



ASX Announcement

13 March 2019

Toweranna –high impact resource extension drilling underway

- **Toweranna shows significant potential to extend resources**
 - +5000m step out RC drilling program has commenced
 - Targeting resource extensions to a minimum of 200-250m depth
 - Diamond drilling to initially target to 400m depth and then 800m planned
- **Diamond drilling intersects significant Mineralisation in both the Eastern and Western zones**
- **New diamond drilling results in the Eastern Zone include:**
 - 5.8m @ 5.79g/t Au from 140.2m** in TD002 incl **1.6m @ 16.04g/t Au** from 140.2m
 - 7m @ 4.02g/t Au from 8m** in TD003 incl **1m @ 22g/t Au** from 8m
- **Metallurgical diamond hole confirms high grade zones in the Western Zone:**
 - 10.4m @ 4.93g/t Au** from 8m in TD007 incl **3.25m @ 12.51g/t Au** from 11m
 - 4.8m @ 9.94g/t Au** from 48.2m in TD007
 - Preliminary ore sorting evaluation commenced
- **Toweranna Exploration Targets defined as follows:**

(0-200m)	4.8Mt – 5.6Mt @ 2.1g/t to 2.3g/t for 340,000oz – 400,000oz <i>includes existing resource of 2.01Mt @ 2.2g/t Au for 143,900oz</i>
(200-400m)	4.8Mt – 5.6Mt @ 2.1g/t to 2.3g/t for 340,000oz – 400,000oz <i>supported by limited but positive drilling to 420m depth</i>
Total Exploration Target (0-400m)	9.6Mt – 11.2Mt @ 2.1g/t to 2.3g/t for 680,000oz – 800,000oz <i>includes existing resource of 2.01Mt @ 2.2g/t Au for 143,900oz</i>

Exploration Target Cautionary Statement - *The potential quantity and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration to determine a mineral resource and there is no certainty that further exploration work will result in the determination of a mineral resource.*

Andy Beckwith, Technical Director commented:

“Toweranna is growing in stature with every drill hole and the shallow resource potential to 200-250m depth provides the opportunity to underpin a substantial step-change in the future open pit dimensions and economics. This new style of mineralisation in the region demands attention with high priority resource extension drilling underway.

On the regional exploration front, we are assessing two early stage targets for similar style granite hosted gold, one to the east of Toweranna and another southwest of Mt Berghaus.”

Toweranna – priority resource extension target

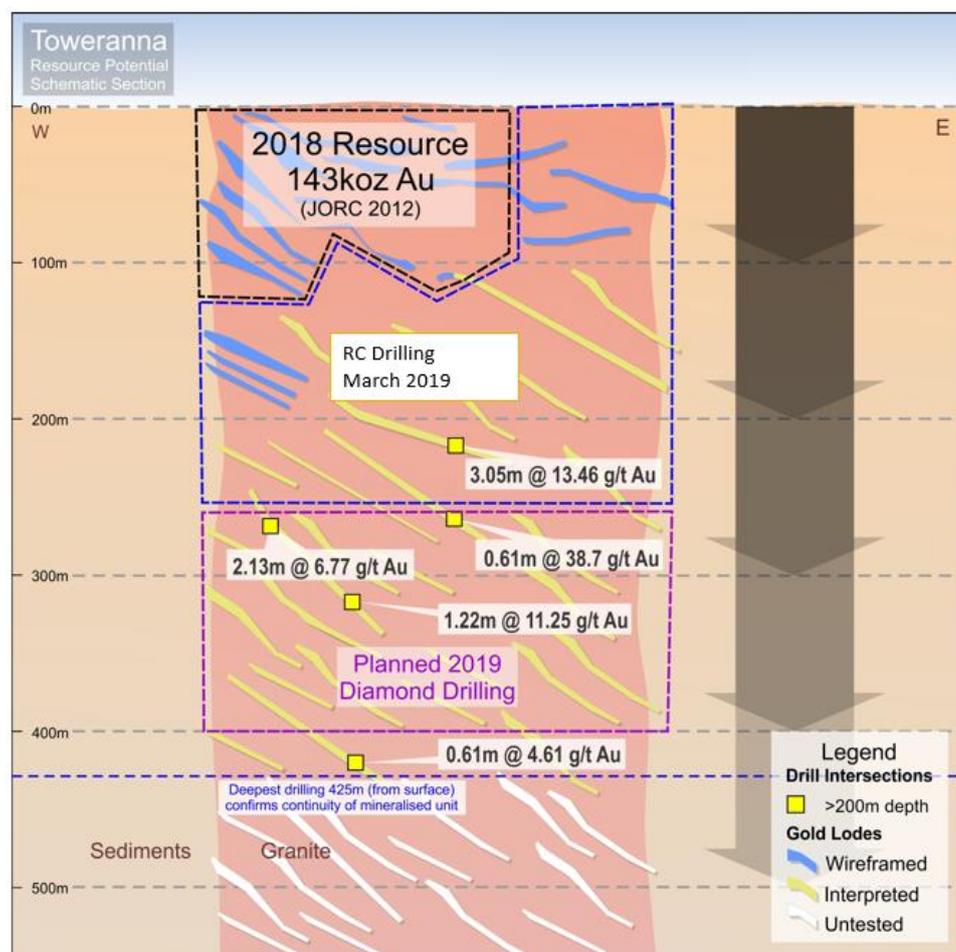
De Grey Mining Limited (ASX: DEG, “De Grey”, “Company”) is pleased to announce promising diamond drilling results, as well as a substantial initial resource extension target at the Toweranna gold deposit.

