

De Grey Mining Ltd

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The Bold Explorer

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ASX/MEDIA RELEASE

40% INCREASE IN TURNER RIVER GOLD RESOURCES

De Grey Mining Ltd (**De Grey** or the **Company**) is pleased to advise that its farm-in partner on the Turner River gold project, Lansdowne Resources Pty Ltd (Lansdowne), has provided maiden estimates of gold resources for the Amanda and Mt Berghaus deposits. At 0.5g/t Au cut-off grade estimated resources are:

Amanda: 687,000 tonnes @ 1.6g/t Au for 35,000 oz Au (inferred)

Mt Berghaus: 920,000 tonnes @ 1.4g/t Au for 43,000 oz Au (inferred)

The estimates follow a diamond core drilling program at Mt Berghaus undertaken by Lansdowne in late 2011 along with a reinterpretation of geological controls on mineralisation at Amanda.

In conjunction with previous estimates for the Wingina Well deposit, gold resources at Turner River Project, applying a 0.5g/t Au cut-off grade, now total:

6.72 million tonnes @ 1.41g/t Au for 305,000 oz Au (measured + indicated + inferred)

The Amanda and Mt Berghaus estimates have added approximately 40 per cent to total gold ounces in resources at Turner River.

Turner River Project is located approximately 60 kilometres south of Port Hedland, in the Pilbara region of Western Australia. Wingina Well, Amanda and Mt Berghaus are three of a number of gold deposits and prospects discovered by De Grey in the period 2003-2006.

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TURNER RIVER GOLD RESOURCES UPDATE

Location, Setting

Turner River gold project comprises the western group of De Grey's tenements located approximately 60 kilometres south of Port Hedland, in the Pilbara region of Western Australia (Figure 1). The tenements cover a substantial strike length of Archaean greenstones of the Tabba Tabba Greenstone Belt and unconformably overlying Archaean metasedimentary rocks of the Mallina Group. Exploration by De Grey has located a number of gold deposits and prospects associated with the Cleaverville Chert (Wingina Well, Edkins, Amanda) the Mallina Shear Zone (Mt Berghaus) and other structures (Brierly, T1).

