



DE GREY
MINING LTD

Pilbara Gold Project, Western Australia

***Open Pit Development Opportunity
Scoping Study nearing completion***

ASX Code : DEG

May 2017

Andy Beckwith

De Grey Corporate Snapshot ASX: DEG



De Grey	
Ordinary Shares	DEG: 201.3M
Options	Listed DEGO: 23.6M @ \$0.10 (30 Nov 2018) Unlisted: 2.1M @ \$0.08 (25 Nov 2017) 5.0M @ \$0.058 (6 Sept 2017) 7.4M @ \$0.10 (30 Nov 2018) 23.9M @ \$0.04 (10 June 2019)
Market Cap	\$10.0 million @ \$0.05
Cash (Dec 2016)	~\$2.1M, no debt
Enterprise Value	\$7.9M (\$7.9/oz including Turner River and Indee Gold)

Board & Management	
Simon Lill	Exec Chairman
Davide Bosio	Non-Exec Director
Steve Morris	Non-Exec Director
Craig Nelmes	Company Secretary
Andy Beckwith Phil Tornatora	Operations/Geology

Competent Persons Statement

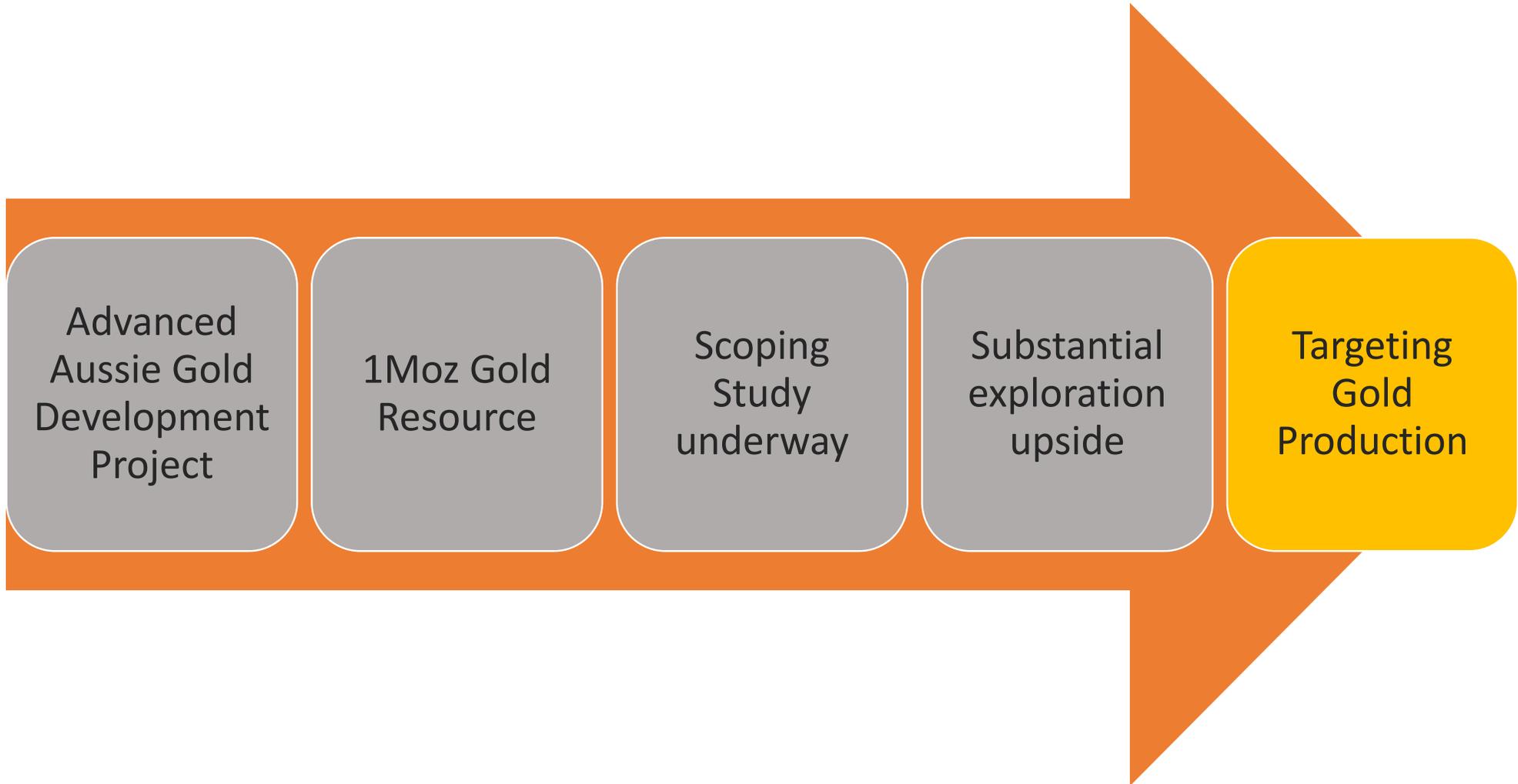
The information in this report that relates to **Exploration Results for the Turner River Project and Indee Gold Project** is based on, and fairly represents information and supporting documentation compiled by Mr Philip Tornatora, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. Mr Tornatora is a consultant to De Grey Mining Limited. Mr Tornatora 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 Tornatora consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The Information in this report that relates to **Mineral Resources for the Turner River and Indee Gold Projects** is based on information compiled by Mr Paul Payne, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Payne is a full-time employee of Payne Geological Services. Mr Payne 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 Resources and Ore Reserves". Mr Payne consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

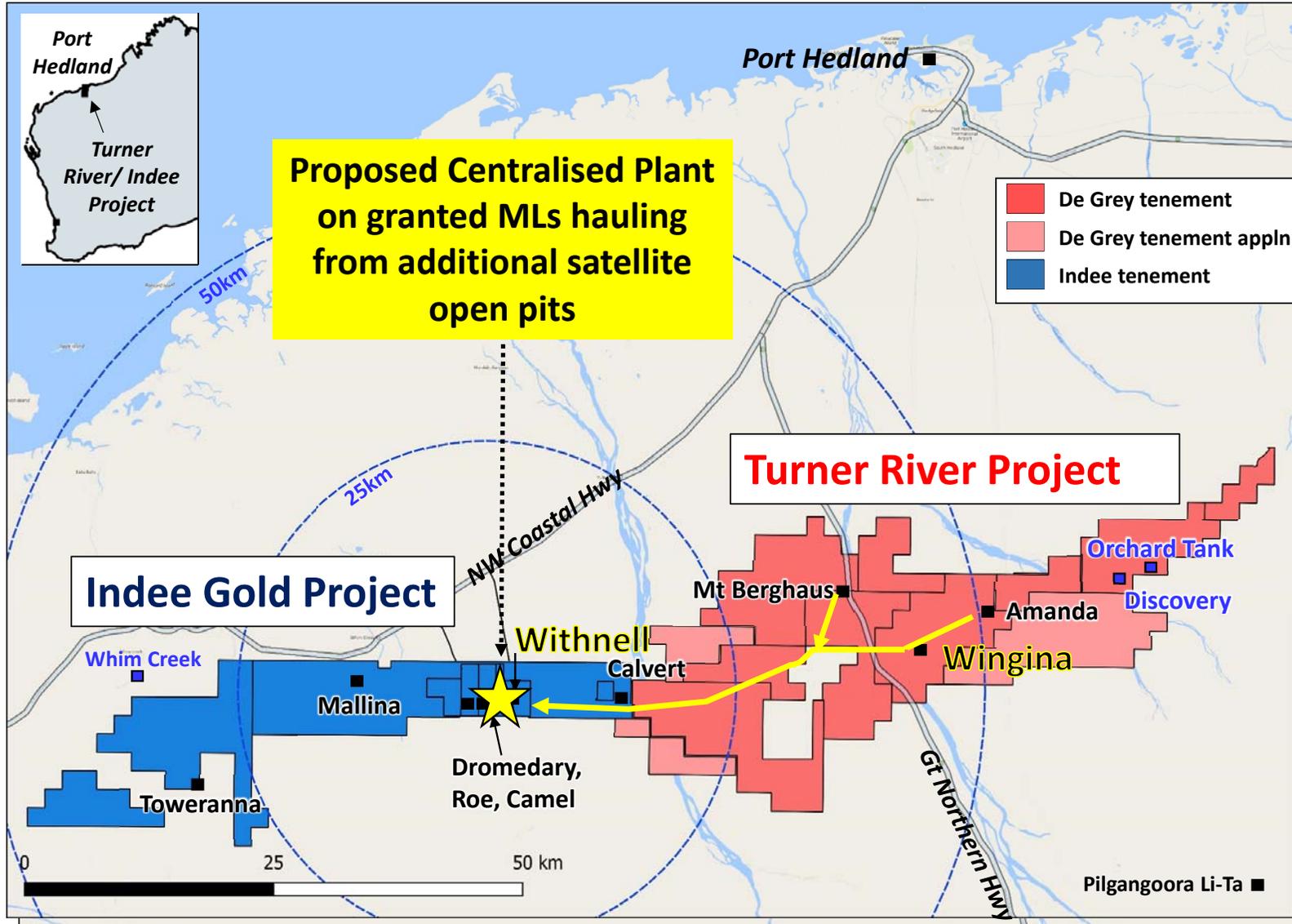
Forward Looking Statements

Statements regarding De Grey's plans with respect to the mineral properties, resource reviews, programmes, economic studies and future development are forward-looking statements. There can be no assurance that De Grey's plans for development of its mineral properties will proceed any time in the future. There can also be no assurance that De Grey will be able to confirm the presence of additional mineral resources/reserves, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of De Grey's mineral properties.