The Company also announces the commencement of a significant +5000m resource extension RC drilling program at Toweranna, which forms part of the 1.4Moz Pilbara Gold Project (“PGP”), located near Port Hedland in the Pilbara region of Western Australia. (ASX release “2018 Total Gold Mineral Resource increases to 1.4Moz”, 3 October 2018)

The Company has set a corporate goal of increasing overall project resources at PGP to 2.0Moz by the end of the 2019. Toweranna is considered one of four highest priority targets, including Withnell Underground, Mallina and Mt Berghaus, for significant resource extensions that are likely to impact the 2.0Mtpa PFS currently underway.

The Toweranna deposit currently hosts a shallow resource of 2.01Mt @ 2.2g/t Au for 143,900oz (JORC 2012) to approximately 100-120m depth. Recent assessment shows the Toweranna deposit is under drilled with potential to extend both the shallow resources to the east within the granite body and also substantially increase resources at depth. Further resource extension drilling is warranted to enable the final proposed open pit limits to be accurately defined. A planned +5000m RC drilling program has commenced to test mineralisation to 200-250m depth (Figure 1). Further infill and extension drilling will be planned subject to positive results.

Figure 1 Toweranna Schematic Cross Section



The current resource indicates an average of approximately 1,400 ounces per vertical metre occur in the first 100m. This RC drilling program is expected to increase resources in the eastern shallow portions (<100m) of the deposit, which in turn is likely to further increase the ounces per vertical metre. Any increase in ounces per vertical metre is expected to improve the final open pit design and economics.

Gold mineralisation clearly extends beyond 100m depth and has been shown to occur to at least 420m depth in limited historic drilling. Historic gold results below 200m depth include **3.05m @ 13.46g/t, 2.13m @ 6.77g/t, 0.61m @ 38.7 g/t, 1.22m 11.25g/t and 0.61m @ 4.61g/t** (refer to Figure 1). These high grade results are consistent with the shallower resource drilling results and are associated with similar quartz-sulphide veining. Deeper diamond drilling to test beyond 250m is likely to follow the current RC program and will test to 400-500m in depth, with selected deeper holes targeting to 800m.

New Toweranna drill results

A drill program comprising 175m of RC precollars and 747m of diamond drilling was recently completed. Four diamond holes were drilled at the Eastern Zone to determine lode orientation to align RC drilling for resource drilling. An additional diamond hole, TD007(PQ core size), was completed from surface for metallurgical evaluation of the oxide and fresh portions of the Western Zone.

Drilling intersected significant mineralisation in both Eastern and Western Zones, with results over 20gram x metres shown below. Full intersections are given in Table 1.

