

March 6, 2019

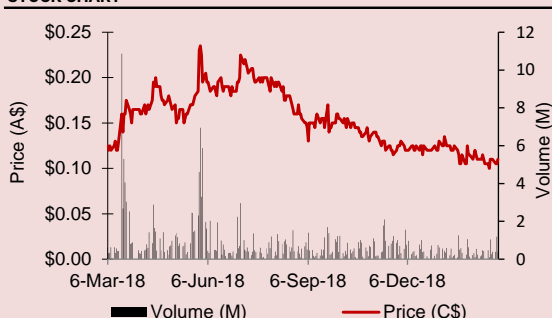
De Grey Mining Ltd (ASX:DEG) *Setting the Table for a Takeout*

Initial Estimates

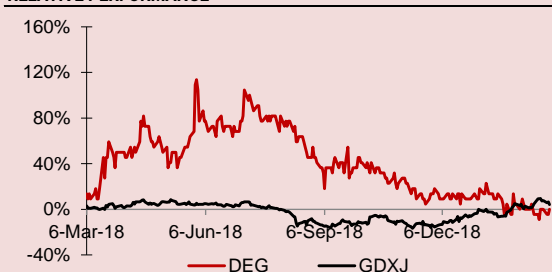
(Currency is A\$ unless noted otherwise)

Closing Price		\$0.10
52 Week Low / High	\$0.10 /	\$0.25
Net Asset Value Per Share		\$0.44
P/NAV		0.23x
CAPITALIZATION	Basic	Diluted
Shares Outstanding (M)	423.0	496.7
Market Capitalization (\$MM)		\$42.3
Enterprise Value (\$MM)		\$36.8
Last Reported Cash Balance (\$MM)		\$5.5
Last Reported Debt (\$MM)		\$0.0

STOCK CHART



RELATIVE PERFORMANCE



NET ASSET VALUE	(\$M)	(\$/Sh)
Pilbara Gold Project - Open-Pit (100%)	\$181.11	\$0.23
Pilbara Gold Project - Underground (100%)	\$188.43	\$0.23
Taxes	(\$118.93)	(\$0.15)
Other Assets	\$66.67	\$0.08
Corporate G&A	(\$27.59)	(\$0.03)
Future Financing Cash Flows	\$59.15	\$0.07
Working Capital	\$1.58	\$0.00
Total NAV	\$350.42	\$0.44

MAJOR SHAREHOLDERS

Management & Insiders (7%), Kirkland Lake Gold Ltd. (9.2%), DGO Gold Limited (6.2%)

DISCLOSURE CODE: 1,2,3,4
(Please refer to the applicable disclosures listed on the back page)

Source: RCKS Estimates, Company Information, Capital IQ

Company Description:

De Grey Mining Limited engages in the exploration and development activities in Australia. It explores gold, silver, zinc, lead, and base metals. The company's primarily holds interests in the Pilbara Gold project covering an area of greater than 1,200 square kilometer located to the south of Port Hedland, Pilbara region of Western Australia. De Grey Mining Limited was founded in 2002 and is based in Subiaco, Australia.

We believe De Grey is worth A\$0.30/share based on our initial NAVPS estimate of A\$0.44/share and a multiple of 0.70x. In our view, De Grey is one of the few development companies with a path to produce plus 100koz/year, have exceptional exploration upside in +200km of shear zones and trading at a steep discount to its peer group. **We believe that the Pilbara Gold Project is of a scale and has the exploration upside that we believe makes De Grey an attractive target for mid-tier producers.**

Investment Thesis:

- **Already +100k/year potential.** We believe that with a planned throughput of 2Mtpa (~5,500tpd) De Grey would produce 143koz per year at cash costs of US\$621/oz for initial capex of US\$98M. Our estimates assume production starts in CY2022E and includes production from multiple deposits, with 59% from open-pits and 41% from underground.
- **Room to grow, a lot.** The company's 1.4Moz resource is spread over 5 main deposits (12 total). Drilling has focused on growing these deposits near surface; however, most remain open along strike and all are open at depth. De Grey believes the resource could grow to over 3Moz and with +200km of favourable structure, of which less than 10% has been properly tested with RC and diamond drilling, we believe this is very possible.
- **The right ingredients to be a target.** With continued exploration success and project de-risking, De Grey is making itself more attractive. We believe the project is now at a large enough scale to matter to most mid-tier producers and has major exploration upside that potential acquirers look for. KL Gold already owns 9.2% and we believe that other cashed up Aussie mid-tier producers are also potential acquirers (Figure 5).

Valuation:

We expect De Grey to progressively re-rate to our fair value estimate of A\$0.30/sh. Our fair value is based on 0.70x our NAVPS_{8%} estimate of A\$0.44. We expect the company to progressively re-rate as it de-risks the +100koz/year production scenario, with engineering and additional studies. As well, we expect that continued exploration success, demonstrating the resource potential of the project to drive the share price higher. In our view, as the company surfaces its potential (both development and exploration), it should become an attractive takeout target for a mid-tier producer. **Upcoming catalysts:** 1) Ongoing development updates, 2) Ongoing exploration results, 3) Updated resource estimate (Q4/19) and 4) New economic study (Q1/20).

Priced as of prior trading day's market close, EDT (unless otherwise noted).
All values in USD unless otherwise noted.

For Disclaimer and Applicable Disclosures, see the end of this report

Financial and Operating Summary: De Grey Mining Ltd.

FINANCIAL DATA

Ticker	ASX:DEG
Current Price (A\$/sh)	C\$0.10
52 Week Low / High (A\$/sh)	\$0.10 / \$0.25
Shares Outstanding (M)	423.0
Market Capitalization (A\$M)	\$42.3
Cash & Cash Equivalents (A\$M)	\$5.5
Total Debt (A\$M)	\$0.0
Enterprise Value (A\$M)	\$36.8

FINANCIAL DATA

Capital Structure	Shares Millions
Shares Outstanding	423.0
Options	73.7
Warrants	0.0
Fully Diluted Shares	496.7

Ownership (February 2019)	Shares O/S (M)	% O/S
Management	38.7	7.0%
Kirkland Lake Gold Ltd.	38.9	9.2%
Innocap Investment Management, Inc.	26.2	6.2%
FCMI Parent Co.	10.0	2.4%
Van Eck Associates Corporation	7.0	1.7%
Van Den Berg Management I, Inc.	6.1	1.4%
Kopernik Global Investors, LLC	5.8	1.4%

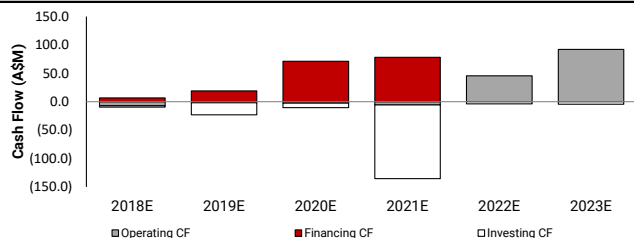
Financial Summary (A\$)	2018E	2019E	2020E	2021E	2022E	2023E
Fiscal Year-end June 30						
Shares Outstanding (M)	423.0	623.0	800.8	800.8	800.8	800.8

EPS	0.00	(0.00)	(0.00)	(0.01)	0.04	0.09
CFPS	(0.01)	(0.00)	(0.00)	(0.01)	0.06	0.11
P/CF	(7.2)x	(30.2)x	(26.9)x	(14.3)x	1.8x	0.9x

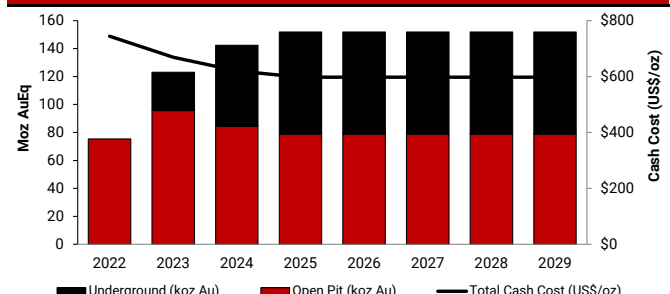
Income Statement (A\$M)	2018E	2019E	2020E	2021E	2022E	2023E
Revenue	0.0	0.0	0.0	0.0	130.7	213.3
Operating Expenses	0.0	0.0	0.0	0.0	(74.8)	(111.0)
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0
General & Admin	0.0	0.0	0.0	0.0	0.0	0.0
Net Income	0.4	(1.8)	(2.5)	(5.6)	28.9	68.3

Balance Sheet (A\$M)	2018E	2019E	2020E	2021E	2022E	2023E
Cash & Equivalents	5.5	1.4	62.2	4.6	46.4	134.1
Debt	0.0	0.0	0.0	78.0	78.0	52.0

Cash Flow (A\$M)	2018E	2019E	2020E	2021E	2022E	2023E
Operating CF	(7.1)	(1.8)	(2.5)	(5.6)	45.6	92.1
Financing CF	6.5	19.0	71.3	78.0	0.0	0.0
Investing CF	(2.5)	(21.3)	(8.0)	(130.0)	(3.7)	(4.4)
Change in Cash	(3.1)	(4.1)	60.8	(57.6)	41.9	87.7



PRODUCTION PROFILE



STOCK CHART



TECHNICAL ASSUMPTIONS

	2018A	2019E	2020E	2021E	2022E	2023E
Gold Price (US\$/oz)	\$ 1,300	\$ 1,300	\$ 1,300	\$ 1,300	\$ 1,300	\$ 1,300
Silver Price (US\$/oz)	\$ 17.00	\$ 17.00	\$ 17.00	\$ 17.00	\$ 17.00	\$ 17.00
Australian : US\$ fx rate	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75

PROJECT	Tonnage (Mt)	Grade (g/t Au)	Contained Metal (koz Au)
Measured	4.47	1.70	247
Indicated	9.85	1.60	492
Inferred	12.93	1.60	655
Global Resource	27.25	1.60	1,394
RCKS Open Pit Resource	13.80	1.81	802
RCKS Underground Resource	3.50	5.00	563
RCKS Mineable Resource	17.30	2.45	1,364

