

# De Grey Mining Ltd

ASX Announcement  
27 July 2016

## Shallow high grade VMS Au-Ag-Zn-Pb-Cu defined at Discovery

### Highlights

ASX Code DEG

ABN 65 094 206 292

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**Significant, shallow, high grade VMS style mineralisation intersected at Discovery Prospect in Turner River Project**

**Mineralisation defined over > 300m strike length - compliments deeper drilling to 250m vertical depth and remains open.**

**Highlights of new RC results include:**

- 8m @ 2.11g/t Au, 105.2g/t Ag, 3.35%Zn, 1.53%Pb, 0.10%Cu from 12 m
- 8m @ 1.10g/t Au, 172.5g/t Ag, 3.76%Zn, 1.79%Pb, 0.23%Cu from 24 m
- 24m @ 1.56g/t Au, 289.9g/t Ag, 5.12%Zn, 2.92%Pb, 0.26%Cu from 68 m
- 4m @ 17.70g/t Au, 193.0g/t Ag, 2.84%Zn, 1.76%Pb, 0.22%Cu from 12 m
- 16m @ 2.32g/t Au, 146.1g/t Ag, 5.50%Zn, 2.94%Pb, 0.25%Cu from 28 m
- 16m @ 0.92g/t Au, 125.9g/t Ag, 5.92%Zn, 2.25%Pb, 0.20%Cu from 56 m

**Results for 21 of 24 holes received with 3 holes pending. Sample results are 4m composites - detailed 1m re-sampling underway.**

**Further drilling to be undertaken once all final results received and analysed. New drilling will enable an upgraded resource estimate later in the year.**

De Grey Executive Chairman Simon Lill said:

*"The shallow high grade tenor of mineralisation encountered is exceptional and now underscores the open pit potential at Discovery. We have also reinforced the strong zone of high grade gold, silver and zinc rich mineralisation that continues from surface to over 250m depth and remains open.*

*The results demand a further drilling program aimed at better defining the overall scale and grade of the Discovery deposit. We will await final results before commencing a new program. Based on these positive results we will look more closely at the depth potential at Discovery and will also review the nearby Orchard Tank VMS deposit and other nearby VMS targets."*



De Grey Mining Ltd (ASX: DEG, “De Grey”, “Company”) is pleased to advise that results for the first 21 of the 24 RC drill holes for the Discovery (Au-Ag-Zn-Pb) deposit have been received. All the results received to date comprise of nominal 4m composite samples with detailed 1m resampling currently underway.

At the Discovery deposit, a total of 24 holes were completed for an advance of 1646m. The drilling targeted near surface high grade mineralisation previously defined by shallow RAB and limited RC drilling.

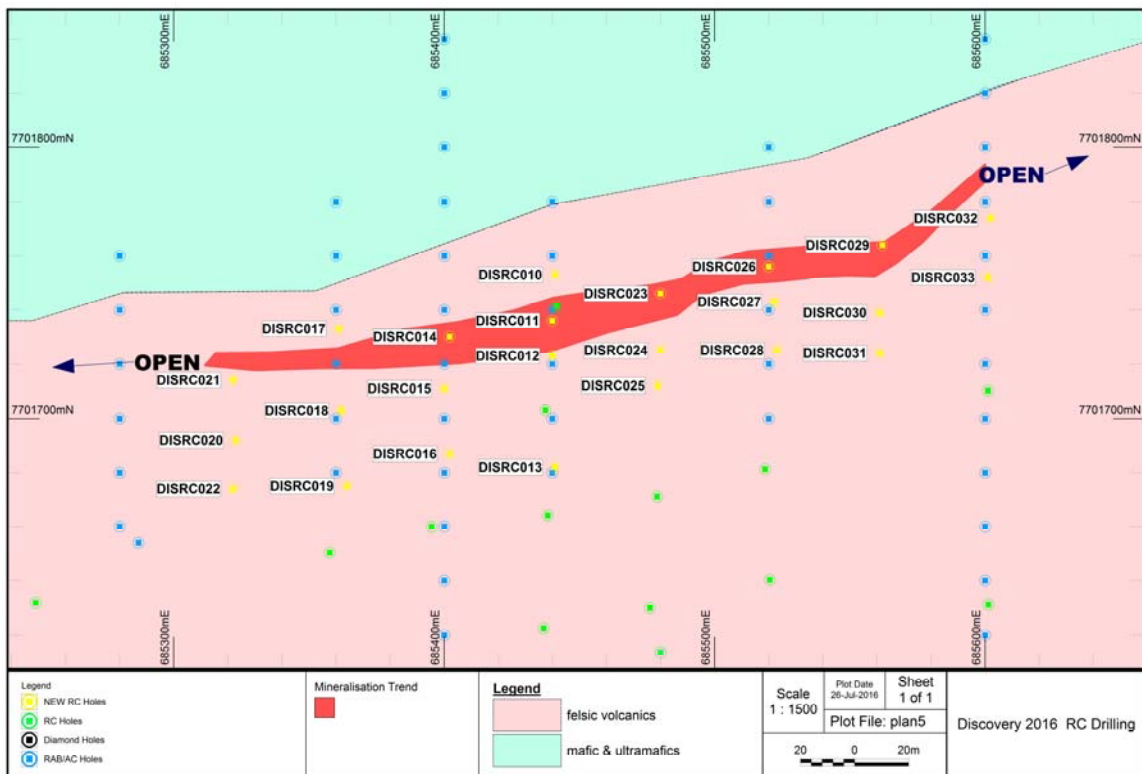
The drilling programme has confirmed shallow high grade mineralisation now extends over at least 300m along strike (Figure 1). Further extensions are possible with the remaining three drill holes still pending. Previous deeper diamond drilling also demonstrates the high grade VMS style Au-Ag-Zn-Pb-Cu mineralisation continues at depth to at least 250m and remains open in most directions.

**Table 1 Significant new drill results at the Discovery Deposit include Intercepts (using > 0.5% Zn with including intercept > 3.0% Zn)**

