

De Grey Mining Ltd

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ASX/MEDIA RELEASE

ARGENTINIAN TARGET DRILLING COMMENCED

HIGHLIGHTS

- **Goland drilling re-entering SM – 12 – 06 to test deep resistor**
- **Drilling to test acid sulphate cap resistors at SM6**
- **Priority one CSAMT target resistor at VBZ to be tested in May**

De Grey Mining Ltd (**ASX: DEG**) is pleased to confirm the commencement of a diamond drilling programme to test the first of the numerous targets resulting from the CSAMT geophysical survey completed over the SM6 and Vein Breccia Zone (“**VBZ**”) prospects in the Sierra Morena Project area.

A report produced in February recommended that De Grey should focus on deeper targets below the December 2012 drilling of the West Vein and any resistors associated with the acid sulphate cap at SM6.

The veining at SM6 was confirmed as low sulphidation epithermal veins with the prime mineralization position likely to be within the deeper “granoso” unit of the Chon Aike formation or the even deeper andesite of the underlying Bajo Pobre formation. The CSAMT survey completed by Quantec in March identified a high range resistor sitting underneath the drilling at the West Vein on line 87200N (Figure 1). The core of the resistor is 120m from the end of hole SM – 12 – 06, completed in December 2012. A diamond tail is being drilled to test the core.

Apart from the East Vein, the other area identified as a potential host of mineralization was the acid sulphate cap sitting NE of the December 2012 drilling. The report recommended searching for targets associated or leading from the cap which represents the surface expression of a collapsed upflow epithermal zone.

The CSAMT survey identified a number of resistors associated with the cap but of highest priority is a set of resistors that constitute a regular and continuous structure leading out from the acid sulphate cap on the favoured regional NW trend (Figure 2). The veining at the Cerro Negro (Goldcorp, 7.1Moz Au eq.) and San Jose (Hochchild, 2.8Moz Au eq.) deposits to the north west of the Sierra Morena project have this dominant trend as does the nearby Joaquin (Couer, 71.2Moz Ag) and many of the other Deseado Massif prospects.

Other targets identified in the survey will be explored as part of the follow up programmes including the East Vein.

