

De Grey Mining Ltd

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The Bold Explorer

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ASX/MEDIA RELEASE

DRILL TARGET DEFINED AT PACHI PROJECT, ARGENTINA

De Grey Mining Ltd (**De Grey** or the **Company**) is pleased to announce that geological mapping and surface sampling has defined a structure hosting **silver-gold mineralisation over 400 metres strike length** at the Pachi Project, located in Santa Cruz Province, Argentina.

Surface rock chip samples returned assays of up to **60.7g/t Ag and 123ppb Au**, significant in the context of exploring for subtle surface expressions of low-sulphidation epithermal gold-silver mineralisation. Mineralisation may extend along strike, where extensions of the structure are obscured by colluvium.

Textural features in outcrop exposures are consistent with the surface expressions documented at other examples of low-sulphidation epithermal gold-silver mineralisation in the region that in some instances have, when drilled to depth, yielded very high precious metals grades.

De Grey is now progressing plans to test the Pachi target as part of its drill campaign proposed for completion during the current Argentina field season.

For further information:

Gary Brabham

De Grey Mining Limited

Ph: +61 8 9285 7500

Drill Target Defined at Pachi Project, Santa Cruz Province, Argentina

A program of detailed geological mapping and surface rock chip sampling was completed at Pachi during October-November 2011. That work has defined an ENE striking, steeply dipping, mineralised structure outcropping over 400 metres strike where rock chip samples returned up to 60.7g/t Ag and 123ppb Au (Figure 1; Table 1).

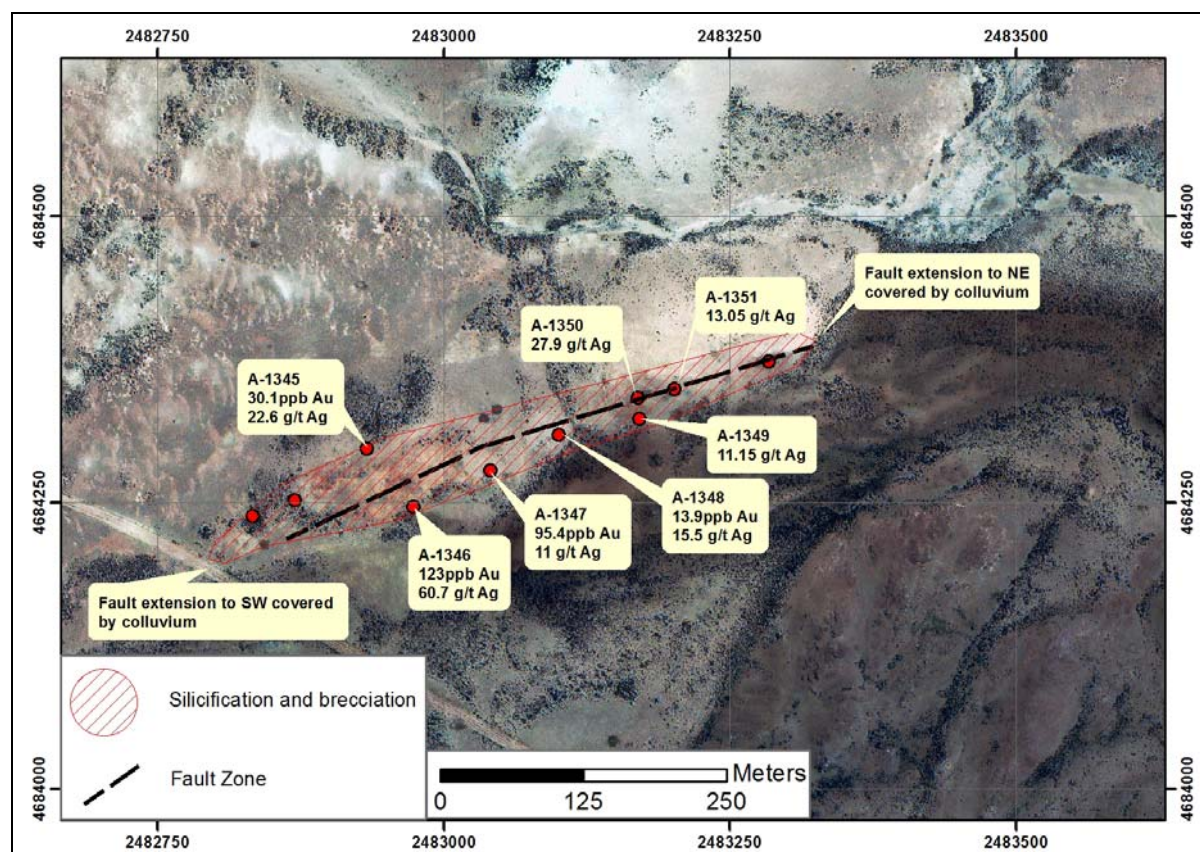


Figure 1: Gold and silver assays in surface rock chip samples, Pachi

Surface exposures of the structure (Figure 2) feature pervasively silicified tuff hosting networks of crystalline quartz accompanied by earthy haematite and goethite, including local box-works indicative of sulphide mineralisation associated with the veinlets and disseminated in clay-altered wall rock. At the eastern limit of outcrop, the structure comprises a zone of chalcedony-filled crackle breccias extending over several metres width. The brown colour of the chalcedony fill (Figure 3) almost certainly reflects weathering of very fine disseminated sulphides.

These textural features are consistent with the surface expressions documented at other examples of low-sulphidation epithermal gold-silver mineralisation in the Deseado Massif that in some instances have, when drilled to depth, yielded very high precious metals grades.

The Pachi target structure has been defined to drill-ready status and De Grey proposes to test it as part of the drill campaign proposed for completion during the current Argentina field season.



Figure 2: Pachi target structure outcrop, view to WSW



Figure 3: Chalcedonic breccia matrix at eastern limit of exposure

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. De Grey Argentina S.A. has entered into an option-to-purchase agreement with the Argentine individual that holds the Pachi tenement.

Sample	North	East	Au (ppb)	Ag (ppm)
A-1345	4684297	2482933	30.1	22.6
A-1346	4684246	2482974	123	60.7
A-1347	4684278	2483041	95.4	11
A-1348	4684309	2483101	13.9	15.5
A-1349	4684323	2483171	2.9	11.15
A-1350	4684341	2483170	6.2	27.9
A-1351	4684349	2483202	1.2	13.05

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

*Samples were analysed by ALS Minerals Laboratories, Mendoza, Argentina. ICP Mass Spectrometer analysis of 30g sample split from original 500gm (minimum) sample after Aqua Regia digestion for ultra-low determinations. Basic suite of elements consisted of 51 elements including those listed above. Note that some elements will report partial concentrations due to the presence of refractory minerals.

The information in this report that relates to exploration results is based on 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.