

Quarterly Activities Report for the Period ending 30 September 2018

ASX Announcement

31 October 2018

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EXPLORATION & DEVELOPMENT

- Encouraging drilling results across all Pilbara Gold Project deposits demonstrates mineralisation remains open and supports further resource increases being likely.
- Previous 12 months drilling results have been incorporated into a resource update, with Total Mineral Resources increased by 15% overall to 27.25Mt @ 1.6g/t Au (1,393,800oz).
- **Positive drill results** reported for Toweranna, Mt Berghaus, Amanda, Mallina and Withnell Underground
- **Toweranna** continued to report high grade, narrow veined intersections through the granite intrusion hosting the mineralisation. *Resources increased by 254% to 143,900oz.*
- Infill drilling at **Mt Berghaus**, less than 60m vertical depth, showed further shallow gold mineralisation and expected to improve the PFS open pit mining shells. *Resources increased by 29% to 181,000 oz.*
- First drilling at **Amanda** since 2007 highlighted strong continuity of mineralisation at Amanda and Amanda East deposits with mineralisation remaining open. *Resources increased by 44% to 50,800 oz*
- Work commenced on **underground potential** at Withnell and Wingina (results pending). Initial drilling results confirm two high grade lodes immediately beneath the Withnell pit.
- Stratigraphic drilling at **conglomerate targets** showed thick conglomerate zones at Jarret Well (39.5m – including 11.5m pyritic sequence) and Steel Well (68m). Bulk sampling commenced and well advanced at Loudens Patch.
- **PFS** work well underway with the important metallurgy testwork across nearly all deposits nearing completion and engineering design and costings of the proposed plant commencing.

CORPORATE

- Cash at the end of the quarter of \$3.17M;
- DGO Gold Limited complete \$5M investment in De Grey
- Novo Resources of Canada 100% acquire Farno McMahon, owner of E47/5202, a tenement to which De Grey are farming into.

Pilbara Gold Project, Port Hedland in Western Australia

De Grey Mining Limited (ASX: DEG, “De Grey”, “Company”) is pleased to report on activities completed during the September Quarter 2018.

The Company is focussed on advancing exploration and significantly increasing the now 1.4 Moz gold resources across the Pilbara Gold Project (Figure 1). The Company has recently stated the potential for the area to host a multi-million ounce resource and has set itself a corporate target of +3M ounces of resources.

The Company continues to advance the Pre-Feasibility Study to assess the development of a new stand-alone gold production centre based on initial near term open pit mining of the well-established existing shallow resources and longer term discovery of new deposits and higher grade underground mining.

The Company is actively ramping up a focused exploration program across the tenement package in a drive to upgrade and expand known resources, as well as discover new deposits. Overall, the Pilbara Gold Project has excellent potential to define significant additional resource ounces along the 200 km plus strike length of mineralised shears zones throughout the greater than 1,500 km² landholding. To date, approximately 10% of the shear zones have received detailed shallow RC and diamond drilling to a nominal depth of 100-150m defining ~ 1.4Moz (JORC 2012*) of gold resources. The extensive strike length of untested and gold anomalous shear zones together with the discovery of gold nuggets associated with previously unrecognised conglomerate targets is considered one by De Grey as one of the most under explored and prospective regions of Australia.

Pilbara Gold Project – Existing Gold Resources

Total Resource (↑15%)	27.25Mt @ 1.6g/t Au (1,393,800oz)
M & I (53%) (↑25%)	14.32Mt @ 1.6g/t Au (739,200oz)
Oxide (38%) (↑15%)	11.02Mt @ 1.5g/t Au (529,900oz)
Fresh (62%) (↑15%)	16.23Mt @ 1.7g/t Au (863,900oz)

(* ASX release “2018 Total Gold Mineral Resources Increases to 1.4Moz”, 3 October 2018)

Work programs have primarily focused on RC and diamond drilling at various gold deposits to infill and improve existing resources, particularly within the 2017 scoping study pit optimisations, and to define additional extensions to mineralisation. The infill RC drilling was designed to convert inferred resources within these pit shells to the level of Indicated (JORC 2012) that will allow for later conversion to reserves.

There are over 40 identified yet untested gold anomalies along the highly prospective regional scale shear zones and newly recognised conglomerate gold targets. Additional regional and prospect data acquisition has been undertaken to improve and prioritise this large pipeline of untested anomalies throughout the project area plus numerous heritage surveys that now provide access to many new areas for drill testing.

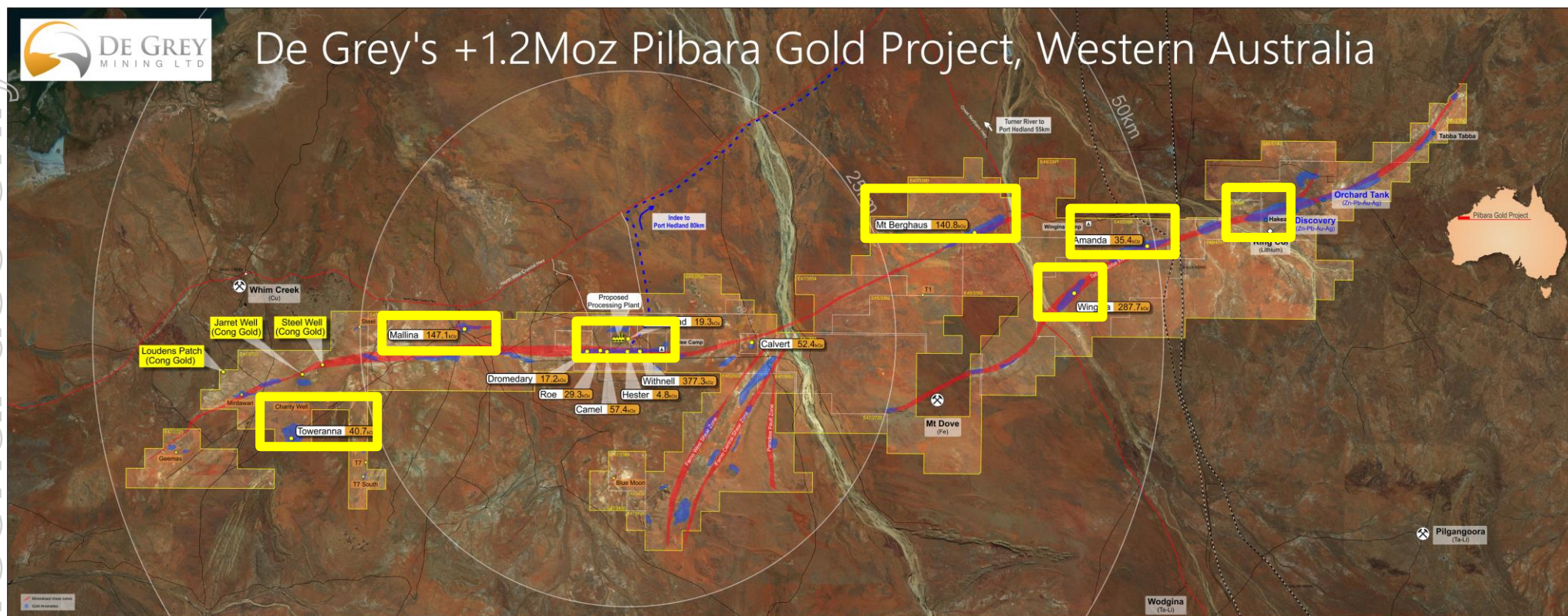


Figure 1 Pilbara Gold Project – Drilling areas highlighted

DRILLING PROGRAMS

During the quarter, RC drilling programs were the major focus of the exploration efforts targeting improved and increased resources at Mt Berghaus, Amanda, Mallina and Toweranna. The results have been encouraging with significant zones of gold mineralisation remaining open at all deposits. The RC drilling has primarily focused on the better defining and extending the shallow resources within a nominal 100m of surface which may be amendable to open pit mining as being assessed in the Open Pit Mining Pre-Feasibility Study (OPMPFS) currently underway.

Diamond drilling also formed a significant part of the program with drilling focused on the underground potential at Withnell Deposit and additional smaller programs at various deposits for improved geological information, extensions to mineralisation and metallurgical assessment at part of the OPMPFS.

Mt Berghaus - resource increased to 4.3Mt @ 1.3g/t Au for 181,000oz

During the September quarter, a total program of 8,459m of RC drilling was finalised at Mt Berghaus, with the Phase 1 component of that drilling (3,168m) released on 28 May 2018 (ASX release "Shallow high-grade gold at Mt Berghaus", 28 May 2018). The remaining Phase 2 drilling results were released on 10 September 2018 (ASX Release: "Further strong gold hits at Mt Berghaus").

Results of the Phase 2 program continued to be positive, continuing to reinforce shallow and robust drilling intersections along the 1.2km mineralised trend defined to date. The trend remains open and generally untested along large portions of the 5km long anomaly.

Tables 1 and 2 provides a summary of the significant intersections (>20g*m) for the Main and North Lode respectively and highlights the shallow, robust and broad nature of the gold mineralisation. Similar to previously reported drilling results, many of the drill intercepts include significantly higher grade (> 5g/t) internal zones.

Table 1 Main Zone - Significant drill intersections (>20g*m).

