

Wingina diamond drilling expands potential at Turner River

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Highlights

- Drilling confirms shallow high grade gold lodes.

WDH009

13.6m @ 3.6g/t from 49.8m including 10.5m @ 4.4g/t

9.6m @ 7.6 g/t from 70.5m

10.8m @ 3.6 g/t from 83.1m including 5.8m @ 4.4g/t

NB: Core recovery was variable – results reflect minimum grade and not necessarily true grade.

- Deeper drill holes confirm extensions to the east and at depth, with drilling results that include:

WRC211D (previously announced)

52m @ 0.93g/t from 383m including 4m @ 5.57g/t;

WRC211D2

14m @ 0.65g/t from 436m including 2m @ 2.7g/t; and

WDH010

21m @ 0.96g/t from 420m including 4m @ 2.6g/t

- Drilling demonstrates an envelope of lower grade gold mineralisation hosted in a thick (20-40m) shear zone, now termed the Wingina Shear Zone (previously described as the chert sequence).
- Wingina Shear Zone shows internal higher grade extensions to 350m depth.
- Resource update on Wingina, focused on the high grade lodes, currently underway with report due October.

De Grey Mining Ltd (ASX: DEG, “De Grey”, “Company”) is pleased to provide results and outcomes of the Wingina drilling program.

The Wingina program (Figure 1) has been successful in confirming shallow and potentially open pittable high grade lodes and defining further extensions to the Wingina mineralisation at depth. Importantly, the drilling has also provided a substantial advance in the geological understanding of the deposit and the impetus to review the longer term potential along the regional Wingina Shear Zone (“WSZ”) and greater Tabba Tabba Thrust.

Wingina Drilling Programme

The overall Wingina drilling program has now been finalised with results and conclusions provided in this report.

The programme included two specific objectives:

1. Shallow oxide drilling of the known and thickest portions of the high grade lodes for confirmation of grade and structural information; and
2. Wingina Deeps drilling to determine potential for high grade mineralisation at depth, as well as to obtain fresh core to provide geological information and metallurgical assessment of mineralisation in fresh bedrock.

Shallow oxide drilling

The shallow oxide zone drilling has been successful in confirming the high grade nature of the definition of strong high grade gold lodes within the Wingina resource (Figure 1 - stacked cross sections). These high grade lodes are continuous over the entire 600m strike length and to the depth of detailed drilling to date (~200m vertical depth) and will be very important in future mining optimization scenarios.

Structural information gathered has been limited due to the oxide material and highly variable recoveries were achieved while drilling the silicified to very soft altered rocks of the target zone. The second planned hole was deferred until a later date when additional equipment can be used to improve recoveries.

Information obtained from drill hole WDH009 - located within the existing resource model – includes:

- Significant high grade gold mineralisation encountered
- Highly variable recoveries achieved due to deeply weathered nature
- Geological boundaries correlate well with existing RC drilling
- Lode definition correlates well to defined lodes based on previous RC drilling.
- Deeply weathered nature and variable recoveries limits structural information

Significant new drill results* in WDH009 include the following with full results listed in Table 2:

Hanging Wall Lode

11.6m @ 1.69g/t Au from 36m (63%*) including **1.0m @ 6.25 g/t Au**

13.6m @ 3.65g/t Au from 49.8m (72%*) including **10.5m @ 4.45g/t Au**

Footwall Lode

9.6m @ 7.55 g/t Au from 70.5m (61%*)

10.8m @ 3.62 g/t Au from 83.1m (51%*) including **5.8m @ 4.37g/t Au**

*NB: Drilling results show variable core recovery, with recovery shown in brackets for each overall intercept. Due to the core losses, the drill results can be viewed as the minimum gold intercept for that interval as the missing core is classed as a zero gold grade when calculating the combined intercepts. This is probably not the case and therefore the grade would increase if the missing core was mineralised.

