De Grey Mining Ltd

A.B.N. 65 094 206 292

The Bold Explorer

14 October 2011

ASX/MEDIA RELEASE

DE GREY FURTHER EXPANDS ARGENTINA HOLDINGS

De Grey Mining Ltd (**De Grey** or the **Company**) is pleased to announce that the Company's Argentine subsidiary, De Grey Argentina S.A., has lodged applications for exploration tenements covering 1,420 sq km in Rio Negro Province, Argentina.

The tenements are located in the southeast of the province and cover Triassic-Jurassic volcanic and epiclastic rocks of the Somuncura Massif. The Somuncura hosts numerous examples of epithermal to mesothermal gold-silver deposits, similar to the Deseado Massif where De Grey plans first drilling of several precious metals targets in early 2012.

De Grey's applications cover geology similar to that which hosts the Arroyo Verde Au-Ag vein system and the large-scale Refugio-Porvenir Mo-Cu prospect, located immediately south in Chubut Province, and the San Roque Au-Ag-In (indium) deposit, located to the north and currently being drilled by NovaGold Resources.

In neighbouring Chubut Province, rocks of the Somuncura Massif host one of the world's largest undeveloped silver deposits, the Navidad deposit, with estimated resources of 756Moz of silver.

De Grey's Managing Director Gary Brabham commented: *"Given the pipeline of discoveries and mine developments in the Deseado, the Somuncura Massif is receiving increased attention. De Grey considers the time is right to establish a substantial ground position over essentially virgin territory in some of the world's most prospective geology."*

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New Tenement Applications, Rio Negro Province, Argentina

Background

Similar to the Deseado Massif, located to the south, the Somuncura Massif represents a giant felsic igneous province that resulted from large-scale crustal thinning related to the initial of the opening of the South Atlantic Ocean in the Triassic and Jurassic periods, approximately 200 million years ago. The Somuncura Massif underlies large parts of Chubut and Rio Negro provinces in southern Argentina.

Also similar to the Deseado, the Somuncura Massif hosts a large number of epithermal to mesothermal gold-silver deposits and prospects. Significant base metals and indium accompany the precious metals in some deposits in the Somuncura. Noteworthy deposits include the Calcatreu Au-Ag deposit (900koz Au and 8.4Moz Ag) and the Navidad Ag-Pb deposit (756Moz Ag), one of the largest undeveloped silver resources in the world. A number of significant Au-Ag prospects also occur in the Los Menucos district in central Rio Negro (Figure 1).

Targeting Rationale

In mid-2011 De Grey commissioned a project generation study to investigate the potential for gold-silver mineralisation in the south-eastern part of the Somuncura Massif, in the district surrounding the town of Sierra Grande, site of an operating iron ore mine. The district was targeted on the basis of its prospective geology, known nearby mineral occurrences and competitor activity, and ground availability.

De Grey's tenement applications comprise 17, mainly contiguous, *cateos* (exploration licences) covering a total area of 1,420 sq km (Figure 2). The tenement areas were selected on the basis of a remote sensing and structural study, mineral occurrences and nearby prospects. The Company knows of no previous modern mineral exploration within the staked areas but numerous fluorite vein occurrences testify to hydrothermal activity in the area.

The Arroyo Verde epithermal Au-Ag vein system, previously drilled by Portal Resources, is located immediately south of De Grey's tenements, in Chubut Province. In the same area, Portal discovered disseminated and stockwork Mo-Cu mineralisation, with subordinate Au and Ag, over a 7km x 4km area at the Refugio-Porvenir prospect.

The abandoned Gonzalito mine, located north of De Grey's tenements, exploited Pb-Zn-Ag mineralisation of an unknown style until closure in 1982.

About 80km north of Sierra Grande, the San Roque project of Marifil Mines is currently being drilled by NovaGold Resources in a farm-in arrangement. San Roque features Au-Ag-In (indium) mineralisation hosted by several mesothermal vein and stockwork systems associated with a rhyolitic volcanic centre. Drill results recently published by NovaGold include cumulative intersections of 150m @ 1.00g/t Au, 9.5g/t Ag and 32.7ppm In, and 191.2m @ 0.24g/t Au, 21.1g/t Ag and 10.6ppm In.[1]