NET ASSET VALUE	Discount Rate	(A\$M)	(A\$/Sh)
Pilbara Gold Project - Open-Pit (100%)	8%	\$ 181.1	\$ 0.23
Pilbara Gold Project - Underground (100%)	8%	\$ 188.4	\$ 0.23
Taxes	8%	\$ (118.9)	\$ (0.15)
Other Assets	in-situ	\$ 66.7	\$ 0.08
Corporate G&A	8%	\$ (27.6)	\$ (0.03)
Future Financing Cash Flows	8%	\$ 59.2	\$ 0.07
Working Capital	8%	\$ 1.6	\$ 0.00
Total NAV		\$ 350.4	\$ 0.44

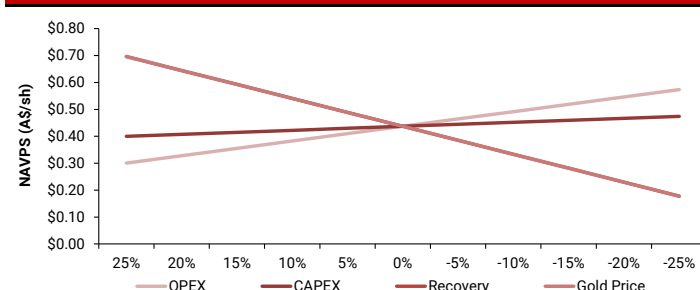
COMPARABLES

Company	Ticker	Price C\$	MC C\$M	US\$ EV/ CuEq	NAVPS C\$	P/NAV
Anaconda Mining (RCKS Est.)	TSX:ANX	\$0.27	\$31	\$19	\$1.37	0.19x
IDM Mining Ltd.	TSXV:IDM	\$0.06	\$31	\$27	\$0.24	0.25x
Lion One Metals (RCKS Est.)	TSXV:LIO	\$0.47	\$48	\$37	\$1.86	0.25x
Capricorn Metals Limited*	ASX:CMM	\$0.07	\$49	\$37	\$0.12	0.55x
Dacian Gold Limited*	ASX:DCN	\$2.60	\$598	\$161	\$3.11	0.84x
Gold Road Resources Limited*	ASX:GOR	\$0.79	\$693	\$54	\$0.80	0.99x
Victoria Gold Corp.	TSXV:VIT	\$0.52	\$418	\$72	\$0.73	0.71x
Average				\$58		0.54x

De Grey Mining Limited*	ASX:DEG	\$0.10	\$42	\$21	\$0.44	0.23x
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*Dollar values in AUD

NAVPS SENSITIVITIES



As of market close on March 6, 2019.

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Executive Summary:

We believe DeGrey is worth A\$0.30/share based on our initial NAVPS estimate of A\$0.44/share and a multiple of 0.70x. Our valuation is based on our estimates of De Grey's Pilbara Gold project located near Port Hedland in the Pilbara region of Western Australia. This project already has 1.4M oz in resources located in multiple deposits, along +200km of shear zones. Our estimates suggest that this project, through a combination of open-pit and underground mining, could produce 143koz per year at US\$621/oz over 10 years, for initial capex of US\$98M. We have accounted for some exploration upside in the DCF valuation as less than 10% of these shear zones has been tested. **We believe that the Pilbara Gold Project is of a scale and has the exploration upside that we believe makes De Grey an attractive target for mid-tier producers.**

Investment Thesis

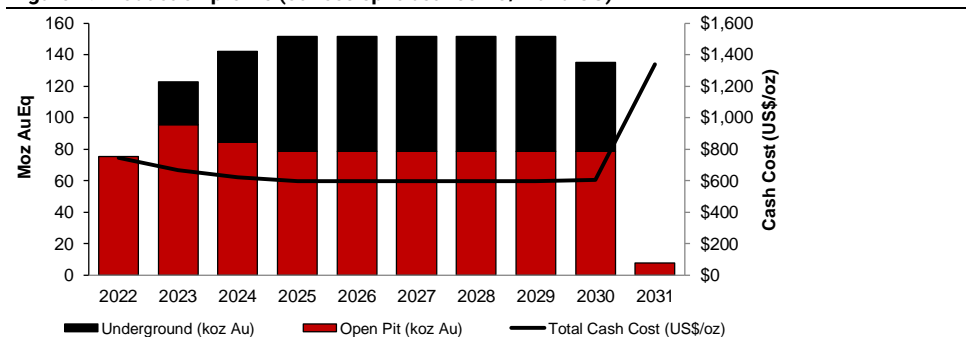
Solid production profile with the potential to grow. Based on the current open-pit resources, we believe that De Grey should be able to deliver 80koz per year at cash costs of US\$657/oz for initial capex of US\$98M (open-pit only). We note that open-pit would deliver 102koz per year, if underground operations were not displacing open-pit ore. This is based on our assumption that there is a mineable resource of 13.8Mt at 1.81g/t, based on the scoping study mine plan 4.8Mt tonnes at 2.10g/t plus an additional 9.0Mt at 1.65g/t based on recent exploration success.

Figure 1: Resource Table

Resource	Tonnage (Mt)	Grade (g/t Au)	Contained Metal (koz Au)
Resource Above 100m	19.08	1.5	913.8
Resource Below 100m	8.17	1.8	479.9
Global Resource	27.3	1.6	1,394
RCKS Open Pit Resource	13.8	1.8	802
RCKS Underground Resource	3.5	5.0	563

Source: Company Reports

Figure 2: Production profile (ounces split between O/P and UG)

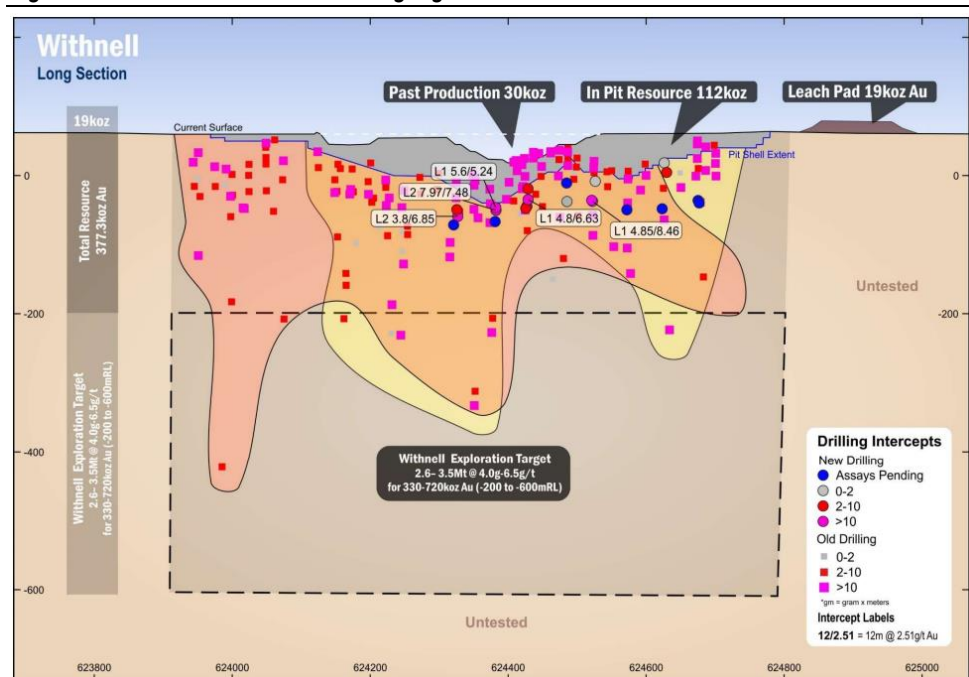


Source: Company Reports, RCKS Estimates

Game-changing high-grade underground mine.

Underground would be a game-changer. Our estimates assumed that a small underground mine is slowly ramped up at Withnell, starting in year 2 of operations. While small, the higher-grade lodes that are being targeted (Figure 3) should materially improve overall project economics. For additional capex of US\$44M (underground development only), we expect the company would add 63koz of production annually at cash costs of US\$571/oz. We assume the plant capacity remains at ~2Mtpa (5,500 tpd) and the higher-grade underground ore displaces ore from the open-pits.

Figure 3: Withnell Cross Section Showing Higher-Grade Lodes

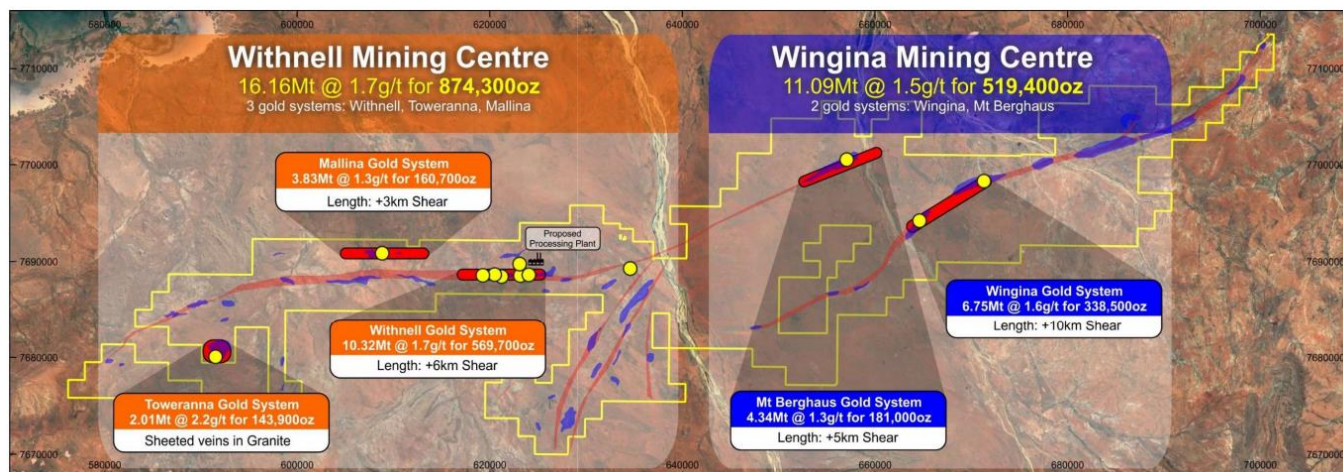


Source: Company Reports

Potential resource growth to 3Moz.

