

ASX Announcement
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Resource infill and extension drilling has commenced at the Toweranna Prospect

Highlights

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RC drilling program totalling 35 holes for 3800m has commenced at Toweranna with an initial 7 holes completed to date.

Drilling program aims to infill, extend and increase the high-grade resource recently announced at Toweranna (*0.43Mt @ 2.9g/t Au for 40,700oz)

Primary focus of the drilling is to:

- **infill existing drilling and extend mineralisation along strike and down dip around the sediment/granite margin.**
- **increase overall resources to potentially open pit depths of approximately 100-120m below surface.**
- **increase confidence on the controls and continuity of gold mineralisation**
- **allow the resource to be upgraded to Indicated category which will allow for later conversion to reserves in line with De Grey’s planned open pit mining and development strategy**

Initial drill holes have intersected variable zones of smoky blue quartz veins with sulphide development and associated alteration along the margin of the sediments and granite intrusion, similar to mineralisation intersected in earlier drilling and evident in historic workings.

Drilling is expected to take approximately 3 weeks to complete with progressive results expected during December/January.

“The Toweranna resource is open in all directions and this drilling program is expected to extend and increase overall resources. Our open pit mining and development strategy will be boosted by any higher grade open pit resources.

Upon completion of this program, we will be moving the rig on to our next high-grade gold target at the Blue Moon prospect.” commented Technical Director and Operations Manager, Andy Beckwith.

*** “Pilbara Gold Project increases gold resources by >20% to over 1.2Moz”, ASX release dated 28 September 2017.**

De Grey Mining Limited (ASX: DEG, “De Grey”, “Company”) is pleased to report the commencement of a detailed RC drill program at the Toweranna deposit. The RC drilling program comprises a proposed program totalling 35 holes for 3800m with an initial 7 holes completed to date.

The primary focus of the drilling is to:

- infill existing drilling and extend mineralisation along strike and down dip around the sediment/granite contact.
- increase overall resources to potentially open pit depths of approximately 100-120m below surface.
- increase confidence on the controls and continuity of gold mineralisation
- allow the resource to be upgraded to Indicated category which will allow for later conversion to reserves in line with De Grey’s planned open pit mining and development strategy

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About the Toweranna Gold Deposit

The Toweranna deposit high-grade resource, 0.43Mt @ 2.9g/t Au for 40,700oz, was recently announced as part of the Pilbara Gold Project resource update and increase to 1.2Moz of gold, in the ASX release “Pilbara Gold Project increases gold resources by >20% to over 1.2Moz”, dated 28 September 2017.

The recent Pilbara Gold Project positive open pit mining scoping study (August 2017) was undertaken on a total resource base of 18.8Mt @ 1.7g/t for 1.02Moz and did not include the more recently defined Toweranna, Mallina and Heap Leach Pad resources. The Pilbara Gold Project now hosts defined JORC (2012) resources of **23.88Mt @ 1.6g/t for 1.21Moz of gold**. Pit optimisations and a revised financial model incorporating the new resources is currently underway.

The Toweranna deposit, like many of the deposits within the Pilbara Gold Project, remains open in most directions with significant upside resource potential. The higher average grade of the deposit (2.9g/t) compared to the overall average grade (1.6g/t) of the combined project deposits is expected to make a significant financial contribution to the proposed open pit mining and development strategy.

The gold mineralisation is associated with a series of stacked, dipping quartz veins and alteration within an interpreted sub-vertical corridor of mineralisation along the margins of a small granite intrusion. The best developed mineralisation and historic workings occur along the western and southern margins of the granite intrusion.

The planned program is highlighted below (Figure 1) and is planned to include infill and extensional drilling to improve and increase the resources at Toweranna. The drilling will principally target mineralisation to approximately 100m depth along the western and southern margin of the sediment/granite boundary and then test the eastern margin of the contact to a lesser extent.

Recent related ASX releases include:

“Pilbara Gold Project increases gold resources by >20% to over 1.2Moz”, 28 September 2017.

