

**ASX Announcement**  
3 October 2017

ASX Code DEG  
FRA Code WKN 633879

ABN 65 094 206 292

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## De Grey secures additional landholding with high-grade gold exploration targets

- Option to acquire additional 30km<sup>2</sup> of prospective landholding within 20km of proposed plant.
- High-grade gold exploration targets.
- Significant nuggets found to date by vendor
- Limited modern exploration undertaken.
- Gold is interpreted to be structurally controlled and quartz vein hosted

\*De Grey has been advised that all of the nuggets within this report have been found on the acquisition tenements. None of the nuggets are owned by De Grey.

### Large gold nugget discovered within tenements\*

(Specimen is approximately 15cm in length with a total weight of 1.3kilograms)



**“Grade is King** – We have put our foot on this area as any high-grade discovery within trucking distance of the proposed plant has the ability to substantially add value to our existing 1.2M ounces and development plans.” commented Operations Manager, Andy Beckwith.

## **Cautionary Statement**

*De Grey highlights that the information regarding the gold nuggets in this report does not necessarily conform to the JORC Code (2012) reporting standards. However, the information stated in this release is considered by De Grey as “material” under ASX Listing Rule 3.1.*

*The Exploration Results (gold nuggets) have been reported to De Grey by the vendor and the vendor has supplied the images, location data and weights associated with the samples in this report. The gold nuggets are reported to be found by the vendor on E47/3399. The vendor has only carried out metal detecting on the tenements.*

*De Grey has not completed any work on the tenements covered by this Option Agreement, except for an initial site visit and review. Company employees have inspected the area of the reported gold nuggets and can confirm numerous hand dug diggings within the reported area and has witnessed other small gold nuggets being detected in the immediate area. Accordingly, De Grey cautions investors that the Company has not yet done sufficient work to be able to verify the owner’s results in accordance with the standards set out in the JORC Code (2012).*

*While nothing has come to the attention of the Company to question the reliability or accuracy of the Exploration Results supplied by the vendor, the Company has not independently validated the results and is not to be regarded as reporting, adopting or endorsing those results.*

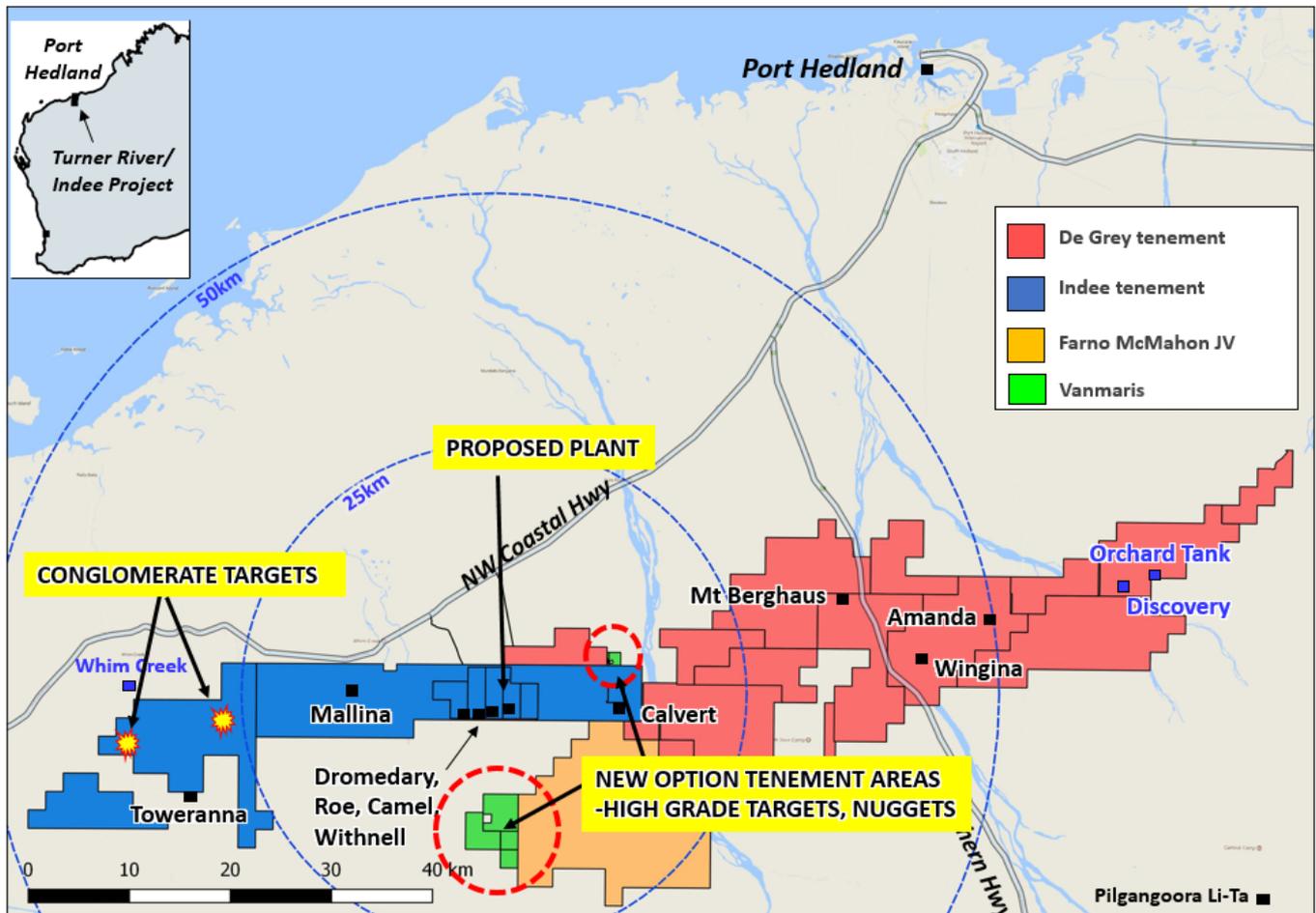
*De Grey plans to undertake a full assessment of previous exploration activities in conjunction with detailed geologically mapping within the tenement areas during the next 3 months, including the location of any metal detecting areas, to gain a greater insight into the geology and structural controls on mineralisation. Subject to positive mapping and targeting by De Grey, drilling is anticipated to be proposed to test the target areas defined by De Grey. This work is fully funded by De Grey’s current cash reserves.*