Big exploration upside not reflected in the share price. With tight budgets and mostly shallow drilling to date, the company has been able to define 1.4Moz. Detailed RC and diamond drilling is generally confined to the known mineralized gold systems and covering less than 10% of the favourable shear zones (Figure 4). The company expects be able to deliver a 2Moz resource by year-end and is targeting bringing the global resource to 3Moz. We view this as very achievable and highlight that our estimates only account for 1.36Moz being mined. Consequently, we have added a modest US\$20M to NAVPS estimate to account for this upside. We would also highlight that should the resource grow to 3Moz, a larger project would make sense.

Figure 4: Project Map showing shear zones and deposits



Source: Company reports

A real conglomerate option. The company was one of the first to discover conglomerate gold on its projects and has been working to inexpensively test this type of mineralization. Unlike a number of its peers, De Grey is likely to build a mill, for its hard rock project so any conglomerate gold mineralization does not need a resource to support the building of a plant and can simply be accretive to the shear zone resources. While work to date has been encouraging, we assume a minimal US\$20M value in our estimates.

Painting a target on its own back. In our view the Pilbara Gold Project has the right combination of scale and exploration upside to make it an attractive target for cashed up Australian mid-tier producers (Figure 5). The company's potential production profile and resource suggest that it ranks well with recent takeout's (Figure 6). With significant exploration upside, we expect De Grey to be taken out towards the top-end of historical averages. In a takeout De Grey could be worth US\$68/oz or 0.57x NAV implying a value of ~A\$0.22/sh to A\$0.24/sh implying significant upside to the current share price.

Attractive to cashed up mid-tiers.

Figure 5: Potential buyers for the Pilbara Gold Project

Company	Ticker	Market Cap (US\$M)	Balance Sheet	Impact on Production Profile	Corporate Activity	Total
Ramellius Resources Limited	ASX:RMS	\$391	5	5	3	13
Westgold Resources Limited	ASX:WGX	\$465	4	4	2	10
St Barbara Limited	ASX:SBM	\$2,401	4	3	2	9
Evolution Mining Limited	ASX:EVN	\$6,194	2	2	5	9
Kirkland Lake Gold Ltd.	ASX:KLA	\$10,752	3	1	5	9
Northern Star Resources Limited	ASX:NST	\$5,973	3	1	4	8
Regis Resources Limited	ASX:RRL	\$2,742	4	3	1	8
OceanaGold Corporation	ASX:OGC	\$2,901	1	2	3	6

Notes:

-Balance sheet score based on leverage - Net Debt/EBITDA FY2019E with adjustments for corporate activity since last reported quarter

-Impact on production profile score is based on the impact of annual production at Pilbara Gold to the company's production profile

-Corporate activity score based on qualitative assessment of recent corporate activity and statements by senior executives

Source: Capital IQ, Company reports

Figure 6: Precedent Transactions

Date	Acquirer / Target	Target Flagship Asset			Technical Study - Mine Plan			Resource	TV / oz	Target	
		Name	Location	Stage	Mineable Ounces	Grade	Annual	M&I,I	M&I,I	NAVPS	P/NAV
					(koz)	(g/t Au)	(koz)	(Moz AuEq)	(C\$/oz)	(C\$/sh)	(x)
2019-01-07	Ascot Resources / IDM Mining	Red Mountain	BC	FS	421	7.50	78.0	0.8	\$38	\$0.20	0.43x
2018-10-19	Osisko Mining / Beaufield	Tortigny	Quebec	Resource				0.4	\$36	n.a.	-
2018-10-01	Americas Silver / Pershing Gold	Relief Canyon	Nevada	FS	631	0.67	105.0	0.9	\$66	\$6.45	0.34x
2018-08-02	Coeur Mining / Northern Empire	Sterling	Nevada	Resource				0.7	\$72	\$2.08	0.79x
2018-06-18	Bonterra / Metanor	Barry	Quebec	PEA				1.2	\$44	\$1.49	0.49x
2018-06-21	Orion Mine Finance / Dalradian	Curraghinalt	Ireland	FS	1,440	8.54	130.0	4.9	\$45	\$2.41	0.61x
2017-05-14	Eldorado Gold / Integra Gold	Lamaque	Quebec	PFS	1,279	6.96	123.0	3.9	\$97	\$1.36	0.89x
2017-03-03	Anaconda Mining / Orex Exploration	Goldboro	Nova Scotia	PEA	886	5.37	32.0	0.8	\$11	\$0.15	0.43x
									Average	\$51	0.57x
									Median	\$44	0.49x

Source: Company reports, Capital IQ, S&P Global Market Intelligence

Catalysts

Demonstrating the project's potential, key to the market recognizing value. In our view, a combination of development milestones and exploration results are likely to be key.

Upcoming catalysts are expected to include:

1. Mill Design and Capex – Q2/19
2. Updated Exploration Target Potential – Q2/19
3. Mineable Resource Update – Q2/19
4. Infill Drill results (open-pit) – 2019
5. Step-out drill results (open-pit) – 2019
6. Withnell underground drill results – H1/19
7. Updated resource – Late 2019
8. New economic study – H1/2020

Pilbara Gold DCF accounts
for 91% of pre-tax NAV.

Valuation and Financial Analysis

Our Base Case valuation for De Grey is based on a discounted cash flow (DCF) valuation of the company's indicated and inferred resources for an open pit mine combined with our estimate for mineable resources at an underground mine at the Pilbara Gold Project in Australia. Given the exploration upside we see at the company's hard-rock Pilbara Gold project, we have also included a US\$20M exploration credit.

Figure 7: NAV Summary

	Discount rate				
	0%	5%	8%	15%	20%
Development Properties					
Pilbara Gold Project - Open-Pit (100%)	\$395.17	\$243.09	\$181.11	\$87.68	\$48.08
Pilbara Gold Project - Underground (100%)	\$376.59	\$242.54	\$188.43	\$107.62	\$73.68
Current taxes	(\$213.36)	(\$146.77)	(\$118.93)	(\$75.52)	(\$56.14)
Total mine site net present value	\$558.40	\$338.87	\$250.61	\$119.77	\$65.62
Other assets and/or liabilities					
Non-gold producing companies	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Exploration properties	\$66.67	\$66.67	\$66.67	\$66.67	\$66.67
Equity investments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other assets/liabilities	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total	\$66.67	\$66.67	\$66.67	\$66.67	\$66.67
Corporate adjustments					
Corporate G&A	(\$44.04)	(\$32.52)	(\$27.59)	(\$19.68)	(\$15.99)
Working capital (less equity investments)	\$1.58	\$1.58	\$1.58	\$1.58	\$1.58
Interest income net of financing expense	(\$24.96)	(\$20.00)	(\$17.63)	(\$13.37)	(\$11.13)
Cash Flow from Financing	\$61.75	\$72.42	\$76.78	\$82.95	\$85.00
Total net debt	\$38.37	\$54.00	\$60.73	\$71.15	\$75.45
Total corporate adjustments	(\$5.67)	\$21.48	\$33.14	\$51.48	\$59.46
Total NAV (millions A\$)	\$619.40	\$427.02	\$350.42	\$237.92	\$191.75
Total NAVPS (A\$/share)	\$0.77	\$0.53	\$0.44	\$0.30	\$0.24

Source: RCKS Estimates

While the focus for the company is advancing its hard rock assets in the Pilbara, we have given the company's conglomerate gold targets (Loudens, Jarret & Steel Well) a US\$20M valuation (6% of pre-tax NAV) to account for exploration results to date and the potential for the nuggety gold mineralization to add to the resource base of the nearby hard rock deposits. We have also included a US\$10M valuation (3% of pre-tax NAV) for the company's base metals/industrial metals assets (Beyondie & Turner River).

Figure 8: Fully-Financed Estimated Capital Structure

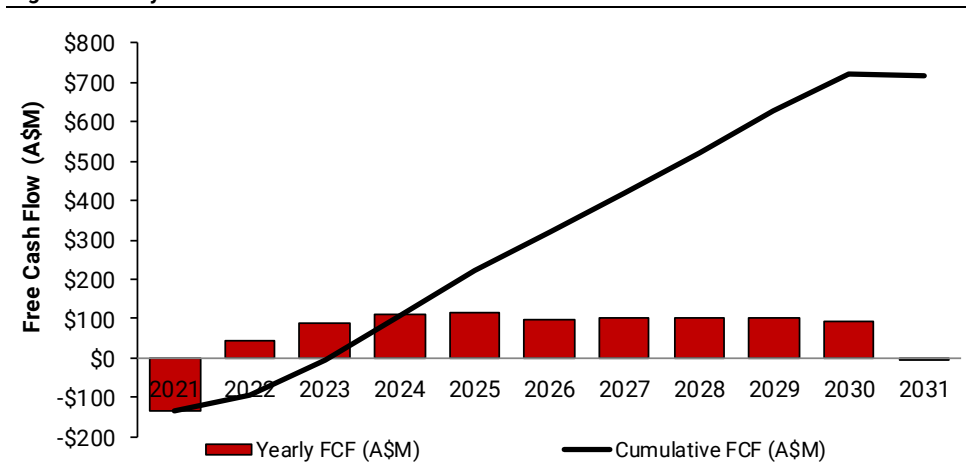
	Shares (M)
Current Shares Outstanding	423.0
Options Outstanding	73.7
Warrants Outstanding	0.0
Partially Diluted Shares Outstanding	438.4
Current Fully Diluted Shares Outstanding	496.7
Exploration & Corporate G&A Financing	233.3
Project Financing (2020E/2021E)	144.4
Partially Diluted & Fully Financed Shares Outstanding*	816.2

Source: Company Reports, Capital IQ, RCKS Estimates

Our fully-financed NAVPS of A\$0.44/sh is based on the following financings:

- Raising A\$20M in equity at A\$0.10/sh in CQ2 2019E for exploration, technical studies, corporate G&A and to pay the final settlement for the Indee Gold Option, which includes A\$9.7M in cash and A\$3.0M in De Grey shares
- Raising A\$10M in equity at A\$0.30/sh in CQ1 2020E for exploration, technical studies and G&A
- Raising A\$65M in equity at A\$0.45/sh in CQ4 2020E and A\$78M in project debt at 8% interest in 2021E for working capital and to fund pre-production capex

Figure 9: Yearly and Cumulative Free Cash Flow



Source: RCKS Estimates

Steady state annual FCF of A\$95M.