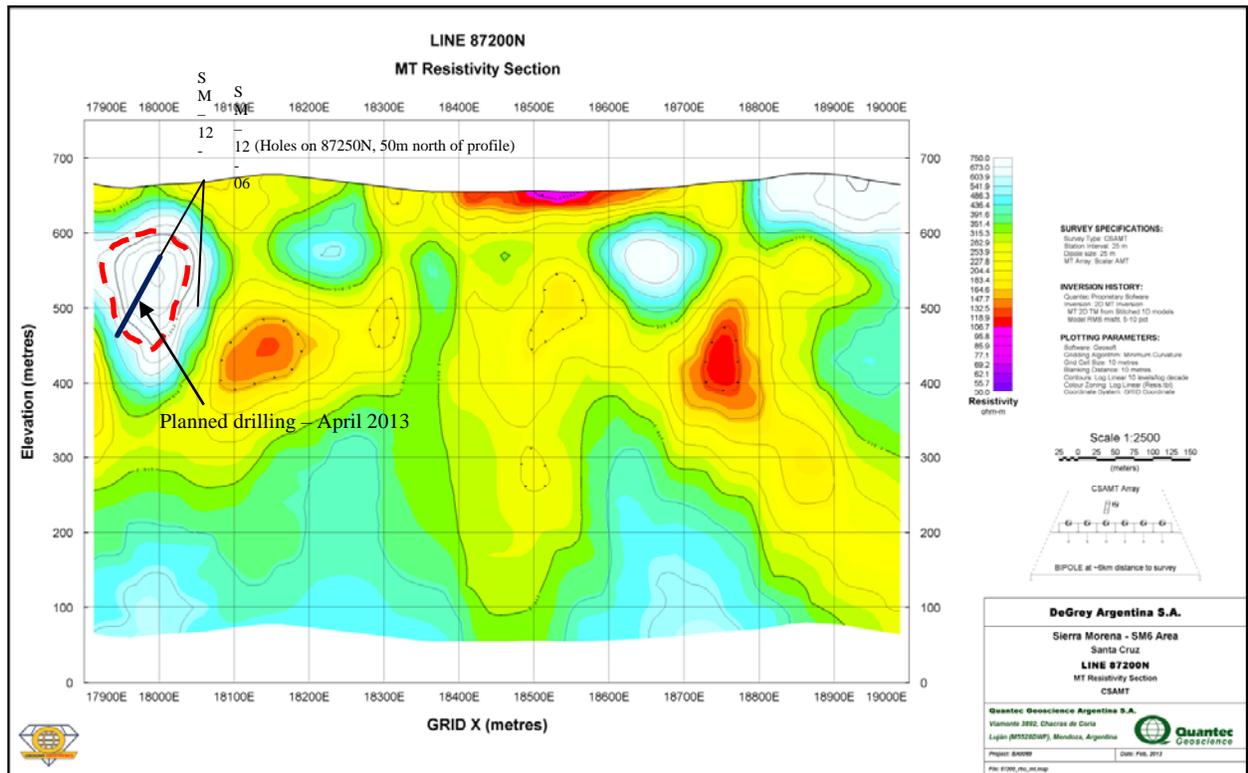


Figure 1: West Vein deep resistor – SM6

With the completion of the short programme at SM6 the rig will move to the Vein Breccia Zone prospect, this is expected to occur in May.

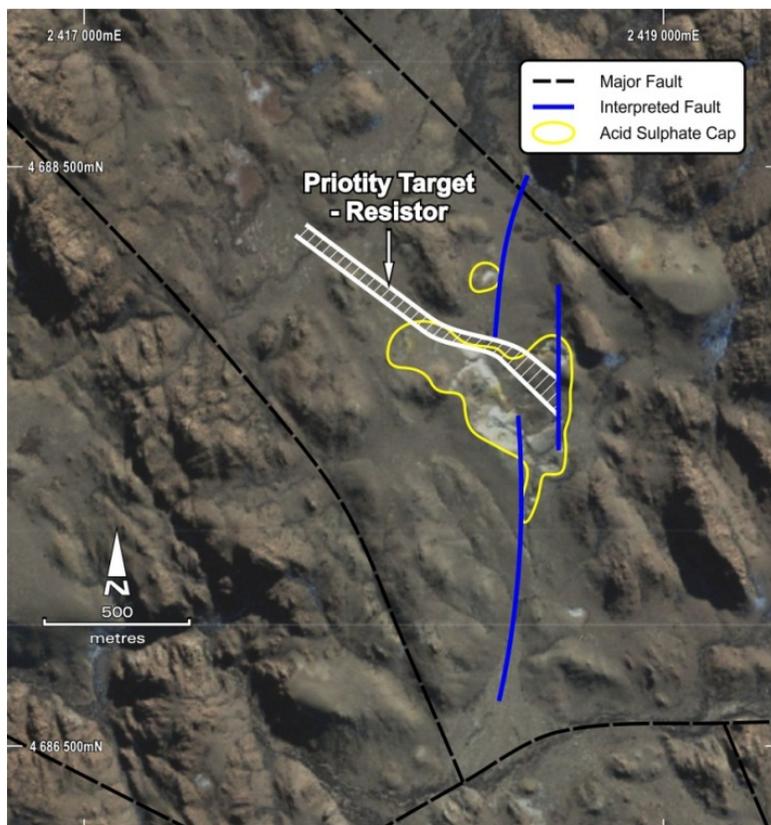


Figure 2: Acid cap resistor – SM6

The CSAMT survey and the detailed mapping programme, both completed in March 2013 have identified numerous targets. The highest rated target from the CSAMT survey is at VBZ and the drilling will test this target first. It sits under line 88000N at an optimal depth with sharp contacts, all good attributes (Figure 3).

The other target at VBZ, weather permitting, is a high priority CSAMT resistor that is coincident with the strongest surface geochemical anomaly and a surface vein that has been mapped as host to coarse gold and silver.

