

De Grey Mining Ltd

A.B.N. 65 094 206 292

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ASX/MEDIA RELEASE

EXPLORATION TO RESTART AT TURNER RIVER PROJECTS

De Grey Mining Limited (**De Grey** or the **Company**; ASX code: DEG) is pleased to advise that it has entered into agreements with Lansdowne Resources Pty Ltd (**Lansdowne**) over the Company's Turner River gold and base metals exploration projects under which Lansdowne may earn up to 75% interest in each project. Lansdowne is an unlisted Australian company that intends to apply for admission to listing on the Australian Securities Exchange.

The Base Metals farm-out and joint venture agreement covers tenements in the eastern part of the Turner River project, site of high-grade Pb-Zn-Ag VMS-style mineralisation discovered by De Grey. **Lansdowne may earn a 75% interest in the project by sole funding exploration expenditure of \$1.5 million over 3 years.**

The Gold farm-out and joint venture agreement covers tenements in the west of the Turner River project, containing the Wingina Well gold resource and the T1, Mt Berghaus, Brierly, Amanda and Edkins targets. **Lansdowne may earn a 75% interest in the project by paying \$99,000 at commencement and sole funding \$2 million exploration expenditure over 3 years.**

De Grey has also granted Lansdowne an **option to purchase** a 75% interest in the Wingina Well gold resource in return for \$1,000 payable upon signing 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.

Managing Director Gary Brabham said *"Lansdowne's funding of exploration and evaluation will rebuild momentum at Turner River. The deal structures allow De Grey to maintain meaningful exposure to exploration upside and also gold price upside. Additionally, the Wingina Well option exercise price covers a significant proportion of the De Grey's contribution to mine development costs should the joint venture proceed to a decision to mine."*

For further information:

Gary Brabham

De Grey Mining Limited

Ph: +61 8 9285 7500

Details of Agreements

Gold Farm-out and Joint Venture

The Gold farm-out and joint venture covers tenements comprising the western portion of the Turner River project (Figure 1). Key terms of the agreement are:

- Lansdowne to pay \$99,000 cash at execution;
- Lansdowne may earn 75% interest in the project by sole funding exploration expenditure of \$2 million over 3 years;
- Lansdowne must spend \$250,000 in the first 6 months and \$500,000 (cumulative) in the first 12 months to keep the agreement afoot;
- Upon Lansdowne earning its interest a 75:25 joint venture is formed and Lansdowne continues to sole fund expenditures to Decision to Mine;
- Upon a Decision to Mine, a mining joint venture area is declared and further joint venture expenditures are funded by De Grey and Lansdowne in proportion to their JV interests. De Grey's free carried interest continues in respect of exploration expenditures over project areas outside of the mining joint venture area;
- Should no decision to mine occur within 4.5 years of commencement, Lansdowne can maintain its interest for up to a further 3 years by paying De Grey \$250,000 per annum and continuing to sole fund expenditures sufficient to meet statutory expenditure requirements;
- Should Lansdowne elect not to maintain its interest, De Grey can elect to sole fund further expenditures and Lansdowne's interest dilutes under a 2x accelerated formula.

Wingina Well Option to Purchase Agreement

The option to purchase agreement applies to 75% of the 220,000 ounce gold resource defined at Wingina Well by De Grey's previous work. Key terms of the agreement are:

- Lansdowne to pay an option fee of \$1,000 at execution plus 2 million 20 cent shares upon Lansdowne's listing on ASX;
- The option period commences immediately but the option becomes exercisable only upon Lansdowne earning its interest in the Gold joint venture;
- The option exercise price comprises \$4.1 million plus, if the gold price at the exercise date exceeds \$1,500 per ounce, an additional payment of \$15 for each \$100 by which the gold price exceeds A\$1,500, payable in respect of each ore reserve ounce deriving from the Wingina Well resource as presently delineated;
- The option expires 6 months after a Decision to Mine under the Gold joint venture, 4.5 years after the commencement date or upon termination of the Gold farm-out agreement, whichever occurs earliest.

