DE GREY MINING LTD

"Developing the +1.2Moz Pilbara Gold Project"

ASX Announcement
16 October 2017

High Grade Lithium - 17m @ 2.55% Li_2O intersected in wide spaced scout drilling

King Col – Lithium enriched pegmatite

KRC012	**17m @ 2.55% Li_2O from 13m**
KRC011	**8m @ 1.0% Li_2O from 27m**
KRC011	**1m @ 8.63% Cs_2O from 25m**

- Series of stacked moderately thick and south dipping pegmatites bodies intersected.
- Untested to northeast along strike and down dip.
- Limited wide-spaced scout RC drilling (1648m) over only 2km completed to date
- Fresh mineralised pegmatite from shallow depths (<10m).
- Proposed future program includes initial diamond core drilling to assess mineralogy plus detailed mapping and soil sampling of untested 5.5km strike of pegmatite trend.

Significant Exploration Upside

- 7.5km overall pegmatite trend
- Only 2km of the overall 7.5km overall trend surface sampled; minimal scout drill testing.
- High potential zoned Lithium-Caesium-Tantalum (LCT) style pegmatite defined.
- Located within 60km from Port Hedland, in highly prospective lithium region.

Exploration Manager, Mr. Phil Tornatora, commented:

"Is this the tip of the iceberg? It's certainly a significant initial discovery given that we have only tested a very small portion of the overall 7.5km King Col trend.

We have the world class Pilgangoora and Wodgina lithium deposits located only 40km to the south, so we are clearly in an exceptional lithium province."

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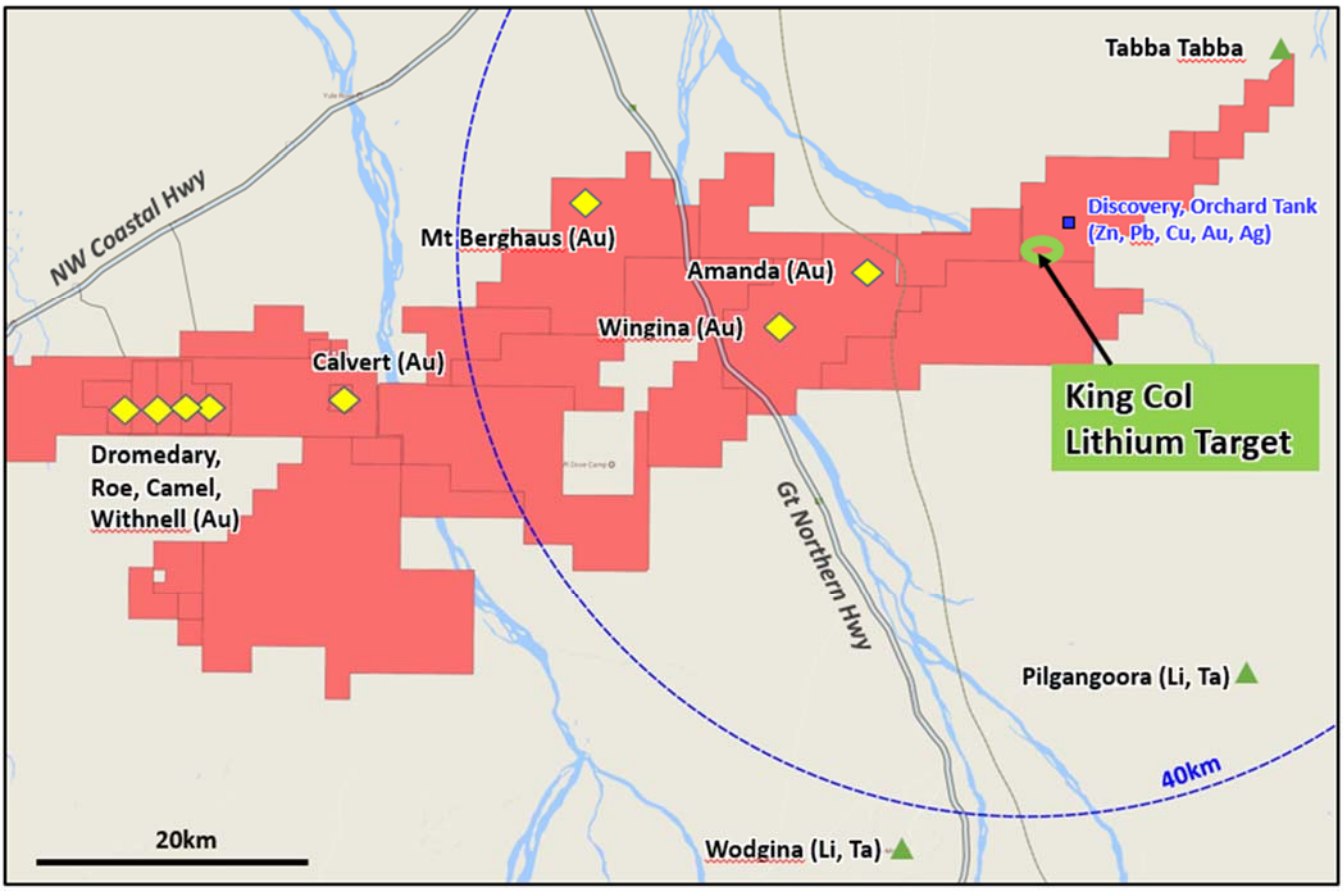
De Grey Mining Ltd (ASX: DEG, “De Grey” “Company”) is pleased to announce the successful completion of the maiden RC drilling program at the King Col Pegmatite prospect. This work is partially funded under the WA Government’s Exploration Incentive Scheme (EIS) following the Company’s successful application for drilling co-funding.

