

ASX Announcement
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Maiden RC drilling program commenced at the Blue Moon Gold Prospect

Highlights

DIRECTORS/MANAGEMENT

Simon Lill
Executive Chairman

Andy Beckwith
**Technical Director &
Operations Manager**

Steve Morris
Non-executive Director

Brett Lambert
Non-executive Director

Craig Nelmes
Company Secretary/CFO

Phil Tornatora
Exploration Manager

RC drilling program totalling a minimum of 24 holes for approximately 2000m has commenced at the Blue Moon Gold Prospect with an initial 3 holes completed to date.

- Drilling program aims to test approximately 1km of strike along the gold trend defined by numerous gold nuggets discovered by the owners of the tenement (*refer to ASX release ‘Bonanza Gold Target secured – Blue Moon Prospect’ 18 October 2017.*)
- Drilling will be undertaken along the initial 1km strike length of the main gold nugget trend on sections nominally 200m apart with 3-4 holes per section. A second interpreted parallel trend will also be tested.
- Initial drill holes have intersected ultramafic rocks hosting variable zones of quartz veining with associated pyrite (sulphide mineral visually estimated to range from minor to 5%). Fresh bedrock has been intersected at shallow depths between 6-8m downhole.
- Drilling is expected to take approximately 7-10 days to complete with results expected during January 2018.

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

“The Blue Moon Prospect is an exciting target. There are not many projects where you are drilling the first ever holes beneath such a strong zone of gold nuggets found at surface.” commented Technical Director and Operations Manager, Andy Beckwith.

De Grey Mining Limited (ASX: DEG, “De Grey”, “Company”) is pleased to report the commencement of an RC drill program at the Blue Moon prospect on tenement P47/1773.