HoleID	Depth From (m)	Depth To (m)	Downhole Width (m)	Au (g/t)	Gram * metres
BGRC230	0	18	18	2.48	44.6
BGRC231	21	45	24	2.05	49.2
incl	40	44	4	6.24	25.0
BGRC237	2	25	23	1.76	40.5
BGRC240	20	47	27	1.14	30.8
BGRC241	2	25	23	2.20	50.6
incl	12	18	6	5.22	31.3
BGRC242	42	59	17	2.08	35.4
incl	42	51	9	3.50	31.5
BGRC255	49	57	8	5.92	47.4
incl	49	51	2	21.81	43.6
BGRC259	28	45	17	3.25	55.3
incl	33	37	4	7.92	31.7
BGRC260	24	35	11	1.83	20.1
BGRC275	33	53	20	1.15	23.0
BGRC275	61	63	2	12.83	25.7
BGRC294	3	29	26	3.45	89.7
incl	3	6	3	24.37	73.1
BGRC299	1	20	19	1.21	23.0

Table 2 North Lode - Significant drill intersections (>20g*m).

HoleID	Depth From (m)	Depth To (m)	Downhole Width (m)	Au (g/t)	Gram * metres
BGRC281	16	29	13	3.49	45.4
incl	21	25	4	10.35	41.4
BGRC282	26	47	21	2.22	46.6
incl	44	47	3	8.45	25.4
BGRC286	12	26	14	1.53	21.4
BGRC291	22	33	11	4.92	54.1
incl	27	29	2	24.07	48.1
BGRC291	55	64	9	2.62	23.6

Figure 2 Mt Berghaus – Recent drilling intercepts on Main Zone

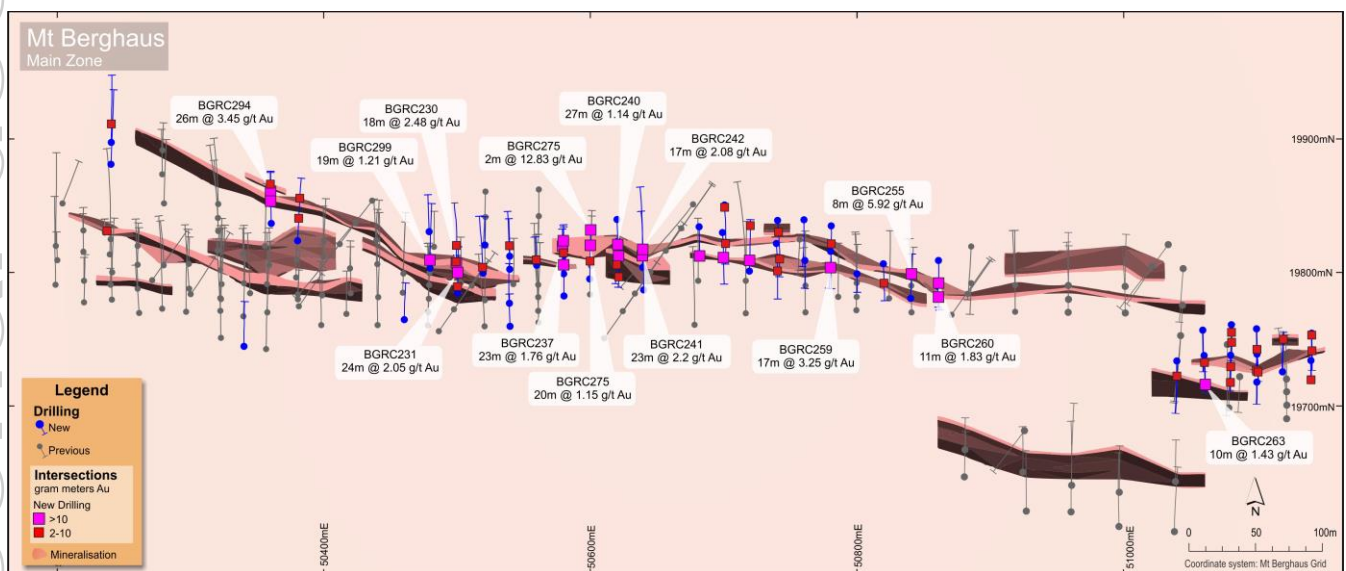
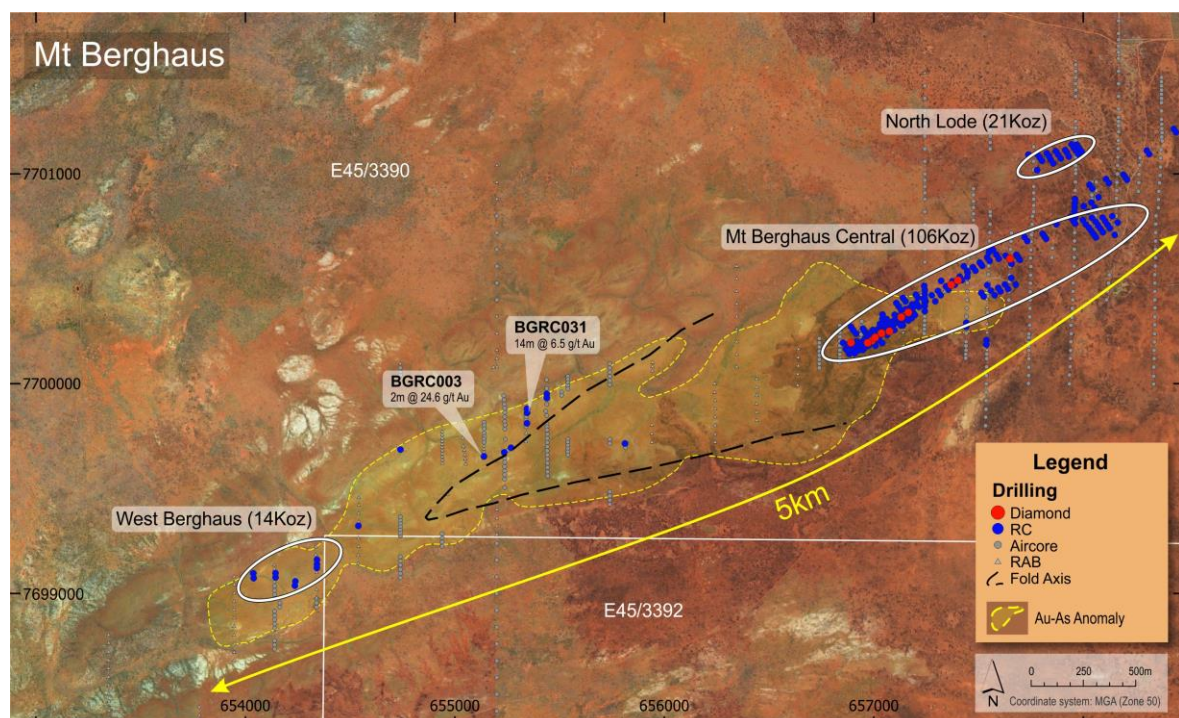


Figure 3 Mt Berghaus – Regional plan showing 5km long gold system



Amanda – resource increased to 1.3Mt @ 1.3g/t Au for 50,800oz

De Grey reported the first drilling results at Amanda since 2007, with summary results tabulated below, highlighting strong continuity of mineralisation at both Amanda and Amanda East.

Latest results from **Amanda** include:

- 14m @ 4.94g/t Au** from 19m in AMRC011 (incl 6m @ 10.85g/t Au from 20m);
- 12m @ 1.46g/t Au** from 14m in AMRC013 (incl 6m @ 2.62g/t Au from 18m);
- 13m @ 1.23g/t Au** from 37m in AMRC021;
- 15m @ 1.00g/t Au** from 34m in AMRC010.

Latest results from Amanda East include:

- 7m @ 2.22g/t Au** from 43m in AMRC027
- 23m @ 1.35g/t Au** from 10m in AMRC030 (incl **6m @ 3.93g/t Au** from 20m)
- 7m @ 2.39g/t Au** from 38m in AMRC031 **7m @ 2.84g/t Au** from 9m in AMRC032

Longer term potential for higher grade plunging gold shoots highlighted by:

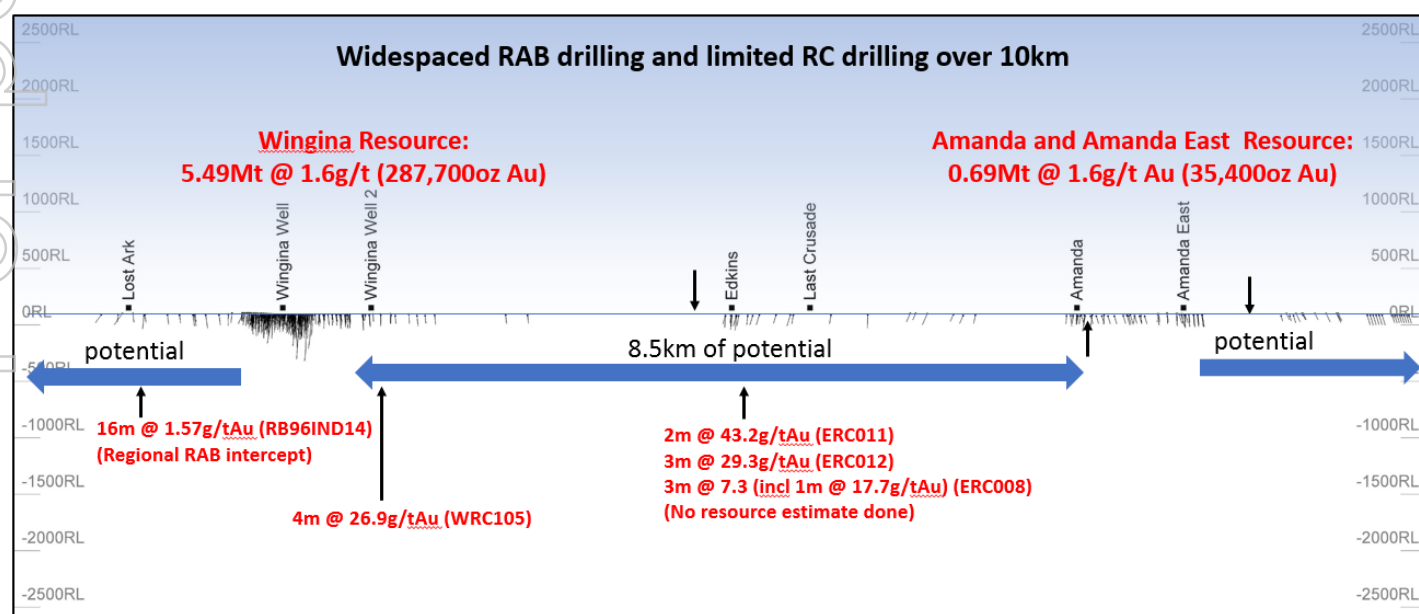
- 14m @ 4.94g/t, 6m @ 3.93g/t** in program during the quarter; and
- 15m @ 3.4g/t, 9m @ 15.28g/t and 7m @ 3.03g/t** in previous drilling.