The first attempted hole WRC008 was abandoned at 29.5m due to hole conditions accompanied by excessive poor sample recovery. This hole was re-drilled as WRC009 (reported above) and reached final depth of 114.0m. The hole was planned to twin the 2004 RC drill hole WRC021, which intersected strong high grade gold lodes within a broader envelope of lower grade mineralisation (Fig 3). Results of WRC021 include 9.0m @ 4.3 g/t Au from 61m (Hanging Wall Lode) and 22.0m @ 7.3 g/t Au from 72m (Footwall Lode). The recent results from WDH009 compare favorably with the historic results (Table 1). Grade variances do exist, most likely due to the less than adequate core recovery in WDH009.

In spite of the highly variable recoveries and drilling difficulties the results provide confidence in the high grade nature of the mineralisation defined from surface and the existing drilling database.

Table 1 Comparison of drill results

2004 WRC021	2016 WDH009 (Note recovery issues as discussed above)
Hanging Wall Lode	Hanging Wall Lode
9.0m @ 4.3 g/t Au from 61m	13.6m @ 3.65g/t Au from 49.8m including 10.5m @ 4.45g/t Au
Footwall Lode	Footwall Lode
22.0m @ 7.3 g/t Au from 72m	9.6m @ 7.55 g/t Au from 70.5m 10.8m @ 3.62g/t Au from 83.1m

Wingina Deeps Drilling

The Wingina Deeps (“WD”) drilling program was designed to:

1. determine the potential for high grade mineralisation at depth; and
2. provide geological information and metallurgical samples within the fresh bedrock.

The drilling results and geological interpretation shows:

- **Mineralisation hosted in a thick (20-40m) shear zone, now termed the Wingina Shear Zone (previously described as the chert sequence);**
- **Broad lower grade gold mineralisation intersected in all holes;**
- **Indications of internal higher grade intercepts achieved;**
- **Best high grade gold intersected at ~350m vertical depth
WRC211D - 4m @ 5.57g/t Au including 1m @ 13.8g/t**
- **Wingina Shear Zone is mineralised to at least 350m vertical depth; and**
- **Footwall sequence is a sequence of massive meta-sediments in fresh bedrock which augurs well for any future underground decline infrastructure requirements.**

All three diamond holes have intersected a broad sequence of fresh altered BIF and internally folded WSZ (chert sequence) with extensive, sericite-sulphide alteration, shearing, internal parasitic folding and minor brecciation. The WSZ is now interpreted to represent a significant shear zone providing a large mineralised plumbing system over at least 10km strike length within the larger regional scale Tabba Tabba Thrust.

Results of all holes show the WSZ hosts broad widths of gold mineralisation:

**52m @ 0.93g/t (WRC211D);
21m @ 0.96g/t (WDH010); and
14m @ 0.33g/t and 14m @ 0.65g/t (WRC211D2).**

Strong indications of the existence of higher grade mineralisation is highlighted by **4m @ 5.57g/t, 4m @ 2.63 and 2m @ 2.7g/t**. Results are listed in Table 2 and on the Wingina long-section in Figure 4.