<u>Eastern Zone</u>	5.8m @ 5.79g/t Au from 140.2m in TD002 incl 1.6m @ 16.04g/t Au from 140.2m
	7m @ 4.02g/t Au from 8m in TD003 incl 1m @ 22g/t Au from 8m
<u>Western Zone</u>	10.4m @ 4.93g/t Au from 8m in TD007 incl 3.25m @ 12.51g/t Au from 11m
	4.8m @ 9.94g/t Au from 48.2m in TD007

The Western Zone drilling confirmed high grade mineralisation and similar east dipping quartz veins as seen in the western zone. New RC resource drilling has now been planned based on this vein orientation and is in progress.

Drill hole TD007 was specifically drilled for metallurgical purposes. The results confirm the previous RC drilling lodes and provide good quality core for detailed metallurgical test work (Figure 2). The metallurgical test work is being carried out by ALS Metallurgy with results to be used in the expanded 2.0Mtpa PFS.

March 2019 Resource extension drilling

The new resource extension drilling program comprises RC drilling on a 40m x 40m basis for a total of approximately 5000m. This initial RC drill program is already in progress and is expected to be completed during March.

Following the RC drilling program, a program of deeper diamond drilling is planned to test the resource potential from 250m to 400m depth. This program will utilise the RC drill holes as precollars with diamond tails extending at depth. Final hole design is subject to results of the RC program currently underway.

As part of the deeper diamond drilling program, an additional deeper scout diamond hole is planned to test mineralisation between 400-800m.

