DE GREY MINING LTD

"Developing the +1.2Moz Pilbara Gold Project"

ASX Announcement
3 July 2018

ASX Code DEG
FRA Code WKN 633879

ABN 65 094 206 292

DIRECTORS/MANAGEMENT

Simon Lill
Executive Chairman

Andy Beckwith
Technical Director & Operations Manager

Brett Lambert
Non-executive Director

Steve Morris
Non-executive Director

Patrick Holywell
Joint Company Secretary

Craig Nelmes
Joint Company Secretary

Phil Tornatora
Exploration Manager

CONTACT DETAILS

Principal & Registered Office
Level 2, Suite 9
389 Oxford Street
Mt Hawthorn WA 6016

PO Box 281
Mt Hawthorn WA 6016

www.degreymining.com.au

admin@degreymining.com.au

T +61 8 9381 4108
F +61 8 9381 6761

Toweranna drilling expands high-grade gold footprint

Further encouraging infill mineralisation confirmed within existing resource limits at Western Zone.

Significant new shallow high-grade gold lodes intersected at the Southern, Northern and Eastern Zones (external to resource model)

Southern Zone

5m @ 15.17g/t Au from 33m in TRC087D, incl **2m @ 37.14**g/t Au
22m @ 4.82g/t Au from 44m in TRC094, incl **3m @ 23.28**g/t Au
5m @ 13.0g/t Au from 61m in TRC099, incl 2m @ **30.85**g/t Au
11m @ 2.24g/t Au from 78m in TRC099
2m @ 11.5g/t Au from 20m in TRC105, incl **1m @ 22.4**g/t Au
3m @ 13.33g/t Au from 57m in TRC105, incl **2m @ 19.53**g/t Au
4m @ 11.66g/t Au from 94m in TRC115

Northern Zone

3m @ 13.1g/t Au from 35m in TRC116 incl **1m @ 38.2g**/t Au
7m @ 17.29g/t Au from 101m in TRC116 incl **3m @ 37.82g/t Au**

Eastern Zone

3m @ 7.45g/t Au from 26m in TRC107

Visible gold has been noted in quartz veining in diamond hole TRC085D at approximately 173m depth. 9 diamond core "tails" completed with logging and processing underway. All results pending.

The latest results are expected to lead to a significant expansion of the current resource on the Western and Southern Zones and indicate potential for maiden resources to be defined on the Northern and Eastern Zones with further drilling.

Mineralisation remains open along strike and at depth. The high-grade nature of lodes provides future underground potential.

Andy Beckwith (Technical Director) commented:

"Recent drilling has been successful on all fronts with strong gold mineralisation defined throughout the granite. We expect the diamond drilling will also add to this exciting new style of mineralisation.

Toweranna is a geological enigma of the project, hosted by a granite intrusion along the axis of a regional north-east trending fold structure, rather than by a regional shear zone like all the other gold deposits.

This developing new style and host to gold mineralisation opens up a whole new dimension to additional targeting in the Pilbara Gold Project and the Pilbara region in general."

Pilbara Gold Project, Port Hedland in Western Australia

De Grey Mining Limited (ASX: DEG, "De Grey", "Company") is pleased to report on new drilling results from the Toweranna Gold Deposit within the Pilbara Gold Project, located 75km from Port Hedland, Western Australia (Figure 1).

The Pilbara Gold Project has excellent potential to define significant additional resource ounces along its 200 km plus strike length of mineralised shears zones throughout the large 1,480 km^2 landholding. To date, approximately 10% of the shear zones have received detailed shallow RC and diamond drilling to a nominal depth of 100-150m and have already successfully defined +1.2Moz (JORC 2012*) of gold resources.

The Company is actively ramping up exploration throughout the tenement package in a drive to upgrade and expand known resources, as well as discover new deposits. There are over 40 identified yet untested soil anomalies along the highly prospective regional scale shear zones and conglomerates. The Company aims to significantly increase resources throughout the under-explored and highly prospective project area.

(ASX release "Pilbara Gold Project increases gold resources by >20% to over 1.2Moz", 28 September 2017)*

Toweranna Drilling Program

In March, the Company commenced an infill and extensional RC drilling program, targeting improved and additional resources at the Mt Berghaus, Mallina, Toweranna and Amanda gold deposits.

The Toweranna deposit has a defined resource of 0.43Mt @ 2.9g/t Au for 40,700oz (JORC 2012*). The identified resource is currently confined only to the lodes intersected along the Western Contact between the granite intrusion and sediments.

A drilling program in November 2017 confirmed strong mineralisation extending further along strike and at depth outside of the existing resource. This drilling also provided strong indications of further high-grade lodes along the Southern Contact, external to the existing resource.

