DE GREY MINING LTD

"Developing the +1.0Moz Pilbara Gold Project"

ASX Announcement
31 August 2017

Toweranna – A High Grade Gold System

Highlights

- **Substantial large gold system with high grade gold from surface that remains open in all directions.**
- **Significant historical drilling intercepts include:**

14m @ 3.51g/t from 8m	**23m @ 4.37g/t from 42m**
10m @ 6.82g/t from 6m	**19m @ 4.74g/t from 43m**
21m @ 3.26g/t from 9m	**5m @ 6.72g/t from 34m**
12m @ 4.69g/t from 1m	**10m @ 7.13g/t from 37m**
11m @ 3.67g/t from 68m	**18m @ 5.60g/t from 49m**

- **Resource update to JORC 2012 in progress**
- **Drilling program to test for extensions is being planned and statutory approvals lodged.**

Previous exploration data at Toweranna has been reviewed. The resource potential and exploration upside is significantly better than anticipated. The gold mineralisation is focused around the western and southern margins of a granite intrusion located along the axis of a regional anticline. Past production from shallow workings is reported to total ~5,000oz.

Exploration Manager, Mr. Phil Tornatora, said:

"The potential at Toweranna is exciting. We have significant high grade gold mineralisation from surface, immediate walk up drill targets with potential for substantial extensions, and untested regional soil anomalies along strike.

Approvals for drilling are underway."

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FRA Code WKN 633879

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De Grey Mining Ltd (ASX: DEG, “De Grey” “Company”) is pleased to announce the review of previous third party drilling has now been completed on the Toweranna Prospect, located approximately 30km south west of the Pilbara Gold Project’s proposed processing plant. The review has highlighted considerable potential for:

- **Shallow high grade resource potential**
- **Immediate drill targets for additional shallow extensions**
- **Deeper high grade underground potential**
- **Additional large tonnage stockwork potential**

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.

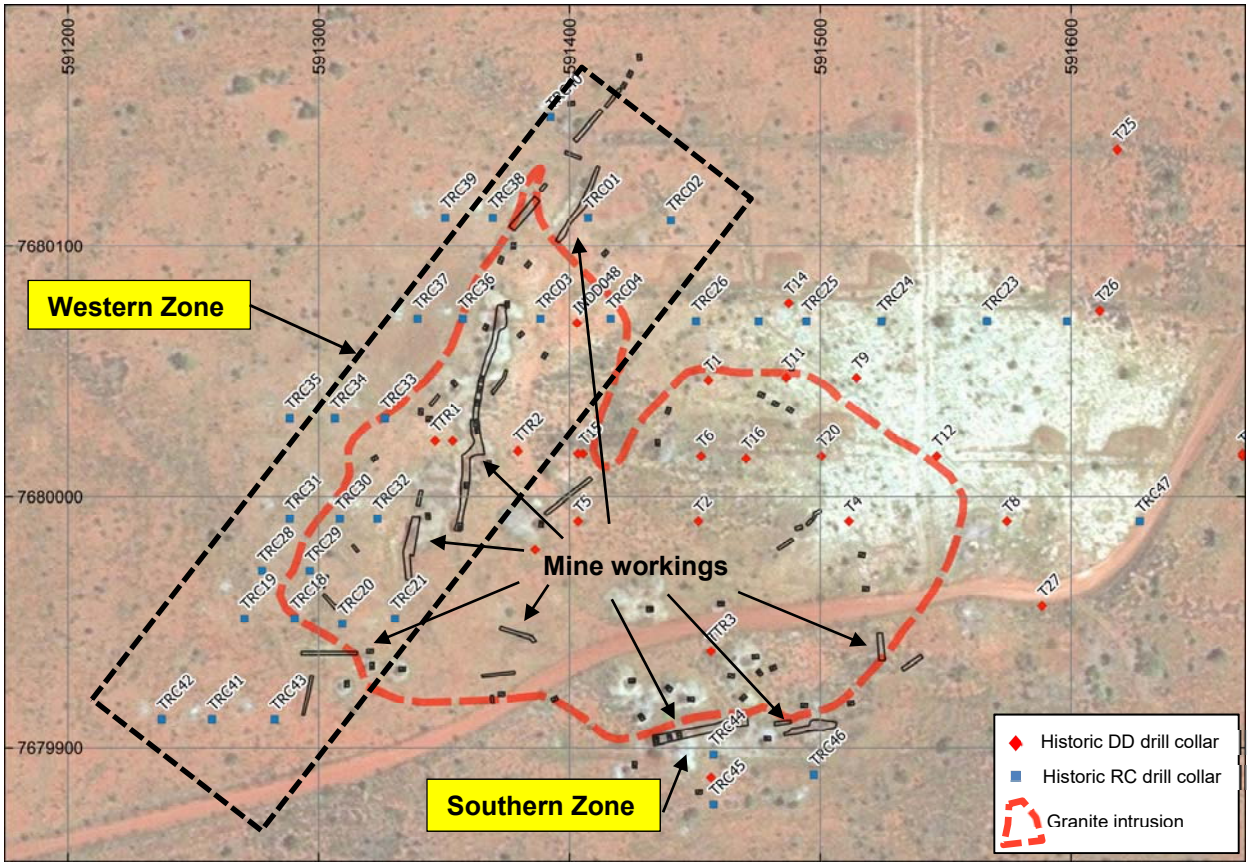
The majority of the more recent drilling (RC and diamond holes) occurs along the western margin of the granite and is coincident with the numerous old mine workings. There is also a traverse of RC drilling to the north and three holes along the southern margin of the granite (Figure 1).