Figure 2 Toweranna Cross Section 7679970N

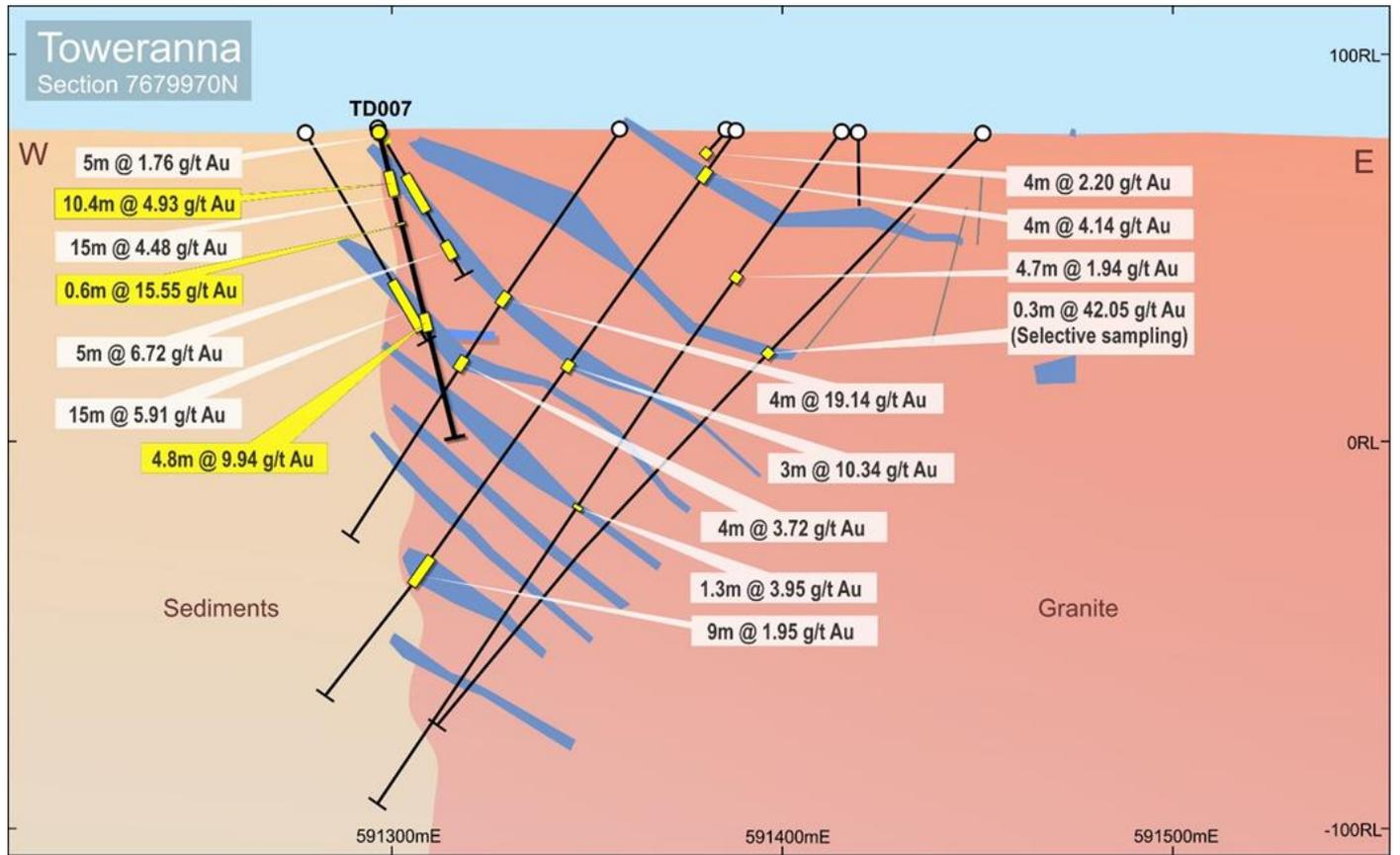


Figure 3 Toweranna - Quartz-Sulphide veins (ore) versus granite host (waste) in drill core.



Ore sorting potential

Preliminary ore sorting test work has commenced with Tomra Sorting Pty Ltd (Tomra). Core samples from previous diamond holes have been submitted with initial work focussed on the ability to distinguish and separate the various lithological rock types and quartz-sulphide veining using various sorting techniques. Once results are received and assessed it is expected a larger bulk sample of ~200kg will be processed to evaluate the benefits of sorting in terms of percentages sorted, grade distribution of the products and potential cost benefit evaluations.

Geologically, the ability to ore sort is considered high, as the white quartz-sulphide veins are visually distinct to the grey medium grained granite (Figure 3). If amendable to ore sorting, the economic benefits of the resultant high grade “quartz vein concentrate” feed into the mill and reduced haulage costs will be evaluated as part of the 2.0Mtpa PFS.

Toweranna Exploration Targets

The significance of the Toweranna deposit is growing and the overall size of the deposit is expected to grow substantially. Recent modelling and evaluations suggest the current resource is restricted by drilling and the future open pits have the potential to grow larger and deeper with extended resources. The positive impact of a larger open pit to the PFS is potentially significant and may provide a step change in the open pit scheduling and financial benefits.

The current resource remains open in the zone between 0-100m depth. The current RC drilling program aims to test and extend the resource in this zone. The volume represents approximately 20-40% of the untested granite between 0-100m.

Below 100m, the resource remains completely open with strong indications the resource will extend at depth. Previous drilling on the western margin supports continued lode definition and similar grade potential. Drilling is underway to test to mineralisation between an overall 200-250m depth.

The Exploration Target (0-200m) assumes the area tested extends mineralisation to 200m at a similar tonnage and grade as the existing resource. This total depth is considered potential amendable to open pit mining methods.

Beyond 200m depth, the Exploration Target 200-400m assumes doubling of the 0-200m total exploration target based on similar granite host and supporting high grade gold mineralisation including **3.05m @ 13.46g/t, 2.13m @ 6.77g/t, 0.61m @ 38.7 g/t, 1.22m 11.25g/t and 0.61m @ 4.61g/t** known to extend to at least 420m depth in limited historic drilling. These high grades provide support that selective underground mining methods may be possible at these depths and grades provided sufficient resources can be defined.