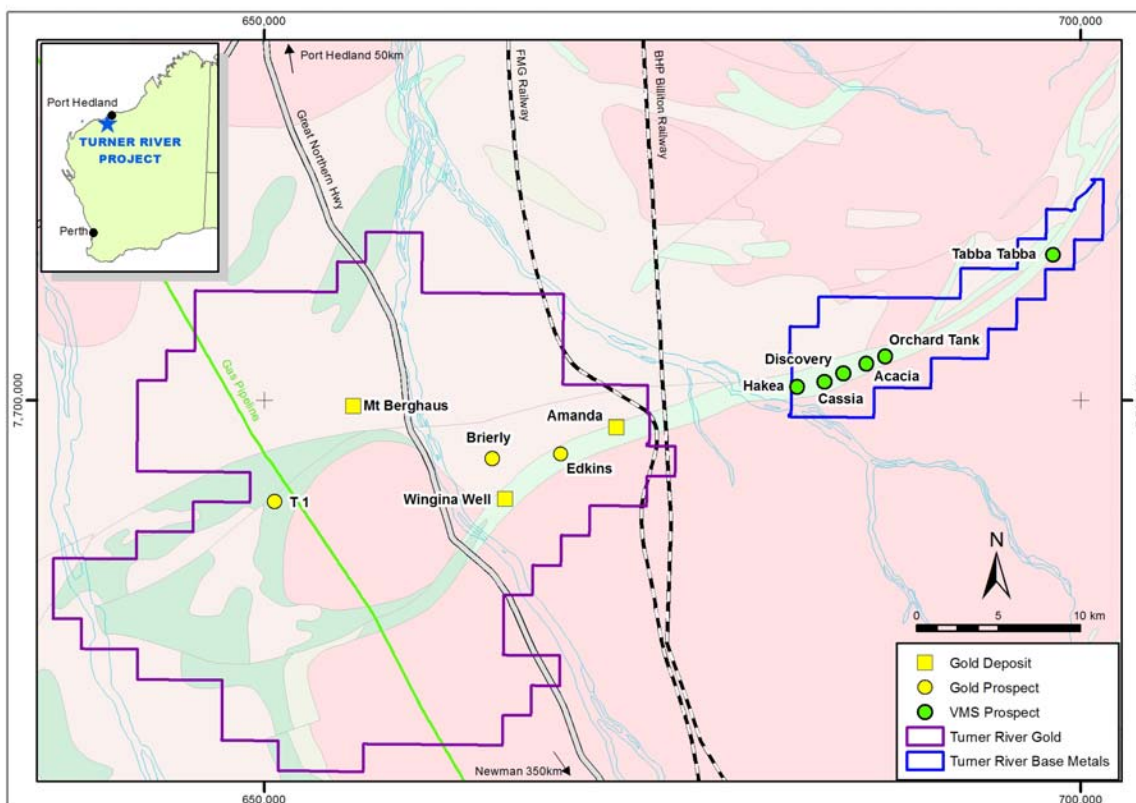


Figure 1: Turner River gold project location map.

Summary of Resource Estimates

Lansdowne Resources Pty Ltd (Lansdowne) commissioned Ravensgate to undertake estimates of gold resources at the Amanda and Mt Berghaus deposits. Summaries of the estimated inferred resources for each of the deposits at 0.5, 1.0 and 1.5 g/t Au cut-off grades are listed in Tables 1 and 2.

There has been no metallurgical test work conducted on Amanda or Mt Berghaus mineralisation. Although De Grey believes that 0.5g/t Au is likely to approximate the break-even cut-off grade in an open pit mining and CIL gold treatment scenario at Turner River, other modifying factors may impact the economic cut-off grade above which resources may be regarded as “economic”. The presentation of resources at the selected cut-off grades provides an indication of how estimated tonnages and grades vary with cut-off grade.

Cut-off Au g/t	Tonnes	Au g/t	Au oz
0.5	687,000	1.6	35,000
1.0	385,000	2.3	29,000
1.5	221,000	3.1	22,000

Table 1: Amanda inferred resource estimates

Cut-off Au g/t	Tonnes	Au g/t	Au oz
0.5	920,000	1.4	43,000
1.0	572,000	1.8	34,000
1.5	287,000	2.5	23,000

Table 2: Mt Berghaus inferred resource estimates

A previous estimate of resources at the Wingina Well deposit¹ yielded:

Cut-off Au g/t	Measured		Indicated		Meas + Ind		Inferred		Total		
	Mt	Au g/t	Mt	Au g/t	Mt	Au g/t	Mt	Au g/t	Mt	Au g/t	Au k.oz
0.5	1.70	1.54	2.45	1.28	4.15	1.39	1.0	1.3	5.11	1.34	221
1.0	0.94	2.21	1.16	1.91	2.10	2.05	0.4	2.0	2.50	2.00	161
1.5	0.57	2.86	0.59	2.58	1.16	2.71	0.2	2.7	1.35	2.66	115

Table 3: April 2009 Wingina Well resource estimates. Rounding may cause apparent inconsistencies in the table.

Total estimated resources at the three deposits are thus:

Cut-off Au g/t	Measured		Indicated		Meas + Ind		Inferred		Total		
	Mt	Au g/t	Mt	Au g/t	Mt	Au g/t	Mt	Au g/t	Mt	Au g/t	Au k.oz
0.5	1.70	1.54	2.45	1.28	4.15	1.39	2.6	1.4	6.72	1.41	305
1.0	0.94	2.21	1.16	1.91	2.10	2.05	1.4	2.0	3.46	2.04	226
1.5	0.57	2.86	0.59	2.58	1.16	2.71	0.7	2.7	1.86	2.71	162

Table 4: Totals of resource estimates for Turner River gold project. Rounding may cause apparent inconsistencies in the table.

Qualifying Notes for Amanda and Mt Berghaus Resource Estimates

Resource estimates are based on RC and diamond core drill hole data deriving from work by both De Grey and Lansdowne. Additional RAB and aircore drilling assisted with interpretations of mineralisation geometries and extents. Industry standard procedures maintained during drilling include:

- Drill hole collars located to +/- 20cm by differential GPS;
- Down-hole surveys sufficient to reliably track hole paths;
- Sampling and assay quality controls including regular inclusion of blank and reference samples.

Ravensgate has accepted the sampling and assay data upon which the Amanda and Mt Berghaus resource estimates are based as being sufficiently reliable for the estimation of Inferred Resources.

Amanda Estimate Supporting Notes

Mineralisation Geometry: Drilling has identified gold mineralisation over 1,100m strike length at Amanda. To date, two areas have been drilled sufficiently to enable estimates of resources:

¹ Details concerning estimates of resources at Wingina Well deposit were presented in De Grey's 2009 Annual Report.

