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High grade gold rock samples increase potential at Farno McMahon JV

Highlights

New area of high grade reconnaissance rock chip and soil samples define 1.5km long gold target, Clarke Prospect on E47/2502.

- Rock chip samples returned significant zone of strong gold results from **quartz veins up to 4m wide**, including 7 samples greater than 1.0g/t and supporting lesser values:
28.3g/t, 7.28g/t, 5.97g/t, 1.72g/t, 1.69g/t, 1.25g/t and 1.08g/t
- Soil sampling around the vein system defines a coincident anomalous gold and arsenic anomaly approximately **1.5km long with a peak soil value of 1.79g/t Au.**

Prospective Large-Scale Fold Target

The new Clarke Prospect now supports the Harmer and Langenbeck prospects located further north and within the 5km long regional scale Langenbeck Fold structure. This fold structure is considered an important structural focus to gold mineralisation and includes receptive host rock types including band iron formation (BIF) and cherts.

1. Clarke Prospect - quartz veining, high grade rock chip samples and 1.5km long soil anomaly along axial plane of the fold at the southern end of the fold
2. Harmer Prospect - ~1km long soil anomaly and metal detecting pits located in the central portions of the fold and coincident with the axial plane of a second generation of later folding.
3. Langenbeck Prospect - 1.5km long soil anomaly located in the northern fold hinge and coincident with BIF and cherts.

Follow-up Work Programs to include:

2018 Q1 - detailed geological mapping, systematic rock chip and soil sampling surveys to better define surface mineralisation.

2018 Q2 - heritage surveys and drilling of prospective gold zones

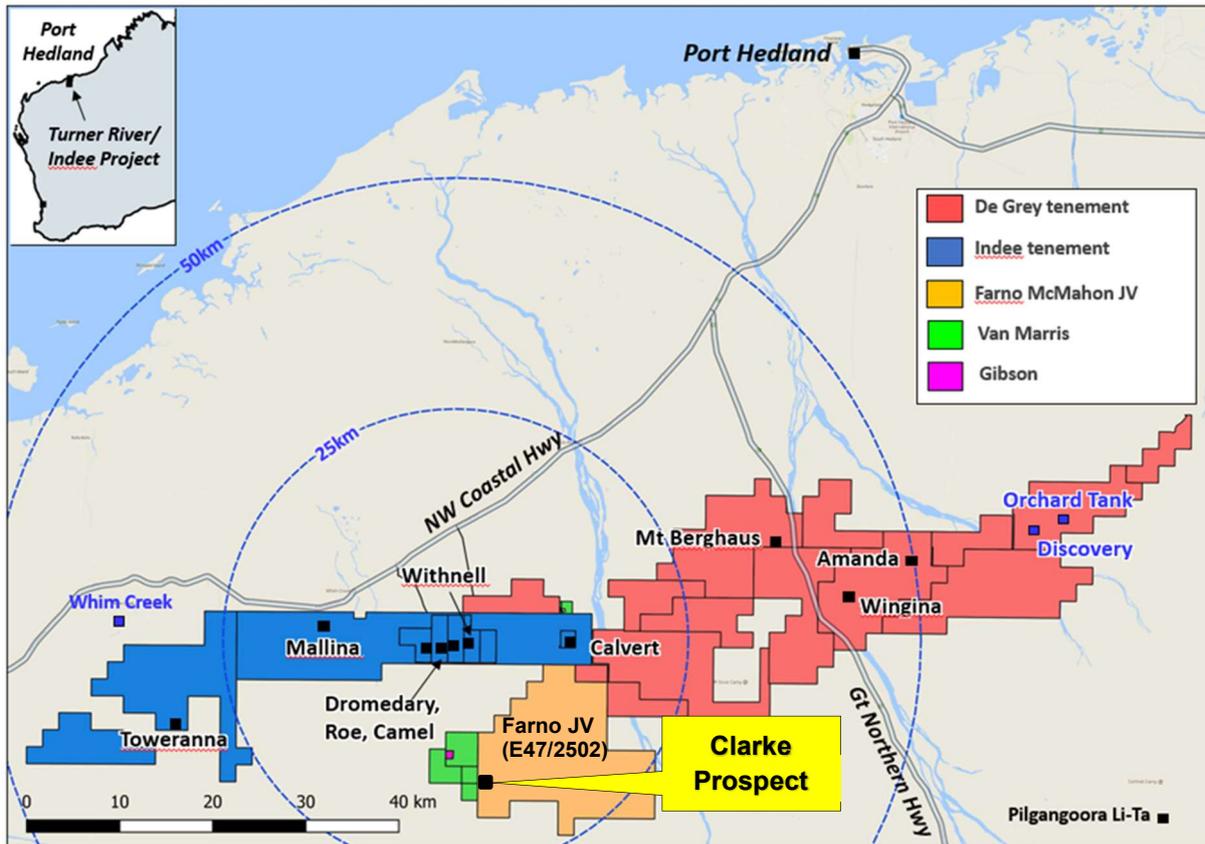
“The scale of these anomalies together with the encouraging early drill results at the equally large Fir, Holly and Aspen Prospects plus other untested anomalies within E47/2502 is why we are investing in this area.