The Toweranna Exploration Targets (Figure 4) are based on increments in depth are defined as follows:

<i>Exploration Target (0-200m)</i>	<i>4.8Mt – 5.6Mt @ 2.1g/t to 2.3g/t for 340,000oz – 400,000oz includes existing resource of 2.01Mt @ 2.2g/t Au for 143,900oz</i>
<i>Exploration Target (200-400m)</i>	<i>4.8Mt – 5.6Mt @ 2.1g/t to 2.3g/t for 340,000oz – 400,000oz supported by limited but positive drilling to 420m depth</i>
<i>Exploration Target (0-400m)</i>	<i>9.6Mt – 11.2Mt @ 2.1g/t to 2.3g/t for 680,000oz – 800,000oz</i>

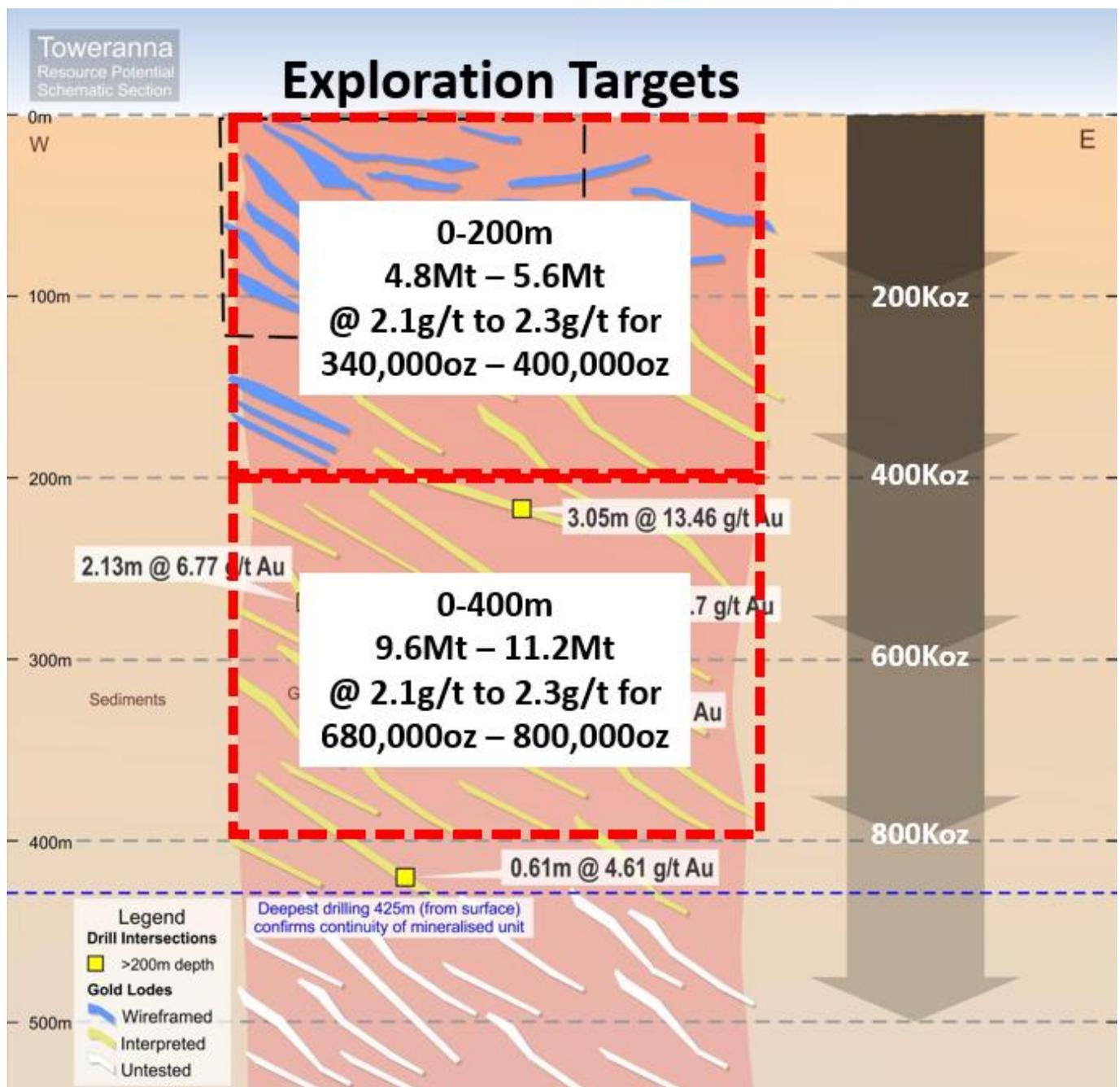
Exploration Target Cautionary Statement

*Exploration Target - The potential quantity and grade of the exploration target is conceptual in nature. There has been insufficient exploration to determine a mineral resource and there is no certainty that further exploration work will result in the determination of a mineral resource.