*The Competent Person, listed below, has not completed sufficient work to disclose the Exploration Results in accordance with JORC Code 2012.*

*The information in this report that relates to Exploration Results is based on, and fairly represents information provided by the vendor and made available to De Grey at the time of this report. The report has been 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.*

De Grey Mining Ltd (ASX: DEG, “De Grey” “Company”) is pleased to announce it has signed a binding Option Agreement to acquire 80% of six granted tenements (E47/3399, E47/3428-3430, P47/1732-1733), located within 20km of the proposed plant at the company’s Pilbara Gold Project, near Port Hedland, Western Australia.

**Figure 1 New exploration areas secured under the Option Agreement (green areas)**



### Impact of High Grade Targets

The Company has also recently reported a significant resource upgrade to 1.2Moz of gold for the Pilbara Gold Project (refer to ASX release “Pilbara Gold Project 20% increase in resource to over 1.2Moz” dated 28 September 2017). A recent scoping study indicates a financially positive development project, based on a 1 million tonne throughput, utilising a new purpose built processing plant, is feasible based on the previously reported 1.0Moz resource. The new increased resources (1.2Moz) is anticipated to improve the scoping study financial model further.

Exploration potential within the 1800km<sup>2</sup> project area is considered very high for structurally hosted gold mineralisation and De Grey has recently focussed on the discovery of additional shallow gold resources that are potentially amenable to open pit mining. The additional resource increase of 200,000 ounces reflects only a small portion of this potential upside.

