

ASX Announcement
8 September 2017

ASX Code DEG
FRA Code WKN 633879

ABN 65 094 206 292

DIRECTORS

Simon Lill
Executive Chairman

Davide Bosio
Non-executive Director

Steve Morris
Non-executive Director

MANAGEMENT

Craig Nelmes
Company Secretary/CFO

Andy Beckwith
Operations Manager

Phil Tornatora
Exploration Manager

CONTACT DETAILS

Principal & Registered Office
Level 2, Suite 9
389 Oxford Street
Mt Hawthorn WA 6016

PO Box 281
Mt Hawthorn WA 6016

www.degremining.com.au

admin@degremining.com.au

T +61 8 9381 4108
F +61 8 9381 6761

King Col Lithium Drilling commences with WA Government co-funding

Highlights

- **King Col is a 7.5km long pegmatite trend with potential to host a Wodgina or Pilgangoora style Lithium-Caesium-Tantalum deposit.**
- **1,500m RC drilling program has commenced with rig on site.**
- **Co-funding by WA Government approved to \$61,000 of direct drilling costs.**
- **Program will test initial 2km lithium-in-soil anomaly with a further 5.5kms requiring soil sampling.**
- **Large exploration target in proximity to world class Wodgina and Pilgangoora lithium deposits.**

Exploration Manager, Mr. Phil Tornatora, said:

“King Col is a large lithium target located in one of the best lithium provinces of Australia, close to Port Hedland and shipping facilities.

This drilling program will provide us with our first ever look at the rocks below the extensive soil anomalies.”

As background, Mr Tornatora, was previously Exploration and Geology Manager for lithium/tantalum producer Galaxy Resources Ltd (ASX: GXY), during which time he was responsible for the resource drillout of the Mt Cattlin lithium deposit, in addition to mining geology and grade control.

De Grey Mining Ltd (ASX: DEG, “De Grey” “Company”) is pleased to announce the commencement of drilling and the Company’s successful application for co-funding on drilling at the King Col Pegmatite. De Grey has immediately moved to test the defined 2km lithium-in-soil anomaly, with drilling commencing today.

Co-funding has been approved under the WA Government’s Exploration Incentive Scheme (EIS), which will contribute \$61,000 to De Grey’s program, being approximately 50% of the direct drilling costs.

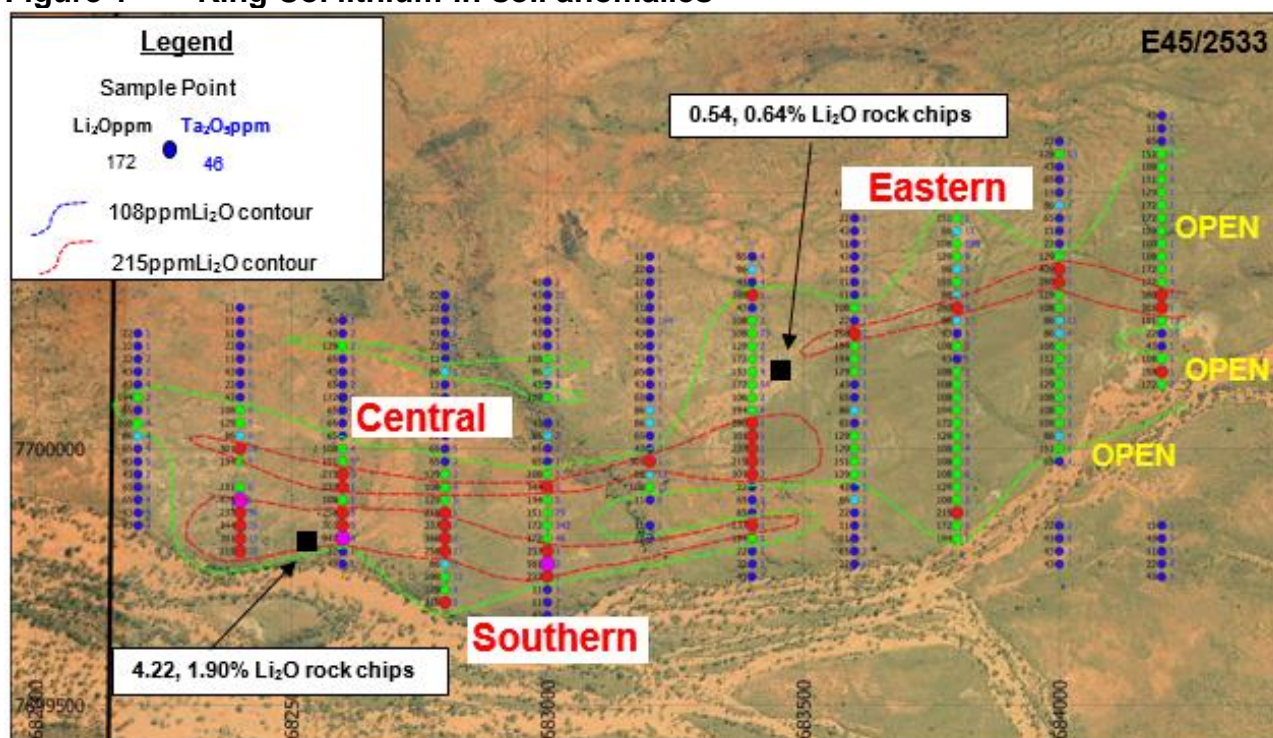
The Company refers shareholders and potential investors to previous De Grey ASX releases where the sampling and potential of the King Col Pegmatite Trend has been highlighted:

- “Soil sampling defines coherent Li₂O anomaly at King Col Pegmatite Trend” (1 December 2016); and
- “Li anomaly extended to 2km and remains open for 5kms to east” (16 January 2017).

King Col Pegmatite Trend Summary

The previous De Grey sampling at the King Col Pegmatite Trend has highlighted anomalous lithium and other associated elements for Lithium-Caesium-Tantalum (LCT) style mineralisation. Reconnaissance rock chip sampling and subsequent follow-up systematic soil sampling has defined strong anomalies over an initial 2km strike length (Figure 1). Further sampling is required to test the remaining 5.5km of the overall 7.5km long pegmatite trend.

Figure 1 King Col lithium-in-soil anomalies



Earlier rock chip results highlight anomalous Lithium Oxide (Li₂O) results ranging from 0.15% to 4.22%. Associated elements include Tantalum Pentoxide (Ta₂O₅) to 221.6ppm, Caesium (Cs) to 1605ppm, Niobium (Nb) to 146ppm, Rubidium (Rb) to 8420ppm (0.84%) and Beryllium (Be) to 23800ppm (2.38%).

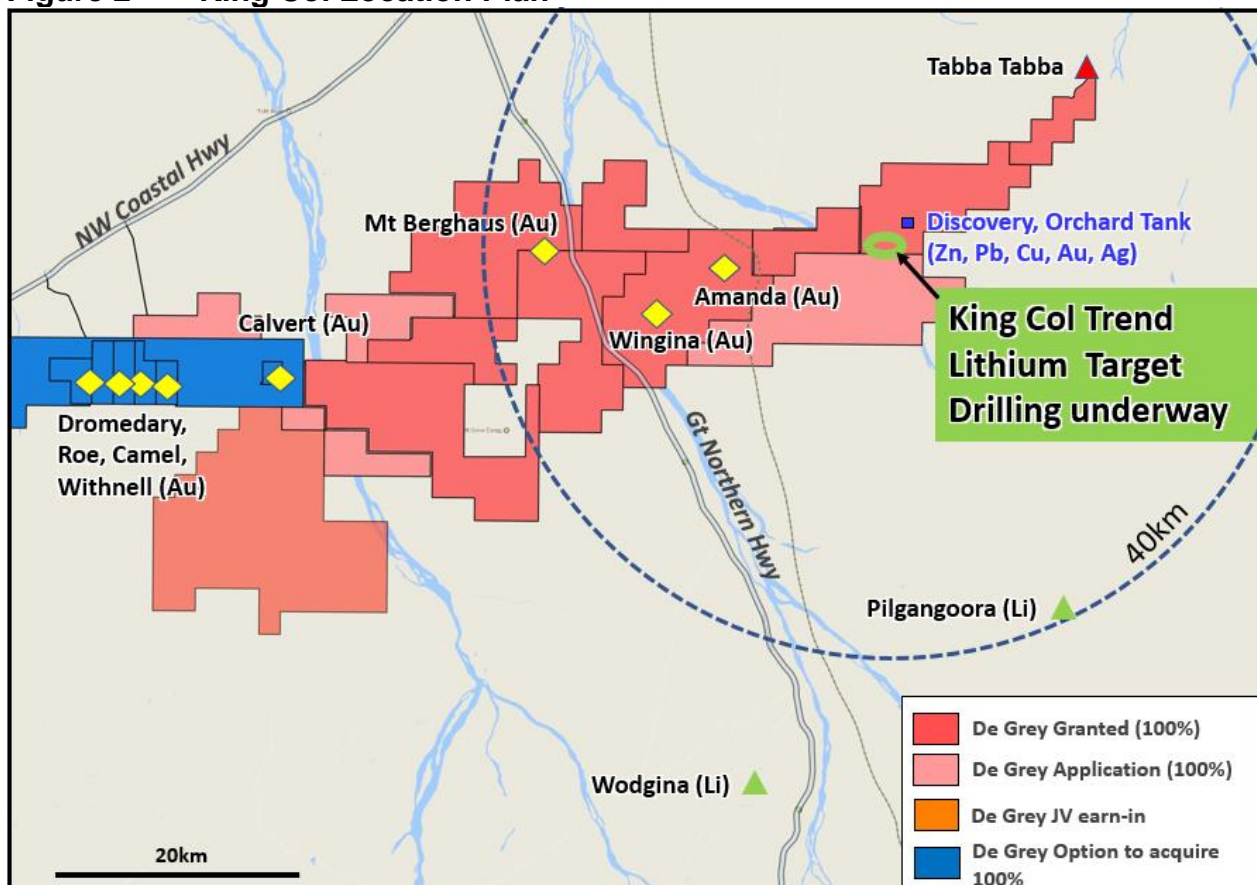
Subsequent systematic soil sampling over an initial 2km strike length yielded encouraging elevated and robust linear lithium zones based on >108ppm Li₂O threshold. Three discrete high-grade priority target zones occur within this broad 2km long anomaly which remains open to the east. To the east the pegmatite trend is defined by limited and weathered pegmatite outcrops throughout the remaining 5.5kms.

- Southern Zone **1200m long, peak 943ppm Li₂O**