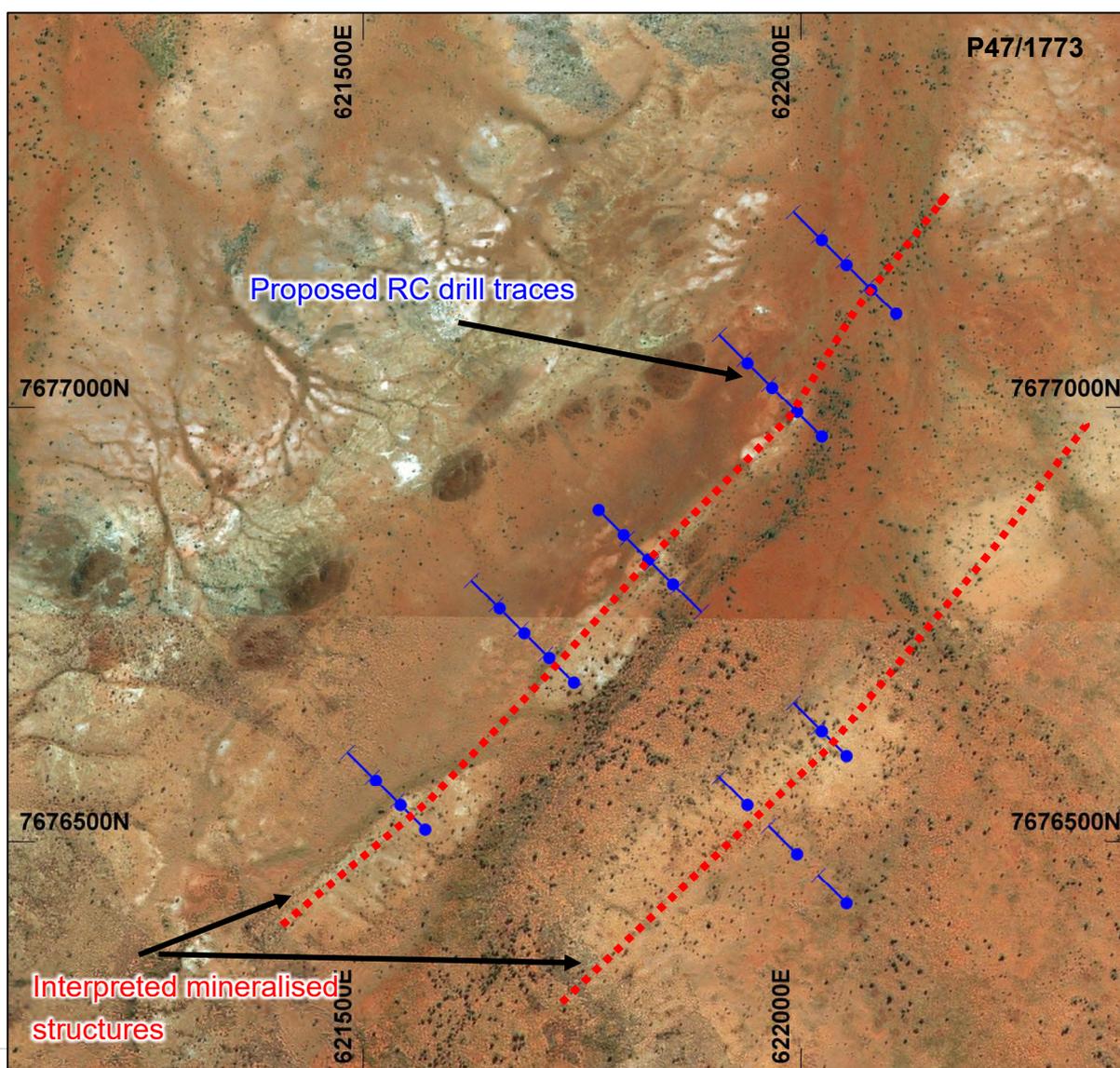
The RC drilling program comprises a minimum of 24 holes to average of 80m depth and a total of around 2000m of drilling. Drilling is on 200m-nominally spaced sections, over a strike length of around 1km, with holes spaced at 40m apart on each section. Drilling is targeting an interpreted north-east trending structure, defined by surface mapping, remote sensed imagery and airborne geophysics which occurs along the southeastern margin of a relatively massive gabbro body where the owner has recovered over 1500 ounces of gold to date from shallow quartz-rich gravels using metal detectors.

Drilling will provide first pass subsurface geological information and potential gold grades associated with the interpreted structure. Subject to positive drilling results, additional infill RC and diamond drilling will be planned for the first quarter of 2018.

Three drill holes have been completed to date, with the holes intersecting 1m of colluvium and then weathered bedrock to 6-8m downhole and then fresh ultramafic rocks hosting variable zones of quartz veining and pyrite development. The quartz veining is visually estimated from minor up to 10% and pyrite development from minor up to 5% of the sample on an individual metre basis. This quartz and pyrite association is similar to many other gold deposits already defined within the greater Pilbara Gold Project.

Drilling is expected to take approximately 7-10 days to complete. Full details of the drilling and assay results will be reported once final results are received and is expected to be during January 2018.

Figure 1. Proposed Blue Moon RC program



For further information:

Simon Lill (Executive Chairman) or Andy Beckwith (Technical Director & Operations Manager)

De Grey Mining Limited
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. Philip Tornatora, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. 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.*

Material Information

The information in this report that relates to the Blue Moon Prospect has been previously reported by the Company in various market releases (in particular, the announcement dated 18 October 2017). The Company confirms that it is not aware of any new information or data that materially affects the information included in those earlier market announcements.

Blue Moon Option Agreement

De Grey has signed a two-year option agreement to explore the tenement area, with the right to acquire 70% of the mineral rights of the tenement P47/1773 and below 6m depth on payment of \$500,000 cash. The vendor retains all the mineral rights to a depth of 6 metres at all times under the agreement. (refer to ASX release ‘Bonanza Gold Target secured – Blue Moon Prospect’ 18 October 2017.)