De Grey aims to be a Gold Producer



Pilbara Gold Project near Port Hedland



Advanced Gold Development Project



➤ **Pilbara Gold Project**

- **Total Resource: 18.8Mt @ 1.7g/t Au for 1.0Moz (54% M&I)**
- **665,000oz in 2 main deposits:**
 - ❖ **Withnell 377,300oz (M&I 200,700oz)**
 - ❖ **Wingina 287,700oz (M&I 216,000oz)**
- **All deposits amenable to open pit mining with mineralisation from surface**
- **Underground mining potential with high grade plunging shoots**
- **Brownfields - 2 shallow historical open pits to only 25m and 45m deep**
- **Greenfields new deposits**
- **Excellent exploration upside**



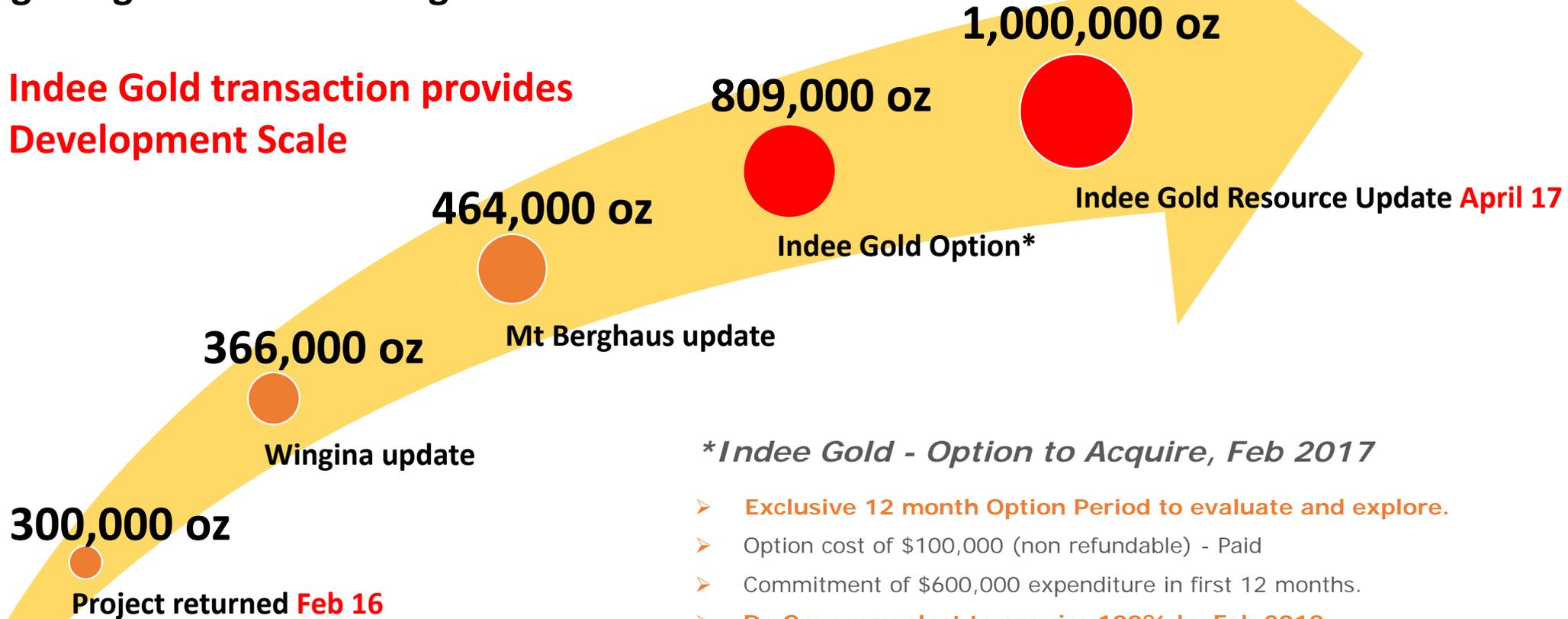
Camel 1 shallow open pit (~25m deep)

Resource Growth over last 15 months



Organic growth and strategic transaction

➤ **Indee Gold transaction provides Development Scale**



**Indee Gold - Option to Acquire, Feb 2017*

- **Exclusive 12 month Option Period to evaluate and explore.**
- Option cost of \$100,000 (non refundable) - Paid
- Commitment of \$600,000 expenditure in first 12 months.
- **De Grey may elect to acquire 100% by Feb 2018**
- Payment by Aug 2018
- Final acquisition cost of \$15M

Pilbara Project Resources



Indee Project Mineral Resources

Deposit	Measured			Indicated			Inferred			Total		
	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz
Calvert				0.99	1.3	41,700	0.28	1.2	10,700	1.27	1.3	52,400
Camel	0.14	3.1	14,000	0.29	2.9	26,700	0.31	1.7	16,700	0.74	2.4	57,400
Roe	0.04	2.8	3,700	0.12	3.0	11,300	0.22	2.0	14,200	0.38	2.4	29,300
Dromedary	0.10	2.2	7,200	0.06	1.6	3,200	0.12	1.7	6,900	0.29	1.9	17,200
Withnell above -100mRL	1.02	1.3	44,100	2.77	1.7	153,800	1.11	1.6	57,800	4.90	1.6	255,700
Withnell Below -100mRL				0.02	4.9	2,800	1.45	2.5	118,900	1.47	2.6	121,600
Hester							0.10	1.5	4,800	0.10	1.5	4,800
TOTAL	1.31	1.6	69,000	4.24	1.8	239,500	3.60	2.0	229,900	9.15	1.8	538,400

Higher grade sweeteners

Main Deposits

Turner River Project Mineral Resources

Deposit	Measured			Indicated			Inferred			Total		
	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz
Wingina	3.08	1.7	172,700	0.99	1.4	43,300	1.42	1.6	71,700	5.49	1.6	287,700
Mt Berghaus				0.21	1.8	12,300	3.30	1.2	128,500	3.52	1.2	140,800
Amanda							0.69	1.6	35,400	0.69	1.6	35,400
TOTAL	3.08	1.7	172,700	1.20	1.4	55,600	5.41	1.4	235,600	9.69	1.5	463,900

Main Deposits

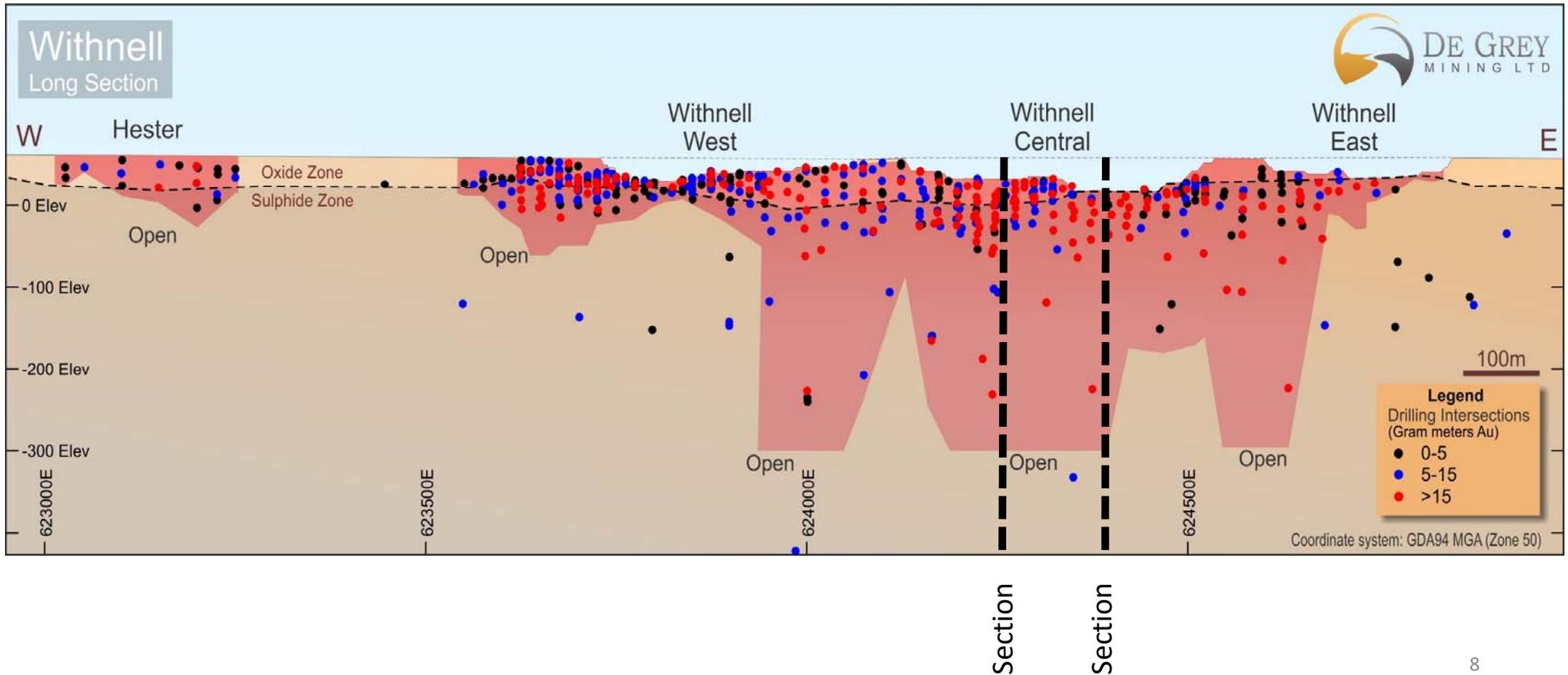
Total Mineral Resources

Deposit	Measured			Indicated			Inferred			Total		
	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz
TOTAL	4.39	1.7	241,700	5.44	1.7	295,100	9.01	1.6	465,500	18.84	1.7	1,002,300

