



Quarterly Activities Report For the Period ending 31 March 2018

ASX Release

30 April 2018

Issued Shares

330,995,466 as at
31 March 2018

Board of Directors

Simon Lill
Executive Chairman

Andy Beckwith
Technical Director

Brett Lambert
Non-Executive Director

Steve Morris
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The Pilbara Gold Project – Shear Hosted Gold

- Multiple stacked high-grade lodes confirmed by 1m samples at Toweranna – a significant open pit mining target
- Significant potential to extend shallow resources along the Southern granite contact, whilst Eastern and Northern granite contacts remain untested
- Added scope for longer term underground potential based on new drill results and historic holes intersecting high grade mineralisation to over 300m vertical depth.
- Infill and extensional drilling commenced during the quarter at Mt Berghaus, to be followed by Mallina, Toweranna and Amanda.
- Pilbara Gold resources remain at 23.88Mt @ 1.6 g/t for 1,210,000 oz

The Pilbara Gold Project – Conglomerate Gold

- Significant discovery of visible gold in rock specimens at Loudens, together with increase in number of nuggets (>200) from the previously reported area and within the historic workings.
- 2 gold nuggets found at SE end of Loudens range
- Visible gold in stream sediment sampling, of streams draining Loudens Patch, Jarret Well and Steel Well conglomerate targets enhances overall prospectivity.
- Program of Works (POW) approved for earthworks and bulk sampling.
- Heritage Survey commenced after end of quarter awaiting report.

Lithium

- **Spodumene** identified in petrology within the overall intercept of 17m @ 2.55% Li₂O and **Pollucite**, a Caesium bearing mineral, also confirmed from the intercept of 1m @ 8.63% Cs₂O from 25m in hole KRC011.
- Encouraging soil sampling results substantially extend King Col target strike length from 2.0 km to 4.8 km and define a new 3.0km long anomaly to the south east

Corporate

- Cash at the end of the quarter of \$3.6M
- Raised \$300,000 through conversion of various Options
- Share Sale Agreement on Indee tenements finalised and executed, extending settlement to 24 January 2019 (with option to extend by a further 6 months). De Grey paid a deposit of A\$1.5M.
- Acquisition of 48-person Mining Camp

De Grey Mining Ltd (ASX: DEG, “De Grey”, “Company”) is pleased to report on activities completed during the March 2018 quarter.

Pilbara Gold Project

The Pilbara Gold Project comprises 5 different tenement areas as outlined in Figure 1 below. Details of the ownership and acquisition requirements are contained in the corporate section (Pilbara Gold Project - Background).

Extension of Option Period to acquire Indee Gold Pty Ltd

On 9 February 2018, the Company finalised a Share Sale Agreement (SSA) with Northwest Non-Ferrous Australian Mining Limited (“NNAM”) and Indee Gold Pty Ltd (“Indee”) confirming De Grey’s plans to acquire 100% of the Indee Project., (ASX release 12 February 2018).