The 2018 Phase 1 RC drilling program totalled 41 RC holes for 3,192m as well as a further 9 diamond tails to extend selected holes for an additional total of 555.8m of diamond core, including 3 diamond tails on earlier 2017 RC drill holes (Figure 2). Tables 1 and 2 provide overall location data and significant intercept information for all holes. This release covers RC drilling results only with all diamond core currently being geologically logged and sampled with all diamond core results pending.

The RC and diamond drilling has targeted:

- Infill and extensions of the Western Zone (existing resource area)
- Extension drilling along the Southern Zone
- Reconnaissance drilling to define mineralisation along the Eastern and Northern Zones

Drilling has been successful on all fronts. The results confirm and extend previous gold mineralisation along the Western Zone and define new mineralisation along the Southern Zone. The reconnaissance drilling along the Eastern and Northern Zones has also intersected high grade gold mineralisation which will require further drilling to better define extent and continuity.

Selected encouraging intersections include:

Western Zone
2m @ 14.26g/t Au from 7m in TRC097
(incl **1m @ 27.3**g/t Au from 7m)
5m @ 4.1g/t Au from 72m in TRC113

Southern Zone
5m @ 15.17g/t Au from 33m in TRC087D
(incl **2m @ 37.14**g/t Au from 33m)
22m @ 4.82g/t Au from 44m in TRC094
(incl **3m @ 23.28**g/t Au from 54m)
5m @ 13.0g/t Au from 61m in TRC099
(incl **2m @ 30.85**g/t Au from 63m)
11m @ 2.24g/t Au from 78m in TRC099
2m @ 11.5g/t Au from 20m in TRC105
(incl **1m @ 22.4**g/t Au from 20m)
3m @ 13.33g/t Au from 57m in TRC105
(incl **2m @ 19.53**g/t Au from 57m)
6m @ 3.72g/t Au from 13m in TRC110
4m @ 11.66g/t Au from 94m in TRC115

Northern Zone
3m @ 13.1g/t Au from 35m in TRC116
(incl **1m @ 38.2**g/t Au from 35m)
7m @ 17.29g/t Au from 101m in TRC116
(incl **3m @ 37.82**g/t Au from 101m)

Eastern Zone
3m @ 7.45g/t Au from 26m in TRC107

Resource Potential

The latest drilling results, together with results from the November 2017 RC program, are expected to significantly upgrade and expand gold resources on the Western Zone and lead to the definition of an initial resource along the Southern Zone, where the most detailed drilling was completed. Resource modelling for the Western and Southern zones will be undertaken upon receipt of all diamond drilling results, which are anticipated during July.

The reconnaissance drilling along the Eastern and Northern margins of the granite has also intersected significant high-grade lodes, which with further drilling are expected to provide additional resources.

At Toweranna, current total resources are estimated at **0.43Mt @ 2.9g/t Au for 40,700** ounces. These resources were not included in the 2017 Open Pit Scoping Study assessment. The mineralisation occurs as quartz vein lodes and alteration envelopes along the margins of the granite and also as shallow dipping quartz lodes within a granite intrusion. The existing high-grade gold tenor (2.9g/t average) and likely shallow open pit mining potential of the resources, are expected to provide a boost to the overall open pit mine life and economics. Any new additional shallow resource extensions based on the recent drilling will only increase that positive impact.

The geological setting of the deposit is quite different to the other shear hosted lode deposits within in the Pilbara Gold Project. This developing new style and host to gold mineralisation opens a whole new dimension to additional targeting in the Pilbara Gold Project and the Pilbara region in general.

For further information:

Simon Lill (*Executive Chairman***) or**

Andy Beckwith (*Technical Director and Operations Manager***)**

De Grey Mining Ltd

Phone +61 8 9381 4108

admin@degreymining.com.au

COMPETENT PERSONS STATEMENT

The information in this report that relates to exploration results is based on, and fairly represents information and supporting documentation prepared by Mr. Phil Tornatora, a Competent Person who is a Member of The Australian Institute of Geoscientists. Mr. Tornatora is an employee of 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.