The **Western Zone** has the greatest density of drilling and as a consequence the strongest continuity of mineralisation. An initial resource estimation is currently underway for this area. Significant RC drilling results are provided in Table 1.

Table 1 Significant RC drilling results (>20g/t*m)

HoleID	Depth From (m)	Depth To (m)	Downhole Width (m)	Au (g/t)	Metal (g/t*m)	Intercept
TRC02	50	59	9	2.5	22.5	**9m @ 2.5g/tAu**
TRC03	11	48	37	1.1	40.7	**37m @ 1.1g/tAu**
TRC18	8	22	14	3.51	49.1	**14m @ 3.51g/tAu**
TRC18	26	29	3	8.77	26.3	**3m @ 8.77g/tAu**
TRC19	42	65	23	4.37	100.5	**23m @ 4.37g/tAu**
TRC20	6	16	10	6.82	68.2	**10m @ 6.82g/tAu**
TRC28	43	62	19	4.74	90.1	**19m @ 4.74g/tAu**
TRC29	9	30	21	3.26	68.5	**21m @ 3.26g/tAu**
TRC29	34	39	5	6.72	33.6	**5m @ 6.72g/tAu**
TRC30	1	13	12	4.69	56.3	**12m @ 4.69g/tAu**
TRC30	37	47	10	7.13	71.3	**10m @ 7.13g/tAu**
TRC31	68	79	11	3.67	40.4	**11m @ 3.67g/tAu**
TRC36	49	67	18	5.6	100.8	**18m @ 5.6g/tAu**
TRC46	41	51	10	3.2	32.0	**10m @ 3.2g/tAu**

Figure 1 Toweranna Prospect – Drilling, workings and geology



A series of older diamond holes support widespread high grade gold mineralisation throughout many areas of the prospect, including the western zone. These historic diamond holes have generally been selectively sampled over very short intervals. This sampling appears to have concentrated on selective sampling of the quartz veins and does not include the intervening alteration zones. They are, however, considered representative when sampled across wider intervals and supported by more recent neighbouring RC drill holes. Further drilling will be required to test other anomalous intervals highlighted by the earlier diamond holes.

Importantly, holes TRC44, TRC46 and T3 highlight encouraging potential along the **Southern Zone**, where high grade gold zones are evident in the limited drill holes. Additional infill drilling will be required to test this area further.

TRC44 17m @ 0.92g/tAu from 17m

and 7m @ 2.62g/t from 38m

TRC46 10m @ 3.2g/tAu from 41m (including 6m @ 5.11)

T3 3.35m @ 6.61g/tAu from 126.19m

Table 2 Significant drilling results from diamond drilling (selective sampling)

