

De Grey Mining Ltd

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The Bold Explorer

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ASX/MEDIA RELEASE

MAIDEN BASE METALS RESOURCE ESTIMATES AT TURNER RIVER

De Grey Mining Ltd (**De Grey** or the **Company**) is pleased to advise that its farm-in partner on the Turner River base metals project, Lansdowne Resources Pty Ltd (Lansdowne), has provided initial estimates of resources contained in the Discovery and Orchard Tank Volcanogenic Massive Sulphide (VMS)-style base metals deposits.

Deposit	Category	Tonnes	Zn%	Pb%	Cu%	Ag g/t	Au g/t
Discovery	Inferred	1,116,000	2.6	1.0	0.1	94	0.9
Orchard Tank	Inferred	1,492,000	2.7	1.1	0.1	84	0.6
Total	Inferred	2,608,000	2.7	1.1	0.1	89	0.7

Table 1: Estimates of inferred resources at 1% Zn cut-off grade. Rounding may cause apparent inconsistencies in the table.

The estimates follow a program of infill and limited extensional drilling undertaken by Lansdowne in late 2011.

Both deposits feature areas that have yet to be drilled sufficiently to permit reliable estimations of metal grades. Those areas imply potential for an additional Exploration Target¹ of 0.85-1Mt at similar average grades in direct extensions.

Turner River Project is located approximately 60 kilometres south of Port Hedland, in the Pilbara region of Western Australia. The Discovery and Orchard Tank deposits are two of a series of VMS-style base metals prospects discovered by De Grey in 2005-2006. Exploration by the Company has demonstrated that the prospective stratigraphic horizon and anomalous base and precious metals extend for approximately 18 kilometres strike length.

De Grey's Managing Director Gary Brabham commented: *"These estimates begin to quantify the potential of the Turner River VMS belt. The consistently high precious metals credits in particular have a significant impact on the value of these deposits and we have every reason to believe that there is potential for further discoveries."*

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¹ The target mineralisation tonnage and grade is conceptual in nature as there has been insufficient exploration at this stage to define a Mineral Resource and it is uncertain if further exploration will result in definition of a Mineral Resource.

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Location, Setting

Turner River base metals project comprises the eastern group of De Grey's tenements located approximately 60 kilometres south of Port Hedland, in the Pilbara region of Western Australia (Figure 1). VMS-style base and precious metals mineralisation has been demonstrated to occur over approximately 18 kilometres strike length, hosted by Archaean felsic volcanic horizons within the Tappa Tappa greenstone belt.

