

# De Grey Mining Ltd

A.B.N. 65 094 206 292

23 October 2014

## ASX/MEDIA RELEASE

### De Grey to commence drilling at Turner River Base Metals Project

#### HIGHLIGHTS

- 6 hole RC drill programme to commence early November designed to increase base metal resources and delineate potential.
- Current Inferred Resources (JORC 2012 Compliant, previously reported)
  - ❖ Orchard Tank – 1.40M tonnes @ 2.70% Zn, 84.44 g/t Ag, 1.10% Pb, 0.08% Cu, 0.56 g/t Au; (1.0% Zn cut off)
  - ❖ Discovery – 1.05M tonnes @ 2.63% Zn, 94.54 g/t Ag, 1.03% Pb, 0.12% Cu, 0.88 g/t Au (1.0% Zn cut off)
- Initial results anticipated before Christmas.
- Drilling designed to:
  - ❖ Extend shallow mineralisation at Discovery;
  - ❖ Target existing IP anomalies along strike at Discovery;
  - ❖ Test a deeper chargeability anomaly to the west of Discovery;
  - ❖ Test a series of IP anomalies at Tappa Tappa, including a zone showing the highest IP anomaly seen to date at Turner River Base Metals
- Financial guarantee provided by Dilato Holdings Pty Ltd secures financial support for the Company.

## BACKGROUND

De Grey has had ownership of the Turner River Projects since 2005.

In December 2013 De Grey was advised by Southern Cross Goldfields Ltd of its intention to withdraw from both the gold and base metals joint venture farm in agreements.

De Grey immediately moved to secure a new Joint Venture on Turner River Gold with Rugby Mining Limited (“Rugby”), details of which are contained in an ASX announcement dated 25 March 2014. Rugby is currently drilling at this project, as announced on 23 September 2014.

De Grey received all data and information on the Base Metals project in March of 2014 and reported its findings to the ASX on 16 July 2014.

The analysis of the Project information was exciting enough for De Grey to submit a Programme of Works to provide it the capacity to commence drilling on this project.

Apart from reprocessing data to provide an updated Inferred Resource as indicated in the highlights section, it was noted that there were at least 10 mineralised prospects in existence, and these identified from only 7 km of drilling along a 23 km strike length. Of these 10 only 3 have been drill tested, using RC or Diamond, and only two form the current resource estimate.

Geophysics identified significant new anomalies at Tabba Tabba, which included the highest IP signature seen at the Project to date.

Mr Batten, Executive Chairman of De Grey, commented that, *“The Turner River Base Metals has unexplored targets, mineralisation open in all directions, exploration completed over only 7 km of a 23 km strike length, increasing grade at depth (from current drilling) – all the hallmarks of a project that can significantly expand from its current resource base. We are excited about the commencement of the current drill programme which is designed to delineate this potential and better define the possible scale of the project.”*

Having received its Programme of Works approval, and being aware that drilling was already underway on the neighbouring Great Northern Gold Project (formerly known as the Turner River Gold Project) by Rugby, De Grey has moved to capitalize on the opportunity for improved drilling costs by virtue of rigs and drilling teams already in the region. It is expected that drilling will commence on the TRBMP in early November, following the cessation of the Rugby drilling program.

## POTENTIAL TO UPGRADE AND INCREASE RESOURCES

The Company believes the prospect of significantly enhancing the current resource for both tonnages and grade is high, for the following reasons:

- Current resource estimates are based on only two out of ten prospects covering only 7km drilled out of a potential 23 km strike length of favourable geology;
- Resource estimates based on Discovery and Orchard Tank. Both projects remain open at depth and on strike. Discovery is considered the best potential for significant increases with resource estimate based on 400m of a 1,000 m strike length;
- Mineralisation is known to exist at Cassia, Acacia, Hakea and Tabba Tabba, with additional mineralisation (minimal testing) at Gwajai, Clay Pan Well, Tabba Tabba 2 and TRN 027;
- IP Survey results at Tabba Tabba show parallel zones to existing mineralisation, as well as a strong IP signature which may be indicative of increased sulphides in untested targets;

All ten prospects require additional work with the extents of mineralisation over eight of the ten prospects having not been properly tested. In addition, exploration to identify all the Turner River prospects has only covered 7 kilometres of the 23 kilometre strike with any level of detail.

The opportunity for further discoveries exists adding to what is already a considerable number of prospects that still require exploration to identify the limits and tenure of the prospect mineralisation.