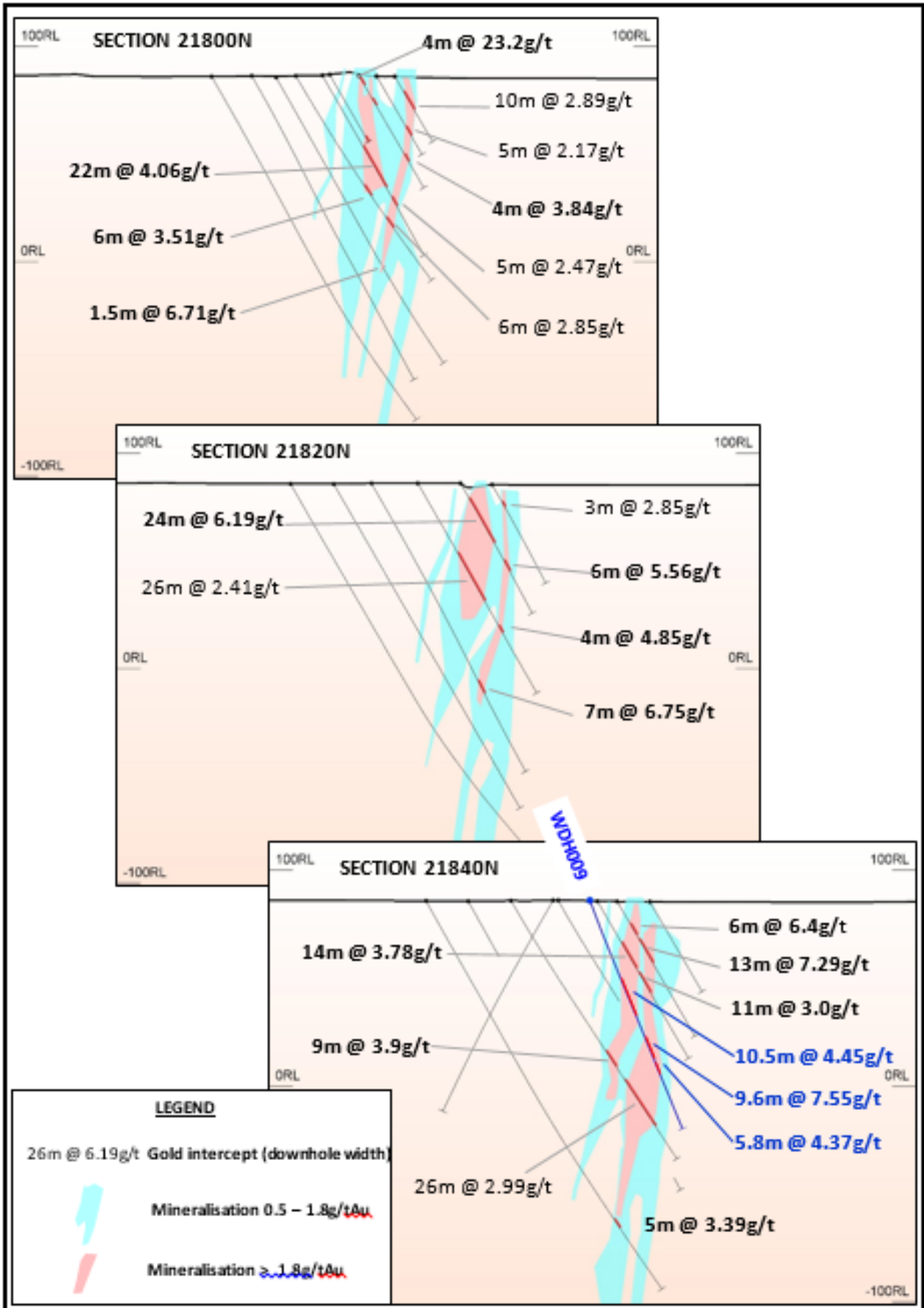
Table 2 New drill results

(Intercepts based on 0.5g/t cut off with higher grade intervals 1.5g/t cutoff)

Hole ID	Intercept	From (m)	Recovery	Comment
WDH009	1.1m @ 3.92g/t Au	30.3	82%	
	11.6m @ 1.69g/t Au	36	63%	
	13.6m @ 3.65g/t Au	49.8	72%	HW HG Lode
	including 10.5m @ 4.45g/t Au	50.8	73%	
	1.5m @ 4.38g/t Au	66.5	87%	
	9.6m @ 7.55g/t Au	70.5	61%	Footwall HG Lode
	10.8m @ 3.62g/t Au	83.1	51%	Footwall HG Lode
	including 5.8m @ 4.37g/t Au	88.1	65%	
	2m @ 0.81 g/t Au	97.9	40%	
WRC211D2	6m @ 0.57 g/t Au	398	100%	
	4m @ 0.80 g/t Au	427	100%	
	1m @ 0.50 g/t Au	440	100%	
	including 1m @ 1.69g/t Au	430	100%	
WRC211D2	4m @ 1.71 g/t Au	443	100%	
	including 2m @ 2.70g/t Au	445	100%	
	1m @ 1.31 g/t Au	480	100%	

As previously reported (ASX release dated 17 Aug 2016) simple 24 hour bottle roll BLEG testwork on the fresh bedrock mineralised zones indicates gold extraction may reach 94.7% which is similar to more detailed metallurgical testwork previously on the oxide mineralisation.