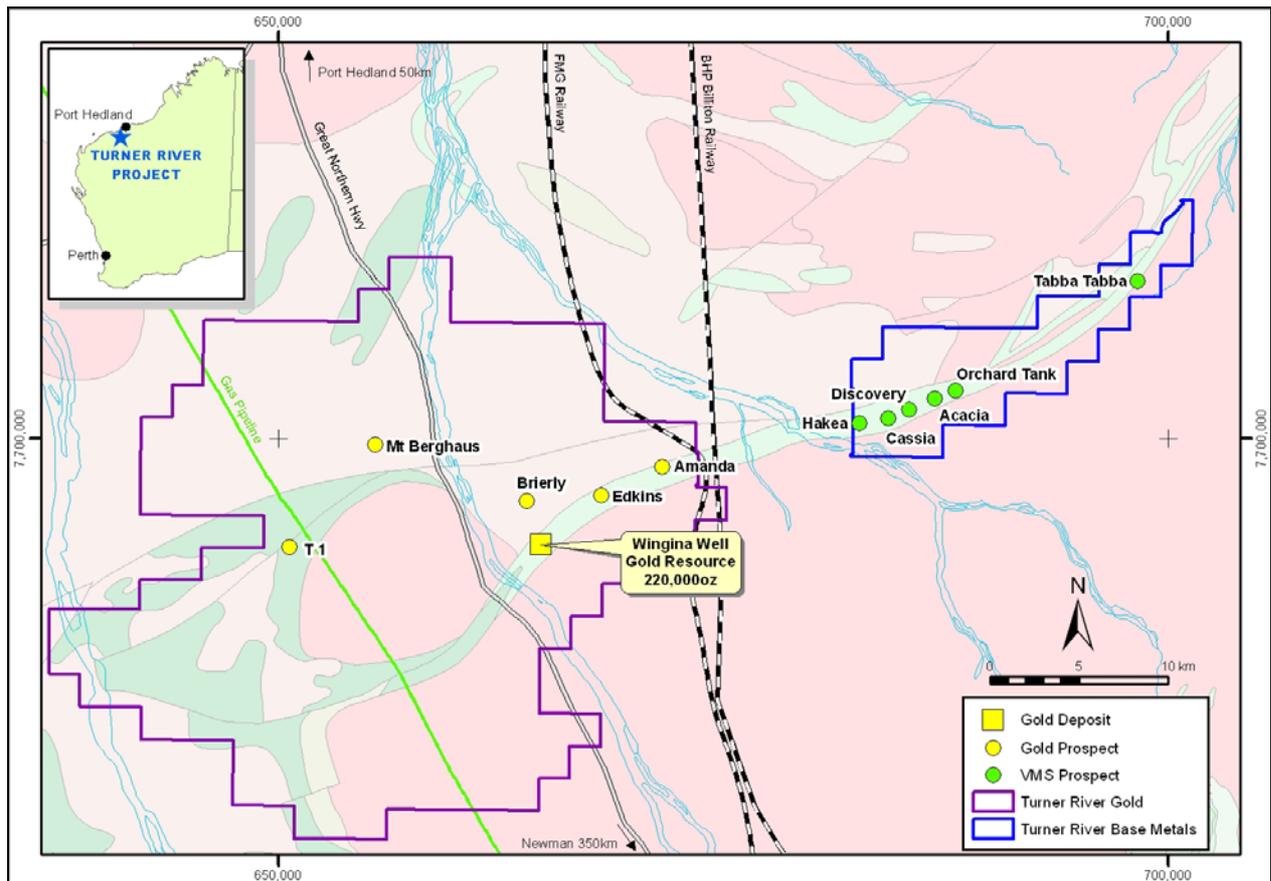


Figure 1: Turner River Gold and Base Metals project areas

Base Metals Farm-out and Joint Venture

The Base Metals farm-out and joint venture covers tenements comprising the eastern portion of the Turner River project (Figure 1). Previous work by De Grey has outlined the potential for VMS-style mineralisation over more than 15km of strike and the Company's previous drilling has resulted in intersections such as 4.90 metres at 12.7% Zn, 331g/t Ag, 7.31% Pb, 2.54g/t Au and 0.35% Cu at the Orchard Tank prospect and 16 metres at 3.79% Zn, 167g/t Ag, 1.81% Pb, 1.19g/t Au and 0.16% Cu at the Discovery prospect¹. Key terms of the agreement are:

- Lansdowne may earn 75% interest in the project by sole funding exploration expenditure of \$1.5 million over 3 years;
- Lansdowne must spend \$175,000 in the first 6 months and \$350,000 (cumulative) in the first 12 months to keep the agreement afoot;
- Upon Lansdowne earning its interest a 75:25 joint venture is formed and Lansdowne continues to sole fund expenditures to Decision to Mine;
- Upon a Decision to Mine, a mining joint venture area is declared and mine development costs are funded by De Grey and Lansdowne in proportion to their JV interests. De Grey's free carried interest continues in respect of exploration expenditures over project areas outside of the mining joint venture area;

¹ Refer to De Grey Mining Limited 2007 Annual Report for drill hole locations and details of drill intercepts.

- Until such time as a Decision to Mine is made, Lansdowne may maintain its interest by continuing to sole fund expenditures sufficient to meet statutory expenditure requirements.

Lansdowne is to manage work at both projects during the sole funding periods.

The farm-out and joint venture agreements specifically recognize Atlas Iron's rights to iron ore over portions of both project areas, arising out of previous De Grey - Atlas agreements. De Grey's residual rights under those agreements are excluded from the farm-outs, remaining entirely for De Grey's benefit.

The information in this report that relates to exploration results is based on 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" ("JORC Code"). 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.