484896	<5	<5	100	4474	2282
A-185	4682549	2484935	<5	<5	116	7789	5069
A-186	4682662	2485015	<5	<5	88	2144	3674

** - Element not reported

Table 1: Pachi Project – Significant Rock chip sample results, Santa Cruz, Argentina

*Samples prefixed 'BVNA' were taken by previous operator of property with analysis by ALS Chemex, using ICP-MS. Samples prefixed 'A' were taken by De Grey Mining Ltd in 2011 with analysis by ACME Laboratories, using ICP-MS. Sample locations in Campo Inchauspe datum Zone 2.

The information in this report that relates to exploration results is based on public domain information and information compiled by Mr Glenn Martin, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Martin has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 JORC Code Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr Martin consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.