Based on expected pre-production timeline of 12 months (2022E) for the open pit mine, we expect commercial production to start in Q1 2022E where we forecast mill throughput of 5,500tpd to be fed solely by open pit operations. We expect an underground mine to reach commercial production by 2023E, at which point we estimate the mill to be fed by

steady-state production of 4,100tpd from the open pit and 1,400tpd from underground. During steady state production (2022E-2030R), we estimate average FCF (CFO +CFI) of A\$95M per year.

Sensitivity

The sensitivity of our NAVPS estimate of A\$0.43/sh to changes in major project inputs may be seen in the following tables.

Figure 10: NAVPS Sensitivity to Gold Price and FX rate

	USD/AUD Exchange Rate							
	0.55	0.60	0.65	0.70	0.75	0.80	0.85	0.90
Gold Price (US\$/oz)								
US\$1,000	\$0.50	\$0.41	\$0.33	\$0.26	\$0.20	\$0.14	\$0.10	\$0.05
US\$1,050	\$0.56	\$0.46	\$0.37	\$0.30	\$0.24	\$0.18	\$0.13	\$0.09
US\$1,100	\$0.61	\$0.51	\$0.42	\$0.34	\$0.28	\$0.22	\$0.17	\$0.12
US\$1,150	\$0.67	\$0.56	\$0.46	\$0.39	\$0.32	\$0.26	\$0.20	\$0.16
US\$1,200	\$0.72	\$0.61	\$0.51	\$0.43	\$0.36	\$0.29	\$0.24	\$0.19
US\$1,250	\$0.77	\$0.66	\$0.56	\$0.47	\$0.40	\$0.33	\$0.27	\$0.22
US\$1,300	\$0.83	\$0.71	\$0.60	\$0.51	\$0.44	\$0.37	\$0.31	\$0.26
US\$1,350	\$0.88	\$0.76	\$0.65	\$0.56	\$0.48	\$0.41	\$0.35	\$0.29
US\$1,400	\$0.94	\$0.81	\$0.69	\$0.60	\$0.52	\$0.44	\$0.38	\$0.32
US\$1,450	\$0.99	\$0.86	\$0.74	\$0.64	\$0.56	\$0.48	\$0.42	\$0.36
US\$1,500	\$1.05	\$0.91	\$0.79	\$0.68	\$0.60	\$0.52	\$0.45	\$0.39

Source: RCKS Estimates

Figure 11: NAVPS Sensitivity to Open Pit Tonnage (left) and Grade (right) Changes

Change In Tonnes	Change In NAV	Change In Grade	Change In NAV
25%	A\$0.48	25%	A\$0.60
20%	A\$0.47	20%	A\$0.56
15%	A\$0.47	15%	A\$0.53
10%	A\$0.45	10%	A\$0.50
5%	A\$0.45	5%	A\$0.47
0%	A\$0.44	0%	A\$0.44
-5%	A\$0.43	-5%	A\$0.41
-10%	A\$0.42	-10%	A\$0.37
-15%	A\$0.42	-15%	A\$0.34
-20%	A\$0.41	-20%	A\$0.31
-25%	A\$0.40	-25%	A\$0.28

Source: RCKS Estimates

Figure 12: NAVPS Sensitivity to Underground Tonnage (left) and Grade (right) Changes

Change In Tonnes	Change In NAV	Change In Grade	Change In NAV
25%	A\$0.48	25%	A\$0.54
20%	A\$0.47	20%	A\$0.52
15%	A\$0.46	15%	A\$0.50
10%	A\$0.45	10%	A\$0.48
5%	A\$0.45	5%	A\$0.46
0%	A\$0.44	0%	A\$0.44
-5%	A\$0.43	-5%	A\$0.42
-10%	A\$0.42	-10%	A\$0.40
-15%	A\$0.41	-15%	A\$0.38
-20%	A\$0.41	-20%	A\$0.36
-25%	A\$0.40	-25%	A\$0.34

Source: RCKS Estimates

Figure 13: NAVPS Sensitivity to Capex (left), Opex (middle) and Recovery (right) Changes

Change In Capex			Change In Opex			Change In Recovery		
	NAV			NAV			NAV	
25%	A\$0.40	-8%	25%	A\$0.30	-31%	25%	A\$0.70	59%
20%	A\$0.41	-7%	20%	A\$0.33	-25%	20%	A\$0.64	47%
15%	A\$0.41	-5%	15%	A\$0.35	-19%	15%	A\$0.59	36%
10%	A\$0.42	-3%	10%	A\$0.38	-13%	10%	A\$0.54	24%
5%	A\$0.43	-2%	5%	A\$0.41	-6%	5%	A\$0.49	12%
0%	A\$0.44	0%	0%	A\$0.44	0%	0%	A\$0.44	0%
-5%	A\$0.44	2%	-5%	A\$0.46	6%	-5%	A\$0.39	-12%
-10%	A\$0.45	3%	-10%	A\$0.49	13%	-10%	A\$0.33	-24%
-15%	A\$0.46	5%	-15%	A\$0.52	19%	-15%	A\$0.28	-36%
-20%	A\$0.47	7%	-20%	A\$0.55	25%	-20%	A\$0.23	-47%
-25%	A\$0.47	8%	-25%	A\$0.57	31%	-25%	A\$0.18	-59%

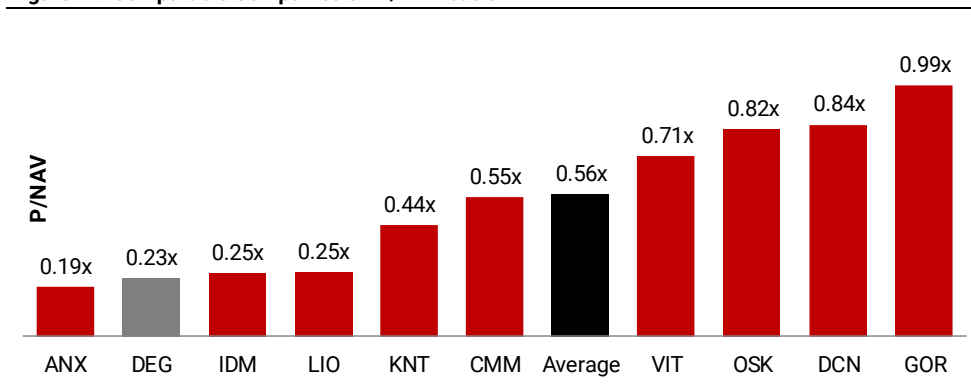
Source: RCKS Estimates

Relative Valuation

Based on our estimated Net Asset Value of A\$0.44/sh, De Grey trades at 0.23x NAV, a significant discount to comparable single-asset North American and Australian gold developer/explorer peers at 0.56x NAV.

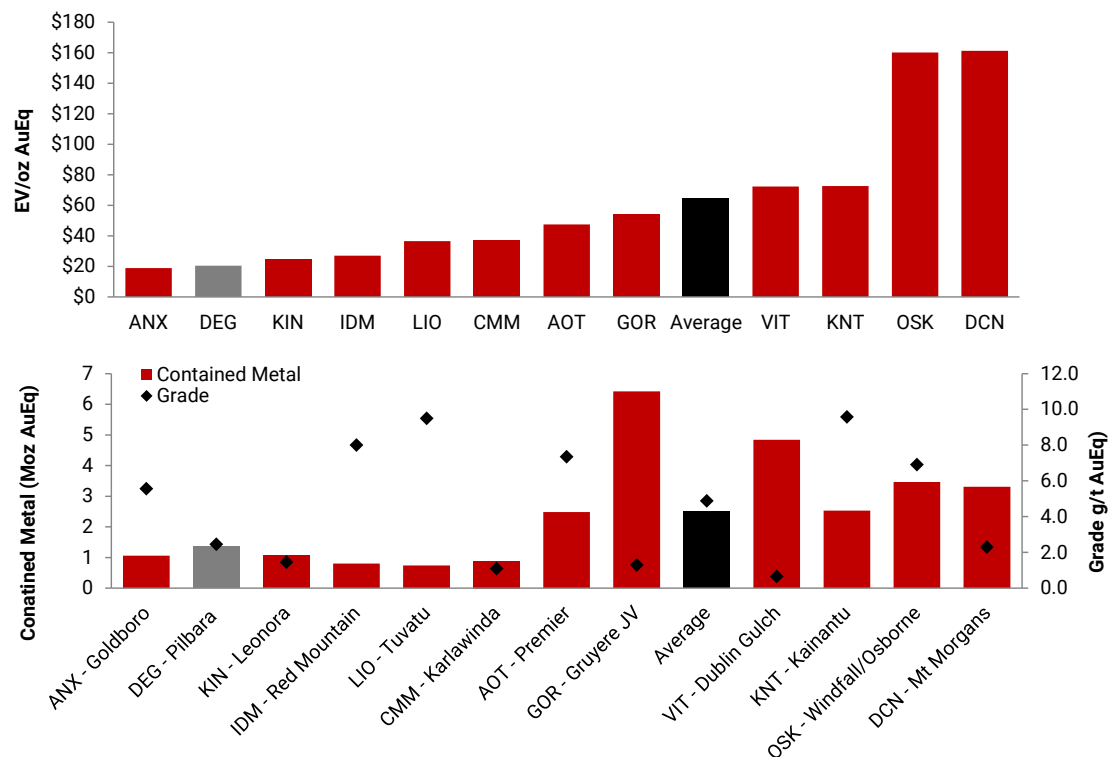
De Grey is trading at a substantial discount to peers.