- the main Amanda deposit, comprising up to three branching lenses of mineralisation striking east-west and dipping south at 80-85 degrees (Figure 2). Drilling has defined mineralisation over 400 metres strike and to about 110 metres below surface;
- the Amanda West lens, located approximately 650m to the west, where drilling has defined mineralisation over 200m strike and to approximately 100m depth.

Mineralisation is hosted by the iron-rich Cleaverville Chert and enclosing mafic metavolcanic rocks, similar to the Wingina Well gold deposit. The deposit may be described as an Archaean shear-hosted gold deposit.

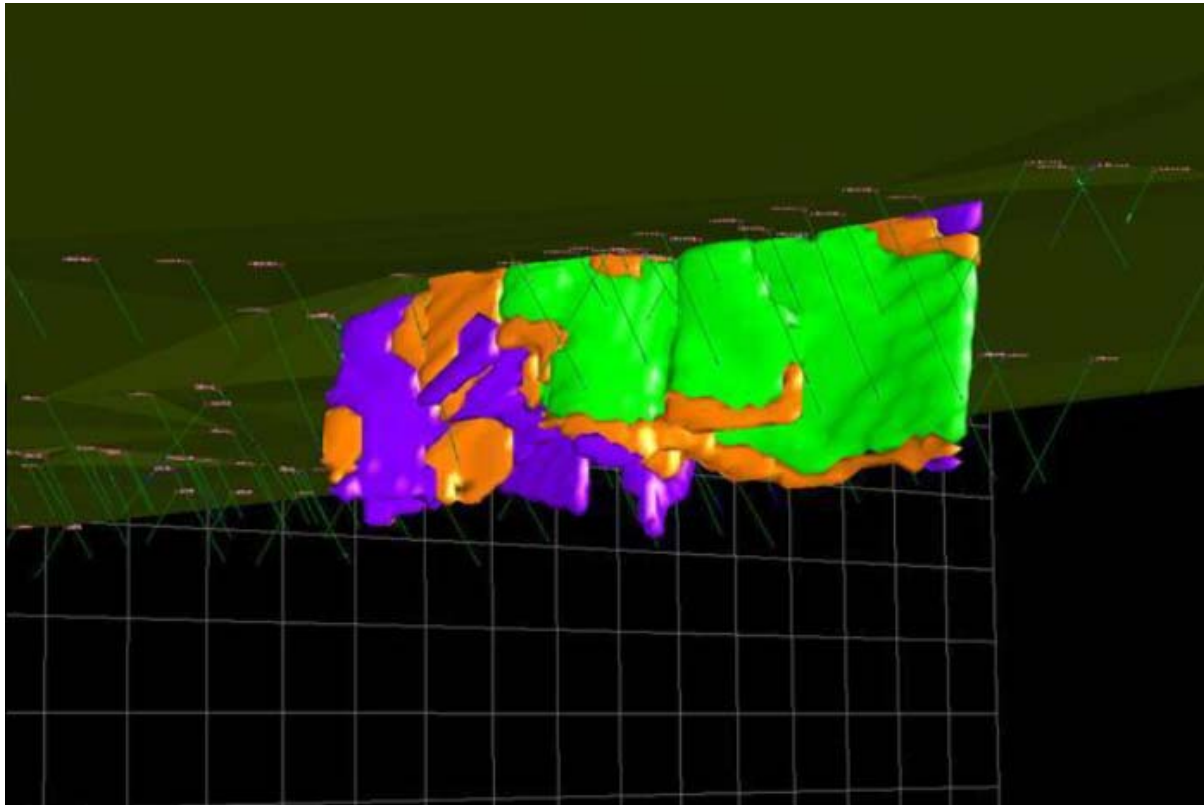


Figure 2: Amanda resource model perspective view looking NW. Blocks coloured green and orange represent Inferred Resources.

Drill Coverage: Mineralisation is delineated by aircore and RC drill holes on north-south cross-sections mainly at 40m spacing with holes on section planes typically spaced at 10-20m. Parts of the deposit are defined only by drilling on about 80m spacing. Resource grade estimates rely upon a total of 291 one-metre sample composites that lie within mineralisation wireframes, those samples deriving from 22 RC drill holes.

