De Grey Mining Ltd

ASX Announcement
30 August 2016

DISCOVERY confirms high grade Au-Ag-Cu-Pb-Zn results from 1m samples

Highlights

- **Strong shallow high grade Zn dominant lodes of VMS style Au-Ag-Cu-Pb-Zn mineralisation and remain open.**

HoleID	From (m)	Interval (m)	Au g/t	Ag g/t	Cu %	Pb %	Zn %	In Situ Grade ZnEq %**
DISRC011	9	18	2.00	117.0	0.12	1.48	3.23	13.33
DISRC012	25	16	0.79	135.8	0.18	1.49	3.33	11.39
DISRC013	72	18	2.58	269.8	0.29	2.54	4.88	22.72
DISRC014	12	5	2.22	100.8	0.17	1.34	3.11	13.22
DISRC015	29	12	3.65	161.0	0.30	2.23	4.88	21.40
DISRC016	59	11	1.09	132.4	0.22	2.43	6.22	15.85

- **Significant high value Au dominant precious metal (Au-Ag) lodes defined partially overlapping the Zn lodes.**

HoleID	From (m)	Interval (m)	Au g/t	Ag g/t	In Situ Grade AuEq g/t*
DISRC011	7	17	2.11	120.4	3.77
DISRC012	25	5	1.46	284.0	5.38
DISRC013	69	10	4.01	377.6	9.22
DISRC015	29	6	3.73	119.3	5.37
	38	3	6.76	347.0	11.55
DISRC016	59	4	2.49	264.8	6.14
DISRC023	12	8	2.10	166.8	4.40
DISRC026	8	4	4.47	11.1	4.63
DISRC027	24	5	5.64	112.9	7.20
DISRC028	46	4	2.92	277.6	6.75
DISRC030	38	6	2.98	150.7	5.06

- **Resource modelling and preliminary metallurgical testwork has commenced.**
- **Assessment of other gold and silver rich VMS style targets that occur along strike from Discovery is currently underway.**
- **Wingina drilling update due shortly**

De Grey Executive Chairman Simon Lill said:

"Shallow high grade Au-Ag zones overlapping broad Zn rich VMS style mineralisation is an excellent outcome! We will now update the resource, determine gold and silver recoveries for this ore.

ASX Code DEG

ABN 65 094 206 292

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Discovery

De Grey Mining Ltd (ASX: DEG, "De Grey", "Company") is pleased to advise that the 1m sample results for Discovery (Au-Ag-Zn-Pb) deposit have now been received and finalised.

The Discovery VMS deposit is located along the Tabba Tabba greenstone belt in the eastern portion of the Turner River Project (Fig 1), approximately 25km east of the Wingina Gold Deposit. Other encouraging VMS targets occur along the greenstone belt including Orchard Tank with an inferred resource estimate of 1.7Mt @ 0.5g/t Au, 78.6g/t Ag, 0.99% Pb, 2.38% Zn (JORC 2012), Tabba Tabba, Hakea and Cassia prospects.

At the Discovery deposit, previous drilling had defined encouraging Au-Ag-Cu-Pb-Zn VMS style mineralisation to 250m depth with a inferred resource estimate of 1.2Mt @ 0.8g/t Au, 87.0g/t Ag, 0.94% Pb, 2.34% Zn (JORC 2012).

An earlier review of the existing drilling data highlighted significant high grade gold and silver mineralisation occurring within the deposit that was not well represented in the current resource model. The strong zones of gold and silver mineralisation are evident from surface to the full depth of drilling (250m depth), however the Au-Ag zones do not always lie directly within the Zn-Pb zones. The result of this difference leads to a dilution of the dominant gold, silver and zinc grades within the overall existing resource.

In line with the Company's strategy of defining additional shallow gold resources to support development of the flagship Wingina Gold Deposit (268,000oz), a systematic RC drilling program, on 40m spaced sections, was undertaken over a 300m strike length of the deposit testing to approximately 80m vertical depth. The drilling aimed to provide sufficient drilling density to upgrade the near surface resource to a minimum of "indicated category" and better define the potential open pittable and high value Au-Ag and Pb-Zn lodes. A total of 24 holes were completed for an advance of 1646m.

The drilling programme has been successful in defining both high grade Au dominant and high grade Zn dominant lodes over the full strike length tested. Importantly the mineralisation remains open both along strike and at depth. In detail, each individual element (Au, Ag, Cu, Pb, Zn) mostly overlap each other but not necessarily over the entire mineralised interval. This variance is interpreted to reflect differences in the primary mineralisation and also subtle variance due to the remobilisation in the supergene weathering environment. The following Tables 1 and 2 list the Zn and Au dominant intercepts based on specific cutoff limits for both individual Zn and Au assays respectively.

Work Programme

Going forward, the proposed work programmes to be undertaken include:

- Wireframing of the individual elements Au-Ag-Cu-Pb-Zn, geology and weathering profile.
- Resource modelling.
- Preliminary cyanide leach testwork on the oxide, transition and fresh material of the deposit to determine potential gold and silver recoveries
- On-going assessment of other shallow gold and silver resource targets along strike eg corridor between Tabba Tabba, Orchard Tank to the Hakea and Cassia prospects

Figure 1 Turner River Project tenement plan showing main prospects over magnetic image