King Col Pegmatite Trend

The King Col pegmatite trend lies within De Grey’s 100% owned tenements, located approximately 60km from Port Hedland and within 50km from the world class lithium deposits of Pilgangoora and Wodgina (Fig 1). The proximity to large scale port facilities, other key infrastructure and an emerging lithium mining centre are likely to be a significant benefit to any future production potential.

Earlier reconnaissance mapping, surface rock chip and soil sampling, undertaken by De Grey, at the King Col Pegmatite Trend previously highlighted anomalous zones of lithium and other elements along the western most 2km of the overall 7.5km long target. The earlier sampling results provided strong support for potential Lithium-Caesium-Tantalum (LCT) style pegmatite mineralisation. Further sampling is required to test the remaining 5.5km of the overall 7.5km long pegmatite trend.

Figure 1 King Col Location Plan



Previous petrological examination of a limited number (4) of selected mineral specimens taken from the surface during mapping indicated the presence of the lithium bearing minerals Lepidolite and Petalite, with minor inclusions of Spodumene.

RC Drilling Program

Twenty-two (22) RC holes were completed at the south-western end of the 7.5km trend for a total of 1684m. Drill holes were spaced 40m apart on 5 lines with the lines 200m to 600m apart. KRC012 was drilled 60m west of Line 2 under a zone of old beryl/tantalite workings (Figure 2 and 4).

RC hole KRC012 returned an exceptional high-grade intercept of **17m @ 2.55% Li_2O** from 13m downhole. KRC011, 60m to the east of KRC012 intersected **8m @ 1.00% Li_2O** from 27m. The intervals are considered to represent the true widths based on interpreted south dipping pegmatite horizons. A single 1m interval in hole KRC011 reported a very high peak of 8.63% Cs_2O (Table 1) with other anomalous values also in KRC011 and KRC012.

Drilling on sections 682400E and 684300E (150m west and around 900m east of KRC012 respectively) intersected thick zones of pegmatite, up to 35m true thickness with anomalous Li and Ta values. These anomalous values, however, were not of ore grade levels. The lithium-rich zone intersected in KRC011 and KRC012 is open to the east, and strikes under an area of shallow sand cover, which will require additional drilling to extend. Drilling access to the west is restricted due to the East Turner River located to the immediate southwest.