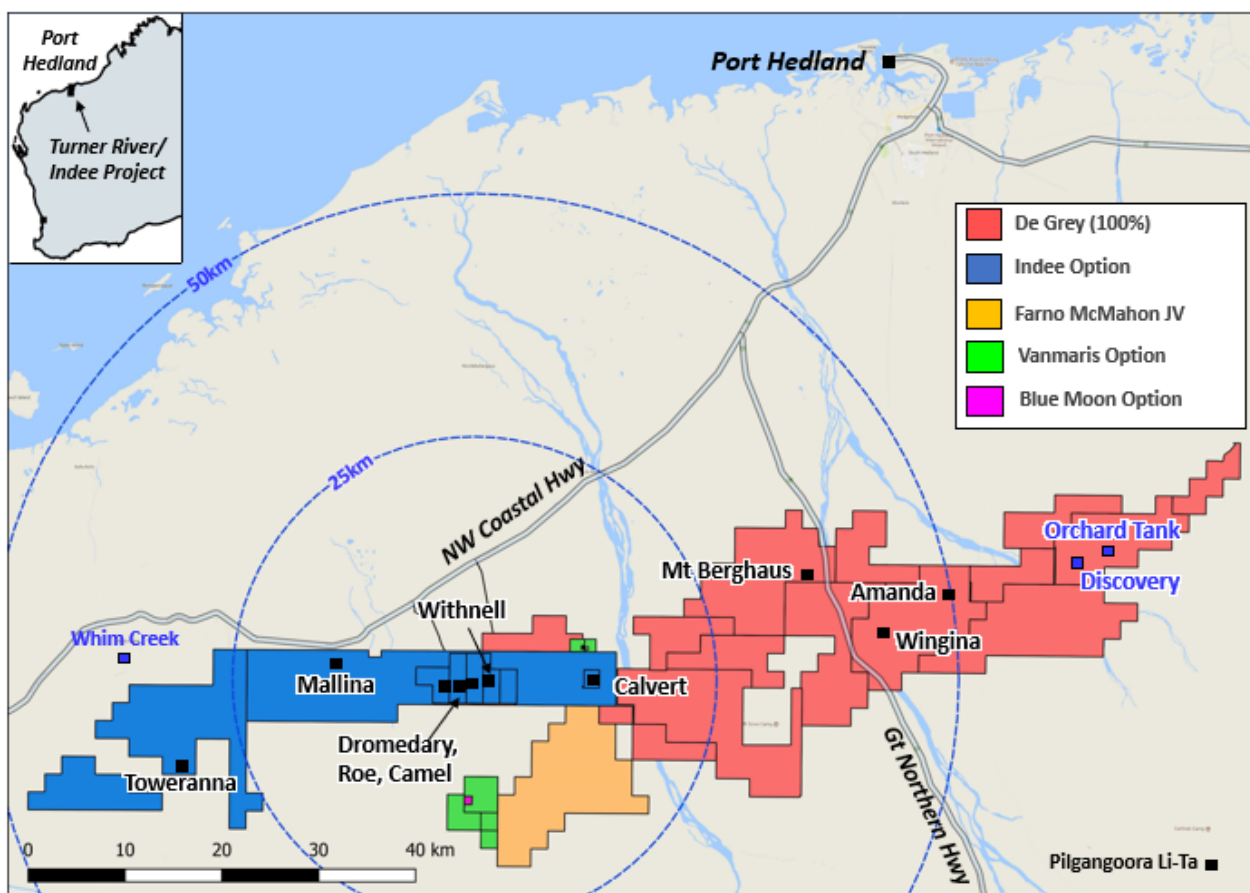


Figure 1 – Pilbara Gold Project location plan, showing Indee Option tenements (blue areas)

The acquisition required Chinese regulatory approval prior to execution, which has now been granted, with De Grey required to obtain shareholder approval so as to settle the acquisition.

The Agreement has also extended the deadline to 24 January 2019, which can be further extended to 24 July 2019 at De Grey’s election. The key terms on the agreement, together with all other tenement interests, are outlined in the corporate section.

Drilling Programs Commenced during the Quarter

The Company has commenced a new RC drilling program, initially at the Mt. Berghaus and seeking to infill and upgrade various resources that fall within pit shells defined within the August 2017 scoping study (*ASX Release 16 March 2018*).

The infill RC drilling is designed to convert inferred resources within these shells to the level of Indicated (JORC 2012) to allow for later conversion to reserves as part of the in-progress Pilbara Gold Project Pre-Feasibility Study ("PGP-PFS") which the Company is targeting conclusion by year's end.

Following the Mt. Berghaus drilling, similar infill drilling for resource upgrades will be undertaken at the Amanda, Hester, Mallina and Toweranna deposits. Additional diamond pre-collars are also to be undertaken in preparation for the commencement of diamond drilling in early May 2018. Final drilling results will be progressively released with initial assay results from Mt Berghaus nearing completion. Upon completion of this phase of drilling, all associated resource models will be updated in preparation for open pit optimisations for evaluation in the PGP- PFS.

Drilling programs reported

Toweranna

The Toweranna prospect has a defined resource (JORC 2012) of **0.43Mt @ 2.9g/t Au for 40,700oz** (*ASX release "Pilbara Gold Project increases gold resources by >20% to over 1.2Moz, 28 September 2017*). This existing resource is currently confined to only the lodes intersected along the Western Contact between the granite intrusion and sediments.