In time, we expect to discover and define new shallow gold resources that will further support our goal of building a centralised mill and commencing gold production in the near term”. commented Andy Beckwith, Operations Manager and Technical Director.

INTRODUCTION

De Grey Mining Ltd (ASX: DEG, "De Grey", "Company") is pleased to provide an update on exploration at the Farno McMahon JV tenement E47/2502. De Grey has a four year option to earn 75% of tenement E47/2502 from Farno McMahon Pty Ltd, as announced to the ASX on 21 August 2017.

Figure 1 Farno McMahon JV and Clarke prospect locations



A program of limited soil and rock chip sampling has been completed at the Clarke prospect, in the southwest of the tenement (Figure 1). Results of this sampling program have defined a 1.5km long soil anomaly (peak 1.79g/t Au) with encouraging anomalous to high grade rock chip samples (peak 28.3g/t Au) from a series of north south trending intermittent outcropping quartz veins up to maximum of 4m width.

ROCK CHIP AND SOIL SAMPLING PROGRAM

Limited, first pass reconnaissance programs of soil and rock chip sampling were undertaken along the intermittent quartz vein outcrops over an approximately strike length of 1.5km. A total of 101 soil and 57 rock chip samples were collected at the Clarke Prospect, with encouraging assay results received.

Rock chip samples were taken across the vein at intervals of around 200m, closing down to 40m spacing across the main vein outcrop. The reconnaissance rock chip sampling extends along strike over the intermittent outcrops for approximately 1.5km strike length.

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Figure 2 Outcrop of quartz vein hosting high grade rock chip sampling results at the Clarke Prospect.



(Note recent prospector metal detecting pits along and adjacent the base of the quartz vein on the right-hand side of the outcrop. De Grey cautions the company has not sighted any nuggets reported to be found in this area.)

Significant high grade (>1g/t) rock chip assay results have been received from both the main quartz vein (Figure 1) and other smaller nearby splay veins along strike. The peak rock chip result of 28,300ppbAu (28.3g/t Au) is located on one of the smaller splay veins to the main quartz vein. Overall eight (8) samples graded over 1g/t Au and three samples, two of these from the main quartz vein, were greater than 5g/t Au. Encouragingly, the selected higher grade rock chip samples are supported by 23 other samples with elevated and anomalous gold (30-950ppm Au range). Rock chip results are presented in Table 1.

Soil samples were taken on an irregular grid, extending around 700m to the south of the Clarke quartz vein. This complements a previous soil sampling program by previous tenement holders which extends for 800m north of the Clarke prospect, on a nominal 100 x 50m pattern.

Recent and historic soil sampling together define a zone of anomalous gold and indicator element arsenic to a strike length of approximately 1.5km long. Peak gold soil results from the recent program include 1790ppb Au (1.79g/t), with 20 samples showing elevated gold from 20ppb to 1790ppb Au. Soil sampling results are presented in Table 2.

