



De Grey Mining Ltd

# DE GREY DELVES INTO ELEPHANT COUNTRY

De Grey Mining (ASX:DEG) is on the hunt for elephants in the form of large gold and base metal deposits in the resource-rich South American country of Argentina. **The Pick** recently caught up with the junior explorer's executive chairman Peter Batten to discuss future exploration campaigns and the lure of Argentina as a greenfields mining destination.

The Perth-based company, which listed on the ASX in 2002, is exploring for world-class epithermal gold-silver deposits across its 5170 square kilometre landholding in the pro-mining provinces of Santa Cruz and Rio Negro in Argentina.

Speaking to **The Pick**, Batten said a major drawcard for Argentina was the country's geology and lack of exploration compared to other pro-mining South American countries such as Brazil and Chile.

"It's elephant country and it's underexplored," he said. "They only discovered gold here in the middle of the 1980's. It is an area where the

opportunities and deposits still exist untouched just waiting to be discovered.

"There is a window of opportunity where juniors like us can pick up ground with realistic prospects of hosting a major deposit."

De Grey is focusing on four prospects including the Sierra Morena project (SM6), the Vein Breccia Zone, the Pachi and Boleadora project.

### DESEADO MASSIF

The Deseado Massif is an emerging low-sulphidation epithermal gold-silver province where 19 million ounces of gold and 580 million ounces of silver have been discovered since 1990.

The Deseado Massif is already home to GoldCorp's Cerro Negro project (6.1Moz of gold and 48Moz silver), AngloGold Ashanti's Cerro Vanguardia gold-silver mine (10 million ounce gold equivalent) and the 71 Moz Joaquin silver project, a joint venture between Coeur d'Alene Mines Corporation and Mirasol Resources.

De Grey currently has a landholding of some 3750 square kilometres in the Deseado Massif.

According to Batten, the mining-friendly region has a high potential for greenfields, company-making discoveries.

"We have been there for two years and we have completed two field seasons. We are doing greenfields exploration, back to basics, low technology, grass roots exploration," he said.

"We have only covered 60 percent of our holding down there and so we still have 40

percent to go and we have got areas that we need to follow up."

### SM6

De Grey's priority target is the SM6 deposit at the Sierra Morena project in the Deseado Massif which it discovered in 2011.

Earlier this year, the company unveiled high grade rock chip samples from the epithermal vein system at SM6.

Geological mapping, rock chip sampling and soil geochemistry outlined two discrete north northwest trending zones of epithermal quartz veining.

At the Eastern Zone, rock chip samples returned up to 23.3 grams per tonne gold and 3240gpt silver. The zone consists of partially outcropping quartz veining and silicification with coincident Au-Ag-As-Hg-Sb anomalism (in soils) over a strike distance of approximately 725 metres.

The Western Zone consists of partially outcropping quartz veining and siliceous breccia with coincident Au-Ag-As-Hg-Sb anomalism (in soils) over a strike distance of more than 1.2 kilometres. Rock chip samples have returned up to 7.2g/t Au and 755g/t Ag.

According to De Grey, vein textures, alteration mineralogy, high Au-Ag-As values, and low base metal values indicate that the veins discovered so far represent the upper portions of a typical low sulphidation epithermal vein system.

On the back of these results, De Grey has now planned a 10 hole drilling campaign at SM6 in October targeting the zone between 50-200 metres depth.

### VEIN BRECCIA ZONE

The company has also recently completed a diamond drilling program at the Vein Breccia Zone which is located in the eastern portion of the Sierra Morena project and covers over 800 plus metres of strike.

The initial drilling program covered 366m in two drill holes prior to the program being abandoned due to the early onset of winter.

One drillhole returned 0.45m grading at 0.53% zinc and 95 parts per billion gold from 118.5m while the other drill hole returned 1m at 2.16% zinc from 82.8m, 1m at 329ppb gold and 14gpt silver from 186.8m and 1m at 59gpt silver from 219.8m.

The results excited De Grey as both drill holes intersected highly anomalous geochemical associations and quartz vein textures typical of the upper levels of a low sulphidation epithermal system.

Batten said the results confirmed the exploration model was valid.

"What we see on surface and in this drilling is that we are exploring the upper levels of a mineralised epithermal system," he said.

### PACHI

De Grey's Pachi project comprises a single 100 square kilometre exploration licence located in the central-western Deseado Massif.