An RC drilling program was undertaken in November/December 2017 with initial four metre composite drill results previously reported in the December 2017 Quarter. Results from sampling on a 1m basis were reported in February 2018 and confirmed the earlier four metre composite intersections (*ASX Release 2 February 2018*).

The 1m resampling results confirmed strong mineralisation extending further along strike and at depth outside of the existing resource and also provided strong indications of further high-grade lodes along the Southern Contact. Further infill and extensional drilling is required to update the resource particularly along the Southern Contact. The Eastern and Northern Contacts remain essentially untested and scout drilling will aim to test these two zones. Further RC drilling has recently commenced at Toweranna with additional diamond holes planned to commence in early May.

A summary of highest grade intersections returned from one metre re-splits is as below:

Western Zone

- Vertical lodes - **5m @ 8.38g/t Au (incl. 2m @ 19.43g/t Au), 3m @ 18.43g/t Au, 18m @ 3.86g/t Au (incl. 2m @ 18.12g/t Au)**
- Dipping lodes - **4m @ 19.14g/t Au, 9m @ 5.19g/t Au (incl. 2m @ 19.94g/t Au)**

Southern Zone (not included in current resource)

- Vertical lodes - **16m @ 3.82g/t Au (incl. 2m @ 20.99g/t Au), 11m @ 7.07g/t Au, 4m @ 5.10g/t Au**
- Dipping lode - **14m @ 3.96g/t Au, 4m @ 6.46g/t Au**

Eastern Zone

- Dipping lode - 5m @ 12.87g/t Au (incl. 3m @ 20.62g/t Au)