## GEOLOGY

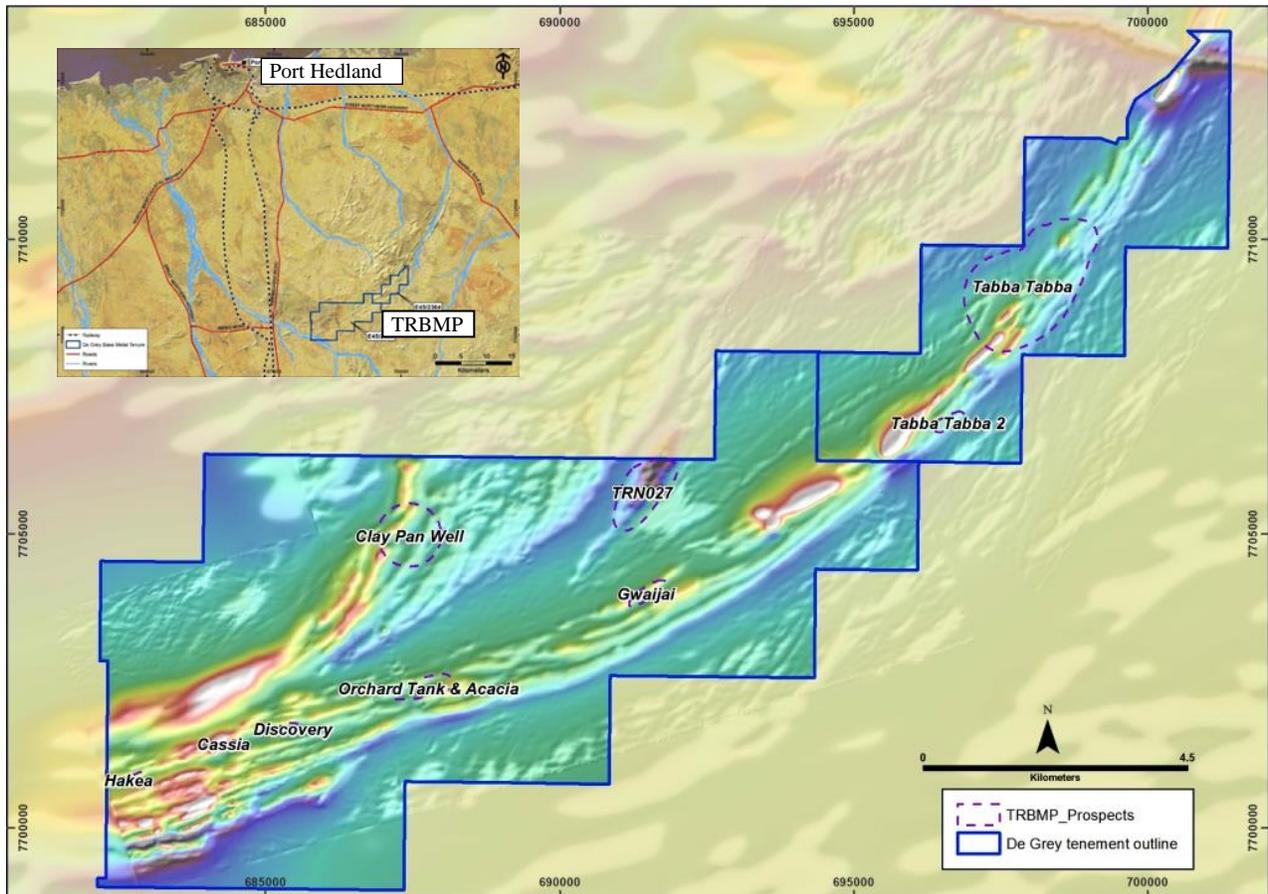
The Turner River Base Metal Project (TRBMP) consists of 94.6km<sup>2</sup> of prospective ground, 45km SE of Port Hedland (See Figure 1).

Volcanogenic massive sulphide-style (**VMS**) mineralisation within the Tabba Tabba greenstone belt of the Archaean Pilbara Craton of northern Western Australia was a virgin discovery by De Grey in October 2005.

A 23km strike length of the east-west striking greenstone belt is contained within the TRBMP. The greenstone belt is up to 2km wide and the Tabba Tabba shear is interpreted to represent a terrane boundary separating the Mallina Basin of the Central Pilbara from the East Pilbara Granite-Greenstone region to the southeast.