Figure 14: Comparable Companies on P/NAV basis



Source: RCKS Estimates

Figure 15: Comparable Companies and Flagship Assets



Source: Company reports

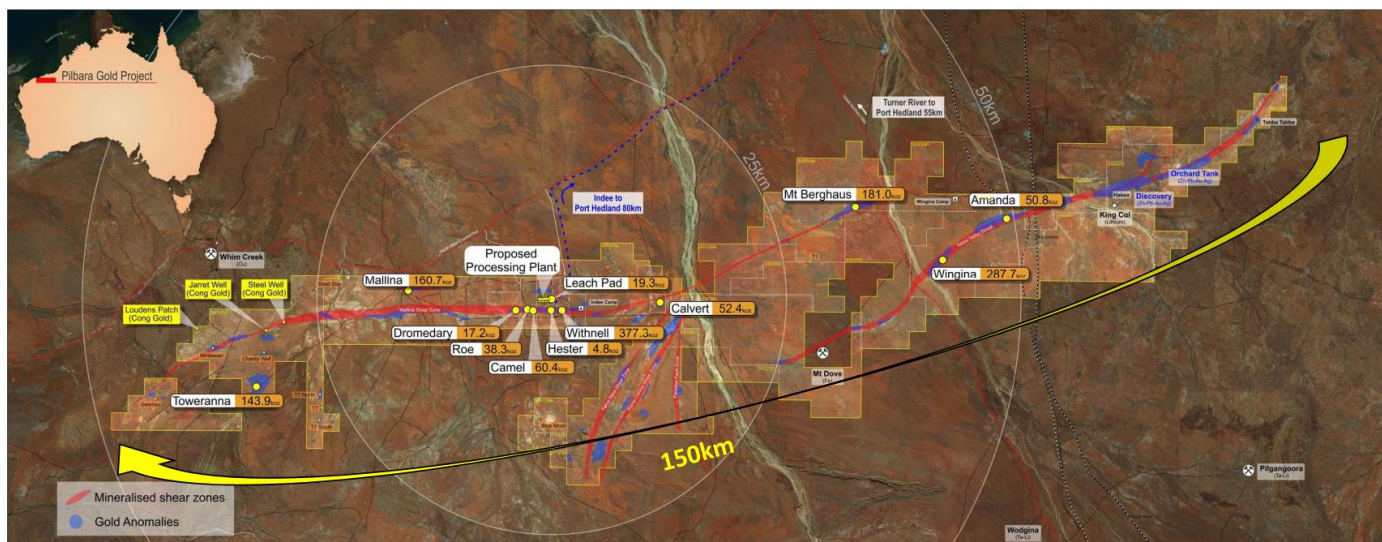
Pilbara Gold Project

The Pilbara Gold project located in the Pilbara region of Western Australia makes up 97% of our pre-tax NAVPS. Our pre-tax NAV_{8%} for the project is A\$423M.

Underground targets present scale potential.

De Grey has over 150,000 ha in tenure across the Pilbara region of Western Australia where it is expanding a sizeable shallow resource of 1.4 Moz. With the majority of recent work constrained to near-surface exploration (0-150m), there is a strong likelihood that further drilling should add scale underground at several of the unconstrained targets. Additionally, De Grey is pursuing a newly discovered conglomerate option in the west-end of its land package.

Figure 16: Pilbara Gold Project



Source: Company reports

The company owns 100% of the eastern portion of the project and has a fully binding Share Sale Agreement to acquire 100% of the western portion of its property. There is a final A\$9.7M cash and A\$3.0M share payment due in July 2019 to acquire the western portion of the property. De Grey has an additional joint venture and option agreement in the south with the right to earn 70-80% ownership of the tenements in partnership with Novo Resources (EL 47/2502) and other parties. The current resource lies over property either 100% owned by De Grey or property where the company has the rights to acquire 100% of the land rights.

Multiple deposits open along strike and at depth.

Asset Overview – A Hardrock story

Included in the current mineral resource are the Withnell Mining Centre and Wingina Mining Centre which cover only a fraction of the potential +200km mineralized shear zone identified on the company's property. De Grey has progressively grown the resource and the current resource (October 2018) is 1.4Moz at 1.6 g/t (M&I+I); however, approximately 20,000m of drilling have been completed since that update. The resource is spread over multiple deposits, the majority of which are open both along strike and at depth.

Based on the 2017 Scoping Study, mine plan, existing resource and drilling to-date, we model an open-pit mineable resource of 13.8Mt at 1.81 g/t Au, with a strip ratio of 7:1 and an underground mineable resource of 3.5Mt at 5.00 g/t Au. We highlight that there is considerable exploration upside in both areas and, our estimates on the underground are only at the Withnell deposit; however, it appears possible that Wingina, Towerana and Malina could all potential yield underground operations, but more drilling is required.

Figure 17: Pilbara Resource

	Type	Mt	Measured		Mt	Indicated		Mt	Inferred		Mt	Total	
			Au g/t	Au Oz		Au g/t	Au Oz		Au g/t	Au Oz		Au g/t	Au Oz
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	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

Source: Company reports

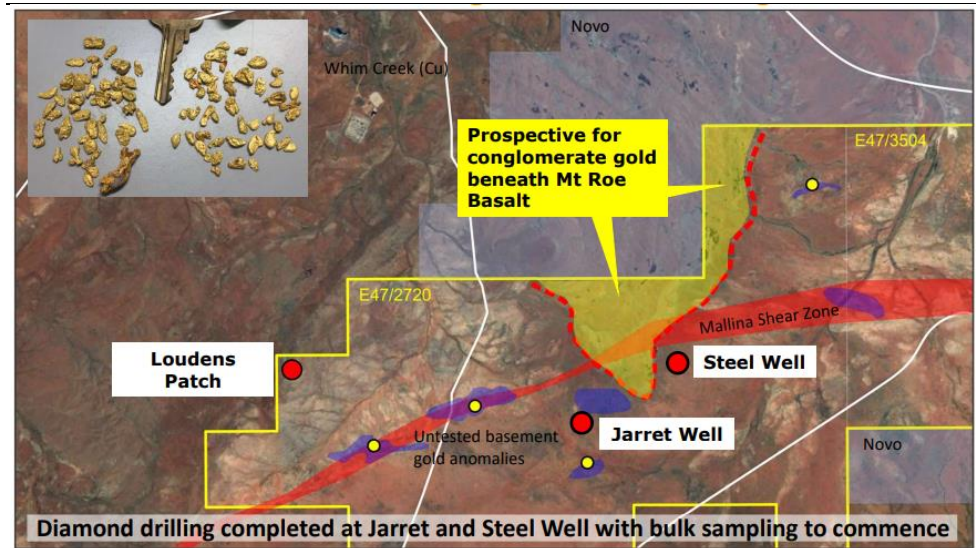
To the West - A Conglomerate Option

In the western section of its Pilbara tenements, the company is following up on a number of conglomerate gold targets it has identified at the Loudens Patch, Jarret Well and Steel Well areas (Figure 18). We would highlight, that the company has taken a simpler, lower cost approach to exploring and sampling conglomerates than some of the other market participants.

The company has completed small tonnage bulk sampling at Loudens (average grade 3.04g/t Au) with a commissioned crushing and gravity

sampling circuit providing quick turnaround between discovery and assessment. The company will need to complete larger bulk sampling to establish gold grade continuity while it continues to assess the remaining two targets with further surface exploration.

Figure 18: Conglomerate Targets



Source: Company Reports

Infrastructure

The project can be accessed via North West Coastal Highway and gravel road. The site is southwest of Port Hedland which hosts a deep-water port, international airport, hospital and mining related services. The project is ~80km by road from Port Hedland and ~160km from Karratha.

Like most Australian operations, the Pilbara Gold project is expected to be a fly-in, fly-out operation and our estimates assume on-site diesel generation. However, the possibility exists to truck-in natural gas, connect to the local power grid or tap into a nearby gas line for the company to generate its own power, more cost effectively.

Figure 19: View of former process plant site from heap leach pad.



Source: RCKS Site Visit

It is worth noting that the proposed plant site, near the Withnell deposit, is a mining lease, where a heap leach was previously operated. While this should ease permitting, other than a small camp (that needs to be expanded) and haul roads to Withnell and Camel, there is no remaining infrastructure of note that will materially reduce capital costs.

Operating Assumptions

As outlined throughout this report, we believe the deposits within the Pilbara Gold Project are likely to be mined by a combination of underground mining (longhole mining) and conventional open pit mining. As discussed, our rationale regarding our mineable resources in our two mine models are based on the open pit resource highlighted in a previous scoping study combined with exploration success to date. Our underground mineable resource is based on exploration success at Withnell, where the company has been targeting the depth extensions of the Withnell deposit and has successfully intersected high-grade lodes.