Grade Interpolation: Experimental semi-variograms were calculated for gold and variogram models fitted. Ordinary kriging was used to estimate grades into regular blocks with dimensions 10mE x 2mN x 5mRL with only sample composites lying within mineralisation wireframes being permitted to inform grade estimates. Search ellipsoids were oriented to reflect the geometry of mineralisation. The spatial influence of high-grade assays was limited by applying “cut-off distance restrictions” to constrain the influence of Au assays above 30g/t in the main deposit to a distance of 18m and, in the western lens, assays above 8g/t to 18m.

Tonnage Estimates: Surveyed drill hole collars were used to construct a triangulated surface representing topography. Based on drill hole geological logging, triangulated surfaces were constructed to represent the base of completely weathered and oxidized material and the top of fresh rock. There are no measurements of bulk densities available for the Amanda deposit. Based on bulk density measurements from the Wingina Well deposit, where mineralisation is hosted by similar rock types, and on industry experience, bulk densities were applied as: 2.4t/m³ for oxide material, 2.6t/m³ for partially weathered material and 2.8t/m³ for fresh mineralisation. Only those portions of blocks lying within the mineralisation wireframes contribute to resource tonnage estimates (i.e. a block proportion in/out factor was applied).

Resource Confidence Category: In conjunction with considerations of data reliability, sampling and assay quality and confidence of geological interpretations, blocks with grade estimates informed by 15 or more samples within a maximum ellipsoidal search radius of 60 metres and kriging variance not exceeding 0.6 have been accepted as defining Inferred Resources.

Mt Berghaus Supporting Notes

Mineralisation Geometry: The most significant parts of the Mt Berghaus deposit comprise a series of steeply dipping, en echelon lenses striking approximately east-west within an overall zone striking northeast (Figure 3). Mineralisation is associated with crackle breccias, quartz veins and pyrite hosted by Archaean metasedimentary rocks of the Mallina Group.

Drilling has traced mineralisation over approximately 1,400m strike to depths of 80-120m below surface, with drilling in two areas presently being sufficient to permit estimates of resources:

- a zone of mineralisation extending over approximately 800m strike containing a series of oblique mineralised structures;
- a second zone of mineralisation comprising three stacked lenses, located approximately 500m along strike to the northeast.

Although drilling has intersected further high-grade mineralisation between the two areas, drill coverage is not presently sufficient to permit estimates of resources in the intervening “gap”.

Drill Coverage: Mineralisation is delineated by aircore and RC drill holes and a single diamond core hole. Drill coverage is predominantly on NW-SE oriented cross-sections at 40m spacing with holes on section planes typically spaced at 10-20m. Parts of the deposit are sparsely drilled with holes only on about 80m section spacing. Resource grade estimates rely upon a total of approximately 840 one-metre sample composites that lie within mineralisation wireframes, those samples deriving from 61 RC drill holes and one diamond core hole.

Grade Interpolation: Experimental semi-variograms were calculated for gold and variogram models fitted. Ordinary kriging was used to estimate grades into regular blocks with dimensions 10mE x 2mN x 5mRL with only sample composites lying within mineralisation wireframes being permitted to inform grade estimates. Search ellipsoids were oriented to reflect the geometry of mineralisation. The spatial influence of high-grade assays was limited by applying “cut-off distance restrictions” to constrain the influence of Au assays above 30g/t to a distance of 18m.

