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ASX Announcement
1 December 2016

Soil sampling defines coherent Li_2O anomaly at King Col Pegmatite Trend

Highlights

King Col Pegmatite Trend

- Initial soil sampling completed over 1.6km strike
- **Strong, coherent 1.2km plus long lithium anomaly defined in soil sampling - remains open to the east**
- Peak results of 947ppm Li_2O and 342ppm Ta_2O_5
- Coincident with previous anomalous rock chip sampling peaking at 4.2% Li2O
- Prospective for Lithium-Caesium-Tantalum (LCT) style pegmatite hosted mineralization
- No modern pegmatite exploration known along this new pegmatite trend
- Ongoing program of infill and extension sampling continuing during December

Comment by Chairman, Simon Lill

"De Grey's Turner River Project continues to yield strong exploration targets including gold, base metals and now lithium.

This lithium rich soil anomaly along the south western end of the King Col Pegmatite Trend is clearly developing into a large scale target.

The Company will continue to better define and extend the target with additional soil sampling during December to define drill targets."

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De Grey Mining Ltd (ASX: DEG, "De Grey", "Company") is pleased to advise that an initial soil sampling program at the newly discovered King Col Pegmatite Trend has defined a **coherent lithium anomaly over 1.2km in length. The anomaly remains open to the east.** Sampling provides a peak lithium value of 947ppm Li_2O and tantalum value 342ppm. Further infill sampling, and extensions to the east, will continue during December.

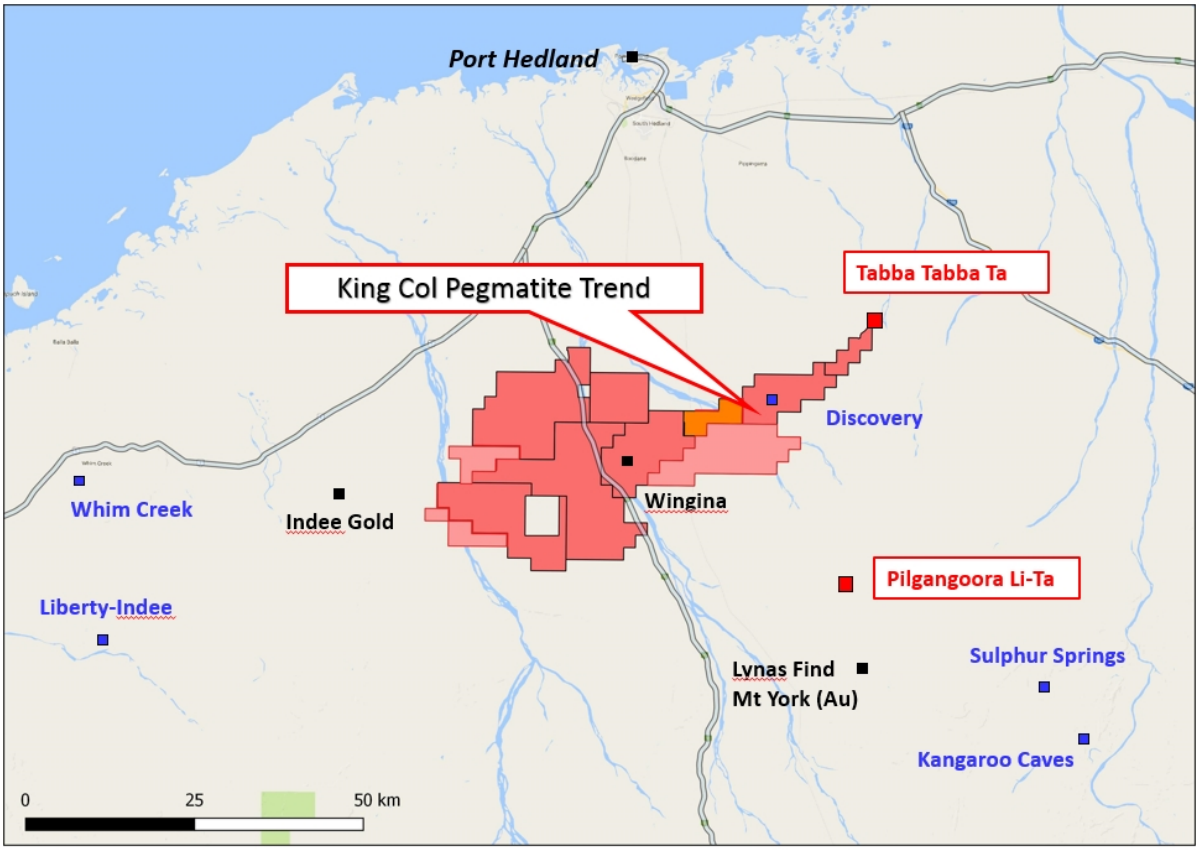
The King Col Pegmatite Trend is located on De Grey's 100% owned E45/2533 within the Turner River Project, located only 40km from the world class Pilgangoora Lithium-Tantalum Project, 20km from the Tabba Tabba Tantalum Mine and 50km south of Port Hedland in the Pilbara, Western Australia (Figure 1).