Exploration to date has identified ten prospects (Figure 1) but only three, Discovery, Orchard Tank and Tabba Tabba, have been tested with RC and Diamond Drilling. Drilling has resulted in resource estimates at Discovery and Orchard Tank but these remain open in most directions and further drilling is required to better define the overall mineralisation at these prospects.

Additional to the known zinc prospects, structural mapping, soil sampling and drilling have identified anomalism for gold and copper at the TRBMP. The splay fault off the Tabba Tabba Shear Zone (**TTSZ**) that is host to the Claypan Well prospect shows strong anomalism for copper, lead, arsenic and gold and drilling north of Orchard Tank, WADH005, returned 6m at 37g/t Au and 65g/t Ag from 193m downhole (results previously reported).



**Figure 1:** Turner River Base Metals Project identified prospects on magnetic image

## Planned Drilling

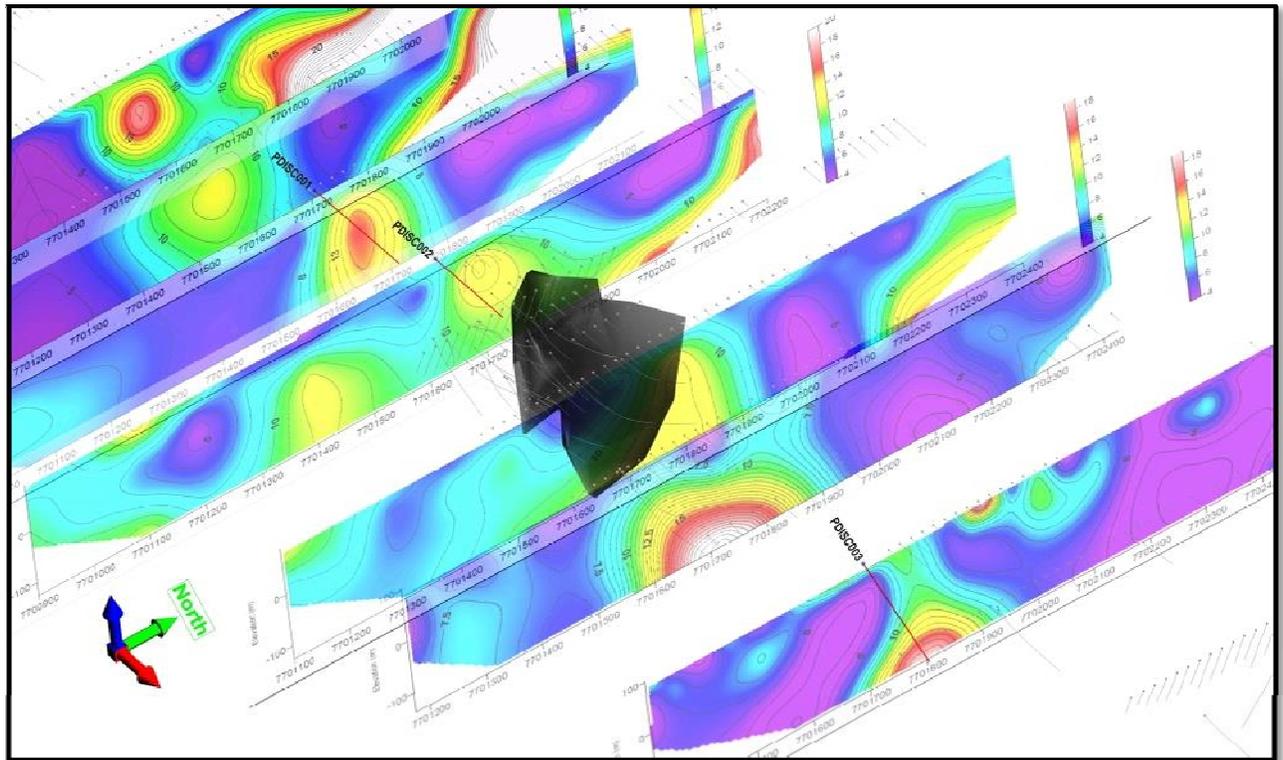
The proposed programme comprises six Reverse Circulation (RC) holes for a total of 1,850m. The drilling is split between the Discovery Prospect and the Tabbatabba prospect.

