

ASX Announcement
8 August 2017

Positive Heap Leach Stockpile Drilling Results

ASX Code DEG

ABN 65 094 206 292

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Highlights

- Significant remnant gold mineralisation remains in the crushed stockpile.
- Located immediately adjacent proposed new CIL plant
- Oxide material previously mined, crushed and stacked
- 90-95% recovery expected on oxide material
- Potential for selective mining of higher grade zones
- Resource estimate underway

Significant new drilling results include:

4.5m @ 20.2g/t Au from 0m in LPPP001
(incl **1.5m @ 59.8g/t Au** from 1.5m)

7.5m @ 1.35g/t Au from 0m in LPPP029

7.5m @ 1.96g/t Au from 0m in LPPP035
(incl **3m @ 3.68g/t Au** from 4.5m)

7.5m @ 3.12g/t Au from 0m in LPPP036

6m @ 1.66g/t Au from 1.5m in LPPP037

12m @ 1.27g/t Au from 0m in LPPP041

10.5m @ 1.3g/t Au from 0m in LPPP042

12m @ 3.81g/t Au from 0m in LPPP045
(incl **1.5m @ 25.9g/t Au** from 1.5m)

Note: Down hole widths reflect near total depth of stockpile

Andy Beckwith, Operations Manager, commented;

“We anticipate the Heap Leach Stockpile will prove to be a significant source of easily processed material located right next door to the proposed plant without any mining cost burden.

Metallurgical data on the Withnell and Camel oxide resources, the source of the Heap Leach Stockpile, ranges between 90-95% recoveries based on processing through a CIL plant. Accordingly, De Grey anticipates improved cashflows from this material when included in the pre-feasibility study.

Summary

De Grey Mining Ltd (ASX: DEG, “De Grey” “Company”) is pleased to report results from a drilling program that was recently completed at the Heap Leach Stockpile. The Stockpile is located adjacent to the proposed processing plant at De Grey’s Pilbara Gold Project, located near Port Hedland Western Australia.

De Grey is targeting a minimum 7 year mine life (base case) with a standalone, new purpose built 1Mtpa processing plant. The recently completed scoping study has highlighted significant financial gains are to be expected with the addition of further mine life (ASX release “Positive Scoping Study completed at Pilbara Gold Project”, dated 4 August 2017). The Heap Leach Stockpile is considered an important additional resource. Whilst the overall resource is expected to be low grade (< 1g/t), the resource is already mined and crushed to minus 25mm and has the potential to be processed in the proposed plant.

As the stockpile is already adjacent to the proposed plant it is considered a useful source of plant feed to cover rain events that might delay delivery of ore from more distant sources.

Previous mining of the oxide mineralisation at Withnell and Camel deposits occurred during 2006 and 2007. In total, the operation mined and crushed 851,836t @ 1.5g/t of oxide and transitional ore via a heap leaching process for total production of 30,069 ounces of gold. The leach pad was formed primarily from ore sourced from the adjacent Withnell deposit, with minor ore from the nearby Camel pit. This ore was crushed to 25mm, stacked on the leach pad and reticulated by cyanide solution.

De Grey considers this stockpile will be re-processed via the new CIL plant with 90% - 95% recoveries expected consistent with oxide ore. Importantly this stockpile would only incur a small rehandling cost and normal processing costs without any mining costs.

Drilling of the stockpile was recently completed by Edge Drilling using a Push Probe rig, with excellent sample recovery. 49 vertical drill holes for a total of 366m were completed on a 20m x 40m pattern across the leach pad. A resource estimate for the stockpile is currently in progress and will be added to the pre-feasibility study on the recommencement of gold mining at the project.

All results have been received, showing variable grades ranging to a maximum of 59.8g/t Au, with 17% of the assays greater than 1.0g/t Au. Significant downhole gold intersections are summarised below with a complete list provided in Table 1.

4.5m @ 20.2g/t Au from 0m in LPPP001

(incl **1.5m @ 59.8g/t Au** from 1.5m)

7.5m @ 1.35g/t Au from 0m in LPPP029

7.5m @ 1.96g/t Au from 0m in LPPP035

(incl **3m @ 3.68g/t Au** from 4.5m)

7.5m @ 3.12g/t Au from 0m in LPPP036

6m @ 1.66g/t Au from 1.5m in LPPP037

12m @ 1.27g/t Au from 0m in LPPP041

10.5m @ 1.3g/t Au from 0m in LPPP042
12m @ 3.81g/t Au from 0m in LPPP045
(incl **1.5m @ 25.9g/t Au** from 1.5m)

Figure 2 shows the distribution of gold results through the stockpile. The eastern, northern and western edges of the pad and secondary upper lift shows elevated grades compared to the lower central area. This is possibly due to poor leaching on the margins on the stockpile or increased transitional material where remanent sulphide material was processed. There is potential for selective mining of higher grade zones of the already crushed leach pad ore.