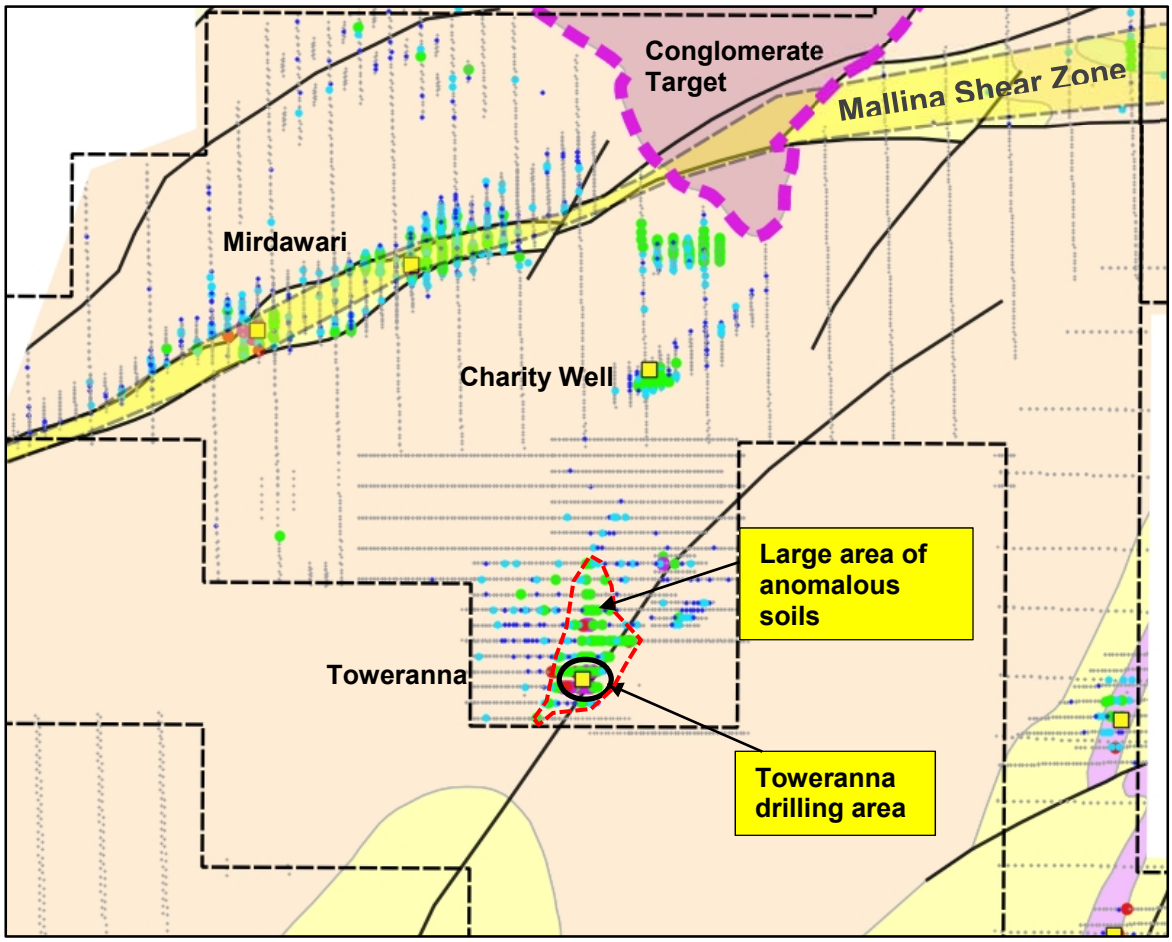
HoleID	Depth From (m)	Depth To (m)	Downhole Width (m)	Au (g/t)	Metal	Intercept
T10	80.7	81	0.3	42.06	12.6	**0.3m @ 42.06g/tAu**
T12	30.94	31.09	0.15	106.14	15.9	**0.15m @ 106.14g/tAu**
T12	68.58	68.73	0.15	86.08	12.9	**0.15m @ 86.08g/tAu**
T15	193.85	195.38	1.53	8.36	12.8	**1.53m @ 8.36g/tAu**
T15	313.64	316.08	2.44	5.77	14.1	**2.44m @ 5.77g/tAu**
T16	6.71	7.62	0.91	16.6	15.1	**0.91m @ 16.6g/tAu**
T16	120.4	121.01	0.61	26.76	16.3	**0.61m @ 26.76g/tAu**
T16	213.97	217.02	3.05	13.47	41.1	**3.05m @ 13.47g/tAu**
T16	263.04	263.96	0.92	25.77	23.7	**0.92m @ 25.77g/tAu**
T17	265.79	267.92	2.13	6.77	14.4	**2.13m @ 6.77g/tAu**
T18	55.78	57.61	1.83	12.41	22.7	**1.83m @ 12.41g/tAu**
T19	56.54	64.62	8.08	4.73	38.2	**8.08m @ 4.73g/tAu**
T19	78.03	80.47	2.44	44.24	107.9	**2.44m @ 44.24g/tAu**
T19	150.57	154.23	3.66	3.14	11.5	**3.66m @ 3.14g/tAu**
T19	169.16	170.08	0.92	15.26	14.0	**0.92m @ 15.26g/tAu**
T2	120.7	121.31	0.61	45.45	27.7	**0.61m @ 45.45g/tAu**
T20	8.53	9.14	0.61	26.23	16.0	**0.61m @ 26.23g/tAu**
T24	15.24	16.46	1.22	10.38	12.7	**1.22m @ 10.38g/tAu**
T24	18.29	19.81	1.52	7.61	11.6	**1.52m @ 7.61g/tAu**
T28	51.51	52.12	0.61	20.37	12.4	**0.61m @ 20.37g/tAu**
T28	102.11	103.63	1.52	19.4	29.5	**1.52m @ 19.4g/tAu**
T3	126.19	129.54	3.35	6.61	22.1	**3.35m @ 6.61g/tAu**
T6	71.02	71.63	0.61	19.96	12.2	**0.61m @ 19.96g/tAu**
T6	173.43	174.04	0.61	29.01	17.7	**0.61m @ 29.01g/tAu**
T8	60.05	63.09	3.04	8.02	24.4	**3.04m @ 8.02g/tAu**
T9	108.59	109.19	0.6	17.02	10.2	**0.6m @ 17.02g/tAu**

Large Soil Anomaly shows Upside

Review at a broader scale, shows the prospect lies in the axial plane of a regional scale antiform with the small granite intrusion located along the axial plane. Gold mineralisation appears to focus along the western and southern margins of the granite intrusion with stockwork veining well developed within the granite. The high tenor of gold grades within the western, southern and stockwork veining is most encouraging with mineralisation remaining open in all directions.

Regional soil sampling shows a larger geochemical halo around and along strike of the drilling area providing scope for extensions to the known mineralisation. (Figure 2)

Figure 2 Toweranna Prospect – Large regional scale geochemical anomaly



Priority Activities

Resource Estimate - Resource estimation is currently underway and will be included in a project resource update in the near future

Western Zone Drilling - Targeting down dip and along strike extensions. Infill and step-out drilling is currently being planned and subject to statutory approvals.

