De Grey Mining Ltd

ASX Announcement
30 June 2016

Drilling Commences at Discovery Prospect
(Turner River Project)

ASX Code DEG

ABN 65 094 206 292

COMPANY DIRECTORS
Simon Lill
Executive Chairman

Davide Bosio
Non-executive Director

Steve Morris
Non-executive Director

Craig Nelmes
Company Secretary/CFO

CONTACT DETAILS

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

PO Box 281
Mt Hawthorn WA 6915

www.degreymining.com.au

admin@degreymining.com.au

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

Highlights

- **Drilling programme underway at the Turner River Project**
- **Initial RC drilling of a 26 hole programme (~2,000m) at the Discovery Au-Ag-Zn-Pb deposit**
- **Discovery drilling to focus on oxide supergene gold zone associated with the base metal mineralization.**
- **Diamond rig has mobilised and anticipated to start at Wingina shortly.**

Executive Chairman Simon Lill commented "The d*rilling at Discovery is following up significant shallow high grade gold and silver mineralisation in the oxide portion of the deposit. We aim to improve and extend the shallow oxide resource to complement the Company's other existing gold resources. This will further substantiate our plans to commence economic studies on gold production."*

De Grey Mining Ltd (ASX: DEG, "De Grey", "Company") is pleased to advise that the first of two drill rigs has mobilised to site and has commenced drilling the Discovery Prospect within the Turner River Project.

The overall RC and diamond drilling programme planned at Turner River will comprise of a series of holes at Discovery (Au-Ag-Zn-Pb), Wingina Well (Au), and the Tabba Tabba (Au-Ag-Zn-Pb-Cu) prospects.

The RC drill rig will commence drilling at Discovery after initially completing a short pre-collar at the Wingina Well Prospect in preparation for the diamond drill rig.

The RC drill rig, on completion of its work at Discovery, will then mobilise to commence at the Tabba Tabba Au-Ag-Zn-Pb-Cu prospect once Discovery drilling complete.

The RC component of the drilling program is expected to run for between two to three weeks.

Discovery Prospect (Au-Ag-Zn-Pb)

RC drilling programme at Discovery comprises a 26 hole programme (approximately 2,000m) to systematically test the shallow high grade oxide gold and silver zone associated with the base metal mineralisation where previous RAB and limited RC drilling showed the following intersections.

- **WARB0418 28m @ 1.60g/t Au, 49g/t Ag, 1.9%Zn, 0.94%Pb from 3m**

  including 11m @ 3.17g/t Au, 94.7g/t Ag from 3m
- **WARB0419 20m @ 2.77g/t Au, 152g/t Ag, 2.4% Zn, 1.04% Pb from 25m**

  including 14m @ 3.62g/t Au, 204.2g/t Ag from 25m
- **WARC080 24m @ 2.15g/t Au, 250g/t Ag, 5.4% Zn, 2.56%Pb from 18m**

  including 10m @ 3.3g/t Au, 386.2g/t Ag from 20m

Previous drilling in the shallow oxide portions of the Discovery deposit shows significant gold (Au) and silver (Ag) mineralisation in earlier RAB and the limited RC drilling. The Au and Ag mineralisation in part appears to have been partially remobilised from the main zone of mineralisation due to weathering processes. The drilling programme aims to provide a detailed assessment of the oxide portion of the deposit to determine the potential for a satellite open pittable gold resource. The deposit is within 25 kms of the Company's Wingina Well project and complements the Company's existing gold resources.

Drill Section 685,440E (Figure 1) shows the previously drilled RC drill holes, WARC080, DISRC003 and WARC023, that test the oxide, transition and fresh portions of the deposit on this one section. WARC080 and DISC003 confirm the significant high grade Au-Ag and base-metal Zn-Pb mineralisation in the earlier RAB drill holes and WARC023 shows the mineralisation extending into the fresh bedrock. Shallow drilling of the oxide zone to the east and west is limited to RAB holes which have not been used in the previous resource estimate. The current RC drilling programme aims to extend this mineralisation along strike and provide a detailed test of the known anomalous Au-Ag zone over 300m strike length to an average depth of approximately 80m on 40m sections (Figure 2).