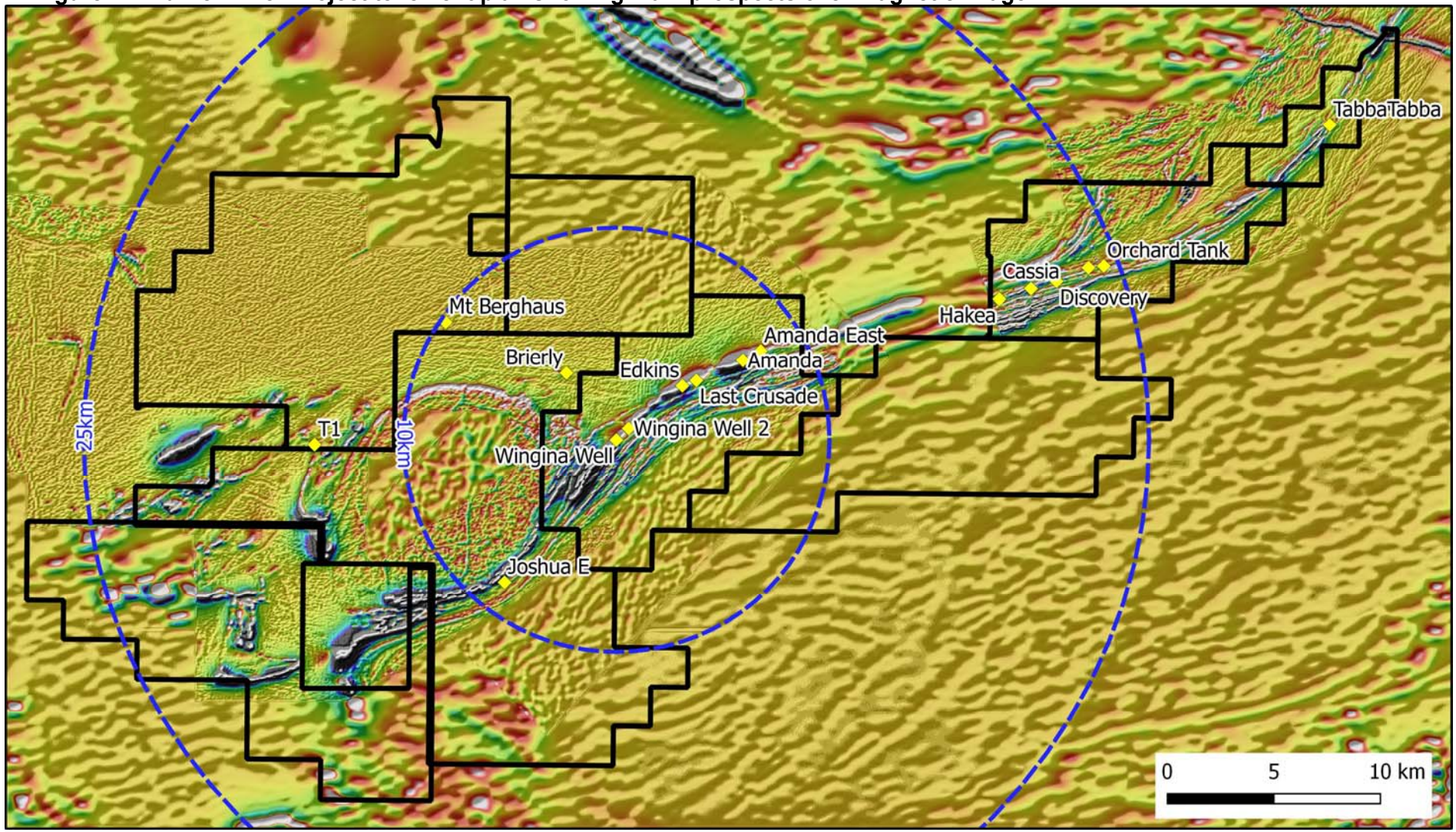


Table 1 Discovery Deposit - Significant Zn dominant lodes
(Lodes defined >0.5% Zn with internal higher grade intercepts >3.0% Zn with max 2m internal dilution)

HoleID	From (m)	Interval (m)	Au g/t	Ag g/t	Cu %	Pb %	Zn %	In Situ Grade ZnEq %**
DISRC010	6	3	**2.99**	**78.5**	0.22	**2.75**	**4.31**	**16.94**
DISRC011	9	18	**2.00**	**117.0**	0.12	1.48	**3.23**	**13.33**
including	9	9	**3.01**	**147.5**	0.11	1.92	**4.58**	**18.42**
including	23	1	**1.91**	**191.0**	0.21	**2.07**	**3.93**	**17.00**
DISRC012	25	16	0.79	**135.8**	0.18	1.49	**3.33**	**11.39**
including	25	5	**1.46**	**284.0**	0.35	**2.69**	**6.63**	**22.60**
including	38	1	**1.88**	**251.0**	0.18	**3.64**	**5.16**	**21.51**
DISRC013	72	18	**2.58**	**269.8**	0.29	**2.54**	**4.88**	**22.72**
including	72	7	**4.84**	**476.6**	0.51	**3.37**	**7.09**	**38.17**
including	81	1	0.77	**117.0**	0.22	**2.98**	**6.54**	**15.46**
including	86	2	**4.48**	**506.5**	0.35	**6.02**	**9.46**	**42.74**
DISRC014	12	5	**2.22**	**100.8**	0.17	1.34	**3.11**	**13.22**
including	12	4	**2.72**	**125.1**	0.20	1.61	**3.64**	**16.03**
DISRC015	29	12	**3.65**	**161.0**	0.30	**2.23**	**4.88**	**21.40**
including	30	5	**2.71**	**142.7**	0.41	**2.15**	**6.16**	**20.13**
including	38	3	**6.76**	**347.0**	0.32	**4.25**	**7.51**	**39.21**
DISRC016	59	11	**1.09**	**132.4**	0.22	**2.43**	**6.22**	**15.85**
including	59	4	**2.49**	**264.8**	0.42	**5.11**	**13.54**	**33.74**
including	68	1	0.53	**218.0**	0.17	**2.67**	**5.47**	**16.68**
DISRC018	36	2	**1.68**	**90.0**	0.13	0.64	0.73	8.47
DISRC018	41	3	0.46	**92.3**	0.14	1.46	**3.00**	8.78
including	41	2	0.65	**132.5**	0.18	**2.09**	**4.25**	**12.46**
DISRC019	65	1	0.18	26.0	0.03	0.56	1.00	2.86
DISRC019	72	3	0.71	85.7	0.18	0.98	1.68	7.46
DISRC020	48	4	**1.04**	**115.6**	0.24	**2.36**	**5.90**	**14.88**
including	48	2	**1.46**	**187.9**	0.37	**4.08**	**10.45**	**24.67**
DISRC022	68	2	0.78	**139.0**	0.14	**3.24**	**6.42**	**16.12**
DISRC023	5	1	0.01	1.2	0.05	0.23	0.70	1.10
DISRC023	9	15	**1.25**	**123.1**	0.09	1.24	**2.56**	**10.83**
including	13	7	**1.97**	**180.6**	0.12	1.58	**3.76**	**15.95**
including	23	1	0.97	**293.0**	0.11	**2.73**	**3.32**	**17.87**
DISRC023	27	2	0.19	32.6	0.04	0.62	1.08	3.25
DISRC024	29	12	0.71	**154.0**	0.08	1.05	**2.37**	**10.18**
including	32	3	**1.64**	**319.0**	0.13	**2.25**	**5.77**	**22.31**
DISRC025	51	5	0.97	**142.3**	0.10	1.20	**2.30**	**10.54**
including	52	3	**1.48**	**213.3**	0.15	1.77	**3.38**	**15.74**
DISRC026	6	6	**3.04**	11.1	0.05	0.53	0.62	**8.66**
DISRC026	17	1	0.08	1.6	0.01	0.09	0.52	0.85
DISRC027	23	7	**4.12**	**84.3**	0.09	0.41	0.86	**13.75**