Southern Zone Drilling - Infill drilling in proximity of the known mineralisation and workings

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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 3 Toweranna Section 7679950N

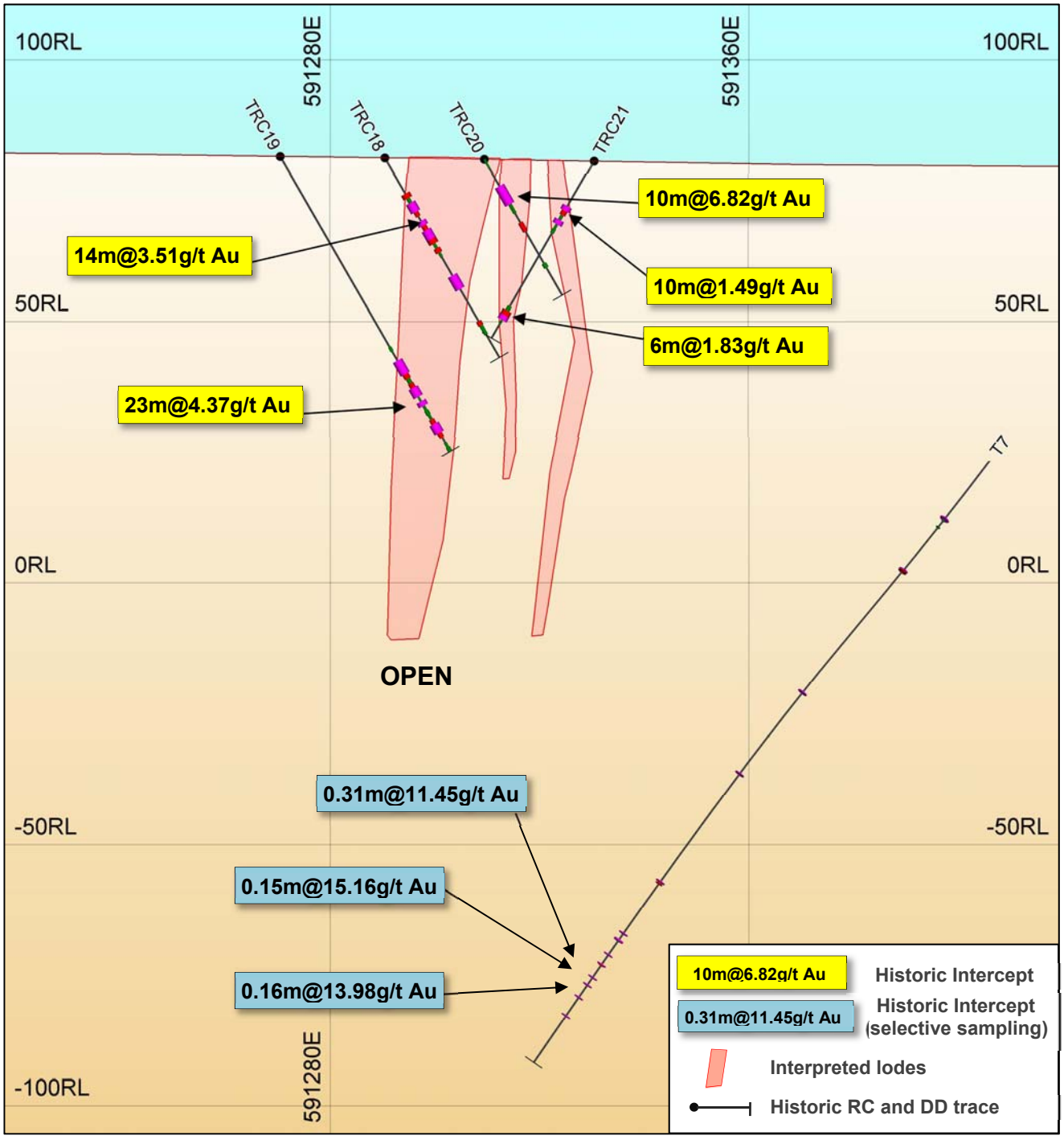

Figure 4 Toweranna Section 7679970N

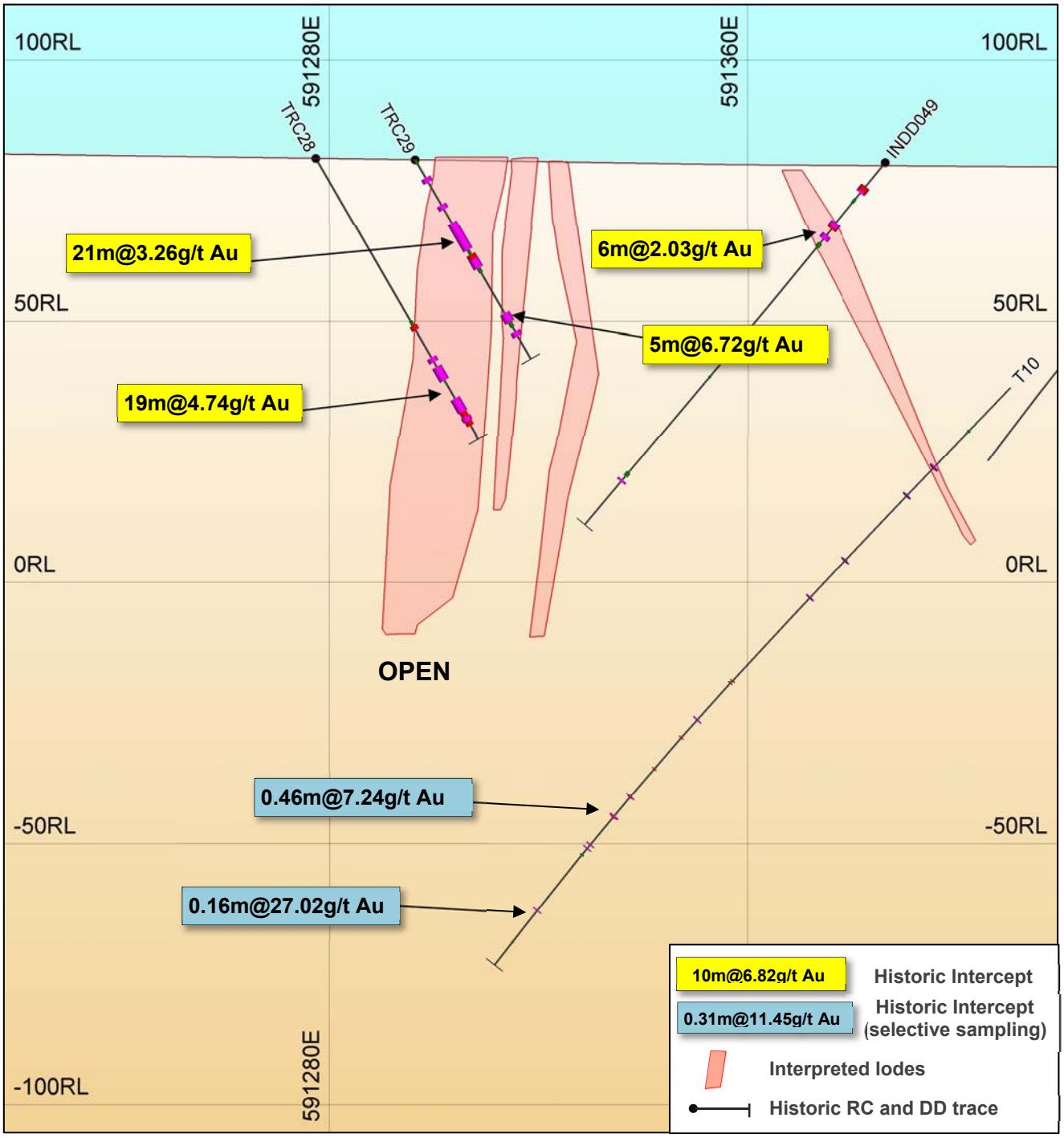

Figure 5 Toweranna Section 7679990N

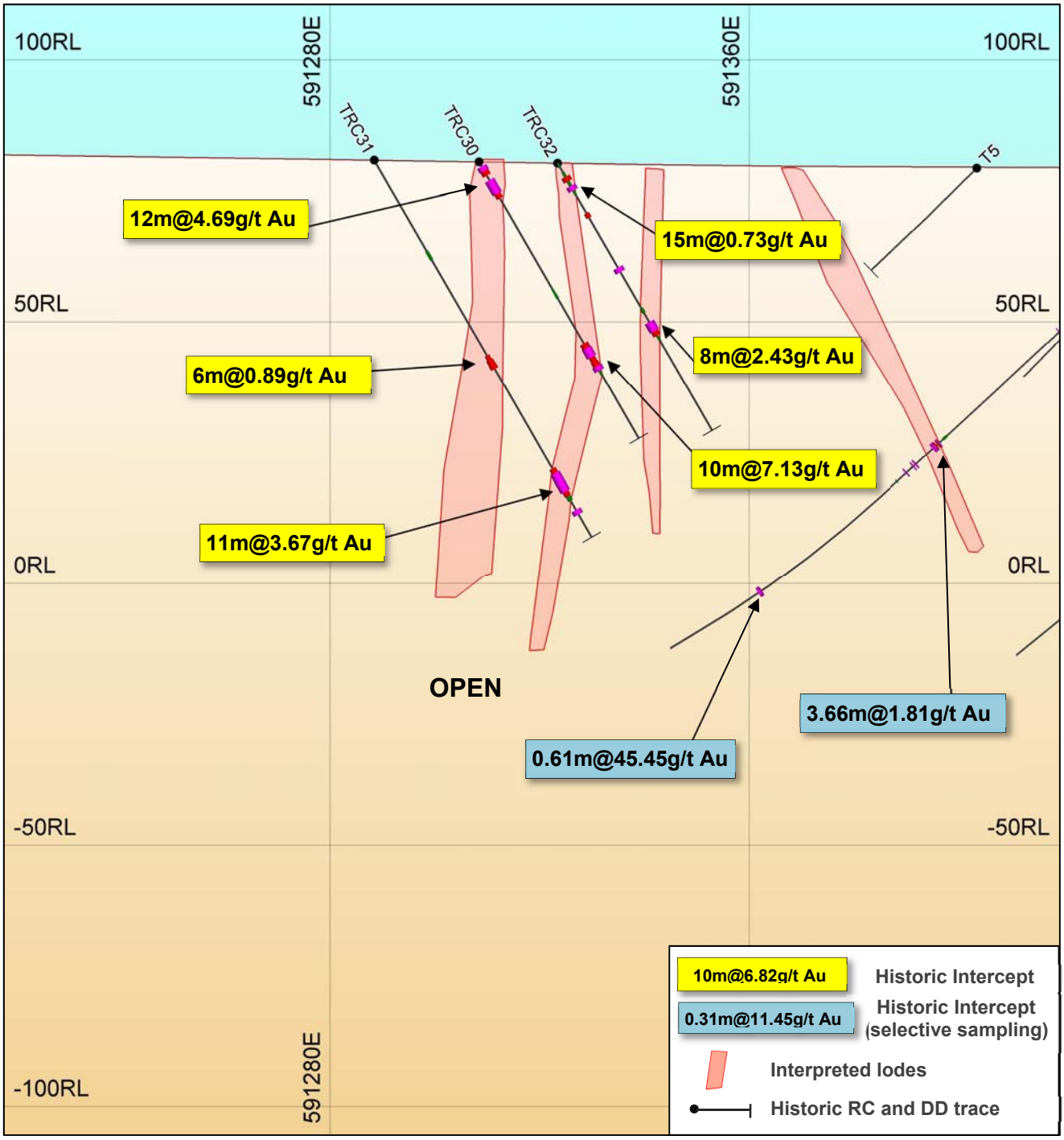

Table 3 Significant Intercepts - systematic sampling (>10gm)

