

# Gold development on the horizon for De Grey

De Grey Mining (ASX: DEG) is prioritising near-term development of its gold resources, while also progressing its two base metals deposits and pegmatite potential in Western Australia's Pilbara. **Ngairé McDiarmid reports**

**D**E GREY MINING HAS consolidated its focus on its 100%-owned flagship Turner River Project in the Pilbara, where drilling is under way at the main Wingina Well gold deposit to increase the confidence in the resource at depth and advance the near-term development of the project.

The company regained full control of the Turner River tenements in February and has wasted no time in reviewing the three existing JORC gold resources and geological data, with a view to incorporating the high-grade potential around Wingina Well, the largest deposit.

The project lies just 50km from the mining hub of Port Hedland and has easy access to established infrastructure including sealed roads, communications, railway and accommodation.

Executive chairman Simon Lill said: "The company aims to start open pit mining at Wingina, supported by the two satellite resources at Amanda and Mt Berghaus, and set up a low-cost, small CIL processing plant at Wingina."

A recent review by the new technical and management team, shows the Wingina gold deposit hosts numerous high-grade drilling intersections, many hits greater than 10g/t gold, below the main oxide resource. The team is very encouraged as it looks to test the



underground potential of this high-grade mineralisation.

The Wingina Deeps drilling programme began in early July and Lill views it as a high-impact programme.

"The successful testing of this high-grade plunging shoot at depth will significantly increase our resource base and provide confidence that we can increase the potential mine life through underground operations," Lill said.

The company appointed geological consultant Andy Beckwith to review the project and he firmly believes in the underground and near-term development potential.

"The previous mining studies, conducted during 2007-10, were completed in a significantly lower gold price environment of around \$800 per ounce versus the current \$1,700 pricing and were focused on heap-leach extraction," Beckwith said.

"There are two really consistent high-

grade lodes which start from surface and continue to beyond 200m depth.

"The option of a more efficient CIL plant wasn't really considered previously. The metallurgical test-work shows recoveries of greater than 90% and we can see staged mining initially of the higher-grade lodes in an open pit transitioning into selective underground mining at depth."

"In my opinion, the current Wingina resource camouflages a nice, high-grade gold system and there is lots of potential at depth."

Intercepts in the Footwall Central Lode below Wingina include some exceptional widths and grades like 4m at 10.7g/t gold and 10m at 15.1g/t.

"The question is: 'how deep the grade will go?'" Beckwith said.

De Grey's current 1500m diamond drilling programme aims to define a significant step-out resource extension at Wingina, provide more fresh bedrock material for metallurgical testwork and provide structural information about the three high-grade lodes.

The company believes the project holds strong potential for a low capex processing plant with an open pit and underground mining scenario.

Above right: RC drilling under way at the Discovery gold-silver-zinc-lead deposit. Below: the company is prioritising near-term development at its flagship Turner River Project



Diamond drilling at Wingina Well

The Turner River gold project contains a total JORC mineral resource estimate of 406,000 ounces, of which 268,000oz are at Wingina.

Within a 10km radius, the Amanda deposit contains 35,000oz and Mt Berghaus 43,000oz.

Elsewhere in De Grey's Turner River Project, two VMS-style base metals deposits have been discovered: the 1.7 million tonne Orchard Tank JORC resource contains 2.38% zinc, 78.6g/t silver, 0.99% lead, 0.06% copper and 0.27g/t gold; while the 1.2 million tonne Discovery deposit contains 2.34% zinc, 87g/t silver, 0.94% lead and 0.8g/t gold.

Drilling is now complete at Discovery to test its additional oxide gold and base metal potential, testing previous RAB drilling, including 11m at 3.1g/t gold from 3m.

It is important to also highlight that previous high-grade intercepts at Orchard Tank include 4.9m at 331g/t silver at 2.54g/t gold, 12.7% zinc, 7.31% lead and 0.35% copper.

Meanwhile, De Grey is also buoyed by the pegmatite lithium-tantalum potential in its tenements.

Pilbara Minerals' Tabba Tabba project lies north of De Grey's 100%-owned holding and the world-class Pilgangoora lithium-bearing pegmatites, being developed by Pilbara Minerals, Altura Mining and Dakota Minerals, lie only 50km to the south-east.

De Grey holds a large, strategic 900sqkm landholding within one of Australia's major lithium tantalum provinces and has made additional tenement applications to secure further potential.

Only 5% of its Turner River project has been assessed for lithium potential but the recent reconnaissance sampling confirmed an 8.5km-long zone of prospective pegmatites with elevated lithium, tantalum and other indicator elements.

De Grey doesn't hold the pegmatite rights on its tenement immediately south of Tabba Tabba. However, Beckwith conducted first pass reconnaissance rock chip sampling on the adjacent tenement

and confirmed pegmatite trends.

"I've driven over the area and identified small outcrops over 8.5km," he said.

"The samples were anomalous but lithium weathers very quickly so a soil programme will be conducted over the more anomalous lithium-rich pegmatite zones.

"We're building a programme of soils along the pegmatite trend and hopefully that will identify lithium targets to drill later this year."

Lill said the prospectivity was highlighted in a review of historic stream sediment sampling which was carried out by CSR in the early 1980s.

"Until a few weeks ago, no significant pegmatites were documented to occur on the tenements," Lill said.

"These early results are encouraging, based on the initial results and our significant land holding in prospective 'lithium country'.

"We are excited to continue adding shareholder value via increased exploration activities targeting the lithium potential within our land holding."

He said the company's large and under-explored tenements held considerable upside.

"We'll continue to drive our gold development strategy as our near-term project, with the addition of a specific exploration programme focuses on lithium across the Turner River Project," he said.

"We're building our baseline data to advance to a mining economics study."

He said De Grey represented an undervalued investment opportunity, and compared the Turner River Gold Project to Pantoro Ltd's Nicolsons gold mine and Doray Minerals' Andy Wells gold mine.

Nicolsons had an initial ore reserve of about 80,000oz, while Doray's stake in Andy Wells' maiden reserve was about 200,000oz, he said.

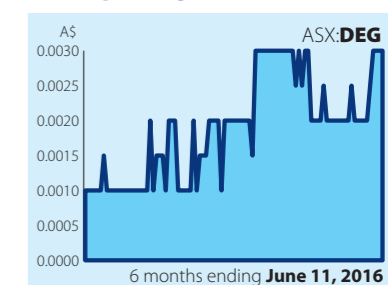
Both companies have been significantly rerated by the market as the mining projects developed and Lill has high hopes that the Turner River gold project will create the same opportunity for De Grey. ■



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- SIMON LILL  
CHAIRMAN

## DE GREY MINING LTD AT A GLANCE



### HEAD OFFICE

De Grey Mining Ltd  
Level 2, Suite 9, 389 Oxford St  
Mt Hawthorn WA 6016  
Tel: +61 8 9381 4108  
Fax: +61 8 9381 6761  
Email: admin@degreymining.com.au  
Web: www.degreymining.com.au

### DIRECTORS

Simon Lill, Davide Bosio, Steve Morris

### COMPANY SECRETARY/CFO

Craig Nelmes

### QUOTED SHARES ON ISSUE

2,888 million

### MAJOR SHAREHOLDERS

Pershing Australia Nominees 5.35%  
Pointdale Pty Ltd 3.47%  
Redcode Pty Ltd 3.47%  
Aymon Pacific Pty Ltd 2.28%  
DJ Carmichael Pty Ltd 2.10%