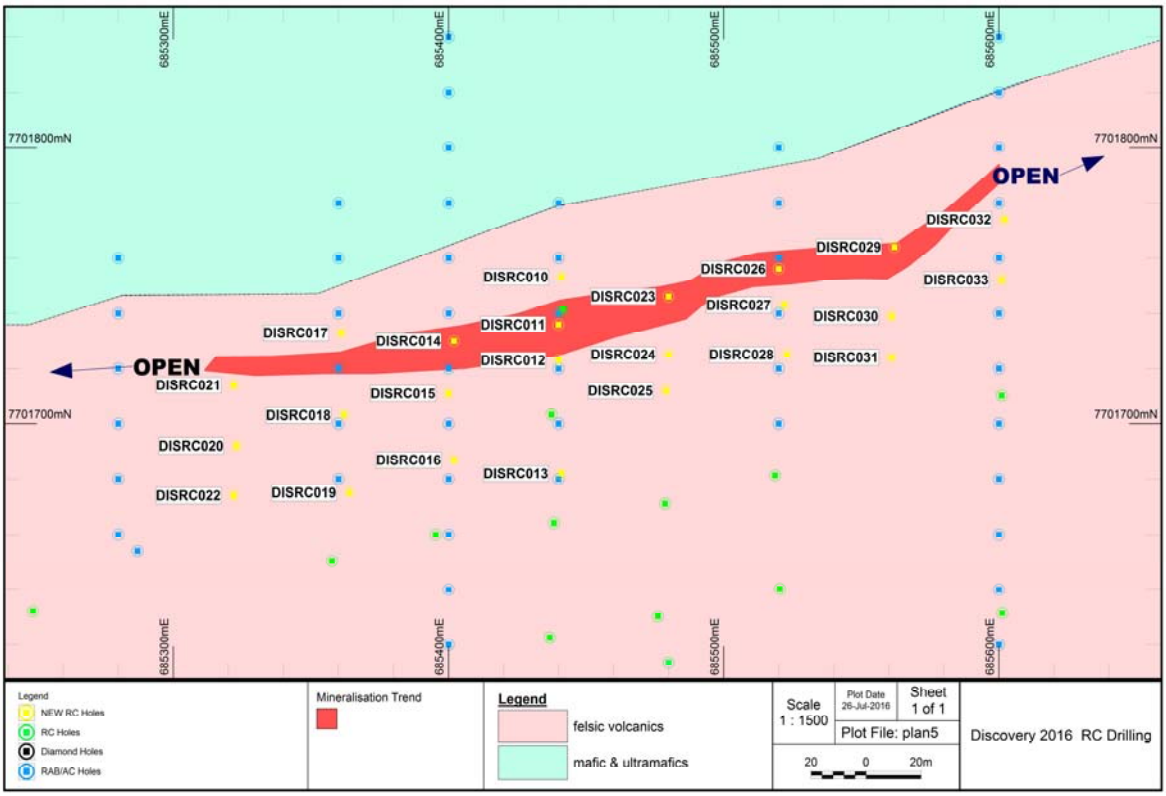
DISRC027	31	2	0.93	50.7	0.03	0.63	1.69	6.14
DISRC028	38	1	0.02	1.6	0.01	0.09	0.53	0.74
DISRC028	45	5	**2.38**	**233.4**	0.13	1.55	**2.80**	**17.63**
including	46	1	**3.42**	**651.0**	0.16	**4.19**	**7.85**	**41.11**
DISRC028	53	2	0.20	52.6	0.04	0.41	0.99	3.62
DISRC029	9	2	0.01	1.4	0.01	0.12	0.65	0.86
DISRC030	34	5	0.22	47.3	0.01	0.23	0.81	3.09
DISRC030	41	5	**3.35**	**134.9**	0.05	0.48	0.96	**13.66**
DISRC031	79	1	0.95	**206.0**	0.08	1.38	1.59	**11.95**
DISRC031	83	1	**1.47**	**127.0**	0.03	0.32	0.65	8.52
DISRC032	25	4	0.52	22.2	0.02	0.18	0.72	2.86
DISRC033	42	4	0.02	1.7	0.01	0.03	0.72	0.87
DISRC033	49	1	0.02	3.4	0.01	0.05	0.75	0.99

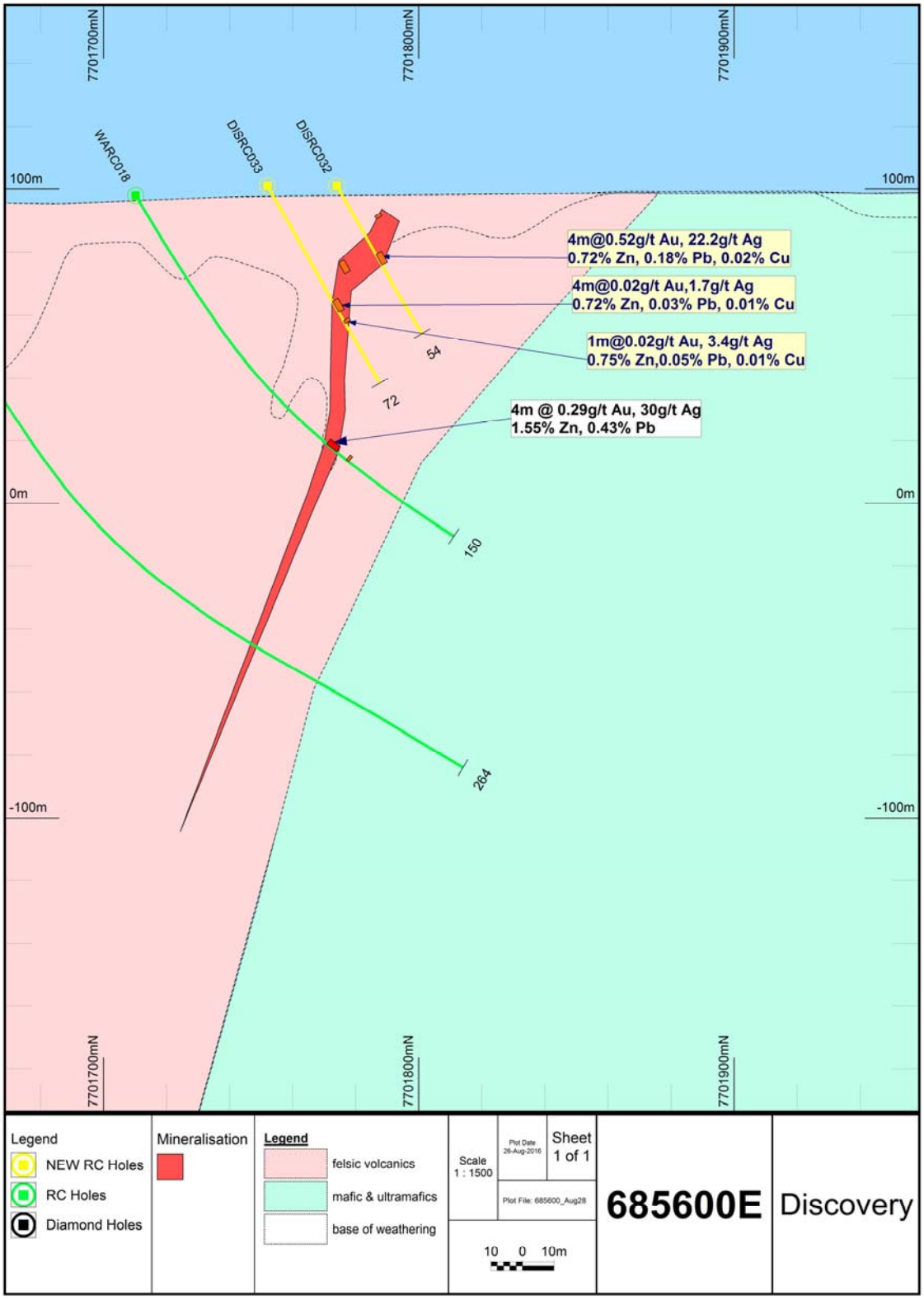
Table 2 Discovery Deposit - Significant Au dominant lodes
(Lodes defined >0.5g/t Au with internal higher grade intercepts >1.5g/t Au with max 2m internal dilution)

