



De Grey Mining Ltd

ASX Announcement
20 July 2016

First diamond hole intersects target zone at Wingina Deeps

Highlights

ASX Code DEG

ABN 65 094 206 292

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- First diamond drill hole intersects 94m (downhole) zone of the target Chert/BIF host sequence
- Sequence correlates well with the expected Footwall Lode position
- Strong 70m (downhole) alteration zone occurs within the sequence with variable sulphide veining dominated by pyrrhotite (see photos)
- Drill intersection located approximately 75m down plunge within the Footwall Lode and beyond the current resource estimate
- Assay results expected in early August 2016

Examples of pyrrhotite veining and alteration within the Chert sequence



(width of core is 5cm in each photo)

De Grey Executive Chairman, Mr. Simon Lill, said:

“This is De Grey’s first look at the sulphide rich mineralisation in fresh bedrock. We are very encouraged by the intensity of veining and thickness of the host sequence. We look forward to the assay results and in the meantime, we are continuing with the diamond drilling program at Wingina.”



De Grey Mining Ltd (ASX: DEG, “De Grey”, “Company”) is pleased to advise that the Wingina Deeps diamond drilling program is progressing as planned with the first hole completed to a depth of 516.8m. This hole has successfully intersected the target host units (BIF /Chert sequence) approximately 75m down plunge from the nearest previous hole. A follow-up daughter hole is now planned to intersect the BIF/Chert sequence further down plunge.

This initial diamond hole, WRC211D, intersected fresh Banded Iron Formation (BIF) from 371m to 396m (downhole) and then the folded Chert sequence from 396m to 465m (downhole). The oblique nature of the drill hole results in an estimated combined true width of approximately 50m.

The BIF/Chert sequence is overprinted by variable sulphide alteration between 395m to 465m (downhole) with pyrrhotite being the dominant sulphide mineral. The sulphides occur as variable zones of veining over numerous intervals ranging from between 1 to 14m. These encouraging fresh sulphides zones are interpreted to correlate to the oxidised ferruginous zones seen in previous drilling within the Footwall Lode.

Pyrrhotite veining and alteration within the Chert sequence



Detailed geological logging and sampling of the drill core is currently underway with samples expected to be transported to the laboratory by the end of this week and assay results expected over the next few weeks.

On-going Drilling

Drilling continues with a shallow diamond hole targeting the oxidised high grade gold zone within plunging Central Shoot of the Footwall Lode. This hole aims to provide structural and geological information in an area of thickened lode development associated with high gold grade mineralisation.

On completion of this second hole and as mentioned above a daughter hole will commence off hole WRC211D targeting a second intersection of the Footwall Lode down plunge.

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.

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
WDH008	664835	7694210	84.00	323	-70	drilling underway

GDA94, Zone 50



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 (eg 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 (eg '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 (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> Drill hole is yet to be sampled and assayed. Company intends to complete sampling and assaying in the near future.
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg 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 pre-collar to 107.6m followed by HQ core to m 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 known currently as sampling is currently underway.
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically 	<ul style="list-style-type: none"> Geological logging and sampling is currently underway



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"> • <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> 	
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> 	<p>The sampling of the core will be half core over a nominal sample interval of 1m, except where individual samples are cut to geological boundaries.</p>
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 (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i> 	<ul style="list-style-type: none"> • Sampling currently underway and assay results are yet to be finalised.
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</i> 	<ul style="list-style-type: none"> • Sampling currently underway and assay results are yet to be finalised.



Criteria	JORC Code explanation	Commentary
	<i>data.</i>	
Location of data points	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Drill hole locations are located by hand held GPS to an accuracy of +/-3m.
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 will be half core over a nominal sample interval of 1m, except where individual samples are cut to geological boundaries.
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 will be 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 interested true widths are indicated in the report.
Sample security	<ul style="list-style-type: none"> • The measures taken to ensure sample security. 	<ul style="list-style-type: none"> • Sampling currently underway and assay results are yet to be finalised.
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"> • Sampling currently underway and assay results are yet to be finalised.

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 licence 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).



Criteria	JORC Code explanation	Commentary
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. 	<p>The mineralisation targeted is hydrothermally emplaced and BIF /Chert hosted gold mineralisation and is similar in style to many other Western Australian gold deposits.</p>
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: <ul style="list-style-type: none"> 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 (eg 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"> Sampling currently underway and assay results are yet to be finalised.
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 (eg 'down hole length, true width not known'). 	<ul style="list-style-type: none"> The drill hole is oblique to the host stratigraphy and interested true widths are indicated in the report. Sampling currently underway and assay results are yet to be finalised.



Criteria	JORC Code explanation	Commentary
Diagrams	<ul style="list-style-type: none"> • <i>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.</i> 	<ul style="list-style-type: none"> • Sampling currently underway and assay results are yet to be finalised.
Balanced reporting	<ul style="list-style-type: none"> • <i>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.</i> 	<ul style="list-style-type: none"> • This report provides the initial observation of alteration zones including visual sulphide development. • Sampling currently underway and assay results are yet to be finalised.
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.
Further work	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (eg 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 currently finalising sampling of this drill hole and further drilling is continuing as planned. The majority of this planned drilling is focused on resource extensions at depth.