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. 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.*

Figure 1 Pilbara Gold Project location plan

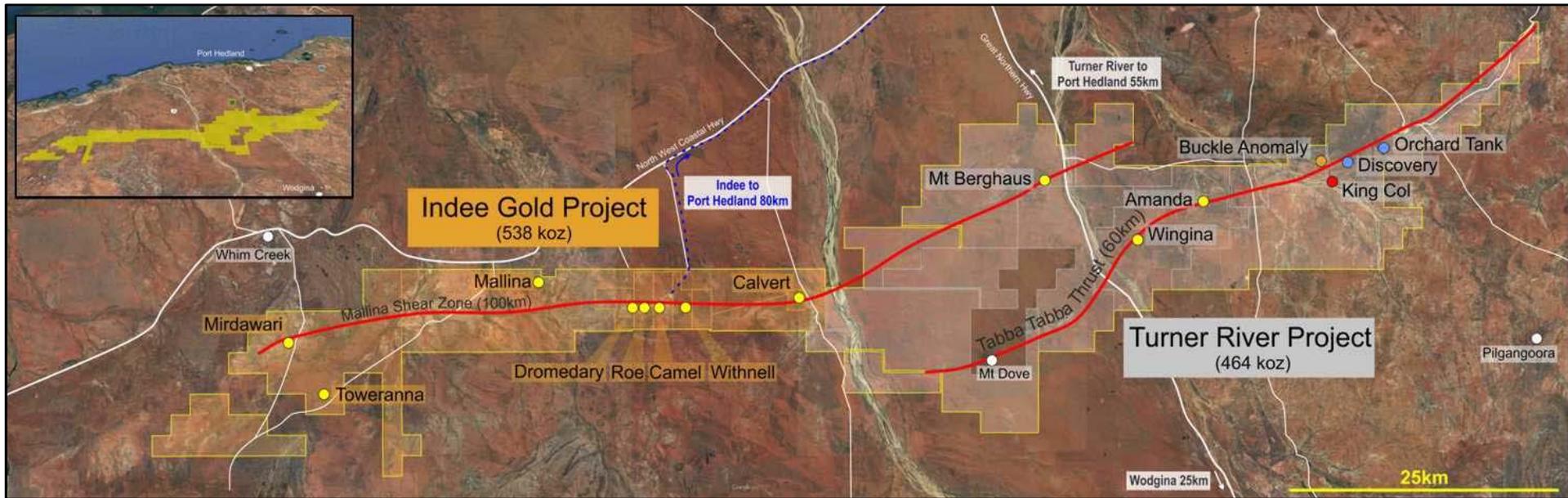


Figure 2 Leach Pad drilling

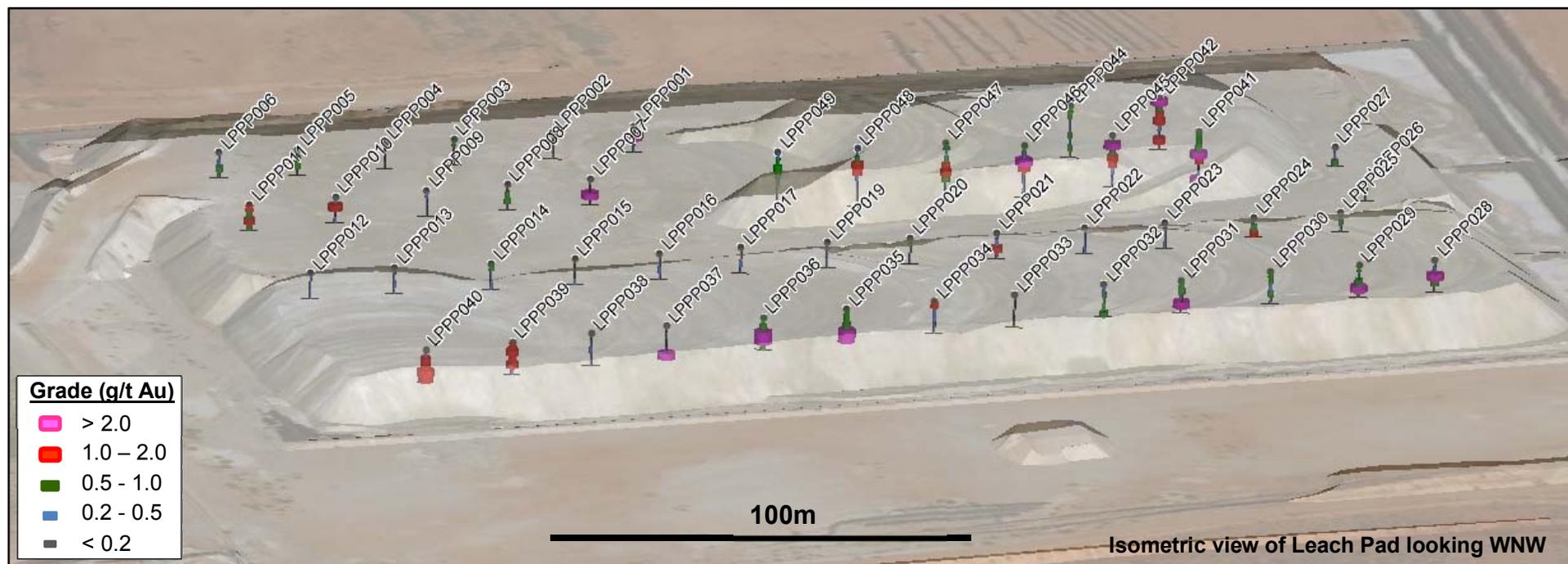


Table 1 Significant Intersections

HoleID	Depth From (m)	Depth To (m)	Downhole Width (m)	Au (g/t)	Collar East (GDA94)	Collar North (GDA94)	Collar RL (GDA94)	Dip (degrees)	Azimuth (GDA94)
LPPP001	0	4.5	4.5	20.20	623001	7689701	64	-90	0
incl	1.5	3	1.5	59.80	623001	7689701	64	-90	0
LPPP005	1.5	4.5	3	0.77	623002	7689622	65	-90	0
LPPP006	1.5	6	4.5	0.55	623001	7689604	65	-90	0
LPPP007	3	4.5	1.5	3.13	623037	7689680	64	-90	0
LPPP010	0	6	6	0.68	623039	7689620	65	-90	0
LPPP011	0	6	6	0.97	623040	7689600	65	-90	0
LPPP021	0	6	6	0.64	623095	7689758	64	-90	0
LPPP024	0	4.5	4.5	0.70	623097	7689818	64	-90	0
LPPP028	0	6	6	1.58	623137	7689849	64	-90	0
incl	3	4.5	1.5	4.64	623137	7689849	64	-90	0
LPPP029	0	7.5	7.5	1.35	623137	7689831	64	-90	0
incl	4.5	6	1.5	4.31	623137	7689831	64	-90	0
LPPP030	0	6	6	0.58	623137	7689810	64	-90	0
LPPP031	0	6	6	1.64	623139	7689789	64	-90	0
incl	4.5	6	1.5	4.50	623139	7689789	64	-90	0
LPPP032	0	7.5	7.5	0.55	623140	7689771	65	-90	0
LPPP034	0	6	6	0.57	623143	7689730	64	-90	0
LPPP035	0	7.5	7.5	1.96	623144	7689710	64	-90	0
incl	4.5	7.5	3	3.68	623144	7689710	64	-90	0
LPPP036	0	7.5	7.5	3.12	623146	7689689	65	-90	0
LPPP037	1.5	7.5	6	1.66	623147	7689667	65	-90	0
incl	6	7.5	1.5	5.83	623147	7689667	65	-90	0
LPPP039	0	7.5	7.5	1.07	623151	7689630	65	-90	0
LPPP040	0	7.5	7.5	1.26	623152	7689609	65	-90	0
