

## ASX ANNOUNCEMENT

22 June 2023

# Exploration Agreement signed with Novo Resources Corp

## *Significantly expands De Grey's exploration footprint to 2500km<sup>2</sup>*

- **Heads of Agreement signed with Novo Resources Corp, covering the Egina Project.**
- **Egina Project represents:**
  - Large strategic land package adjoining De Grey's Mallina Gold Project
  - Expands De Grey's exploration exposure in the Mallina Basin by 70% to a total of +2,500km<sup>2</sup>
  - Highly prospective for large scale, intrusion-related gold deposits similar to Hemi, as well as shear-hosted orogenic deposits;
- **Key terms of the Egina Project Heads of Agreement include:**
  - De Grey has the right to earn a 50% joint venture interest in the Novo tenements by spending A\$25M over four years, with a minimum of A\$7M within 18 months.
  - De Grey to act as project manager during the earn-in period.
  - Upon De Grey earning a 50% interest, a Joint Venture to be formed with customary funding and dilution rights applied to both parties;
  - De Grey retains role of project manager whilst its interest remains at or above 50%.

### *Corporate Investment in Novo*

- **Strategic A\$10M corporate investment in Novo made via separate Subscription Agreement:**
  - De Grey to become Novo's largest shareholder with resultant 11.6% shareholding.
  - Right, but no obligation, to increase investment in Novo as part of their planned dual listing on the Australian Securities Exchange<sup>1</sup>

De Grey Managing Director, Glenn Jardine, commented:

*"This agreement represents a considered and strategic transaction for De Grey to build on our dominant position in the Mallina Basin Gold Province.*

*We believe the Egina Project represents extensions to the prospective geology and fertile structures along strike from our existing discoveries. We are excited to have reached this agreement with Novo and look forward to advancing exploration into these new areas.*

*De Grey remains focused on the delivery of the Definitive Feasibility Study for the Mallina Gold Project in the September quarter. The DFS is expected to strongly support the development of a major gold processing facility at Hemi, providing a regionally strategic asset in the West Pilbara. By expanding our exploration footprint in the region by 70%, we increase the potential to discover new gold resources capable of being processed at Hemi in the future. De Grey's discovery cost at Hemi is currently less than \$10/oz for Inferred resources."*

<sup>1</sup> Refer to Novo Resources announcement dated 21 June 2023 which can be found on the Novo website.

Allan Kneeshaw, De Grey's Business Development Manager commented,

*"The expanded footprint of the Egina Project allows De Grey to explore along prospective geological corridors without existing tenement boundaries impeding exploration. Recent results at De Greys' regional targets such as Charity Well and Withnell South together with Novo's results immediately south at Becher and surrounding prospects provides strong evidence there is high potential for new discoveries throughout the Mallina Basin.*

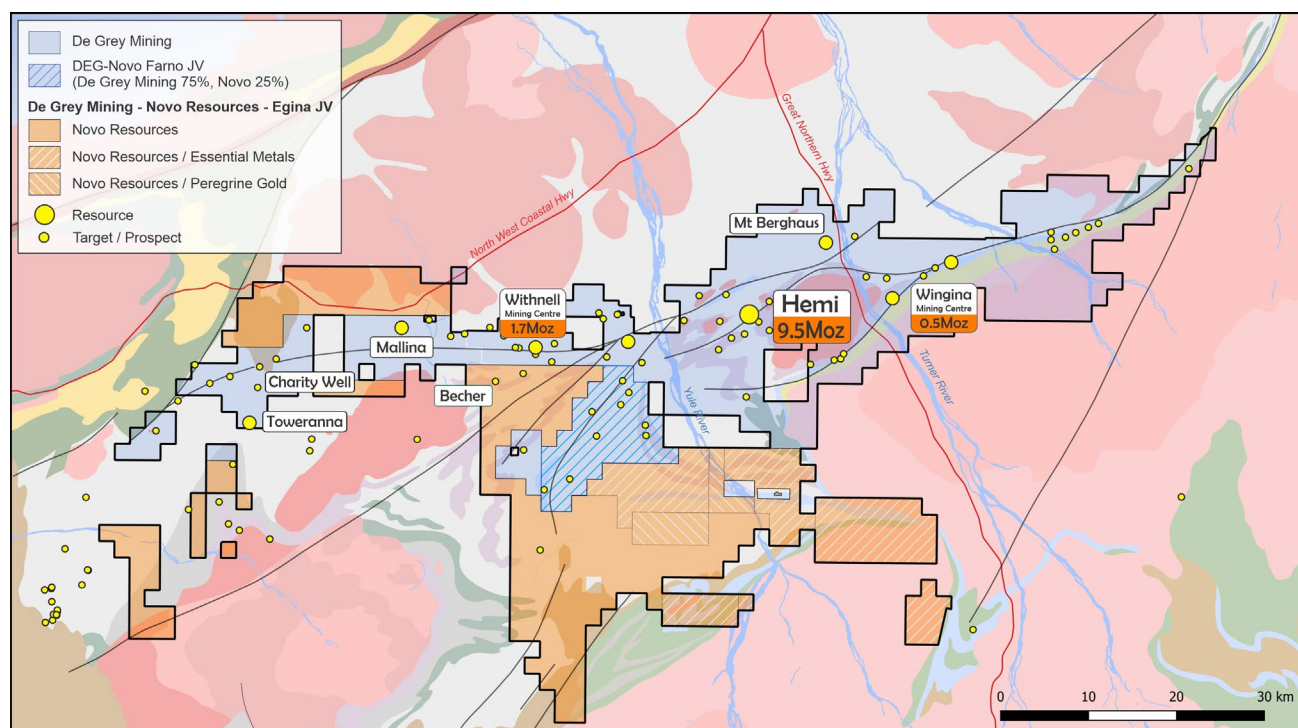
*Our Exploration team are looking forward to the challenge of combining this new area, increasing our geological knowledge and enhancing the probability of making new discoveries and growing resources over the next few years."*