The Tappa Tappa Thrust is a large mineralised structure hosting the Amanda (50,800oz) and Wingina (287,700oz) deposits as well as extensive undrilled gold anomalies along the 60km strike length. The 8.5km between Amanda and Wingina is a high priority exploration target where some wide spaced RAB drilling and very limited RC drilling has previously been undertaken, as highlighted in Figure 4 which also shows the Edkins prospect. Edkins is a prime example where previously reported high grade RC drilling results (**2m @ 43.2g/t, 3m @ 29.3g/t and 3m @ 7.3g/t**) have not been followed-up.

To the south west of Wingina, the Lost Ark prospect has previously intersected **16m @ 1.57g/t** in shallow widespaced RAB drilling. This area has never received follow-up drilling and represents a further 1.5km of prospective strike length.

Planning is currently underway for more systematic aircore/RAB drilling traverses along this trend targeting mineralisation masked by the thin veneer of sand cover, together with more detailed mapping and sampling of the outcropping ridges along the Tappa Tappa Thrust.

Figure 4 - Tappa Tappa Thrust – Wingina to Amanda, 8.5km High Priority Exploration Target



Toweranna – resource increased to 2.01Mt @ 2.2g/t Au for 143,900 oz

During the quarter, the company reported on outstanding results from a 41 RC hole program for 3,192 m drilled in the previous quarter (ASX 3 July 2018: “*Toweranna drilling expands high grade footprint*”), and further reported on a 9 hole diamond drilling program at the end of the quarter (ASX 15 October 2018: “*Ongoing high grade hits at Mallina and Toweranna*”)

Selected recent drill results are provided below to demonstrate the high-grade nature of the mineralisation.

Table 3 – Summary of Drill Results from Toweranna

<u>Western Zone</u>	<u>Southern Zone</u>
<ul style="list-style-type: none"> 2m @ 14.26g/t Au from 7m in TRC097 (incl 1m @ 27.3g/t Au from 7m) 5m @ 4.1g/t Au from 72m in TRC113 	<ul style="list-style-type: none"> 5m @ 15.17g/t Au from 33m in TRC087D (incl 2m @ 37.14g/t Au from 33m) 22m @ 4.82g/t Au from 44m in TRC094 (incl 3m @ 23.28g/t Au from 54m)
<u>Northern Zone</u>	
<ul style="list-style-type: none"> 3m @ 13.1g/t Au from 35m in TRC116 (incl 1m @ 38.2g/t Au from 35m) 7m @ 17.29g/t Au from 101m in TRC116 (incl 3m @ 37.82g/t Au from 101m) 	<ul style="list-style-type: none"> 5m @ 13g/t Au from 61m in TRC099 (incl 2m @ 30.85g/t Au from 63m) 11m @ 2.24g/t Au from 78m in TRC099 2m @ 11.5g/t Au from 20m in TRC105 (incl 1m @ 22.4g/t Au from 20m)
<u>Eastern Zone</u>	
<ul style="list-style-type: none"> 3m @ 7.45g/t Au from 26m in TRC107 	<ul style="list-style-type: none"> 3m @ 13.33g/t Au from 57m in TRC105 (incl 2m @ 19.53g/t Au from 57m)

At Toweranna, gold mineralisation is hosted by stacked dipping quartz veins within a 250m diameter granite plug. The recent drilling has focussed on infill along the western margin and extensions predominantly along the southern margin. These two areas form the bulk of the recent resource upgrade. Additional limited drilling has been completed along the northern and eastern margins, with further positive results highlighted.

Further infill RC drilling is planned to fully test the northern and eastern margins and shallow (~100m depth) of the deposit and deeper drilling is currently being planned to determine underground potential. Initial diamond drilling to determine the quartz vein orientation on the eastern and northern margin has recently commenced. Infill RC drilling is planned to follow, once the quartz vein orientation is determined, to enable the remaining near surface resource to be updated.

The Toweranna drilling to date has highlighted gold in quartz veins throughout the entire granite body and therefore the Company is confident additional resource increases are likely at Toweranna with additional drilling. The gold mineralisation is also noted to extend to at least 200-250m depth based on historical holes and remains open.

Figure 5 Toweranna plan showing shallow resource upside in red area

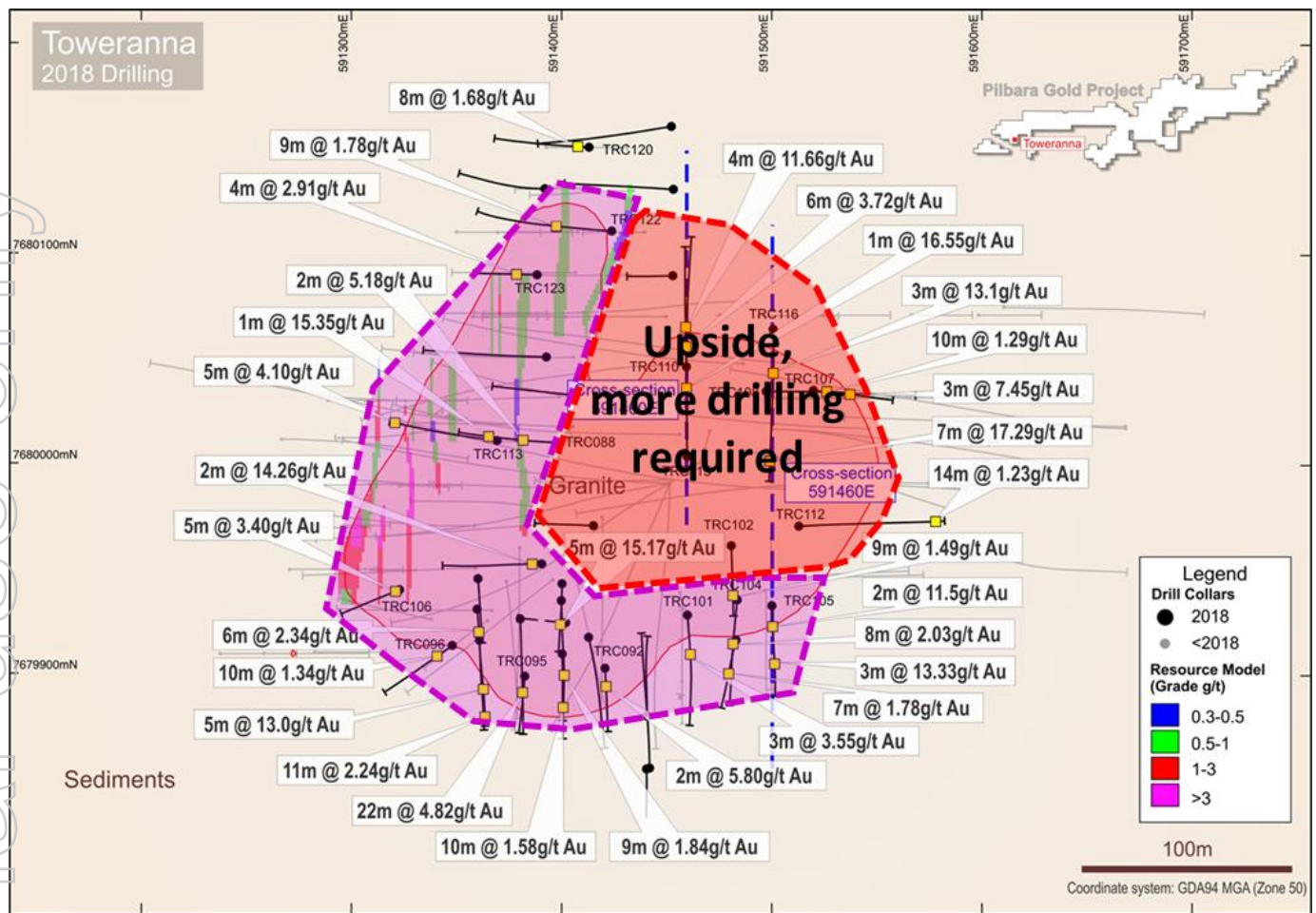
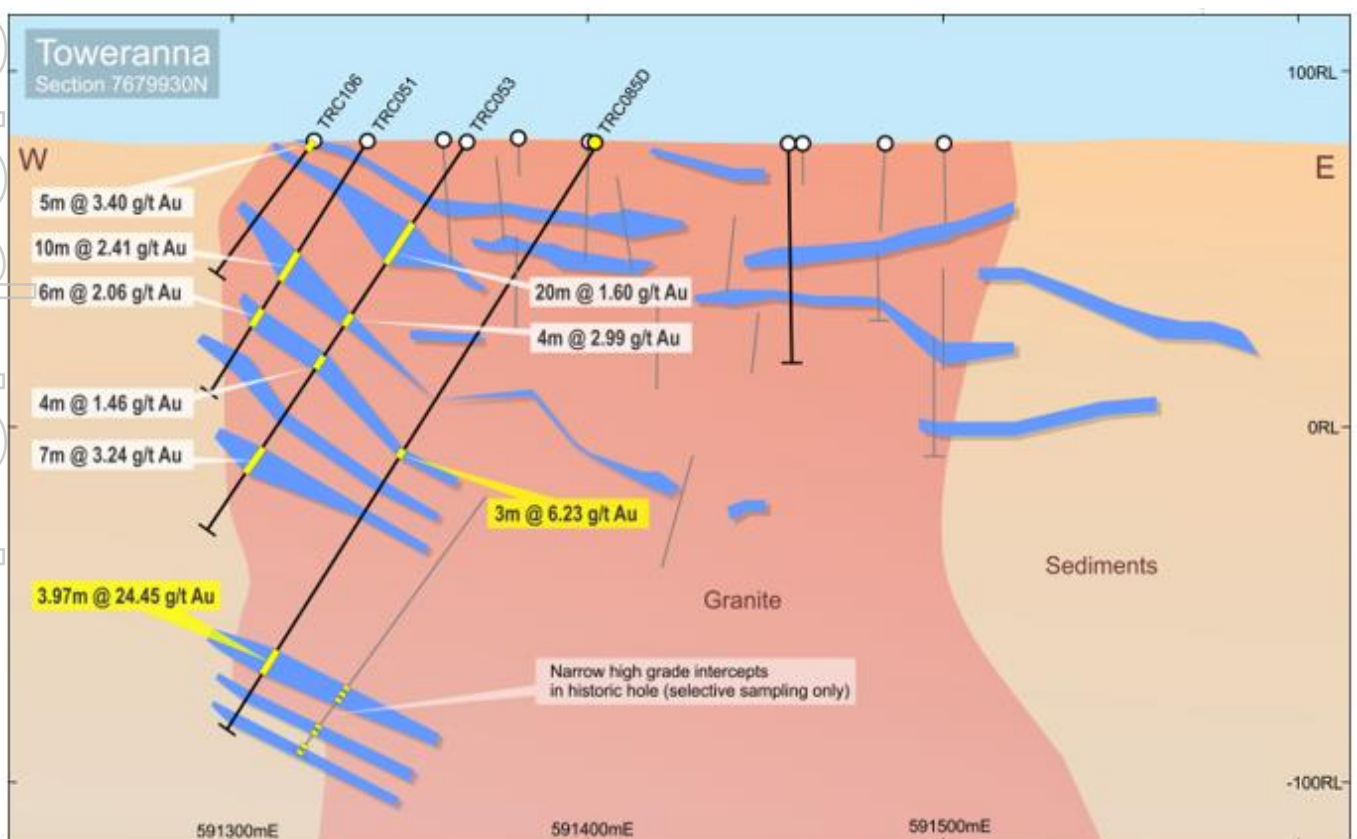