Hole	From (m)	Intercept
DISRC011	8	20m @ 1.41g/t Au, 95.4g/t Ag, 2.56%Zn, 1.35%Pb, 0.11%Cu
including	12	<b>8m @ 2.11g/t Au, 105.2g/t Ag, 3.35%Zn, 1.53%Pb, 0.10%Cu</b>
DISRC012	24	20m @ 0.63g/t Au, 94.2g/t Ag, 2.26%Zn, 1.14%Pb, 0.14%Cu
including	24	<b>8m @ 1.10g/t Au, 172.5g/t Ag, 3.76%Zn, 1.79%Pb, 0.23%Cu</b>
DISRC013	68	<b>24m @ 1.56g/t Au, 289.9g/t Ag, 5.12%Zn, 2.92%Pb, 0.26%Cu</b>
including	68	<b>20m @ 1.82g/t Au, 339.6g/t Ag, 6.00%Zn, 3.40%Pb, 0.31%Cu</b>
DISRC014	12	<b>4m @ 17.70g/t Au, 193.0g/t Ag, 2.84%Zn, 1.76%Pb, 0.22%Cu</b>
DISRC015	28	<b>16m @ 2.32g/t Au, 146.1g/t Ag, 5.50%Zn, 2.94%Pb, 0.25%Cu</b>
including	32	<b>8m @ 1.45g/t Au, 196.0g/t Ag, 8.52%Zn, 4.47%Pb, 0.34%Cu</b>
DISRC016	56	16m @ 0.92g/t Au, 125.9g/t Ag, 5.92%Zn, 2.25%Pb, 0.20%Cu
including	56	<b>8m @ 1.62g/t Au, 207.0g/t Ag, 9.98%Zn, 3.69%Pb, 0.30%Cu</b>
DISRC018	36	8m @ 1.67g/t Au, 123.5g/t Ag, 2.24%Zn, 1.38%Pb, 0.18%Cu
including	40	<b>4m @ 1.59g/t Au, 143.0g/t Ag, 3.45%Zn, 1.68%Pb, 0.19%Cu</b>
DISRC020	48	4m @ 0.97g/t Au, 114.0g/t Ag, 4.46%Zn, 1.93%Pb, 0.24%Cu
DISRC024	28	16m @ 0.80g/t Au, 158.9g/t Ag, 1.95%Zn, 0.87%Pb, 0.07%Cu
including	32	<b>4m @ 2.04g/t Au, 412g/t Ag, 5.32%Zn, 2.23%Pb, 0.135%Cu</b>
DISRC025	52	<b>4m @ 1.59g/t Au, 231.0g/t Ag, 3.65%Zn, 1.75%Pb, 0.23%Cu</b>
DISRC026	8	<b>4m @ 4.48g/t Au, 8.8g/t Ag, 0.63%Zn, 0.56%Pb, 0.04%Cu</b>
DISRC027	24	<b>12m @ 2.17g/t Au, 37.1g/t Ag, 0.68%Zn, 0.33%Pb, 0.06%Cu</b>
DISRC028	44	<b>8m @ 1.48g/t Au, 91.0g/t Ag, 1.29%Zn, 0.59%Pb, 0.05%Cu</b>
DISRC030	32	4m @ 0.01g/t Au, 1.1g/t Ag, 0.74%Zn, 0.02%Pb, 0.01%Cu
	40	<b>4m @ 2.61g/t Au, 91.8g/t Ag, 0.56%Zn, 0.40%Pb, 0.05%Cu</b>



**Figure 1 Discovery drilling location plan**



## VMS Deposits

The Discovery deposit is a VMS style of gold, silver and base-metals. VMS deposits are well known with approximately 20% of the world's copper and zinc production sourced from such deposits. The deposits generally occur in clusters making them very attractive and high value exploration targets.

Clusters of VMS deposits are already known in the Pilbara region with De Grey's 100% owned Orchard Tank (see below) only 2km away from Discovery. De Grey has also proven VMS style mineralisation at Tabba Tabba and has other exploration targets under consideration.

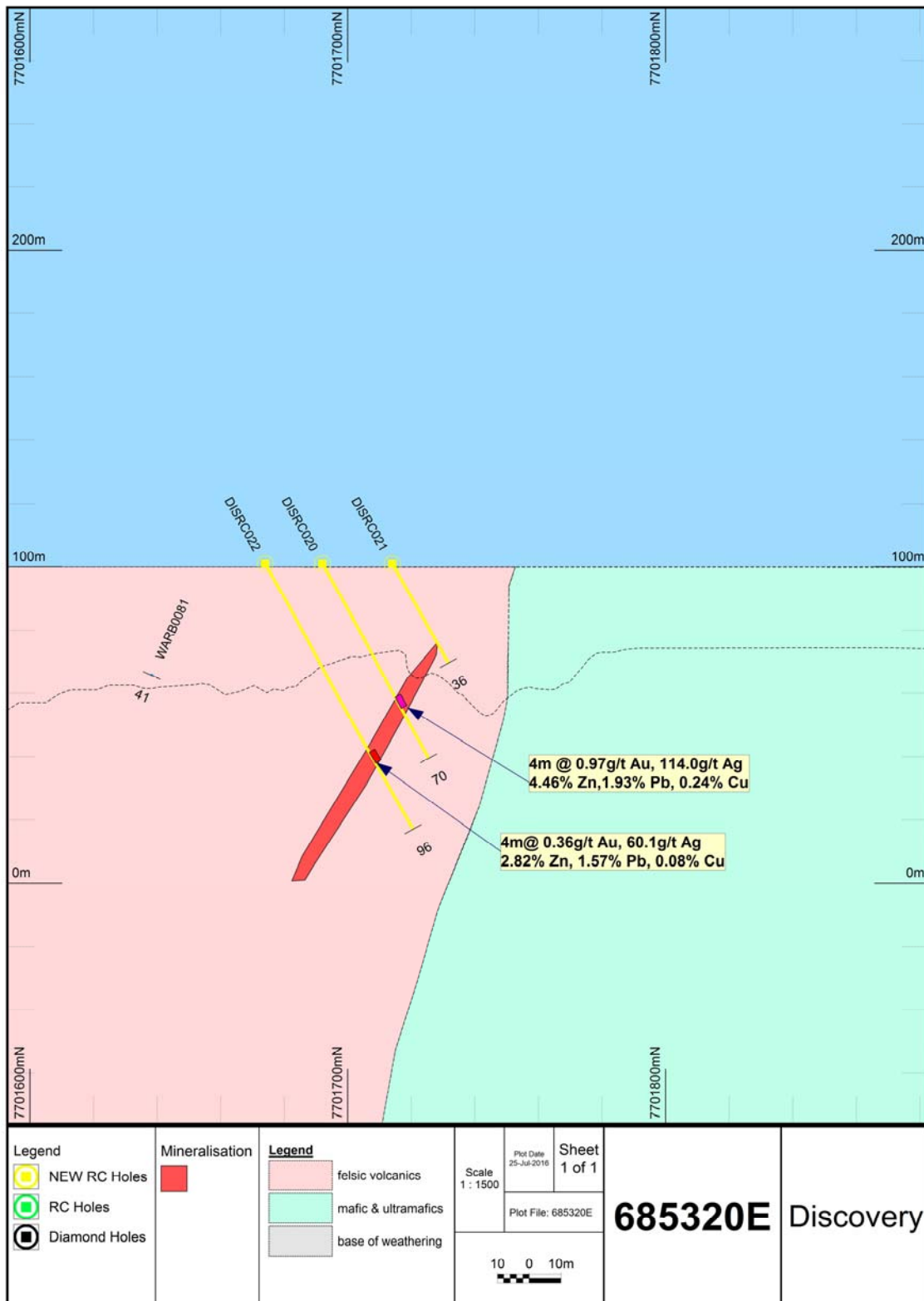
The current resources estimates at Discovery and Orchard Tank (JORC 2012) are as follows:

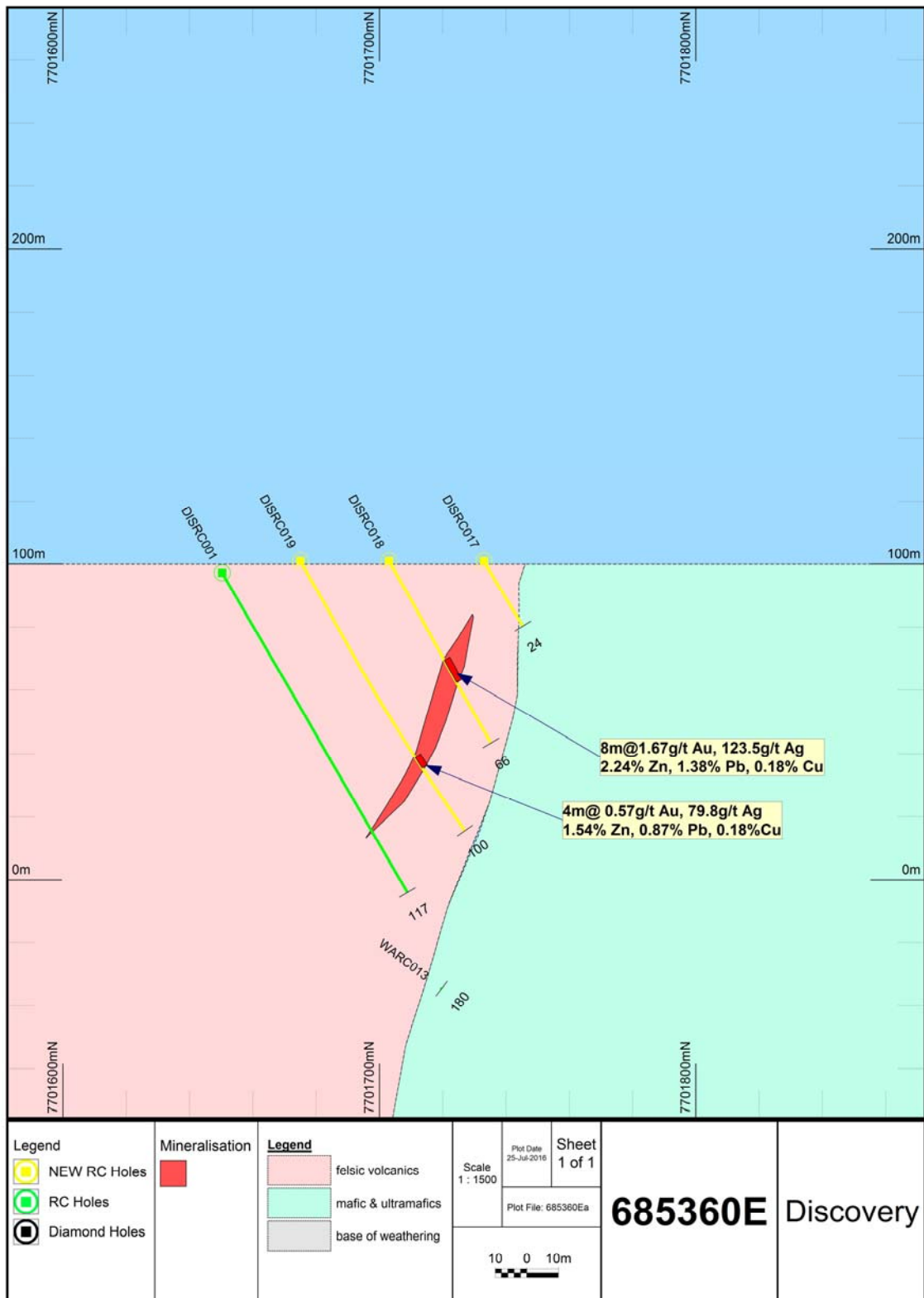
<b>Discovery</b>	<b>1.2Mt @ 0.8g/t Au, 87.0g/t Ag, 2.34% Zn, 0.94% Pb</b>
<b>Orchard Tank</b>	<b>1.7Mt @ 0.5g/t Au, 78.6.0g/t Ag, 2.38% Zn, 0.99% Pb</b>

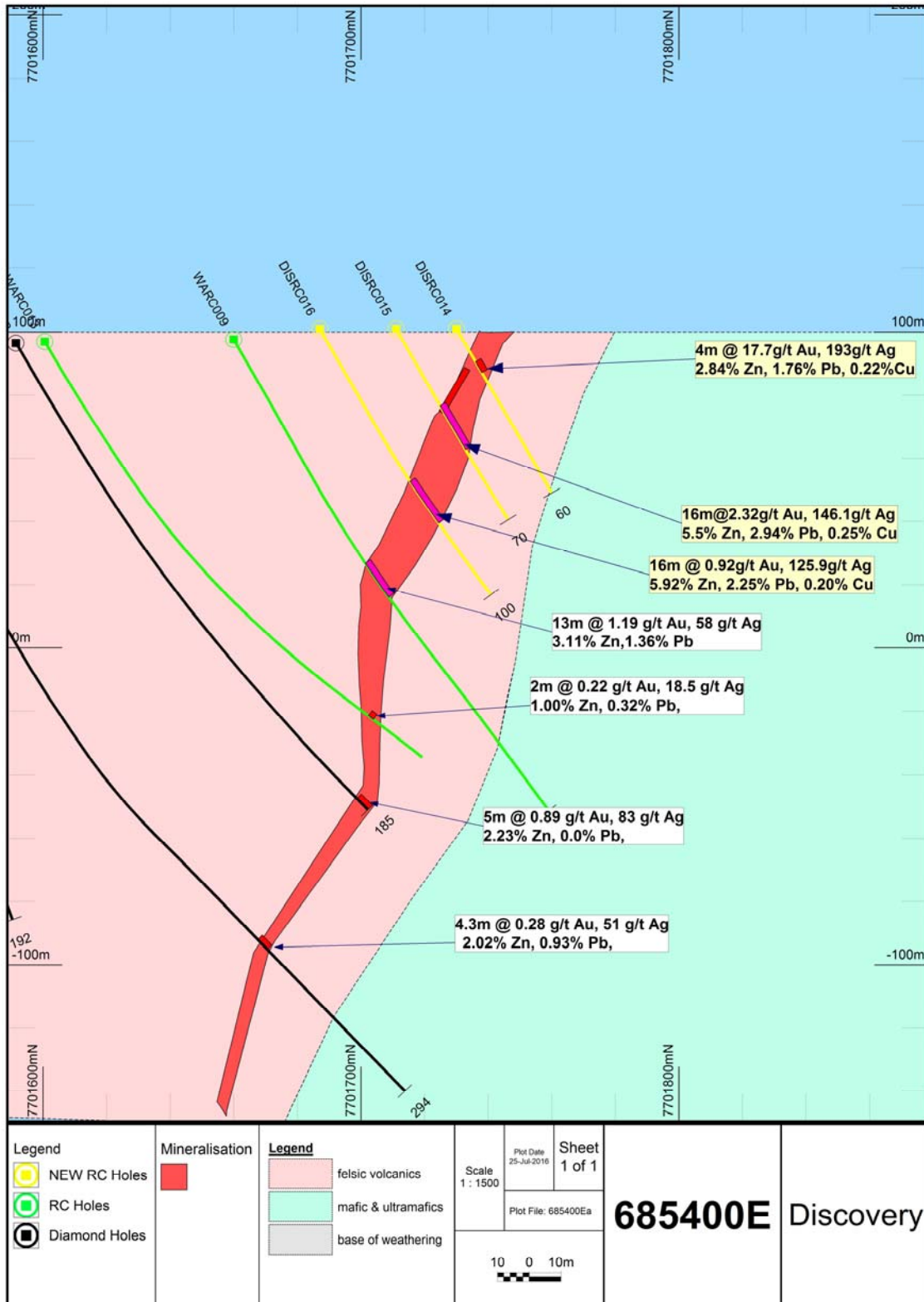
In close proximity to Discovery are the Venturex Resources Ltd owned Sulphur Springs (54km SE), Liberty-Indee (95km W) and Whim Creek (100km W) deposits. The current resources for Sulphur Springs is 12.8Mt @ 1.5% Cu, 4.2% Zn, 0.2% Pb and 17.6g/t Ag and the nearby associated Kangaroo Caves is 3.5Mt @ 0.8% Cu, 6.0% Zn, 0.3% Pb and 15.2g/t Ag. Venturex have reported that a feasibility study is underway with open pit and underground mining being assessed on a reserve of 7.6Mt @ 1.7% Cu, 4.3% Zn, 17.3g/t Ag ([www.venturexresources.com](http://www.venturexresources.com)). Other well-known Western Australian VMS deposits include Degruessa, Jaguar-Teutonic Bore and Golden Grove.

