

De Grey Mining Ltd

A.B.N. 65 094 206 292

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ASX/MEDIA RELEASE

DeGrey to assess development opportunities at the 100% owned Turner River Project.

Milestones

- **Formal handback of the Turner River Gold Project by Rugby Mining Limited (“Rugby”).**
- **Combined Turner River Gold and Base Metals assets are now 100% owned by De Grey for the first effective time since 2009 – the combined assets will now jointly be known as the Turner River Project**
- **Combined project hosts gold resources of 406,000 ozs with significant potential to enhance these resources**
- **Consideration underway of potential for near term mining/development scenario**
- **Review of all data across the project continues – more detail anticipated before the end of March**
- **Ongoing review of alternative opportunities to create shareholder wealth**

De Grey Mining Ltd (ASX: DEG, “De Grey”, “Company”) advises that the Company has formally completed the return of the Turner River Gold Project (Great Northern Gold Project) from Rugby Mining Limited (ASX: 12 Feb 2016) and thanks Rugby for its assistance in the handover.

The handover occurs at a fortuitous time for the Company as it has:

- recently completed a capital raising of \$1.7M in December 2015;
- recently completed a reorganisation of the project data base, allowing it to better interrogate its historical data; and
- occurred at a time of a significantly enhanced gold market, with an Australian dollar gold price at ~ \$1700 per ounce and greater market interest in assets of this type.

The De Grey Board believes the potential value of the Company’s assets at Turner River are not realised in the market.

To better understand the value of the 100% owned Turner River Project the directors have commissioned a review of the project resources, exploration potential and, most importantly, the potential for a near term mining/development scenario under the significantly improved Australian gold price.

The Company also continues to review alternative investments that may add shareholder value.



The Turner River Project assets include:

Resource Assets

- Five JORC 2012 resources: Wingina (Au), Mt Berghaus (Au), Amanda (Au), Discovery (Zn-Pb-Ag-Au) and Orchard Tank (Zn-Pb-Ag-Au)
- 406,0000 oz Au, 7.8Moz Ag, 69,000 tonnes Zn and 29,000 tonnes Pb (Refer Table One below)
- Strong oxide mineralisation from surface
- Internal high grade plunging shoots
- All resources remain extensively open in most directions
- 100% owned

Exploration Assets

- Significant exploration upside
- Extensive data set (~\$20M value based on past drilling and data acquisition costs)
- Numerous gold and base metal targets remain untested
- Additional Platinum Group Metals, Tantalum and Nickel targets
- Large prospective and under explored tenement package

Tax Losses

It is worth noting, that De Grey has in excess of A\$30 Million in carry forward tax losses related to these projects as disclosed in the 2015 Annual Report.



Infrastructure

The project location, some 30 – 60 kms to the south west of Port Hedland, and as shown in Figure 1 below, ensures excellent proximity to all infrastructure requirements.