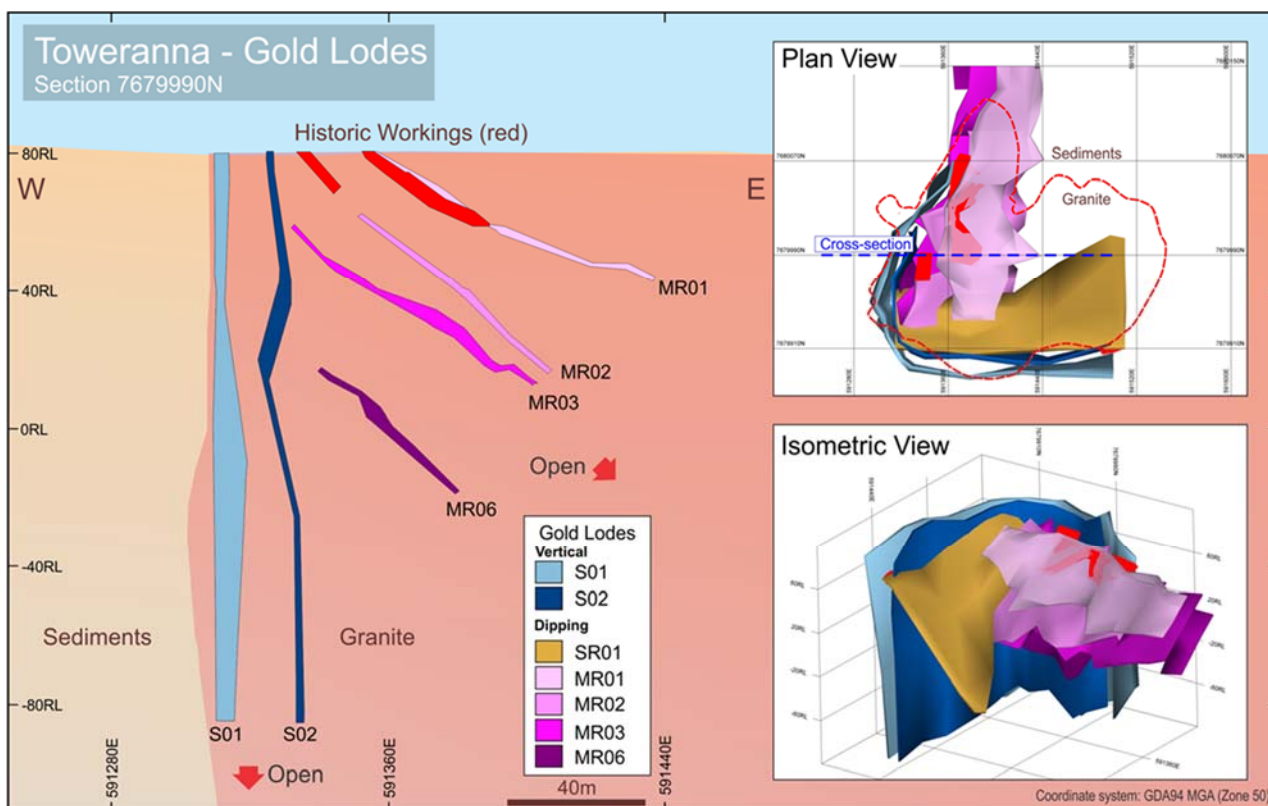


Figure 2 - Toweranna Section (looking north) - Western Zone Lodes showing main sub-vertical lodes (Blue lodes) and moderate east dipping lodes (Pink to Purple lodes) and the limited historical mining (Red zones) (ASX Release 2 February 2018)

The geological model has been updated, with at least two sub-vertical lodes interpreted adjacent to the granite contact, in addition to a series of lodes dipping moderately into the granite around the western and southern contacts. In detail the gold mineralisation generally occurs in high-grade quartz veins surrounded by a lower grade alteration halo. At the larger scale the gold mineralisation occurs near the margins of a cylindrical granitic intrusion approximately 250m in diameter, orientated sub-vertically. The gold lodes occur within the granite in sub-vertical structures subparallel to the granite margin, in addition to a series of stacked, moderately dipping structures within the granite body.

Toweranna is growing in dimension with the new drilling now defining high grade lodes to a vertical depth of 110m, which is also supported by historic drilling intersecting high grade mineralisation to a maximum vertical depth of 310m. Deeper diamond drilling will look to better define this deeper potential.

Blue Moon Prospect

De Grey completed a short first pass scout RC drilling program of 24 holes for 2074m at Blue Moon during December 2017, results of which were reported in February 2018 (ASX Release 2 February 2018).

The results of 4m composite sampling were reported and showed only three anomalous intercepts of 4m @ 0.17g/t Au, 4m @ 0.14g/t Au and 4m @ 0.11g/t Au. The drilling encountered only minor quartz veining with limited surrounding alteration.

Whilst the initial drilling campaign did not intersect the gold nugget source, the Company remains confident the source is reasonably close and is most likely covered by a thin veneer (1-5m) of windblown sands. A detailed aeromagnetic survey is planned to be completed over the Blue Moon, Vanmaris and Farno McMahon JV areas in the June quarter. The data will be integrated into the company's existing database and assist re-interpretation for regional scale architecture and specific target definition purposes.

Conglomerate Gold

During the quarter the Company reported a number of new significant advances on the latest phase of exploration activities and detailed orientation sampling including stream sediment sampling, undertaken at the Loudens Patch, Jarret Well and Steel Well Conglomerate zones (*ASX Release 19 March 2018*).

1. Discovery of a gold nugget and finer grain "halo" gold hosted in a fine grain, laminated clastic sediment with patchy chlorite alteration and pyrite pseudomorphs (**Figure 3**). The specimen provides support to conglomerate gold style mineralisation being regionally extensive when compared to Purdy's Reward and Comet Well mineralisation, 130km to west.



Figure 3 Gold nugget and fine "halo" gold in rock specimen (*ASX Release 19 March 2018*)

2. Two (2) nuggets discovered at the south-eastern end of the Loudens Range.
3. Detailed stratigraphic mapping of the prospective conglomerate sequences.
4. Orientation sampling and the successful delineation of an effective sampling medium.
5. Further metal detecting increased the number of nuggets found at the initial Loudens Patch discovery from 91 to more than 200 with a portion being found within the historic mining dumps located at the conglomerate outcrop.

Various orientation sampling has been undertaken across the three conglomerate gold targets to test various and preferred sample media (soil, rock, loaming and stream sediment) and analytical types to detect the anomalous gold zones associated with this new style of mineralisation.

The results from the different sampling techniques were considered to be highly encouraging and provide further confidence gold is widely distributed in the conglomerates at Loudens Patch, Jarret Well and Steel Well.