Prospectivity

The King Col Pegmatite Trend is considered highly prospective for lithium/tantalum mineralisation as it includes:

- Newly identified pegmatite trend with no modern exploration known
- **New coherent >1.2km Li_2O and Ta_2O_5 soil anomaly defined and remains open to the east**
- Coincident with anomalous rock chips to peak of **4.2% Li_2O**
- Lepidolite - lithium bearing mineral identified in outcrop
- Anomalous LCT indicator elements occurring over **7.5km strike length**
- Hosted within the Tabba Tabba greenstone rocks
- Located in World Class Lithium and Tantalum region

Figure 1 Turner River Project location plan



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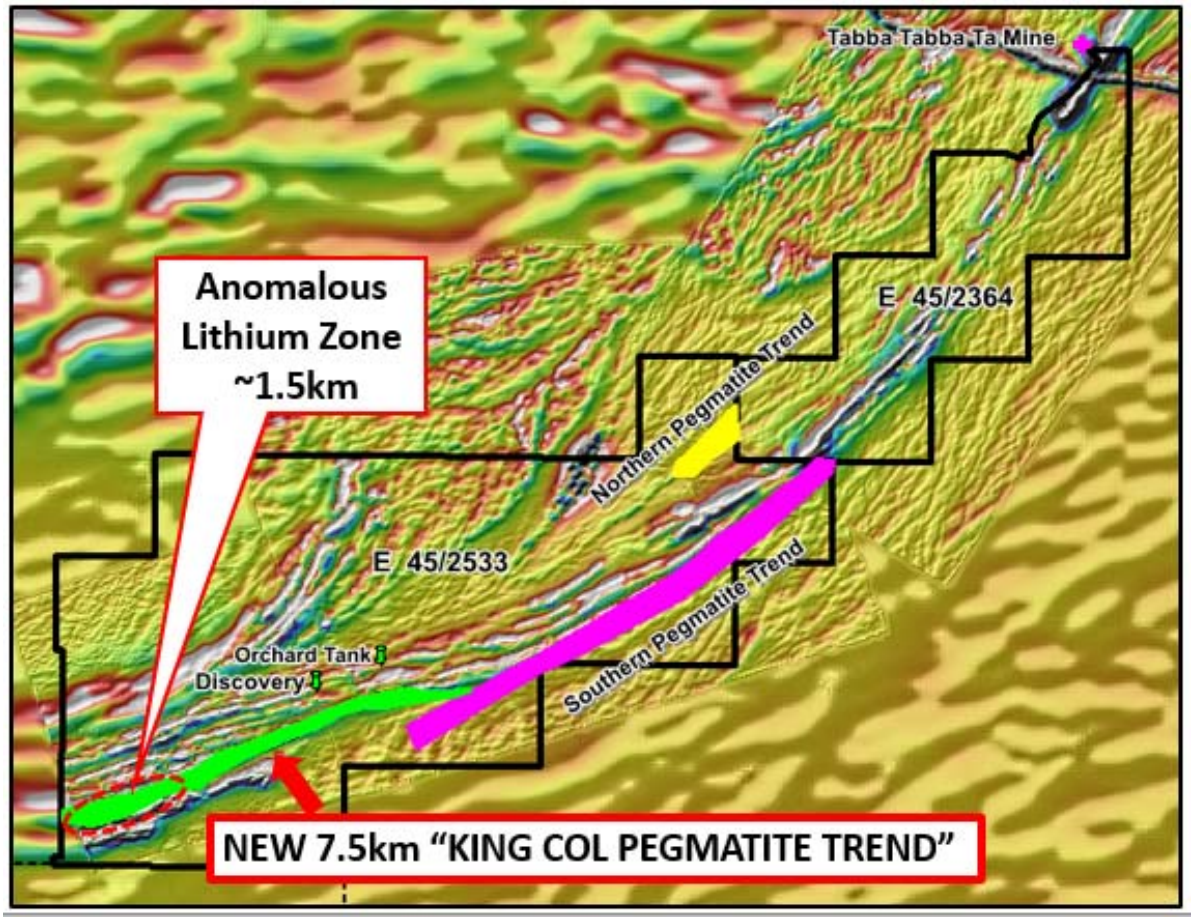
Soil Sampling Program