HoleID	Depth From (m)	Depth To (m)	Downhole Width (m)	Au (g/t)	Collar East (GDA94)	Collar North (GDA94)	Collar RL (GDA94)	Depth (m)	Dip (degrees)	Azimuth (GDA94)
INDD049	**15**	**21**	**6**	**2.03**	591386	7679979	80	90	-50	277
TRC01	**6**	**7**	**1**	**18**	591407	7680111	79	61	-60	270
TRC02	**50**	**59**	**9**	**2.5**	591440	7680110	79	59	-60	270
incl	**53**	**57**	**4**	**3.91**	591440	7680110	79	59	-60	270
TRC03	**11**	**48**	**37**	**1.1**	591388	7680071	79	60	-60	270
incl	**45**	**47**	**2**	**5.67**	591388	7680071	79	60	-60	270
TRC04	**31**	**42**	**11**	**1.08**	591416	7680071	79	59	-60	270
TRC18	**8**	**22**	**14**	**3.51**	591290	7679951	81	44	-60	90
incl	**14**	**18**	**4**	**9.08**	591290	7679951	81	44	-60	90
TRC18	**26**	**29**	**3**	**8.77**	591290	7679951	81	44	-60	90
TRC19	**42**	**65**	**23**	**4.37**	591270	7679951	82	65	-60	90
incl	**45**	**55**	**10**	**8.62**	591270	7679951	82	65	-60	90
TRC20	**6**	**16**	**10**	**6.82**	591309	7679949	81	30	-60	90
incl	**6**	**10**	**4**	**16.19**	591309	7679949	81	30	-60	90
TRC21	**8**	**18**	**10**	**1.49**	591330	7679951	81	39	-60	270
incl	**10**	**14**	**4**	**3.08**	591330	7679951	81	39	-60	270
TRC21	**30**	**36**	**6**	**1.83**	591330	7679951	81	39	-60	270
TRC28	**43**	**62**	**19**	**4.74**	591277	7679970	81	62	-60	90
incl	**44**	**49**	**5**	**9.63**	591277	7679970	81	62	-60	90
incl	**53**	**58**	**5**	**7.49**	591277	7679970	81	62	-60	90
TRC29	**9**	**30**	**21**	**3.26**	591296	7679970	81	44	-60	90
incl	**10**	**24**	**14**	**4.74**	591296	7679970	81	44	-60	90
TRC29	**34**	**39**	**5**	**6.72**	591296	7679970	81	44	-60	90
TRC30	**1**	**13**	**12**	**4.69**	591308	7679991	81	61	-60	90
incl	**1**	**7**	**6**	**8.81**	591308	7679991	81	61	-60	90
TRC30	**37**	**47**	**10**	**7.13**	591308	7679991	81	61	-60	90
incl	**41**	**46**	**5**	**13.62**	591308	7679991	81	61	-60	90
TRC31	**68**	**79**	**11**	**3.67**	591288	7679991	81	83	-60	90
incl	**69**	**73**	**4**	**8.33**	591288	7679991	81	83	-60	90
TRC32	**0**	**15**	**15**	**0.73**	591323	7679991	80	59	-60	90
TRC32	**32**	**40**	**8**	**2.43**	591323	7679991	80	59	-60	90
incl	**35**	**37**	**2**	**7.85**	591323	7679991	80	59	-60	90
TRC33	**14**	**28**	**14**	**0.72**	591326	7680031	80	59	-60	90
TRC34	**65**	**75**	**10**	**1**	591306	7680031	80	77	-60	90
TRC36	**37**	**45**	**8**	**1.9**	591357	7680071	79	71	-60	90
incl	**37**	**40**	**3**	**3.5**	591357	7680071	79	71	-60	90
TRC36	**49**	**67**	**18**	**5.6**	591357	7680071	79	71	-60	90
incl	**62**	**65**	**3**	**24.6**	591357	7680071	79	71	-60	90
TRC37	**63**	**68**	**5**	**1.99**	591339	7680071	79	107	-60	90
TRC44	**17**	**34**	**17**	**0.92**	591457	7679897	80	71	-60	0
TRC44	**38**	**45**	**7**	**2.62**	591457	7679897	80	71	-60	0
incl	**43**	**45**	**2**	**6.3**	591457	7679897	80	71	-60	0
TRC46	**41**	**51**	**10**	**3.2**	591497	7679889	80	101	-60	0
incl	**41**	**47**	**6**	**5.11**	591497	7679889	80	101	-60	0
TTR1	**31**	**34**	**3**	**3.38**	591346	7680022	80	79	-90	1

