

ASX ANNOUNCEMENT

14 September 2020

Not for release to US wire services or distribution in the United States

A\$100 million Capital Raising

Highlights

- Commitments received for a Placement of approximately 83.4 million shares priced at A\$1.20 per share to raise \$100 million (before costs) through clients of Argonaut Securities Pty Ltd and Canaccord Genuity (Australia) Limited as Joint Lead Managers and Bookrunners.
- Pricing represents a 16.4% discount to the last traded share price and a 1.0% premium to the 10 day VWAP.
- The Placement provides a strong endorsement of De Grey's assets, being more than 3 times overbid.
- Further major shareholder participation, led by DGO Gold Limited, and global institutional participation.
- Placement concluded as De Grey Mining is poised to enter the ASX 300 index and the GLDJX index.
- Proceeds of Placement to fund ongoing extension and definition drilling of the Hemi discovery, testing of mineralised intrusions close to Hemi, regional exploration of intrusion and shear-hosted targets, enhanced site infrastructure and early stage project de-risking studies.

Managing Director Glenn Jardine said:

"The Hemi discovery in the Mallina Basin is rapidly moving towards our goal of defining a Tier 1 project with true district-scale potential. Mineralisation in the Hemi area has been identified over an area spanning +2,500m north-south and +2,000m east-west, with depths of +400m in areas tested.

"This significant capital raising puts De Grey in a position of financial strength to turn this potential into greater value for all of our shareholders. The support of most of our long-term shareholders together with some new shareholders, allows the Company to maintain its substantial drilling program whilst accelerating exploration in some areas. Our intention is to maintain a minimum six drill rigs in operation well into the second half of 2021 which will continue to generate results and growth in our gold inventory. We already have 2.2 million ounces of Mineral Resources from our shear hosted deposits and expect to add substantially to this through the delivery of a maiden Mineral Resource Estimate for the Hemi discovery by mid-2021.

"The participation of many global precious metals and long only generalist funds in the placement is another strong endorsement of both our potential and our strategy. We thank all the groups that participated.

De Grey has never been better placed to achieve our goal of realising a Tier 1 gold project at Hemi."

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De Grey Mining Limited (ASX: DEG, “De Grey” or “Company”) is pleased to advise that the Company has received firm commitments for a placement of approximately 83.4 million shares (“Placement Shares”) at a price of A\$1.20 per share to raise A\$100.0 million (before costs) (“Placement”).

Argonaut Securities Pty Limited and Canaccord Genuity (Australia) Limited are acting as Joint Lead Managers and Bookrunners to the Placement. Bell Potter is acting as Co-Manager to the Placement. Azure Capital Pty Ltd is acting as corporate adviser to the Placement.

The Placement pricing represents a 16.4% discount to the last traded share price of \$1.435 on 8 September 2020 and a 1.0% premium to the 10 day volume weighted average price.

Under the Placement:

- Major shareholder DGO Gold Limited (ASX: DGO) “DGO” has committed to invest a further A\$12.0M which will result in a holding of 15.8% at completion; and
- Non-Executive Director Peter Hood has also committed to a further investment of A\$360,000.

Both DGO and Mr Hood’s investments are subject to the approval of shareholders which will be sought at an Extraordinary General Meeting expected to be held in late October 2020. The commitment by DGO will lift its total investment in De Grey to \$43 million since May 2018, including participation in every capital raising since its initial investment.

The Placement was strongly supported, with high levels of institutional participation that included many Australian funds and global precious metals and other specialist resource funds from the Northern Hemisphere.

Coinciding with the Placement, Non-Executive Chairman Simon Lill, Executive Director Andrew Beckwith and CFO/Company Secretary Craig Nemes have completed a partial selldown of their shareholdings, totalling 2.6 million shares, at the same price as the Placement. The partial selldown is being conducted for personal financial reasons including to fund the exercise of 2.5 million De Grey options.

Indices

Effective from 21 September 2020, the Company enters the S&P/ASX 300 Index. The Company has also been advised that it is to be included in the MVIS Junior Gold Miners Index (MVGDXJ).

The inclusion of De Grey in both these indexes is a significant milestone in the company’s continued growth and a clear indicator to our shareholders that our exploration strategies are on target.

Use of Funds

The Company currently has two diamond rigs, two RC rigs and one aircore rigs in operation at Hemi and a second aircore rig operating in the Greater Hemi area. The new funds will allow this extension and definition drilling to continue well into 2021.

The Greater Hemi system remains open along strike and at depth, with multiple rigs currently testing extensional targets. As the recent discoveries of the Falcon zone and new lode within the Crow zone show, considerable scope exists in the immediate boundaries of the Hemi discovery to further grow and upgrade the mineralisation footprint.