The Toweranna Exploration Targets are based on the following assumptions:

- Cylindrical granite host body with a uniform diameter of approximately 250m defined by the existing well drilled portions to approximately 140m depth and limited drilling that extends the granite host to over 420m depth
- Mineralisation is well defined in recent De Grey drilling to approximately 100-120m and a resource established, with indicated and inferred categories. Limited drilling has been completed by previous third party explorers which shows similar quartz-sulphide veins and high grade evident to at least 420m depth.
- The mineralisation potential is assumed to remain consistent with the shallow resource areas based on the granite and mineralising system extending to depth. This style of mineralisation is seen elsewhere in other gold mines around the world.
- The density of the granite is assumed to remain the same as the resource areas as the assumed host remains the same at depth.
- The grade range of 2.1- 2.3g/t Au is assumed based on the recent resource grade. This grade is less than a previous resource which stated the grade was higher at 2.9g/t, however this earlier resource estimated contained less drilling information. Therefore, the grade is assumed to approximate the grade of the most recent resource and higher level of drilling and assumes the vein mineralisation is consistent throughout the overall orebody.
- Supporting drilling information includes recent infill RC and diamond drilling undertaken on 20x 20m and 40m x 40m basis within the top 140m from surface completed by De Grey and limited wide spaced diamond drilling at depth to over 420m.
- Strong geological control and continuity of veining from detailed geological logging of diamond core and RC chips.
- Similar style of quartz-sulphide veins demonstrated in drill core to 420m depth
- Consistency of the granite host and the interpretation this granite stock contuse uniformly to depth.
- Surface mapping of geological units and contacts.
- Shallow historic underground mining along one main quartz lode to approximately 40m depth in a series of shafts for a reported total gold production of 5,000oz at and an average grade of 40g/t.
- Sampling of drilling suitable for resource estimation, by De Grey, on a nominal 1m basis or less or to geological boundaries, split and assayed at an independent Australian laboratory.
- 3D modelling by De Grey's independent resource consultant already includes portions of this target in existing mineralised wireframes.
- De Grey intends to carry out significant RC and diamond drilling to provide sufficient density of drilling to clarify continuity of mineralisation and limits to the mineralisation. This drilling has commenced targeting to a depth of 200-250m during March 2019. Subsequent additional diamond drilling is planned to test mineralisation to 400m and then selected step out diamond holes to 800m with the aim of confirming the Exploration Targets and culminating in increased resources (JORC 2012).

Figure 4 Toweranna – Exploration Targets



For further information:

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Competent Persons Statements

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.

The Information in this report that relates to **Mineral Resources** is based on information compiled by Mr Paul Payne, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Payne is a full-time employee of Payne Geological Services. Mr Payne 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 Resources and Ore Reserves”. Mr Payne consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to **Toweranna Exploration Targets** is based on, and fairly represents information and supporting documentation compiled by Mr. Andrew Beckwith, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. Mr. Beckwith is a consultant to De Grey Mining Limited. Mr. Beckwith 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. Beckwith consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Forward Looking Statements

Statements regarding De Grey’s plans with respect to the mineral properties, resource reviews, programmes, economic studies and future development are forward-looking statements. There can be no assurance that De Grey’s plans for development of its mineral properties will proceed any time in the future. There can also be no assurance that De Grey will be able to confirm the presence of additional mineral resources/reserves, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of De Grey’s mineral properties.