An initial soil sampling program was completed over a strike length of 1.6km along the south-western end of the 7.5km long pegmatite trend (Figure 2) to follow up previous highly anomalous rock chip sampling results received in October 2016. A total of 120 samples were collected on a nominal 400m x 25m grid pattern, with samples sieved to a 1.7mm to 7mm size fraction.

Figure 2 King Col Pegmatite Trend located in E45/2533 (green zone)



The results defined a strong and coherent 1.2km long lithium trend which remains open to the east. The peak lithium values are associated with some small scale historic beryl workings. Peak values are 947 ppm Li_2O, and 342 ppm Ta_2O_5, associated with anomalous Cs and Rb. Results are considered encouraging, particularly as lithium is easily depleted in weathered bedrock. The results warrant further infill and extensional sampling to better define the anomaly and extensions to the east. This work is planned to be completed during December 2016.

The soil anomaly is also supported by the previous coincident rock chip samples along the south-western end of the King Col Pegmatite Trend which returned best results of **4.22% Li_2O** associated with a small outcrop of the lithium bearing mineral – lepidolite, and an additional 8 samples ranging from **2.5% to 0.15% Li_2O** along the zone (*refer to De Grey Mining Limited ASX release, dated 11 October 2016*).

Figure 3 Soil sample location and results, King Col pegmatite trend

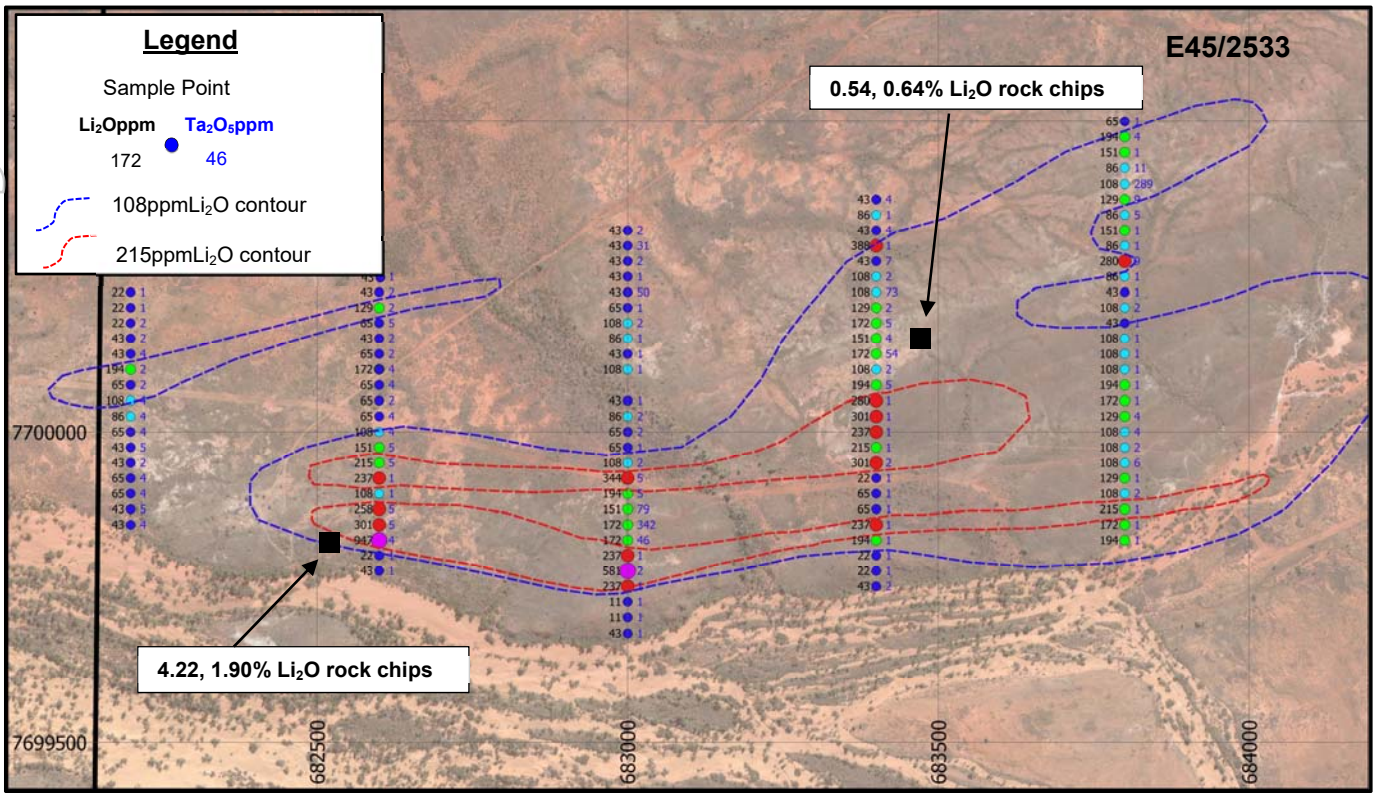


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Table 1 King Col Pegmatite Trend soil analysis results highlighting the LCT associated elements

SampleID	E_GDA94	N_GDA94	Li2O	Cs	Nb	Rb	Ta2O5
KL0001	682200	7699850	43	9	<5	**304**	4
KL0002	682200	7699875	43	12	<5	**263**	5