The gold in the streams provides increased confidence in areas where nuggets have not been located with earlier metal detecting. At Steel Well, this is of significance as no nuggets have been found to date directly below the conglomerate beds at Steel Well, albeit 3 nuggets have been found 500m south of Steel Well.

The streams provide a degree of confidence that the Steel Well conglomerate, which is interpreted as a continuation of the Jarret Well conglomerate or possibly a higher conglomerate in the Mt Roe Basalt, is also potentially gold bearing.

A summary of the stream sampling results is below:

Loudens Patch - 80% of samples (8 of 10) show visible gold over a 1,000m strike length.

Jarret Well - 100% of samples (5) return visible gold over a 550m strike length

Steel Well - 60% of samples (3 of 5) return visible gold over a 700m strike length

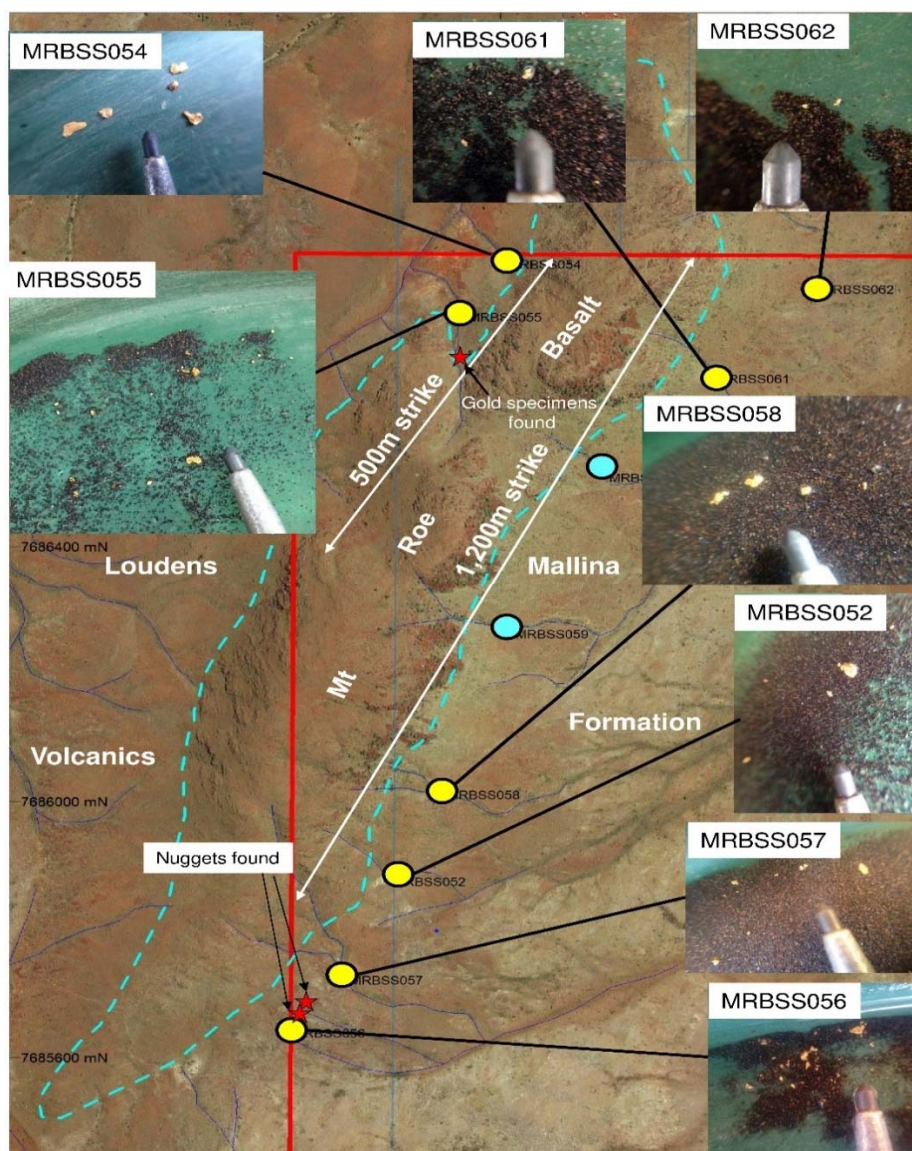


Figure 4 - Location map showing gold recovered from Loudens Patch with positive (yellow) and negative (blue) sample locations shown.