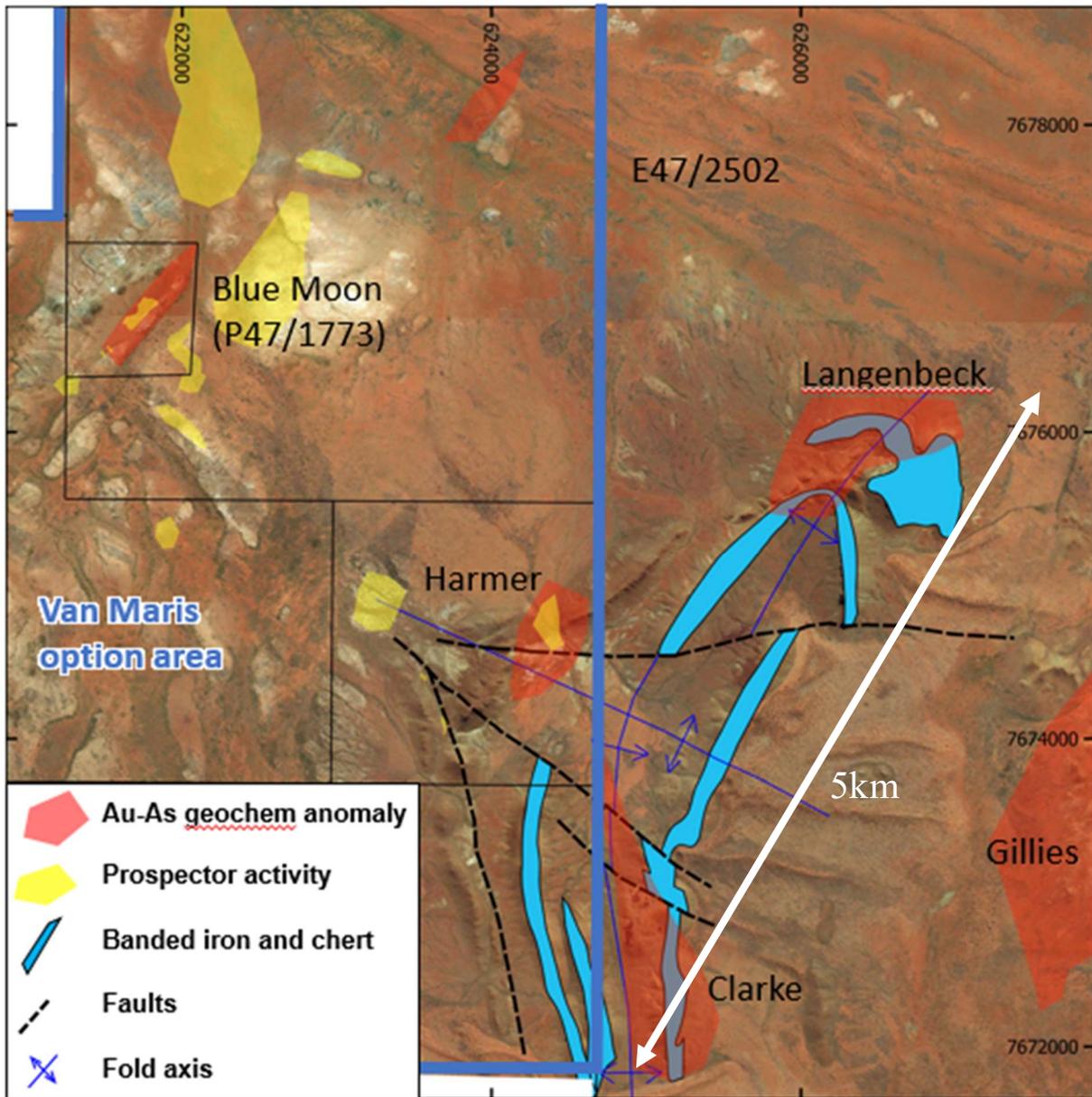
Results for this first pass reconnaissance geochemical program are highly encouraging and warrant further detailed mapping and systematic surface sampling prior to heritage surveys and an initial drilling program.

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PROSPECTIVE LARGE-SCALE FOLD TARGET

The Clarke Prospect and new encouraging soil and rock chip sampling now supports the Harmer and Langenbeck prospects located further north and within the 5km long regional scale Langenbeck Fold structure (Figure 3). This fold structure is considered by De Grey to be an important structural focus to gold mineralisation and includes fold stratigraphy including receptive host rock types – banded iron formation (BIF) and cherts.