## Discovery

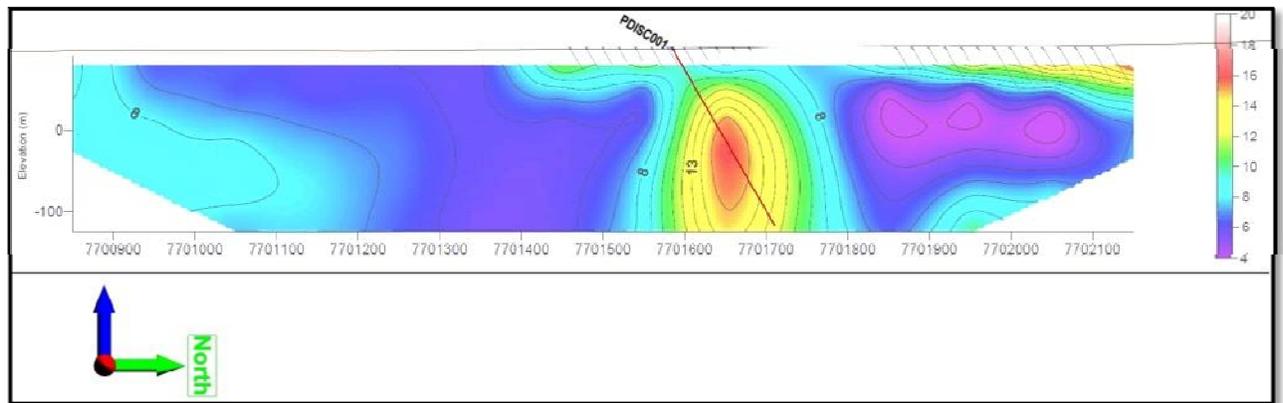
The drilling proposed for the Discovery Prospect will target IP anomalies along strike from the existing mineralization. The drilling is designed to extend the shallow (~100m) mineralisation to the west of the existing resource at Discovery (Figure 2) with one hole designed to test a deeper chargeability anomaly to the west (Figure 3).

The programme is for three holes of RC drilling for a total of 750m.

Should the drilling be successful the results could significantly extend the strike of the mineralisation at Discovery and further enhance the prospectivity of the project.



**Figure 2:** Discovery Prospect –proposed drillhole plan with existing mineralisation (dark solid), from drilling, and stacked IP chargeability profiles.



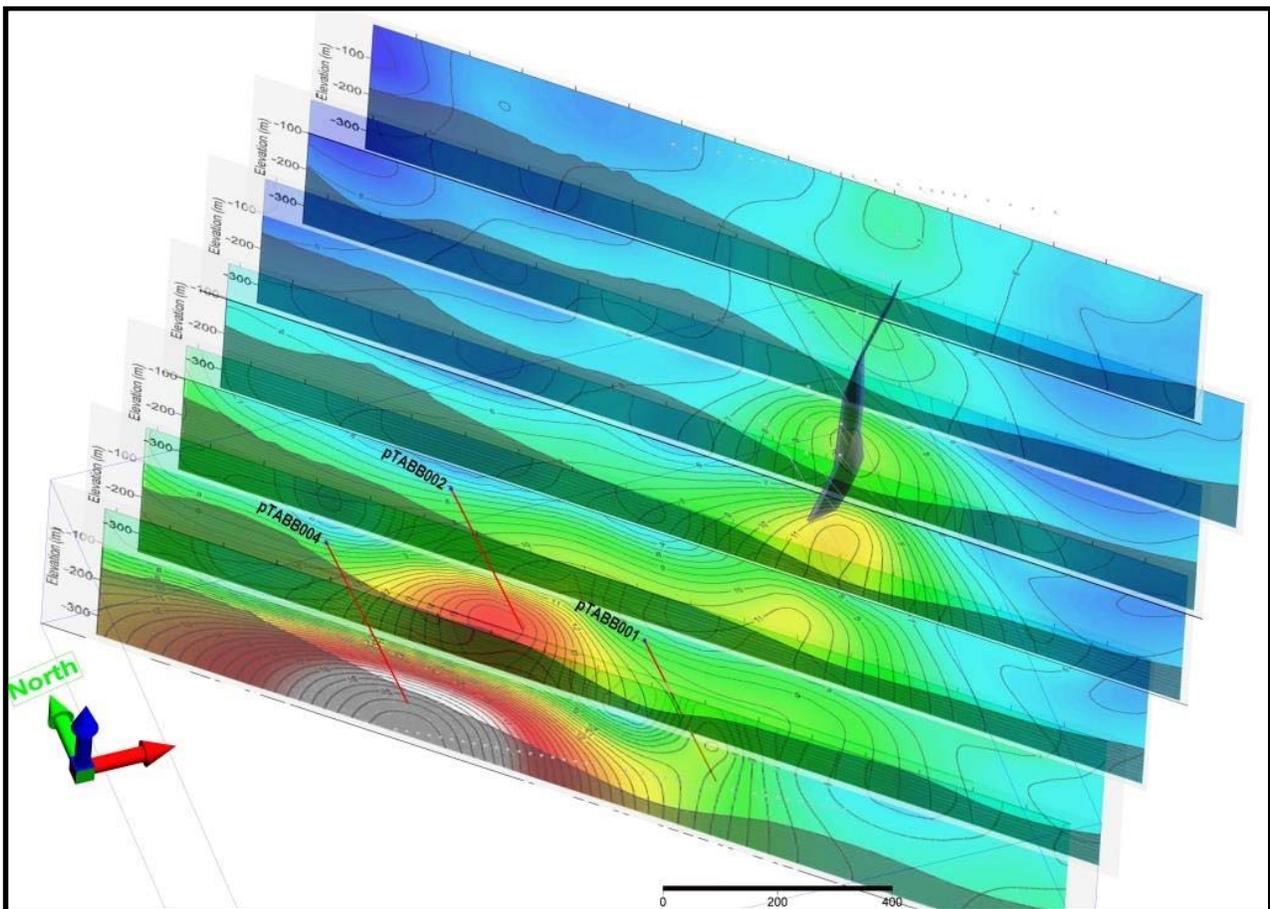
**Figure 3:** Discovery Prospect –proposed drillhole section targeting IP chargeability anomaly.