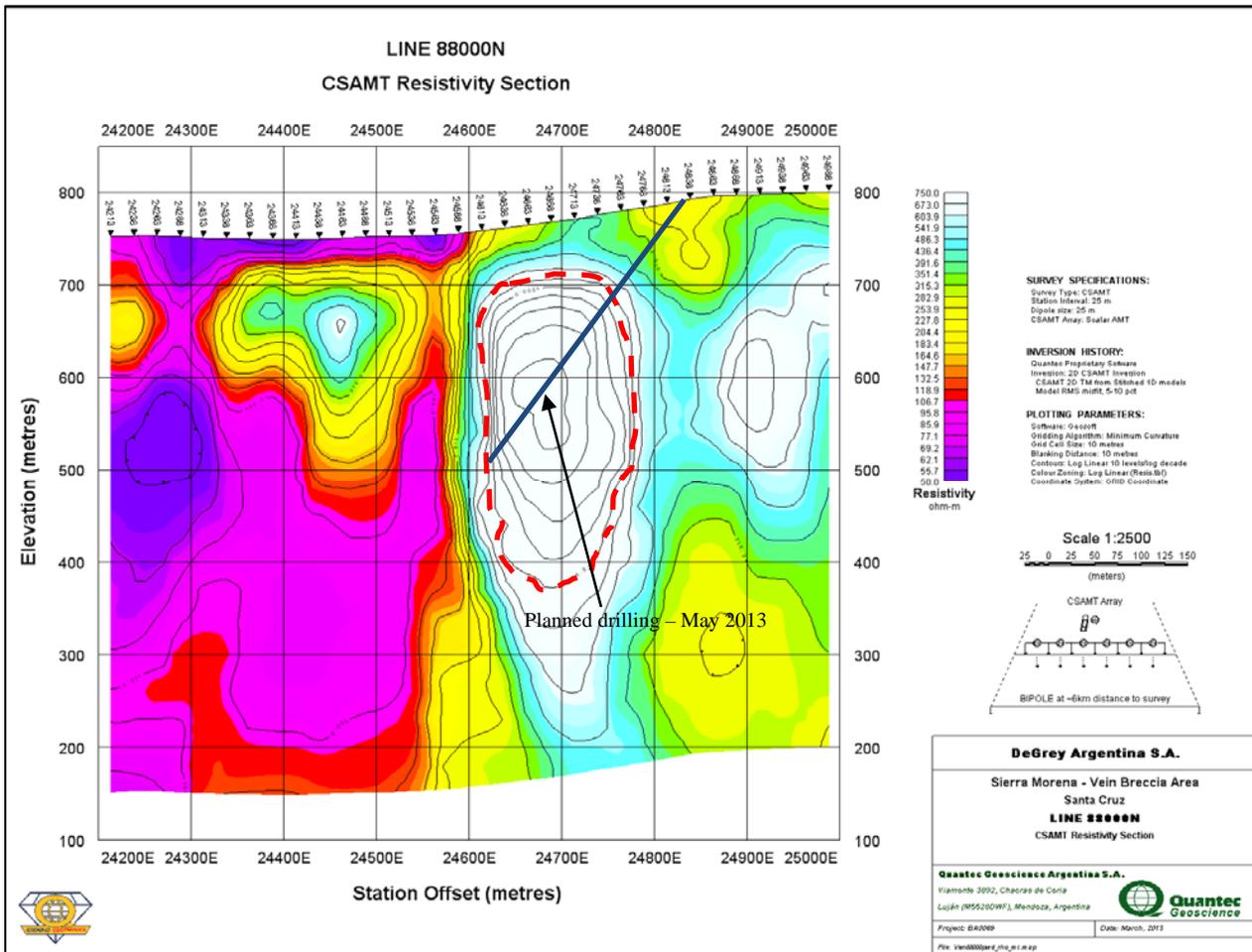


Figure 3: Vein Breccia Zone – priority resistor

With winter expected to halt operations in mid to late May, follow up work will be undertaken in the second half of calendar year 2013.

Drill logs for the program should be available in the first half of May with Assay results to follow in June.

For further information:

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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 and a full time employee of De Grey Mining Limited. Mr Martin has sufficient experience which is relevant to the style of mineralization 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 Martin consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.