Figure 1 Pilbara Gold Project – Toweranna highlighted

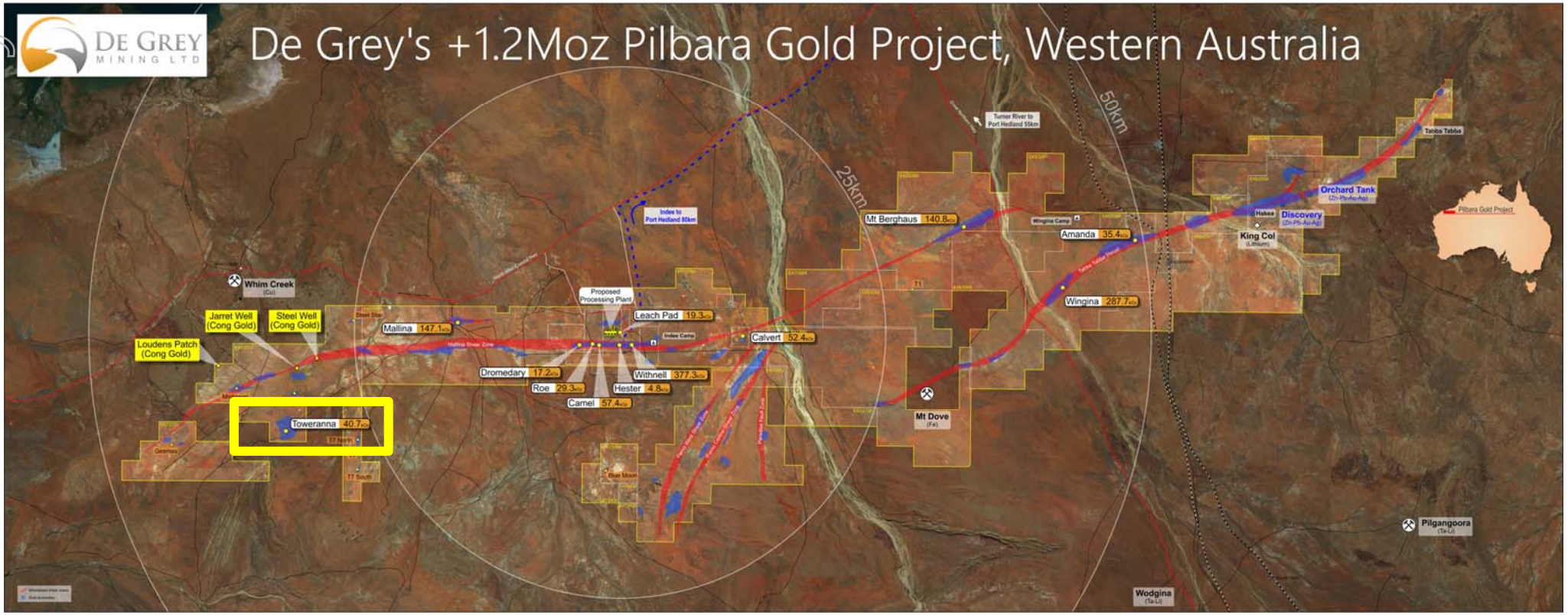

Figure 2 **Toweranna – Drilling Plan showing new drill intersections >10gm*m**

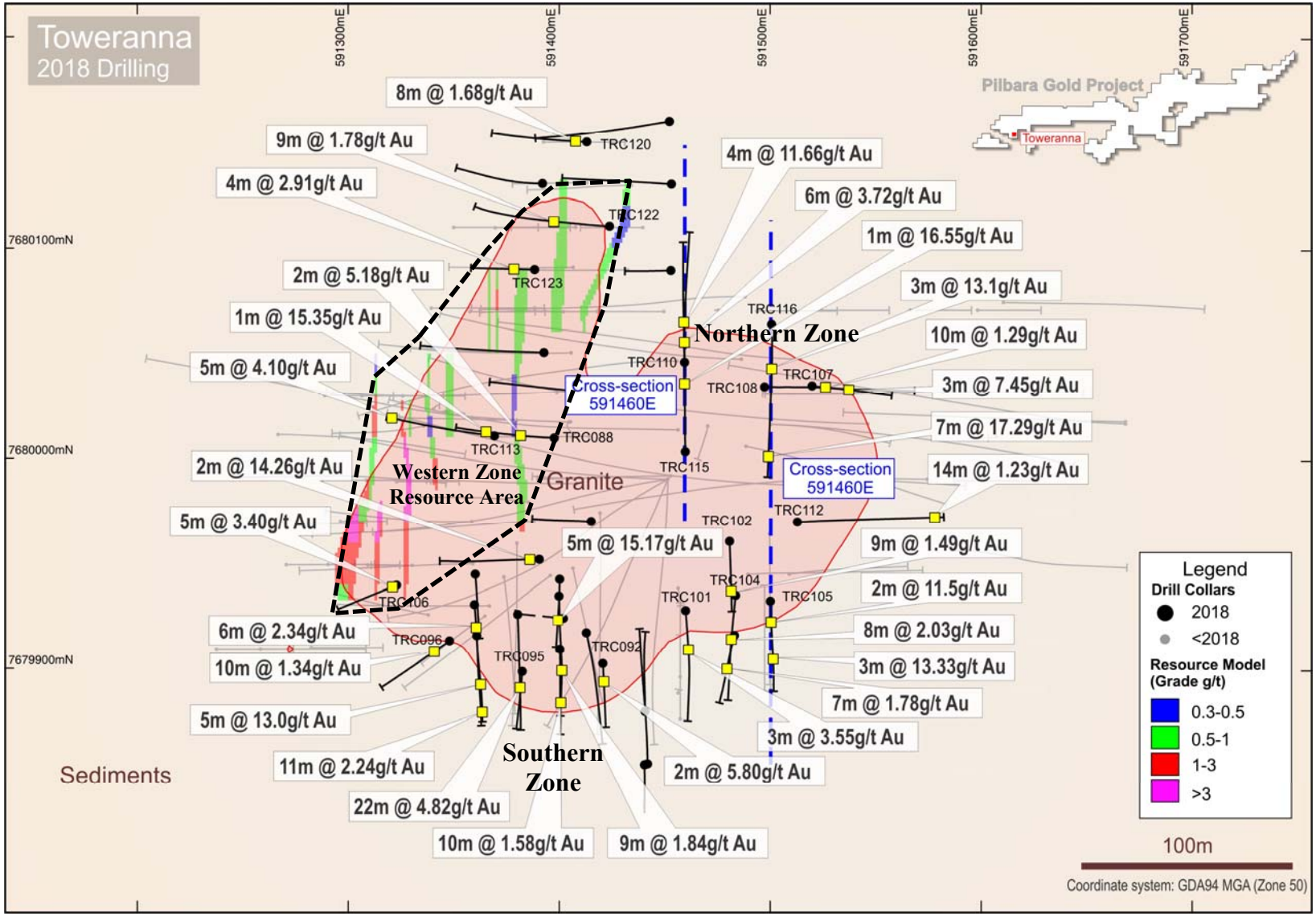

Figure 3 Toweranna - Northern Zone Cross section 591460E

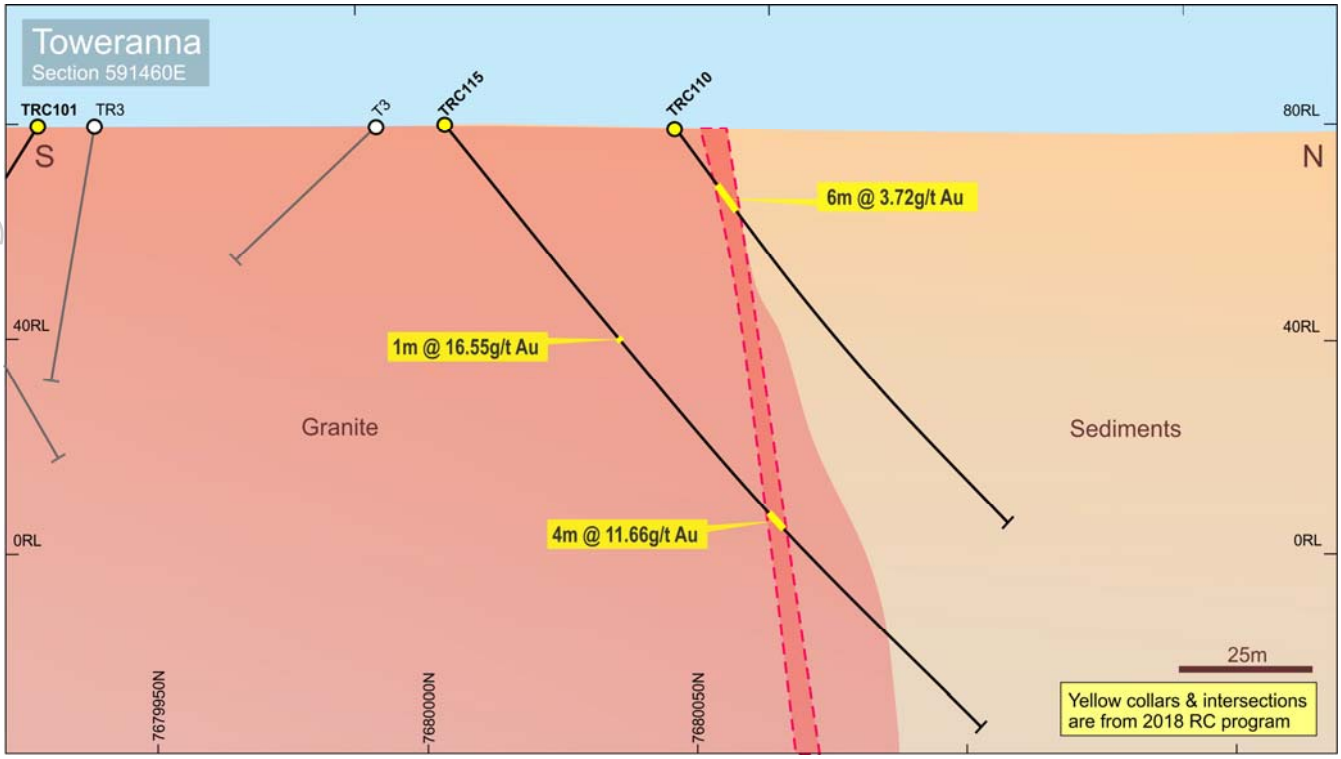

Figure 4 Toweranna - Northern and Southern Zone Cross section 591500E

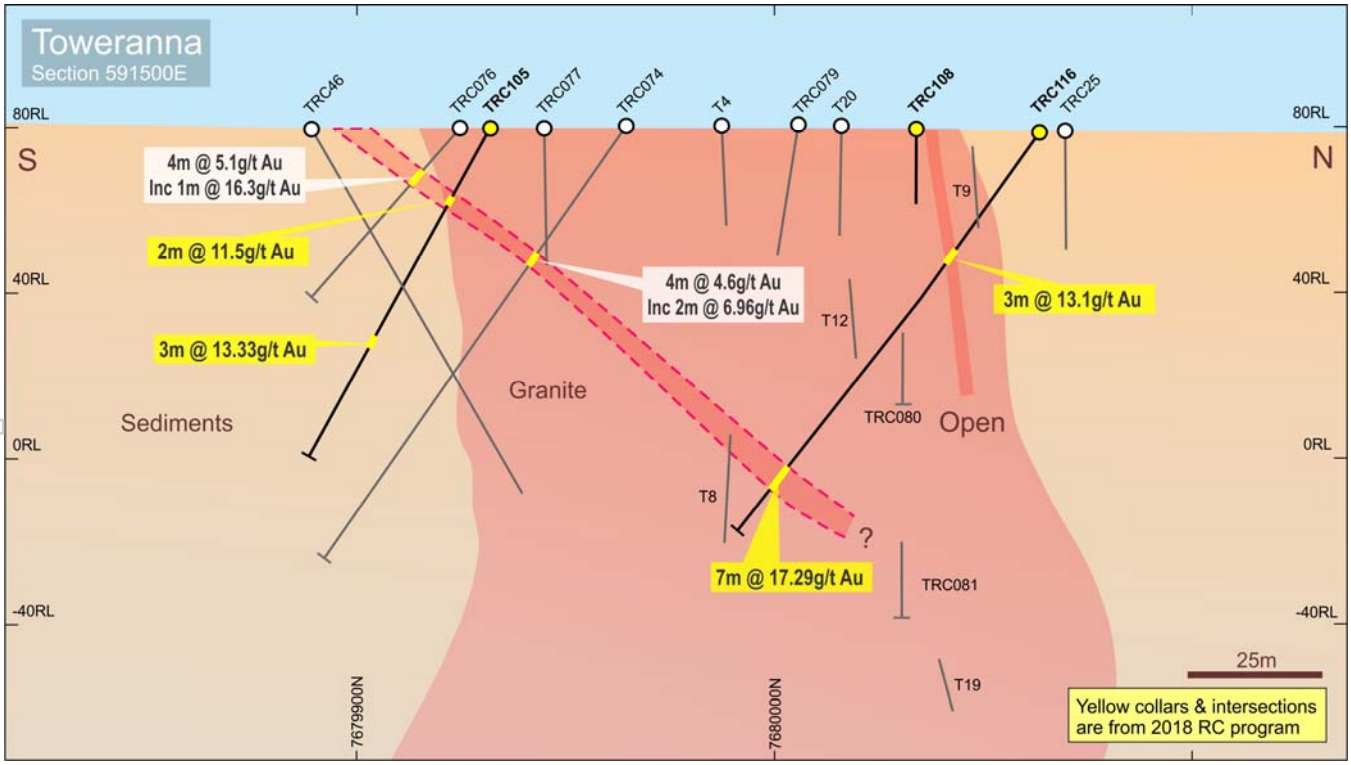

Table 1 Toweranna – Drill hole information

Hole ID	Hole Type	EastMGA	NorthMGA	RLMGA	RC Depth	Dip	AzimMGA	Comments
TRC085D	RC	591402.0	7679923.8	79.9	42	-56.6	276.6	Diamond tail results pending
TRC086D	RC	591415.2	7679970.1	80.0	48	-52.9	273.5	Diamond tail results pending