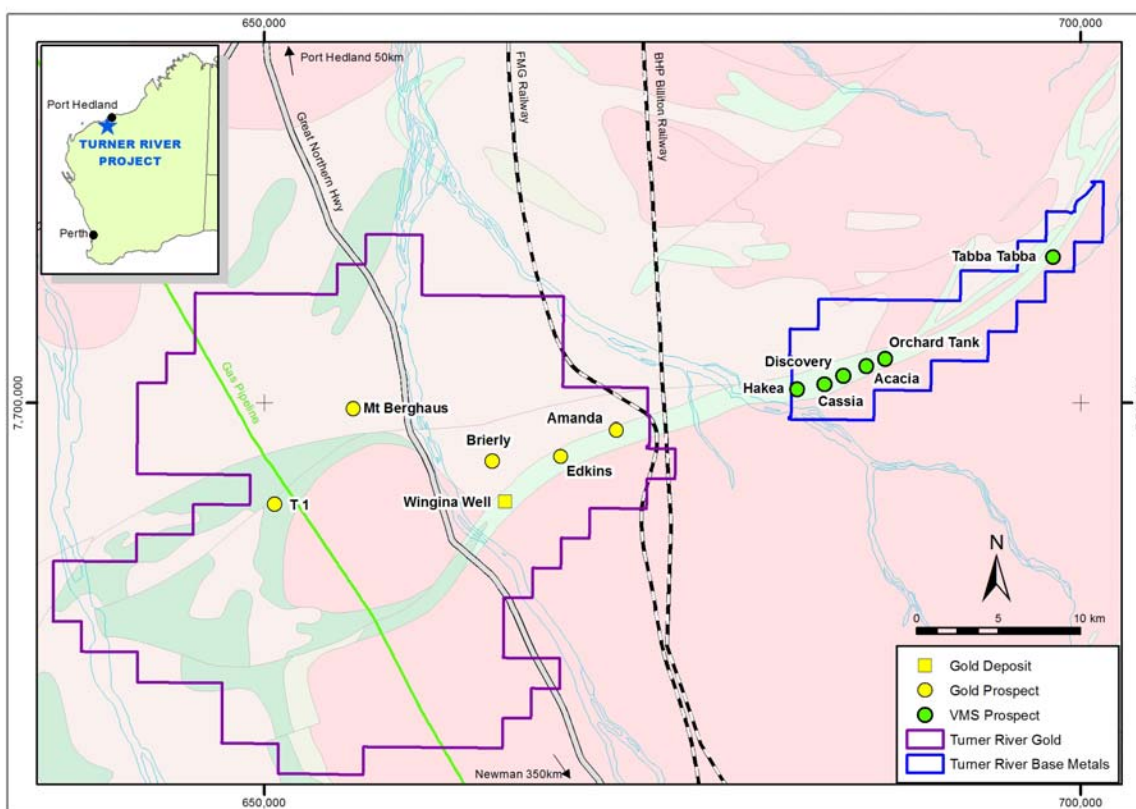


Figure 1: Turner River project location map.

Summary of Resource Estimates

Lansdowne Resources Pty Ltd (Lansdowne) commissioned Ravensgate to undertake estimates of resources at the Discovery and Orchard Tank deposits. Summaries of the resource estimates at 0.5%, 1% and 1.5% Zn cut-off grades are listed in Tables 2, 3 and 4. With the mineralisation having previously been subjected to only preliminary metallurgical test work, likely economic cut-off grades based upon some combination of the recoverable metals and other modifying factors cannot be determined at this time. The tabulation of resources at the selected cut-off grades provides an indication of how estimated tonnages and grades vary with cut-off grade.

Deposit	Category	Tonnes	Zn%	Pb%	Cu%	Ag g/t	Au g/t
Discovery	Inferred	1,315,000	2.3	0.9	0.1	87	0.8
Orchard Tank	Inferred	1,791,000	2.4	1.0	0.1	79	0.5
Total	Inferred	3,106,000	2.4	1.0	0.1	82	0.6

Table 2: Estimates of inferred resources at 0.5% Zn cut-off grade. Rounding may cause apparent inconsistencies in the table.

Deposit	Category	Tonnes	Zn%	Pb%	Cu%	Ag g/t	Au g/t
Discovery	Inferred	1,116,000	2.6	1.0	0.1	94	0.9
Orchard Tank	Inferred	1,492,000	2.7	1.1	0.1	84	0.6
Total	Inferred	2,608,000	2.7	1.1	0.1	89	0.7

Table 3: Estimates of inferred resources at 1% Zn cut-off grade. Rounding may cause apparent inconsistencies in the table.

Deposit	Category	Tonnes	Zn%	Pb%	Cu%	Ag g/t	Au g/t
Discovery	Inferred	820,000	3.1	1.2	0.1	107	1.0
Orchard Tank	Inferred	1,151,000	3.1	1.2	0.1	92	0.6
Total	Inferred	1,971,000	3.1	1.2	0.1	98	0.8

Table 4: Estimates of inferred resources at 1.5% Zn cut-off grade. Rounding may cause apparent inconsistencies in the table.

Exploration Targets

Interpreted extensions of mineralisation at Discovery that have insufficient drill data to permit reliable grade estimates indicate potential for a further 100,000 to 150,000 tonnes of mineralisation above 1% Zn cut-off at grades similar to those estimated for inferred resources at 1% Zn cut-off.

Similarly, interpreted extensions to mineralised lenses at Orchard Tank indicate potential for a further 750,000 to 850,000 tonnes of mineralisation above 1% Zn cut-off at grades similar to those estimated for the Orchard Tank inferred resource at 1% Zn cut-off.

The two deposits combined thus demonstrate potential for an additional Exploration Target², at 1% Zn cut-off grade, of 0.85-1.0Mt at metal grades similar to those estimated for the inferred resources.

Qualifying Notes for All Estimates

Resource estimates are based on RC and diamond core drill hole data deriving from work by both De Grey and Lansdowne. Industry standard procedures maintained during those works 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 resource estimates are based as being sufficiently reliable for the estimation of Inferred Resources.

Discovery Estimate Supporting Notes

Mineralisation Geometry: The Discovery deposit comprises a single lens of mineralisation striking east-west and dipping to the south at about 70 degrees (Figure 2). Mineralisation is interpreted to extend over 240m strike x 250m depth x 8m average thickness. Potential remains for extensions to the east and down-dip.

² The target mineralisation tonnage and grade is conceptual in nature as there has been insufficient exploration at this stage to define any additional Mineral Resources and it is uncertain if further exploration will result in definition of any additional Mineral Resources.