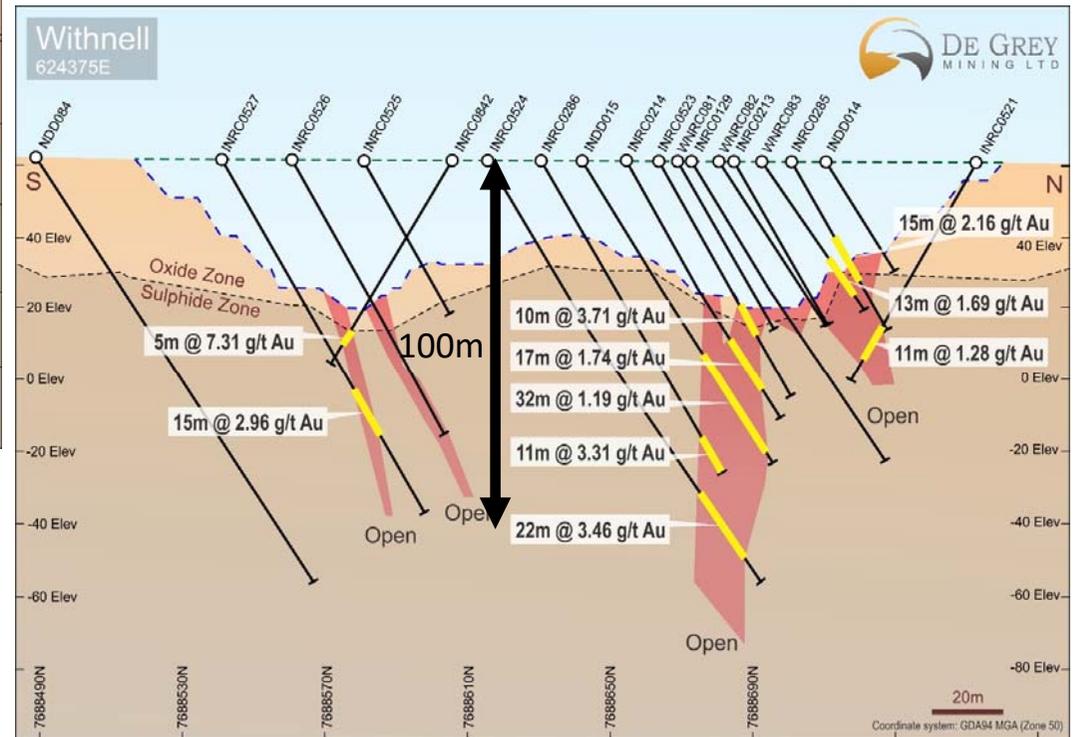
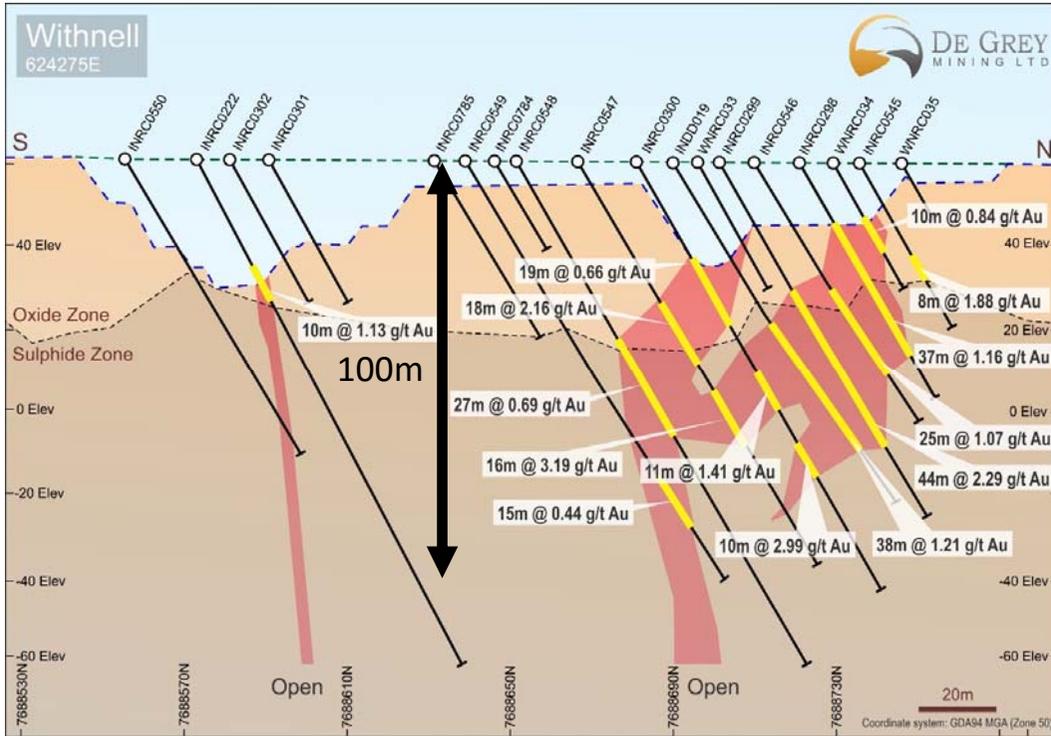
Pilbara Project Resources - Withnell 377Koz



Note: Well drilled to generally Measured & Indicated Categories in shallow open pit areas to ~150Vm



Pilbara Project Resources – Withnell 377Koz

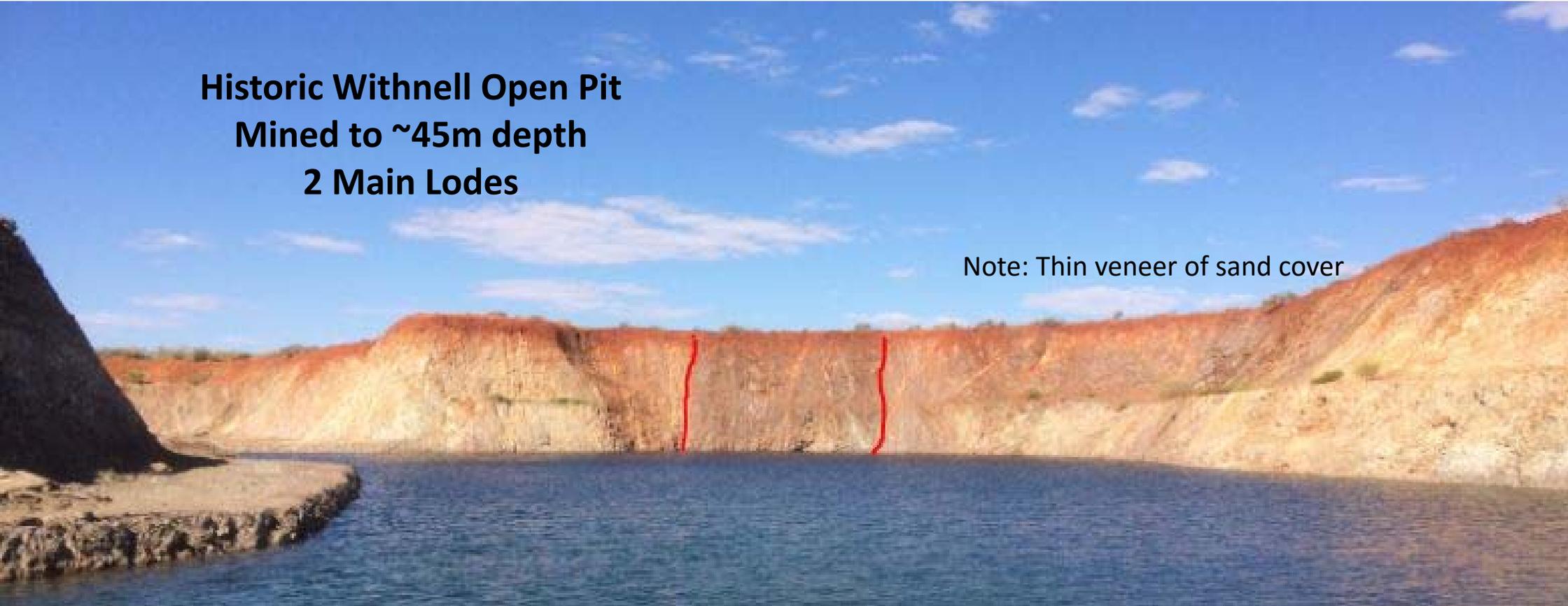


Pilbara Project Resources - Withnell

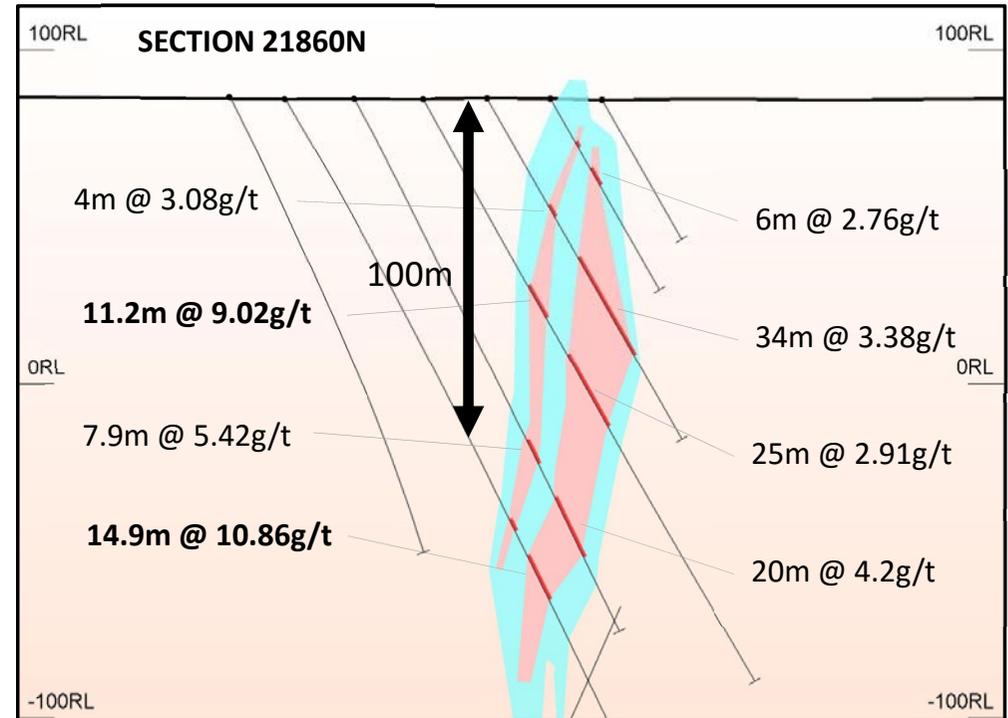
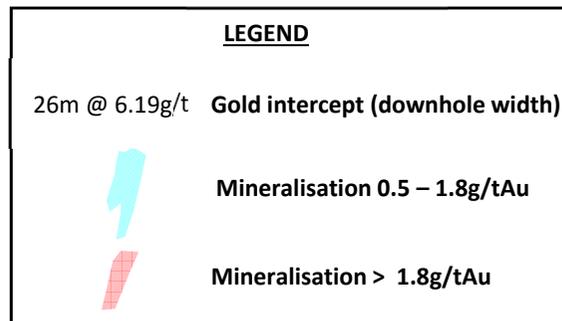
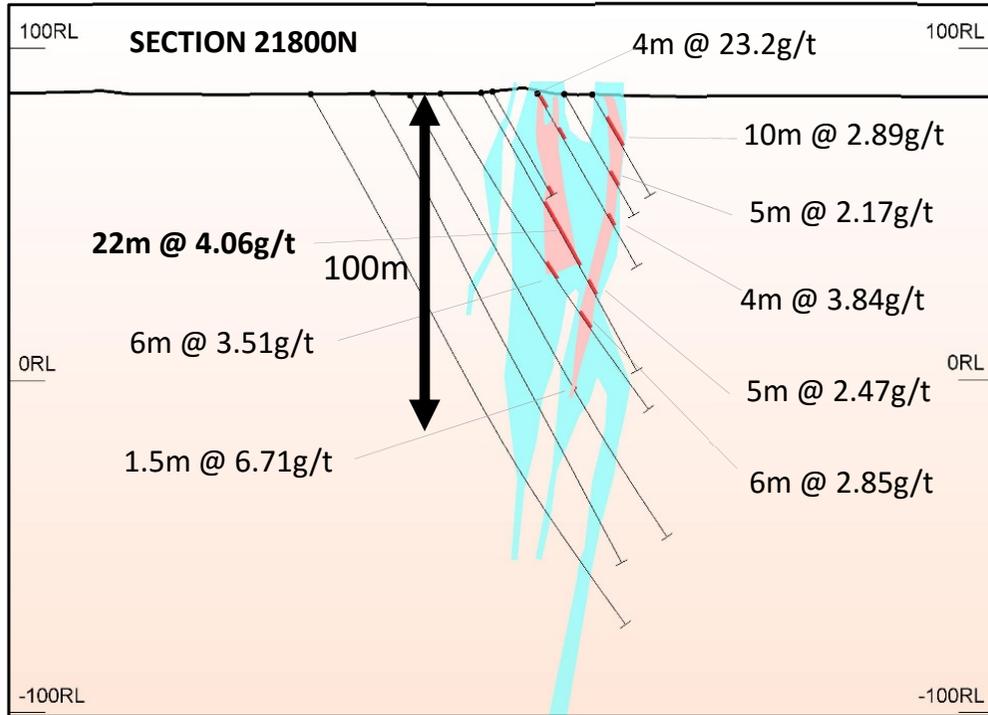