TRC087D	RC	591400.3	7679942.4	80.2	60	-55.7	180.6	Diamond tail results pending
TRC088	RC	591397.7	7680009.6	80.3	78	-51.3	272.5	
TRC089D	RC	591453.0	7680089.0	78.4	36	-53.3	268.0	Diamond tail results pending
TRC090	RC	591400.4	7679909.0	79.9	60	-49.1	177.8	
TRC091	RC	591400.0	7679934.4	80.0	84	-47.1	178.8	
TRC092	RC	591420.8	7679902.2	79.7	48	-51.7	176.6	
TRC093	RC	591413.0	7679916.9	79.8	96	-60.8	167.8	
TRC094	RC	591380.4	7679925.7	80.0	84	-52.0	176.8	
TRC095	RC	591382.6	7679898.4	79.8	42	-51.9	184.6	
TRC096	RC	591348.1	7679913.1	80.3	66	-56.1	232.3	
TRC097	RC	591390.6	7679951.9	80.5	90	-55.6	269.3	
TRC098D	RC	591360.3	7679944.8	80.3	54	-57.3	175.4	Diamond tail results pending
TRC099	RC	591359.9	7679930.3	80.3	90	-55.5	174.2	
TRC100	RC	591361.0	7679915.6	80.2	72	-53.0	177.7	
TRC101	RC	591460.0	7679927.5	79.6	84	-57.7	176.0	
TRC102	RC	591480.8	7679960.5	79.7	60	-56.5	177.7	
TRC103	RC	591483.2	7679915.7	79.5	60	-57.7	195.9	
TRC104	RC	591483.7	7679934.7	79.6	90	-59.7	186.1	
TRC105	RC	591500.2	7679932.0	79.3	90	-61.7	179.1	
TRC106	RC	591323.0	7679939.6	80.3	48	-52.4	248.0	
TRC107	RC	591520.0	7680034.4	79.3	60	-51.1	96.3	
TRC108	RC	591497.4	7680034.0	79.2	120	-55.7	91.0	
TRC109	RC	591453.3	7680130.1	77.7	90	-55.7	273.8	
TRC110	RC	591459.5	7680045.7	79.1	96	-54.1	358.9	
TRC111	RC	591440.8	7679879.4	79.7	60	-52.4	359.9	
TRC112	RC	591513.0	7679969.8	79.9	126	-58.7	85.8	
TRC113	RC	591369.4	7680010.5	80.6	78	-50.7	277.2	
TRC114	RC	591427.9	7680030.4	79.7	108	-55.4	273.8	
TRC115	RC	591459.8	7680003.0	79.9	150	-52.4	359.0	
TRC116	RC	591500.7	7680063.5	78.4	120	-57.4	177.3	
TRC117	RC	591440.5	7679854.3	79.8	84	-50.7	178.9	
TRC118	RC	591392.8	7680050.3	79.5	102	-56.6	272.3	
TRC119	RC	591392.1	7680130.4	78.3	60	-51.8	269.5	
TRC120	RC	591413.2	7680150.1	77.8	72	-53.7	273.2	
TRC121	RC	591452.3	7680160.0	77.5	102	-55.6	261.6	
TRC122	RC	591423.9	7680110.3	78.3	114	-60.1	273.3	
TRC123	RC	591388.4	7680089.4	79.0	48	-52.4	271.6	
TRC124	RC	591441.9	7679854.7	79.7	90	-50.5	359.6	
TRC125D	RC	591444.3	7679958.3	79.8	30	-48.0	186.3	Diamond tail results pending

Table 2 Toweranna – Significant Drill Intersections (>20gm*m)