[1] Refer to NovaGold Resources Inc news release dated 21 July 2011

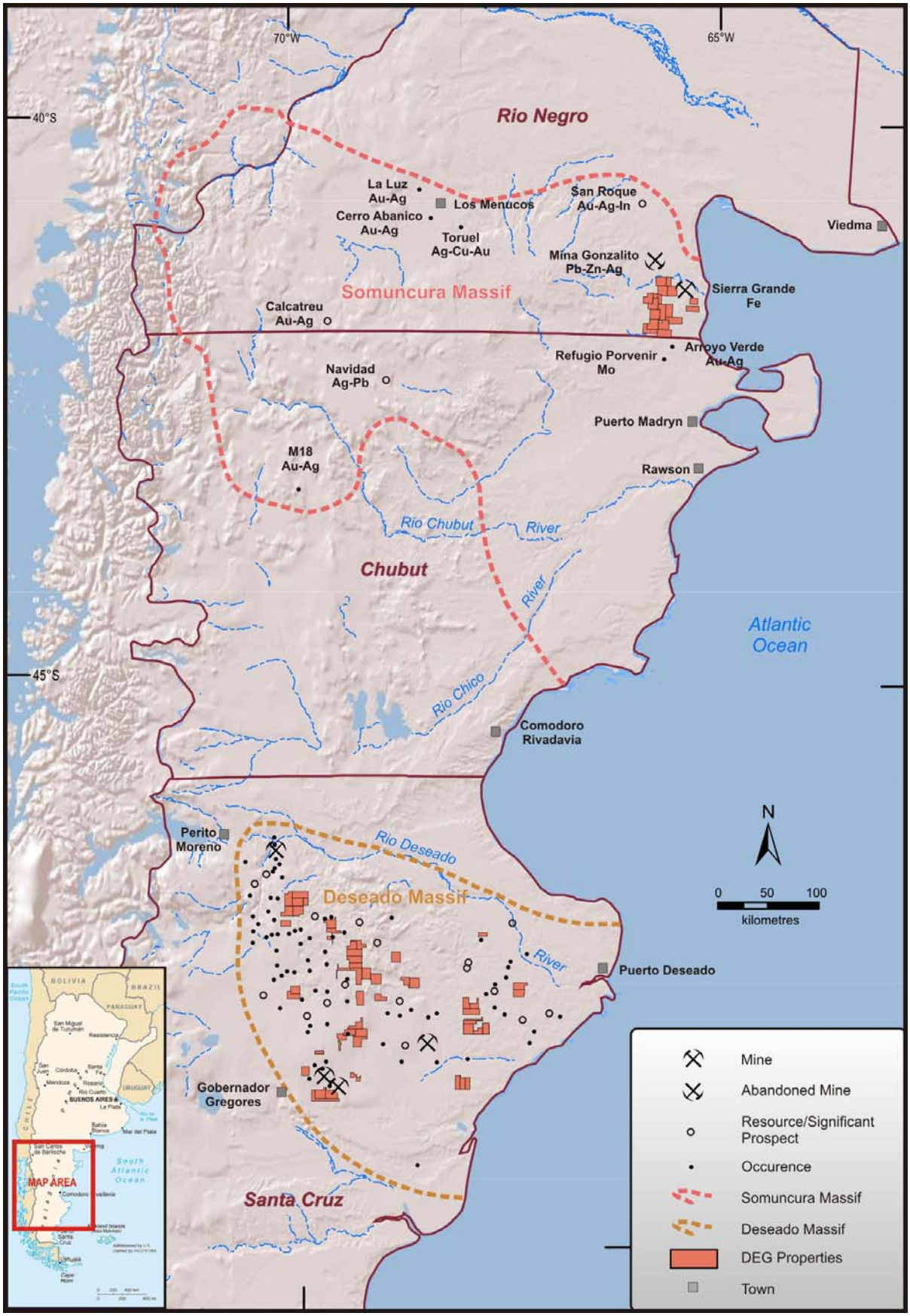

Figure 1: Mines, significant prospects and De Grey's tenements in the Deseado and Somuncura Massifs.