Figure 6 Toweranna – Section 7679930N



Mallina – resource increased to 3.83Mt @ 1.3g/t Au for 160,700 oz

Three diamond drill holes for a total advance of 195m were completed at Mallina to:

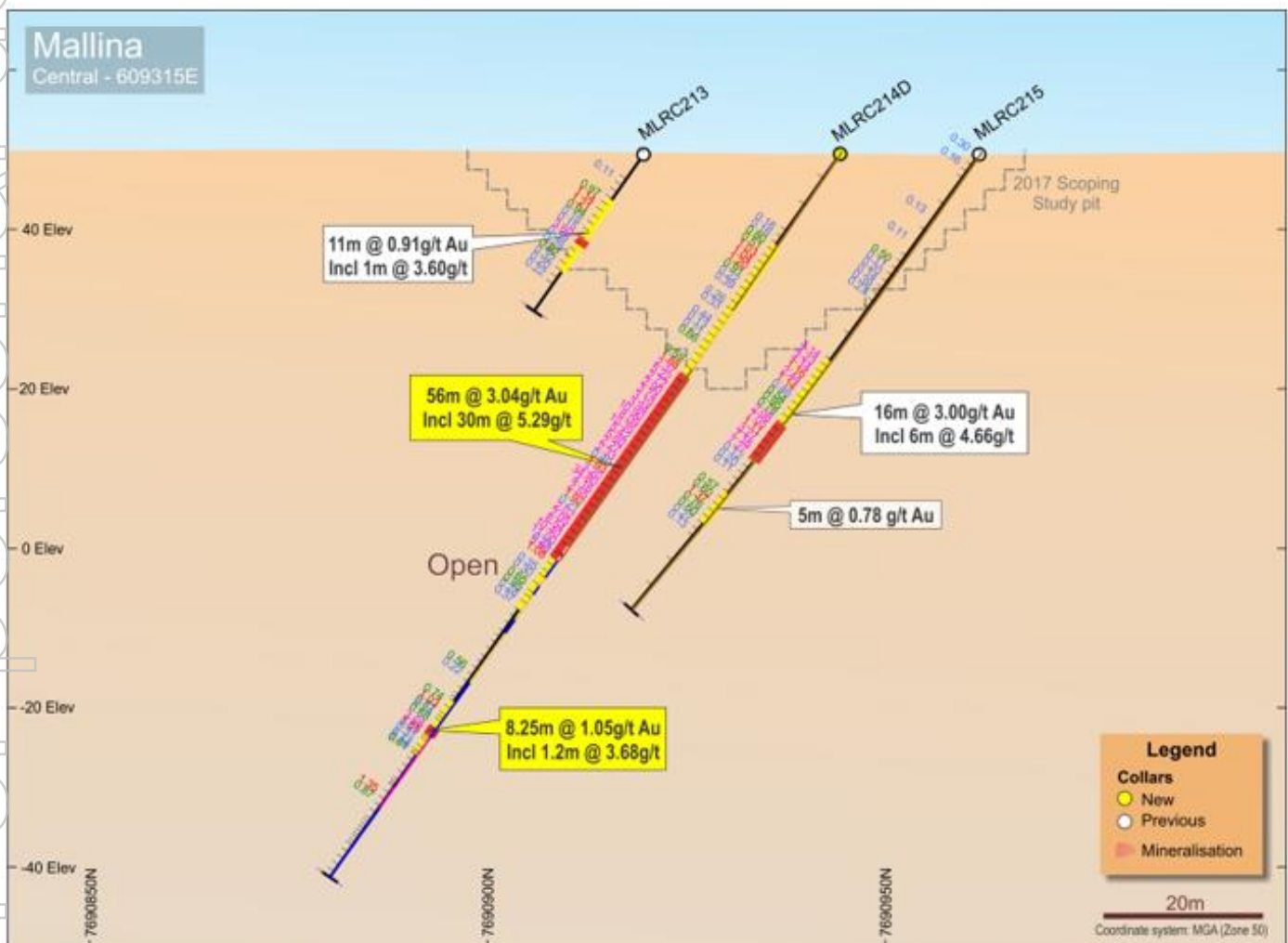
- provide additional geological and structural information;
- to follow up a previously reported hole, MLRC214D, which had ended in significant mineralisation (**+46m @ 3.26 g/t Au**); and
- provide core for metallurgical test work.

The diamond drill tail on MLRC214D provided a final intercept of 56m @ 3.04 g/t Au, including a high-grade interval of **30m @ 5.29 g/t Au**. Elevated gold grades were accompanied by a wide zone of intense alteration and sulphide development. Core observations show that the hole has not drilled down the dip of a mineralised zone providing added scope for resource growth with additional drilling.

The hole intersected a felsic porphyry around 20m below the 56m mineralised zone which also shows mineralisation at the hanging wall and footwall contacts, including **8.25m @ 1.05g/t**.

Test work on two diamond holes drilled for metallurgical purposes is underway as part of the on-going OPMFES.

Figure 6 Mallina Central Section 609315E



Wingina – resource stands at 5.5Mt @ 1.6g/t Au for 287,700 oz

At Wingina, the gold resource is defined over approximately 1km of strike length and is well drilled down to around 200m below surface and remains open. The on-going OPMPFS is assessing the deposit for open pit mining and exploration continues to assess the potential for extending the resources at depth and for underground mining potential. The 2017 Scoping Study defined a 140m deep open pit and underground potential remains open below this depth.

Beneath the 2017 Scoping Study open pit extents, high grade gold mineralisation continues as two interpreted plunging shots with drill intercepts showing continuous to semi continuous mineralisation generally greater than 5m wide and at grades better than 5g/t. In Australia, this tenor of grade and thickness is considered potentially mineable via underground mining methods provided sufficient resources and ounces per vertical metre are defined. Further drilling is required to establish sufficient resources for underground mining however the high-grade shoots already defined provide strong support that the high-grade gold mineralisation continues at depth and along strike and represents another potential underground mining target, similar to Withnell.

To test the down plunge extensions of gold mineralisation, a program of 3 diamond holes for a total of 718m was recently completed. Drilling has intersected the mineralised sub-vertical shear zone/structure in each hole as expected with similar styles of veining and sulphide mineralisation seen in adjacent drilling. The drill core is currently being geologically logged and sampled with all results pending.

Withnell Underground

As discussed previously, the Withnell deposit has four main subvertical lodes defined beneath the existing shallow previously mined open pit. Recent diamond drilling has targeted infill definition holes for improved geological control within a panel of gold mineralisation over a small portion (400m x 100m) of the underground target (800m x 500m).

Drilling results to date have successfully confirmed previous wide spaced drilling results and provides strong gold mineralisation within the targeted Lodes 1 and 2. Both lodes demonstrate high-grade gold mineralisation that remain open along strike and at depth at grades and widths similar to other underground gold mines operating in Australia.