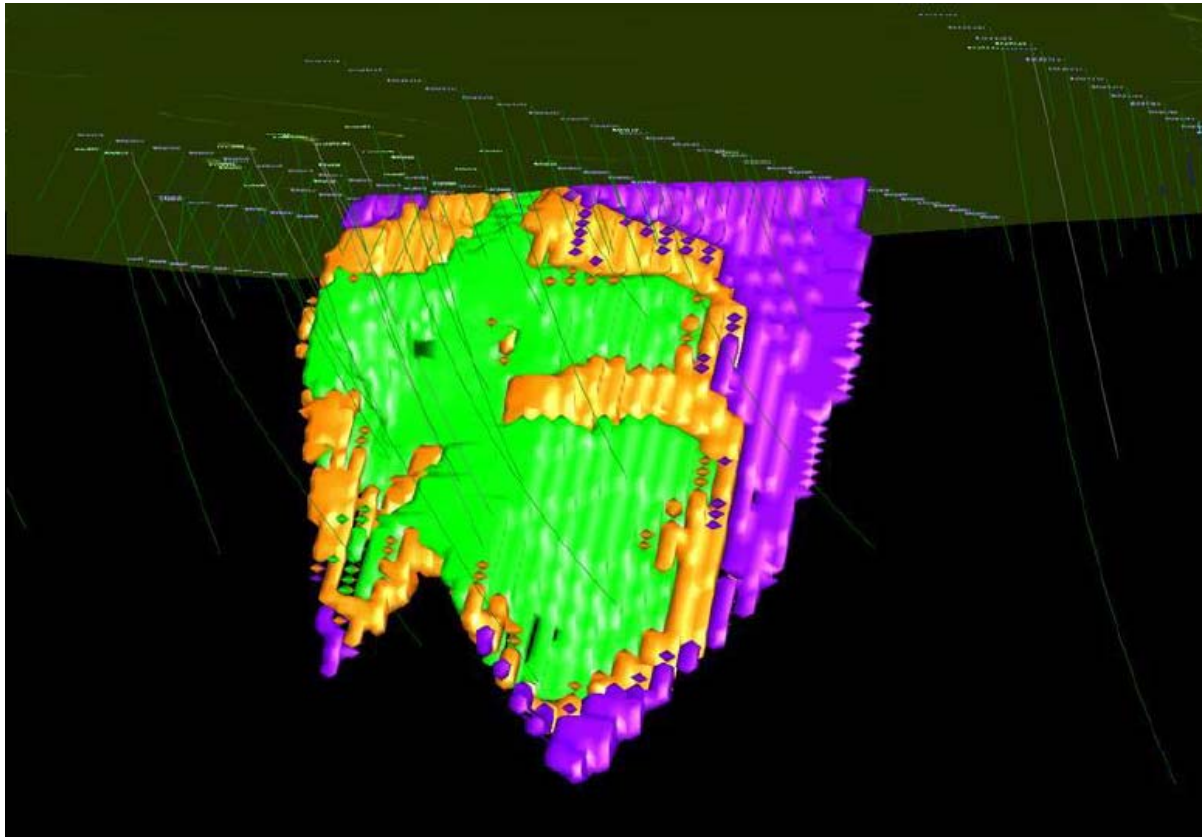


Figure 2: Discovery resource model looking NW. Blocks coloured green and orange represent Inferred Resources, purple blocks represent areas where drilling is insufficient to define resources.

Drill Coverage: Mineralisation is delineated by aircore, RC and diamond core drill holes. Drill coverage is on north-south cross-sections mainly at 40m spacing with holes on section planes typically spaced at about 20m. Parts of the deposit are defined only by drilling on about 80m spacing. Resource grade estimates are informed by total of 215 one-metre sample composites that lie within mineralisation wireframes that derive from 30 RC and diamond core holes.

Grade Interpolation: Experimental semi-variograms were calculated for each of the metals 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 Zn assays above 15%, Pb assays above 6%, Ag assays above 500g/t and Au assays above 5g/t (generally the 99th percentile of each sample grade population) to a distance of 18m.

Tonnage Estimates: Based on drill hole geological logging, triangulated surfaces were constructed to represent topography, the base of completely weathered and oxidized material and the top of fresh rock. Only limited measurements of bulk densities of drill core are available. Based on these and industry experience, bulk densities were applied as: 2.2t/m³ for oxide material, 2.4t/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 11 or more samples within a maximum ellipsoidal search radius of 80

metres and kriging variance not exceeding 4.0 have been accepted as defining Inferred Resources.

Orchard Tank Supporting Notes

Mineralisation Geometry: The Orchard Tank deposit comprises several stacked lenses of mineralisation striking east-west and dipping to the north at about 85 degrees (Figure 3). Mineralisation is interpreted to extend over approximately 400m strike and to at least 400m depth. Potential remains for extensions down-dip.

