

De Grey Mining Ltd

ASX Announcement
17 August 2016

De Grey confirms High Grade Footwall Lode Extension at Wingina

ASX Code DEG

ABN 65 094 206 292

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Highlights

De Grey Mining Ltd (ASX: DEG, "De Grey", "Company") is pleased to provide an update on the Wingina "Deeps" diamond drilling program.

Highlights

- Wingina Footwall Lode extended into fresh bedrock
- High grade gold mineralisation now defined to ~350m below surface and remains open
- First hole of the Wingina "Deeps" programme, WRC211D intersects:
 - 4m @ 5.57g/t Au** from 416m including:
 - 1m @ 5.64g/t Au** from 417m and;
 - 1m @ 13.80g/t Au** from 419m
- Screen fire check assay results show high level of repeatability:
- 94.7% recovery based on 24-hour cyanide bottle roll BLEG extraction on this fresh bedrock mineralisation similar to oxide zone.
- Second "Deeps" hole WRC211D2 completed, with samples in transit to laboratory. The hole intersected similar sulphide altered and veined BIF and Chert sequence.
- Third "Deeps" hole recently commenced aiming to intersect the Footwall Lode ~60m further to the east.

De Grey Executive Chairman, Mr. Simon Lill, commented

"We are delighted with the high grade result as it confirms the high grade Footwall Lode extends into the fresh bedrock. The excellent high gold recovery from the preliminary BLEG results augurs well for potential underground mining and processing evaluation studies".



Wingina Gold Deposit

The Wingina Gold Deposit is located in an infrastructure rich area, 50km south of Port Hedland in the Pilbara region of Western Australia, with excellent access via dominantly bitumen roads.

The deposit is well drilled with high grade gold mineralisation hosted in a sequence of Banded Iron Formation (BIF) and Chert. Continuous high grade gold mineralisation (>1.5g/t) is hosted within two sub-vertical lodes termed the Hanging Wall and Footwall Lodes which extend over a 600m strike length and are currently drill tested to 200 - 250metres below surface.

A Total Mineral Resource Estimate of 268,000 ounces of gold, including 156,000 ounces in the Measured category and 48,000 ounces in the Indicated category, has been defined at Wingina. The remaining Inferred category relates to generally deeper portions of the deposit which have received less drilling density to date. The deposit is deeply weathered resulting in peripheral zones of lower grade (0.5-1.5g/t) remobilised “supergene” gold mineralisation located adjacent to the higher grade lodes.

De Grey considers the Wingina deposit will most likely be developed as an open pit and underground mining operation with additional ore sourced from satellite open pits within economic trucking distance. A simple CIL processing plant, typical of many gold mines in Western Australia, is the preferred processing option due to the excellent recoveries (>90%) achieved in previous metallurgical testwork on the oxide ore. The Mount Berghaus (43,000oz) and the Amanda (35,000oz) gold deposits, both located within 10km of Wingina, are expected to provide additional ore feed.

The Company is currently assessing the most advanced prospects within the Turner River Project that are considered likely to provide further additional open pitable gold resources and support the proposed Wingina development.

Accordingly, recent drilling has been undertaken at the Discovery VMS Au-Ag-Cu-Pb Zn deposit to better define shallow open pitable mineralisation. Encouraging preliminary results from 4m composite samples have recently been reported (ASX release dated 27 July 2016). The final 1m re-samples are expected to be finalised and reported during August.

Wingina “Deeps” Drilling Results

The current Wingina “Deeps” drilling program aims to extend the high grade Footwall “Central” Lode into the fresh bedrock. Two drill holes (WRC211D and WRC211D2) have now been completed with a third hole currently underway.

Drill holes WRC211D and WRC211D2 have both intersected a broad sequence of fresh altered BIF and internally folded Chert sequence with minor brecciation. Variable sulphide, alteration and vein development is noted throughout a large portion of the sequence.



In WRC211D, broad zones of anomalous (>0.1g/t) gold mineralisation are evident throughout the altered sequence with the most significant intercepts **11m @ 1.03g/t Au** and **4m @ 5.57g/t Au** including **1m @ 13.8g/t Au**. This high grade mineralisation is interpreted to represent the down plunge extension of the high grade Footwall Lode (Fig 1).

Screen fire assays have also been completed on the individual higher grade samples and results indicate high repeatability between the two methods.

Table 1 Comparison of Fire Assay to Screen Fire Assay, WRC 211D

Hole ID	From	To	Fire Assay Original (Au g/t)	Screen Fire (Au g/t)
WRC211D	416	417	2.16	2.21
WRC211D	417	418	5.64	5.89
WRC211D	418	419	0.68	0.8
WRC211D	419	420	13.8	12.55
WRC211D	425	426	1.85	1.5
WRC211D	426	427	3.29	3.29

Additional BLEG (Bulk Leach Extractable Gold) assays were also undertaken of the same individual high grade samples as preliminary check of the potential recoveries of the fresh bedrock ore. Recovery results are positive with an average extraction of 94.7%% in the BLEG samples.

