Bonanza Gold Target Secured
Blue Moon Prospect

- Significant “walk-up” drill target over 1km long
- Option to acquire key tenement within recently optioned surrounding larger tenement package.
- Over 1500 ounces of gold discovered to date from less than 2 metres depth.
- Gold occurs with quartz veining as veinlets, masses, crystalline form and as free gold nuggets in the covering soil.
- Highly prospective for structurally controlled high-grade gold mineralisation within regional scale NE trending structure.
- Ongoing strategy of seeking additional, higher grade resources for Pilbara Gold Project.

Stunning crystalline gold and quartz
(Specimen approximately 7cm long, total weight 110gms)

“This would have to be the richest and most spectacular gold veining and nuggets I have seen in my whole career” commented Andy Beckwith, Operations Manager.
Cautionary Statement

De Grey highlights that the information regarding the gold nuggets in this report does not necessarily conform to the JORC Code (2012) reporting standards. However, the information stated in this release is considered by De Grey as “material” under ASX Listing Rule 3.1.

The Exploration Results (gold nuggets) have been reported to De Grey by the vendor and the vendor has supplied the images, location data and weights associated with the samples in this report. The gold nuggets are reported to be found by the vendor on P47/1773. The vendor has carried out shallow trial trenching and pitting to approximately 2 metres depth combined with metal detecting of the material excavated within the tenement.

None of the gold nuggets are owned by De Grey.

De Grey has not completed any work on the tenements covered by this Option Agreement, except for an initial site visit and review. Company employees have inspected the tenement area and has witnessed numerous gold nuggets being detected from the material excavated by the vendor within the tenement area.

De Grey cautions investors that the Company has not yet done sufficient work to be able to verify the owner’s results in accordance with the standards set out in the JORC Code (2012).

While nothing has come to the attention of the Company to question the reliability or accuracy of the Exploration Results supplied by the vendor, the Company has not independently validated the results and is not to be regarded as reporting, adopting or endorsing those results.

De Grey plans to complete detailed geologically mapping within the tenement during the next 3 months, including the location of any metal detecting areas, to gain a greater insight into the geology and structural controls on mineralisation. Subject to positive mapping and targeting by De Grey, drilling is anticipated to be proposed to test the target zone. This work is fully funded by De Grey’s current cash reserves.

The Competent Person, listed below, has not completed sufficient work to disclose the Exploration Results in accordance with JORC Code 2012.

The information in this report that relates to Exploration Results is based on, and fairly represents information provided by the vendor and made available to De Grey at the time of this report. The report has been prepared 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.
De Grey Mining Ltd (ASX: DEG, “De Grey” “Company”) is pleased to announce it has signed a binding Option Agreement to acquire 70% of the Blue Moon tenement (P47/1773), located within 20km of the proposed plant at the company’s Pilbara Gold Project, near Port Hedland, Western Australia (Figure 1).

**Figure 1** Pilbara Gold Project location plan showing Blue Moon Option tenement.

Key aspects of the Option Agreement over P47/1773

- De Grey to pay $125,000 cash and 600,000 De Grey shares on signing.
- De Grey to fund exploration at De Grey’s discretion during the 2 year Option Period.
- De Grey may elect to acquire 70% of the mineral rights of the tenement below 6m depth on payment of $500,000 cash.
- Vendor retains all the mineral rights to a depth of 6 metres.
Prospectivity of Blue Moon

The Blue Moon Option secures a key strategic tenement within the Vanmaris leases recently optioned by De Grey (ASX Announcement 3 October 2017: “Landholding secured with high-grade gold exploration targets”. Blue Moon is considered highly prospective for structurally controlled high-grade gold discoveries in the basement rocks. The finalisation of this Option Agreement now consolidates all the tenements over an exciting area where extensive gold mineralisation has been discovered by prospectors over the last two years (Figure 2).