De Grey’s ASX release on 19 March 2018 “**Conglomerate Gold – Widespread visible Gold and Nuggets**” also provides more detail and explanation on the sampling techniques and results.

Since the end of the quarter, the Company announced the commencement of heritage surveys across the conglomerate targets (18 April 2018 “**Conglomerate Gold – Heritage Survey Commences**”)

Planned Work Programs – June Quarter

De Grey has been actively RC drilling at Mt Berghaus, Mallina and Withnell since mid-March 2018 and the rig currently being in operation at the Toweranna prospect.

A second “diamond” rig is now on site and is expected to also commence operations shortly. This rig will commence at Toweranna and then will carry out selective holes at Mallina, Amanda, Mt. Berghaus and importantly it will also undertake a more significant program at Withnell targeting the large higher-grade underground resource potential.

A Summary of programs planned for the June Quarter include;

STRUCTURAL GOLD

- A continuation of RC drilling at the high grade Toweranna prospect, Mt Berghaus prospect as well as new programs at the Amanda deposit on the Tabba Tabba Thrust and Hester prospect.
- Additional RC drilling targets are currently being assessed, as well as to be determined based upon the new pending drilling results.
- Diamond drilling to commence shortly at Toweranna followed by limited holes at Mallina, Amanda, Mt Berghaus
- Significant diamond drilling program at Withnell targeting the large higher-grade underground resource potential.
- Whilst the diamond rig is in close proximity to the King Col prospect, the Company intends to complete target holes there also.
- Detailed aeromagnetic survey across the Southern Areas (Farno JV, Vanmaris and Blue Moon areas) for structural and targeting purposes
- Aerial photography across the entire project area
- Heritage surveys at Toweranna (completed at date of this report and awaiting report)
- Heritage Surveys across Farno McMahon JV target areas

CONGLOMERATE GOLD

- Heritage Surveys at Loudens, Jarret Well and Steel Well (completed at date of this report, awaiting final report)
- Initiate earthworks to provide improve outcrop exposure with a priority at Loudens
- Construction of a crushing facility and gravity table at site to enable rapid assessment of bulk sampling material
- Bulk sampling at Loudens Patch

PFS

- Detailed metallurgical test work on fresh sulphide bearing mineralisation from Withnell is currently underway and continues (~50% complete).
- Oxide metallurgical test work on the Calvert, Camel, Roe, Dromedary and Mt Berghaus deposits has commenced and is expected to be completed during May.
- Level 1 environmental reviews have recently commenced
- Infrastructure assessment to be carried out in conjunction with re-commissioning of the new camp facilities recently acquired

Base Metals

Discovery and Orchard Tank Base Metals Resource

The Board has reviewed the initial findings of an external consultant who was engaged to process and interpret the existing exploration data and potential for VMS style Zn-Pb-Ag resources across the entire project area. This review is significantly advanced and has already highlighted a number of new targets and prospective areas not effectively tested along the 60km long Tabba Tabba Thrust.

A final report is expected to be received during the June quarter and will be enhanced through the planned aeromagnetic survey to be undertaken during the quarter.

Lithium

King Col

During the quarter the Company reported the results of a petrology study which showed that lithium associated with the Company's discovery hole, KRC012 included spodumene mineralisation (ASX Release 2 March 2018).

A review of the previous drilling results (ASX release dated 16 October 2017) showed geological logging had identified petalite and lepidolite (lithium bearing minerals), however spodumene was not confidently visually logged as it is difficult to distinguish in hand specimen. Subsequently several selected drill chip samples were collected in the higher grade Li₂O zones within the drill holes to determine if spodumene was present in the deposit.



Figure 5 - Select drill chips with spodumene identified (height of slide ~26mm) (ASX Release 2 March 2018)

The petrology results show that within the high grade 17m @ 2.55% Li₂O zone in KRC012, a higher-grade intercept grading 4.84% Li₂O from 21-22m was associated with spodumene-quartz rich mineralisation within this interval. Petalite and lepidolite were also confirmed within the samples as expected. The cesium-bearing mineral, Pollucite, was identified in the high-grade cesium intercept within KRC011. Further detailed diamond drilling will be required to provide a representative assessment on the distribution and quantities of each lithium mineral present across the entire mineralised interval.