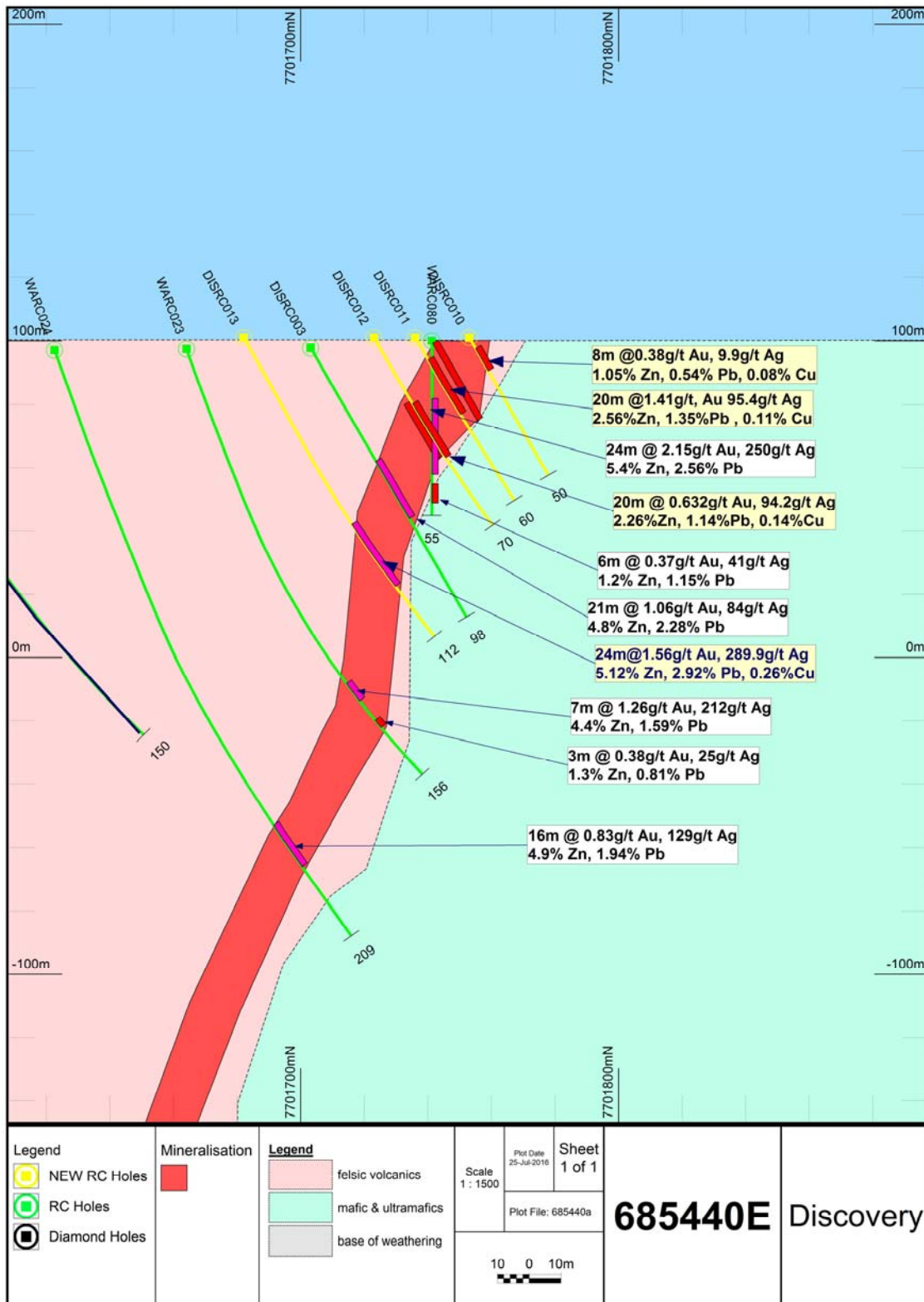


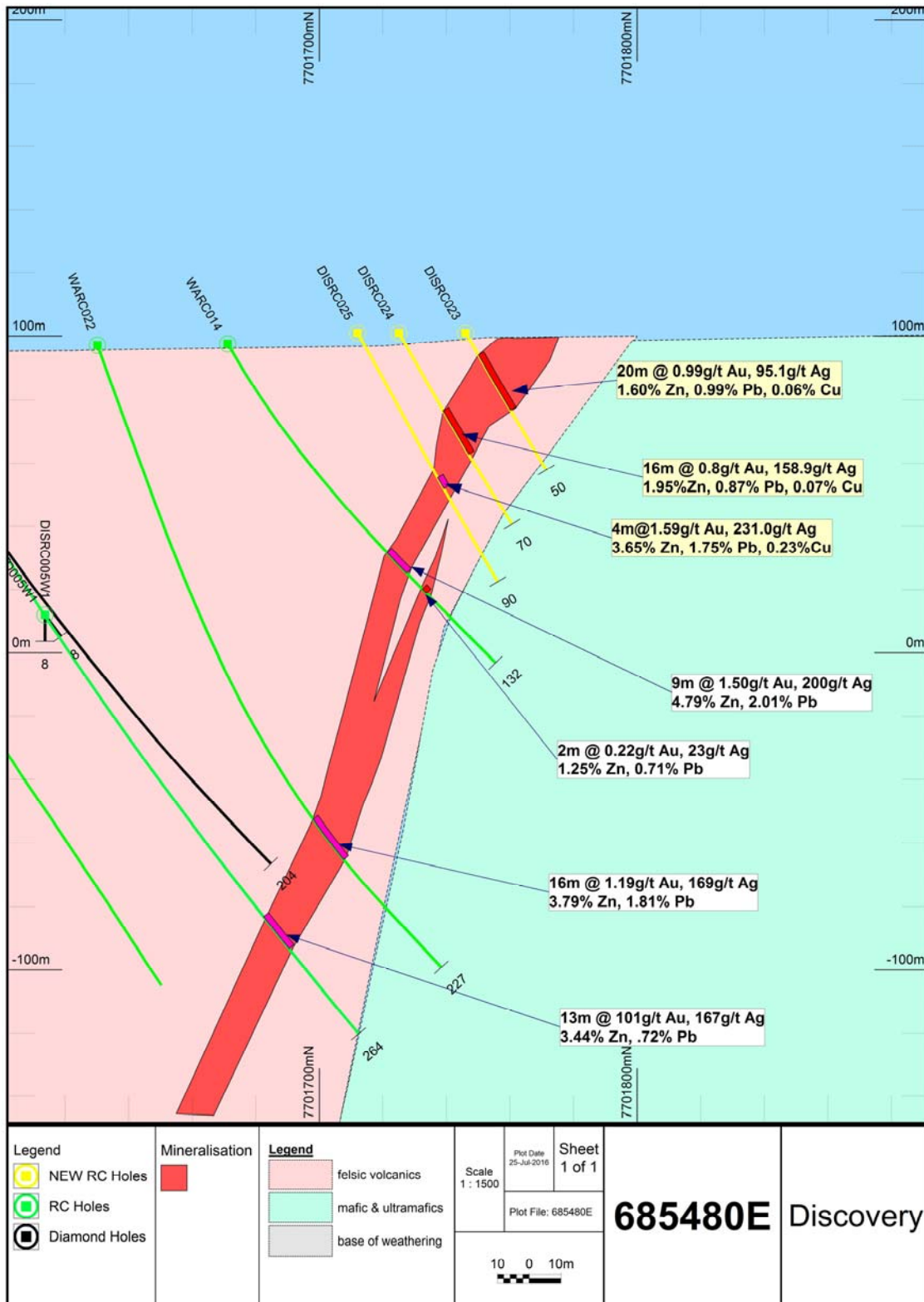
**Figure 2** Discovery cross sections



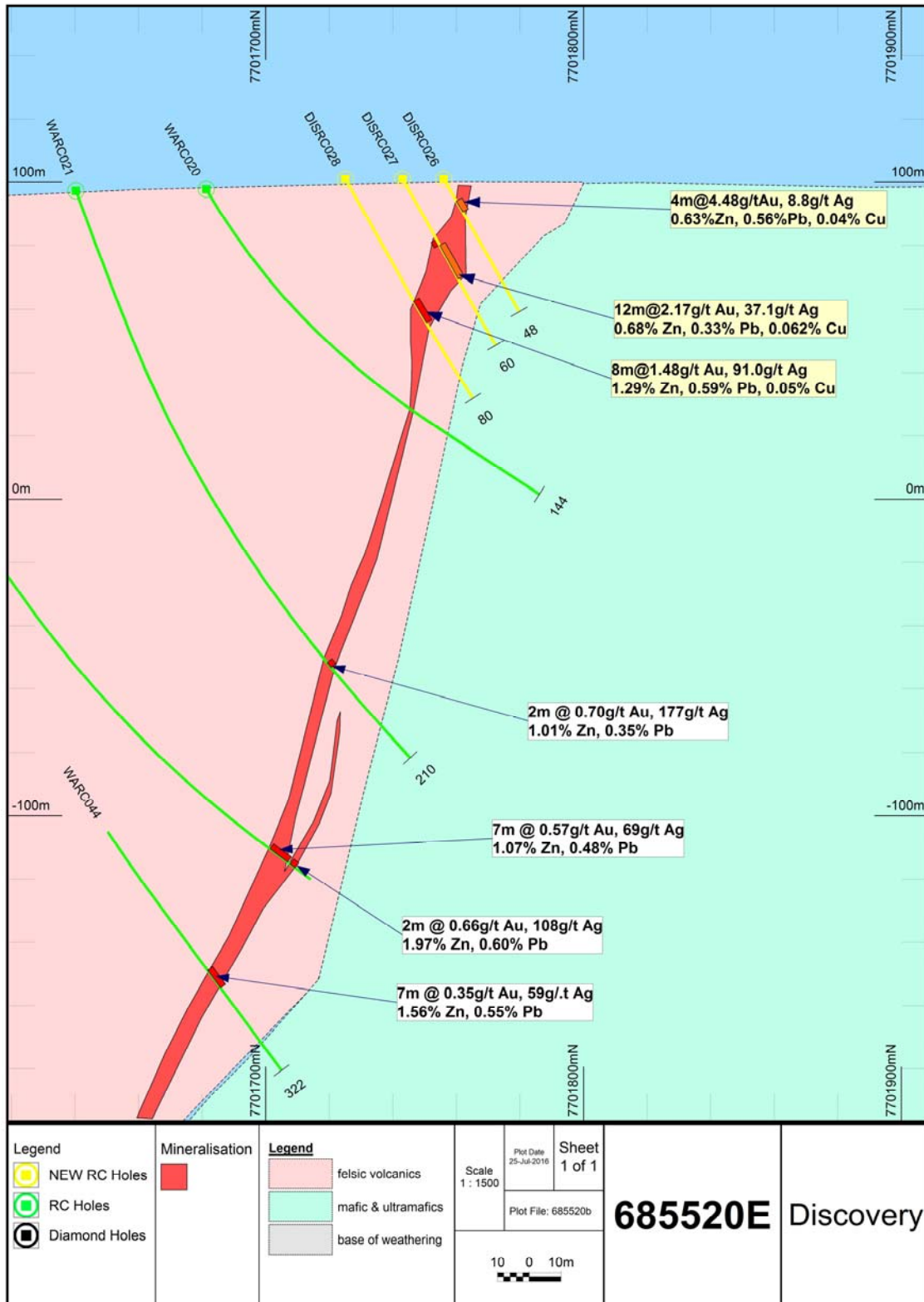


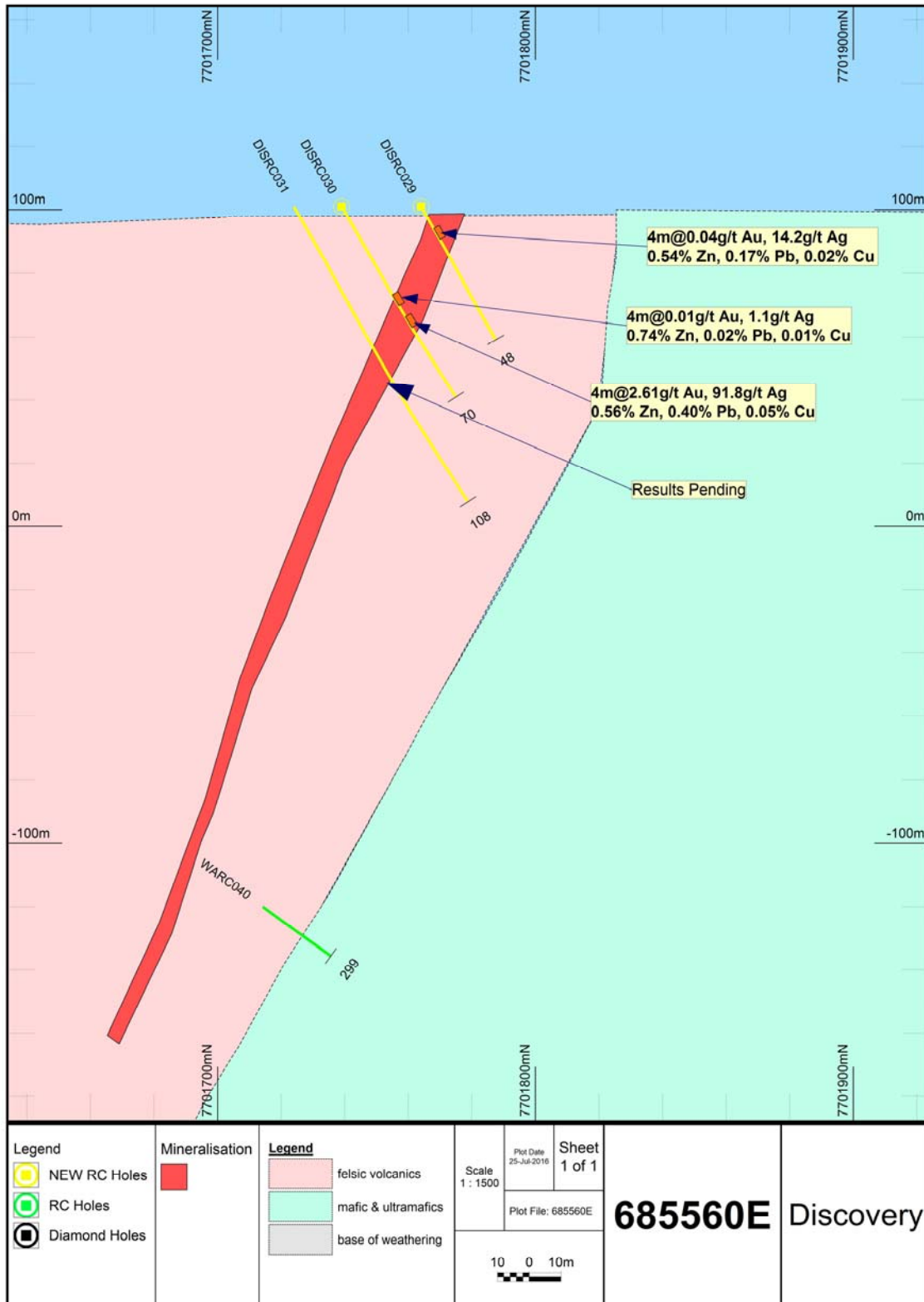


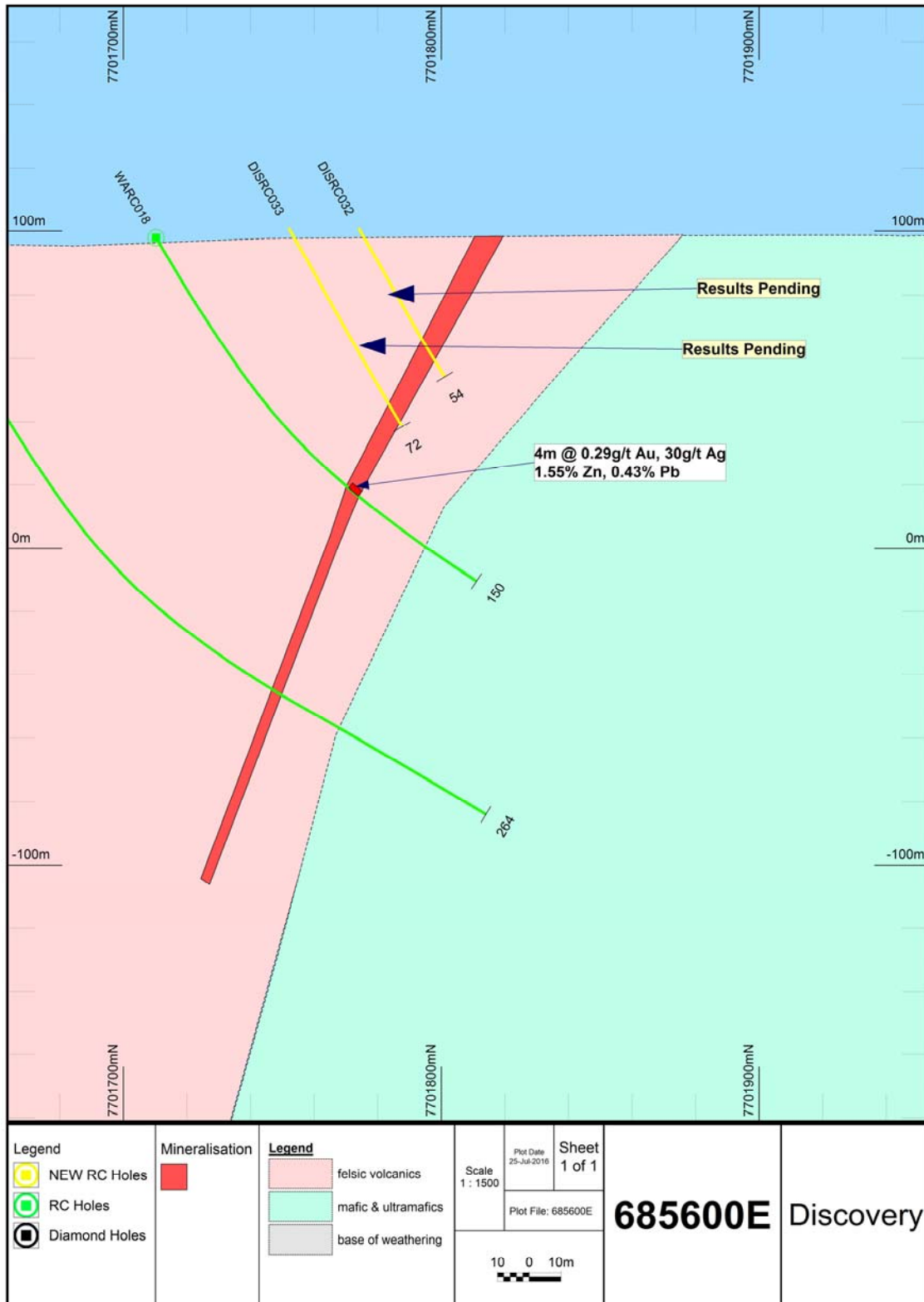














## Path Forward

Whilst the Company remains focussed on the potential to develop its Gold Project, the results reported here show that the Company's VMS mineralisation demands further work. The internal high grade nature of the Discovery deposit is not well defined by the existing resource estimate. The Company now intends to further assess the Discovery deposit with additional diamond drilling for metallurgical testwork and deeper drilling to better define the mineralisation with a particular emphasis on the internal high grade Au-Ag-Zn