KL0003	682200	7699900	65	12	<5	**263**	4
KL0004	682200	7699925	65	12	5	**251**	4
KL0005	682200	7699950	43	14	10	**264**	2
KL0006	682200	7699975	43	8	10	141	5
KL0007	682200	7700000	65	12	10	**330**	4
KL0008	682200	7700025	86	18	10	**345**	4
KL0009	682200	7700050	**108**	14	10	130	4
KL0010	682200	7700075	65	8	10	177	2
KL0011	682200	7700100	**194**	10	15	128	2
KL0012	682200	7700125	43	7	10	118	4
KL0013	682200	7700150	43	8	5	168	2
KL0014	682200	7700175	22	4	<5	124	2
KL0015	682200	7700200	22	8	<5	229	1
KL0016	682200	7700225	22	8	5	223	1
KL0017	682600	7699775	43	7	<5	**291**	1
KL0018	682600	7699800	22	8	<5	**281**	1
KL0019	682600	7699825	**947**	**55**	10	**634**	4
KL0020	682600	7699850	**301**	**45**	10	**495**	5
KL0021	682600	7699875	**258**	**38**	15	**284**	5
KL0022	682600	7699900	**108**	15	<5	22	1
KL0023	682600	7699925	**237**	16	<5	25	1
KL0024	682600	7699950	**215**	24	15	**300**	5
KL0025	682600	7699975	**151**	15	20	**263**	5
KL0026	682600	7700000	**108**	13	10	**286**	4
KL0027	682600	7700025	65	21	5	**390**	4
KL0028	682600	7700050	65	11	5	194	2
KL0029	682600	7700075	65	15	5	**262**	4
KL0030	682600	7700100	**172**	13	10	**272**	4
KL0031	682600	7700100	65	17	10	**264**	7
KL0032	682600	7700125	65	12	5	**259**	2
KL0033	682600	7700150	43	7	5	165	2
KL0034	682600	7700175	65	12	10	189	5
KL0035	682600	7700200	**129**	11	10	188	2
KL0036	682600	7700225	43	7	5	202	2
KL0037	682600	7700250	43	10	5	227	1
KL0039	683000	7699675	43	7	5	215	1
KL0040	683000	7699700	11	1	<5	14	1
KL0041	683000	7699725	11	<1	<5	6	1
KL0042	683000	7699750	**237**	**33**	<5	30	1
KL0043	683000	7699775	**581**	18	10	47	2
KL0044	683000	7699800	**237**	13	<5	48	1
KL0045	683000	7699825	**172**	**54**	15	**298**	46
KL0046	683000	7699850	**172**	**37**	**40**	177	**342**
KL0047	683000	7699875	**151**	**47**	15	**296**	**79**