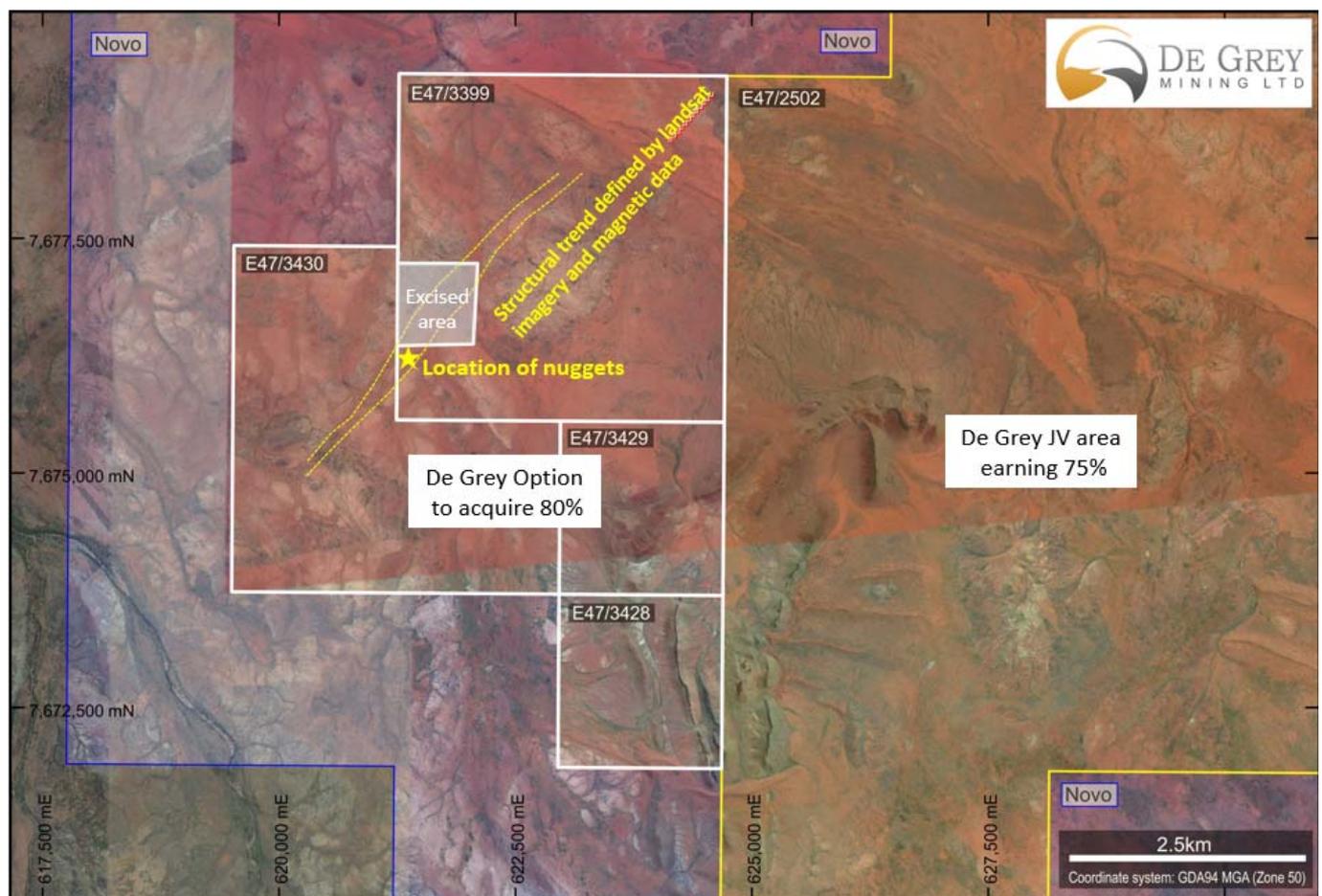
Importantly, De Grey has recently recognised gold nuggets shedding from conglomerates (refer to ASX release “Gold nuggets confirm important new conglomerate discovery” dated 26 September 2017). This new style of gold mineralisation remains to be tested in detail however is considered to have regional significance due to the potential for very high-grade gold

mineralisation based on recent high-grade results published by Novo Resources at the Purdy's Reward prospect, located approximately 120km to the west near Karratha. Bulk sampling (540kg) by Novo at Purdy's Reward, a similar style of conglomerate hosted gold mineralisation, produced a grade in excess of 60g/t.

Financial evaluations by De Grey, based on the recent scoping study data, indicates even at a grade of >3g/t, any shallow gold resource discovered by De Grey within trucking distance of the proposed plant has the potential to substantially improve the financial return and in particular the early payback period of the project. Accordingly, the company exploration focus has now turned to the identification of higher grade resource targets within 50km of the proposed plant including structurally controlled and conglomerate hosted targets.

### Prospectivity of New Tenements

Overall, the Option tenements (Figure 1) are located adjacent to tenements managed by De Grey and are considered highly prospective for structurally controlled high-grade gold discoveries in the basement rocks. The southern group of tenements has only had limited known modern exploration. More recently, the vendor reports numerous gold nuggets have been discovered within tenement E47/3399 (Figure 2).