**Conventional open pit and
longhole underground
mining.**

Figure 20: Mine Model Summary

Project Parameters	Open Pit	Underground	Open Pit and Underground
Mineable Resource (Mt)	13.80	3.50	17.30
Gold Grade (g/t)	1.81	5.00	2.45
Steady State Throughput (tpd)	4,100	1,400	5,500
Avg Annual Production (koz Au)	79.6	63.3	142.9
Mine Life (years)	10	8	10.00
Ore Mining Cost (A\$/t mined)	\$3.5	\$70.0	NA
Waste Mining Cost (A\$/t mined)	\$2.8	NA	NA
Milling Cost (A\$/t milled)	\$18.0	\$25.0	NA
G&A (A\$/t milled)	\$5.0	\$5.0	NA
Cash Cost (US\$/oz Au)	\$657	\$571	\$621
Initial Capital Cost (A\$M)	\$130	\$59	\$189
Sustaining Capital Cost (A\$M)	\$34	\$58	\$92
Total Capital Cost (A\$M)	\$164	\$116	\$281
Pre-Tax NPV (A\$M)			\$370
Post-tax NPV (A\$M)			\$251
RCKS discount rate: 8%			
RCKS metal prices: \$1,300/oz Au			

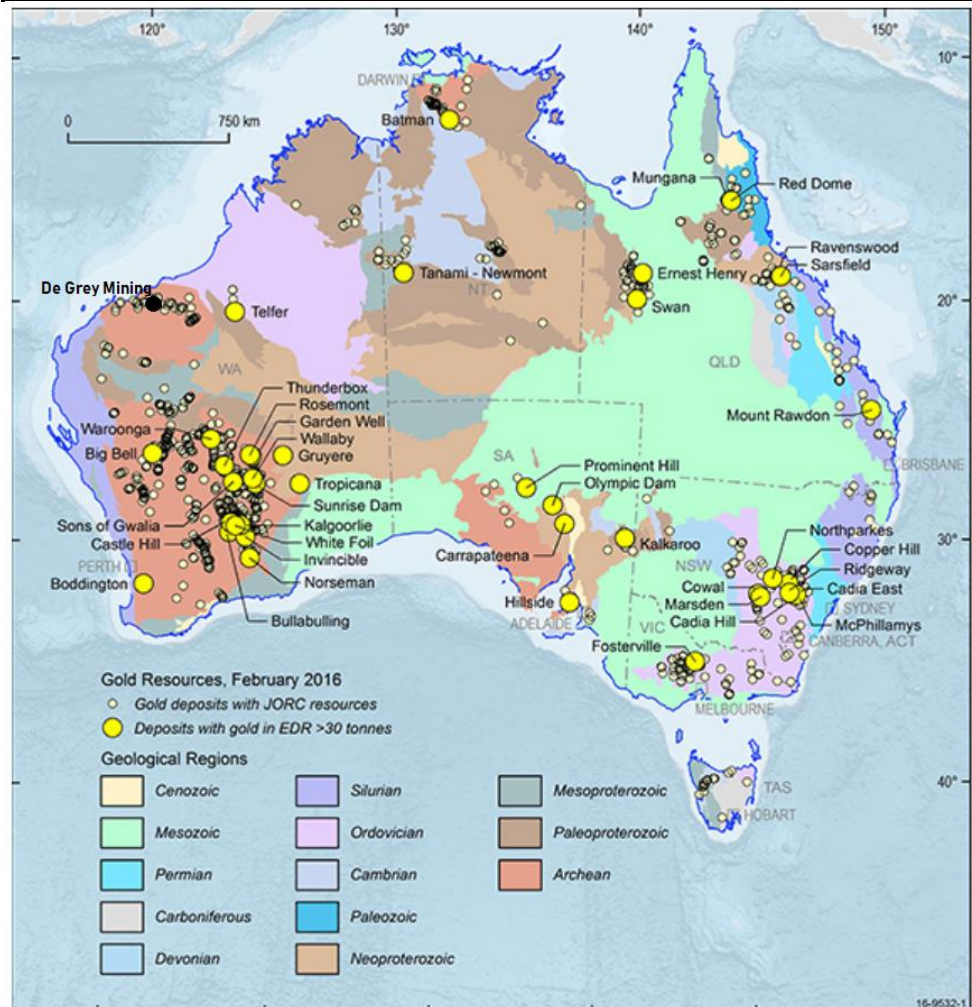
Source: RCS Estimates, Company Reports

Our estimated capital costs and operating costs associated with the open pit mining and underground (longhole) mining operation are estimated based on the company's published scoping study and comparable operations. We have also accounted for the different mineral processing techniques required to accommodate the different ore types (oxide, fresh and sulphide), as the sulphides, which are partially refractory in nature, are more expensive to process.

Geology – Hard Rock

De Grey's property overlies an Archean geological setting similar to the Eastern Goldfields of the Yilgarn Craton which are known for hosting such deposits as the massive Kalgoorlie Super Pit gold mine. Within its project area, De Grey has outlined possible 200km of shear zones where it has partially drilled 5 gold systems and has over 40 additional targets requiring follow-up. De Grey is well positioned for resource expansion underground at its Withnell, Wingina, Mt Berghaus, Mallina and Toweranna which are all open both along strike and at depth.

Figure 21: Regional Map of Australia

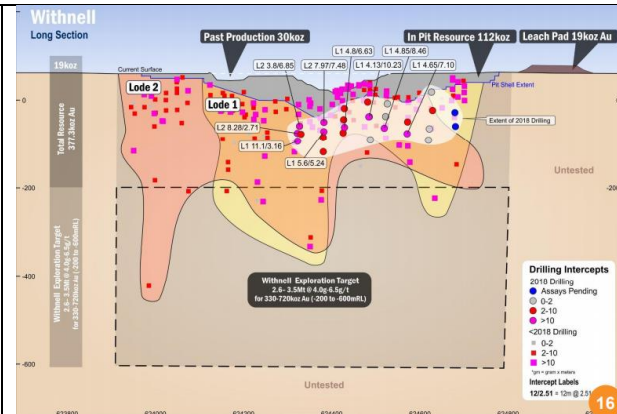


Source: Geoscience Australia

Figure 22: Withnell Mining Centre

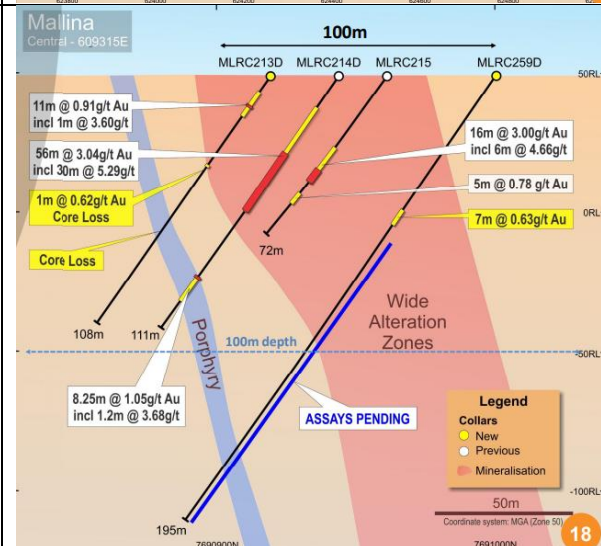
Withnell (377,300oz Au at 1.8 g/t Au)

The current resource at this previously mined pit is a combination of oxide and sulphide ore. This deposit is open along strike but the real upside exists at depth. In October 2018 De Grey defined an underground exploration target of 2.6Mt – 3.5Mt at 4.0g/t to 6.5g/t (330,000oz – 720,000oz). We model 3.5Mt at 5.0 g/t for the underground but believe that there is substantial upside.



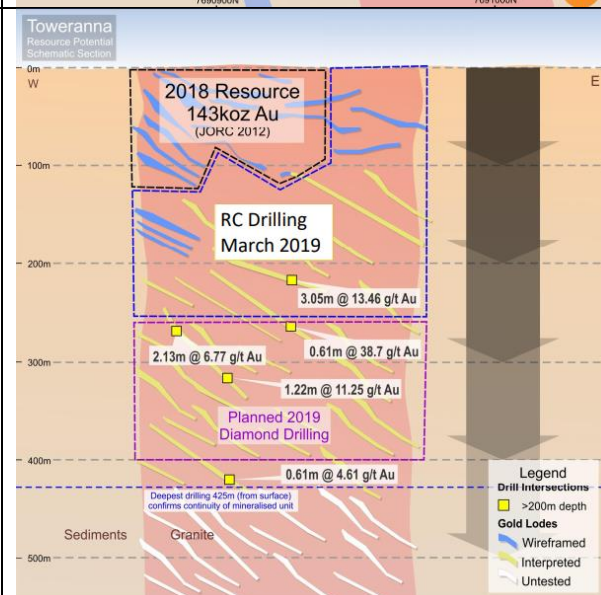
Mallina (160,700oz Au at 1.3 g/t Au)

Mallina's current resource has only seen drilling mostly within 100m of surface leaving plenty of room for extension at depth. The company has drilled large intercepts of high-grade gold and wide zones of intense alteration and sulphide development. The three primary lodes of this deposit are the Central Lodes, the Alfred Argyle Lodes and Lode 8.



Toweranna (143,900oz Au at 2.2g/t)

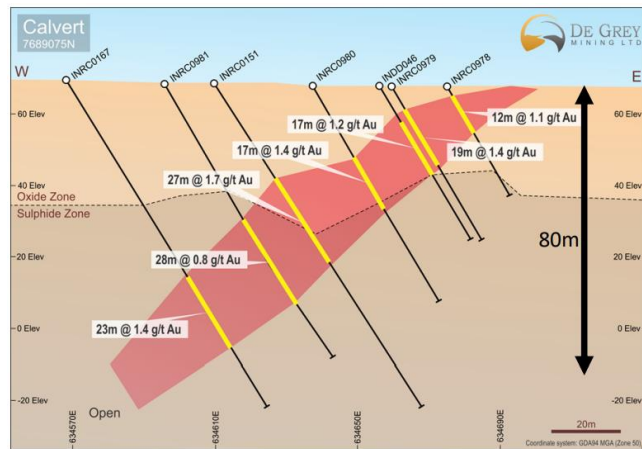
Toweranna is currently a shallow open pit resource. The orebody is consisting of quartz-sulphide vein lodes with a granitic intrusion. These veins are of high-grade tenor and the company plans to target resource extensions in the Eastern and Northern granite contacts as well as at depth to approximately 250m depth. Historic drilling indicates veining and high grade gold exist to at least 400m depth. With the current resource only down to ~100m and the foot print only partially drilled off, this deposit has the highest potential to add ounces, and could yield as much as 400k oz in the open-pit alone to 200m depth. The company has RC drills on site to begin drilling at Toweranna to depths of 200-250m which is expected to be followed with additional diamond drilling.