As a cautionary note, the BLEG analytical method involves taking a 1kg sub-sample of the mineralisation, adding a cyanide solution to saturation, then bottle rolling the cyanide saturated sample for 24 hours. Once complete, a sample of the aliquot is assayed as a test of the gold extracted from the material. The method is a preliminary test of recovery via cyanide solution similar to how material may be treated in a cyanide leach plant. Further detailed testwork will be required to fully test the recoveries of fresh bedrock mineralisation.

Table 2 BLEG extraction results

Hole ID	From	To	BLEG Aliquot Assay	BLEG Tail Fire Assay	BLEG Total Au	% Extraction Total BLEG Au
WRC211D	416	417	1.93	0.15	2.08	92.8%
WRC211D	417	418	5.27	0.32	5.59	94.3%
WRC211D	418	419	0.69	0.04	0.73	94.5%
WRC211D	419	420	10.5	0.52	11.02	95.3%
WRC211D	425	426	1.32	0.05	1.37	96.4%
WRC211D	426	427	3.12	0.16	3.28	95.1%
Average						94.7%

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Fig 1 Wingina Longsection, showing location of WRC211D intersection

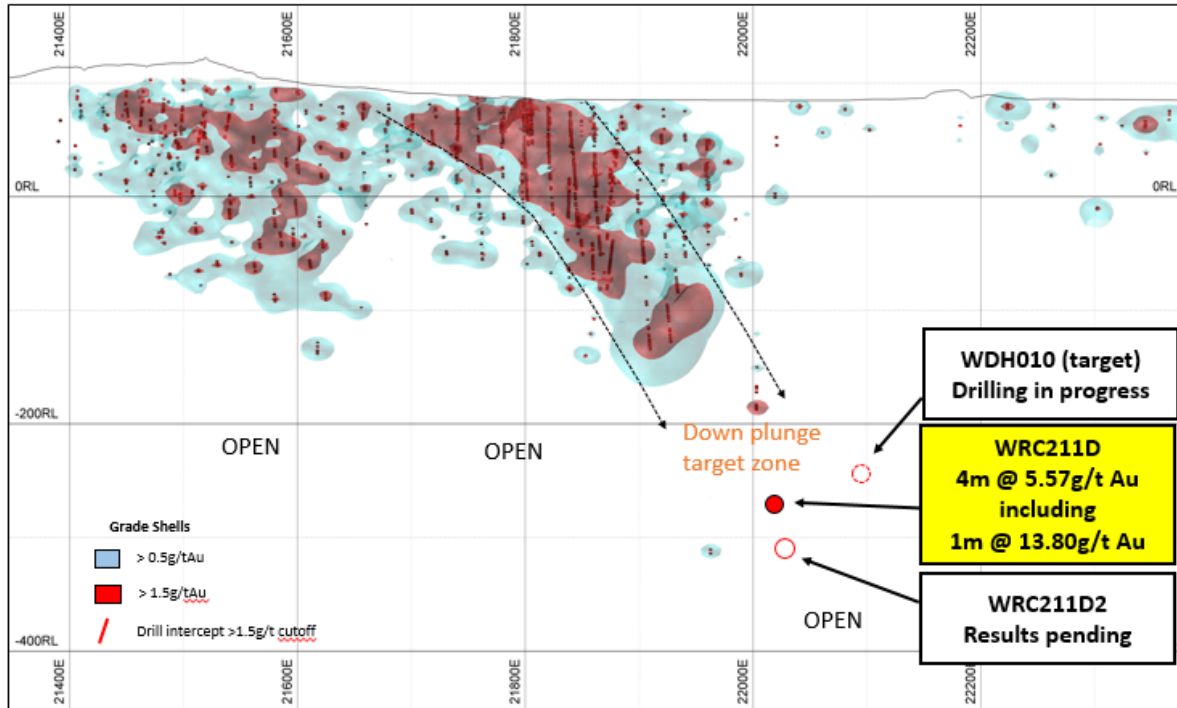


Table 3 Drill hole location data

Hole ID	Easting (m)	Northing (m)	RL(m)	Azimuth(°)	Dip(°)	Depth(m)
WRC211D	664847	7694550	84.30	142	-64	516.80

GDA94, Zone 50

Table 4 Drill results

Hole ID	From (m)	To (m)	Interval (m)	Grade (g/t)	Gram metres (g*m)
WRC211D	383	394	11	1.03	11.3
	397	398	1	0.73	0.7
	408	409	1	0.55	0.6
	416	420	4	5.57	22.3
<i>including</i>	417	420	3	6.71	
<i>including</i>	419	420	1	13.8	
	425	427	2	2.57	5.1
<i>including</i>	426	427	1	3.29	
	431	434	3	0.63	1.9

Overall intercept using lower cutoff 0.5g/t and 2m internal dilution

Higher grade including intercept using lower cutoff 3g/t and 2m internal dilution



For further information:

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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.