HoleID	Depth From (m)	Depth To (m)	Downhole Width (m)	Au (g/t)	Collar East (GDA94)	Collar North (GDA94)	Collar RL (GDA94)	Depth (m)	Dip (degrees)	Azimuth (GDA94)
TTR1	**56**	**66**	**10**	**1.84**	591346	7680022	80	79	-90	1
incl	**64**	**66**	**2**	**6.09**	591346	7680022	80	79	-90	1
TTR2	**41**	**47**	**6**	**2.71**	591379	7680018	79	79	-45	271
TTR3	**31**	**36**	**5**	**2.86**	591456	7679938	80	48	-80	171
incl	**35**	**36**	**1**	**12.17**	591456	7679938	80	48	-80	171
TW2	**2.2**	**13**	**10.8**	**2.06**	591340	7680023	80	201	-90	1
incl	**11**	**12**	**1**	**11.62**	591340	7680023	80	201	-90	1
TW2	**18**	**24**	**6**	**2.2**	591340	7680023	80	201	-90	1
incl	**22.1**	**24**	**1.9**	**6.04**	591340	7680023	80	201	-90	1
TW2	**176**	**177**	**1**	**12.06**	591340	7680023	80	201	-90	1
TW2	**192**	**193**	**1**	**28.9**	591340	7680023	80	201	-90	1

Table 4 Significant Intercepts – selective sampling (>10gm)

HoleID	Depth From (m)	Depth To (m)	Downhole Width (m)	Au (g/t)	Collar East (GDA94)	Collar North (GDA94)	Collar RL (GDA94)	Depth (m)	Dip (degrees)	Azimuth (GDA94)
T10	**80.7**	**81**	**0.3**	**42.06**	591451	7679990	79	209	-45	261
T12	**30.94**	**31.09**	**0.15**	**106.14**	591546	7680016	79	272	-45	271
T12	**68.58**	**68.73**	**0.15**	**86.08**	591546	7680016	79	272	-45	271
T15	**193.85**	**195.38**	**1.53**	**8.36**	591405	7680017	79	426	-90	1
incl	**195.07**	**195.38**	**0.31**	**40.47**	591405	7680017	79	426	-90	1
T15	**313.64**	**316.08**	**2.44**	**5.77**	591405	7680017	79	426	-90	1
incl	**314.55**	**315.77**	**1.22**	**11.25**	591405	7680017	79	426	-90	1
T16	**6.71**	**7.62**	**0.91**	**16.6**	591470	7680015	79	368	-90	1
T16	**120.4**	**121.01**	**0.61**	**26.76**	591470	7680015	79	368	-90	1
incl	**120.4**	**120.7**	**0.3**	**53.84**	591470	7680015	79	368	-90	1
T16	**213.97**	**217.02**	**3.05**	**13.47**	591470	7680015	79	368	-90	1
T16	**263.04**	**263.96**	**0.92**	**25.77**	591470	7680015	79	368	-90	1
T17	**265.79**	**267.92**	**2.13**	**6.77**	591353	7680022	80	297	-90	1
T18	**55.78**	**57.61**	**1.83**	**12.41**	591403	7680017	79	252	-45	271
T19	**56.54**	**64.62**	**8.08**	**4.73**	591668	7680016	79	240	-45	271
incl	**56.54**	**60.05**	**3.51**	**9.33**	591668	7680016	79	240	-45	271
T19	**78.03**	**80.47**	**2.44**	**44.24**	591668	7680016	79	240	-45	271
T19	**150.57**	**154.23**	**3.66**	**3.14**	591668	7680016	79	240	-45	271
T19	**169.16**	**170.08**	**0.92**	**15.26**	591668	7680016	79	240	-45	271
T2	**120.7**	**121.31**	**0.61**	**45.45**	591451	7679990	79	202	-45	271
T20	**8.53**	**9.14**	**0.61**	**26.23**	591500	7680016	79	197	-50	91
T24	**15.24**	**16.46**	**1.22**	**10.38**	591713	7680315	78	124	-90	1
T24	**18.29**	**19.81**	**1.52**	**7.61**	591713	7680315	78	124	-90	1
T28	**51.51**	**52.12**	**0.61**	**20.37**	591456	7679888	80	114	-90	1
T28	**102.11**	**103.63**	**1.52**	**19.4**	591456	7679888	80	114	-90	1
T3	**126.19**	**129.54**	**3.35**	**6.61**	591451	7679990	79	164	-45	181
T6	**71.02**	**71.63**	**0.61**	**19.96**	591452	7680016	79	191	-45	271
T6	**173.43**	**174.04**	**0.61**	**29.01**	591452	7680016	79	191	-45	271
incl	**173.43**	**173.74**	**0.31**	**56.87**	591452	7680016	79	191	-45	271
T8	**60.05**	**63.09**	**3.04**	**8.02**	591574	7679990	79	259	-45	271
T9	**108.59**	**109.19**	**0.6**	**17.02**	591514	7680047	79	194	-45	271