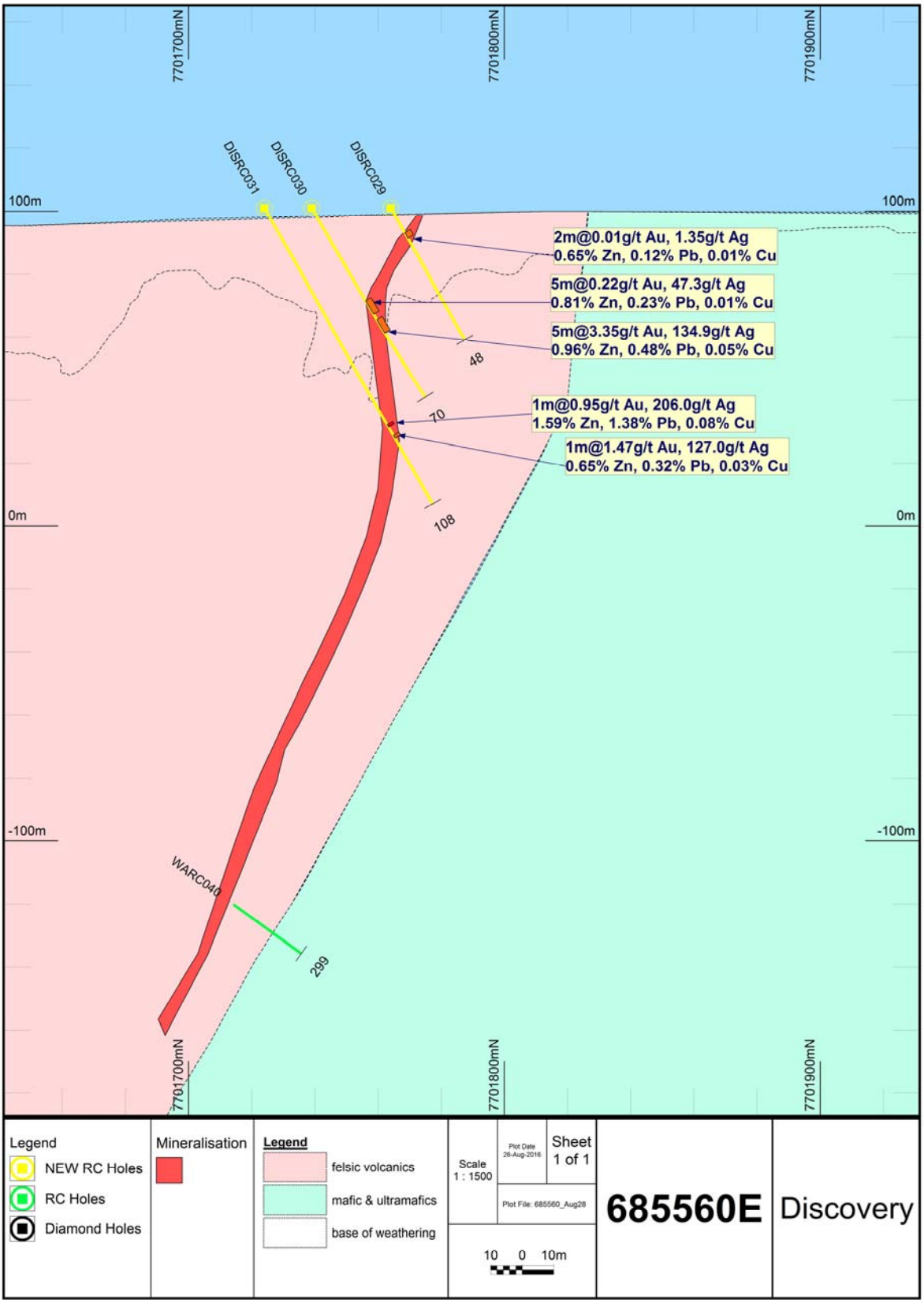
HoleID	From (m)	Interval (m)	Au g/t	Ag g/t	Cu %	Pb %	Zn %	In Situ Grade AuEq g/t*
DISRC010	6	3	**2.99**	**78.5**	0.22	**2.75**	**4.31**	**4.07**
DISRC011	9	18	**2.00**	**117.0**	0.12	1.48	**3.23**	**3.61**
including	9	9	**3.01**	**147.5**	0.11	1.92	**4.58**	**5.05**
including	23	1	**1.91**	**191.0**	0.21	**2.07**	**3.93**	**4.55**
DISRC012	25	16	0.79	**135.8**	0.18	1.49	**3.33**	2.66
including	25	5	**1.46**	**284.0**	0.35	**2.69**	**6.63**	**5.38**
including	38	1	**1.88**	**251.0**	0.18	**3.64**	**5.16**	**5.34**
DISRC013	72	18	**2.58**	**269.8**	0.29	**2.54**	**4.88**	**6.31**
including	72	7	**4.84**	**476.6**	0.51	**3.37**	**7.09**	**11.42**
including	81	1	0.77	**117.0**	0.22	**2.98**	**6.54**	2.38
including	86	2	**4.48**	**506.5**	0.35	**6.02**	**9.46**	**11.47**
DISRC014	12	5	**2.22**	**100.8**	0.17	1.34	**3.11**	**3.62**
including	12	4	**2.72**	**125.1**	0.20	1.61	**3.64**	**4.45**
DISRC015	29	12	**3.65**	**161.0**	0.30	**2.23**	**4.88**	**5.87**
including	30	5	**2.71**	**142.7**	0.41	**2.15**	**6.16**	**4.68**
including	38	3	**6.76**	**347.0**	0.32	**4.25**	**7.51**	**11.55**
DISRC016	59	11	**1.09**	**132.4**	0.22	**2.43**	**6.22**	2.91
including	59	4	**2.49**	**264.8**	0.42	**5.11**	**13.54**	**6.14**
including	68	1	0.53	**218.0**	0.17	**2.67**	**5.47**	**3.54**
DISRC018	36	2	**1.68**	**90.0**	0.13	0.64	0.73	2.92
DISRC018	41	3	0.46	**92.3**	0.14	1.46	**3.00**	1.74
including	41	2	0.65	**132.5**	0.18	**2.09**	**4.25**	2.47
DISRC019	65	1	0.18	26.0	0.03	0.56	1.00	0.54
DISRC019	72	3	0.71	85.7	0.18	0.98	1.68	1.89
DISRC020	48	4	**1.04**	**115.6**	0.24	**2.36**	**5.90**	2.63