Figure 1 Wingina - Stacked cross-sections through the high grade lodes



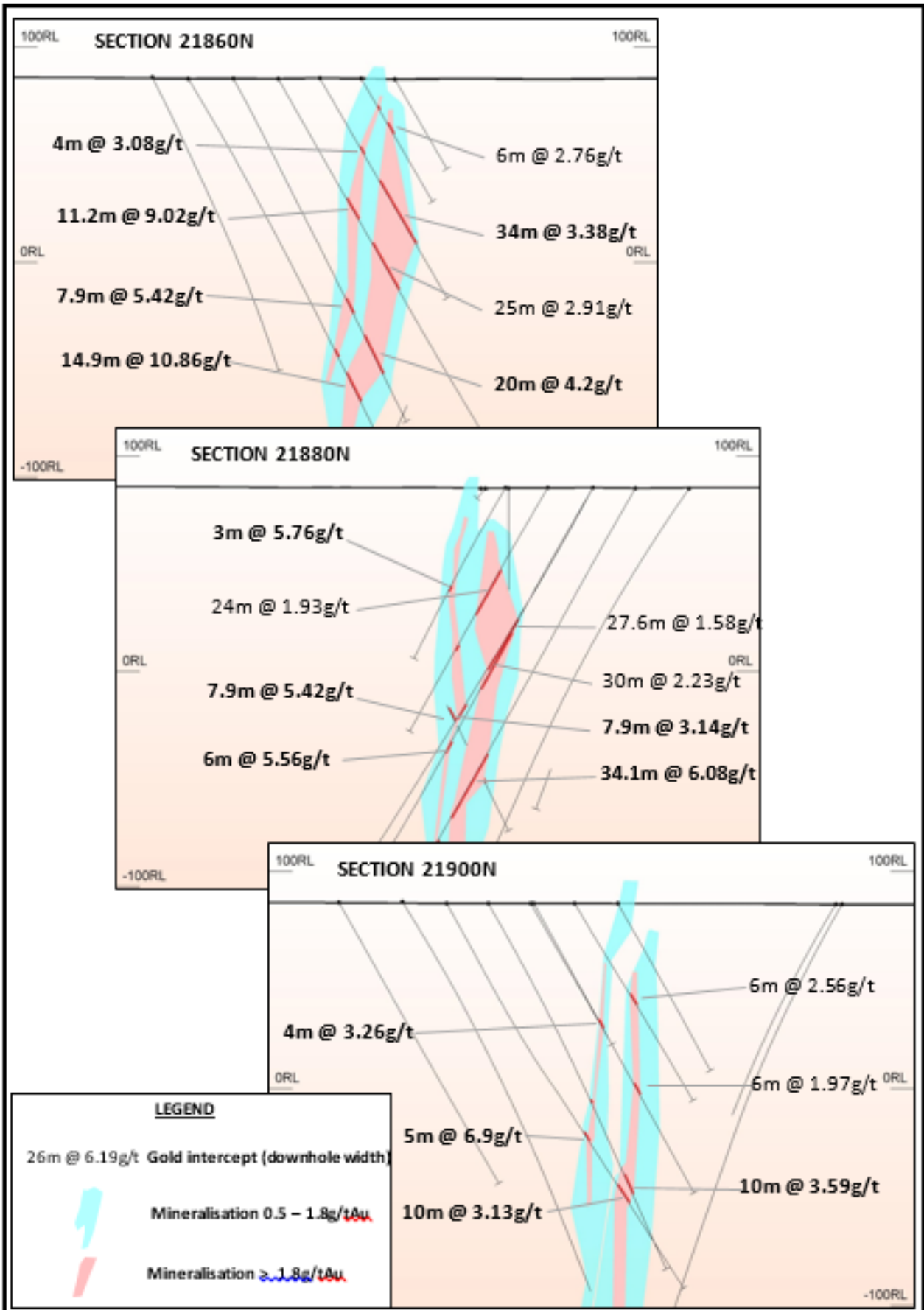


Fig 2 Wingina Longsection, showing location of drill holes and gold intercepts

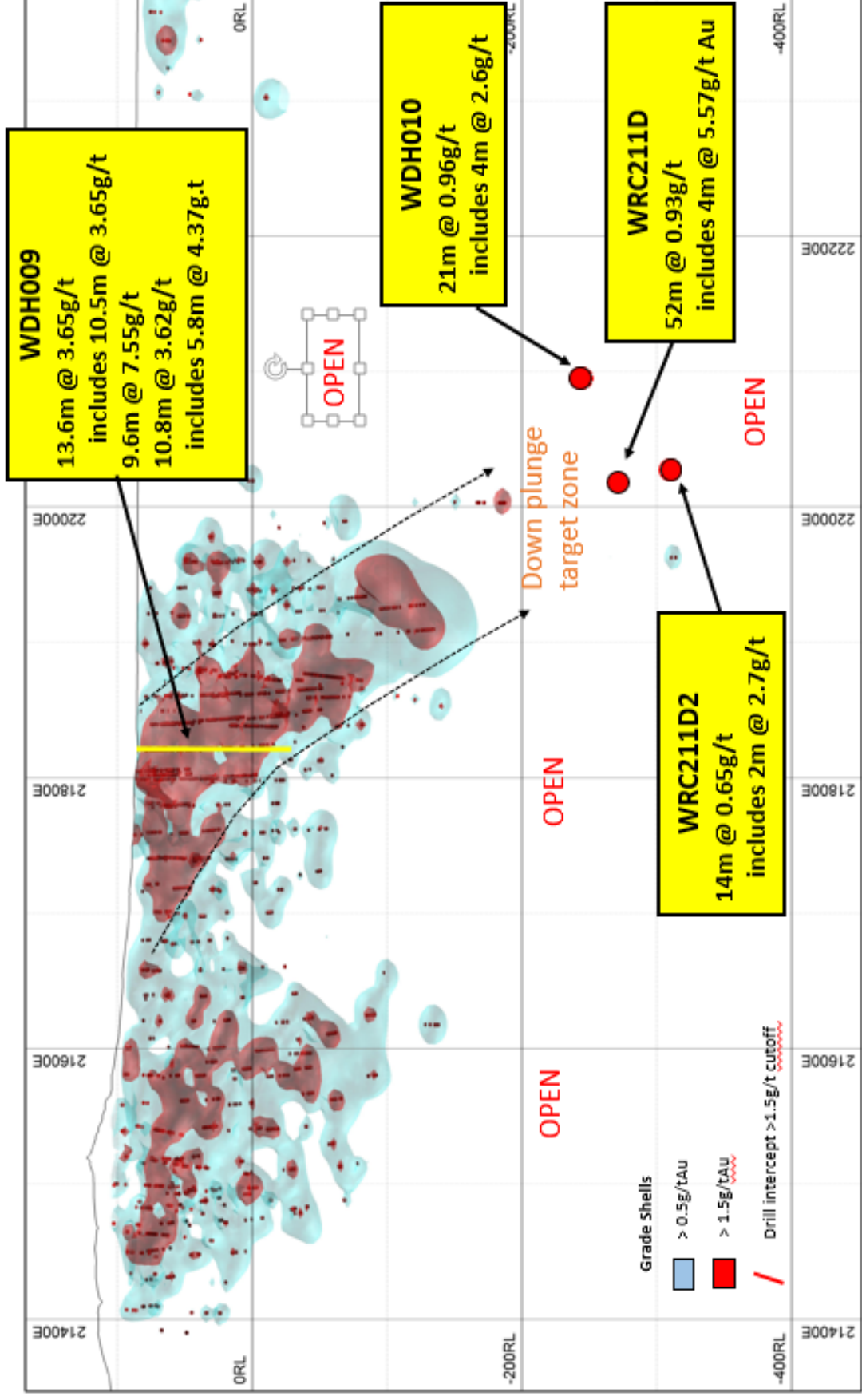


Table 3 Drill hole locations

Hole ID	Easting (m)	Northing (m)	RL(m)	Azimuth(°)	Dip(°)	Depth(m)
WRC211D	664847	7694550	84.3	142	-64	516.80
WRC211D2 (daughter wedge)	664847	7694550	84.3	142	-64	516.80
WDH008	664835	7694210	85.7	323	-70	Abandoned at 29.5m
WDH009	664834	7694209	85.7	323	-70	114.0
WDH010	665136	7694231	84.0	323	-55	drilling underway planned 500.0m

GDA94, Zone 50

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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. 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.

Wingina Gold Deposit Background

The Wingina Gold Deposit is located in an infrastructure rich area, 50km south of Port Hedland in the Pilbara region of Western Australia, with excellent access via dominantly bitumen roads.

The deposit is well drilled with high grade gold mineralisation hosted in a sequence of Banded Iron Formation (BIF) and Chert within a large regional shear zone. Continuous high grade gold mineralisation (>1.5g/t) is hosted within two a series of high grade sub-vertical which extend over a 600m strike length and are currently well drill tested to 200 - 250metres below surface with only limited drilling beyond 250m.