portions of the deposit and any high grade plunging shoots. This additional programme of drilling will be finalised once all 1m resamples have been received and assessed.

Also as a direct consequence of these encouraging shallow and high grade drilling results further assessment of the nearby VMS style Orchard Tank deposit will also be undertaken, as the deposit is relatively sparsely drilled and a number of high grade drilling intercepts are defined in the shallow supergene blanket and deeper diamond drill holes.

The Company expects the work to be completed to result in an upgraded resource estimate before year end.

## Orchard Tank - Background

At Orchard Tank, previous drilling suggests a shallow 400m long sub-horizontal "supergene" blanket of mineralisation exists above a deeper near vertical and fresh high grade plunging shoot to a depth of over 500m vertical metres. (Fig 3). The shallow mineralisation is defined by only limited wide spaced RC drilling and the deeper high grade shoot shows a range of encouraging high grade intersections. Importantly, the deeper fresh intersections show high value gold and silver results as well as zinc and lead over typically mineable underground widths.

Significant (and previously drilled) Orchard Tank intercepts include:

### Oxide Blanket (over an approximate 400m strike length)

WARC010	9m @ 0.27g/t Au, 181g/t Ag, 4.46% Zn, 2.35% Pb, 0.06% Cu
WARC015	4m @ 0.70g/t Au, 220g/t Ag, 4.10% Zn, 1.91% Pb, 0.10% Cu
WARC049	2m @ 1.22g/t Au, 246g/t Ag, 7.95% Zn, 4.78% Pb, 0.57% Cu
WARC055	4m @ 0.97g/t Au, 156g/t Ag, 4.34% Zn, 2.07% Pb, 0.09% Cu