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KL0048	683000	7699900	**194**	**70**	10	**428**	5
KL0049	683000	7699925	**344**	**25**	<5	151	5
KL0050	683000	7699950	**108**	8	<5	182	2
KL0051	683000	7699975	65	6	<5	200	1
KL0052	683000	7700000	65	6	5	193	2
KL0053	683000	7700025	86	11	<5	205	2
KL0054	683000	7700050	43	7	<5	221	1
KL0056	683000	7700100	**108**	7	<5	75	1
KL0057	683000	7700125	43	8	5	67	1
KL0058	683000	7700150	86	6	<5	74	1
KL0059	683000	7700175	**108**	7	5	71	2
KL0060	683000	7700200	65	3	5	37	1
KL0061	683000	7700225	43	4	**55**	45	**50**
KL0062	683000	7700225	43	3	10	35	1
KL0063	683000	7700250	43	5	<5	75	1
KL0064	683000	7700275	43	5	<5	72	2
KL0065	683000	7700300	43	5	25	55	31
KL0066	683000	7700325	43	4	5	49	2
KL0067	683400	7699750	43	2	5	50	2
KL0068	683400	7699775	22	2	<5	13	1
KL0069	683400	7699800	22	3	<5	11	1
KL0070	683400	7699825	**194**	12	<5	21	1
KL0071	683400	7699850	**237**	5	<5	16	1
KL0072	683400	7699875	65	6	<5	207	1
KL0073	683400	7699900	65	12	<5	248	1
KL0074	683400	7699925	22	6	<5	243	1
KL0075	683400	7699950	**301**	6	<5	138	2
KL0076	683400	7699975	**215**	4	<5	20	1
KL0077	683400	7700000	**237**	4	<5	22	1
KL0078	683400	7700025	**301**	6	<5	28	1
KL0079	683400	7700050	**280**	10	<5	139	1
KL0080	683400	7700075	**194**	**26**	15	**517**	5
KL0081	683400	7700100	**108**	**60**	5	**1196**	2
KL0082	683400	7700125	**172**	**49**	**105**	**1032**	**54**
KL0083	683400	7700150	**151**	**36**	5	**567**	4
KL0084	683400	7700175	**172**	19	10	**275**	5
KL0085	683400	7700200	**129**	8	5	62	2
KL0086	683400	7700225	**108**	6	25	53	**73**
KL0087	683400	7700250	**108**	6	5	31	2
KL0088	683400	7700275	43	2	<5	9	7
KL0089	683400	7700300	**388**	4	5	29	1
KL0090	683400	7700325	43	7	<5	28	4
KL0091	683400	7700350	86	7	<5	48	1
KL0092	683400	7700375	43	6	5	53	4
KL0093	683400	7700375	65	10	<5	66	1
KL0094	683800	7699825	**194**	5	<5	62	1
KL0095	683800	7699850	**172**	5	<5	32	1
KL0096	683800	7699875	**215**	4	<5	24	1
KL0097	683800	7699900	**108**	3	5	27	2
KL0098	683800	7699925	**129**	3	<5	21	1

KL0099	683800	7699950	**108**	8	10	31	6
KL0100	683800	7699975	**108**	5	<5	26	2
KL0101	683800	7700000	**108**	2	5	26	4
KL0102	683800	7700025	**129**	4	5	45	4
KL0103	683800	7700050	**172**	5	<5	65	1
KL0104	683800	7700075	**194**	8	10	66	1
KL0105	683800	7700100	**108**	3	5	20	1
KL0106	683800	7700125	**108**	3	<5	18	1
KL0107	683800	7700150	**108**	3	<5	21	1
KL0108	683800	7700175	43	4	<5	28	1
KL0109	683800	7700200	**108**	15	5	79	2
KL0110	683800	7700225	43	4	<5	20	1
KL0111	683800	7700250	86	14	<5	82	1
KL0112	683800	7700275	**280**	7	5	41	9
KL0113	683800	7700300	86	5	<5	47	1
KL0114	683800	7700325	**151**	8	<5	71	1
KL0115	683800	7700350	86	**25**	10	102	5
KL0116	683800	7700375	**129**	**106**	15	**709**	9
KL0117	683800	7700400	**108**	**222**	**60**	**1281**	**289**
KL0118	683800	7700425	86	**64**	10	**427**	11
KL0119	683800	7700450	**151**	20	5	153	1
KL0120	683800	7700475	**194**	**25**	10	130	4
KL0121	683800	7700500	65	5	<5	39	1
KL0122	683800	7700500	65	6	<5	32	1

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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.