The Company also concluded and reported on a further soil sampling program comprised of lines 400m apart, with samples spaced at 25m intervals along the lines and covered an additional 5km strike length to the east. A total of 565 soil samples were collected in this program.

The results were encouraging with the main anomalous zone, the King Col Anomaly, extended a further 2.5km to the ENE with a peak of 344ppm Li₂O. A second and new anomalous 3km long zone is also defined south of the drainage system and shows a peak of 624ppm Li₂O. Several smaller zones are also apparent and further infill sampling is planned to confirm and better define the anomalous zones and future drill targets.

Overall, the King Col Pegmatite Trend is 7.5km long with two main anomalies defined within this strike length based on mapping, rock chip sampling and soil sampling. The recently completed RC drilling intersected the first “discovery” mineralisation at the western most portion of the soil anomalies providing substantial strike length remaining to be tested

Beyondie

The magnetite iron ore project at Beyondie is under the management of joint venture partner Emergent Resources Ltd (ASX: EMG, “Emergent”), who have earned an 80% interest in the iron ore mineral rights (iron ore, vanadium and manganese) of the project. Emergent have advised De Grey that there has been no change to the current status on this tenement. Discussions continue with EMG to ensure De Grey’s mineral rights remain protected.

De Grey retains 20% interest in the iron ore, vanadium and manganese rights and 100% of all other minerals rights.

Sands Royalty

De Grey generated royalty revenues of \$900 for the current quarter, which was lower than normal as the operations were detrimentally impacted by seasonal rainfall. The December 2017 royalty payment of \$3,600 was received during the quarter.

Corporate

Cash on hand at end of the quarter was \$3.6 million.

During the quarter the Company had various options exercised which raised a further \$300,000.

Pilbara Gold Project - Background

The Pilbara Gold Project consists of 5 different tenements areas with acquisition rights as detailed below.

1. The **Turner River** tenements, 100% owned by De Grey;
2. The **Indee** Tenements

During the quarter the Company finalised a Share Sale Agreement (SSA) with Northwest Non-Ferrous Australian Mining Limited (“NNAM”) and Indee Gold Pty Ltd (“Indee”) confirming De Grey’s plans to acquire 100% of Indee, the owner of the Indee tenements (ASX Release 12 February 2018).

The acquisition required Chinese regulatory approval prior to execution, which has been granted. It will also require shareholder approval by the De Grey shareholders.

The key commercial terms are as outlined below:

- Settlement deadline extended to 24 January 2019, unless extended by a further 6 months (to 24 July 2019) by paying a further \$700,000 deposit (deductable from Settlement payment);
- \$1.5M deposit paid on execution of SSA;
- NNAM have agreed to accept \$3M in equity as part of their final settlement, with the equity issue to be at a 10% discount to a 10-day VWAP and the Company also obtaining shareholder approval for the issue of shares to NNAM.
- \$13.4M (inclusive of the equity commitment) remains payable on settlement; and
- Agreement is no longer subject to regulatory issues (Chinese).

3. The **Farno McMahon JV**

A farm in Agreement whereby De Grey can earn 75% of the Project through a further total expenditure of \$1.9M as per the following expenditure commitments:

i. Expenditure required to earn 30%:

- \$300,000 by 13 December 2018; and
- \$600,000 by 13 December 2019.

ii. Expenditure required to earn an additional 45% (total earn in of 75%):

- \$1,000,000 by 13 December 2020.

Once De Grey has earned its 75% interest in the Joint Venture Farno McMahon are able to convert their interest into a 3% Net Smelter Royalty at their election.

4. The **Vanmaris** Option Agreement.

De Grey have the right to acquire 80% of the Vanmaris tenements at any stage before 24 September 2021 through the payment of \$500,000 to the vendor. At that time De Grey will enter into a JV with the vendor or negotiate the sale of the additional 20% of the tenements.

In the interim De Grey is to keep the tenements in good standing and sole fund the expenditure requirements until exercise, however the vendor retains the rights prior to, and following the option exercise, to the top 3 metres of the tenements to prospect, metal detect and mine.