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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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Drill hole is sampled on a nominal 1m basis except where cut to geological boundaries. The core is continuous cut in half with one half sent to the laboratory for assay and the other half retained. Samples were then routinely assayed using 50gram charge fire assay. This methodology is considered “industry standard”:
Drilling techniques	<ul style="list-style-type: none"> 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.). 	<ul style="list-style-type: none"> The drill hole comprises an RC precollar to 107.6m followed by HQ core to 134.5m in depth, followed by NQ core to 516.8m (EOH).
Drill sample recovery	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Core recovery is measured for each drilling run by the driller and then check by the Company geological team during the logging process. The recovery for this hole is considered very high. No sample bias is expected
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and 	<ul style="list-style-type: none"> The entire hole has been geological logged, photographed with systematic sampling undertaken on the prospective parts of the stratigraphy based on rock type and alteration observed Results are considered appropriate for inclusion in a

Criteria	JORC Code explanation	Commentary
	<p><i>metallurgical studies.</i></p> <ul style="list-style-type: none"> <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</i> <i>The total length and percentage of the relevant intersections logged.</i> 	<p>resource estimation</p>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> <i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i> <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> <i>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.</i> <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> The sampling of the core has been undertaken over an nominal 1m sample length of a continuous cut half core, except where individual samples are cut to geological boundaries Industry prepared independent standards are inserted approximately 1 in 20 samples. Additional screen fire assays have been undertaken on the individual 1m samples within the higher grade intercepts Additional BLEG samples using 1kg sample has been undertaken on the individual 1m samples within the higher grade intercepts Sample sizes are considered appropriate for the material sampled
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> <i>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.</i> <i>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.</i> 	<ul style="list-style-type: none"> Sample analysis is considered appropriate and a total technique. Independent standards are inserted into the sample batch at the ratio of 1 in 20 samples and the laboratory adds further internal standards Additional screen fire and BLEG analysis has been completed on the higher grade samples Results of the screen fire and BLEG samples show a high degree of repeatability on an individual sample basis
Verification of sampling and assaying	<ul style="list-style-type: none"> <i>The verification of significant intersections by either independent or alternative company personnel.</i> <i>The use of twinned holes.</i> <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> Sample results have been entered and checked checked by a second company geologist Results have been uploaded into the company database, checked and verified No adjustments have been made to the assay data.
Location of data points	<ul style="list-style-type: none"> <i>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.</i> 	<ul style="list-style-type: none"> Drill hole locations are located by hand held GPS to an accuracy of +/-3m GDA94, Zone 50

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	<ul style="list-style-type: none"> Specification of the grid system used. Quality and adequacy of topographic control. 	
Data spacing and distribution	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The sampling of the core compliments a large body of drilling data and will be suitable for mineral resource estimation. No compositing has been undertaken.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The sampling of the core is half core over a nominal sample interval of 1m, except where individual samples are cut to geological boundaries The drill hole is oblique to the host stratigraphy and intersected true widths are estimated at 50-60%
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> Sampling were logged and sampled by company personnel and delivered direct to the laboratory via a transport contractor
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> No audits have been completed. Review of the data and the differing techniques shows high repeatability between differing assay methodology

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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The drilling is on E45/2995 which is located approximately 50km south of Port Hedland and is 100% owned De Grey Mining (or its 100% owned subsidiaries)
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> The Wingina deposit has had considerable previous drilling undertaken over a period of 12 years. The large proportion of the holes were completed by De Grey Mining between 2003-2008 and then a number of joint venture parties from 2008-2015.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> The mineralisation targeted is hydrothermally emplaced and BIF /Chert hosted gold mineralisation and is similar in style to many other Western Australian gold deposits.

Criteria	JORC Code explanation	Commentary
Drill hole Information	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Drill hole location and directional information provide in the report.
Data aggregation methods	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Results are reported to a minimum cutoff grade of 0.5g/t gold with an internal dilution of 2m maximum. Intercepts are length weighted averaged
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> 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'). 	<ul style="list-style-type: none"> The drill hole is oblique to the host stratigraphy and intersected true widths are indicated in the report
Diagrams	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Longsection provided in the report which provides an overview of the hole location relative to other drill holes
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should 	<ul style="list-style-type: none"> This report provides the assay results for the entire hole.

Criteria	JORC Code explanation	Commentary
	<i>be practiced to avoid misleading reporting of Exploration Results.</i>	
Other substantive exploration data	<ul style="list-style-type: none"> <i>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.</i> 	<ul style="list-style-type: none"> The Wingina Gold deposit has an existing 2012 JORC gold resource (268,000oz) previously reported by De Grey. The reported hole is outside of the existing resource estimate
Further work	<ul style="list-style-type: none"> <i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> De Grey is continuing further drilling of the prospect. The aim of the drilling is to extend the high grade mineralisation into the fresh bedrock. The majority of this planned drilling is focused on resource extensions at depth beyond the current resource estimate

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