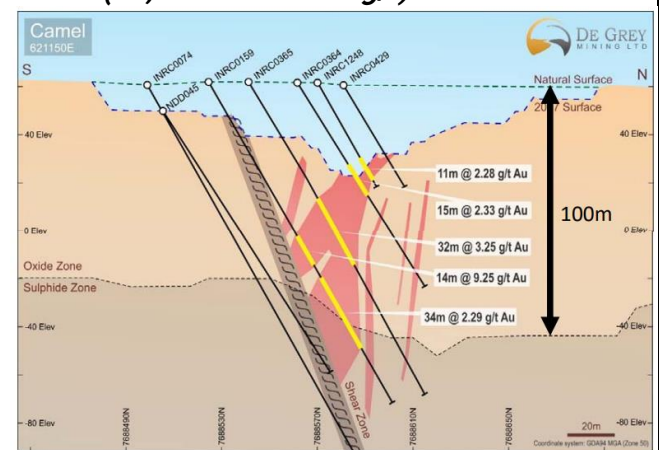
Withnell Mining Center (continued)

Calvert (52,400oz Au at 1.3g/t)

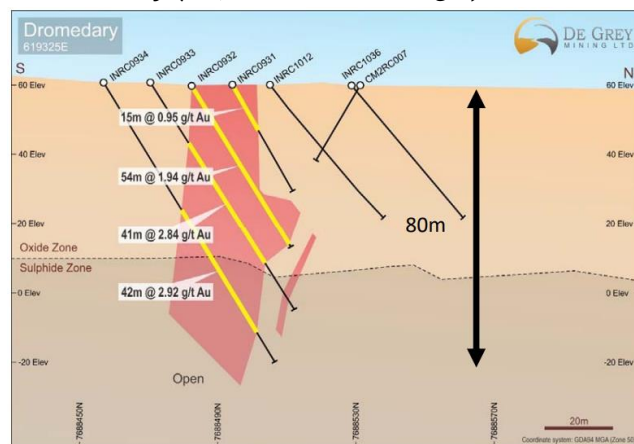
Calvert, Dromedary, Roe and Camel, while small, all occur along the Withnell trend. We would expect the previously mined, higher-grade Camel deposit to be one of the first mined. All 4 deposits are within 10km of the planned mill location.



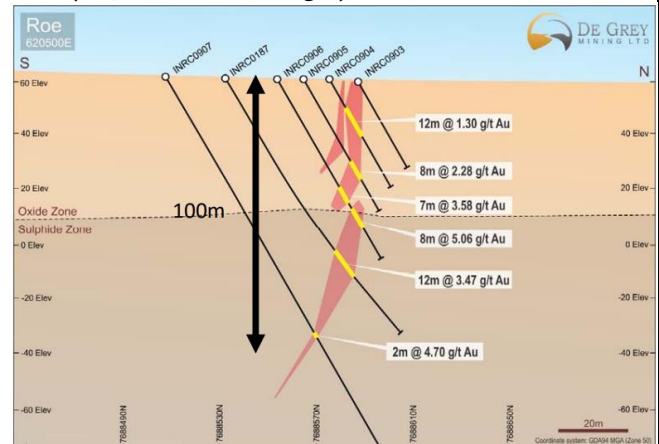
Camel (60,400oz Au at 2.2g/t)



Dromedary (17,200oz Au at 1.9g/t)



Roe (38,300oz Au at 2g/t)



Leach Pad (19,300oz Au at 0.7g/t) & Hester (4,800oz Au at 1.5g/t)

The historic leach pad contains almost 20k oz of low-grade gold. In our view, this material may be processed to help commission in the plant early in the mine-life. Because of its proximity, we would expect the Hester deposit to also be mined early in the mine-life and may be an extension of the Withnell deposit.

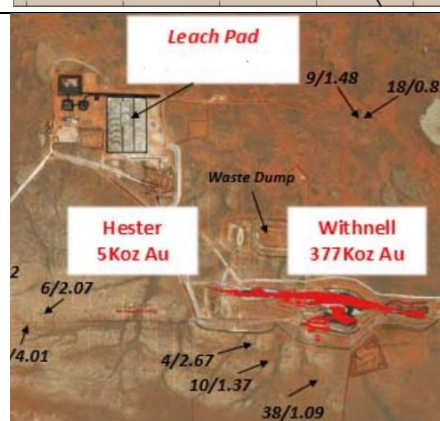
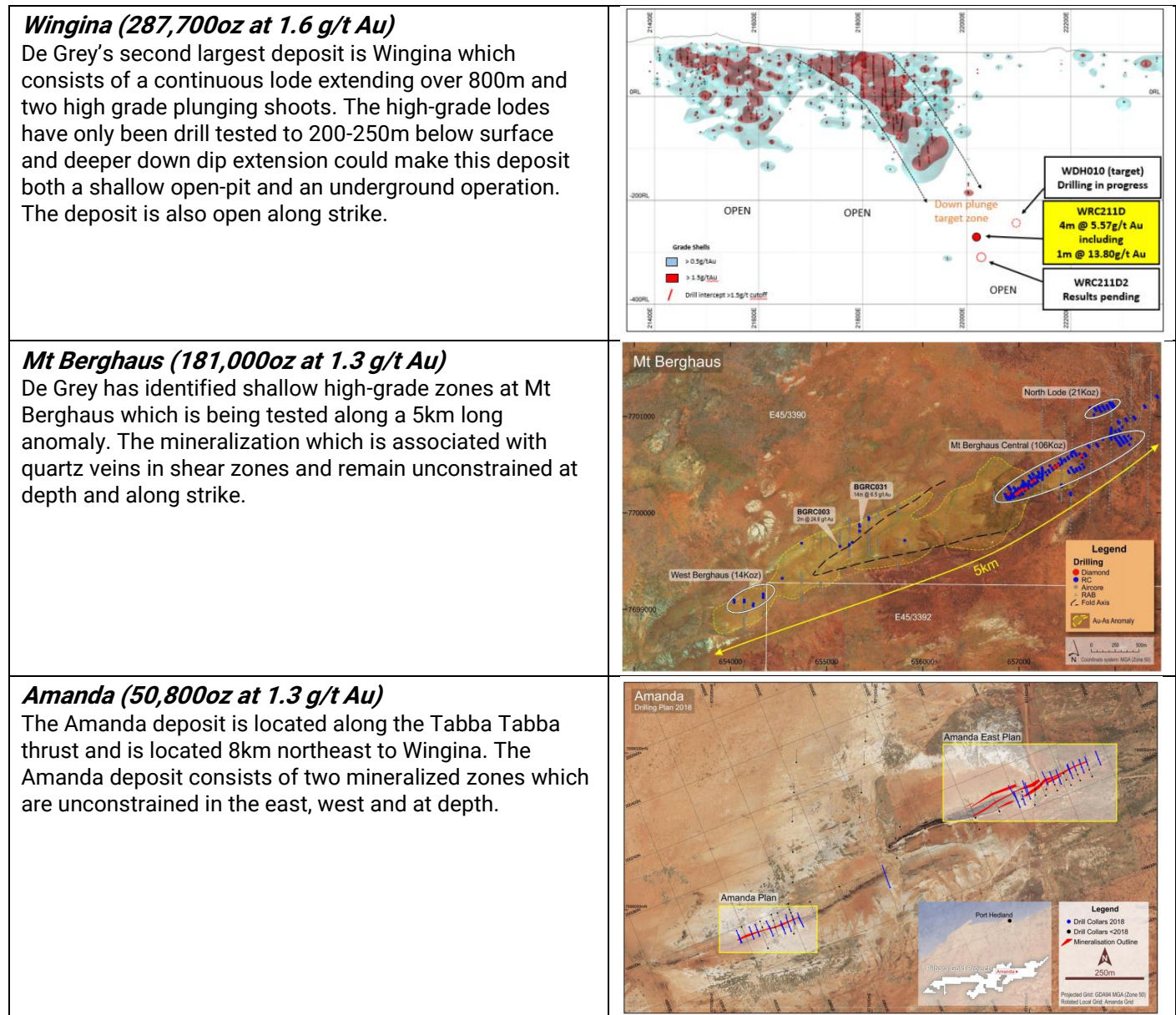


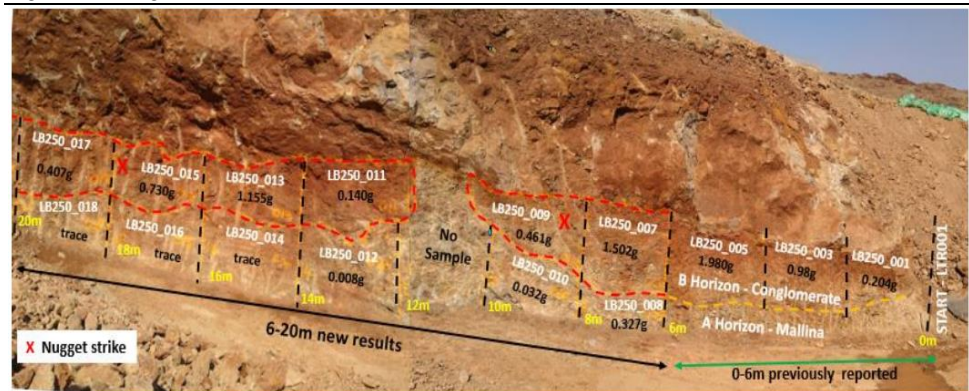
Figure 23: Wingina Mining Centre



Geology – Conglomerate

The Pilbara region of Western Australia gained attention for its conglomerate gold discoveries in early 2017 setting off a staking rush among explorers. The region is largely untested for conglomerate style of mineralization but has an Archean granite-greenstone basement similar in age and composition to the Kaapvaal Craton, host of Witwatersrand Basin of South Africa and home to some 40% of the world's gold mining. De Grey made its first discovery of gold nuggets at the Loudens Patch Target followed by conglomerate outcrop discoveries across a portion of the other potential 12km long target. The geology at Loudens Patch is associated with conglomerates in Mt Roe Basalt overlain by the Fortescue Group of mafic rock. The deposit is nuggety in nature which the company will aim to delineate more continuously with trenching and bulk sampling. We only subscribe the conglomerates US\$20M in value but believe that this could represent an economic sweetener for the Pilbara Gold Project with continued exploration success.