A Total Mineral Resource Estimate of 268,000 ounces of gold, including 156,000 ounces in the Measured category and 48,000 ounces in the Indicated category, has be defined at Wingina. The remaining Inferred category relates to generally deeper portions of the deposit which have received less drilling density to date. The deposit is deeply weathered resulting in peripheral zones of lower grade (0.5-1.5g/t) remobilised “supergene” gold mineralisation located adjacent to the higher grade lodes.

De Grey considers the Wingina deposit will most likely be developed as an open pit and underground mining operation with additional ore sourced from satellite open pits within economic trucking distance. A simple CIL processing plant, typical of many gold mines in Western Australia, is the preferred processing option due to the excellent recoveries (>90%) achieved in previous metallurgical testwork on the oxide ore. The Mount Berghaus (43,000oz) and the Amanda (35,000oz) gold deposits, both located within 10km of Wingina, are expected to provide additional ore feed.

The Company is currently assessing the most advanced prospects within the Turner River Project that are considered likely to provide further additional open pitable gold resources and support the proposed Wingina development.

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"> • <i>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.</i> • <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> • <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> • <i>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.</i> 	<ul style="list-style-type: none"> • Drill holes sampled on a nominal 1m basis except where cut to geological boundaries. The core is continuous cut in half with one half sent to the laboratory for assay and the other half retained. • As significant core recovery loss was evident in WDH009 the core was sampled from core block to core block unless sufficient core enabled 1m nominal basis. Recovery was measured for each core run. • Samples were then routinely assayed using 50gram charge fire assay. This methodology is considered “industry standard”:
Drilling techniques	<ul style="list-style-type: none"> • <i>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.).</i> 	<ul style="list-style-type: none"> • The drill holes comprised HQ core
Drill sample recovery	<ul style="list-style-type: none"> • <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> • <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> • <i>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.</i> 	<ul style="list-style-type: none"> • Core recovery is measured for each drilling run by the driller and then check by the Company geological team during the logging process. The recovery for WDH009 is considered highly variable with a range from nil to over 100%. All other hole recovery was generally 100% over majority of the hole • Recovery is listed in results table for each intercept • Due to the significant sample recovery loss in WDH009, there is reasonable grounds to expect these results are a minimum grade rather than an absolute grade. • Mineralised zones and geological boundaries correlate well with the twinned RC hole.
Logging	<ul style="list-style-type: none"> • <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support</i> 	<ul style="list-style-type: none"> • The entire hole has been geological logged, photographed with systematic sampling undertaken on the prospective parts of the stratigraphy based on