Table JORC Code, 2012 Edition

Section 1 Sampling Techniques and Data

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

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *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.*	• Intercepts reported are for various historic drilling campaigns, using various drilling, sampling and assaying techniques, generally undertaken in an industry standard manner • Samples were collected with diamond or RC drill rigs, in BQ, PQ diameter for diamond core, and 51/2" diameter hammer for RC. • RC drilling was sampled on a 2m or 4m composite basis, with resampling on 1m intervals carried out for anomalous intervals. • Diamond core was either whole core sampled of cut in half with one half sent to the laboratory for assay. No diamond core was available for inspection. • Diamond drilling completed by Australian Inland Exploration ("T" series holes) was selectively sampled on narrow intervals over mineralised zones and is there not representative of the entire mineralised zone. Core from other drill programs was sampled over mineralised intervals on a nominal 1m basis except where cut to geological boundaries.
Drilling techniques	• *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.).*	• Drill types comprise Reverse Circulation and diamond drilling (BQ and NQ diameter).
Drill sample recovery	• *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.*	• Core recovery was measured for each drilling run by the company geologist during the logging process. • Samples are considered representative with generally good recoveries. • No sample bias is observed
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support*	• Drill holes were geologically logged by company geologists, to a detail to support resource estimates • Geological logging was qualitative in nature. Some

Criteria	JORC Code explanation	Commentary
	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.*	core photography is available. • All intervals were logged.
Sub-sampling techniques and sample preparation	• *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.*	• Core samples were collected with diamond drill rigs. Core was cut in half with one half sent to the laboratory for assay and the half retained. Diamond drilling completed by Australian Inland Exploration ("T" series holes) was selectively sampled on narrow intervals over mineralised zones and is therefore not representative of the entire mineralised zone. Core from other drill programs was sampled over mineralised intervals on a nominal 1m basis except where cut to geological boundaries. • RC drill samples were riffle split and 2m composites analysed. Anomalous intervals were resplit in the field and resampled over 1m intervals. • Some standard reference material was inserted by Swan Resources, and laboratory checks were also completed. Other QAQC details are not recorded. • Samples were dried, split, crushed and pulverised. • Sample sizes are considered appropriate for the material sampled, with the possible exception of the AIE BQ core samples. • For all programs except for AIE's T series diamond holes, the samples are considered representative and appropriate for this type of drilling and for use in a resource estimate. AIE sampling was very selective and can be used to guide interpretations but may not be suitable for grade interpolation in resource estimates. •
Quality of assay data and laboratory tests	• *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.*	• The samples were submitted to commercial independent laboratories in Western Australia. • Au was analysed by Fire assay technique with AAS finish in most cases. Some AIE samples were analysed by AAS after aquia regia extraction. • The techniques are considered quantitative in nature. • Some standard reference material was inserted by Swan Resources, and laboratory checks were also completed. Other QAQC details are not recorded. • Where recorded, standards and duplicates were considered satisfactory.

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	• *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.*	• Sample results were entered from historic reports, with original assay certificates available in some cases. • 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	• *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.*	• Drill hole collar locations are located by various means. Field checks indicate accuracy to around 5m. • Locations are given in GDA94 zone 50 projection • Diagrams and location table are provided in the report
Data spacing and distribution	• *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.*	• Holes are collared on lines 20m to 40m apart, with holes spaced from 20m to 50m along lines. • Data spacing and distribution is expected to be sufficient to estimate Mineral resources in some areas. • Sample result and logging will provide strong support for the results to be used in a resource estimate
Orientation of data in relation to geological structure	• *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 and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• 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 will be allowed for in resource estimates when geological interpretations are completed..
Sample security	• *The measures taken to ensure sample security.*	• Details are not available on sample security prior to delivery to laboratory. Analysis was carried out in independent assay laboratories.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Review of data and some field checking of collars and geology has been carried out by 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	• *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.*	• Toweranna is on E47/2720 which is located approximately 100km SW of Port Hedland. The tenement is held by Indee Gold Pty Ltd. De Grey has the right to acquire Indee Gold for payment of $15M by July 2018.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Gold was discovered at Toweranna in 1895, with intermittent small scale mining carried out until 1918. • Various companies have carried out exploration at Toweranna in the past, including Australian Inland Exploration (DD drilling, 1970s), Taurus Resources (limited DD drilling, 1985) and Swan Resources (RC drilling, 1993). Range River drilled 2 diamond holes in 2005.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The mineralisation targeted is hydrothermally emplaced quartz hosted gold mineralisation within a shear zone and is similar in style to many other Western Australian gold deposits.
Drill hole Information	• *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:* • *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 the report, the Competent Person should clearly explain why this is the case.*	• Drill hole location and directional information provided in this report.
Data aggregation methods	• *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.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of*	• Results are reported to a minimum cutoff grade of 0.3g/t gold with an internal dilution of 3m maximum. Intervals over 0.5g/t Au and 10gm metal content are reported. • Intercepts are length weighted averaged. • No maximum cuts have been made.

Criteria	JORC Code explanation	Commentary
	low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *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').*	• The drill holes are interpreted to be perpendicular to the strike of mineralisation. • Drilling is not always perpendicular to the dip of mineralisation and true widths are less than downhole widths.
Diagrams	• *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.*	• Cross sections and plans are provided in this report.
Balanced reporting	• *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.*	• All significant results over 10gm are provided in this report. • The report is considered balanced and provided in context.
Other substantive exploration data	• *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.*	• Limited geotechnical or metallurgical data is available at this stage.
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• A resource estimate based on compliant historic data is underway. • Further data review, field mapping and reconnaissance is planned. • Follow up RC and diamond drilling will be planned based on results of above reviews and interpretations.