Figure 3 Regional scale fold structure showing simplified geology and host to three significant gold targets.



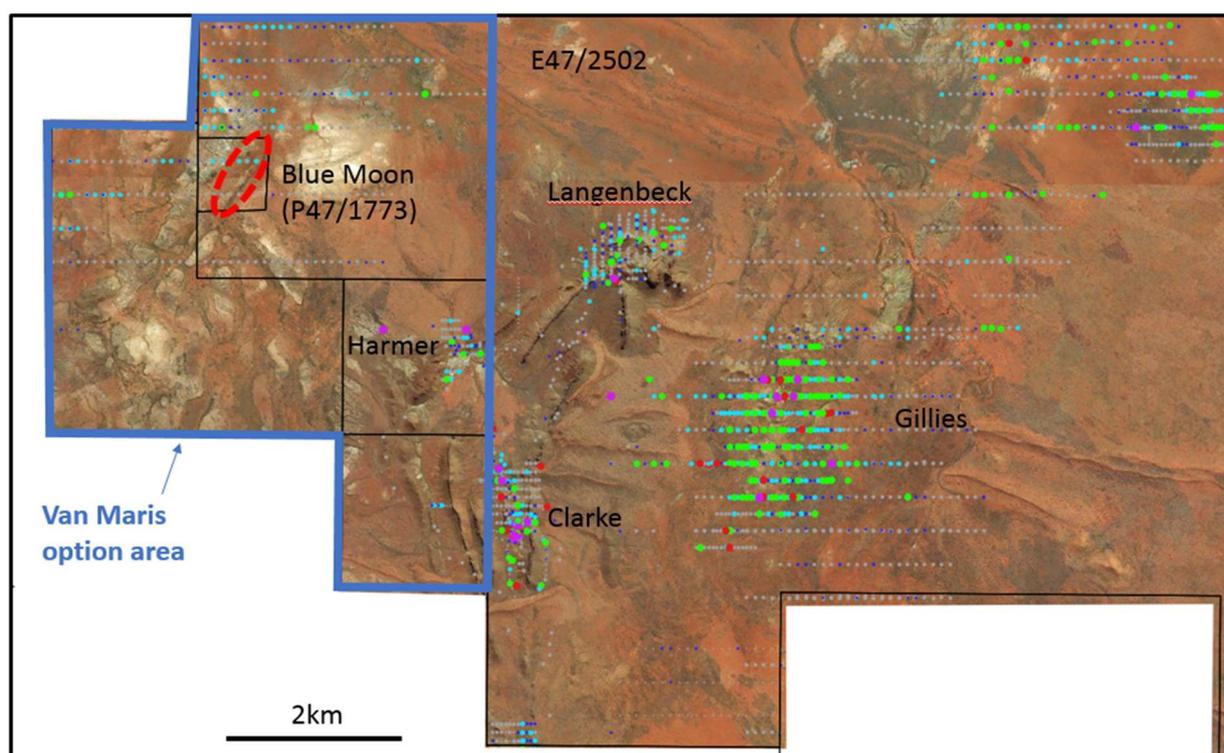
The Langenbeck Fold is a large-scale structure with an overall north-south to northeast trending fold axis, that has since been broadly refolded along a northwest trending axis. This fold has also been partially dislocated with a series of north west trending faults. As discussed above, the rocks units include banded iron formation (BIF) and cherts which partially coincide with the anomalous geochemistry at the Clarke and Langenbeck prospects. Banded iron formations and chert sequences are host rocks to a number of gold deposits around the world providing added scope and potential to the structural setting.

As discussed, Clarke lies at the southern end of a 1.5km long zone of gold-arsenic anomalism in soils. Limited sampling has been completed to the south of Clarke. The area between the Clarke and Langenbeck prospects (Fig 3 and 4) coincides with the northwest trending later fold axis and faulting. This area is considered prospective yet has not been systematically tested to date. The northwest structures and their prospectivity for gold mineralisation are currently poorly understood however it is noted these structures are interpreted to extend through to the Blue Moon prospect.