Table 1 Toweranna – Significant Drill Intersections (>2gm*m)

Prospect	HoleID	Depth From (m)	Depth To (m)	Downhole Width (m)	Au (g/t)	Ag (g/t)	Collar East (GDA94)	Collar North (GDA94)	Collar RL (GDA94)	Dip (degrees)	Azimuth (GDA94)	HoleDepth
Eastern Zone	TD001	52	55	3	3.76	3.59	591564	7680010	79.5	-55	270	151
Eastern Zone	TD001	61	61.6	0.6	5.48	1.80	591564	7680010	79.5	-55	270	151
Eastern Zone	TD002	84	84.36	0.36	21.10	6.80	591465	7679956	79.9	-58	93	156
Eastern Zone	TD002	91.3	92	0.7	3.79	0.25	591465	7679956	79.9	-58	93	156
Eastern Zone	TD002	100	102.06	2.06	1.43	0.25	591465	7679956	79.9	-58	93	156
Eastern Zone	TD002	124.2	126.25	2.05	5.86	1.85	591465	7679956	79.9	-58	93	156
Eastern Zone	incl	125.86	126.25	0.39	27.20	7.20	591465	7679956	79.9	-58	93	156
Eastern Zone	TD002	140.2	146	5.8	5.79	1.06	591465	7679956	79.9	-58	93	156
Eastern Zone	incl	140.2	141.8	1.6	16.04	1.15	591465	7679956	79.9	-58	93	156
Eastern Zone	incl	145	146	1	5.98	3.50	591465	7679956	79.9	-58	93	156
Eastern Zone	TD003	8	15	7	4.02	0.00	591453	7680030	79.7	-49	91	318
Eastern Zone	incl	8	9	1	22.00	0.00	591453	7680030	79.7	-49	91	318
Eastern Zone	TD003	215	217	2	1.81	0.53	591453	7680030	79.7	-49	91	318
Eastern Zone	TD003	223.9	228	4.1	1.29	0.36	591453	7680030	79.7	-49	91	318
Eastern Zone	incl	227	228	1	4.58	0.70	591453	7680030	79.7	-49	91	318
Eastern Zone	TD003	240	243.03	3.03	3.77	1.26	591453	7680030	79.7	-49	91	318
Eastern Zone	incl	241.6	243.03	1.43	6.92	2.14	591453	7680030	79.7	-49	91	318
Eastern Zone	TD003	255.1	255.45	0.35	6.49	2.00	591453	7680030	79.7	-49	91	318
Eastern Zone	TD003	295.45	297.25	1.8	1.36	0.59	591453	7680030	79.7	-49	91	318
Eastern Zone	incl	295.45	295.75	0.3	6.84	2.30	591453	7680030	79.7	-49	91	318
Eastern Zone	TD006	20	22	2	3.67	0.00	591518	7680051	78.9	-55	274	166
Eastern Zone	TD006	93.7	94.2	0.5	7.41	1.60	591518	7680051	78.9	-55	274	166
Eastern Zone	TD006	97.74	98.29	0.55	16.60	2.20	591518	7680051	78.9	-55	274	166
Eastern Zone	TD006	118.3	119.82	1.52	1.38	0.25	591518	7680051	78.9	-55	274	166
Eastern Zone	TD006	123	124	1	3.41	0.25	591518	7680051	78.9	-55	274	166
Western Zone	TD007	8	18.4	10.4	4.93	1.34	591297	7679970	79.8	-77	90	81
Western Zone	incl	11	14.25	3.25	12.51	2.53	591297	7679970	79.8	-77	90	81
Western Zone	incl	18.12	18.4	0.28	18.25	2.60	591297	7679970	79.8	-77	90	81
Western Zone	TD007	24	24.6	0.6	15.55	1.80	591297	7679970	79.8	-77	90	81
Western Zone	TD007	48.2	53	4.8	9.94	2.72	591297	7679970	79.8	-77	90	81
Western Zone	incl	48.2	48.8	0.6	31.60	6.00	591297	7679970	79.8	-77	90	81
Western Zone	incl	52	53	1	26.95	7.30	591297	7679970	79.8	-77	90	81