De Grey Mining Limited (ASX: DEG, "De Grey" or the "Company") is pleased to advise it has entered into a binding Heads of Agreement ("HOA") with Novo Resources Corp. (TSX: NVO, "Novo") covering the Egina Project, a large land package adjacent to De Grey's existing large Mallina Gold Project (see Figure 1).

The agreement allows De Grey to earn 50% of the Egina Project, mostly located immediately south of De Grey existing large tenement package. Separately, De Grey will also subscribe to a A\$10M private placement, resulting in De Grey increasing its shareholding in Novo to 11.6%.

The majority of the 1,034km<sup>2</sup> tenement package is located immediately south of Withnell and southwest of the Hemi discovery ("Egina Project"). Through the earn-in, De Grey's exposure to the region through exploration increases by 70% when combined with the 100%-owned Mallina Gold Project area.

**Figure 1 Plan of Mallina Project area and Novo's Egina Project earn-in tenements**



## Egina Project Prospectivity

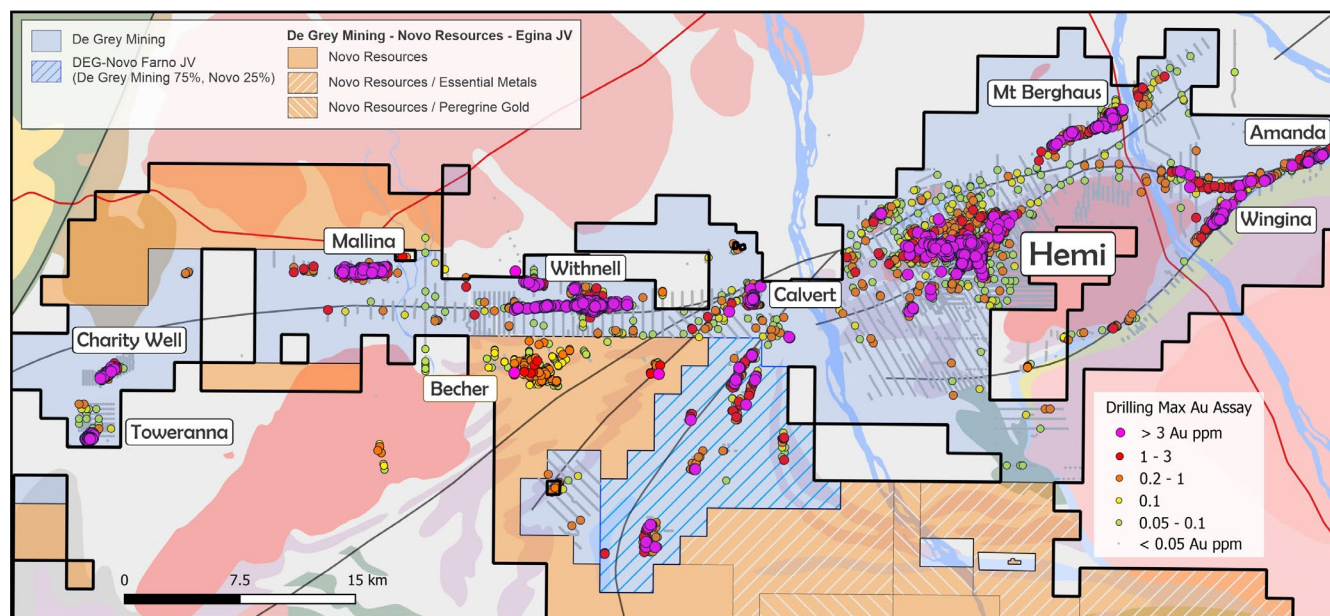
The Egina Project contains similar geology and structures to those found within the Mallina Gold Project, with many directly along strike from De Grey's current exploration areas. Previous exploration by De Grey within the existing Farno JV (De Grey 75%-Novo 25%JV) and recent drilling by Novo at the neighbouring Becher and surrounding prospects (contained within the Egina Project HOA area) highlights the potential for the discovery of large scale, intrusion-related gold deposits similar to Hemi, as well as shear-hosted orogenic deposits similar to Withnell and Mallina deposits.