The Company is very encouraged with the recent drilling results and is currently planning for an expanded underground drilling program to assess and define the extents of high-grade gold lodes at depth. This proposed new drilling program will aim to test the underground mining target between 200m to 600m vertical depth and along an initial 800m strike length. The program will initially target wider spaced holes (100m – 200m apart) and then infill (50-80m spacing) to better define the expected high-grade plunging shoots.

The recent diamond drilling program comprised of 15 holes for a total advance of 587m during the quarter. Results reported to date are summarized in Table 5, with additional results from 6 remaining holes are pending.

Table 4 – Summary of Drill Results from Withnell Underground drilling

Lode 1	Lode 2
4.85m @ 8.46 g/t Au from 158.15m (incl. 0.35m @ 70.4 g/t Au from 159.2 m)	3.8m @ 6.85g/t Au from 151.7m
5.6m @ 5.24g/t Au from 166.3m (incl 0.95m @ 21.3g/t Au from 170.2m)	7.97m @ 7.48g/t Au from 137.03m (incl 2.5m @ 14.52g/t Au from 138.5m)
1.4m @ 20.05g/t Au from 228.7m	
4.8m @ 6.63g/t Au from 165m (incl 1m @ 22.78g/t Au from 165.5m)	

The results have successfully confirmed:

1. Lode definition, geology and continuity along strike and dip;
2. High grade nature of mineralisation;
3. Stacked nature of lodes and potential for additional splays off the main lodes;
4. The strike rate of intersecting both lodes 1 & 2 is very high, both along strike and down dip;
5. Previous drill intersections, both low and high grade, which provides confidence in the deeper widespaced drill results; and
6. Potential for higher grade shoots within the broad mineralised system.

The recent more detailed drilling results provide support to the wider spaced previous drill results within the overall target. Lodes 1 and 2 have been previously intersected in widespaced drilling down to 350m and 300m below surface respectively (~200m below the proposed pit limits). The lodes are modelled as stacked, planar and semi-parallel lodes and mineralisation remains open along strike and at depth. Lodes 3 and 4 were not tested in this program and provide further potential.

Selected previous drill results for Lode 1 include:

9.7m @ 4.82 g/t Au	3.0m @ 16.0 g/t Au
7.3m @ 5.37 g/t Au	2.7m @ 10.81 g/t Au
12.5m @ 5.13 g/t Au	3.1m @ 8.37 g/t Au
9.1m @ 7.34 g/t Au	10.5m @ 2.06 g/t Au
6.1m @ 6.01 g/t Au	4.3m @ 3.25 g/t Au

(ASX Release of 1 October 2018 – “High Grade Lodes Confirm Withnell Underground Target”)

Figure 7 Withnell Underground drilling results, Section 624330E

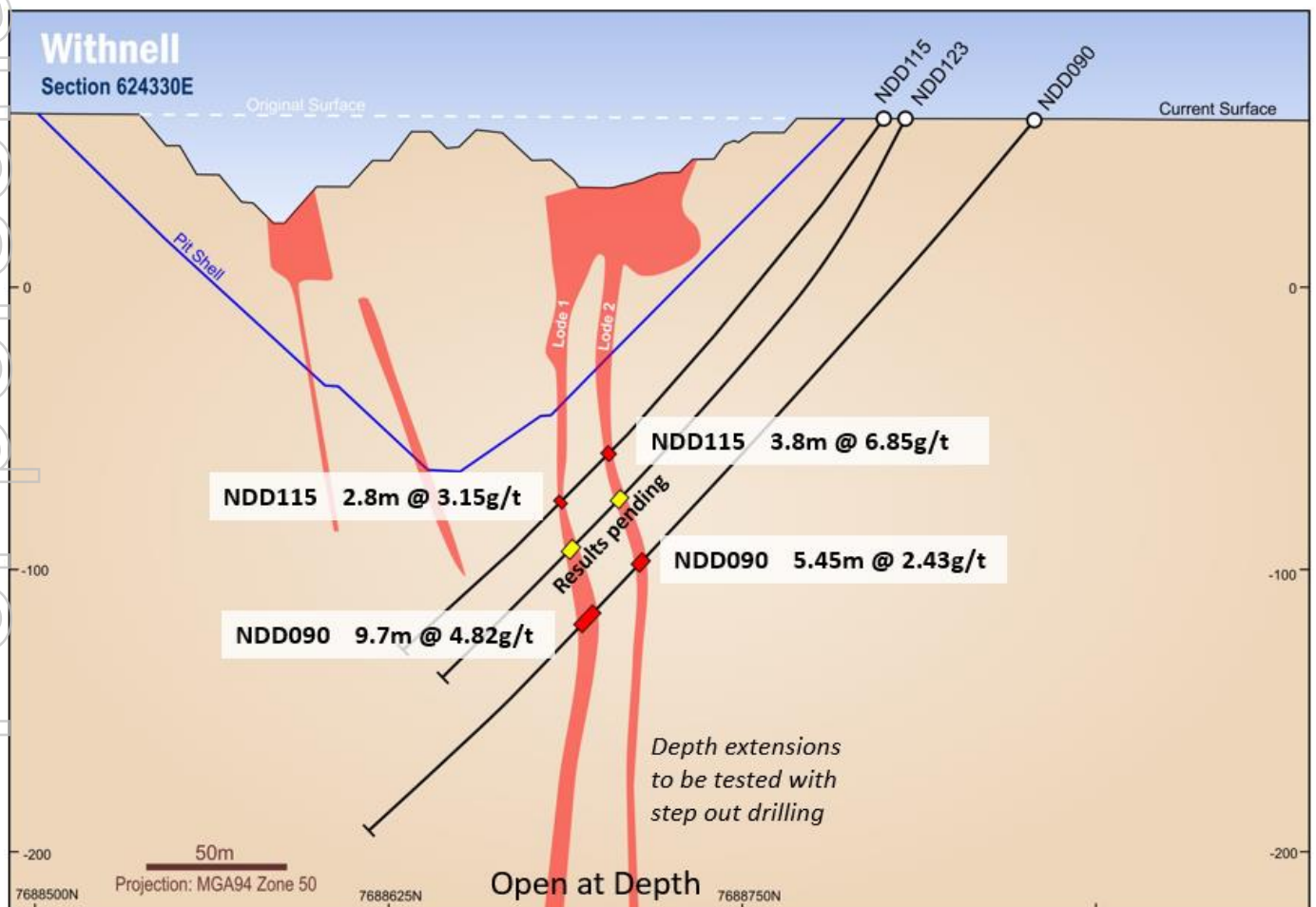
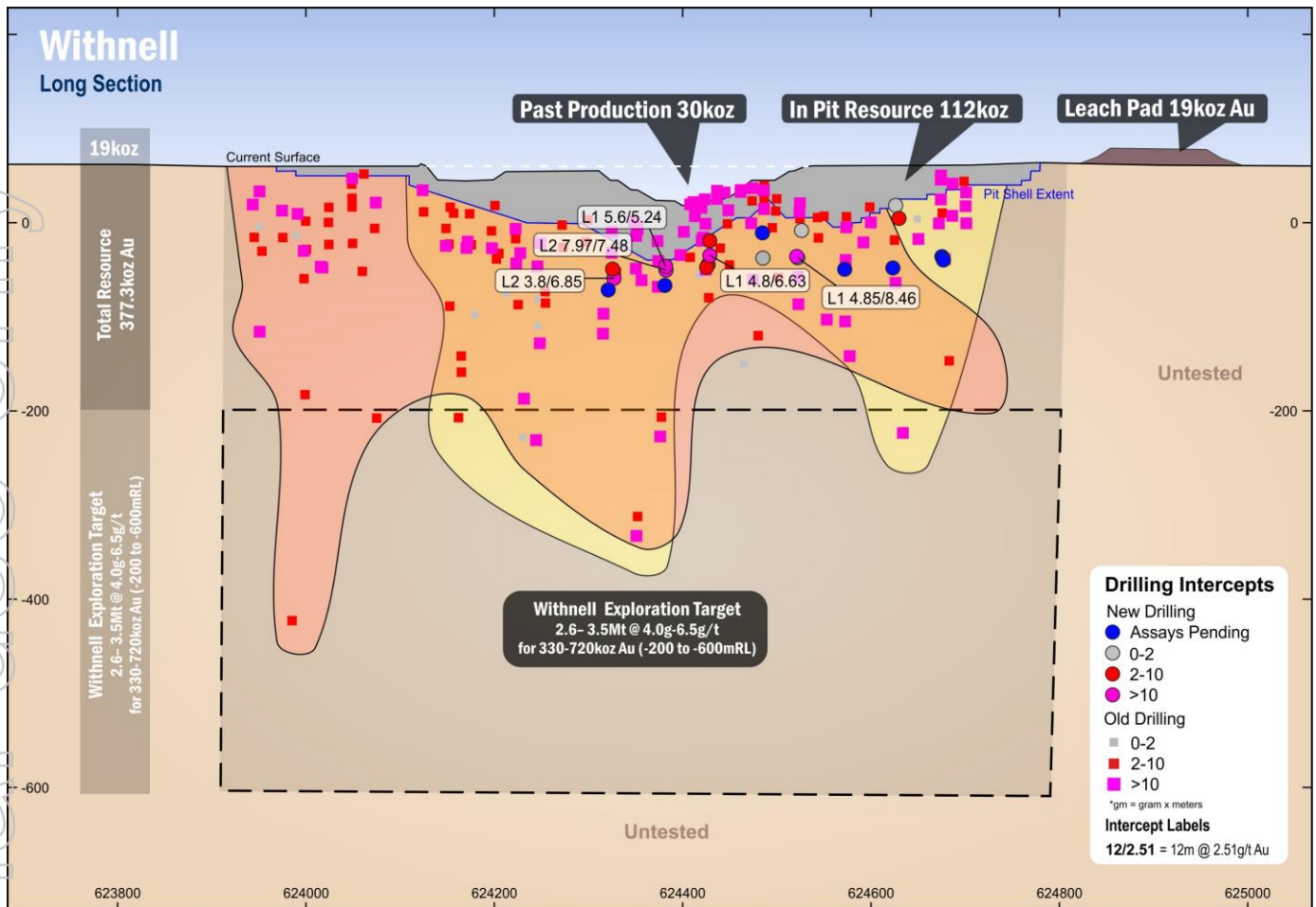