“Toweranna – A High Grade Gold System”, 31 August 2017

“Positive Scoping Study completed at Pilbara Gold Project, 4 August 2017

For further information:

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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.*

Figure 1 Toweranna Drill Program Plan

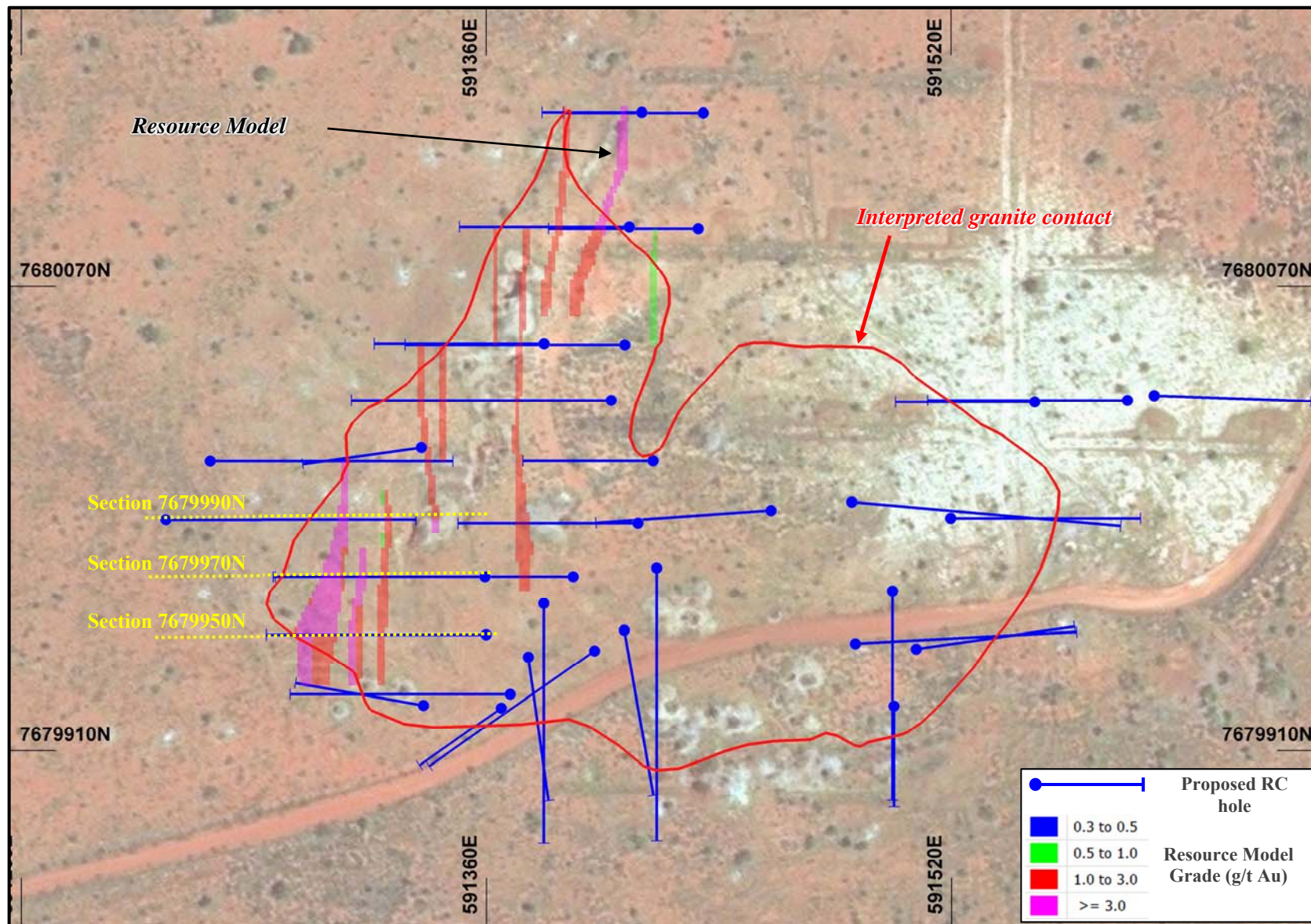