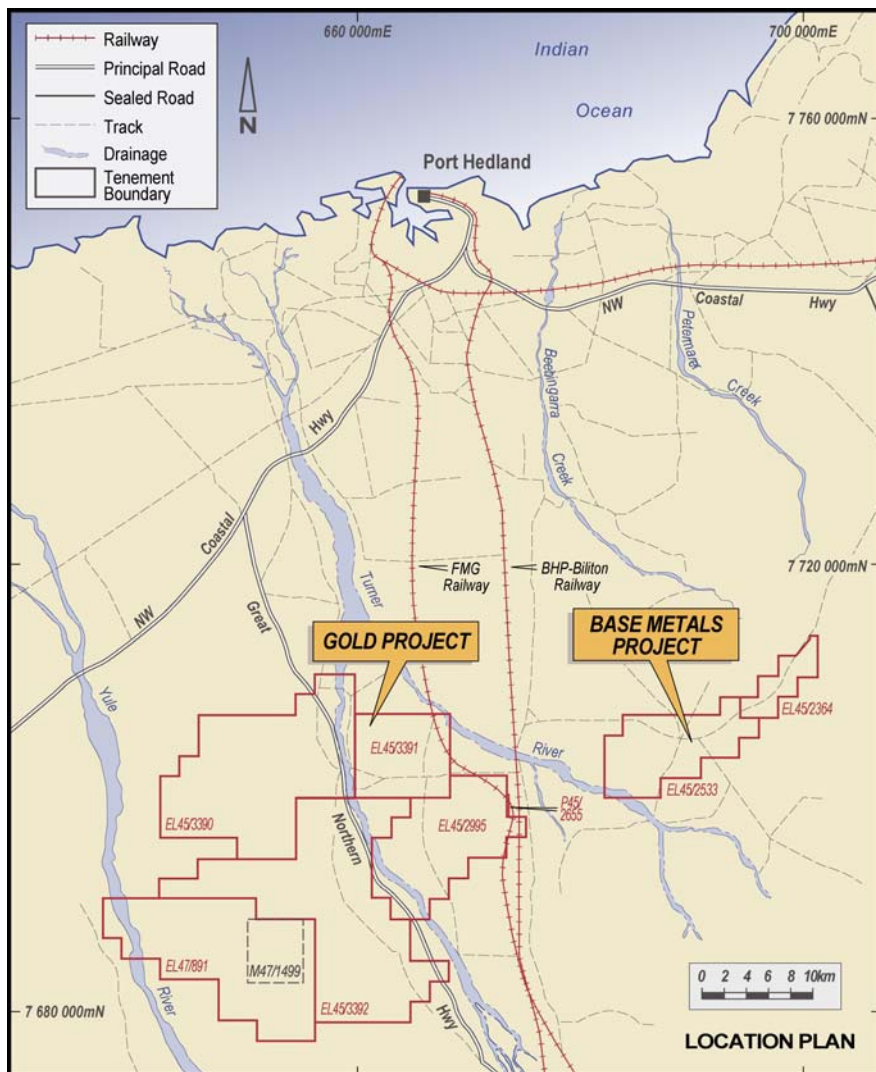


Figure 1 – Turner River Project – Locality Map



Project Review

The project review is planned to include:

- Evaluation of the existing resources
- Potential to expand resources along strike and at depth
- Additional resource potential at other advanced exploration targets
- Metallurgical characteristics of the oxide, transition and fresh material at each deposit
- Mining scenarios that will include;
 - Centralised plant based on open pit oxide mining only
 - Centralised plant based on open pit oxide mining followed by underground mining of the higher grade fresh material at depth
 - Lower Capex, smaller scale mobile plant operation
 - Partnering alternatives with third party mining and processing groups.
- Joint Venture or sale options

The Project review has commenced with an initial high-level review of the existing and high cost exploration data sets that De Grey owns. Suitable consultants have been engaged to assess the existing resources and identify areas where potential upgrades in either classification or extensions can be made and other areas where new resources may be defined with limited additional drilling. Previous metallurgical testwork is also being reviewed to determine which areas of the various resources require additional sampling and testing. Once this information has been compiled, data gaps, programme design, timeframes, costs and milestones will then be assessed to consider the best path forward to add value to the Project and hence to the Company.

At the conclusion of the study, De Grey will then be able to make an informed decision as to which of the above development options are best pursued to provide the greatest value to shareholders.

Table 1 Turner River Project Summary of Resources (JORC 2012)

Deposit		Wingina Well ¹		Mount Berghaus ²	Amanda ³	Orchard Tank ⁴	Discovery ⁴	TOTAL Au koz
Classification	Material	above -55mRL	below -55mRL	All	All	All	All	
	Cut off grade (Au g/t)	0.5	1.0	0.5	0.5			
	Cut off grade (Zn %)					0.5	0.5	
Measured	Tonnes (Mt)	2.3	0.4					
	Grade Au (g/t)	1.8	2.1					
	Ounces Au (koz)	130	26					156
Indicated	Tonnes (Mt)	0.7	0.4					
	Grade Au (g/t)	1.1	1.6					
	Ounces Au (koz)	26	22					48
Inferred	Tonnes (Mt)	0.1	1.2	0.9	0.7	1.7	1.2	
	Grade Au (g/t)	1.2	1.5	1.4	1.6	0.5	0.8	
	Ounces Au (koz)	5	58	43	35	28	33	202
	Grade Ag (g/t)					78.6	87.0	
	Ounces Ag (Mozs)					4	4	
	Grade Zn (%)					2.38	2.34	
	Metal Zn (kt)					40	29	
	Grade Pb (%)					0.99	0.94	
	Metal Pb (kt)					17	12	
	TOTAL	Ounces Au (koz)	162	106	43	35	28	33

