

18 July 2019

Company Announcements Platform
Australian Securities Exchange
Level 4
20 Bridge Street
SYDNEY NSW 2000

By Electronic Lodgement

Dear Sir/Madam

NOTICE UNDER SECTION 708AA(2)(f) OF THE CORPORATIONS ACT 2001

This notice is given by De Grey Mining Limited (ASX:DEG) (**Company**) under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 (**Instrument 2016/84**). References in this notice of the Corporations Act are references to the Corporations Act as modified or amended by Instrument 2016/84.

The Company has announced its intention to undertake an equity raising of approximately \$19,059,921 via a fully underwritten renounceable entitlement offer. The raising comprises renounceable pro-rata entitlement offer of fully paid ordinary shares (**Shares**), on the basis of 1 new Share for every 1.28 Shares held as at 5:00pm (AEST) on 24 July 2019 (**Record Date**) to eligible shareholders with a registered address in Australia, New Zealand and, subject to certain qualifications, Canada (British Columbia, Ontario and Quebec only), Hong Kong and the Netherlands, together with shareholders who are eligible US Fund Managers (**Entitlement Offer**).

Based on the current capital structure (and assuming no options to acquire Shares (**Options**) are exercised or performance rights converted into Shares prior to the Record Date) a total of an additional 381,198,414 Shares will be issued pursuant to the Entitlement Offer.

As at the date of this announcement the Company currently has 77,333 333 Options on issue. In order to participate in the Entitlement Offer these Options must be exercised prior to the Record Date.

The Entitlement Offer is fully underwritten by Bell Potter Securities Limited (ACN 006 390 772) (**Bell Potter**) holder of an Australian Financial Services Licence (AFSL No. 243 480) (**Underwriter**). The Company has agreed to pay Bell Potter an underwriting fee of 4% (exclusive of GST) of the underwritten amount and management fee of 2% of the underwritten amount. The Company will also pay Bell Potter its reasonable costs and out of pocket expenses incurred by Bell Potter in respect of the Offer.

The Company hereby confirms that in respect of the Entitlement Offer (as per the requirements of paragraph 708AA(2)(f) of the Corporations Act):

- (a) the Company will offer the Shares for issue without disclosure to investors under Part 6D.2 of the Corporations Act;
- (b) the Company is providing this notice under paragraph 2(f) of section 708AA of the Corporations Act;
- (c) as at the date of this notice the Company has complied with:

- (i) the provisions of Chapter 2M of the Corporations Act as they apply to the Company;
 - (ii) section 674 of the Corporations Act as it applies to the Company;
- (d) other than as set out below, as at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) and 708AA(9) of the Corporations Act.

The Company advises that, exploration and economic studies at the Company's Pilbara Gold Project remains ongoing however, as at the date of this notice, results and interpretations are incomplete.

- (e) the potential effect that the issue of the Shares under the Entitlement Offer will have on the control of the Company is as follows:

If all eligible shareholders take up their entitlements under the Entitlement Offer, the issue of Shares under the Entitlement Offer will have no effect on the control of the Company and all shareholders will hold the same percentage interest in the Company, subject only to changes resulting from ineligible shareholders being unable to participate in the Entitlement Offer.

In the more likely event that there is a shortfall, eligible shareholders who do not subscribe for their full entitlement of Shares under the Entitlement Offer and ineligible shareholders unable to participate in the Entitlement Offer will be diluted relative to those shareholders who subscribe for some or all of their Entitlement and those eligible persons who subscribe under the shortfall offer (including the Bell Potter and any sub-underwriters).

*Bell Potter is not presently a shareholder of the Company nor a related party of the Company for the purposes of the Corporations Act 2001 (Cth) (**Corporations Act**).*

Pursuant to the terms of the underwriting agreement between the Company and the Underwriter, no person will acquire, through participation in the shortfall offer a holding of Shares of, or increase their holding, to an amount equal to 20% or more of all the Shares on issue on completion of the Entitlement Offer. As such, the potential increase to the Underwriter's relevant interest in the Company will not exceed 19.99%.

No Shares will be issued to an applicant under the Entitlement Offer or via the shortfall offer if the issue of Shares would contravene the takeover prohibition in section 606 of the Corporations Act.

Yours sincerely



Simon Lill
Executive Chairman
DE GREY MINING LIMITED