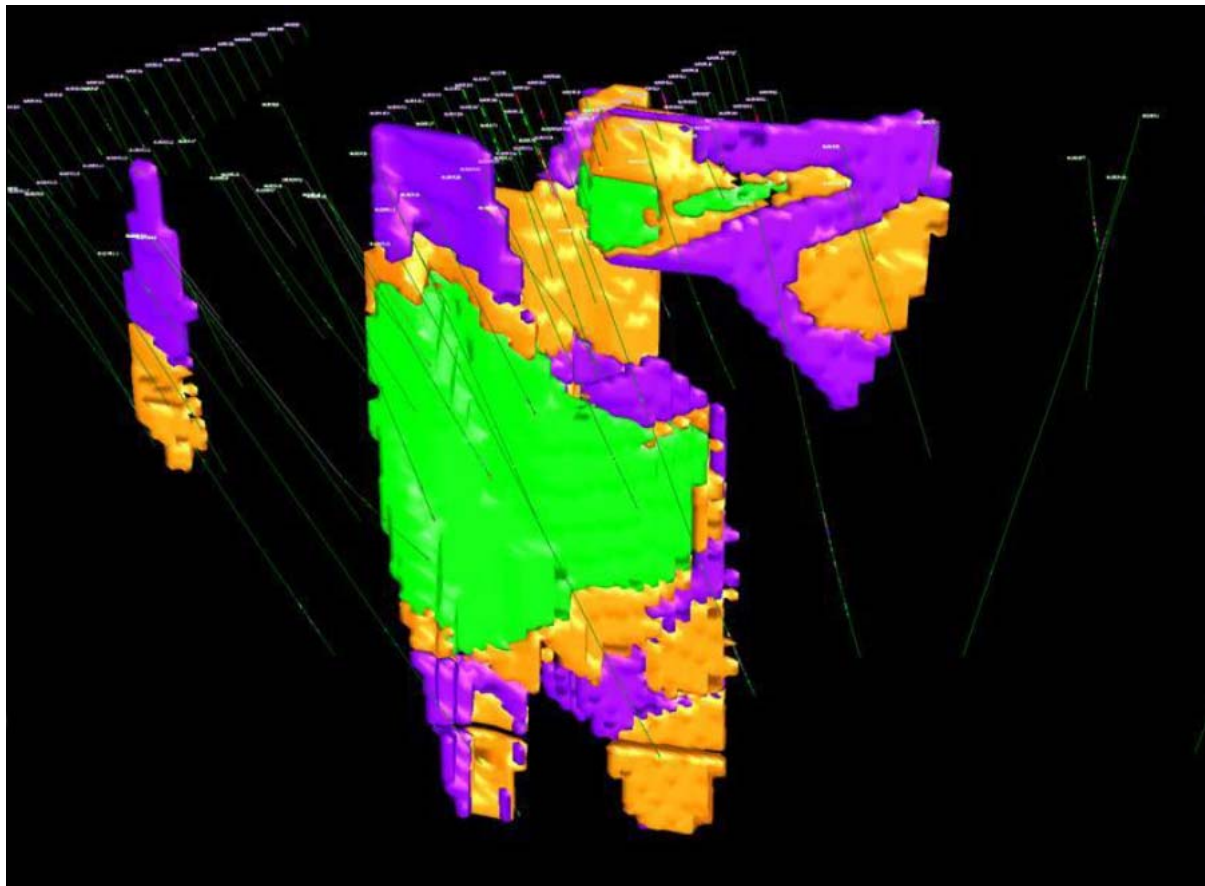


Figure 3: Orchard Tank resource model looking SE. Blocks coloured green and orange represent Inferred Resources, purple blocks represent areas where drilling is insufficient to define resources.

Drill Coverage: Mineralisation is delineated by aircore, RC and diamond core drill holes. Drill coverage is on north-south cross-sections mainly at 50m spacing with holes on section planes typically spaced at 20-50m. Parts of the deposit are defined only by drilling on about 80m spacing. Resource grade estimates are informed by approximately 320 one-metre sample composites that lie within mineralisation wireframes, deriving from 21 RC and diamond core drill holes.

Grade Interpolation: Experimental semi-variograms were calculated for each of the metals 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 Zn assays above 12%, Pb assays above 8%, Ag assays above 440g/t and Au assays above 5g/t (generally the 98th percentile of each sample grade population) to a distance of 20m.

Tonnage Estimates: Based on drill hole geological logging, triangulated surfaces were constructed to represent topography, the base of completely weathered and oxidized material and the top of fresh rock. Only limited measurements of bulk densities of drill core are available. Based on these and industry experience, bulk densities were applied as: 2.2t/m³ for oxide material, 2.4t/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 11 or more samples within a maximum ellipsoidal search radius of 80 metres and kriging variance not exceeding 4.0 have been accepted as defining Inferred Resources.

Project Ownership

Tenements comprising the Turner River base metals 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 \$1.5 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.

The information in this report that relates to resource estimates 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.