The Blue Moon prospect (refer De Grey ASX release “Bonanza gold target secured – Blue Moon Prospect” 18 October 2017) is around 5km northwest of Clarke, with the Harmer Prospect and numerous areas of surficial scrapings where nuggets have been detected by unknown prospectors lying between Clarke and Blue Moon (Fig 3). Outside of the Farno McMahon JV, this area is held by De Grey under the Van Maris option agreement (refer De Grey ASX release “Landholding secured with high-grade gold exploration targets” 3 October 2017), while Blue Moon is held by De Grey under a separate option agreement.

The Gillies Prospect lies around 2.5km to the east of Clarke (Figure 4). This is a large zone over 2km long and 1km wide of anomalous gold in soil values defined by previous explorers, with soil values to 1803ppb Au and indicator element arsenic to 602ppm. Limited previous rock chip sampling returned a maximum value of 8.00g/t Au, and the area shows significant prospector (metal detecting) activity. No drilling has been carried out to date over this anomaly.

Figure 4 Geochemical sampling coverage, Clarke Prospect and surrounds



Path Forward

De Grey plans to accelerate exploration along the Central Shear Zone including the Gillies, Clarke, Harmer and Langenbeck prospects over the coming months. The wet season will be used to finalise compilation of all historic data for E47/2502, including geochemical, drilling and geophysical data. Target generation and ranking will then be completed.

During 2018 Quarter 1, De Grey plans to commence programs of detailed mapping and surface geochemistry within the Farno McMahon JV tenement E47/2502, prior to prioritizing specific targets for drill testing. Heritage surveys will most likely be required prior to the

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commencement of any drilling programs. Drilling will be planned for the Clarke prospect following further mapping and sampling results.

A maiden RC program of around 2000m is scheduled to commence at the Blue Moon prospect in the coming week.

For further information:

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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 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.

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Background to Farno McMahon JV (DEG earning up to 75%)

(ASX release "Contiguous tenement secured – drill tested targets and nuggets", 21 August 2018)

De Grey has the right to earn up to 75% equity in E47/2502 under the Farno McMahon Joint Venture agreement. The JV tenement covers several large regional scale structures which splay off the gold endowed Mallina Shear Zone, which hosts deposits at the Withnell Trend, Calvert and Mt Berghaus to the north. Previous exploration carried out by various companies has yielded many major gold anomalies stretching over a corridor 20km long with the Langenbeck, Clarke and Gillies prospects at the southern end. Large areas of the tenement is also masked by recent windblown sands that limit the effectiveness of the earlier surface sampling programs, providing further exploration upside. Aerial imagery clearly shows extensive areas of surface prospector activities that supports numerous reports of nuggets being found at surface within the project area.

Earlier RAB and aircore drilling has partially tested portions of the northern anomalies with no systematic follow-up with more detailed RC or diamond drilling. A summary of the significant RAB and aircore drilling intersections, as follows:

Fir Prospect

2m @ 164.4g/t Au from 7m in BYAC080

(incl 1m @ 328.43g/t Au from 7m)

2m @ 6.31g/t Au from 37m in BYAC351

(incl 1m @ 12.13g/t Au from 38m)

Holly Prospect

13m @ 15.15g/t Au from 47m in BYRB139

16m @ 1.4g/t Au from 5m in BYRB073

(incl 1m @ 11.58g/t Au from 18m)

2m @ 7.16g/t Au from 47m in BYAC113

(incl 1m @ 13.76g/t Au from 47m)

Aspen Prospect

13m @ 0.73g/t Au from 34m in BYAC145

3m @ 3.88g/t Au from 35m in BYAC152

Summary of the Farno McMahon JV terms

During the Option Period

- Cash payment of \$40,000 to the Vendor
- DEG to complete a minimum expenditure of \$30,000
- DEG may elect to enter Joint Venture Earn -in

De Grey has formally notified Farno McMahon of its election to enter the Stage 1 of the Joint Venture Agreement

Joint Venture Earn-in

Stage 1 - DEG to spend a minimum of \$1.0M over a period of 3 years to earn 30%.