Figure 8 Withnell Underground drilling in long section showing target dimensions



Conglomerate Gold

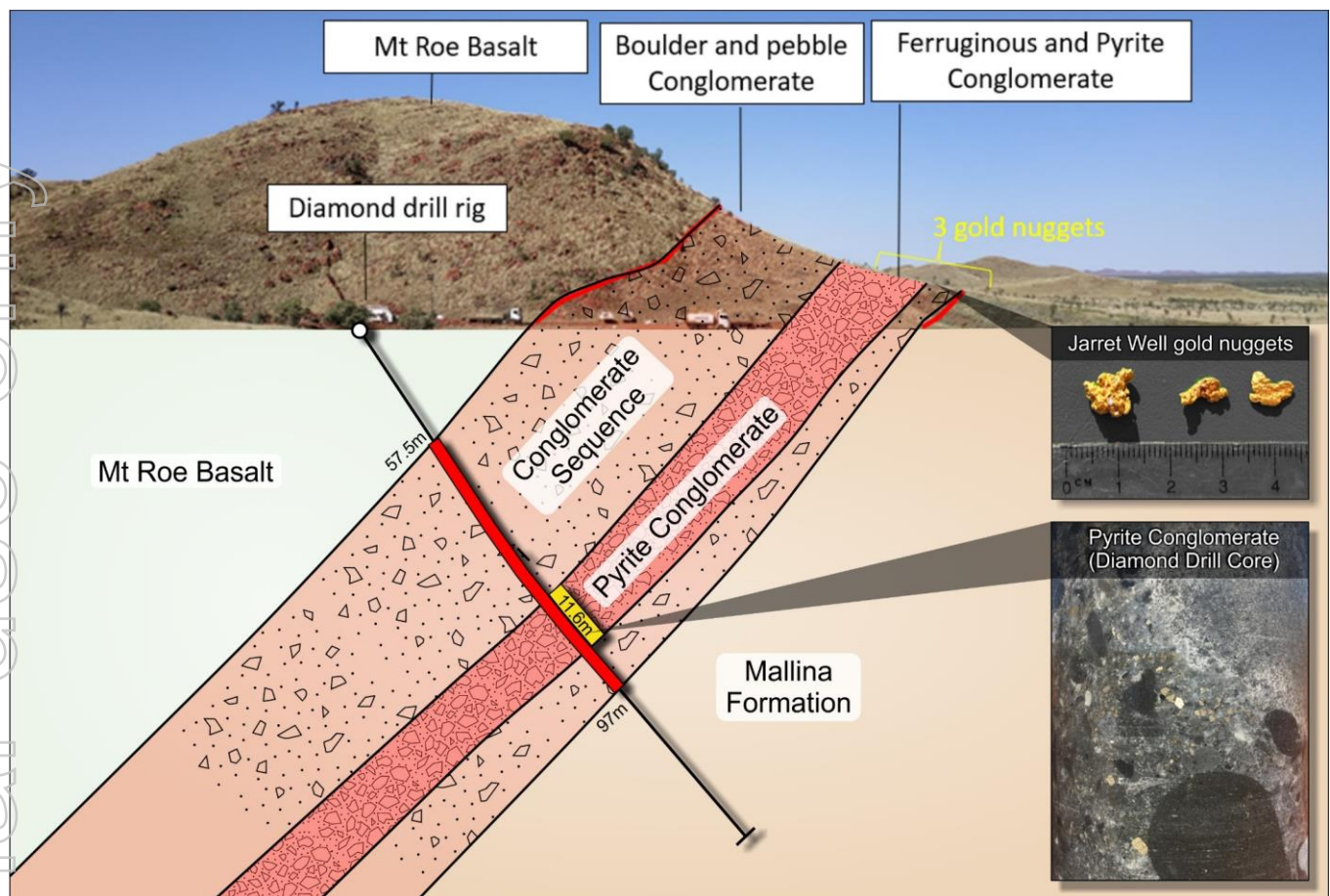
Diamond drilling at Jarret Well commenced during the June quarter, with initial geological highlights reported on 3 July 2018 “Jarret Well – 11.6m pyritic conglomerate intersected in drilling” and drilling at Steel Well reported on 10 August 2018 “68m conglomerate sequence intersected at Steel Well”.

The drilling program was aimed to provide a detailed stratigraphic assessment of the overall sequence prior to undertaking detailed bulk sampling.

The drilling at Jarret Well intersected variable conglomerates with an 11.6m pyritic conglomerate intersected (Figure 9). This unit is interpreted to represent the downdip extension of the ferruginous conglomerate mapped at surface and in close proximity to where 3 gold nuggets were previous found.

(ASX Release “Jarrett Well - 11.6m Pyritic Conglomerate intersected in drilling”, dated 23 July 2018).

Figure 9 - Jarret Well – Schematic cross-section showing simplified outcrop and correlation with new drill hole geology



The first stratigraphic diamond core hole at Steel Well was completed to 230.90m downhole with multiple conglomerate beds intersected down-dip of outcropping conglomerate, greywacke and siltstone units, demonstrating overall a true thickness of 68m. Additionally, multiple pyritic horizons were identified throughout the conglomerate sequence (Figure 10 and 11).

At Loudens, the Company commenced a program of bulk sampling.. This program comprises initial earthworks using a specialised excavator hammer to create good exposure of the conglomerate sequence. Subsequent logging , sample mark up, metal detecting and on-site bulk sampling is planned to initially define the preferred gold bearing units within the conglomerate sequence.

Once the preferred gold hosting units are defined, specific large volume samples (1-2 tonne) are planned to be sent to an independent laboratory for final gold analyses. All results of the initial onsite bulk sampling program remain pending. The bulk sampling program is expected to continue through the December quarter.

Figure 10 – Steel Well – Detrital pyrite in sericite-chlorite alter pebble to cobble conglomerate at 46.90m (core diameter 61.10mm).