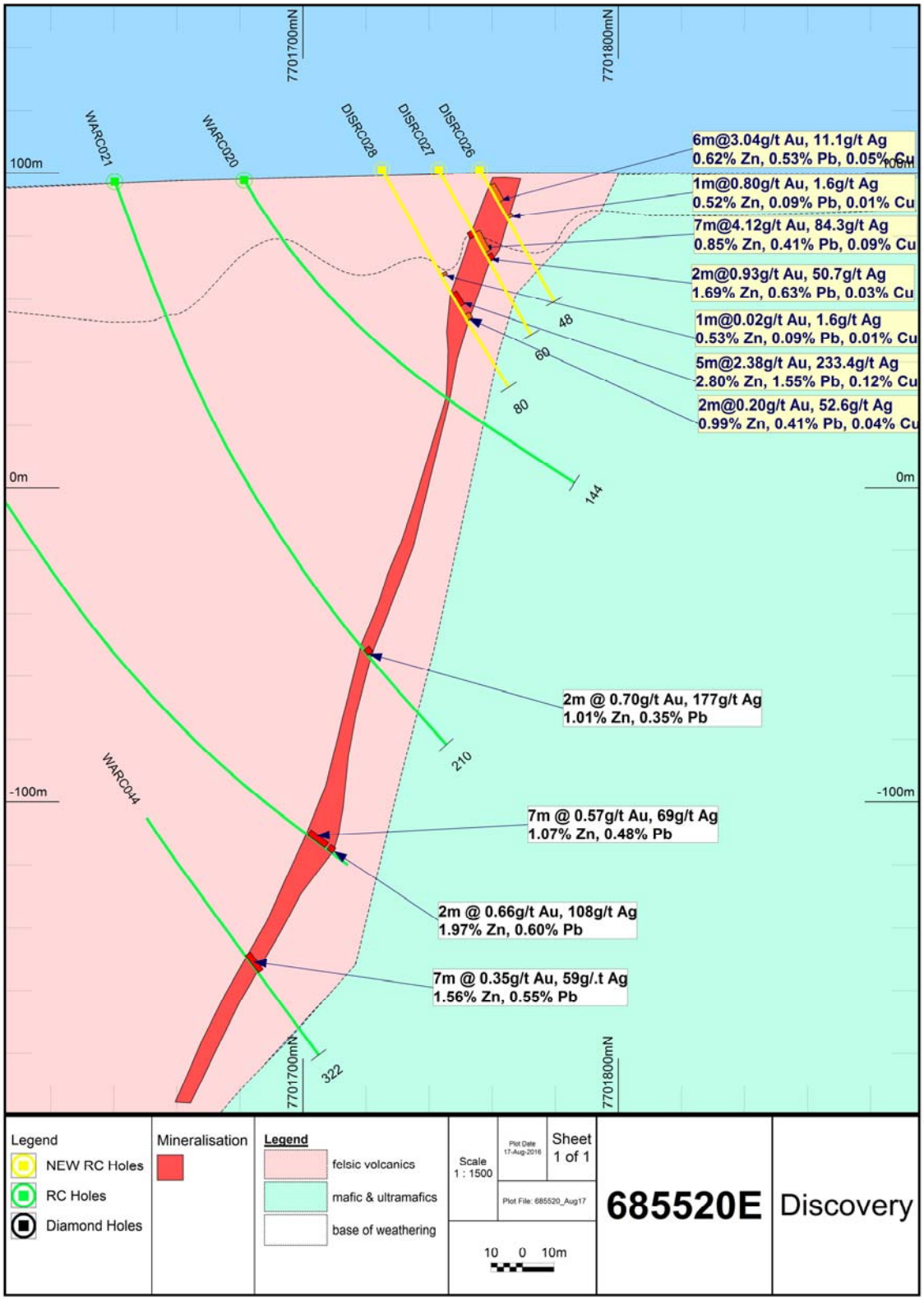
including	48	2	**1.46**	**187.9**	0.37	**4.08**	**10.45**	**4.05**
DISRC022	68	2	0.78	**139.0**	0.14	**3.24**	**6.42**	2.69
DISRC023	5	1	0.01	1.2	0.05	0.23	0.70	0.03
DISRC023	9	15	**1.25**	**123.1**	0.09	1.24	**2.56**	2.95
including	13	7	**1.97**	**180.6**	0.12	1.58	**3.76**	**4.46**
including	23	1	0.97	**293.0**	0.11	**2.73**	**3.32**	**5.01**
DISRC023	27	2	0.19	32.6	0.04	0.62	1.08	0.64
DISRC024	29	12	0.71	**154.0**	0.08	1.05	**2.37**	2.84
including	32	3	**1.64**	**319.0**	0.13	**2.25**	**5.77**	**6.04**
DISRC025	51	5	0.97	**142.3**	0.10	1.20	**2.30**	2.94
including	52	3	**1.48**	**213.3**	0.15	1.77	**3.38**	**4.42**
DISRC026	6	6	**3.04**	11.1	0.05	0.53	0.62	**3.19**
DISRC026	17	1	0.08	1.6	0.01	0.09	0.52	0.10
DISRC027	23	7	**4.12**	**84.3**	0.09	0.41	0.86	**5.28**
DISRC027	31	2	0.93	50.7	0.03	0.63	1.69	1.62
DISRC028	38	1	0.02	1.6	0.01	0.09	0.53	0.04
DISRC028	45	5	**2.38**	**233.4**	0.13	1.55	**2.80**	**5.60**
including	46	1	**3.42**	**651.0**	0.16	**4.19**	**7.85**	**12.40**
DISRC028	53	2	0.20	52.6	0.04	0.41	0.99	0.92
DISRC029	9	2	0.01	1.4	0.01	0.12	0.65	0.03
DISRC030	34	5	0.22	47.3	0.01	0.23	0.81	0.87
DISRC030	41	5	**3.35**	**134.9**	0.05	0.48	0.96	**5.21**
DISRC031	79	1	0.95	**206.0**	0.08	1.38	1.59	**3.79**
DISRC031	83	1	**1.47**	**127.0**	0.03	0.32	0.65	**3.22**
DISRC032	25	4	0.52	22.2	0.02	0.18	0.72	0.82
DISRC033	42	4	0.02	1.7	0.01	0.03	0.72	0.04
DISRC033	49	1	0.02	3.4	0.01	0.05	0.75	0.07

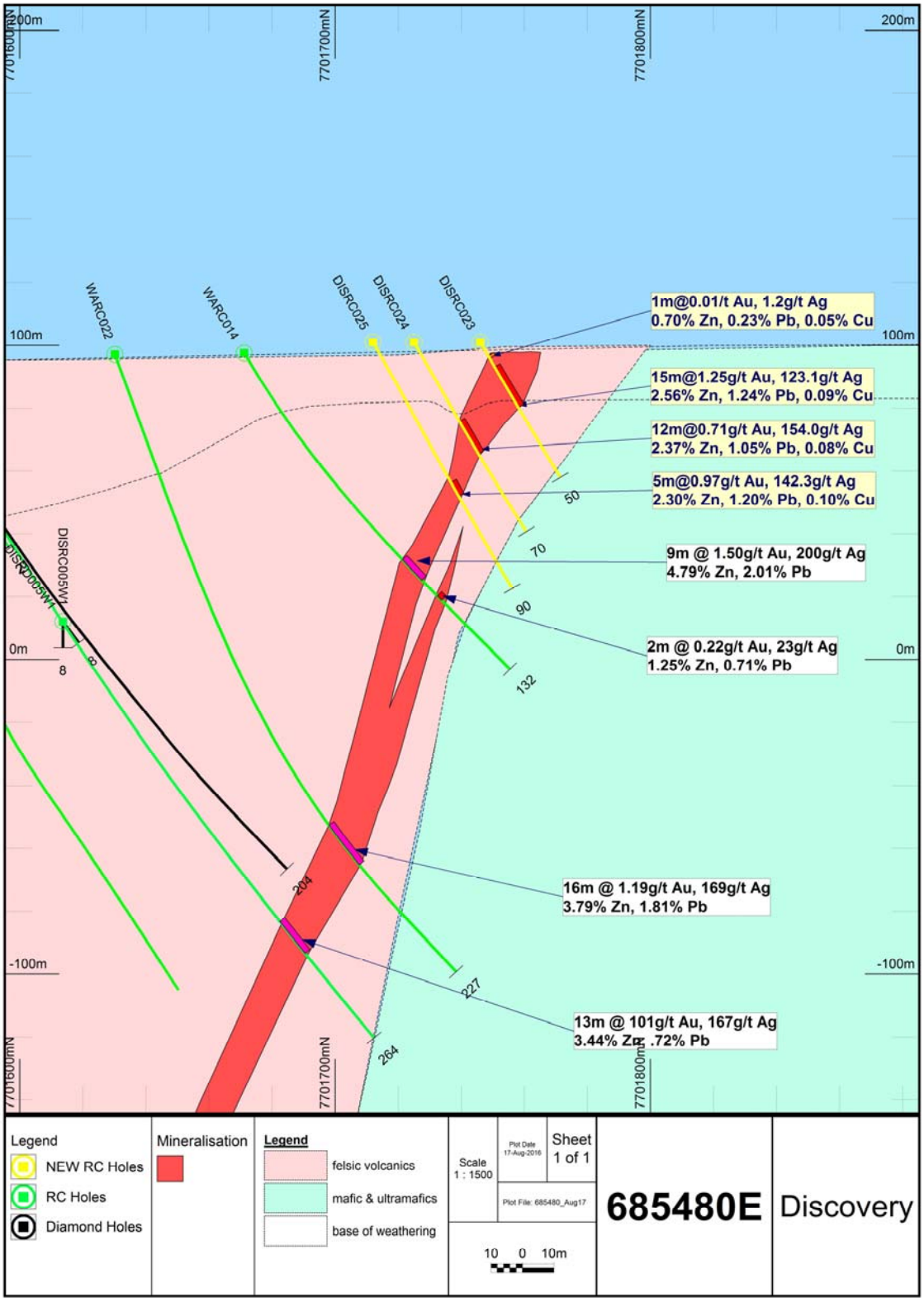
Figure 2 Discovery drilling location plan and sections