- 1st Year expenditure requirement of \$100,000
- 2nd Year expenditure requirement of \$300,000
- 3rd Year expenditure requirement of \$600,000

Stage 2 - DEG may elect to spend a further \$1.0M expenditure over an additional 1 year period (4th Year) to earn an additional 45% equity in the tenement for a total equity of 75%.

- 4th Year expenditure requirement of \$1,000,000
- Vendor retains all alluvial rights excluding bedrock deposits.

Upon DEG earning 75% at the completion of Stage 2, Farno McMahon may convert its joint venture interest to a 3% Net Smelter Return Royalty.

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Table 1 Rock chip sampling results

SampleID	E_GDA94	N_GDA94	Au_ppb	As_ppm
29851	625000	7672460	5	-5
29852	625011	7672455	140	5
29853	625018	7672456	5	5
29854	625031	7672471	10	-5
29855	625021	7672472	50	6
29856	625026	7672472	7280	-5
29857	625011	7672475	1250	28
29858	625004	7672415	5	6
29859	625011	7672494	2530	-5
29860	625021	7672493	140	29
29861	625023	7672495	360	8
29862	625028	7672496	10	6
29863	625038	7672497	1690	7
29864	625051	7672481	10	13
29865	625048	7672480	28300	40
29866	625044	7672478	40	-5
29867	625054	7672473	10	10
29868	625006	7672507	30	-5
29869	625014	7672504	5970	37
29870	625021	7672502	10	5
29871	625040	7672502	110	-5
29872	625033	7672524	90	9
29873	625027	7672526	950	-5
29874	625019	7672533	290	15
29875	625023	7672573	600	30
29876	625028	7672572	30	6
29877	625038	7672571	80	28
29878	625041	7672610	170	8
29879	625026	7672621	10	-5
29880	625020	7672623	5	10
29881	625005	7672636	140	18
29882	625005	7672641	5	-5
29883	625007	7672644	10	13
29884	625037	7672669	210	5
29885	625038	7672673	390	-5
29886	625040	7672676	40	10
29887	624974	7672773	5	-5
29888	624975	7672783	5	-5
29889	624977	7672795	5	6

SampleID	E_GDA94	N_GDA94	Au_ppb	As_ppm
29890	625073	7672788	5	7
29891	625069	7672773	5	5
29892	625069	7672765	10	-5
29893	624853	7673459	5	-5
29894	624850	7673455	10	-5
29895	624841	7673399	10	-5
29896	624856	7673346	5	5
29897	624883	7673346	10	-5
29898	624927	7673142	10	-5
29899	624924	7673135	5	-5
29900	624925	7673131	5	-5
29901	624974	7672203	50	7
29902	625023	7671906	70	7
29919	625005	7672509	440	679
29920	625001	7672501	1080	158
A03116	625024.01	7672529.1	70	185
A03117	625024.01	7672529.1	20	11
A03118	625011.09	7672497.9	1720	8

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Table 2 Soil sampling results

SampleID	E_GDA94	N_GDA94	Au_ppb	As_ppm
29903	625007	7672466	146	42.3
29904	625007	7672466	0.5	12.5
29905	624987	7672469	607	18.9
29906	624987	7672469	61	7.2
29907	625012	7672511	0.5	19.5
29908	625012	7672511	454	13.9
29909	624996	7672519	697	16.8
29910	624996	7672519	96	8.6
29911	625021	7672572	74	26.7
29912	625021	7672572	686	13.5
29913	625006	7672574	11	12.9
29914	625006	7672574	9	7.6
29915	625031	7672489	222	25.8
29916	625031	7672489	142	8.7
29917	625048	7672487	57	14.2
29918	625048	7672487	9	6.7
29751C	624999	7671778	3	9.9
29751F	624999	7671778	2	4.1
29752C	624970	7671871	2	5.9
29752F	624970	7671871	2	5.7
29753C	624946	7671927	11	12.3
29753F	624946	7671927	3	3.5
29754C	624939	7671978	2	15.2
29754F	624939	7671978	2	4.9
29755C	624937	7672040	2	10.8
29755F	624937	7672040	2	4.8
29756C	624945	7672098	2	11.5
29756F	624945	7672098	8	4.9
29757C	624942	7672177	2	11.7
29757F	624942	7672177	1	4.6
29758C	624931	7672233	28	5.8
29758F	624931	7672233	3	4.2
29759C	624913	7672295	4	7.4
29759F	624913	7672295	3	4.1
29760C	624907	7672339	2	5.5
29760F	624907	7672339	2	4.9
29761C	624918	7672380	2	7.8
29761F	624918	7672380	2	4.7
29762C	624970	7672436	3	13.6
29762F	624970	7672436	2	6.7
29763C	624992	7672494	1790	22.5
29763F	624992	7672494	93	6.5
29764C	625021	7672584	66	11.3
29764F	625021	7672584	17	9
29765C	625072	7672648	18	7
29765F	625072	7672648	13	4.1
29766C	625092	7672694	2	4.4
29766F	625092	7672694	3	3.2
29767C	625114	7672721	1	1.7
29767F	625114	7672721	0.5	3.1
29768C	625178	7672717	1	14.1