Prospect	HoleID	Depth From (m)	Depth To (m)	Downhole Width (m)	Au (g/t)
TOWERANNA E	TRC107	26	29	3	**7.45**
	TRC107	19	21	2	**2.83**
	TRC107	5	15	10	1.29
	Incl	9	10	1	**7.11**
	TRC108	80	83	3	1.36
	TRC108	63	64	1	**3.07**
	TRC108	31	33	2	**2.97**
	TRC108	0	8	8	1.01
	TRC112	112	126	14	1.23
	Incl	116	117	1	**6.17**
TOWERANNA N	TRC110	73	79	6	1.01
	TRC110	13	19	6	**3.72**
	Incl	18	19	1	**15.70**
	TRC110	6	8	2	**3.42**
	TRC115	140	141	1	**3.44**
	TRC115	94	98	4	**11.66**
	TRC115	70	71	1	**6.04**
	TRC115	51	52	1	**16.55**
	TRC115	24	25	1	**3.52**
	TRC116	101	108	7	**17.29**
	Incl	101	104	3	**37.82**
	TRC116	35	38	3	**13.10**
	Incl	35	36	1	**38.20**
TOWERANNA S	TRC087D	33	38	5	**15.17**
	Incl	33	35	2	**37.14**
	TRC090	20	21	1	**4.46**
	TRC090	13	15	2	**3.39**
	TRC091	70	80	10	1.58
	Incl	77	78	1	**4.66**
	TRC091	48	57	9	1.84
	Incl	54	55	1	**6.04**
	TRC092	25	26	1	**5.23**
	TRC092	13	15	2	**5.80**
	Incl	13	14	1	**10.30**
	TRC092	7	9	2	1.58
	TRC093	4	6	2	1.50
	TRC094	44	66	22	**4.82**
	Incl	54	57	3	**23.28**
	TRC094	7	10	3	1.66
	TRC095	33	35	2	**2.05**
	TRC095	22	28	6	1.39
	Incl	24	25	1	**5.99**
	TRC095	4	8	4	1.22
	TRC098D	36	40	4	**2.02**
	Incl	36	37	1	**4.20**
	TRC099	78	89	11	**2.24**
	Incl	79	82	3	**5.53**
	TRC099	61	66	5	**13.00**
	Incl	63	65	2	**30.85**
	TRC099	33	37	4	1.02
	TRC099	16	22	6	**2.24**
	Incl	16	18	2	**5.71**

Prospect	HoleID	Depth From (m)	Depth To (m)	Downhole Width (m)	Au (g/t)
	TRC099	2	5	3	1.14
	TRC100	47	52	5	1.77
	Incl	51	52	1	**5.04**
	TRC100	37	40	3	1.25
	TRC100	27	30	3	**3.28**
	TRC100	21	22	1	**3.98**
	TRC100	8	9	1	**2.12**
	TRC101	69	74	5	1.36
	TRC101	33	36	3	**3.55**
	Incl	33	34	1	**7.79**
	TRC101	24	27	3	**2.94**
	TRC102	38	47	9	1.49
	Incl	39	41	2	**4.13**
	TRC102	1	3	2	**3.70**
	Incl	43	44	1	**5.25**
	TRC103	43	44	1	**5.25**
	TRC103	27	34	7	1.78
	Incl	29	30	1	**6.38**
	TRC103	15	16	1	**7.47**
	TRC104	80	83	3	1.52
	TRC104	37	45	8	**2.03**
	Incl	43	45	2	**5.55**
	TRC105	57	60	3	**13.33**
	Incl	57	59	2	**19.53**
	TRC105	20	22	2	**11.50**
	Incl	20	21	1	**22.4**
	TRC105	2	4	2	1.36
	TRC111	10	12	2	1.81
	TRC124	66	68	2	1.58
	TRC124	41	42	1	**2.19**
	TRC124	30	37	7	1.11
	TRC124	14	16	2	1.70
TOWERANNA W	TRC086D	43	48	5	1.94
	Incl	46	47	1	**6.87**
	TRC088	53	54	1	**15.35**
	TRC088	47	49	2	1.36
	TRC088	25	27	2	**5.18**
	TRC096	10	20	10	1.23
	Incl	11	12	1	**6.13**
	TRC096	1	5	4	1.08
	TRC097	89	90	1	**4.32**
	TRC097	55	56	1	**2.87**
	TRC097	25	26	1	**2.94**
	TRC097	7	9	2	**14.26**
	Incl	7	8	1	**27.30**
	TRC097	0	1	1	**2.35**
	TRC106	27	30	3	**2.25**
	TRC106	10	12	2	1.72
	TRC106	1	6	5	**3.40**
	Incl	1	3	2	**7.26**
	TRC109	70	72	2	**2.08**
	TRC109	55	56	1	**2.67**
	TRC113	72	77	5	**4.10**
	Incl	72	73	1	**14.00**
	TRC113	31	36	5	1.40

Prospect	HoleID	Depth From (m)	Depth To (m)	Downhole Width (m)	Au (g/t)
	TRC113	4	5	1	**2.83**
	TRC114	107	108	1	**4.66**
	TRC114	68	70	2	**3.42**
	TRC118	48	49	1	**2.76**
	TRC118	34	39	5	1.80
	Incl	38	39	1	**5.61**
	TRC118	25	26	1	**2.74**
	TRC119	0	2	2	1.97
	TRC120	24	25	1	**2.71**
	TRC120	5	13	8	1.68
	Incl	5	6	1	**7.79**
	TRC121	36	37	1	**2.95**
	TRC122	45	54	9	1.78
	Incl	50	51	1	**10.30**
	TRC123	22	25	3	1.79
	TRC123	14	18	4	**2.91**
	Incl	14	15	1	**8.76**