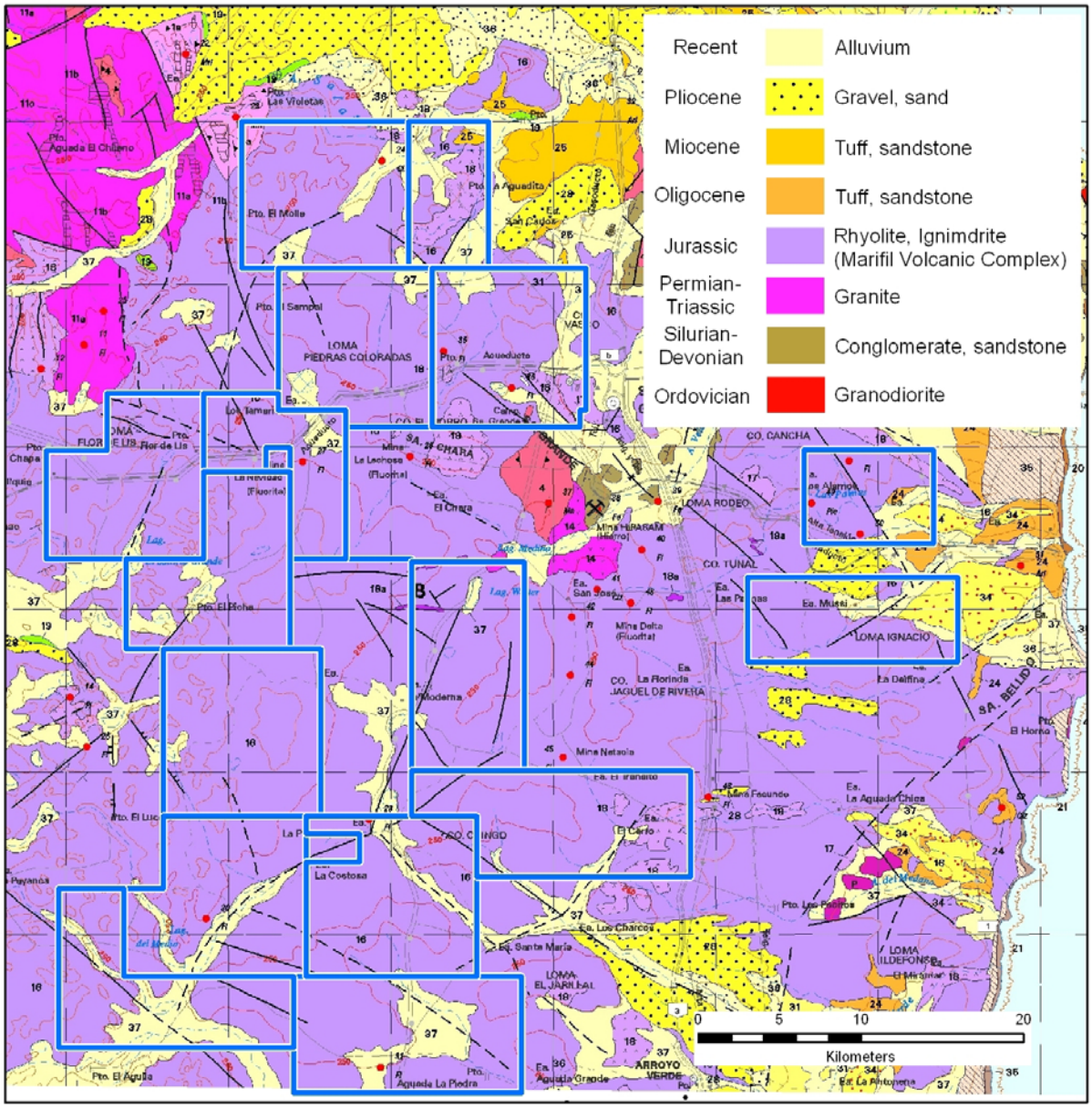

Figure 2: De Grey's tenement applications over published geology

Forward Program

The Sierra Grande district is an area of moderate topographic relief with ephemeral drainage systems that ideally suit stream sediment geochemical sampling as a first-pass screening tool. Commencement of exploration activities requires prior liaison with landholders in the area, a process the Company intends to start shortly. Commencement of field reconnaissance and sampling programs is scheduled for the second quarter of 2012, as exploration work in Santa Cruz winds down for winter. It is expected that field work in Rio Negro will be possible throughout winter.

Mineral Exploration and Mining in Rio Negro

Rio Negro is one of several Argentine provinces, including neighbouring Chubut, that enacted legislation in the mid-2000's that prohibits open cut mining and the use of cyanide in mineral processing. The legislation does not seek to impede mineral exploration. It is noteworthy that the legislation was in response to populist pressure

from interest groups emanating mainly from outside of the provinces. The recent devastation of Chubut's agricultural base by volcanic ash, as happened in Santa Cruz Province in the early 1990's, has seen a resurfacing of discussions concerning development of a viable mining industry in the province. Similar debate is likely to ensue in Rio Negro.

De Grey's investment in exploration in Rio Negro will be commensurate with ongoing assessments of perceived political risk.

The information in this report that relates to exploration results is based on public domain information and information compiled by Mr Gary Brabham, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Brabham 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 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr Brabham consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.