SampleID	E_GDA94	N_GDA94	Au_ppb	As_ppm
29768F	625178	7672717	2	6
29769C	625242	7672718	3	18.9
29769F	625242	7672718	7	6.8
29770C	625037	7672541	6	23.4
29770F	625037	7672541	5	5.6
29771C	625001	7672554	4	8.6
29771F	625001	7672554	20	4.6
29772C	624952	7672549	8	4.7
29772F	624952	7672549	4	3.8
29773C	624901	7672559	6	3.6
29773F	624901	7672559	63	3.2
29774C	624850	7672559	7	5.6
29774F	624850	7672559	28	4.6
29775C	624790	7672550	3	2
29775F	624790	7672550	2	2.1
29776C	624745	7672552	1	1.8
29776F	624745	7672552	2	3.1
29777F	624997	7672453	6	4.4
29778C	624933	7672438	3	10.9
29778F	624933	7672438	4	4.8
29779C	624849	7672448	2	8.8
29779F	624849	7672448	3	5.6
29780C	624784	7672477	1	2.9
29780F	624784	7672477	1	4.4
29781C	624726	7672455	1	7
29781F	624726	7672455	1	4.2
29782C	625324	7672493	1	19.6
29782F	625324	7672493	2	10.5
29783C	625348	7672449	7	23.3
29783F	625348	7672449	1	12.1
29784C	625369	7672411	25	19
29784F	625369	7672411	1	12
29785C	625378	7672326	4	26.6
29785F	625378	7672326	3	15.8
29786C	625380	7672271	2	17.9
29786F	625380	7672271	1	10.4
29787C	625376	7672209	5	17.6
29787F	625376	7672209	1	11.7
29788C	625374	7672153	3	16.7
29788F	625374	7672153	1	10.2
29789C	625373	7672093	1	10.2
29789F	625373	7672093	2	7.3
29790C	625373	7672025	3	15.3
29790F	625373	7672025	3	11.6
29791C	625364	7671965	3	16.1
29791F	625364	7671965	2	8.6
29792C	625314	7671908	10	15.7
29792F	625314	7671908	38	10
29793C	625291	7671861	7	24.3
29793F	625291	7671861	3	17.6

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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	<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"> Results in this report relate to soil and rock chip sampling undertaken by Farno McMahon personnel and submitted for analysis by De Grey Mining. The samples comprised a sieved soil sample of size fractions either >1.5mm and <6mm, or <1.5mm. Rock chip samples comprised grab samples from a single site, or channel samples over a width of 1m Samples were taken at point locations on a variable sample pattern. Analysis was undertaken at an industry standard independent laboratory
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"> No drilling undertaken
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"> No drilling undertaken
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"> A brief description of soil or rock chip sample characteristics was recorded