**Historic Withnell Open Pit
Mined to ~45m depth
2 Main Lodes**

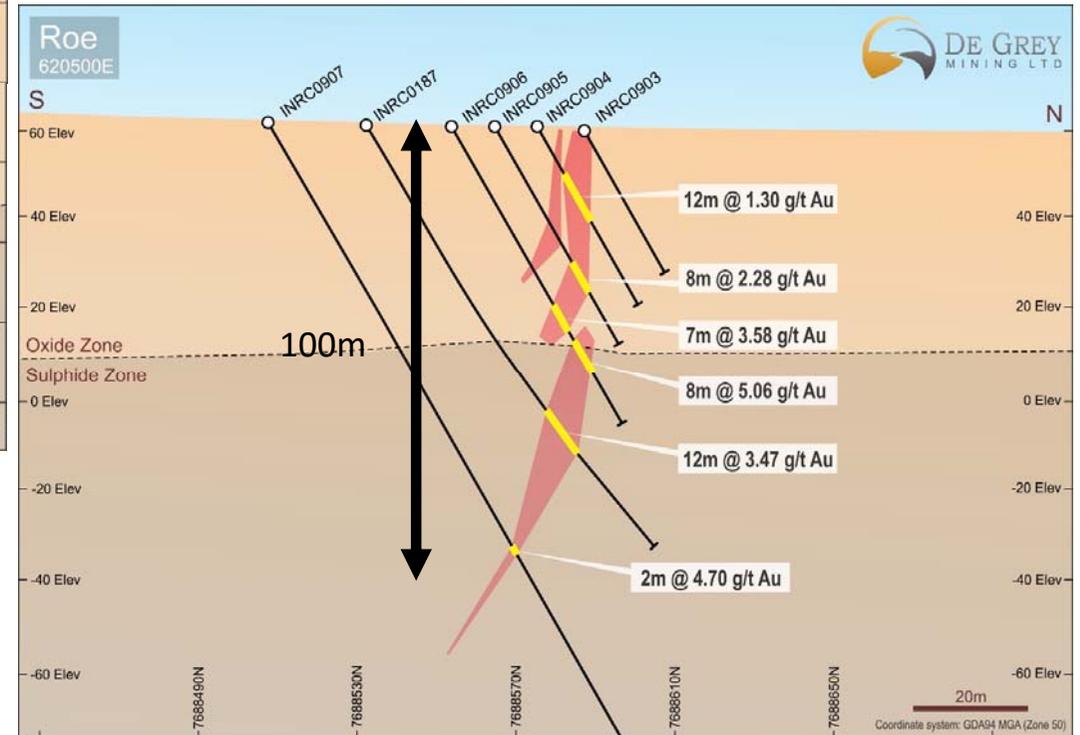
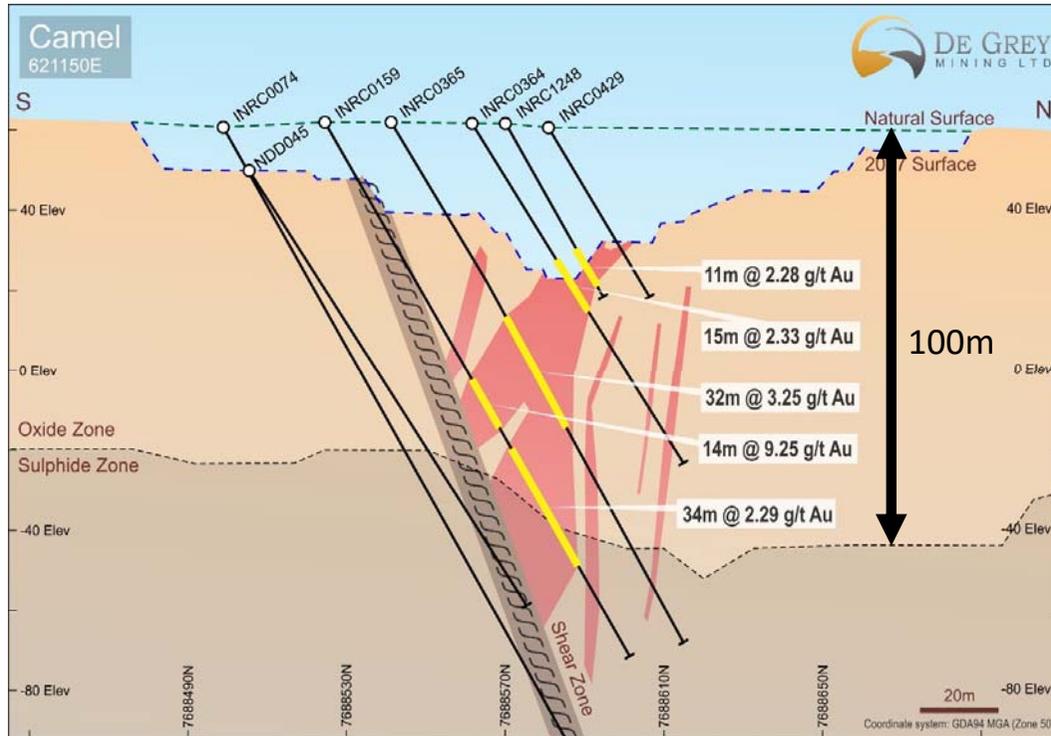
Note: Thin veneer of sand cover



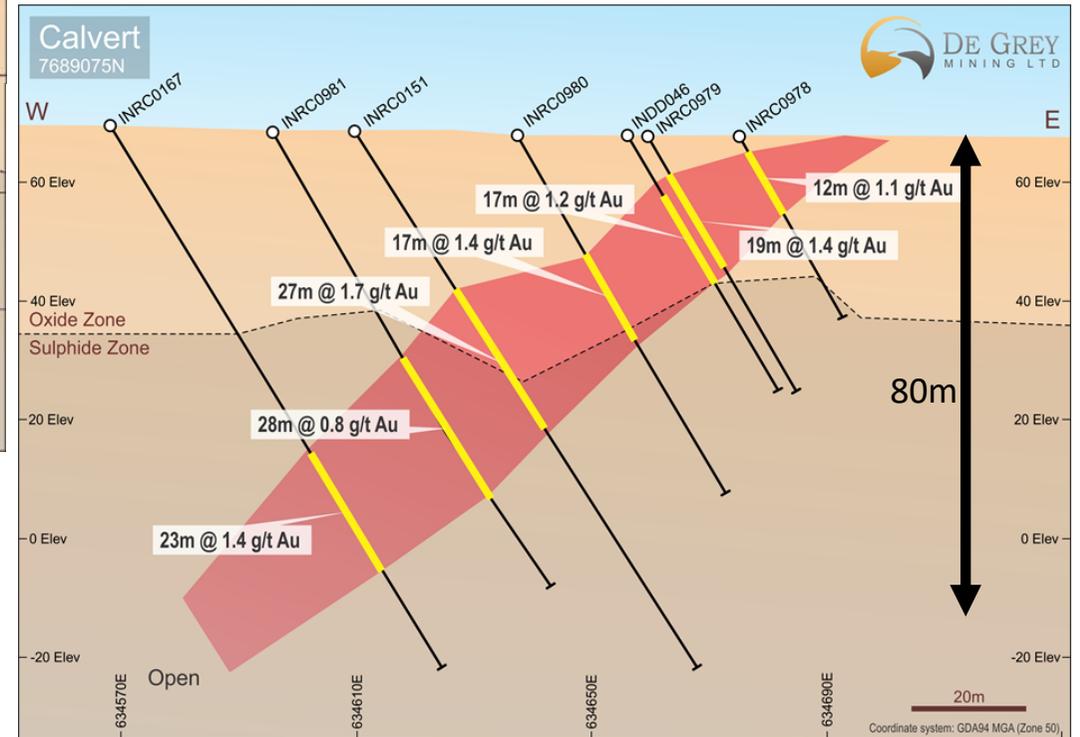
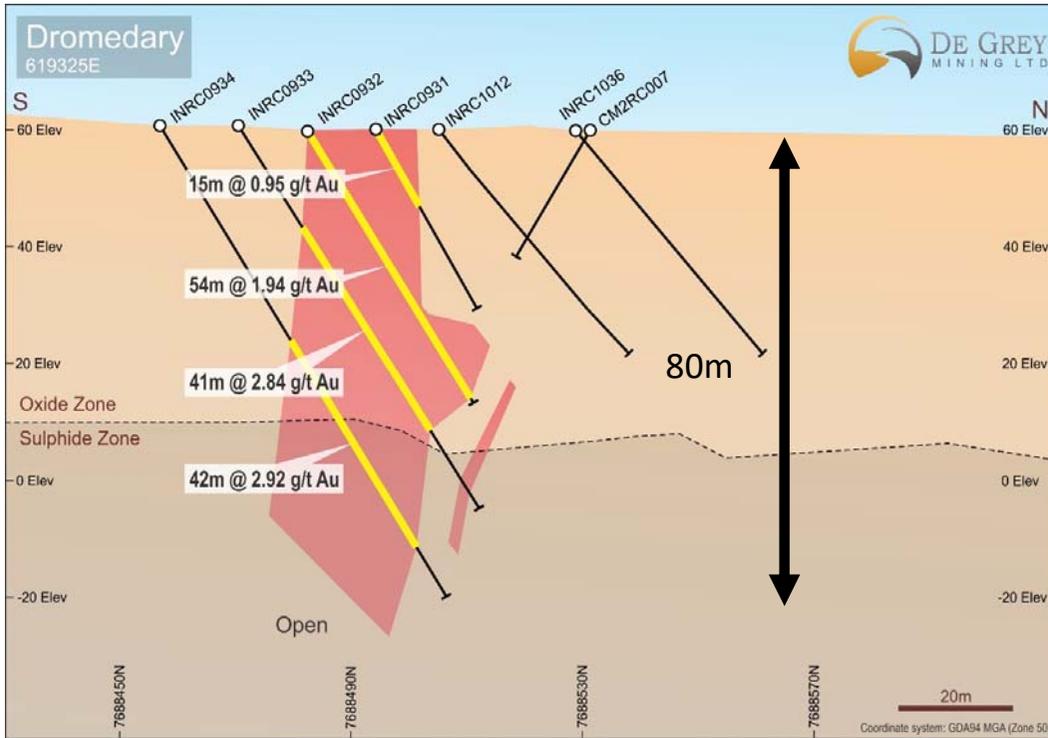
Pilbara Project Resources – Wingina 288Koz