Geologically, the tenement area is dominated by a series of SW to NE trending structures through the deformed basement lithologies. The reported nuggets have been found coincident along the prospective SW to NE trending structures. Many of the nuggets are hosted in fractured to massive quartz veins. In fact, the larger quartz rich specimen suggests the gold occurs as thin veins within

a quartz vein host. De Grey interprets these nuggets have not been transported very far from their original source veins due to their inherent large size and fragile nature.

### **Key aspects of the Option Agreement**

The key aspects of the Option Agreement are as follows:

- De Grey to pay \$30,000 cash and 150,000 De Grey shares on signing.
- De Grey to sole fund exploration and meet minimum statutory expenditure requirements during the 4 year Option Period
- De Grey may elect to acquire 80% of the tenement on payment of \$500,000 cash.
- Vendor retains the alluvial and prospecting rights to a depth of 3 metres.
- Tenements - E47/3399, E47/3428-3430, P47/1732-1733

### **For further information:**

**Simon Lill (Executive Chairman) or Andy Beckwith (Operations Manager)**

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## Table of Material Information

<b>Criteria</b>	<b>Commentary</b>
<b><i>Sampling techniques</i></b>	<ul style="list-style-type: none"> <li>The gold nuggets were found using a hand held metal detector by the vendor</li> <li>The sampling is classed as random by the competent person</li> </ul>
<b><i>Logging</i></b>	<ul style="list-style-type: none"> <li>No logging was undertaken by the vendor</li> <li>Inspection of the general area by De Grey shows outcropping to subcropping areas of bedrock within the tenement and large areas of thin windblown sands and surficial calcrete development occurs over large areas of the tenements.</li> </ul>
<b><i>Verification of sampling and assaying</i></b>	<ul style="list-style-type: none"> <li>The location and weights of the nuggets in this report has been provided by the Vendor</li> <li>De Grey has not completed any work on the tenements covered by this Option Agreement, except for an initial site visit and review. Company employees have inspected the area of the reported gold nuggets and can confirm numerous hand dug diggings within the reported area and has witnessed other small gold nuggets being detected in the immediate area.</li> </ul>
<b><i>Location of data points</i></b>	<ul style="list-style-type: none"> <li>Locations have been provided by the Vendor and plotted by De Grey based on the vendors data.</li> <li>Locations are given in GDA94 zone 50 projection</li> <li>Refer to maps</li> </ul>
<b><i>Data spacing and distribution</i></b>	<ul style="list-style-type: none"> <li>The sampling distribution is classed as random</li> </ul>
<b><i>Orientation of data in relation to geological structure</i></b>	<ul style="list-style-type: none"> <li>De Grey considers the nuggets may be associated with interpreted SW-NE structural trend defined by De Grey using remote sensed imagery and magnetic data.</li> </ul>
<b><i>Mineral tenement and land tenure status</i></b>	<ul style="list-style-type: none"> <li>The nuggets are stated to be from E47/3399, located approximately 100km SW of Port Hedland. The tenement is held by Mr. Vanmaris (vendor).</li> <li>De Grey has secured a binding Option to acquire 80% of the Tenements - E47/3399, E47/3428-3430, P47/1732-1733</li> </ul>
<b><i>Exploration done by other parties</i></b>	<ul style="list-style-type: none"> <li>Limited previous exploration has been undertaken by past explorers.</li> <li>The vendor has only undertaken metals detecting activities</li> <li>De Grey intends to undertake a full review of past exploration and undertake detailed mapping of the tenement areas</li> </ul>
<b><i>Geology</i></b>	<ul style="list-style-type: none"> <li>The mineralisation targeted is hydrothermally emplaced quartz hosted gold mineralisation within a shear zone and is similar in style to many other Western Australian gold deposits.</li> </ul>
<b><i>Diagrams</i></b>	<ul style="list-style-type: none"> <li>Location plans provided in report</li> </ul>
<b><i>Balanced reporting</i></b>	<ul style="list-style-type: none"> <li>The report is considered balanced and provided in context.</li> </ul>
<b><i>Further work</i></b>	<ul style="list-style-type: none"> <li>De Grey intends to undertake a full review of past exploration and undertake detailed mapping of the tenement areas</li> </ul>

### Quartz vein hosting gold in hand specimen

*(Specimen is approximately 15cm in length with a total weight of 1.2kilograms)*



**Gold nuggets - many associated with quartz veining fragments**

*(Nuggets are up to approximately 5cm in length with a total weight of 6 ounces (~180grams))*