The district scale opportunity at the Mallina Gold Project continues to be a significant focus for the company. Three of the four known intrusions within the area immediately surrounding Hemi contain gold mineralisation. In the coming months, we will allocate more drilling resources to fully test these areas. Beyond the Hemi and Greater Hemi area there are known intrusion and shear-hosted targets throughout our 150km long contiguous land position we have yet to even test, along with large areas which have had no first pass target generation work.

Funding will also be allocated to a range of additional areas, including:

- Exploration and definition of the known mineralised intrusions close to Hemi (e.g. Scooby, Shaggy and Antwerp)
- Exploration and initial drill testing of regional intrusion targets
- Further target generation work including geochemical surveys and geophysical surveys
- Exploration and extensional drilling on the deposits which make up the existing 2.2Moz Mineral Resource outside Hemi
- Further early stage project de-risking studies
- Improvements to site infrastructure including accommodation and communications
- General working capital

A summary of the Company's available funds and budget allocation is contained in Table 1.

Table 1 – Use of Funds

Net Funds Available		A\$M
Net cash reserves as at 31 August 2020		24.7
Total funds raised under the Placement (before costs)		100.0
Expected exercise of unlisted options (including options linked to the partial sell down)		2.0
Total		126.7
Items of Expenditure		A\$M
Ongoing resource growth and discovery drilling		83.3
Capital expenditure (accommodation camp and non-processing)		17.7
Working capital and expenses to the Placement ¹		25.7
Total		126.7

¹ Broking commissions, legal, ASX, registry and other costs associated with the raising.

It is the Company's intention to use the funds raised as detailed, however intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied.

Completion of the Placement

The 1st Tranche of Placement Shares will be issued in accordance with the Company's available 15% placement capacity pursuant to ASX Listing Rule 7.1.

The 2nd Tranche Placement Shares are, subject to obtaining shareholder approval, to be issued to DGO and Mr Hood.

The Placement Shares will rank equally with existing De Grey ordinary shares quoted on the ASX.

As per the timetable (Table 2), the issue of the Placement Shares is expected to occur on 18 September 2020.

Table 2 – 1st Tranche Placement Timetable

Event	Date
Placement Commitments Announced	14 September 2020
Settlement of New Shares via DVP	17 September 2020 ²
Allotment and Quotation of New Shares	18 September 2020 ²
Dispatch of Holding Statements	18 September 2020 ²

²These dates are indicative only and are subject to change.

A table of recent material Company announcements follows in Appendix A. Nothing contained in this announcement constitutes investment, legal, tax or other advice. Investors should seek appropriate professional advice before making any investment decision.

An Appendix 3B for the proposed issue of securities will follow this announcement.

This ASX report is authorised for release by the De Grey Board.

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Forward Looking Statements Disclaimer

This announcement as prepared by De Grey Mining Limited (or the “Company”) include forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licenses and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the Company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and its management’s good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company’s business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company’s business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company’s control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant securities exchange listing rules, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

APPENDIX A - Recent Material ASX Releases

Resources

- 2020 Mallina Gold Project Resource update, 2 April 2020

All material assumptions and technical parameters underpinning the Mineral Resource Update in the ASX announcement titled "2020 Mallina Gold Project Resource update ", dated 2 April 2020 continues to apply and have not materially changed since last reported.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Exploration

- Hemi confirms potential for major discovery, 6 February 2020;
- Further impressive thick and high grade gold at Hemi, 11 February 2020;
- Major extension of sulphide mineralisation at Hemi, 26 February 2020;
- RC drilling confirms large scale gold system at Hemi, 5 March 2020;
- Continuing extensive sulphide mineralisation intersected at Hemi, 10 March 2020;
- Hemi continues to grow, 17 March 2020;
- Major Gold Extensions defined at BROLGA, 25 March 2020.
- Mallina Update, 1 April 2020
- Brolga Continues to grow, 9 April 2020
- Aircore Drilling defines third large gold zone at Hemi, 17 April 2020
- Brolga and Aquila drilling update, 22 April 2020
- Large gold system defined at Crow, 1 May 2020
- Exploration update, 20 May 2020
- Significant extension at Hemi- Aquila, 27 May 2020
- HEMI – Major extension, 5 June 2020
- HEMI – Broad, high grade extensions at Aquila, 9 June 2020
- Further high grade and expanded footprint at Hemi, 22 June 2020
- High gold recoveries achieved at Hemi, 9 July 2020
- Further extensions confirmed at Brolga, 10 July 2020
- Hemi scale grows with Aquila new extensions, 22 July 2020
- Strong results boost Aquila westerly extension, 5 August 2020
- Aquila mineralisation extends to 400 vertical metres, New lode identified at Crow
- Brolga mineralisation extends north towards Aquila, northeast towards Scooby, 21 August
- Exceptional high grade gold intercept at Crow, 27 August 2020
- Falcon - Falcon – Major new gold discovery at Hemi, 2 September 2020