Pilbara Project Resources - Satellite deposits



Pilbara Project Resources - Satellite Deposits



Pilbara Project Resources - Stockpile



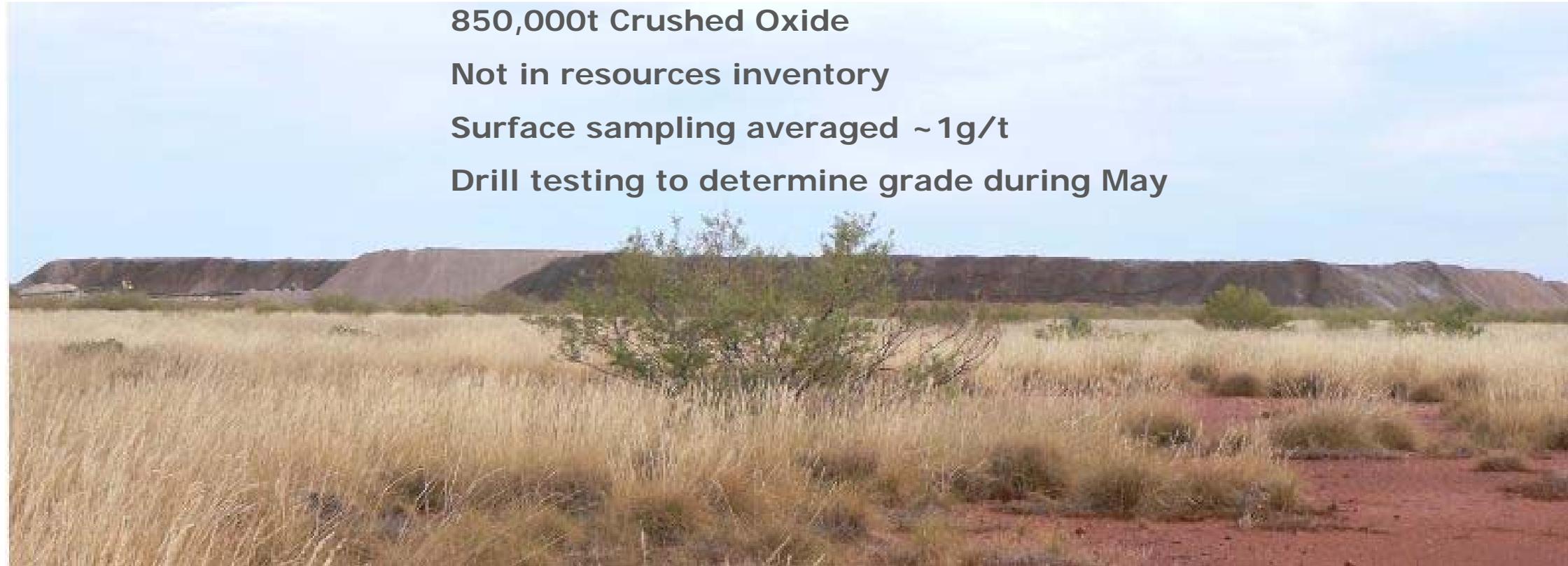
Heap Leach Stockpile

850,000t Crushed Oxide

Not in resources inventory

Surface sampling averaged ~1g/t

Drill testing to determine grade during May



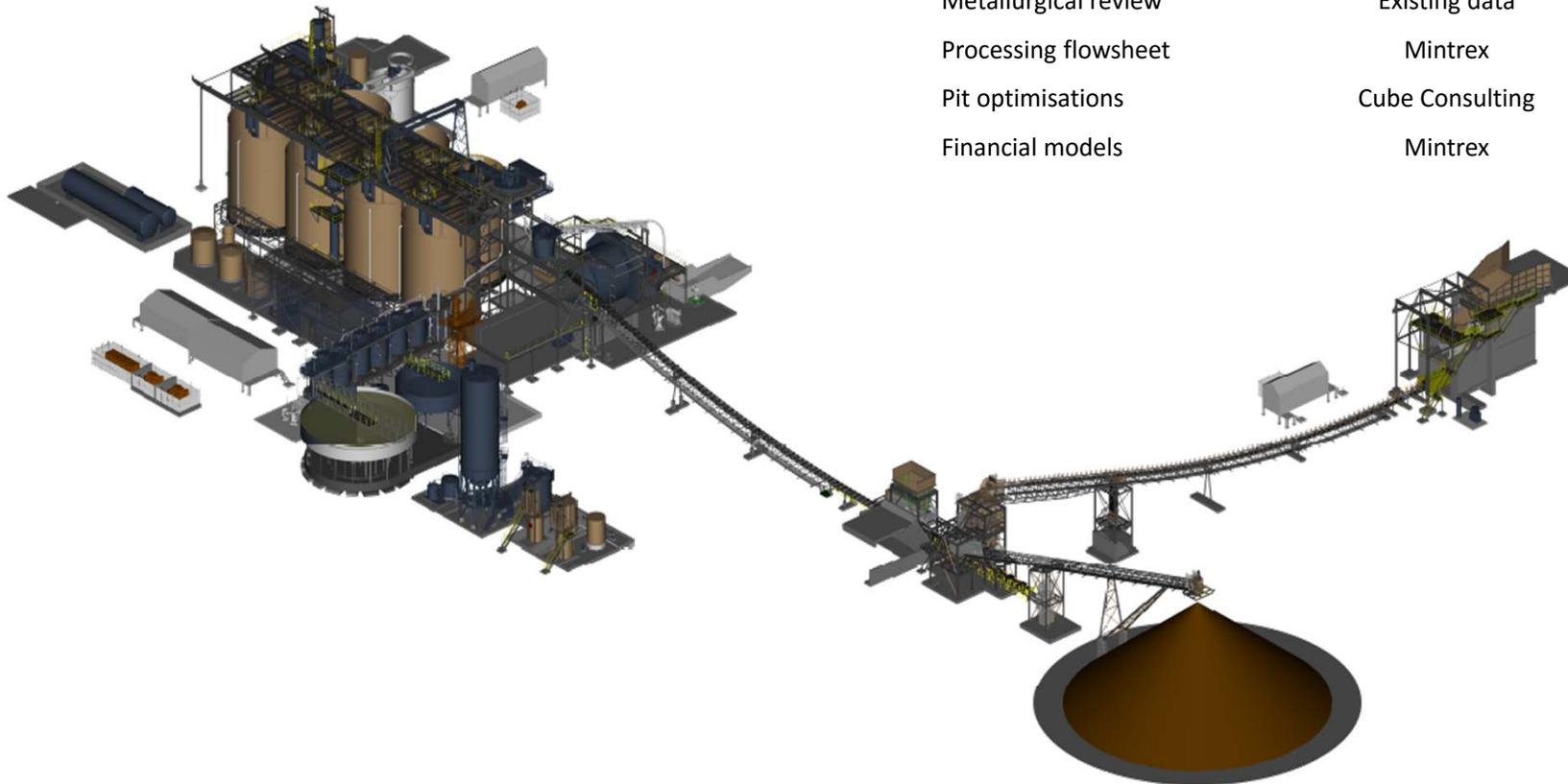
Scoping Study in Progress



De-risking prior to De Grey's election to acquire

Defining operation scale

Results anticipated late May '17



Scoping Study

Turner River Resources	JORC 2012	✓
Indee Resource update	JORC 2012	✓
Metallurgical review	Existing data	✓
Processing flowsheet	Mintrex	✓
Pit optimisations	Cube Consulting	underway
Financial models	Mintrex	pending