5. The **Blue Moon** Option.

De Grey have the right to acquire 70% of the Blue Moon tenement at any stage before 10 October 2019 through the payment of \$500,000 to the vendor. At that time De Grey will enter into a JV with the vendor.

The vendor retains the rights prior to, and following the option exercise, to the top 6 metres of the tenements to prospect, metal detect and mine.

Acquisition of Mining Camp

The Company has acquired a fully equipped mining camp (**Wingina Camp**) for the sum of \$300,000. The camp was originally established in 2012, and has rarely been used since establishment, so it remains in excellent condition. The Wingina Camp boasts 48 rooms, fully equipped and functioning kitchen, additional ablution blocks, administration office, laundry, and small BBQ area. The camp is well located on De Grey's 100% owned tenements and less than one hour from Port Hedland.

The Company is currently re-establishing this camp for operational use in the near term as a base for exploration and development activities in the north eastern portions of the Pilbara Gold project area. In the longer term, the camp will support mining operations in the north eastern area.

This new 48 room Wingina Camp (**Figure 6**) together with the existing 20 room Indee "Project" Camp, which can be easily upgraded to at least 60 rooms and is located in the western half of the project area near the proposed processing plant location, provides numerous infrastructure options for future development, construction and mining purposes.



Figure 6 – Wingina Camp

Competent Persons Statements

The information in this report that relates to Exploration Results for the Turner River Project and Indee Gold Project (Pilbara Gold Project) is based on, and fairly represents information and supporting documentation compiled by Mr Andy Beckwith, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. Mr Beckwith is an employee of 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.

The Information in this report that relates to Mineral Resources for the Turner River and Indee Gold Projects (Pilbara Gold Project) 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. De Grey advises that no material changes have occurred to the resource estimates since the date of publication of September 2017.

The Company has released all material information that relates to Exploration Results, Mineral Resources and Reserves, Economic Studies and Production for the Pilbara Gold Project on a continuous basis to the ASX and in compliance with JORC 2012. The Company confirms that it is not aware of any new information that materially affects the content of this ASX release.

Previously Released ASX Report References

Resources: Pilbara Gold Project increases gold resources by >20% to over 1.2Moz, 28 September 2017
Scoping Study: Positive Scoping Study at Pilbara Gold Project, 4 August 2017
Exploration: Acquisition of Indee Gold provides scale and development momentum, 9 February 2017
De Grey executes Indee Gold Share Sale Agreement, 12 February 2018
Toweranna and Blue Moon drilling results, 2 February 2018
Conglomerate gold update, widespread visible gold and nuggets, 19 March 2018
De Grey confirm spodumene and extend strike length at King Col, 1 March 2018
RC drilling program commences at 1.2Moz Pilbara Gold Project, 16 March 2018
High grade gold rock samples increase potential, 29 November 2017

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.

Appendix 1: Tenement Holdings and Movements

Schedule of Mining Tenements and Beneficial Interests Held as at the end of the December 2017 Quarter

Project/Location	Country	Tenement	Percentage held/earning
Beyondie	Australia	E52/2215	20% ¹
Turner River	Australia	E47/891	100%
Turner River	Australia	E45/2533	100%
Turner River	Australia	E45/2364	100%
Turner River	Australia	E45/2995	100%
Turner River	Australia	E45/3390	100%
Turner River	Australia	E45/3391	100%
Turner River	Australia	E45/3392	100%
Turner River	Australia	P47/3552	100%
Turner River	Australia	P47/3553	100%
Turner River	Australia	P47/3554	100%
Turner River	Australia	P45/3028	100%
Turner River	Australia	P45/3029	100%
Turner River	Australia	P47/1827	100%

- ¹ De Grey retains 100% rights to all non-iron ore related minerals under a Split Commodity Agreement.

Schedule of Mining Tenements and Beneficial Interests Acquired during the December 2017 Quarter

Project/Location	Country	Tenement	Granted Date
Turner River	Australia	E47/3552	9 Feb 2018
Turner River		E47/3553	9 Feb 2018
Turner River		E47/3554	9 Feb 2018
Turner River		P47/1827	12 Feb 2018

Schedule of Mining Tenements and Beneficial Interests Disposed of during the December 2017 Quarter

Project/Location	Country	Tenement	Withdrawal Date
Nil			