The property lies less than 15km southeast of Hunt Mining Corporation's La Josephina deposits (125,000oz gold and 1.7Moz silver) and just 5km south of Hunt's El Gateado prospect.

Pachi is held by an individual Argentine citizen with whom De Grey has a three year option to purchase.

"This is a different system altogether," Batten said. "It's a structure that appears to be a low silica system and rather than veining all we have is a silica gel breccia on the surface associated with a structure. It is similar to the surface expression of some mineralised areas at Patagonia Gold's El Tranquillo prospect."

Last year, De Grey completed detailed geological mapping and surface rock chip sampling and defined an east-northeast striking, steeply dipping, mineralised structure outcropping over 400 metres strike where rock chip samples returned up to 134gpt silver and 123ppb gold.

De Grey is planning to drill three holes into Pachi in October targeting the zone between 50-150 metres depth.

## DE GREY MINING

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### BOLEADORA

The Boleadora project comprises six tenements covering 527 square kilometres in the north western Deseado Massif. De Grey is in a farm-in agreement with Minera Kingsgate Argentina, a wholly owned subsidiary of Kingsgate Consolidated, over the Boleadora project which lies between Goldcorp's Cerro Negro Project, about 25km to the north, and Mirasol Resources' Virginia silver vein field discovery, located about 30km to the southeast.

The company has the right to earn up to an 80% stake in the project.

Previously, Kingsgate undertook limited surface sampling of the project area prior to refocusing its South American exploration efforts in early 2008.

The area hosts large areas of Chon Aike Formation, the Jurassic volcanic rocks that are host to most of the epithermal gold-silver mineralisation in the Deseado Massif.

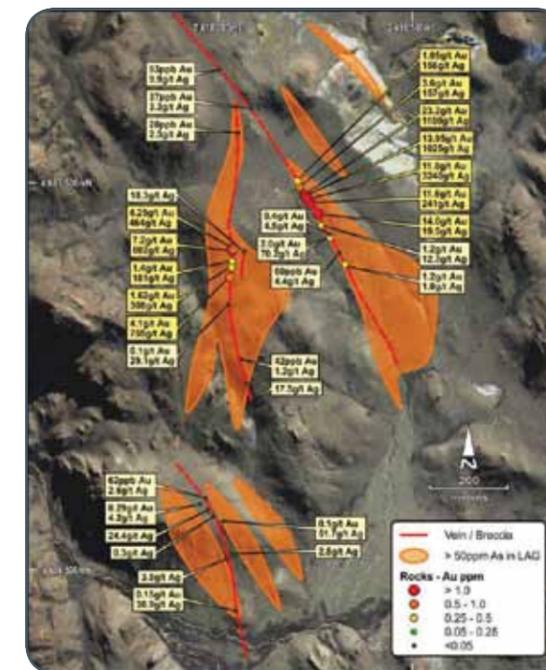
De Grey has previously completed a property-wide stream sediment sampling campaign, with sampling of two screened size fractions at 221 sites.

The work outlined eleven priority target areas of elevated gold and/or multi-element signatures, mainly in areas associated with northwest to northeast trending faults, the typical control of most known epithermal vein deposits in the Deseado Massif.

The clustered anomalous points in the central-western and south-western parts of the project area are of particular interest given their highly anomalous gold and silver values.

Batten said the company has found epithermal quartz veining with encouraging textures, but was yet to find significant gold and silver mineralisation.

"Boleadora contains areas with epithermal



veins at surface, but what we have found to date indicates we are in the upper barren zone of the system. We have to do a bit more surface work to orientate future drill programs," he said.

Further work is planned on the project during the 2012-2013 field season, with the company aiming to advance at least one prospect area to a drilling stage during 2013.

### SOMUNCURA MASSIF

In 2011, De Grey acquired 1420 square kilometres of exploration tenements in the underexplored region and is targeting low sulphidation epithermal gold-silver deposits.

The Somuncura Massif hosts numerous examples of epithermal to mesothermal gold-silver deposits, similar to the Deseado Massif.

De Grey's applications cover geology similar to that which hosts the Arroyo Verde gold-silver vein system and the large-scale Refugio-Porvenir Mo-Cu prospect, located immediately south in Chubut Province, and the San Roque Au-Ag-In (indium) deposit, located to the north.

In neighbouring Chubut Province, rocks of the Somuncura Massif host one of the world's largest undeveloped silver deposits, the Navidad deposit, with estimated resources of 756Moz of silver.