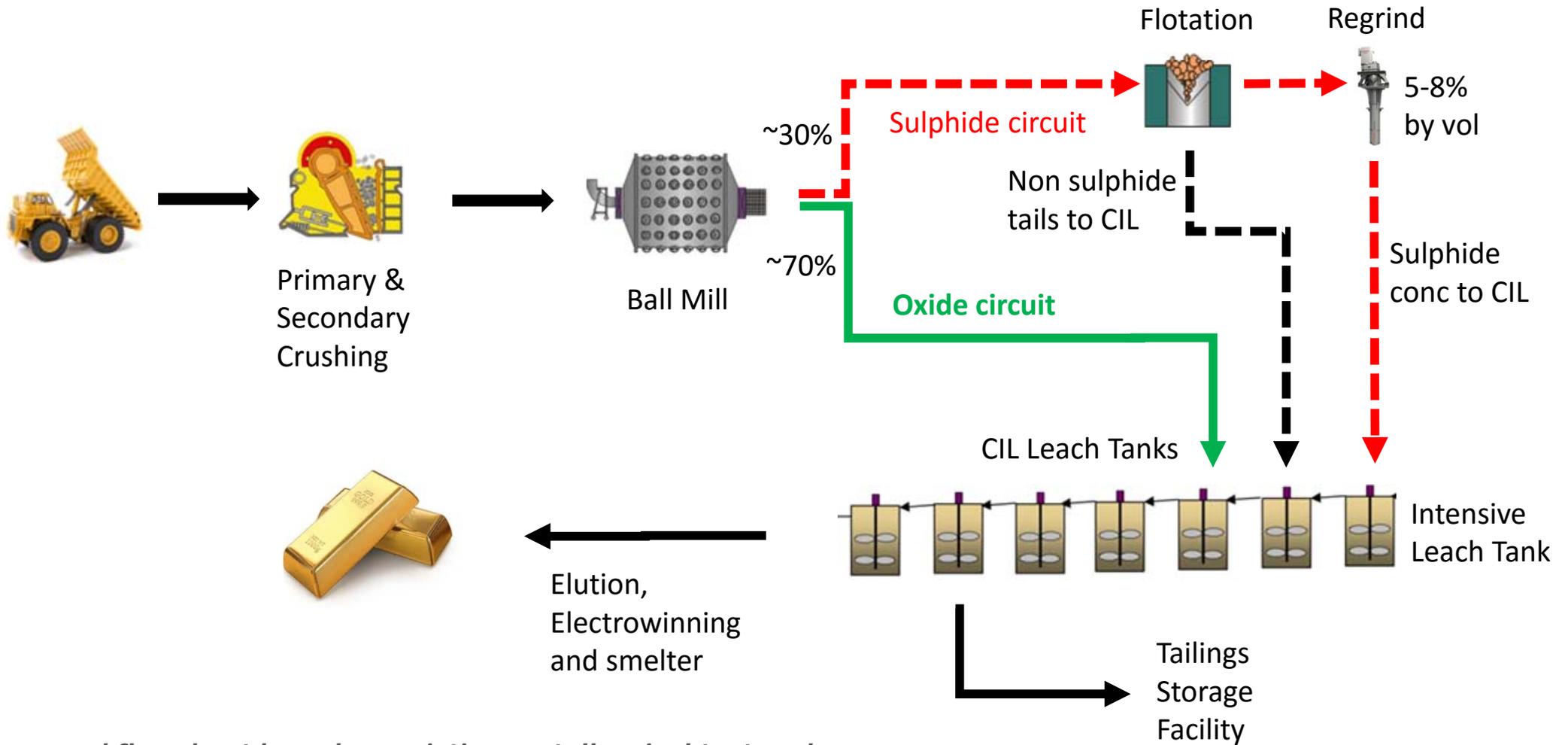
Scoping Study in Progress



Scoping Study – Assumptions

<p>New Stand-alone CIL plant</p>	<p>Proposed to locate new plant on Indee granted MLs next to Withnell deposits and hauling from Wingina (~40km) plus satellite smaller deposits. Study Base case: 1Mtpa plant throughput</p>
<p>Stage 1: Open pit mining strategy</p>	<p>Two main open pits plus smaller satellite dominantly oxide pits. Longer term underground potential</p>
<p>Metallurgical review</p>	<p>Fast leach times 8-24 hours. Oxide recovery: 91%-96% Withnell 91%, Wingina 96%, other 90-95% Fresh recovery: 80% assumed based on <u>partial</u> testwork. Detailed optimisation testwork is expected to improve results. Low to moderate reagent consumption Comminution - Low to moderate, relatively soft rock <i>*Gold in sulphide is fine free gold</i></p>
<p>Processing flowsheet</p>	<p>Simple and typical oxide gold CIL plant with smaller fresh sulphide flotation sub-circuit to separate sulphide component (~5-8% of rock), small ultrafine regrind and intensive leach prior to return to main CIL circuit.</p>

Processing Flowsheet - Simplified



*Proposed flowsheet based on existing metallurgical testwork.
Further detailed testwork and optimisation required during PFS*

Timeline

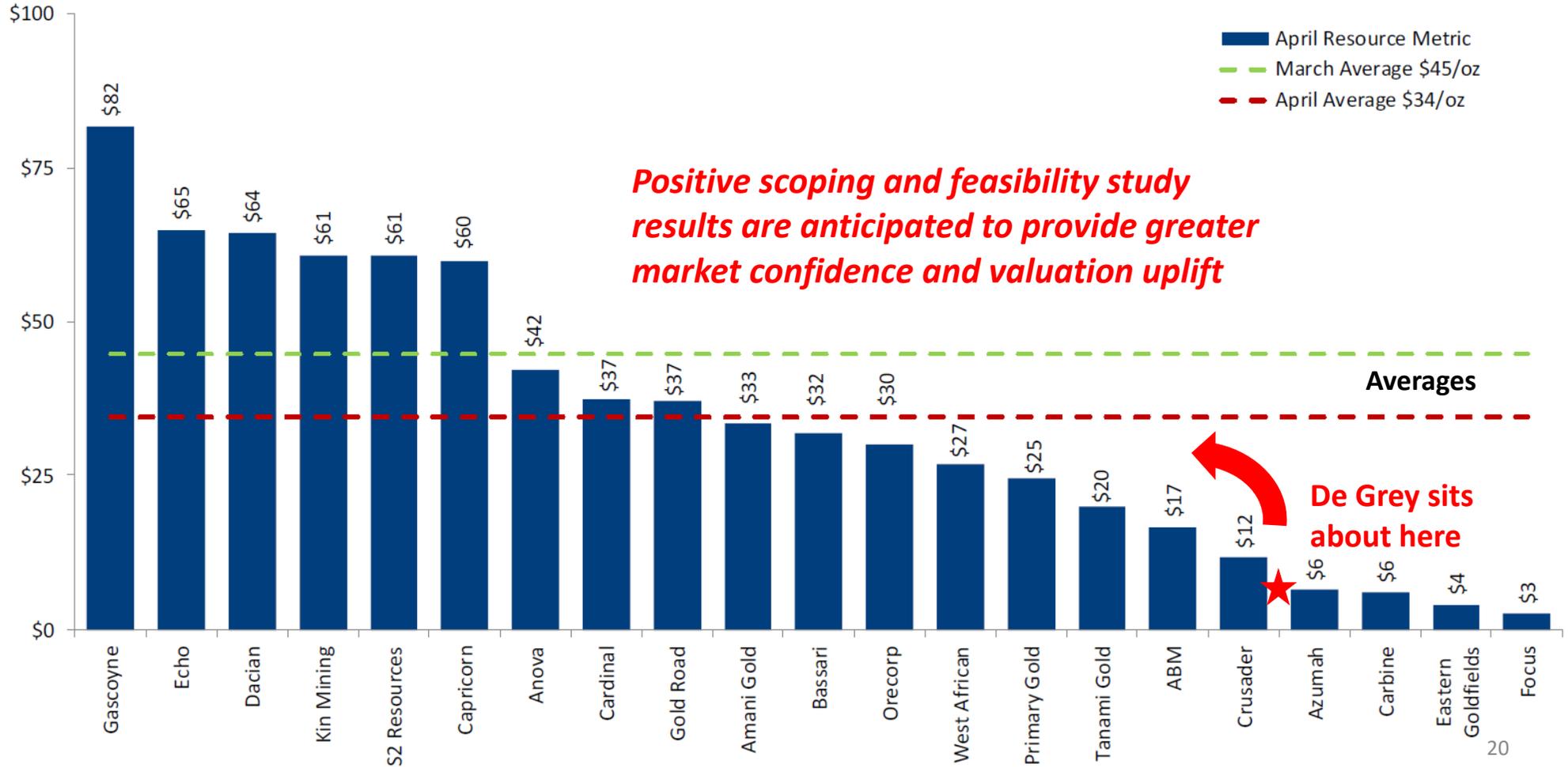


	17Q1	17Q2	17Q3	17Q4	18Q1	18Q2	18Q3	18Q4	19Yr
AGREEMENT	→ ✓								
RESOURCES JORC 2012	→	→ ✓ Completed							
SCOPING STUDY	→	→ Progressing - nearing completion							
RESOURCE EXTENSIONS		→			→ Drilling commencing mid-May – strong news flow				
PRE-FEASIBILITY STUDY		→							
DEFINITIVE FEASIBILITY STUDY			→						
FUNDING	→								
INDEE ACQUISITION					→				
DECISION TO MINE							★		

Peer Group Comparison



Explorers & Developers - EV / Resources (A\$/oz AuEq)