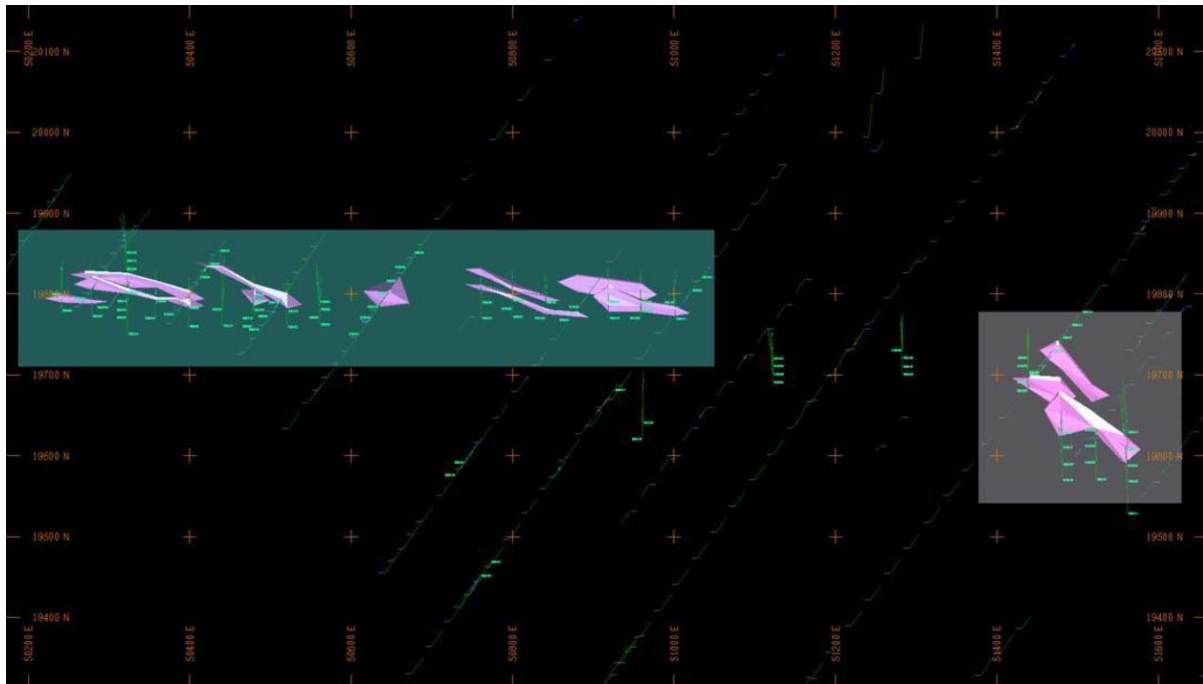


Figure 3: Plan view of Mt Berghaus mineralisation wireframes (grid intervals 100mN x 200mE/ local grid north 325° true).

Tonnage Estimates: Surveyed drill hole collars were used to construct a triangulated surface representing topography. Based on drill hole geological logging, triangulated surfaces were constructed to represent the base of completely weathered and oxidized material and the top of fresh rock. Limited bulk density measurements are available from the single diamond core hole drilled at Mt Berghaus. Based on those and industry experience, bulk densities were applied as: 2.4t/m³ for oxide and partially weathered material and 2.8t/m³ for fresh mineralisation. Only those portions of blocks lying within the mineralisation wireframes contribute to resource tonnage estimates (i.e. a block proportion in/out factor was applied).

Resource Confidence Category: In conjunction with considerations of data reliability, sampling and assay quality and confidence of geological interpretations, blocks with grade estimates informed by at least 15 samples within a maximum ellipsoidal search radius of 60 metres and kriging variance not exceeding 3.0 have been accepted as defining Inferred Resources.

Project Ownership

Tenements comprising the Turner River gold project are subject of a farm-out and joint venture agreement under which Lansdowne may earn a 75% interest in the project by sole funding exploration expenditure of \$2 million over 3 years, the earn-in period having commenced on 6 May 2011. Upon Lansdowne earning its interest a 75:25 joint venture is formed and Lansdowne continues to sole fund expenditures to a Decision to Mine. Upon a Decision to Mine, a mining joint venture area is declared and mine development expenditures are funded by De Grey and Lansdowne in proportion to their JV interests. De Grey's free carried interest continues in respect of project areas outside of the mining joint venture area.

Lansdowne has also purchased an option to purchase a 75% interest in the Wingina Well gold resource in return for \$1,000 paid at execution of the farm-out agreement and the issue of 2 million 20 cent shares in Lansdowne upon its listing on ASX. The option period commences upon Lansdowne earning its interest in the gold joint venture and is exercisable by payment of \$4.1 million. The exercise price escalates by \$15 for each

\$100 by which the gold price exceeds A\$1,500 per ounce at the exercise date, the escalation payment being calculated based on ore reserve ounces.

The information in this report that relates to resource estimates for Amanda and Mt Berghaus deposits is based on information compiled by Mr Stephen Hyland, independent consulting geologist and principal of Ravensgate. Mr Hyland is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Hyland 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." (the "JORC Code"). Mr Hyland consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to resource estimates for the Wingina Well gold deposit is based on information compiled by Mr Nic Johnson, independent consulting geologist and principal of MPR Geological Consultants Pty Ltd and a Member of the Australian Institute of Geoscientists. At the time of the Wingina Well resource estimate Mr Johnson was a full-time employee of Hellman & Schofield Pty Ltd. Mr Johnson 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." (the "JORC Code"). Mr Johnson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.