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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.*	• Results in this report relate to reconnaissance lag (soil) sampling undertaken over the King Col pegmatite trend by De Grey Mining. • The samples comprised a sieved soil sample of a fraction >1.7mm and <7mm. • Samples were taken at a point location on a 400m x 25m grid pattern. • Assays were undertaken at an industry standard independent laboratory
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.).*	• No drilling undertaken
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.*	• No drilling undertaken
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*	• A brief description of soil characteristics was recorded

Criteria	JORC Code explanation	Commentary
	costean, 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 samples comprised a sieved soil sample of a fraction >1.7mm and <7mm, weighing around 200g • Samples were bagged and sent to the independent laboratory for assay where they were pulverised and assayed. • The samples are considered appropriate for first pass reconnaissance assessment of the area for this style of mineralisation. • No QAQC samples were collected in this case • Further detailed sampling is planned
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 analysed by an independent industry laboratory and are considered appropriate for this style of mineralisation • 5 duplicates and 10 standards were inserted by the laboratory. No standards were inserted by DeGrey
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.*	• Sampling was carried out by DeGrey personnel and was checked by the CP in the field. • The analytical data has been reviewed by De Grey staff (CP) • Further detailed sampling is planned
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.*	• All sample locations are derived from handheld GPS and are accurate +/- 5m. • GDA94 Zone 50
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish*	• Samples were collected on a spacing of 400 x 25m • Total of 120 samples were taken along an approximately 1.6km trend

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Criteria	JORC Code explanation	Commentary
	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.*	• Sampling is of insufficient density to determine a resource estimate. Additional detailed follow-up sampling is recommended to qualify and quantity the anomalous areas in greater detail prior to drill testing if warranted.
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.*	• Samples were collected on lines at approximately 90 degrees to the strike of lithological contacts. • Orientation of sample lines is not expected to contribute to sampling bias.
Sample security	• *The measures taken to ensure sample security.*	• Samples were collected by DeGrey personnel and the sampling was checked by the CP in the field. • Samples were then sent via transport contractor direct to the laboratory
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits have been completed • The CP has reviewed the data and considers the data is appropriate for this style of mineralisation and sampling type.

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 licence to operate in the area.*	• Sampling carried out on Tenement E45/2533 which is owned 100% by De Grey Mining or its wholly owned subsidiaries •
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Pegmatite related results reported in this report are based on work completed by De Grey. • De Grey has also undertaken a considerable amount of sampling and drilling on other portions of this tenement including the definition of two base metal resources and numerous other gold and base metal targets requiring additional follow-up • Historic stream sediment sampling has been undertaken on the tenement however this sampling did not cover this portion of the tenement
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The mineralisation targeted is rare metal pegmatite hosted mineralisation including

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Criteria	JORC Code explanation	Commentary
		Tantalum and Lithium 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 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.*	• No drilling undertaken on pegmatite targets
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.*	• Samples relate to a point lag sample from which material is generally expected to be sourced from the immediate vicinity. • No lower or upper cuts, aggregate intervals or metal equivalents are reported.
Relationship between mineralisation 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').*	• Unknown at this stage
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 of sample locations and table are provided in report.

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Criteria	JORC Code explanation	Commentary
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.*	• The report includes defined levels of anomalous results however further sampling is required to validate the tenor of results.
Other substantive exploration data	• *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.*	• De Grey has acquired an extensive gold and base metal dataset including geochemical, geophysical and drilling data over the tenement areas however this data has not specifically targeted pegmatite style mineralisation. Further work is required to test of this style of mineralisation although it is noted the region host a number of pegmatite hosted deposits.
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.*	• De Grey is planning further detailed field reconnaissance investigations to validate the pegmatite related mineralisation potential.

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