The Li_20 intercepts in KRC011 and KRC012 are associated with logged lepidolite (Figure 3), in addition to a pegmatite mineral initially identified as petalite, however detailed mineral assemblages are currently being assessed with petrology (in progress). Follow up diamond drilling and further detailed mineralogical identification work is planned to definitively identify the lithium-bearing minerals within this pegmatite.

The high Li, Ta and other element values, together with the presence of petalite and lepidolite, clearly show that the King Col pegmatite system is fertile for lithium-bearing minerals. LCT pegmatites are typically zoned in both lateral and vertical orientations. Lepidolite and petalite commonly occur in association with spodumene rich pegmatites. Spodumene is a closely related mineral to petalite, an important lithium bearing mineral in prospective pegmatites. Additionally, petalite and lepidolite are increasingly being used in the production of lithium carbonate for the growing lithium battery markets and for other industrial purposes.

Future Program

Future work programmes will include:

- Extending the mapping, rock chip and soil sampling coverage over the remaining 5.5km to the north east.
- Follow-up diamond drilling of the mineralised pegmatite intersected in drill holes KRC011 and KRC012.
- Detailed assessment of mineralogy of the pegmatites including petrology
- Additional reconnaissance RC drilling to test any new lithium zones defined to the north east.

Figure 2 King Col RC drill collar location plan

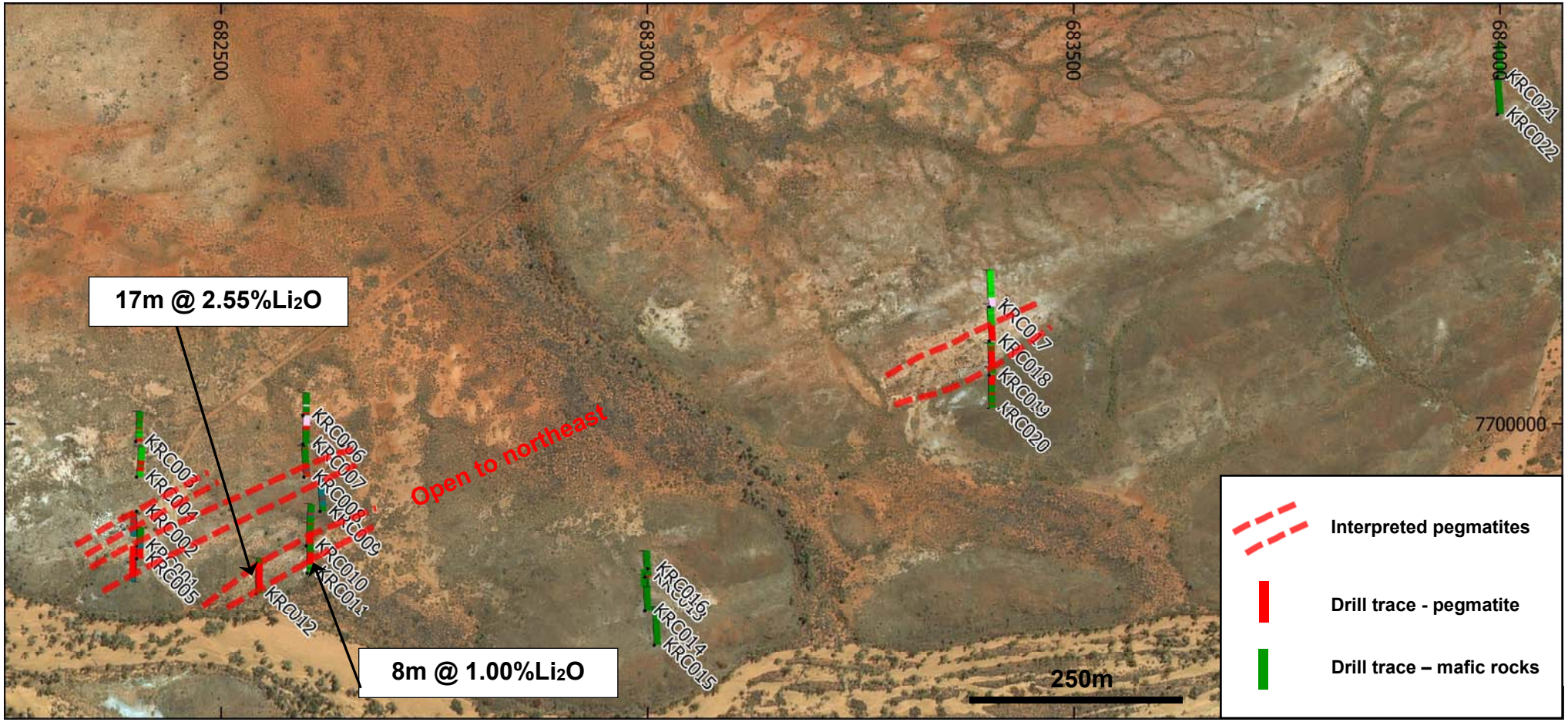


Figure 3 King Col RC - KRC012 chip trays 0-40m

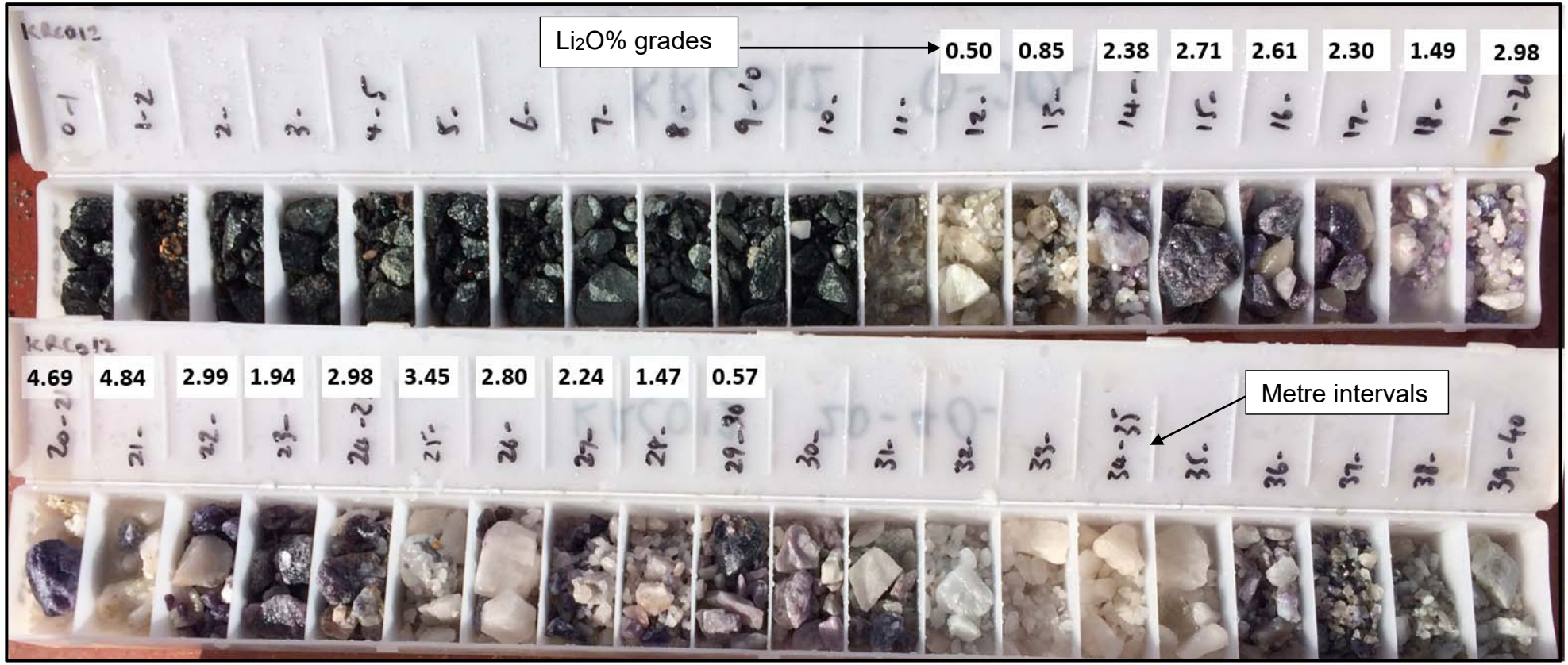
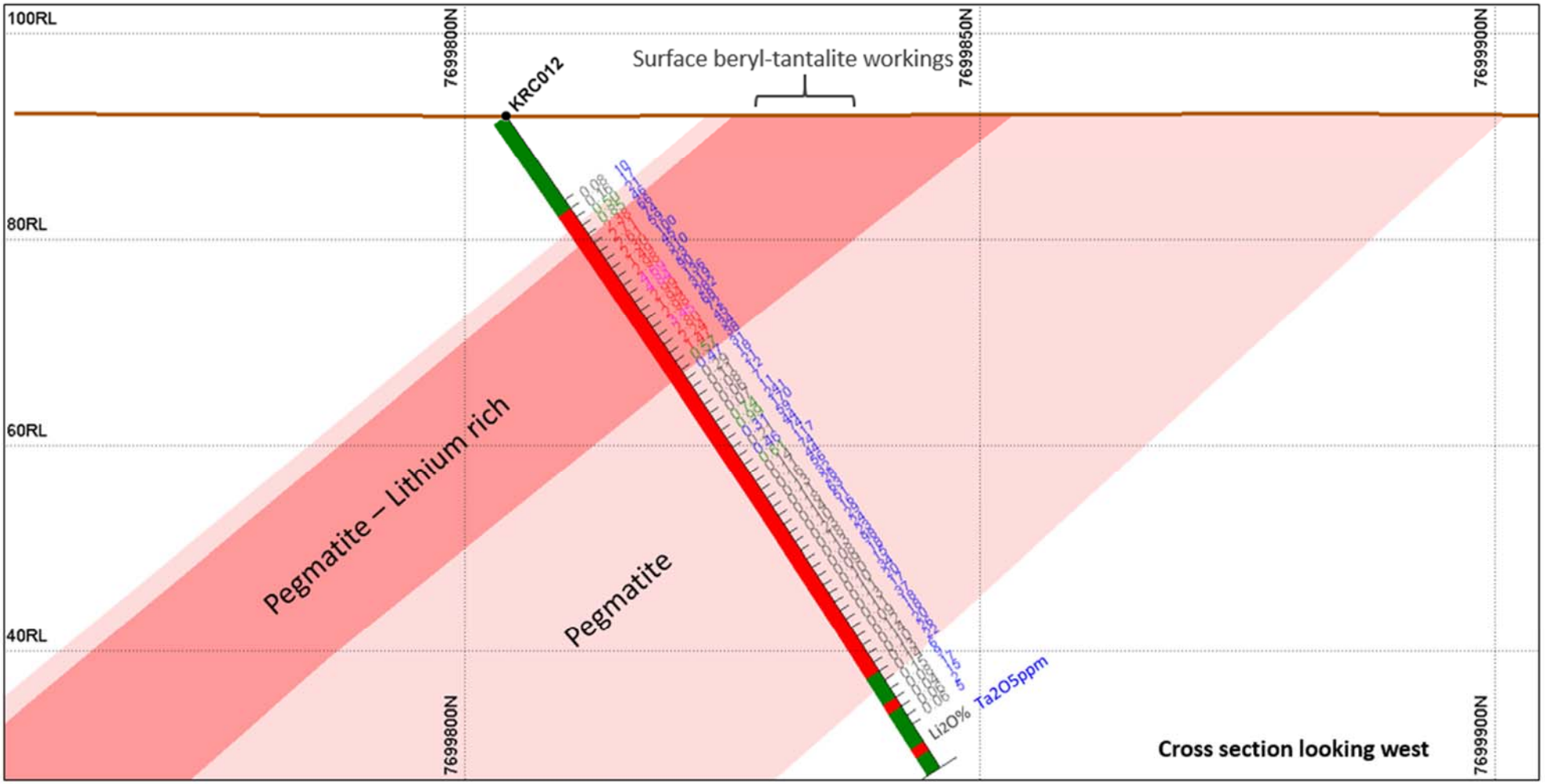