LPPP041	0	12	12	1.27	623051	7689818	70	-90	0
LPPP042	0	10.5	10.5	1.30	623025	7689816	70	-90	0
LPPP043	0	7.5	7.5	0.75	623025	7689815	70	-90	0
LPPP044	0	3	3	0.67	623027	7689795	70	-90	0
LPPP045	0	12	12	3.81	623051	7689798	70	-90	0
incl	1.5	3	1.5	25.90	623051	7689798	70	-90	0
LPPP046	0	10.5	10.5	0.91	623051	7689777	69	-90	0
LPPP047	0	9	9	0.82	623052	7689759	71	-90	0
LPPP048	0	7.5	7.5	0.79	623051	7689738	71	-90	0
LPPP049	0	7.5	7.5	0.62	623049	7689720	71	-90	0

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"> All drilling and sampling was undertaken in an industry standard manner All holes sampled on 1.5m intervals over the entire length of the hole. Samples were submitted for analysis for all intervals. Samples were collected by a Push Probe drilling rig, with samples recovered in a sealed acrylic tube. The complete sample was submitted for analysis. Sample weights ranged from 2.5-4kg The independent laboratory then takes the sample and splits off a small portion for retention and pulverises the remaining entire sample for analysis as described below
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"> All drill holes are Direct Push Probe, using a Geoprobe 6610 DT drill rig producing a 1.85” core diameter sample.
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"> All samples were visually assessed for recovery. Samples are considered representative with excellent recoveries. No sample bias is observed
Logging	<ul style="list-style-type: none"> Whether core and chip samples have 	<ul style="list-style-type: none"> Consultant geologists supervised all sampling.