JORC 2012 TABLE

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> All drilling and sampling was undertaken in an industry standard manner Samples were collected with a diamond drill rig drilling NQ2 diameter core, or PQ for TD007. After logging and photographing, drill core was cut in half, with one half sent to the laboratory for assay and the other half retained. Holes were sampled over mineralised intervals to geological boundaries on a nominal 1m basis. Sample weights ranged from 2-4kg The independent laboratory then takes the sample and pulverises the entire sample for analysis as described below. Some intercepts include a portion of the RC precollar. RC holes were sampled on a 1m basis with samples collected from a cone splitter mounted on the drill rig cyclone. 1m sample ranges from a typical 2.5-3.5kg.
Drilling techniques	<ul style="list-style-type: none"> 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.). 	<ul style="list-style-type: none"> The drill holes comprised NQ2 core of a diameter of 51mm or PQ (diameter 85mm). Reverse Circulation(RC) precollars were drilled with a 5 1/2-inch bit and face sampling hammer.
Drill sample recovery	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Core recovery is measured for each drilling run by the driller and then checked by the Company geological team during the mark up and logging process. Samples are considered representative with generally 100% recovery. No sample bias is observed
Logging	<ul style="list-style-type: none"> 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, channel, etc.) photography. The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> The entire hole has been geologically and geotechnically logged and photographed by Company geologists, with systematic sampling undertaken on the prospective parts of the stratigraphy based on rock type and alteration observed The sample results are appropriate for a resource estimation

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • After logging and photographing, drill core was cut in half, with one half sent to the laboratory for assay and the other half retained. Holes were sampled over mineralised intervals to geological boundaries on a nominal 1m basis. • Sample weights ranged from 2-4kg • 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	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • The samples were submitted to a commercial independent laboratory in Perth, Australia. • Au was analysed by a 50gm charge Fire assay fusion technique with an AAS finish. 33 multi-elements were analysed by HF-HNO₃-HClO₄ acid digestion, HCl leach and ICP-AES. • The techniques are considered quantitative in nature. • As discussed previously certified reference standards were inserted by the Company and the laboratory also carries out internal standards in individual batches • The standards and duplicates were considered satisfactory
Verification of sampling and assaying	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Sample results have been merged by the company's database consultants • 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	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Drill hole collar locations are located by DGPS to an accuracy of +/- 10cm. • Locations are given in GDA94 zone 50 projection • Diagrams and location table are provided in the report • Topographic control is by detailed mine survey pickups and Differential GPS data
Data spacing and distribution	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Drilling is on a nominal 40m x 20m grid spacing. • 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 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	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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

Criteria	JORC Code explanation	Commentary
geological structure	<i>and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	will be allowed for in resource estimates when geological interpretations are completed
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> Samples were collected by company personnel and delivered direct to the laboratory via a transport contractor
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> No audits have been completed. Review of QAQC data has been carried out by database consultants and 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> The Toweranna prospect includes small scale historic mining and has had previous drilling undertaken over a period of many years.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> The mineralisation targeted is hydrothermally emplaced quartz hosted gold mineralisation along the boundaries and within a granite intrusion within a regional fold structure. This style of mineralisation is similar to other Western Australian gold deposits.
Drill hole Information	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Drill hole location and directional information is provided in this report.

Criteria	JORC Code explanation	Commentary
	<p><i>the report, the Competent Person should clearly explain why this is the case.</i></p>	
Data aggregation methods	<ul style="list-style-type: none"> <i>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.</i> <i>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.</i> <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> Results are reported to a minimum cutoff grade of 0.5g/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 mineralisation widths and intercept lengths	<ul style="list-style-type: none"> <i>These relationships are particularly important in the reporting of Exploration Results.</i> <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> <i>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').</i> 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> <i>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.</i> 	<ul style="list-style-type: none"> Plans are representative cross sections are provided in the report.
Balanced reporting	<ul style="list-style-type: none"> <i>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.</i> 	<ul style="list-style-type: none"> All intercepts using parameters described above are reported, together with locations of all drill holes reported here. The report is considered balanced and provided in context.
Other substantive exploration data	<ul style="list-style-type: none"> <i>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.</i> 	<ul style="list-style-type: none"> The Toweranna Gold deposit has an existing 2012 JORC gold resource (143,900oz) previously reported by De Grey. Limited test work on metallurgical and geotechnical characteristics has been completed at this stage. Metallurgical testwork is underway.
Further work	<ul style="list-style-type: none"> <i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> A program of RC and diamond drilling to test the deposit to over 200m depth is underway. Deeper diamond drilling to test below 200m is being planned.