Pilbara Project Resources – Blue Sky



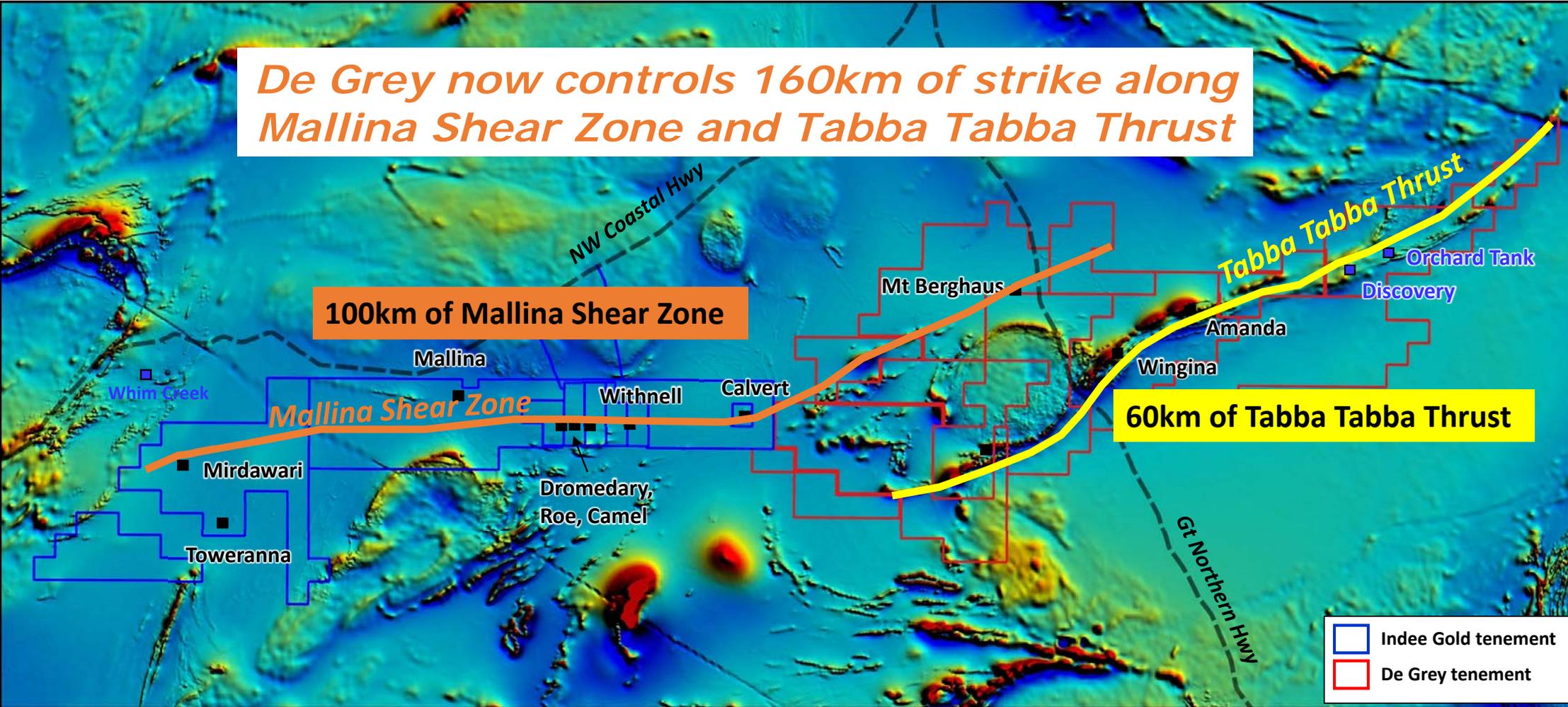
Substantial Exploration Upside



Pilbara Project Resources – Blue Sky



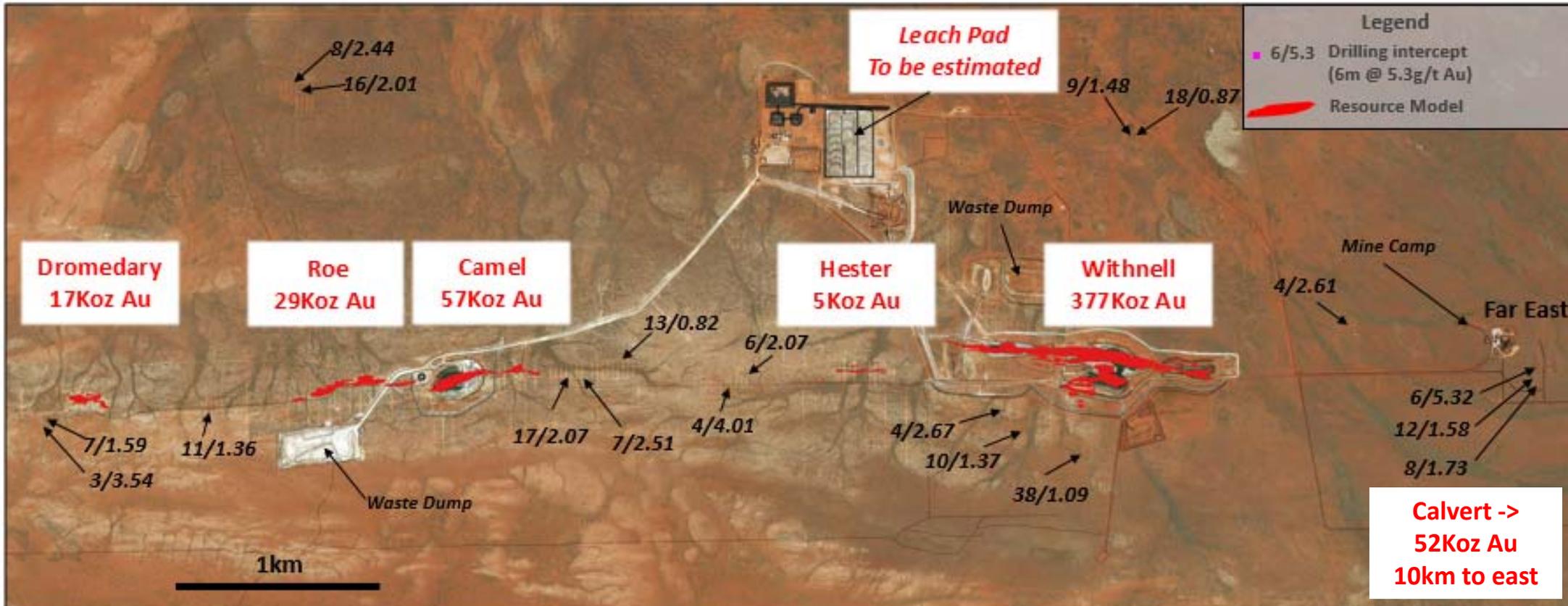
De Grey now controls 160km of strike along Mallina Shear Zone and Tabba Tabba Thrust



Withnell Trend – Exploration Upside

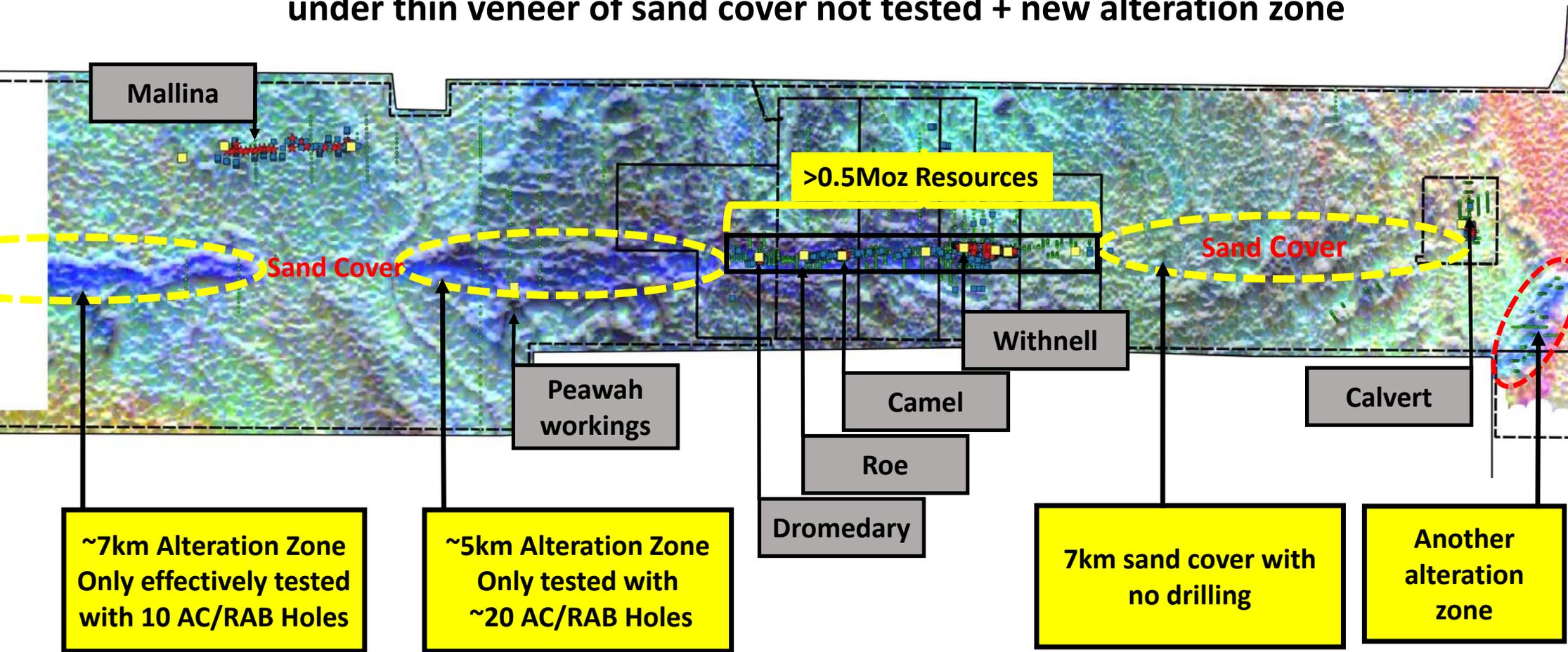


10km of near mine “brownfields” potential around and within the known 0.5Moz deposits



Withnell Trend – Exploration Upside

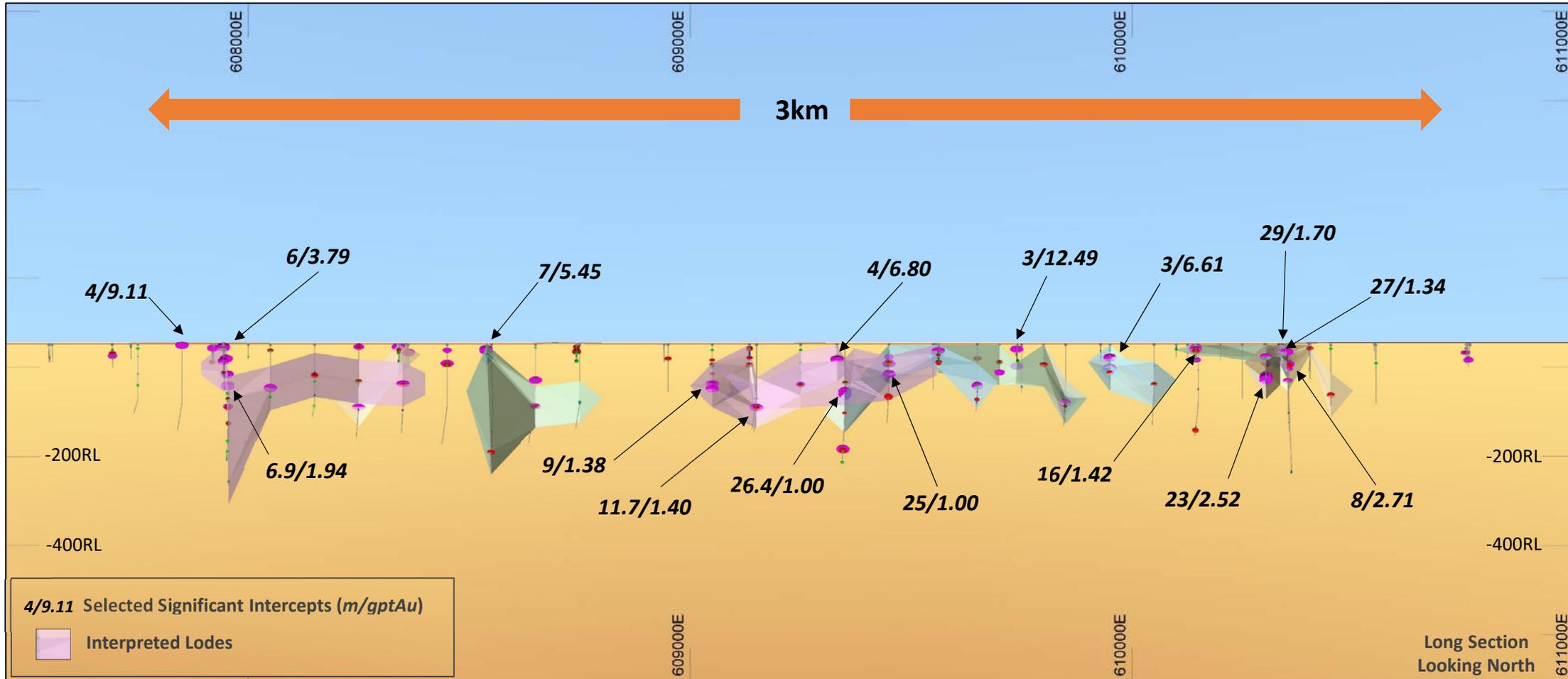
Another 12km of alteration highlighted along strike and a further 10km under thin veneer of sand cover not tested + new alteration zone