Criteria	JORC Code explanation	Commentary
	<p><i>been geologically and geotechnically 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> 	<ul style="list-style-type: none"> The sample results are appropriate for a resource estimation. The 1.5m sample results are considered the preferred sample to use in the resource estimation for more accurate definition of lodes
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"> Samples were collected by a Push Probe drilling rig, with samples recovered in 1.5m intervals in a sealed acrylic tube. Independent standard reference material was inserted approximately every 20 samples Two drill holes were twinned and analyses between holes compared The samples are considered representative and appropriate for this type of drilling and for use in a resource estimate.
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"> The samples were submitted to a commercial independent laboratory in Perth, Australia. Each sample was dried, split, crushed and pulverised. Au was analysed by a 50gm charge Fire assay fusion technique with a AAS finish The techniques are considered quantitative in nature. As discussed previously certified reference standards were inserted by the Company and the laboratory also carries out internal standards in individual batches The standards and duplicates were considered satisfactory
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"> Sample results have been merged by the company's database consultants Results have been uploaded into the company database, checked and verified No adjustments have been made to the assay data. Results are reported on a length weighted basis

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 collar locations are located by DGPS to an accuracy of +/-10cm. Locations are given in GDA94 zone 50 projection Diagrams and location table are provided in the report
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 Push Probe drilling is on a 40m x 20m grid pattern. All holes have been geologically inspected. Material on the leach pad has been crushed to <25mm and distributed in sweeps and is therefore partially homogenized. Sample result and logging will provide strong support for the results to be used in a resource estimate
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 drilling was vertical sampling is considered representative of the leach pad material. Relation to mineralised structures is not relevant in this case since the ore has been crushed and redistributed across the leach pad. Vertical drill holes should provide a representative indication of mineralisation present.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> Samples were collected 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 QAQC data has been carried out by company geologists and the resource consultant.

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 M47/475 which is located approximately 80km south of Port Hedland. The tenement is held by Indee Gold Pty Ltd, which De Grey mining has an option to purchase 100%. De Grey has the right to acquire Indee Gold for payment of \$15M by July 2018.

Criteria	JORC Code explanation	Commentary
Exploration done by other parties	<ul style="list-style-type: none"> <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> Extensive drilling of the Indee orebodies leading to the definition of Ore Reserves and the development of a mining and processing operation was carried out mainly by Range River between 2003 and 2008. Material on the heap leach pad was mined from the Withnell and Camel pits by Range River.
Geology	<ul style="list-style-type: none"> <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> The mineralisation targeted is hydrothermally emplaced and sediment/quartz hosted gold mineralisation within a shear zone and is similar in style to many other Western Australian gold deposits. This material has been mined in open pit operations and dumped on the leach pad
Drill hole Information	<ul style="list-style-type: none"> <i>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:</i> <i>easting and northing of the drill hole collar</i> <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> <i>dip and azimuth of the hole</i> <i>down hole length and interception depth</i> <i>hole length.</i> <i>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.</i> 	<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"> <i>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.</i> <i>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.</i> <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> Results are reported to a minimum cutoff grade of 0.3g/t gold with an internal dilution of 3m maximum. Intervals over 0.5g/t Au and 2gm metal content are reported. Intercepts are length weighted averaged. No maximum cuts have been made.

Criteria	JORC Code explanation	Commentary
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> • <i>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').</i> 	<ul style="list-style-type: none"> • The drilling was vertical sampling is considered representative of the leach pad material. • Relation to mineralised structures is not relevant in this case since the ore has been crushed and redistributed across the leach pad. • Vertical drill holes should provide a representative indication of mineralisation present.
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"> • A 3D view is provided in the report.
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"> • Results from all leach pad drilling are provided in this report. • The report is considered balanced and provided in context.
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"> • All leach pad material is interpreted to be oxide. • Geotechnical characteristics are not relevant.
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"> • Further metallurgical testwork on recoveries will be carried out at an appropriate stage • Infill drilling may be carried out if warranted. • Extensions to mineralisation is not relevant (leach pad).