Tonnes, grade and ounces rounded to reflect accuracy of estimates

kt = 1000 x tonnes

Mt = Million tonnes

g/t = grams/tonne

% = percent

Errors in totals are due to rounding

Au = Gold

Ag = Silver

Zn = Zinc

Pb = lead

Notes

¹ Resources Statement by Polymetals Mining Limited as reported to the ASX on March 13 2013

² Resources Statement by Polymetals Mining Limited as reported to the ASX on March 13 2013

³ Resources Statement by Polymetals Mining Limited as reported to the ASX on March 13 2013

⁴ Resources Statement by De Grey Mining Limited as reported to the ASX on 16 July 2014



De Grey Background

De Grey originally floated on the ASX in 2002, with the Turner River Project as its flagship project, and quickly achieved considerable exploration success at the Wingina Well, Mount Berghaus and the Amanda prospects. Early drilling intersected extensive supergene oxide gold mineralisation from surface and at Wingina deeper drilling has defined high-grade plunging shoots in the fresh bedrock. Recent resource estimates on these deposits currently total 345,000 ounces of gold (Table 1) and remain under drilled and open in most directions. During this successful discovery period, the Company enjoyed a peak market capitalisation of in excess of \$50M.

De Grey continued its successful exploration strategy of exploring along the major regional shear zones controlling the greenstone belts further to the east and in 2006 discovered high grade VMS style Zn-Pb-Ag-Au mineralisation at the Discovery and Orchard Tank prospects. This mineralisation also commences from surface with strong supergene oxide mineralisation and continues at depth as high-grade plunging shoots that remain open at depth and along strike. These two new “virgin” discoveries are listed in Table 1 and have the effect of increasing the Company’s overall gold resource to 406,000 ounces

Extensive exploration activities continued through 2007, providing excellent exploration upside, with wide spaced drilling yielding many highly significant gold, base metal and platinum group element (PGE) drill intercepts and geochemical sampling highlighting a number of anomalous targets that still remain untested.

During late 2007, changes to the Board and management occurred and in March 2008, the Company announced a Joint Venture on the Turner River Project to Claremont Resources Limited. That did not eventuate, though the Company did succeed in Joint Venturing the Project in August of 2009 to HJH (Nominees) Pty Ltd. It was through this Joint Venture agreement that the Project was first separated into the Turner River gold and the Turner River base metals projects.

The Joint Venture arrangements passed through different companies until such stage as Southern Cross Goldfields Limited advised De Grey of their withdrawal from both Joint Venture arrangements on 23rd December 2013.

In early 2014, the Turner River gold portion of the overall project was joint ventured out to Rugby due to expenditure commitments on the project at a time when De Grey had limited capital. Rugby have recently withdrawn from the joint venture and now is the first time since 2009 that De Grey is able to review the Project as a whole.



During the period between 2008 and 2016, the Company assessed numerous other exploration projects throughout the world without success.

The gold price from 2008 to 2016 has significantly strengthened from ~ A\$800 per ounce to ~ A\$1,700 per ounce. The more recent price increases have accompanied a strong resurgence in the gold sector, particularly companies with Australian gold production and development opportunities.

During 2014 and 2015, the Company also undertook exploration work on the Turner River VMS targets.

Accordingly, the Board of De Grey recognises the recently changed circumstances of the Company and in view of the positive Australian gold price has instigated a detailed review of the company's 100% owned gold assets. Initial plans to drill on the VMS mineralisation at Turner River as outlined by the Company have been deferred pending this review.

For further information:

Simon Lill (Chairman) or Craig Nelmes (Company Secretary/CFO)

De Grey Mining Ltd
Phone +61 9381 4108

Davide Bosio
Director
+61 8 9263 5210