Figure 24: Conglomerate Cross-Section from Loudens Patch

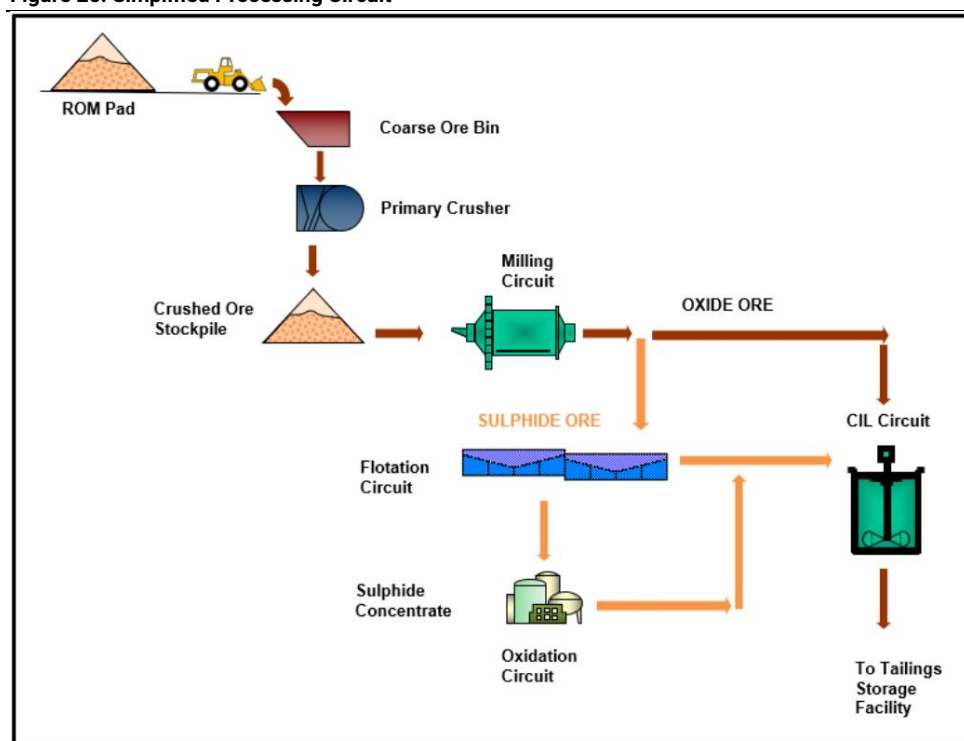


Source: Site Visit

Flow Sheet - Metallurgy

While none of the deposits individually have complicated metallurgy, the fact that ore is going to be sourced from multiple deposits that differ adds a layer of complexity. In early 2019, following metallurgical testwork the company announced expected recoveries between 90-94% using a simplified flowsheet (Figure 25). The updated flowsheet contains small pressure oxidation circuit for the sulphide ores which are partially refractory in nature. We note that sulphides only make up a portion of the ore to be processed and, the sulphide ores have a low mass pull ratio. As a result, we expect the pressure oxidation circuit to add only a small amount of capex over a traditional circuit.

Figure 25: Simplified Processing Circuit



Source: Company Reports

The work to date suggests that oxide ores are likely to return on average 94% recovery, free milling fresh ore are expected return on average 92% recoveries while sulphide ores are expected to average 90% recoveries. Most of the deposits are oxide at the top and then once there is a transition to fresh ore are either free milling or sulphide. In Figure 26 we have characterized each deposit as we understand it.

Figure 26: Pilbara Gold Weathering

Deposit	Weathered (Upper portion)	Fresh (Lower Portion)
Withnell	Oxide	Sulphide
Towerana	Free Milling	Free Milling
Camel	Oxide	Sulphide
Malina	Oxide	Sulphide
Dromedary	Oxide	Sulphide
Roe	Oxide	Sulphide
Hester	Oxide	Sulphide
Calvert	Oxide	Sulphide
Mt. Bergaus	Oxide	Free Milling
Wingina	Oxide	Free Milling
Amanda	Oxide	Free Milling

Note: Weathering depth varies by deposit but is typically 30-50m from surface, with the exception of Wingina with a weathering depth closer to 150m.

Source: Company Reports

Risks

Our view is based on our recent site visit and publicly available information but note that our estimates and view are not without political, technical, geologic or financing risk typical for mining companies. For De Grey, three risks are of note.

1. **Financial** – Our estimates assume that the company is able to raise sufficient capital in the near-term to fund the company's exploration and development activities in 2019 and make the final A\$9.7M cash payment to finalize the acquisition of the western part of the project. Additionally, our estimates make assumptions about project financing, to bring the project into production. Should the company be unable to raise the necessary capital or at a different price than currently assumed our estimates would be impacted.
2. **Technical** – our estimates are based on a combination of the 2017 Scoping Study, the most recent resource update, recent development updates and our visits to the project. Should the project develop differently than we assume (capital or operating costs, mining method, strip-ratio, etc.) our estimates would be impacted. Of note, our assumptions regarding a potential underground represent the highest risk and would have the largest impact on our estimates.
3. **Geological** – Our estimates are based on the recent resource updates and recent drill results; however, for mining we assume a higher cut-off grade is used, and consequently a higher-grade but smaller amount of ore is mined from the open-pits than outlined in the top 100m of the resource. We note that should the mineable resource in the top 100m be fewer tonnes or lower grade, our estimates would be negatively impacted. Additionally, our assumptions regarding the underground resource, relate to the defined exploration target, should it be smaller or lower-grade than modelled our estimates would also be impacted.

As new information becomes available, we plan to refine our numbers.

Appendix: Management

Simon Lill - Executive Chairman

Mr. Lill has a BSc and a Master of Business Administration, both from The University of Western Australia and has over 30 years' experience in of stockbroking, capital raising, management, business development and analysis for a range of small and start-up companies, in both the manufacturing and resources industries. He has specialised more recently in restructuring and developing companies and was appointed to the De Grey Board to work on its restructuring requirements in November 2013.

Andy Beckwith - Executive Technical Director

Mr. Beckwith has a Bachelor of Science (Applied Geology) from the University of South Australia and has over 30 years of Geological and Management experience. His more recent roles include successfully building Westgold to circa 5M ounces of resources as Managing Director and prior to that, senior roles with AngloGold Ashanti. Andy has successfully worked on projects from grassroots to mine development and has extensive experience working with corporate transactions, project acquisitions and project generation. Andy Beckwith joined De Grey Mining originally as a consultant, before coming on as Technical Director and Operations Manager in November 2017 and has played a significant role in the rebirth of the company.

Phil Tornatora - Exploration Manager

Mr. Tornatora joins De Grey Mining with over 25 years of geological experience. He has had substantial Exploration Management experience; with over 4 years as General Manager of Exploration at Northern Star, a mid tier Australian Gold Producer. During this time Northern Star advanced from a single mine operation to a multi-mine company producing around 500Koz gold per annum. Prior to this, Phil worked as Exploration and Geology Manager for Galaxy Resources, a prominent Australian lithium/tantalum producer. He has held senior Geology roles with major International gold producer AngloGold Ashanti and has had a range of experience from regional to near mine exploration and resource development roles.

Brett Lambert - Non-Executive Director

Mr Lambert has a Bachelor of Science (Mining Engineering) through Curtin University and the WA School of Mines. He comes to De Grey with over 30 years' experience in the Australian and international resource industry covering precious metals, base metals and uranium. Mr Lambert has served as a director of companies listed on the Australian Securities Exchange, London's AIM market, the Toronto Stock Exchange and the Stock Exchange of Thailand and has worked at Managing Director/CEO

level for more than 10 years. Mr Lambert is currently a non-executive Director of Mincor Resources NL and Australian Potash Limited and within the last three years has also served as a director of ABM Resources NL.

Peter Hood - Non-Executive Director

Mr. Hood, a Chemical Engineer, has had a distinguished career in the Australian Mining and Chemical Industries. He held the position of Senior Production Engineer at the Kwinana Nickel Refinery from 1971 to 1981, then Mill Superintendent of the WMC Kambalda Nickel and Gold Operations between 1982 to 1985. In 1985, he joined Coogee Chemicals Pty Ltd in the position of General Manager and then as their CEO between 1998 and 2005. He then held the position of CEO of Coogee Resources Ltd. Through that period he was part of the management team that oversaw significant growth in Coogee Chemicals company capitalisation.

Steve Morris - Non-Executive Director

Mr Morris has over 20 years of experience at the most senior executive level in a range of industries including the last 15 in Financial Markets. During that time he has held positions such as Head of Private Clients Australia for Patersons Securities Ltd and Managing Director of Intersuisse Ltd. He currently holds the position of Managing Director of Peloton Shareholder Services, offering management of shareholder based capital raising and investor relations advice to many ASX listed companies and is also Chairman of ASX listed Water Resources Group Limited.

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Company Name	Ticker Symbol	Disclosures
De Grey Mining	ASX:DEG	1, 2, 3, 4

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