The new drilling results are expected to allow for more detailed review on the nature and tenor of Au-Ag zones in relation to the Zn-Pb mineralisation within the oxide and transition zones.

The diamond core drill rig is also mobilising to site to continue the Wingina Well "Deeps" drilling programme, and is expected to commence within 7 to 10 days.

For further information:

Simon Lill (Executive Chairman) or Davide Bosio (Director)

De Grey Mining Ltd
Phone +61 8 9381 4108
admin@degreymining.com.au

Figure 1 Discovery drill section 685,440E, showing previous RAB and subsequent limited RC drilling results to date. Proposed holes on this section are shown in yellow. Previously reported mineralised intervals are based on results >0.5%Zn

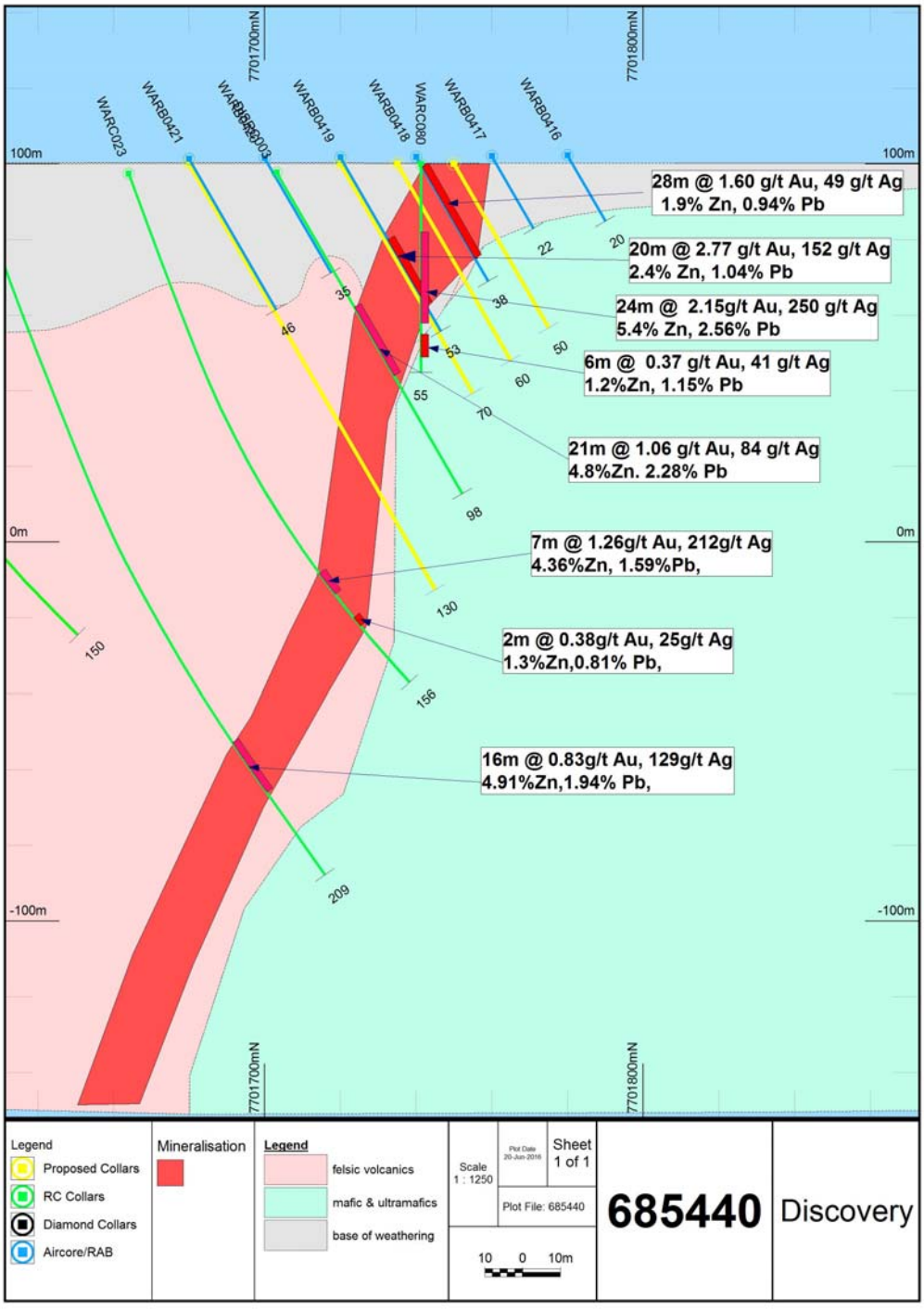
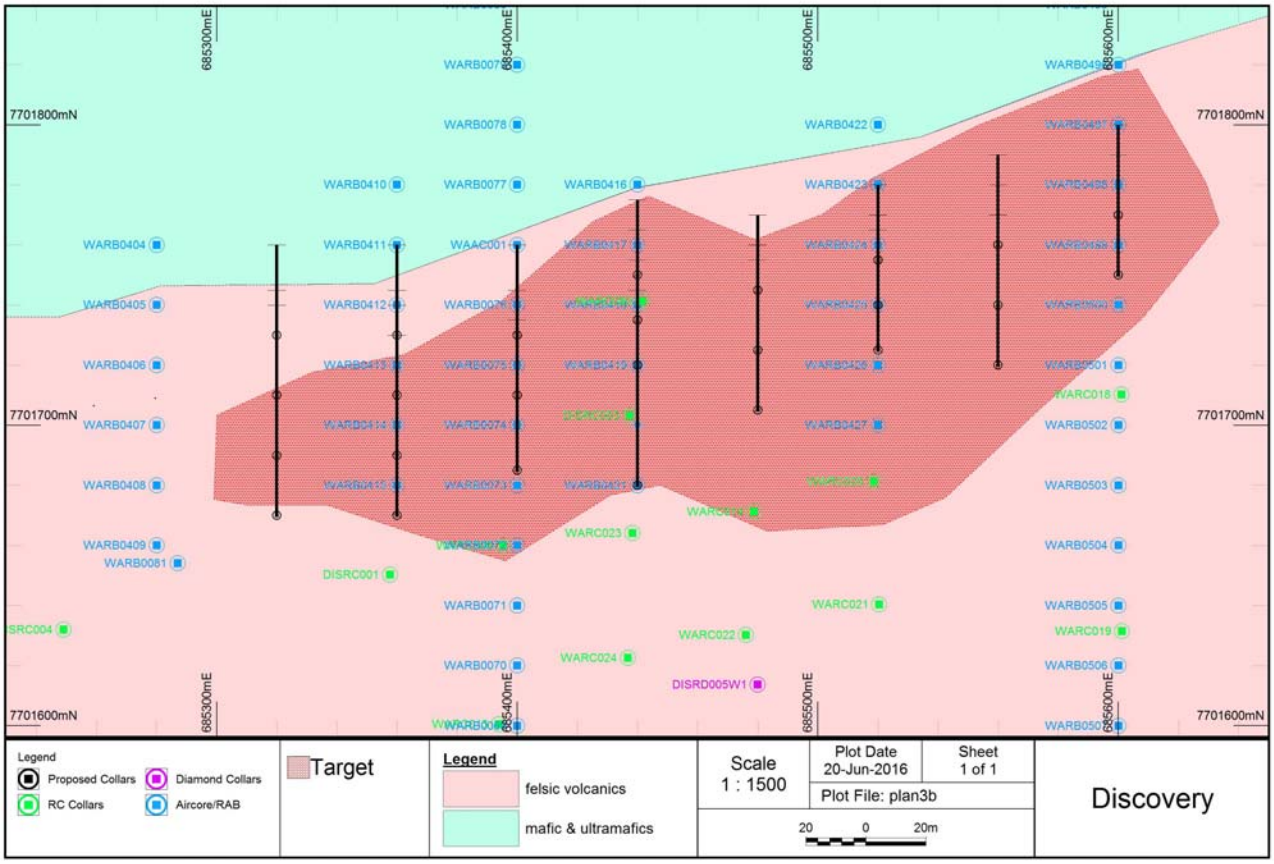


Figure 2 Discovery plan view showing proposed RC drill programme designed to test the oxide and transition zone along strike from Section 685440E. Proposed holes are shown in black.



The information in this report that relates to exploration results is based on, and fairly represents information and supporting documentation 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.