Initially, gold mineralisation was discovered as free nuggets in the soil, calcrete and sands by metal detecting across an area of approximately 2km x 2km. More recently, the Blue Moon owners have been systematically trenching and pitting along a 1km strike length using a backhoe and then metal detecting the material. This small-scale prospecting has been undertaken to only shallow depths of approximately 2 metres and has produced over 1500 ounces of gold in the last 24 months as reported by the vendor. The vendor continues to methodically test along the north-east trending corridor with success.

Figure 2 Blue Moon – Prospective Structural Trend

Geologically, the gold mineralisation occurs along a strong NE trending structure with mapped quartz veining associated with an altered gabbro. Numerous metal detecting pits surround the prospective NE trending zone, where the vendor has been finding significant quantities of gold. Many of the surrounding nugget areas are in the previously announced Vanmaris Option. The gold mineralisation ranges from free gold nuggets located in the soil and gravels within the interpreted alteration corridor (Figure 3) to large quartz vein specimens with veinlets to masses of gold through to fine crystalline gold associated with crystals of quartz (Figure 4, 5, 6 and 7). De Grey considers the gold and quartz specimen material that is being discovered occurs very
close to the source. The size of the quartz rich specimens and the delicate and fragile nature of the crystalline gold specimens suggests they are unlikely to have moved any great distance from the host.

**Figure 3** Blue Moon – Detailed view of prospective NE trending alteration corridor
Figure 4   Blue Moon – Quartz vein specimens showing gold veining and masses discovered by the vendor within P47/1773

Specimen weight 1.2kg

Specimen weight 5.5kg
Figure 5  Blue Moon – Quartz vein specimen showing gold masses

Figure 6  Blue Moon – Collection of Gold Nuggets from soil and gravel horizon
Background - Impact of High Grade Gold Targets

De Grey recently reported a significant resource upgrade to 1.2 Moz of gold for the Pilbara Gold Project (refer to ASX release “Pilbara Gold Project 20% increase in resource to over 1.2 Moz” dated 28 September 2017). A recent scoping study indicates a financially positive development project, based on a 1 million tonne throughput, utilising a new purpose-built processing plant, is feasible based on the previously reported 1.0 Moz resource. The new increased resources to 1.2 Moz will improve the scoping study financial model further through an increase in mine life.

De Grey controls a substantial and contiguous landholding of over 1800 km$^2$ with 1.2 Moz of gold already delineated together with numerous partially to completely untested gold anomalies.
throughout the project area. As part of an overall review of targets, a number of recent earn-in agreements have been reached over prospective areas including the Farno McMahon JV, Vanmaris Option and now the Blue Moon Option. These areas are immediately south of the Indee Gold tenements, with Vanmaris and Blue Moon within 20km radius of the proposed processing plant.

Financial evaluations by De Grey, based on the recent scoping study data, indicate that a grade of >3g/t, within trucking distance of the proposed plant has the potential to substantially improve the overall financial return and early cash flow of the project whilst reducing the payback period.

Following on from this review, the company exploration focus has now turned to the identification of higher grade resource targets within 50km of the proposed plant. The Company is targeting higher grade gold mineralisation from various styles of mineralisation including structurally controlled mineralisation along regional shear zones (Withnell Trend, Wingina Trend and Mt Berghaus), stacked quartz veining associated with granite intrusions (Toweranna) and conglomerate hosted gold targets (Loudens Patch) like Novo/Artemis’ Purdy’s Reward project.

Importantly, De Grey has recently recognised gold nuggets shedding from conglomerates (refer to ASX release “Gold nuggets confirm important new conglomerate discovery” dated 26 September 2017). This new style of gold mineralisation remains to be tested in detail however is considered to have regional significance due to the potential for very high-grade gold mineralisation based on recent high-grade results published by Novo Resources at the Purdy’s Reward prospect, located approximately 120km to the west near Karratha. Bulk sampling (540kg) by Novo at Purdy’s Reward, a similar style of conglomerate hosted gold mineralisation, produced a grade in excess of 60g/t.