## Tabba Tabba

The drilling proposed for the Tabba Tabba Prospect is intended to test IP chargeability anomalies that were the product of a survey completed before the project was returned to De Grey's management in early 2014.

These anomalies represent a series of parallel zones and **include the highest IP anomaly**, IP Zone 2 (Figure 5) produced to date at Turner River. The high order anomalies (Figure 6) extend to the west of the survey and survey did not completely delineate the extent of the anomalies with the strike of the anomalies open to the southwest.

Although these anomalies have not been drilled the southernmost anomaly, IP Zone 1, is in the strike trend of mineralisation identified from drilling and reported already at Tabba Tabba (Figure 4).



**Figure 4:** Tabba Tabba Prospect –proposed drillhole plan with existing mineralisation (dark solid), from drilling, and stacked IP chargeability profiles.

The current drilling density at Tabba Tabba is not sufficient for a resource estimate and this proposed drilling will not improve this situation. The drilling if successful will effectively extend the potential for zinc and silver mineralization in excess of three times the known strike length of mineralisation at Tabba Tabba.

The proposed programme is for three RC holes for a total of 1,100m.

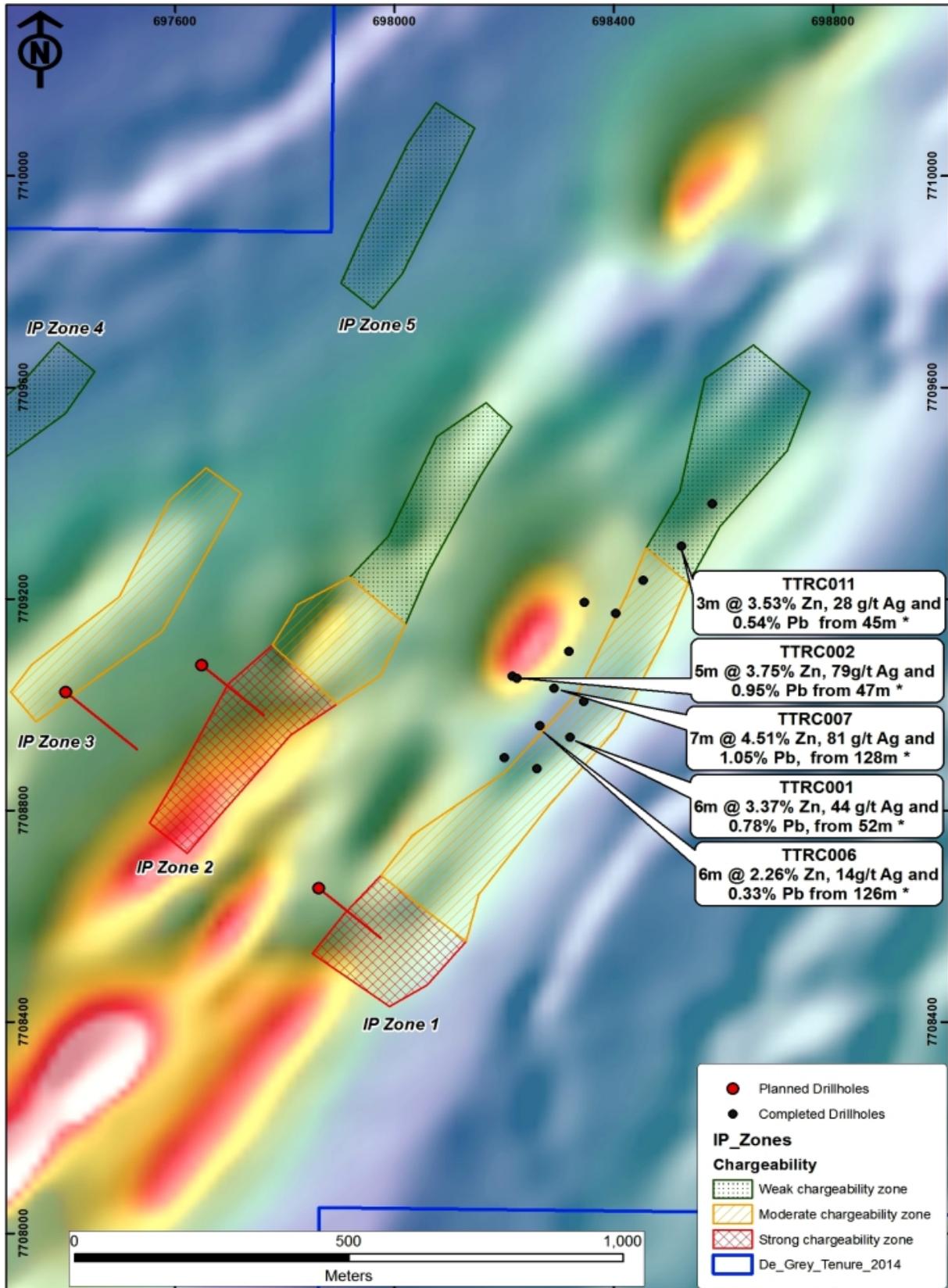


Figure 5: Tappa Tappa Prospect –proposed drillhole plan with previously reported drilling and hatched IP chargeability zones.

\* denotes previously reported results

**Table 1: Tabba Tabba Prospect –proposed drillholes**

PreholeID	EAST	NORTH	RL	AZI	DIP	EOH	Type	COMMENTS
pTABB001	697861	7708653	100.00	130	-65	350	RC/DD	SE ext IP Z1. High chargeable feature -100m
pTABB002	697648	7709075	100.00	130	-65	350	RC/DD	SE ext IP Z2. High chargeable feature -100m (Highest)
pTABB004	697400	7709024	100.00	130	-65	400	RC/DD	SE ext IP Z2. Multi chargeability zones merging - IP Z3
PDISC001	685005	7701585	100.00	0	-60	250	RC/DD	Large IP bullseye on favourable horizon
PDISC002	685245	7701630	101.00	0	-60	200	RC/DD	IP anomaly to depth. Extension of Discovery