Figure 2 Toweranna Section 7679950N

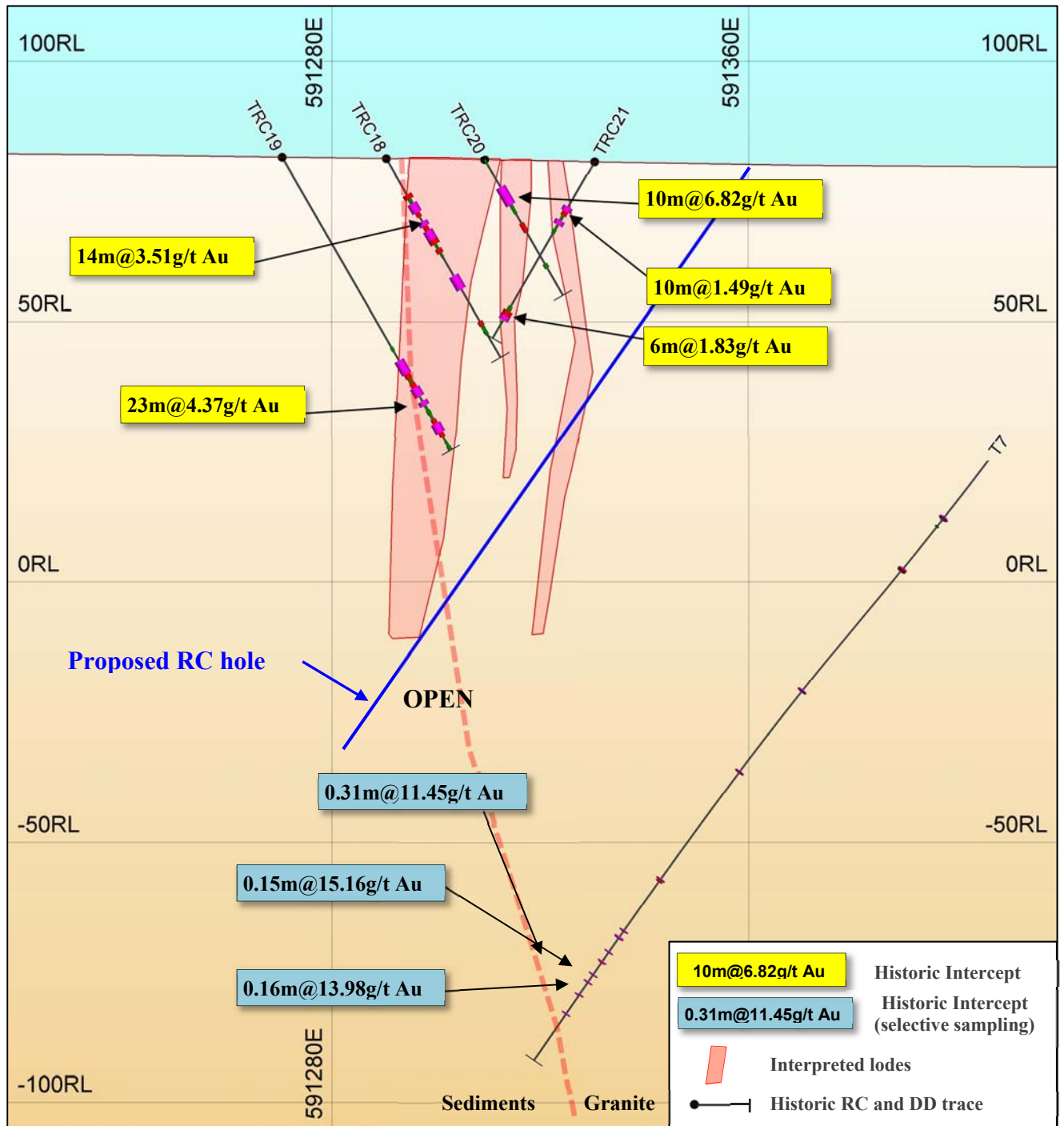


Figure 3 Toweranna Section 7679970N

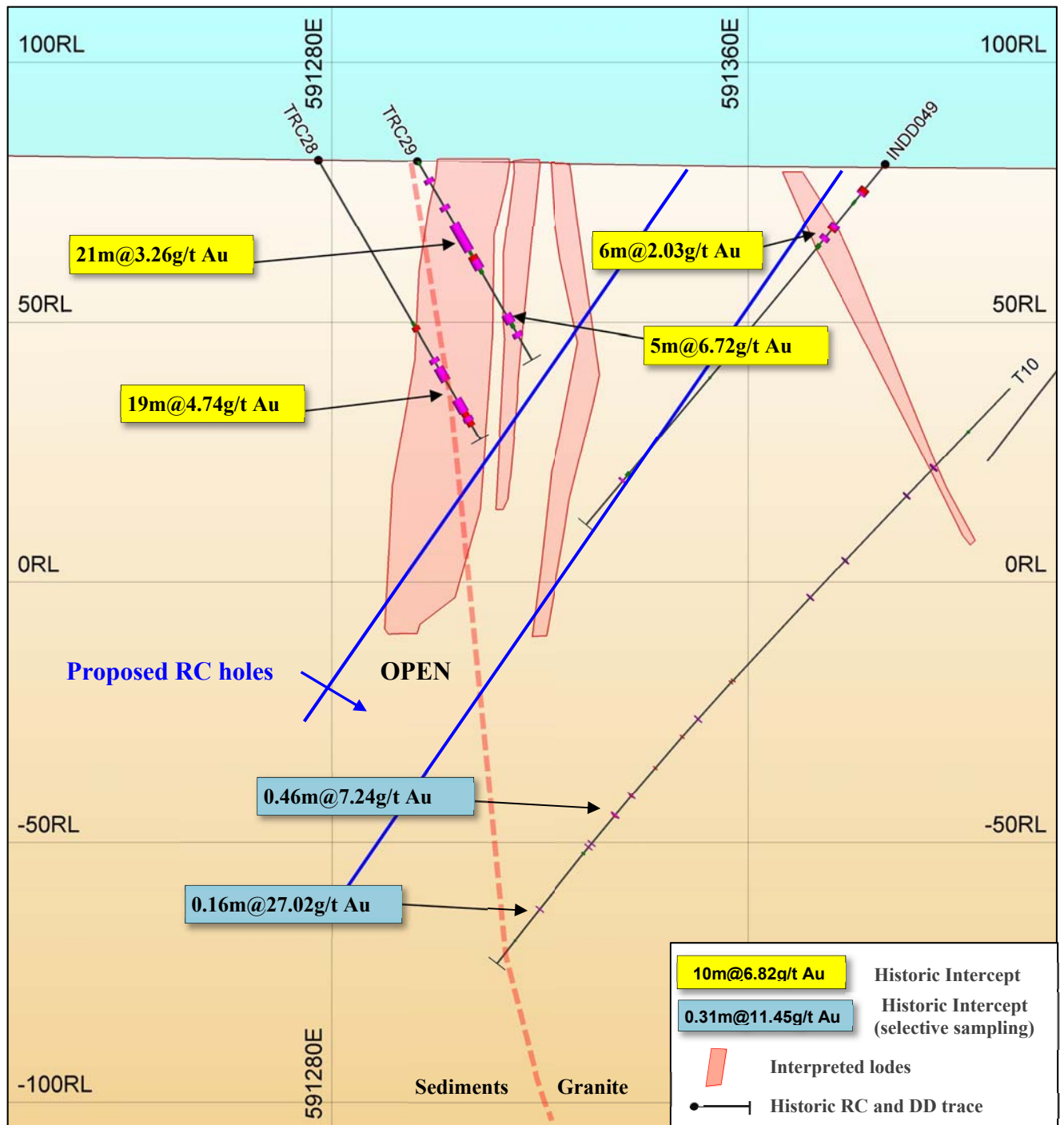


Figure 4 Toweranna Section 7679990N