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 both a 1m and nominal 4m composite basis over the entire length of the hole. 4m composite samples were submitted for analysis for all intervals. Where assays over approximately 0.2g/t Au were received for 4m composite sample results, 1m samples were then submitted for these zones. • Both the 4m and 1m samples were taken from a cone splitter mounted on the drill rig cyclone. The cyclone was calibrated to provide a continuous sample volume accordingly to sample length • Each 4m and 1m sample ranges from a typical 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. • Diamond core tails will be described when full results reported
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*	• Consultant geologist's logged each hole and supervised all sampling. • The sample results are appropriate for a resource estimation. The 1m sample results are considered the preferred sample to use in the resource estimation for more accurate definition of lodes .

Criteria	JORC Code explanation	Commentary
	quantitative in nature. Core (or 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 sampling of the RC sample was carried out by a cone splitter on the rig cyclone and drill cuttings were sampled on a 1m and 4m composite basis. • Independent standard reference material was inserted approximately every 20 samples • Duplicate samples were taken approximately every 60 samples for 1m resplits • The samples are considered representative and appropriate for this type of drilling and for use in a 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. • Au was analysed by a 50gm charge Fire assay fusion technique with an AAS finish • The techniques are considered quantitative in nature. • As discussed previously standards and duplicates samples were inserted by the Company and the laboratory also carries out internal standards in individual batches • Results for the standards and duplicates were considered satisfactory
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 results have been entered and then checked by a second company geologist • Results have been uploaded into the company database, 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 Differential GPS to an accuracy of +/-20cm. • Locations are given in GDA94 zone 50 projection • Topographic control uses a combination of locations of drill collars and 1m contour data.

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 20m x 20m or greater distance. • All holes have been geologically logged and provide a strong basis for geological control and continuity of mineralisation. • Data spacing and distribution is sufficient to provide strong support for the results to be used in a resource estimate. • Sample compositing has not been applied except in reporting of drill intercepts, as described in this Table.
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. • In some cases, drilling is not at right angles to the dip of mineralised structures and as such true widths are less than downhole widths. This will be allowed for in resource estimates when 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 E47/2720 which is located approximately 80km south of Port Hedland. The tenement is held by Indee Gold Pty Ltd, which De Grey mining has an option to purchase 100%. De Grey has executed a Share Sale purchase Agreement on 9 February 2018, to acquire 100% of the Indee Gold Pty Ltd, holder of the Indee Gold Project tenements. Under the executed Share Sale Agreement, the total acquisition price is A$15 Million, with payments of and Initial Exclusivity Fee of $100,000 (paid in Jan 2017), Initial Deposit of $1.5 Million (paid on SSA execution - 9 February 2018); $10.4 Million to be paid on Settlement scheduled for 24 January 2019 and $3 Million of Consideration Shares (new De Grey fully paid ordinary shares) to be issued on Settlement. De Grey has the right to extend Settlement by 6 months to 24 July 2019 by payment of an Extension Deposit of $700,000, before 24 January 2019, which would reduce the cash payable at Settlement to $9.7 Million.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The Toweranna prospect includes small scale historic mining and has had previous drilling undertaken over a period of many years.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The mineralisation targeted is hydrothermally emplaced and sediment/quartz hosted gold

Criteria	JORC Code explanation	Commentary
		mineralisation along the boundary of a granite intrusion within a regional fold structure. This style of mineralisation is similar to other Western Australian gold deposits.
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.*	• Drill hole location and directional information is provided in this report.
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.*	• Results are reported to a minimum cutoff grade of 0.3g/t gold with an internal dilution of 3m maximum. Intervals over 2gm*m Au are reported. • 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 drill holes are interpreted to be approximately perpendicular to the strike of mineralisation. • Drilling is not always perpendicular to the dip of mineralisation and true widths are less than downhole widths. Estimates of true widths will only be possible when all results are received and final geological interpretations have been 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 representative cross sections are provided in the report.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable,*	• All intercepts using parameters described above are reported, together with locations of all drill holes

Criteria	JORC Code explanation	Commentary
	representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	reported here. • The report is considered balanced and provided in context.
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.*	• The Toweranna Gold deposit has an existing 2012 JORC gold resource (40,7000oz) previously reported by De Grey. • Limited test work on metallurgical and geotechnical characteristics has been completed at this stage.
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.*	• Logging and sampling of recently completed diamond core “tails on selected RC holes currently underway. • The company plans to complete detailed wireframes of geology and mineralisation prior to updating the resource estimation. • Additional RC and diamond drilling will be required to fully test the northern and eastern margins.