The Blue Moon structural trend, Vanmaris and the Farno Joint Venture areas are another example where De Grey is seeking to secure and explore potentially high-grade gold systems. Success at any one of these high-grade gold systems is likely to provide a significant positive financial impact to the development scenario of the Pilbara Gold Project.

**Future Work Programs**

De Grey’s primary focus will be to quickly determine the potential of the regional scale NE trending structure to host a significant resource.

Planned work activities include:

- Compilation and evaluation of historic exploration results
- Geological mapping, interpretation and target definition
- RC drilling of detailed fences across the alteration corridor
- Follow-up diamond drilling for extensions and metallurgical testwork.
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| **Sampling techniques**               | • The gold nuggets were found using a hand-held metal detector by the vendor from surface using a metal detector and also by trenching and pitting using a backhoe and then metal detecting the material.  
• The surface sampling is classed as random by the competent person  
• The trenching and pitting is generally being carried out in a systematic nature along the 1km trend, however the documentation from each trench and pit is not recorded. |
| **Logging**                           | • No logging of the trenches and pits was undertaken by the vendor  
• Inspection of the general area, selected vendor pit/trenches and nearby outcrops by De Grey shows areas of bedrock, areas of calcrete development and windblown sands within the tenement area.  
• Geology is consistent with regional geology maps published by the WA Mines Department.                                                                                                                                                                                                                                                                         |
| **Verification of sampling and assaying** | • The location area and weights of the nuggets in this report has been provided by the Vendor  
• De Grey has not completed any work on the tenements covered by this Option Agreement, except for an initial site visits and review.  
• Company employees have inspected the area of the reported gold nuggets and can confirm numerous hand dug metal detecting pits within the tenement and surrounding tenement areas.  
• The CP has witnessed the small-scale prospecting of the trenching/pits and metal detecting of visible gold nuggets.                                                                                                                                                                                                                                         |
| **Location of data points**           | • Locations have been provided by the Vendor and plotted by De Grey based on the vendors data.  
• Locations are given in GDA94 zone 50 projection  
• Refer to maps                                                                                                                                                                                                                                                                                                                                                                                                          |
| **Data spacing and distribution**     | • The sampling distribution is classed as random with some more systematic sampling occurring in the trenching/pits                                                                                                                                                                                                                                                                                                                                                   |
| **Orientation of data in relation to geological structure** | • De Grey considers the gold mineralisation in the quartz veining is intimately associated with the NE structure and is related to quartz veining within the altered margin of the gabbro.  
• The gold and quartz specimens are considered to be in close proximity to the source bedrock mineralisation                                                                                                                                                                                                                                                                                     |
| **Mineral tenement and land tenure status** | • The specimen rocks and nuggets are stated to be from P47/1773, located approximately 100km SW of Port Hedland. The tenement is held by Mr. Gibson (vendor).  
• De Grey has secured a binding Option to acquire 70% of the Tenement – P47/1733                                                                                                                                                                                                                                                                            |
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| Exploration done by other parties           | • Limited previous exploration has been undertaken by past explorers.  
|                                              | • The vendor has only undertaken metals detecting, trenching and pitting activities                                                                                                                        |
| Geology                                      | • The mineralisation targeted is hydrothermally emplaced quartz hosted gold mineralisation within a NE trending structure (shear zone) and is similar in style to many other Western Australian gold deposits. |
| Diagrams                                      | • Location plans and photos provided in report                                                                                                                                                             |
| Balanced reporting                           | • The report is considered balanced and provided in geological context.                                                                                                                                   |
| Further work                                 | • De Grey intends to undertake a full review of past exploration and undertake detailed mapping of the tenement areas and plans to drill test the mineralised structure.                                              |

For further information:

Simon Lill (Executive Chairman) or

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