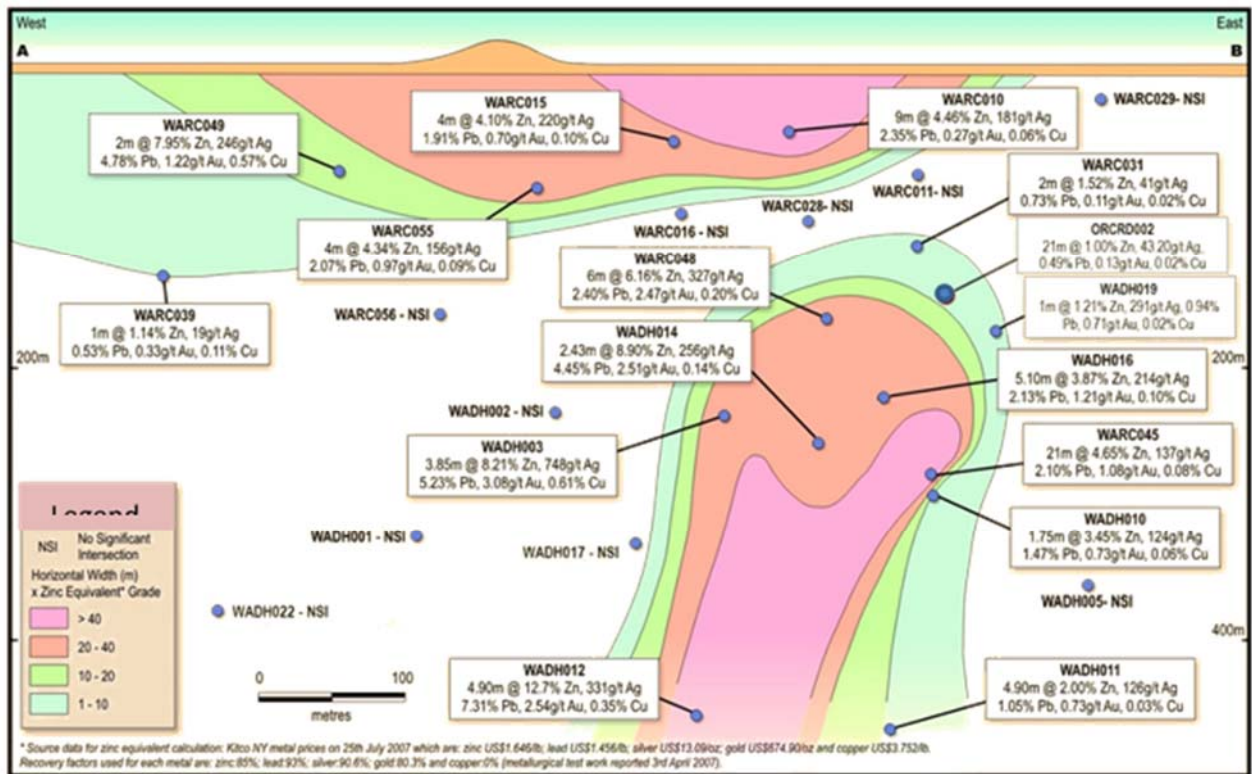
### Fresh Plunging Shoot (to over 500m vertical depth)

WARC045	21m @ 1.08g/t Au, 137g/t Ag, 4.65% Zn, 2.10% Pb, 0.08% Cu
WARC048	6m @ 2.47g/t Au, 327g/t Ag, 6.16% Zn, 2.40% Pb, 0.20% Cu
WADH003	4m @ 0.70g/t Au, 220g/t Ag, 8.21% Zn, 5.23% Pb, 0.10% Cu
WADH010	3.85m @ 3.08g/t Au, 748g/t Ag, 4.10% Zn, 1.91% Pb, 0.61% Cu
WADH011	4.9m @ 0.73g/t Au, 126g/t Ag, 2.00% Zn, 1.05% Pb, 0.03% Cu
WADH012	4.9m @ 2.54g/t Au, 331g/t Ag, 12.7% Zn, 7.31% Pb, 0.35% Cu
WADH016	5.1m @ 1.21g/t Au, 214g/t Ag, 3.87% Zn, 2.13% Pb, 0.10% Cu

(all intersections listed are downhole lengths)



**Fig 3 Orchard Tank Long-section**



## **Summary**

The Company has defined a shallow, high grade Au-Ag-Zn-Pb-Cu high grade oxide resource. It is extremely pleased with this outcome which should add considerable interest to the base and precious metal VMS mineralisation that the Company has previously reported. It adds further project potential for the Company at a time when Zinc in particular is forecast to have a supply/demand imbalance and consequent increasing price.

De Grey awaits final results but will continue to do further work on this project in parallel with its gold project.

**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.*



**Table 2 Full list of intercepts**

**Intercepts (using > 0.5% Zn with including intercept > 3.0% Zn)**

Hole	From (m)	Intercept
DISRC010	4	8m @ 0.38g/t Au, 9.9g/t Ag, 1.05%Zn, 0.54%Pb, 0.08%Cu
DISRC011 including	8 12	20m @ 1.41g/t Au, 95.4g/t Ag, 2.56%Zn, 1.35%Pb, 0.11%Cu 8m @ 2.11g/t Au, 105.2g/t Ag, 3.35%Zn, 1.53%Pb, 0.10%Cu
DISRC012 including	24 24	20m @ 0.63g/t Au, 94.2g/t Ag, 2.26%Zn, 1.14%Pb, 0.14%Cu 8m @ 1.10g/t Au, 172.5g/t Ag, 3.76%Zn, 1.79%Pb, 0.23%Cu
DISRC013 including	68 68	24m @ 1.56g/t Au, 289.9g/t Ag, 5.12%Zn, 2.92%Pb, 0.26%Cu 20m @ 1.82g/t Au, 339.6g/t Ag, 6.00%Zn, 3.40%Pb, 0.31%Cu
DISRC014	12	4m @ 17.70g/t Au, 193.0g/t Ag, 2.84%Zn, 1.76%Pb, 0.22%Cu
DISRC015 including	28 32	16m @ 2.32g/t Au, 146.1g/t Ag, 5.50%Zn, 2.94%Pb, 0.25%Cu 8m @ 1.45g/t Au, 196.0g/t Ag, 8.52%Zn, 4.47%Pb, 0.34%Cu
DISRC016 including	56 56	16m @ 0.92g/t Au, 125.9g/t Ag, 5.92%Zn, 2.25%Pb, 0.20%Cu 8m @ 1.62g/t Au, 207.0g/t Ag, 9.98%Zn, 3.69%Pb, 0.30%Cu
DISRC017		No significant results
DISRC018 including	36 40	8m @ 1.67g/t Au, 123.5g/t Ag, 2.24%Zn, 1.38%Pb, 0.18%Cu 4m @ 1.59g/t Au, 143.0g/t Ag, 3.45%Zn, 1.68%Pb, 0.19%Cu
DISRC019	72	4m @ 0.57g/t Au, 79.8g/t Ag, 1.54%Zn, 0.87%Pb, 0.18%Cu
DISRC020	48	4m @ 0.97g/t Au, 114.0g/t Ag, 4.46%Zn, 1.93%Pb, 0.24%Cu
DISRC021		No significant results
DISRC022	68	4m @ 0.36g/t Au, 60.1g/t Ag, 2.82%Zn, 1.57%Pb, 0.08%Cu
DISRC023	8	20m @ 0.99g/t Au, 95.1g/t Ag, 1.60%Zn, 0.98%Pb, 0.06%Cu
DISRC024 including	28 32	16m @ 0.80g/t Au, 158.9g/t Ag, 1.95%Zn, 0.87%Pb, 0.07%Cu 4m @ 2.04g/t Au, 412g/t Ag, 5.32%Zn, 2.23%Pb, 0.135%Cu
DISRC025	52	4m @ 1.59g/t Au, 231.0g/t Ag, 3.65%Zn, 1.75%Pb, 0.23%Cu
DISRC026	8	4m @ 4.48g/t Au, 8.8g/t Ag, 0.63%Zn, 0.56%Pb, 0.04%Cu
DISRC027	24	12m @ 2.17g/t Au, 37.1g/t Ag, 0.68%Zn, 0.33%Pb, 0.06%Cu
DISRC028	44	8m @ 1.48g/t Au, 91.0g/t Ag, 1.29%Zn, 0.59%Pb, 0.05%Cu
DISRC029	8	4m @ 0.04g/t Au, 14.2g/t Ag, 0.54%Zn, 0.17%Pb, 0.02%Cu
DISRC030	32 40	4m @ 0.01g/t Au, 1.1g/t Ag, 0.74%Zn, 0.02%Pb, 0.01%Cu 4m @ 2.61g/t Au, 91.8g/t Ag, 0.56%Zn, 0.40%Pb, 0.05%Cu
DISRC031		Results pending
DISRC032		Results pending
DISRC033		Results pending