The additional tenure to the western end of the project also opens up the exploration footprint along the strike extensions of the structural corridor that hosts the Mallina gold deposit and opportunities to discover new intrusions similar to Toweranna and Charity Well.

An immediate exploration target includes the Becher prospect and surrounding targets, where Novo has intersected encouraging aircore drilling results, located immediately south and within 10km of De Grey's 100% owned Withnell deposit and 28km from Hemi. Most of the remaining areas throughout the Egina Project area have received very little modern systematic exploration providing scope for new discoveries.

For De Grey, the addition of the Egina Project tenements to the broader Mallina Gold Project is an important step in the Company's strategy to discover and grow a large resource base centred around the future Hemi processing plant. The new tenements represent a substantial opportunity for De Grey to discover new large scale, intrusion-related gold deposits similar to Hemi, as well as shear-hosted orogenic gold deposits.

**Figure 2 Plan of the combined tenement footprint focused on the highly prospective Hemi – Withnell – Mallina – Toweranna corridor, highlighting the combined prospectivity of the Farno and Becher areas.**



## Key Terms of the Heads of Agreement

De Grey and Novo have entered into a HOA covering the Egina Project tenement area and De Grey has also agreed to invest in Novo via a private placement.

Key terms of the Egina Heads of Agreement include:

- De Grey has the right to earn a 50% joint venture interest in the Novo tenements by spending A\$25M within four years;
- De Grey must meet a minimum expenditure of A\$7M within 18 months before any withdrawal;
- De Grey has full program management and sole rights to explore the tenements during the earn-in phase;
- Upon De Grey earning a 50% interest, a Joint Venture (“Egina JV”) will be formed;
- De Grey remains the manager of the Egina JV while it holds a minimum 50% equity;
- Each company will be responsible for funding its share of JV costs or have its share of the JV subject to dilution at a rate of 1% per \$1M of non-expenditure contribution; and
- Any party which dilutes to less than 10% will be deemed to have withdrawn from the JV and have their equity converted to a 1% net smelter royalty.

The Egina Project includes certain third- party joint ventures which are subject to pre-emptive rights. If approval is granted by the third parties, then De grey will be earning into 50% of Novo joint venture interest.

## Placement into Novo Resources Corp.

De Grey has separately agreed to subscribe to a placement for A\$10M in Novo shares which will result in De Grey owning an approximate 11.6% shareholding in Novo. Subsequently, Novo intends to undertake a dual listing IPO on the Australian Securities Exchange (ASX)<sup>1</sup>.

As part of the Placement, De Grey will have the right to nominate a Director to the Board of Novo provided De Grey holds and retains a minimum 12.5% shareholding in Novo. If Novo fails to complete the proposed ASX listing within 6 months of the Placement, then De Grey has the right to nominate a director provided it holds and maintains a minimum 10% shareholding. De Grey has a right but not obligation to increase its investment in Novo as part of the proposed IPO in order to reach a minimum 12.5% equity in Novo.

Azure Capital acted as corporate advisor to De Grey in relation to the transactions.



This announcement has been authorised for release by the De Grey Board.

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### Competent Person's Statement

*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 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.*

**Previously released ASX Material References** that relates to Hemi Prospect includes:

#### *JORC Resources and Studies:*

- 2020 Mallina Gold Project Resource update, 2 April 2020
- 6.8Moz Hemi Maiden Mineral Resource drives Mallina Gold Project, 23 June 2021
- De Grey Mining Mallina Gold Project Scoping Study, 5 October 2021
- Mallina Gold Project Resource Statement 2022, 31 May 2022
- Feasibility Study Outcomes – Mallina Gold Project, 8 September 2022
- Mallina Gold Project Resource Statement – 2023, 15 June 2023

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