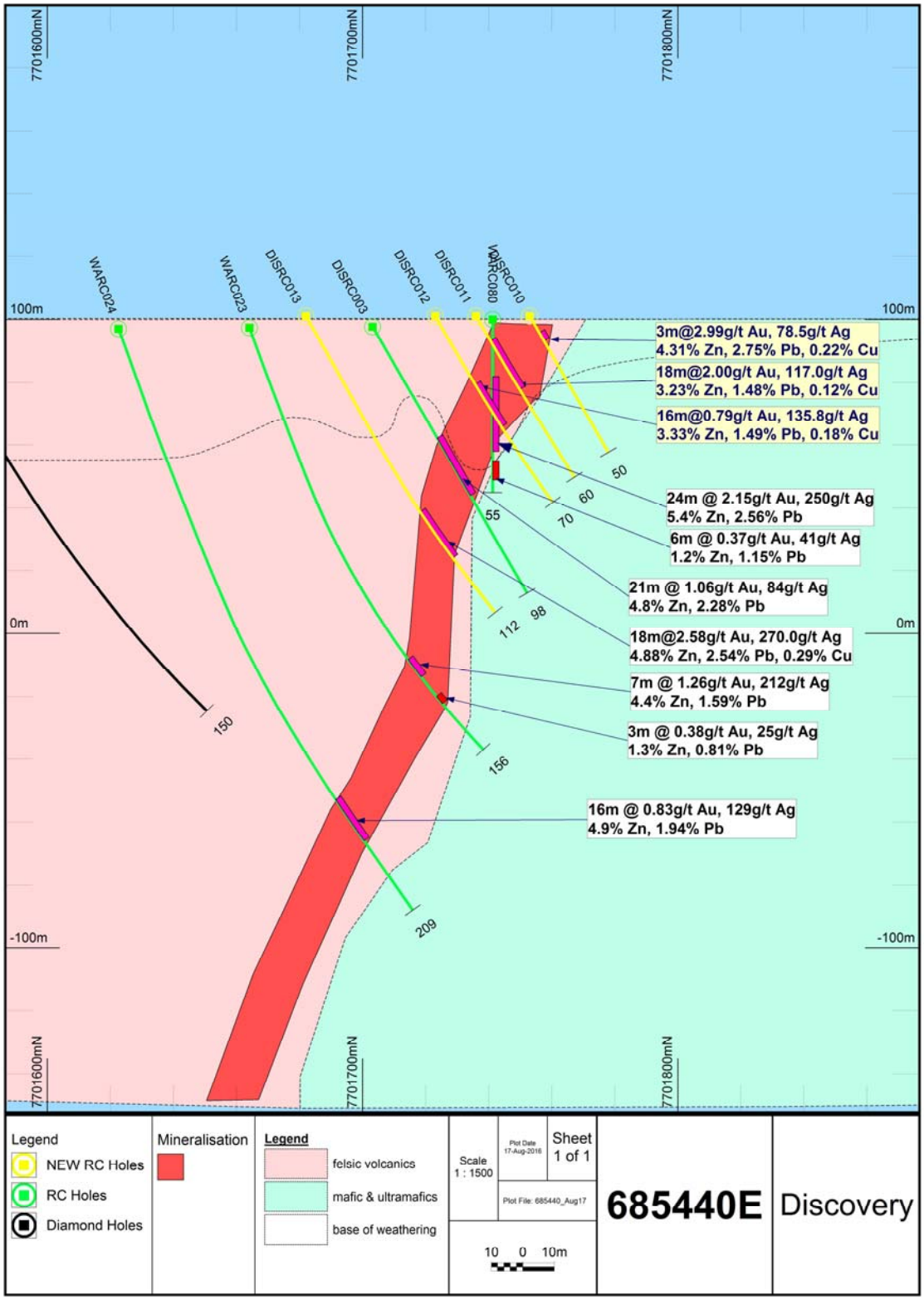


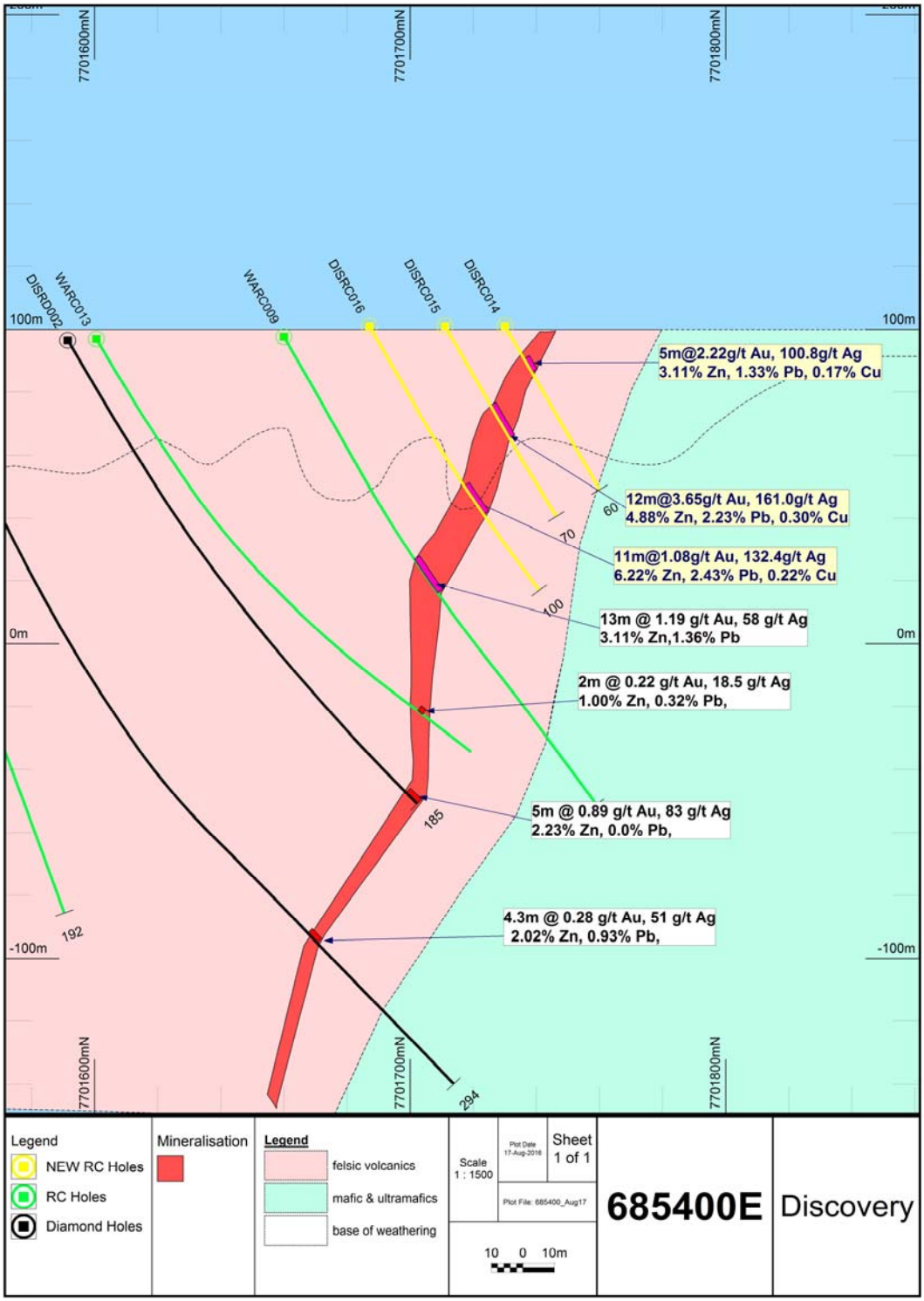