Figure 4 King Col Section 682540E



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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. Philip Tornatora, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. Mr. Tornatora is a consultant to De Grey Mining Limited. Mr. Tornatora 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. Tornatora consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Table 1 Significant Intersections (reported >0.5% Li_2O)
NSI = No significant intercept >0.5% Li_2O

HoleID	Depth From (m)	Depth To (m)	Downhole Width (m)	Li_2O%	Ta_2O_5ppm	Nb_2O_5ppm	Cs_2O%	Collar East (GDA94)	Collar North (GDA94)	Collar RL (GDA94)	Depth (m)	Dip (degrees)	Azimuth (GDA94)
KRC001				NSI				682400	7699860	91.5	88	-60	180
KRC002				NSI				682400	7699900	91.3	58	-60	180
KRC003				NSI				682400	7699980	91.1	76	-60	360
KRC004				NSI				682400	7699940	91.1	76	-60	360
KRC005				NSI				682400	7699845	91.6	76	-60	360
KRC006				NSI				682596	7700010	91.9	58	-60	359
KRC007				NSI				682596	7699977	92.0	76	-60	359
KRC008				NSI				682596	7699940	92.0	76	-60	356
KRC009				NSI				682615	7699900	92.0	88	-55	356
KRC010				NSI				682599	7699860	92.0	88	-55	358
KRC011	25	26	1	0.08	99	<7	8.68	682600	7699828	92.0	106	-55	358
KRC011	27	35	8	1.00	266	61	0.15	682600	7699828	92.0	106	-55	358
KRC012	13	30	17	2.55	106	34	0.16	682540	7699804	92.0	76	-55	358
KRC012	36	38	2	0.86	205	107	0.07	682540	7699804	92.0	76	-55	358
KRC012	41	42	1	0.61	117	93	0.08	682540	7699804	92.0	76	-55	358
KRC013				NSI				682997	7699820	94.7	58	-55	356
KRC014				NSI				682997	7699780	95.0	94	-60	356
KRC015				NSI				683008	7699740	95.0	82	-55	356
KRC016				NSI				683000	7699830	94.6	40	-55	176
KRC017				NSI				683400	7700140	95.3	76	-55	356
KRC018				NSI				683400	7700100	95.1	76	-55	356
KRC019				NSI				683400	7700060	95.0	70	-55	356
KRC020				NSI				683400	7700020	94.8	88	-55	356
KRC021				NSI				683997	7700410	98.5	76	-55	356
KRC022				NSI				683997	7700365	98.2	82	-55	356

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	• *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.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *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.*	• All drilling and sampling was undertaken in an industry standard manner • All holes sampled on 1m intervals over the entire length of the hole. Pegmatite zones and several metres of surrounding country rock were submitted for analysis. • 1m samples were taken from a cone splitter mounted on the drill rig cyclone. The cyclone was calibrated to provide a continuous sample volume according to sample length • 1m samples typically ranges from 2.5-3.5kg • The independent laboratory then takes the sample and pulverises the entire sample for analysis as described below
Drilling techniques	• *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.).*	• All drill holes are Reverse Circulation(RC) with a 5 1/2-inch bit and face sampling hammer.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *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.*	• All samples were visually assessed for recovery. • Samples are considered representative with good recoveries. Only a small percentage of samples were considered low recovery primarily due to change of rods when a small amount of wet sample occurred. • No sample bias is observed
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean,*	• Company geologist logged each hole and supervised all sampling. • The sample results are appropriate for use in a resource estimation, when drill density is adequate.