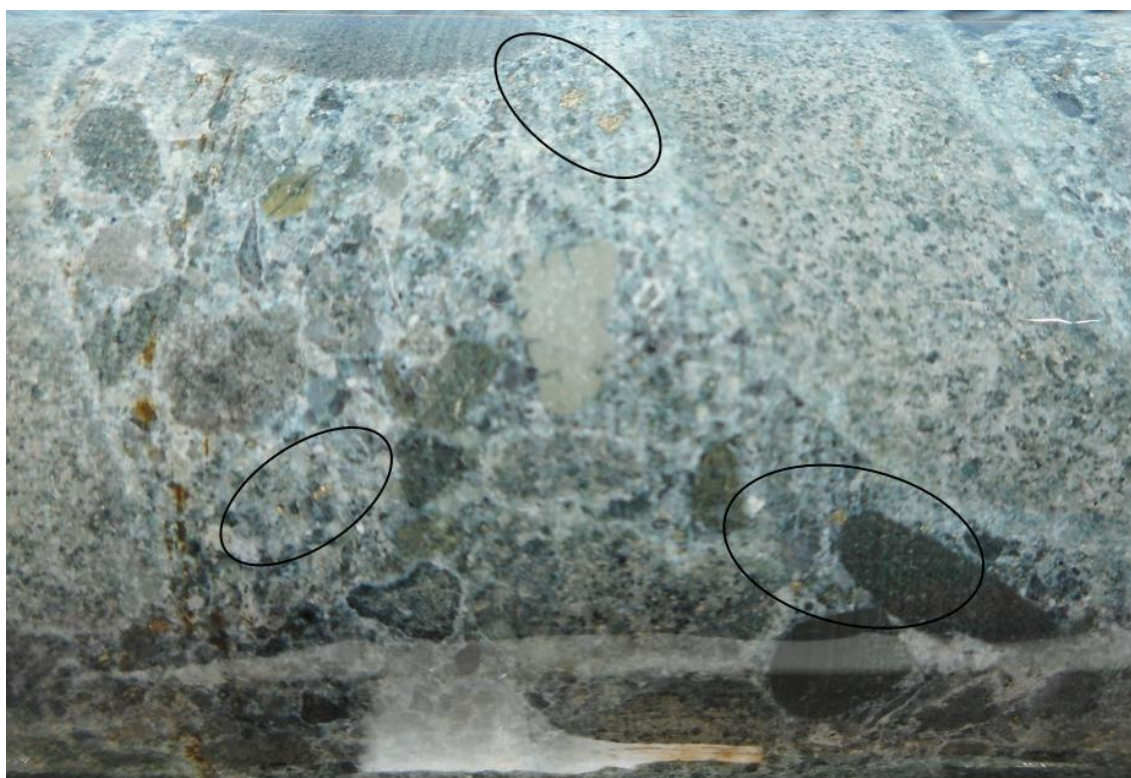
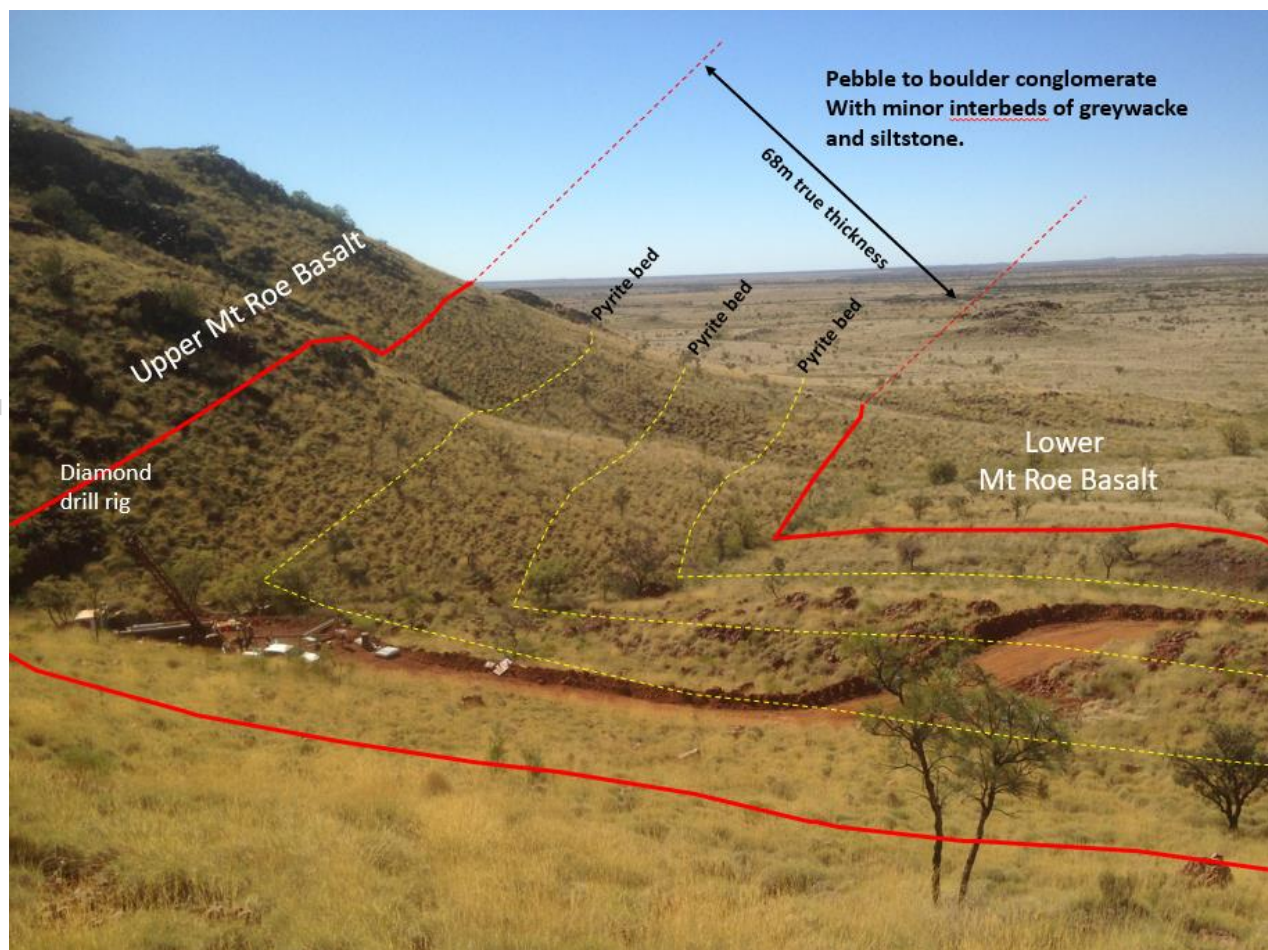


Figure 11 – Steel Well – Panoramic view of SWDD0001 looking northeast showing conglomerate sequence and location of pyritic conglomerate beds.



Regional Prospect Pipeline

During the period De Grey has carried out substantial preparatory work to improve the large portfolio of various gold targets throughout the project area. This work has included the acquisition of a large area of detailed airborne magnetics and integration into the existing magnetic dataset. Detailed interpretation of this new data and the extensive existing exploration data is currently underway.

At Mt Berghaus, a trial Sub-Audio Magnetic (SAM) geophysical survey over the 6km x 1km corridor commenced during the quarter and was recently completed during October. Initial review of the data suggests this survey has been successful in delineating new structures that may aid future drill targeting in the prospect area. Detailed processing and interpretation relative to known mineralisation is currently underway and will be reported during the December quarter.

Numerous Program of Works have been approved by the WA Mines Department and associated heritage surveys were undertaken to provide access for drilling purposes.

Open Pit Mining Pre-Feasibility Study

The OPMPFS continues to advance with substantial efforts focussed on:

- Metallurgical test work across majority of deposits (ALS Metallurgy and GRES)
- Plant design (GRES)
- New resource models (PayneGeo consultants)
- Geotechnical assessment (Peter O'Bryan & Associates)

During the December Quarter, the main work will focus open pit optimisations and scheduling (Cube Consulting), design and costing of the proposed plant (GRES). The OPMPFS is now likely to be completed in the first quarter of 2019, due to more drilling undertaken than expected throughout the year and the delay to finalise the 2018 final resource block model before optimisation could commence. This delay is a positive aspect as the recent extension of drilling programs has provided increased resource and a better understanding of the deposits in terms of resources and metallurgy characteristics.

The Company expects that reporting on various aspects of the OPMPFS to commence during the December quarter.

Future Work Programs on Gold Targets

De Grey intends to continue accelerated exploration activities throughout the remainder of the December quarter of 2018.

The focus of work will include:

- RC drilling at White Quartz Hill and Clarke targets on the Farno JV tenements – drilling now complete with results pending
- RC drilling at Amanda to extend the resource area
- Diamond drilling at Toweranna to confirm quartz vein orientation on the eastern and northern portion of the deposit prior to RC drilling to expand the resource in this area.
- RC precollars for diamond core tails at Withnell Underground target
- RC follow-up drilling targeting new SAM trends for resource extensions
- RC and diamond drilling at Mallina for extensions of mineralisation at depth and along strike.
- RAB/Aircore drilling initially on the Farno JV priority targets

News flow over the coming month includes:

- Wingina and Withnell underground drilling finalisation of results
- Conglomerate gold bulk sampling updates
- Farno JV RC drilling results – Clarke and White quartz Hill prospects
- Mt Berghaus SAM survey targeting results
- OPMPFS progress results
- King Col lithium and caesium diamond drilling results

Base Metals

Discovery and Orchard Tank Base Metals Resources

Orientation soils sampling over areas of thin sand cover undertaken to determine preferred sampling media for future work programs

The Company is currently assessing the new targets and preparing programs to test the priority base metal targets along the Tabba Tabba Greenstone belt.

Lithium

King Col

The Company has completed two diamond holes twinning the previous positive RC drill holes at the King Col lithium prospect. The core has been logged, processed, thin section samples submitted and mineral scanning planned. Assays results are expected to be reported shortly.

Beyondie

The magnetite iron ore project at Beyondie is under the management of joint venture partner Fenix (ASX: FEX, "Fenix" formerly Emergent Resources), who have earned an 80% interest in the iron ore mineral rights (iron ore, vanadium and manganese) of the project. Fenix have advised De Grey that there has been no change to their current status on this tenement.

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

Sands Royalty

De Grey generated royalty revenues of \$6,825 (June Quarter \$3,759) for the September quarter. This quarter the royalty represents an 80% increase on the June Quarter 2018 and reflects both seasonal and increasing construction activities in the Pilbara region.

Corporate

Cash at the end of the quarter of \$3.17M.

During the quarter the Company completed the following securities issues;

- \$5.0 Million placement completed in July 2018 under a subscription agreement with Pilbara neighbour DGO Gold Limited ("DGO"). Under the agreement DGO subscribed to 25M shares at \$0.20 per share, and two tranches of free attaching unlisted options, being 12.5M options exercisable at \$0.25 by 30 November 2019; and 12.5M options exercisable at \$0.30 by 30 May 2021. The DGO shares are subject to a 12 month escrow from the date of subscription.
- An agreement was entered into with Top Drill Pty Ltd, that from 1 June 2018, 30% of every invoice will be paid in DEG equity, with an equity calculation based on a 10% discount to the 5 days VWAP preceding the invoice. The shares will be subject to a 6 month escrow from the date of invoice, and allotted from the Company's existing LR7.1 placement capacity. Equity will be issued up to a total of \$1.0M, equivalent to approximately \$3.0M of drilling. During the September quarter a total of 1.62M shares at an average price of \$0.1725 per share was issued.
- No transaction fees were payable on the either DGO or Top Drill funding.
- In addition, there was a total of 2.27M shares issued on the exercise of options during the quarter, raising ~\$121,000.

For further information:

Simon Lill (*Executive Chairman*) or

Andy Beckwith (*Technical Director and Operations Manager*)

De Grey Mining Ltd

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Competent Person

The information in this report that relates to exploration results is based on, and fairly represents information and supporting documentation prepared by Mr. Phil 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.

The Information in this report that relates to Mineral Resources 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.

Appendix 1: Resources Statement

(* ASX release "2018 Total Gold Mineral Resource increases to 1.4Moz", 3 October 2018)

Total Mineral Resource - Gold, October 2018

All gold deposits are reported at a 0.5g/t Au cut-off grade except Withnell below -100mRL and Wingina below -55mRL where a 1.0g/t Au cut-off was applied. Leach Pad resource reported at zero cut-off grade.