PDISC003	686200	7701715	100.00	0	-70	260	RC/DD	IP anomaly at depth. Anomalous base metals in RAB.

## Financial Guarantee

Whilst recognising the opportunity provided by exploration of the Turner River Base Metals project, the Board is also extremely cognisant of its cash resources and did not wish to proceed with the drilling programme without having a suitable financing plan in the event that the drilling programme does not achieve suitable results.

To that end the Board has entered into an agreement with Dilato Holdings Pty Ltd, a private investment group based in Melbourne, who has agreed to guarantee the provision of \$500,000 at a price of \$0.001 per share by the end of March 2015, if it is required by the Company. The Offer would be subject to shareholder approval which is planned to be sought at a time when/if the Board is required to accept the Offer.

### For further information:

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#### Competent Persons Declaration

*The information in this announcement that relates to exploration results is based on information compiled by or under the supervision of Peter Batten. Mr Batten is Executive Chairman of De Grey Mining Ltd and a Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Batten has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results. Mr Batten consents to the inclusion in the 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 Base Metals Project is based on, and fairly represents information and supporting documentation prepared by Mr Stephen Hyland, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Hyland is employed by Ravensgate Mining Industry Consultants. Ravensgate Mining Industry Consultants was engaged by De Grey Mining Limited to prepare the Turner River Base Metals Project Mineral Resource estimates and both Ravensgate Mining Industry Consultants and Mr Hyland have declared themselves to be independent of the Company. Mr Hyland has sufficient experience that is relevant to the style of mineralisation and type of deposits 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 Hyland consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*