Criteria	JORC Code explanation	Commentary
	<p><i>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> 	<p>rock type and alteration observed</p> <ul style="list-style-type: none"> • All holes will be used in resource calculations, however WDH009 may not be suitable due to unacceptable core losses
<p>Sub-sampling techniques and sample preparation</p>	<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"> • The sampling of the core has been undertaken over a nominal 1m sample length of a continuous cut half core, except where individual samples are cut to geological boundaries or from core block to core block • Industry prepared independent standards are inserted approximately 1 in 20 samples. • Sample sizes are considered appropriate for the material sampled, except where significant core loss was noted.
<p>Quality of assay data and laboratory tests</p>	<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"> • Sample analysis is considered appropriate and a total technique. • Independent standards are inserted into the sample batch at the ratio of 1 in 20 samples and the laboratory adds further internal standards
<p>Verification of sampling and assaying</p>	<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 data.</i> 	<ul style="list-style-type: none"> • Sample results have been entered and checked by a second company geologist • Results have been uploaded into the company database, checked and verified • No adjustments have been made to the assay data. • Where core loss is measured the interval has been assigned a zero gold value
<p>Location of data points</p>	<ul style="list-style-type: none"> • <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine</i> 	<ul style="list-style-type: none"> • Drill hole locations are located by hand held GPS to an accuracy of +/-3m • GDA94, Zone 50

Criteria	JORC Code explanation	Commentary
	<p><i>workings and other locations used in Mineral Resource estimation.</i></p> <ul style="list-style-type: none"> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	
Data spacing and distribution	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results.</i> • <i>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.</i> • <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> • The sampling of the core compliments a large body of drilling data and will be suitable for mineral resource estimation. • No compositing has been undertaken. • WDH009 is considered most likely not useable in a mineral resource estimate.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> • <i>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.</i> 	<ul style="list-style-type: none"> • The sampling of the core is half core over a nominal sample interval of 1m, except where individual samples are cut to geological boundaries • The drill hole is oblique to the host stratigraphy and intersected true widths are estimated at 50-60%
Sample security	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> • Sample intervals were logged and sampled by company personnel and delivered direct to the laboratory via a transport contractor
Audits or reviews	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> • No audits have been completed. Review of the data and the differing techniques shows high repeatability between differing assay methodology

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"> • <i>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.</i> • <i>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.</i> 	<ul style="list-style-type: none"> • The drilling is on E45/2995 which is located approximately 50km south of Port Hedland and is 100% owned De Grey Mining (or its 100% owned subsidiaries)
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"> • The Wingina deposit has had considerable previous drilling undertaken over a period of 12 years. The large proportion of the holes were completed by De Grey Mining between 2003-2008 and then a number of joint venture parties from 2008-2015.
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 BIF /Chert hosted gold mineralisation within a shear zone and is similar in style to many

Criteria	JORC Code explanation	Commentary
		other Western Australian gold deposits.
Drill hole Information	<ul style="list-style-type: none"> • 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: • easting and northing of the drill hole collar • elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar • dip and azimuth of the hole • down hole length and interception depth • hole length. • 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. 	<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"> • 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. • 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. • The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> • Results are reported to a minimum cutoff grade of 0.5g/t gold with an internal dilution of 2m maximum. • Intercepts are length weighted averaged
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> • These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • 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'). 	<ul style="list-style-type: none"> • The drill holes are oblique to the host stratigraphy and intersected true widths are indicated in the report
Diagrams	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Longsection provided in the report which provides an overview of the hole location relative to other drill holes • Sections and plans are provided where appropriate
Balanced reporting	<ul style="list-style-type: none"> • Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low 	<ul style="list-style-type: none"> • This report provides the assay results for the entire Wingina drill programme

Criteria	JORC Code explanation	Commentary
	<p><i>and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i></p>	
<p>Other substantive exploration data</p>	<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"> The Wingina Gold deposit has an existing 2012 JORC gold resource (268,000oz) previously reported by De Grey. Hole WDH009 is inside the existing resource estimate Other holes WRC211D, WRC211D2 and WDH010 are all outside of the existing resource estimate
<p>Further work</p>	<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"> De Grey is currently updating the resource estimate.