De Grey Mining Limited Total Mineral Resources - Gold

Mining Centre	Type	Measured			Indicated			Inferred			Total		
		Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz
Withnell	Oxide	0.92	1.8	52,300	2.70	1.4	120,400	1.25	1.4	56,700	4.86	1.5	229,400
	Fresh	0.48	1.5	22,500	4.64	1.7	250,000	6.19	1.9	372,500	11.30	1.8	644,900
	Total	1.39	1.7	74,800	7.33	1.6	370,400	7.43	1.8	429,200	16.16	1.7	874,300
Wingina	Oxide	2.68	1.8	152,100	1.83	1.5	86,900	1.64	1.2	61,400	6.16	1.5	300,400
	Fresh	0.40	1.6	20,500	0.68	1.6	34,500	3.85	1.3	163,900	4.93	1.4	219,000
	Total	3.08	1.7	172,700	2.51	1.5	121,500	5.49	1.3	225,300	11.09	1.5	519,400
Total Pilbara Gold Project	Oxide	3.60	1.8	204,400	4.53	1.4	207,400	2.89	1.3	118,100	11.02	1.5	529,900
	Fresh	0.88	1.5	43,000	5.32	1.7	284,500	10.04	1.7	536,400	16.23	1.7	863,900
	Total	4.47	1.7	247,400	9.85	1.6	491,800	12.93	1.6	654,500	27.25	1.6	1,393,800

All gold deposits are reported at a 0.5g/t Au cut-off grade except Withnell below -100mRL and Wingina below -55mRL where a 1.0g/t Au cut-off was applied.

Withnell Mining Centre Mineral Resources - Gold

Deposit	Type	Measured			Indicated			Inferred			Total		
		Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz
Withnell	Oxide	0.57	1.3	23,300	0.22	1.6	11,400	0.15	1.1	5,400	0.94	1.3	40,000
	Fresh	0.45	1.4	20,900	2.57	1.8	145,200	2.41	2.2	171,200	5.43	1.9	337,300
	Total	1.02	1.3	44,100	2.79	1.7	156,600	2.56	2.1	176,600	6.37	1.8	377,300
Mallina	Oxide				0.45	1.3	19,100	0.55	1.2	21,300	1.00	1.3	40,500
	Fresh				0.81	1.2	31,400	2.01	1.4	88,800	2.82	1.3	120,200
	Total				1.26	1.2	50,600	2.57	1.3	110,100	3.83	1.3	160,700
Toweranna	Oxide				0.27	2.2	18,400	0.23	2.1	15,700	0.50	2.1	34,100
	Fresh				0.46	2.5	36,000	1.06	2.2	73,800	1.51	2.3	109,800
	Total				0.72	2.3	54,400	1.29	2.2	89,500	2.01	2.2	143,900
Camel	Oxide	0.18	2.8	16,400	0.32	2.6	26,800	0.04	1.1	1,500	0.54	2.6	44,700
	Fresh	0.01	2.1	600	0.14	1.4	6,500	0.14	1.8	8,600	0.29	1.7	15,700
	Total	0.19	2.8	17,000	0.46	2.2	33,300	0.19	1.7	10,100	0.84	2.2	60,400
Calvert	Oxide				0.43	1.3	17,900	0.05	0.8	1,400	0.48	1.3	19,300
	Fresh				0.56	1.3	23,800	0.23	1.2	9,300	0.79	1.3	33,100
	Total				0.99	1.3	41,700	0.28	1.2	10,700	1.27	1.3	52,400
Roe	Oxide	0.06	2.7	5,500	0.13	1.5	6,000	0.11	1.6	5,700	0.30	1.8	17,200
	Fresh	0.01	2.5	1,000	0.07	2.3	5,300	0.21	2.2	14,800	0.30	2.2	21,100
	Total	0.08	2.7	6,500	0.20	1.8	11,300	0.33	2.0	20,500	0.60	2.0	38,300
Dromedary	Oxide	0.10	2.2	7,200	0.03	1.6	1,400	0.04	1.6	2,200	0.17	1.9	10,800
	Fresh				0.03	1.6	1,700	0.08	1.8	4,700	0.12	1.7	6,400
	Total	0.10	2.2	7,200	0.06	1.6	3,200	0.12	1.7	6,900	0.29	1.9	17,200
Leach Pad	Oxide				0.86	0.7	19,300				0.86	0.7	19,300
	Fresh										0.00	0.0	0
	Total				0.86	0.7	19,300				0.86	0.7	19,300
Hester	Oxide							0.07	1.6	3,500	0.07	1.6	3,500
	Fresh							0.03	1.2	1,300	0.03	1.2	1,300
	Total							0.10	1.5	4,800	0.10	1.5	4,800
Withnell Mining Centre	Oxide	0.92	1.8	52,300	2.70	1.4	120,400	1.25	1.4	56,700	4.86	1.5	229,400
	Fresh	0.48	1.5	22,500	4.64	1.7	250,000	6.19	1.9	372,500	11.30	1.8	644,900
	Total	1.39	1.7	74,800	7.33	1.6	370,400	7.43	1.8	429,200	16.16	1.7	874,300

Wingina Mining Centre Mineral Resources - Gold

Deposit	Type	Measured			Indicated			Inferred			Total		
		Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz
Wingina	Oxide	2.68	1.8	152,100	0.65	1.3	27,000	0.34	1.3	14,400	3.67	1.6	193,500
	Fresh	0.40	1.6	20,500	0.34	1.5	16,300	1.08	1.7	57,400	1.82	1.6	94,200
	Total	3.08	1.7	172,700	0.99	1.4	43,300	1.42	1.6	71,700	5.49	1.6	287,700
Mt Berghaus	Oxide				0.68	1.8	38,900	0.99	1.1	35,800	1.67	1.4	74,700
	Fresh				0.27	1.7	14,400	2.40	1.2	91,800	2.77	1.2	106,300
	Total				0.95	1.7	53,300	3.39	1.2	127,600	4.34	1.3	181,000
Amanda	Oxide				0.50	1.3	21,000	0.32	1.1	11,200	0.82	1.2	32,200
	Fresh				0.07	1.7	3,800	0.37	1.2	14,800	0.44	1.3	18,500
	Total				0.57	1.3	24,800	0.69	1.2	26,000	1.26	1.3	50,800
Wingina Mining Centre	Oxide	2.68	1.8	152,100	1.83	1.5	86,900	1.64	1.2	61,400	6.16	1.5	300,400
	Fresh	0.40	1.6	20,500	0.68	1.6	34,500	3.85	1.3	163,900	4.93	1.4	219,000
	Total	3.08	1.7	172,700	2.51	1.5	121,500	5.49	1.3	225,300	11.09	1.5	519,400

Total Mineral Resource – Base Metals, September 2017

All (Discovery and Orchard Tank) deposits are reported at a 0.5% Zn cut-off grade.

Turner River Project Base Metal Mineral Resources

Deposit	Class	Tonnes	Zn	Pb	Cu	Au	Ag	Zn	Pb	Cu	Au	Ag
		Mt	%	%	%	ppm	ppm	Metal Tonnes	Metal Tonnes	Metal Tonnes	Oz	kOz
Discovery Massive Sulphide	Indicated	0.27	5.2	2.4	0.2	1.9	192	13,900	6,400	600	16,300	1,600
	Inferred	0.35	5.2	2.1	0.2	1.3	196	18,200	7,100	600	14,100	2,200
	Total	0.61	5.2	2.2	0.2	1.5	194	32,100	13,500	1,200	30,400	3,800
Discovery Deposit Halo Mineralisation	Indicated	0.15	0.9	0.5	0.1	0.9	47	1,300	700	100	4,300	200
	Inferred	0.63	1.1	0.5	0.1	0.6	60	6,900	2,900	400	11,700	1,200
	Total	0.78	1.0	0.5	0.1	0.6	57	8,200	3,600	400	16,000	1,400
Discovery Deposit Total	Indicated	0.41	3.7	1.7	0.2	1.6	140	15,200	7,100	700	20,600	1,900
	Inferred	0.98	2.6	1.0	0.1	0.8	108	25,100	10,000	900	25,800	3,400
	Total	1.39	2.9	1.2	0.1	1.0	118	40,300	17,100	1,700	46,400	5,300
Orchard Tank Deposit Total	Indicated											
	Inferred	2.08	3.4	1.4	0.1	0.7	105	70,800	28,900	2,400	45,500	7,000
	Total	2.08	3.4	1.4	0.1	0.7	105	70,800	28,900	2,400	45,500	7,000

Turner River Total Base Metal Mineral Resources

	Class	Tonnes	Zn	Pb	Cu	Au	Ag	Zn	Pb	Cu	Au	Ag
		Mt	%	%	%	ppm	ppm	Metal Tonnes	Metal Tonnes	Metal Tonnes	Oz	kOz
De Grey Total	Indicated	0.41	3.7	1.7	0.2	1.6	140	15,200	7,100	700	20,600	1,900
	Inferred	3.06	3.1	1.3	0.1	0.7	106	95,800	39,000	3,400	71,300	10,400
	Total	3.47	3.2	1.3	0.1	0.8	110	111,000	46,100	4,100	91,900	12,300

Appendix 2: Tenement Holdings and Movements

Schedule of Mining Tenements and Beneficial Interests

Held as at the end of the September 2018 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	E47/3552	100%
Turner River	Australia	E47/3553	100%
Turner River	Australia	E47/3554	100%
Turner River	Australia	P47/3750	100%
Turner River	Australia	P45/3028	100%
Turner River	Australia	P45/3029	100%
Turner River	Australia	P47/1827	100%
Turner River	Australia	P47/1886	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 September 2018 Quarter

Project/Location	Country	Tenement	Granted Date
Nil			

Schedule of Mining Tenements and Beneficial Interests

Disposed of during the September 2018 Quarter

Project/Location	Country	Tenement	Withdrawal Date
Nil			