

ASX Announcement
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ABN 65 094 206 292

DIRECTORS/MANAGEMENT

Simon Lill
Executive Chairman

Andy Beckwith
Technical Director &
Operations Manager

Steve Morris
Non-executive Director

Brett Lambert
Non-executive Director

Craig Nelmes
Company Secretary/CFO

Phil Tornatora
Exploration Manager

CONTACT DETAILS

Principal & Registered Office
Level 2, Suite 9
389 Oxford Street
Mt Hawthorn WA 6016

PO Box 281
Mt Hawthorn WA 6016

www.degremining.com.au

admin@degremining.com.au

T +61 8 9381 4108
F +61 8 9381 6761

**De Grey elects to proceed to 100% ownership
of the Pilbara Gold Project**

Highlights

- De Grey elects to proceed to acquire 100% of Indee Gold Pty Ltd from Northwest Non Ferrous Australian Mining Pty Ltd
- Proposed acquisition:
 - consolidates ownership of Pilbara tenements with >1.2Moz gold resources and significant exploration upside
 - provides De Grey the opportunity to emerge as a significant future Australian gold producer
- Detailed Sale Agreement to be executed by 8 February 2018.
- Previously announced extended terms amended as below:
 - \$1.5M to be paid on execution of detailed Sale Agreement;
 - Settlement extended to 24 January 2019;
 - An additional extension is available until 24 July 2019 through further payment of \$700,000 on or before 24 January 2019;
 - Full consideration remains A\$15M, less all previous payments, and to include A\$3M equity component.
- Amended terms are subject to execution of Sale Agreement and will assist De Grey's cashflow through 2018

De Grey Chairman, Simon Lill, commented that:

“De Grey has expended considerable funds in exploration and feasibility work over the last 12 months on the Indee Project to confirm that the metrics of the Indee acquisition make sense. We are comfortable that acquiring Indee is the right path forward as the economic decision will only improve with further work planned through the next 12 months. The Indee and Turner River Projects combine as the Pilbara Gold Project with positive economics based on a simple open pit mining strategy, but with substantial exploration upside remaining.

We thank Northwest for their ongoing support.”

De Grey Mining Limited (“De Grey”, “DEG”, “the Company”) is pleased to announce that it has decided to proceed to acquire all the shares in Indee Gold Pty Ltd (“Indee Gold”) from Northwest Non-Ferrous Australian Mining Pty Ltd (“NNAM”).

This decision to proceed with the acquisition of Indee Gold is integral to the consolidation of the overall Pilbara Gold Project ownership. On settlement, De Grey will own 100% of the tenement package which contains greater than 1.2M oz of established gold resources.

NNAM and De Grey have agreed through a recent letter agreement (“New Agreement”) that the detailed Share Sale Agreement (“SSA”), which will include the new agreed extension and payment terms, is to be executed by 8 February 2018.

A previous letter agreement provided for extension and payment terms which were announced to the ASX on 2 October 2017 and were subject to regulatory approval. That regulatory approval was not forthcoming, with NNAM proposing a reasonable adjustment to these previous terms. The terms of the New Agreement, detailed herein, are now not subject to regulatory approval. De Grey has been advised that the terms of the New Agreement have been approved by the necessary regulatory bodies.

The New Agreement is conditional upon the execution of the SSA.

The \$1.5M to be paid on execution of the SSA will come from De Grey’s existing cash reserves.

The New Agreement provides that NNAM will accept \$3.0M in new De Grey shares as part of the settlement (“Consideration Shares”). The Company will seek shareholder approval for the issue of shares to NNAM.

The issue of these shares is based on 90% of a 20-day VWAP prior to settlement and will also be subject to FIRB approval, if required. If such FIRB approval is required and not granted, then cash will be paid in lieu of the Consideration Shares.

Further, if the issue of the Consideration Shares will result in NNAM having more than a 19.9% shareholding (being the takeover threshold) De Grey will issue the quantum of shares that equate to a 19.9% shareholding and pay the balance in cash.

De Grey is of the belief that it is unlikely that the Consideration Shares will exceed 19.9% and if FIRB approval is required that it will be obtained.

The New Agreement will form part of the Share Sale Agreement and will **only apply** if the Share Sale Agreement is executed. The New Agreement does not require further regulatory approval.

Under the SSA, settlement will also be conditional upon De Grey shareholder approval being obtained for the transaction under listing rule 11.1.2.

Between execution of the SSA and settlement of SSA, De Grey is required to meet expenditure commitments on the Indee tenements. De Grey will comfortably meet these commitments as it moves through ongoing resource definition and detailed Pre Feasibility and Feasibility studies across its complete tenement package.

The Company will update shareholders on proposed future work programmes following the anticipated finalisation and execution of the SSA.