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Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <i>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.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> • Soil samples comprised samples weighing around 200g taken from a depth of around 150mm, sieved to size fractions either >1.5mm and <6mm, or <1.5mm. Rock chip samples comprised grab samples from a single site, or channel samples over a width of 1m • Samples were bagged and sent to the independent laboratory for assay where they were pulverised and assayed. • The samples are considered appropriate for first pass reconnaissance assessment of the area for this style of mineralisation. • No certified reference material was submitted but some duplicate samples were submitted. • Further sampling is planned
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> • <i>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.</i> • <i>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.</i> 	<ul style="list-style-type: none"> • The samples were analysed by an independent industry laboratory and are considered appropriate for this style of mineralisation • No certified reference material was submitted but some duplicate samples were submitted.
Verification of sampling and assaying	<ul style="list-style-type: none"> • <i>The verification of significant intersections by either independent or alternative company personnel.</i> • <i>The use of twinned holes.</i> • <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> • <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> • Sampling was carried out mainly by Farno McMahon personnel, with field visits undertaken by De Grey personnel. • Analysis was undertaken at an industry standard independent laboratory • The analytical data has been reviewed by De Grey staff (CP) • Further detailed sampling is planned
Location of data points	<ul style="list-style-type: none"> • <i>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.</i> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> • All sample locations are derived from handheld GPS and are accurate +/- 5m. • GDA94 Zone 50
Data spacing and distribution	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results.</i> • <i>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.</i> • <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> • Soil samples were taken on an irregular grid. Rock chip samples were taken across the vein at intervals of around 200m, closing down to 40m across the main vein outcrop • Sampling is not of sufficient density and type to determine a resource estimate. Additional detailed follow-up sampling is recommended to qualify and quantify the anomalous areas in greater detail prior to drill testing if warranted.

<p>Orientation of data in relation to geological structure</p>	<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 and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> • No sample compositing was carried out • Rock chip samples were collected on lines at approximately 90 degrees to the strike of lithological contacts. • Orientation of sample lines is not expected to contribute to sampling bias.
<p>Sample security</p>	<ul style="list-style-type: none"> • The measures taken to ensure sample security. 	<ul style="list-style-type: none"> • Samples were collected by Farno McMahon personnel, with some rock chip sampling completed by De Grey. • Most samples were collected from Farno McMahon by De Grey then sent via transport contractor direct to the laboratory. A portion of soil samples was transported to Adelaide by Farno McMahon and analysed at an industry standard laboratory in Adelaide.
<p>Audits or reviews</p>	<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 • The CP has reviewed the data and considers the data is appropriate for this style of mineralisation and sampling type.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<p>Mineral tenement and land tenure status</p>	<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 licence to operate in the area. 	<ul style="list-style-type: none"> • Sampling was carried out on E47/2502 which is located approximately 85km SSW of Port Hedland. The tenement is held by Farno-McMahon Pty Ltd. De Grey has an option to purchase 75% of the tenement
<p>Exploration done by other parties</p>	<ul style="list-style-type: none"> • Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> • Most previous exploration on the tenement was completed by Bullion Resources from 2003-2005 with work including geophysics, geochemistry and RAB/AC. Some work including geochemical sampling and aircore was completed by Chalice Gold during 2006-2011. No drilling has been completed on the Clarke prospect
<p>Geology</p>	<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, structurally-controlled gold mineralisation similar in style to many other Western Australian gold deposits.
<p>Drill hole Information</p>	<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"> • No drilling was undertaken

Criteria	JORC Code explanation	Commentary
	<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 the report, the Competent Person should clearly explain why this is the case. 	
Data aggregation methods	<ul style="list-style-type: none"> • 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 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. 	<ul style="list-style-type: none"> • Soil samples relate to a point sample from which material is generally expected to be sourced from the immediate vicinity. • No lower or upper cuts, aggregate intervals or metal equivalents are reported.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> • 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'). 	<ul style="list-style-type: none"> • Unknown at this stage
Diagrams	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Plans of sample locations and table are provided in report.
Balanced reporting	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • All new results are reported in Table 1.
Other substantive exploration data	<ul style="list-style-type: none"> • 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, 	<ul style="list-style-type: none"> • Regional geophysical surveys (aeromagnetics, radiometrics) have been completed over the area. No additional data is available at this stage.

Criteria	JORC Code explanation	Commentary
	<p><i>groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i></p>	
<p>Further work</p>	<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"> • De Grey is planning further detailed field reconnaissance and surface sampling, with follow up drilling if warranted.