**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
<b>Sampling techniques</b>	<ul style="list-style-type: none"> <li>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.</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>All drilling and sampling was undertaken in an industry standard manner</li> <li>All holes sampled on a nominal 4m basis over the entire length of the hole. The 4m composite samples were submitted for analyses</li> <li>All holes were also sampled on a nominal 1m basis. These 1m samples have been stored on site and will be selectively resampled based on mineralised zones defined by the 4m composite sample results</li> <li>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</li> <li>Each 4m and 1m sample ranges from a typical 3-4kg</li> <li>The independent laboratory then takes the sample and pulverises the entire sample for analysis as described below</li> </ul>
<b>Drilling techniques</b>	<ul style="list-style-type: none"> <li>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.).</li> </ul>	<ul style="list-style-type: none"> <li>All drill holes are Reverse Circulation(RC) with a 5 1/2-inch bit and face sampling.</li> </ul>
<b>Drill sample recovery</b>	<ul style="list-style-type: none"> <li>Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>All samples were visually assessed for recovery.</li> <li>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.</li> <li>No sample bias is observed</li> </ul>
<b>Logging</b>	<ul style="list-style-type: none"> <li>Whether core and chip samples have been geologically and geotechnically</li> </ul>	<ul style="list-style-type: none"> <li>Company geologist logged each hole and supervised all sampling.</li> </ul>





Criteria	JORC Code explanation	Commentary
	<p><i>logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i></p> <ul style="list-style-type: none"> <li><i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</i></li> <li><i>The total length and percentage of the relevant intersections logged.</i></li> </ul>	<ul style="list-style-type: none"> <li>The sample results would be appropriate and support for a resource estimation.</li> </ul>
<p><b>Sub-sampling techniques and sample preparation</b></p>	<ul style="list-style-type: none"> <li><i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></li> <li><i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i></li> <li><i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></li> <li><i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></li> <li><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></li> <li><i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></li> </ul>	<ul style="list-style-type: none"> <li>The sampling of the RC sample was rotary split via the rig cyclone and sampled on a 1m and 4m composite basis.</li> <li>Duplicate samples were taken approximately every 40 samples and independent standards were inserted approximately every 20 samples</li> <li>The samples are considered representative and appropriate for this type of drilling and for use in a future resource estimate.</li> </ul>
<p><b>Quality of assay data and laboratory tests</b></p>	<ul style="list-style-type: none"> <li><i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></li> <li><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></li> <li><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></li> </ul>	<ul style="list-style-type: none"> <li>The samples were submitted to a commercial independent laboratory in Perth, Australia.</li> <li>Each sample was dried, crushed and entire sample pulverised.</li> <li>Au was analysed by a 50gm charge Fire assay fusion technique with a AAs finish</li> <li>Cu, Ni, Zn, Pb, Ag were analysed by a 4 acid digest with ICP-AES finish</li> <li>The techniques are considered quantitative in nature.</li> <li>As discussed previously standards and duplicates samples were inserted by the Company and the laboratory also carries out internal standards in each individual batches</li> <li>The standards and duplicates were considered satisfactory</li> <li>Additional 1m resamples will also be analysed based on the anomalous zones of the 4m sampling.</li> </ul>
<p><b>Verification of sampling and assaying</b></p>	<ul style="list-style-type: none"> <li><i>The verification of significant intersections by either independent or alternative company personnel.</i></li> <li><i>The use of twinned holes.</i></li> <li><i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></li> <li><i>Discuss any adjustment to assay data.</i></li> </ul>	<ul style="list-style-type: none"> <li>The assay results have been checked by two independent company geologists.</li> <li>Additional 1m resampling will also be undertaken in the immediate future which will provide an additional layer of checking of the anomalous mineralised zones</li> <li>No adjustments have been made.</li> <li>Results are on a length weighted basis</li> </ul>



Criteria	JORC Code explanation	Commentary
<b>Location of data points</b>	<ul style="list-style-type: none"> <li>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.</li> <li>Specification of the grid system used.</li> <li>Quality and adequacy of topographic control.</li> </ul>	<ul style="list-style-type: none"> <li>Drill hole locations are located by hand held GPS to an accuracy of +/-3m.</li> <li>Locations are to GDA94 Zone 50</li> <li>Diagrams and location table are provided in the report</li> </ul>
<b>Data spacing and distribution</b>	<ul style="list-style-type: none"> <li>Data spacing for reporting of Exploration Results.</li> <li>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.</li> <li>Whether sample compositing has been applied.</li> </ul>	<ul style="list-style-type: none"> <li>The RC drilling is on a nominal 40m x 40m basis.</li> <li>All holes have been geologically logged and provide a strong basis for geological control and continuity of mineralisation</li> <li>Sample result and logging will provide strong support for the results to be used in a resource estimate</li> <li>The samples are 4m composite field samples. Additional 1m resampling will be carried out after all results received.</li> </ul>
<b>Orientation of data in relation to geological structure</b>	<ul style="list-style-type: none"> <li>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The drilling is considered to be perpendicular to the mineralised trend and therefore the sampling is considered representative of the mineralised zone.</li> </ul>
<b>Sample security</b>	<ul style="list-style-type: none"> <li>The measures taken to ensure sample security.</li> </ul>	<ul style="list-style-type: none"> <li>Samples were collected by company personnel, and transported to contract transport company and taken direct to the laboratory</li> </ul>
<b>Audits or reviews</b>	<ul style="list-style-type: none"> <li>The results of any audits or reviews of sampling techniques and data.</li> </ul>	<ul style="list-style-type: none"> <li>Two independent company geologist have reviewed the results</li> <li>The database geologist has reviewed the standards and duplicates</li> </ul>

## Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
<b>Mineral tenement and land tenure status</b>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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)</li> </ul>



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<b>Exploration done by other parties</b>	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<b>Geology</b>	<ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>	<ul style="list-style-type: none"> <li>The mineralisation targeted is VMS style precious and base metals mineralisation and is similar in style to many other Western Australian deposits.</li> </ul>
<b>Drill hole Information</b>	<ul style="list-style-type: none"> <li>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:               <ul style="list-style-type: none"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length.</li> </ul> </li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Drill hole location and plan provided in the report.</li> </ul>
<b>Data aggregation methods</b>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	<ul style="list-style-type: none"> <li>Results are on a length weighted basis</li> <li>No maximum cuts have been made</li> <li>Intersections are based on a nominal 0.5% Zn interval with higher grade intervals based on a 3% Zn basis.</li> </ul>
<b>Relationship between mineralisation widths and intercept lengths</b>	<ul style="list-style-type: none"> <li>These relationships are particularly important in the reporting of Exploration Results.</li> <li>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>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').</li> </ul>	<ul style="list-style-type: none"> <li>The drill holes are interpreted to be perpendicular to the mineralisation.</li> <li>True width as interpreted to be approximately 60-70% of downhole intervals</li> </ul>



Criteria	JORC Code explanation	Commentary
<b>Diagrams</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Plans and section are provided in the report</li> </ul>
<b>Balanced reporting</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>This report provides the initial 4m composite samples of 21 of 24 holes drill at the prospect.</li> <li>The report is considered balanced and provided in context.</li> </ul>
<b>Other substantive exploration data</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Drilling is located in the oxide portion of the existing resource and provides greater detail which should enable a revised resource estimate in the future</li> <li>The existing resource estimate was completed by De Grey Mining</li> </ul>
<b>Further work</b>	<ul style="list-style-type: none"> <li>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>	<ul style="list-style-type: none"> <li>De Grey is currently finalising 1m sampling of the mineralised intervals derived from this 4m composite sampling and will report these results in due course.</li> <li>The company is considering further drilling in light of these significant results.</li> </ul>