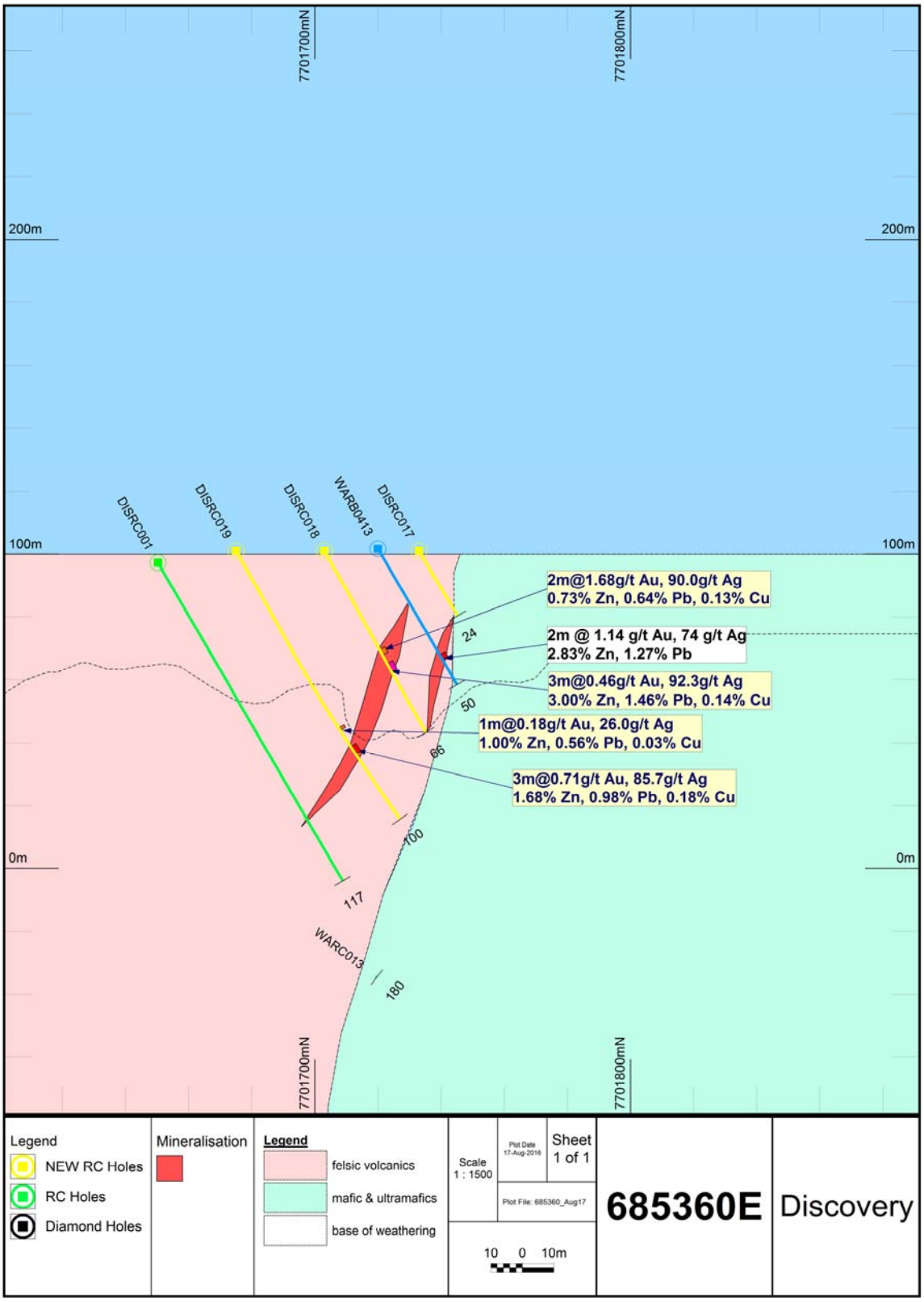


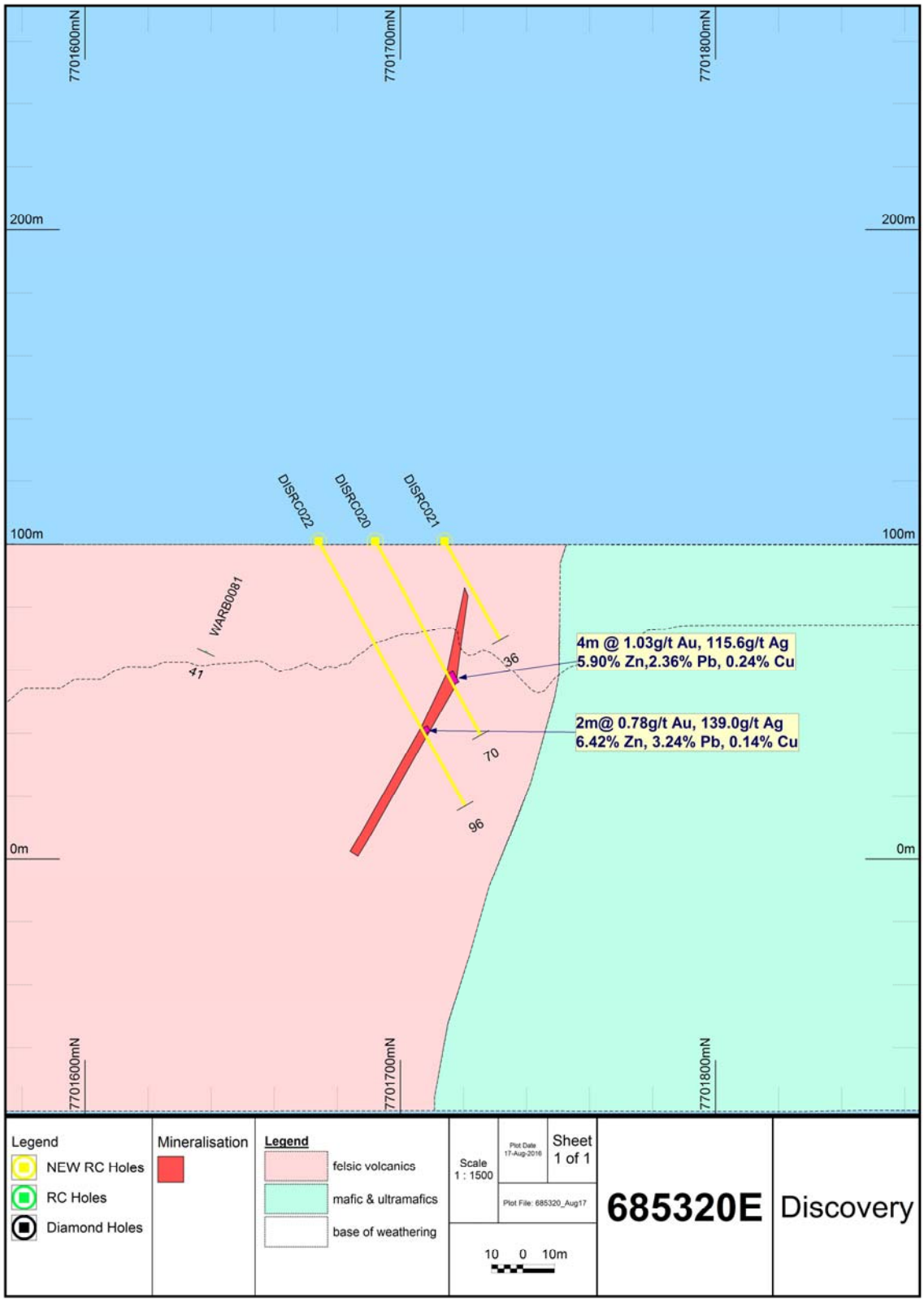












For further information:

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Competent Person Statement

The information in this report that relates to exploration results is based on, and fairly represents information and supporting documentation prepared by Mr. Andrew Beckwith, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. Mr. Beckwith is a consultant to De Grey Mining Limited. Mr. Beckwith has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Mr. Beckwith consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Equivalence Calculations

Formula

**AuEq g/t*	=	*Au g/t + 0.0138 x Ag g/t*
***ZnEq %*	=	*2.322 x Au g/t + 0.032 x Ag g/t + 2.55 x Cu % + 0.94 x Pb % + Zn %*

Assumptions

Au	*1300*	*$US/oz*
Ag	*18*	*$US/oz*
Cu	*4600*	*$US/tonne*
Pb	*1700*	*$US/tonne*
Zn	*1800*	*$US/tonne*
	0.75	*$AUD exchange rate*

Table 3 Drill hole location data

Hole No.	Easting	Northing	RL	Dip	Azimuth	Total Depth
DISRC010	685441	7701753	101	-60	359	50
DISRC011	685440	7701736	101	-60	359	60
DISRC012	685440	7701723	101	-60	359	70
DISRC013	685441	7701682	101	-60	359	112
DISRC014	685402	7701730	101	-60	359	60
DISRC015	685400	7701711	101	-60	359	70
DISRC016	685402	7701687	101	-60	359	100
DISRC017	685361	7701733	101	-60	359	24
DISRC018	685362	7701703	101	-60	359	66
DISRC019	685364	7701675	101	-60	359	100
DISRC020	685323	7701692	101	-60	359	70
DISRC021	685322	7701714	101	-60	359	24
DISRC022	685322	7701674	101	-60	359	96
DISRC023	685480	7701746	101	-60	359	50
DISRC024	685480	7701725	101	-60	359	70
DISRC025	685479	7701712	101	-60	359	90
DISRC026	685520	7701756	101	-60	359	48
DISRC027	685522	7701743	101	-60	359	60
DISRC028	685523	7701725	101	-60	359	80
DISRC029	685562	7701764	101	-60	359	48
DISRC030	685561	7701739	101	-60	359	70
DISRC031	685561	7701724	101	-60	359	108
DISRC032	685602	7701774	101	-60	359	54
DISRC033	685601	7701752	101	-60	359	72

Table JORC Code, 2012 Edition

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	• All drilling and sampling was undertaken in an industry standard manner • All holes sampled on a nominal 4m basis over the entire length of the hole. The 4m composite samples were submitted for analyses. Upon receipt of the 4m composite sample results, 1m samples were submitted for the anomalous zones. • Both the 4m and 1m samples were taken from the drill rig cyclone. The cyclone was calibrated to provide a continuous sample volume accordingly to sample length • Each 4m and 1m sample ranges from a typical 3-4kg • The independent laboratory then takes the sample and pulverises the entire sample for analysis as described below
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	• All drill holes are Reverse Circulation(RC) with a 5 1/2-inch bit and face sampling.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• All samples were visually assessed for recovery. • Samples are considered representative with good recoveries. Only a small percentage of samples were considered low recovery primarily due to change of rods when a small amount of wet sample occurred. • No sample bias is observed
Logging	• *Whether core and chip samples have been geologically and geotechnically*	• Company geologist logged each hole and supervised all sampling.

Criteria	JORC Code explanation	Commentary
	logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* • *The total length and percentage of the relevant intersections logged.*	• The sample results are appropriate for a resource estimation. The 1m sample results are considered the preferred sample to use in the resource estimation for more accurate definition of lodes.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• The sampling of the RC sample was rotary split via the rig cyclone and sampled on a 1m and 4m composite basis. • Duplicate samples were taken approximately every 40 samples and independent standards were inserted approximately every 20 samples • The samples are considered representative and appropriate for this type of drilling and for use in a future resource estimate.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• The samples were submitted to a commercial independent laboratory in Perth, Australia. • Each sample was dried, crushed and pulverised. • Au was analysed by a 50gm charge Fire assay fusion technique with a AAs finish • Cu, Zn, Pb, Ag were analysed by a 4 acid digest with ICP-AES finish together with a suite of indicator elements • The techniques are considered quantitative in nature. • As discussed previously standards and duplicates samples were inserted by the Company and the laboratory also carries out internal standards in each individual batches • The standards and duplicates were considered satisfactory
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• The assay results have been checked by two independent company geologists. • No adjustments have been made. • Results are on a length weighted basis • Au and Zn equivalence is based on assumption provided in the report. The intercepts are based on 100% recovery an represent an in situ result

Criteria	JORC Code explanation	Commentary
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Drill hole locations are located by hand held GPS to an accuracy of +/-3m. • Locations are to GDA94 Zone 50 • Diagrams and location table are provided in the report
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• The RC drilling is on a nominal 40m x 40m basis. • All holes have been geologically logged and provide a strong basis for geological control and continuity of mineralisation • Sample result and logging will provide strong support for the results to be used in a resource estimate
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• The drilling is considered to be perpendicular to the mineralised trend and therefore the sampling is considered representative of the mineralised zone.
Sample security	• *The measures taken to ensure sample security.*	• Samples were collected by company personnel, and transported to contract transport company and taken direct to the laboratory
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Two independent company geologist have reviewed the results • The database geologist has reviewed the standards and duplicates

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area.*	• The drilling is on E45/2533 which is located approximately 50km south of Port Hedland and is 100% owned De Grey Mining (or its 100% owned subsidiaries)

Criteria	JORC Code explanation	Commentary
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The Discovery deposit has had limited previous drilling undertaken over a period of 12 years. The large proportion of the holes were completed by De Grey Mining between 2003-20014.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The mineralisation targeted is VMS style precious and base metals mineralisation and is similar in style to many other Western Australian deposits.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* • *easting and northing of the drill hole collar* • *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* • *dip and azimuth of the hole* • *down hole length and interception depth* • *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Drill hole location and plan provided in the report.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Results are on a length weighted basis • No maximum cuts have been made • Intersections are based on a nominal 0.5% Zn interval with higher grade intervals based on a 3% Zn basis • Additional intersections are based on a nominal 0.5g/t Au with higher grade intervals based on a 1.5g/t vAu basis.
Relationship between mineralisa-tion widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	• The drill holes are interpreted to be perpendicular to the mineralisation. • True width as interpreted to be approximately 60-70% of downhole intervals

Criteria	JORC Code explanation	Commentary
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Plans and section are provided in the report
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• This report provides the 1m samples of all the 24 holes drilled at the prospect. • The report is considered balanced and provided in context.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Drilling is located in the oxide, transition and upper portions of the fresh portion of the existing resource and provides greater detail which should enable a revised resource estimate in the future • The existing resource estimate was completed by De Grey Mining
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• The company plans to complete detailed wireframes of geology and mineralisation prior to resource estimation. • Metallurgical testwork to determine possible extraction techniques and reocveries