Criteria	JORC Code explanation	Commentary
	channel, etc.) photography. • *The total length and percentage of the relevant intersections logged.*	
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *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.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• The RC sampling was carried out by a cone splitter on the rig cyclone on 1m intervals. • Independent standard reference material was inserted approximately every 50 samples • Field duplicate samples were taken approximately every 100 samples • The samples are considered representative and appropriate for this type of drilling and for use in a future resource estimate.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *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.* • *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.*	• The samples were submitted to a commercial independent laboratory in Perth, Australia. • Each sample was dried, crushed and pulverised. • Lithium and other multi elements were analysed by a Peroxide fusion digest with ICP finish.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Sample intervals and numbers were checked regularly during drilling • Analytical results have been uploaded into the company database (managed by independent consultants), checked and verified • No adjustments have been made to the assay data. • Results are reported on a length weighted basis
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Drill hole collar locations are located by hand held GPS to an accuracy of +/-5m. • Locations are given in GDA94 zone 50 projection • Diagrams and location table are provided in the report

Criteria	JORC Code explanation	Commentary
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *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.* • *Whether sample compositing has been applied.*	• The RC drilling is on a nominal 40m x 200 to 600m grid. • All holes have been geologically logged and provide a basis for geological control and continuity of mineralisation • Sample result and logging will provide support for the results to be used in a future resource estimate
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *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.*	• The drilling is approximately perpendicular to the strike of mineralisation and therefore the sampling is considered representative of the mineralised zone. • Drilling is approximately at right angles to the interpreted dip of the pegmatites, so downhole widths approximate true widths. Any discrepancies will be allowed for in resource estimates when detailed geological interpretations are completed.
Sample security	• *The measures taken to ensure sample security.*	• Samples were collected by company personnel and delivered direct to the laboratory via a transport contractor
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits have been completed. Review of QAQC data has been carried out by company geologists

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	• *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.* • *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.*	• The drilling is on E45/2533 which is located approximately 80km south of Port Hedland. The tenement is held 100% by De Grey Mining Ltd.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The King Col prospect includes very small scale historic diggings for beryl and tantalite. No exploration for lithium prior to De Grey was completed.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The mineralisation targeted is rare metal pegmatite hosted mineralisation including Lithium and Tantalum, similar to the Tabba Tabba Tantalum Mine located immediately to the north of E45/2364 and the Lithium rich Pilgangoora deposit located approximately 40km to the south.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill*	• Drill hole location and directional information provide in the report.

Criteria	JORC Code explanation	Commentary
	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.*	
Data aggregation methods	• *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.*	• Significant results are reported above a minimum cutoff grade of 0.5% Li2O, with an internal dilution of 2m maximum. • Intercepts are length weighted averaged. • No maximum cuts have been made.
Relationship between mineralisa-tion widths and intercept lengths	• *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').*	• The drilling is approximately perpendicular to the strike of mineralisation and therefore the sampling is considered representative of the mineralised zone. • Drilling is approximately at right angles to the interpreted dip of the pegmatites, so downhole widths approximate true widths. Any discrepancies will be allowed for in resource estimates when detailed geological interpretations are completed.
Diagrams	• *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.*	• Plans are provided in the report. Appropriate sections will be provided in upcoming reports when further drilling has been completed and geological interpretations are finalised.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All exploration results for the recent RC program have been reported. • The report is considered balanced and provided in context.
Other substantive	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey*	• No test work on metallurgical and geotechnical characteristics has been completed at this stage.

Criteria	JORC Code explanation	Commentary
exploration data	*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.*	
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Follow up diamond drilling is planned to better define mineralogy of the pegmatite. • Petrological analysis of existing samples is underway. • Further RC and diamond drilling is planned to define extensions to known mineralisation.