- Central Zone **1200m long, peak 344ppm Li₂O**
- Eastern Zone **800m long, peak 409ppm Li₂O**

The King Col pegmatite lies within De Grey’s 100% owned tenements, and is located within 40km from the world class Pilgangoora deposit and approximately 50km from the Wodgina deposit (Fig 2).

- Pilgangoora deposit** **156.3Mt @ 1.25% Li₂O** (Pilbara Minerals Limited) and **42.6Mt @ 0.99% Li₂O** (Altura Resources Limited)
- Wodgina Resource** **120.8Mt @ 1.28% Li₂O** (Mineral Resources Limited)

Figure 2 King Col Location Plan



Proposed Drilling Program

The drilling program will initially comprise approximately 1,500m of RC drilling as a series of drilling fences across the three main anomalous zones. The drilling will test beneath the anomalous lithium-in-soil zones and determine mineralisation potential in fresh bedrock. Subject to positive results a further program of diamond drilling will be undertaken to obtain fresh mineralisation in drill core for detailed mineralogical evaluation. This will aim to define the presence of spodumene in the pegmatite system. Spodumene is the key lithium mineral in most lithium bearing pegmatite orebodies throughout the world.

The RC drilling has commenced and is expected to take approximately 2 weeks to complete. Results are expected during October.

For further information:

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

De Grey Mining Ltd

Phone +61 8 9381 4108

admin@degreymining.com.au

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.