Mallina – 3km of strike



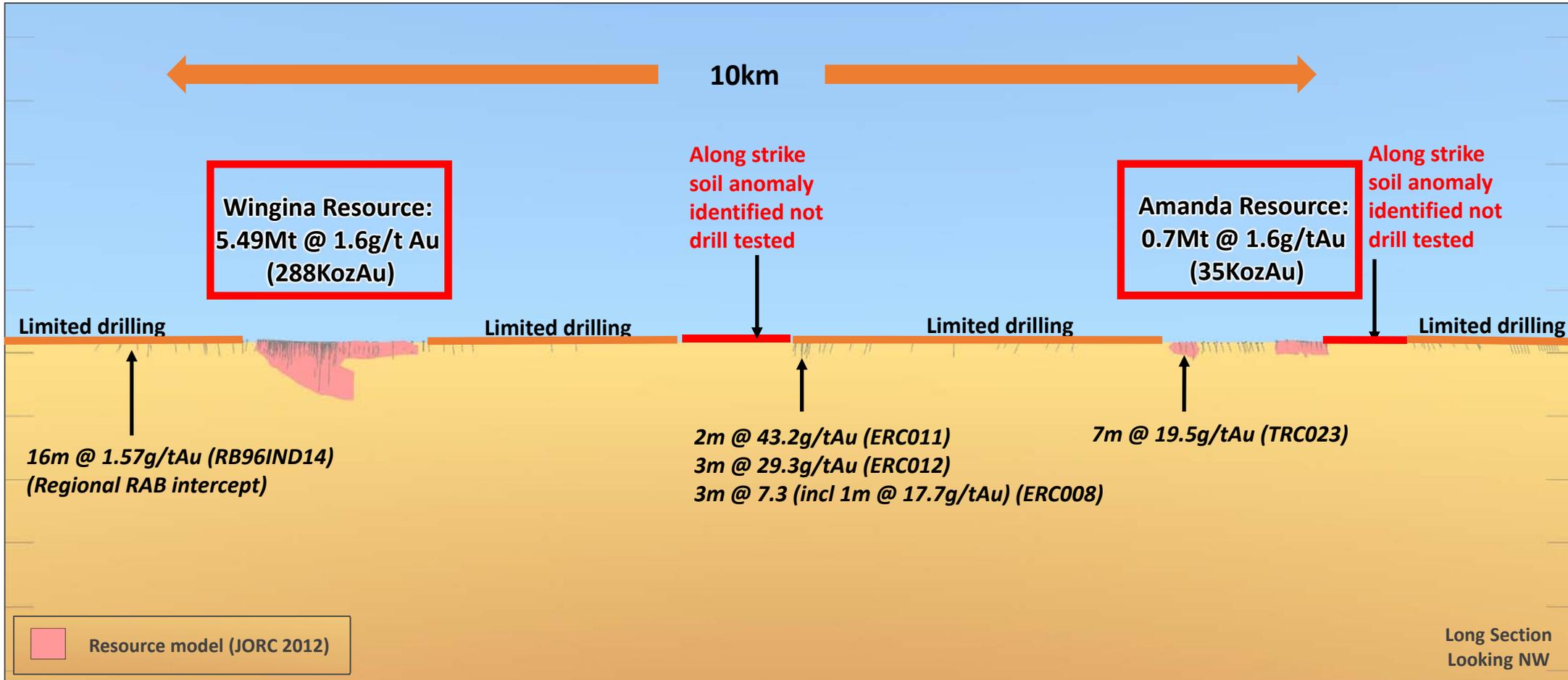
Infill drilling commencing May 2017



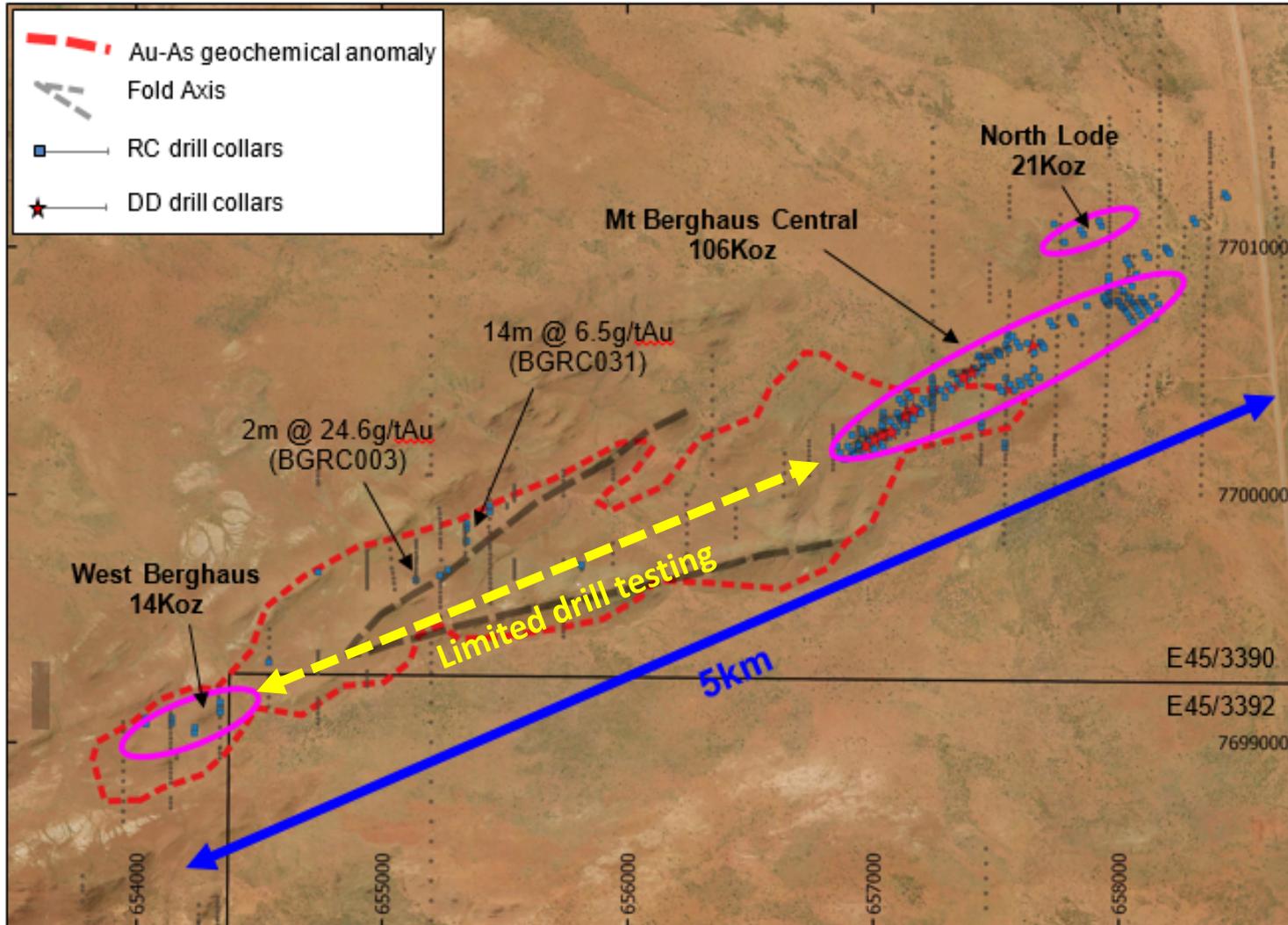
Wingina to Amanda - Tabba Tabba Thrust



10km of Tabba Tabba Thrust, poorly drill tested under veneer of sand



Mt Berghaus - 141,000oz with large upside



Large 5km anomaly over regional scale antiform

Limited drilling over 3km in central portions

Existing resource areas remain open

Current Work Programmes



- **Finalise Scoping Study**
 - Proposed operation size, production targets and costs
- **Metallurgical diamond drilling and testwork**
 - Confirm and optimise recoveries
- **20,000m Drilling Programme – commencing next week**
 - RC Drilling of Heap Leach Pad - resource conversion
 - Mallina RC drilling testing along 3km strike length - resource potential
 - Withnell “brownfields” step-out drilling - resource delineation
 - Mt Berghaus resource step-out drilling - resource delineation
- **Strong News flow over coming months**

Investment Summary



Pilbara Gold Project

- Australian advanced Gold Development Project
- 1Moz Resource
- Excellent “Blue Sky” Growth Potential

Current Work programmes

- Open Pit Mining Scoping Study - nearing completion
- Metallurgical drilling and testwork
- 20,000m RC drilling programme - commencing next week

- **Strong News flow over coming months**

Gold Resources (JORC 2012)



Indee Project Mineral Resources												
Type	Measured			Indicated			Inferred			Total		
	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz
Oxide	0.85	1.8	48,100	0.99	1.9	60,200	0.52	1.4	23,400	2.36	1.7	131,700
Fresh	0.45	1.4	20,900	3.25	1.7	179,300	3.08	2.1	206,600	6.78	1.9	406,700
Total	1.31	1.6	69,000	4.24	1.8	239,500	3.60	2.0	229,900	9.15	1.8	538,400

Turner River Project Mineral Resources												
Type	Measured			Indicated			Inferred			Total		
	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz
Oxide	2.68	1.8	152,100	0.72	1.4	31,400	1.72	1.3	72,000	5.12	1.6	255,500
Fresh	0.40	1.6	20,500	0.48	1.6	24,200	3.69	1.4	163,600	4.57	1.4	208,400
Total	3.08	1.7	172,700	1.20	1.4	55,600	5.41	1.4	235,600	9.69	1.5	463,900

Total Mineral Resources												
Type	Measured			Indicated			Inferred			Total		
	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz
Oxide	3.53	1.8	200,200	1.71	1.7	91,600	2.24	1.3	95,300	7.48	1.6	387,200
Fresh	0.85	1.5	41,400	3.73	1.7	203,500	6.77	1.7	370,200	11.35	1.7	615,100
Total	4.39	1.7	241,700	5.44	1.7	295,100	9.01	1.6	465,500	18.84	1.7	1,002,300



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