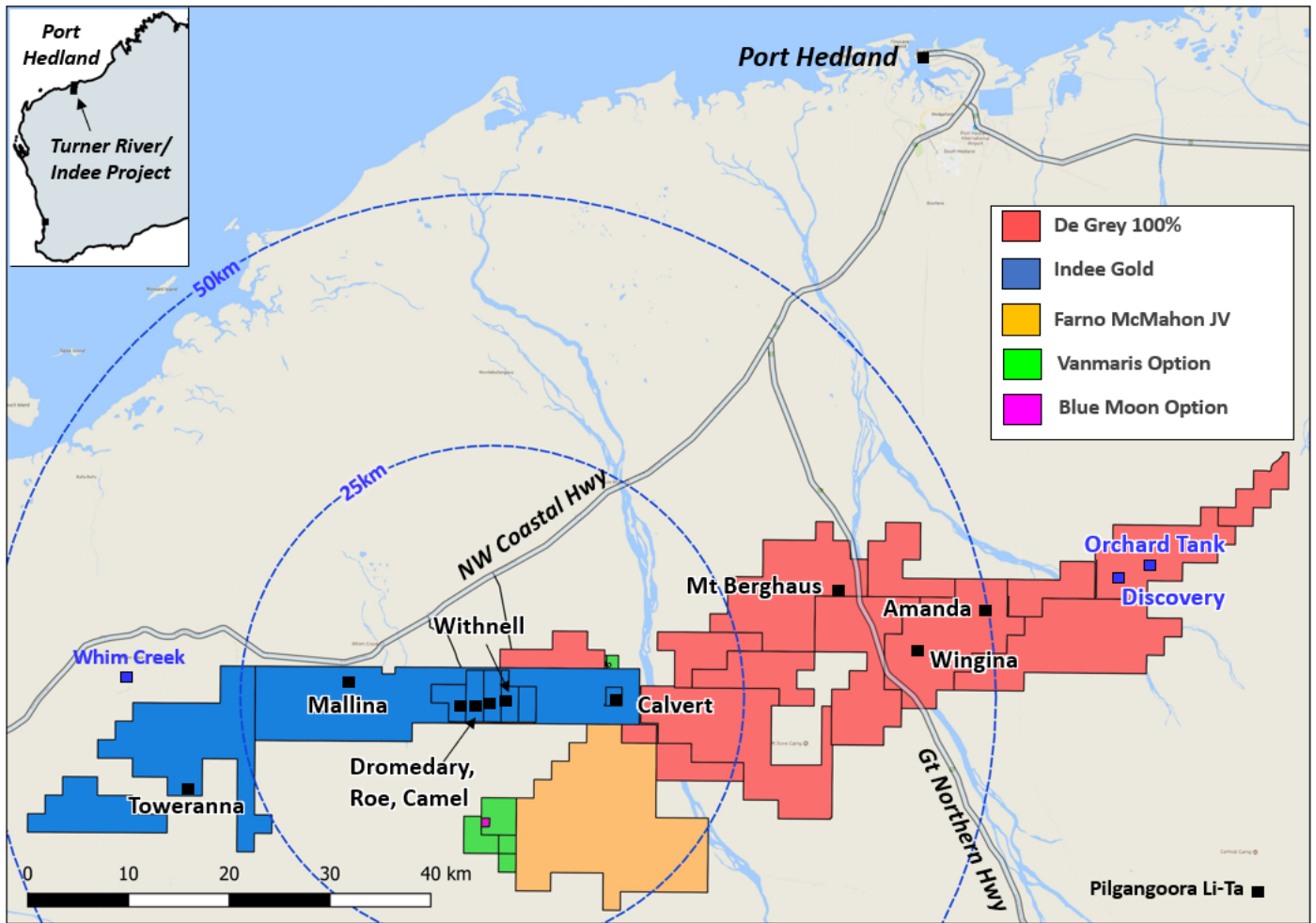
De Grey remain confident and expects the SSA, with the terms of the New Agreement, to be executed by the required date.

The new extended terms are as tabulated below and based on De Grey extending the settlement to 24 July 2019 if required:

Exclusive Option Fee	\$100,000	Paid in 2017
Deposit	\$1,500,000	To be paid on SSA execution (8 February 2018)
Additional deposit	\$700,000	To be paid by 24 January 2019 if settlement is extended
Equity Component in new De Grey shares	\$3,000,000	To be issued at settlement on 24 July 2019
Final Cash Consideration	\$9,700,000	To be paid at settlement on 24 July 2019
Total Consideration	\$15,000,000	

Note: The above amounts are exclusive of GST, if any is applicable

Fig1 Pilbara Gold Project, showing the Indee Gold tenement areas in blue and the current De Grey 100% owned tenement areas in red.



For further information:

Simon Lill (Executive Chairman) or Andy Beckwith (Technical Director & Operations Manager)

De Grey Mining Ltd
 Phone +61 8 9381 4108
 admin@degreymining.com.au