

ASX Announcement
6 September 2018

ASX Code DEG
FRA Code WKN 633879

ABN 65 094 206 292

DIRECTORS/MANAGEMENT

Executive Chairman
Simon Lill

**Technical Director &
Operations Manager**
Andy Beckwith

Brett Lambert
Non-executive Directors
Brett Lambert
Steve Morris

Joint Company Secretary
Patrick Holywell
Craig Nelmes

Exploration Manager
Phil Tornatora

CONTACT DETAILS

Principal & Registered Office
Suites 24-26, Level 3
22 Railway Road
Subiaco WA 6008

PO Box 2023
Subiaco WA 6904

www.degremining.com.au

admin@degremining.com.au

T +61 8 6117 9328

F +61 8 6117 9330

Indee Gold – Acquisition Update

De Grey Mining Limited (ASX: DEG, “De Grey”, “Company”) is pleased to provide an update with respect to the Indee Gold Pty Ltd acquisition and clarify the purpose of resolutions 1 & 2 of the Notice of Meeting lodged late yesterday which relate to this acquisition.

Throughout the first half year of 2018, the Company has been aggressively drilling across many of the gold deposits to improve and increase resources at the Pilbara Gold Project. The resource models are currently being updated based on drilling completed to the end of July 2018. The 2018 resource update report is anticipated in late September/early October and the updated resources will be used as the basis for new open pit mining optimisations.

Detailed pre-feasibility study activities are well advanced with a major focus on metallurgy and plant design. The metallurgy testwork is nearing completion and GR Engineering have commenced defining a suitable processing flow sheet, prior to design and costing.

Additional deeper diamond drilling has been completed at both the largest Withnell and Wingina gold deposits, targeting higher grade underground resource definition and extensions. Initial results of this drilling are expected to be reported during September.

Settlement Timelines

As announced on 12 February 2018, the Company completed the execution of the Share Sale Agreement (“SSA”) to purchase 100% of the issued shares in the capital of Indee Gold Pty Ltd (“Indee Gold”) from Northwest Nonferrous Australia Mining Pty Ltd (“NNAM”).

The terms of the SSA provide for settlement of the acquisition to be completed no later than 24 July 2019. A part payment of \$700,000 must be paid by 24 January 2019, unless De Grey elects to settle prior to that date. The total consideration remaining to settle the acquisition is:

- i. Payment of \$10.4M in cash; and
- ii. The issue of \$3.0M of equity in De Grey at a price that is 90% of a 20 day VWAP immediately prior to settlement.

Shareholder Approval

In accordance with ASX listing rules, De Grey is required to obtain shareholder approval for the change of scale of its activities that will result from the acquisition of 100% of the issued shares in the capital of Indee Gold Pty Ltd (“Indee Gold”) and for issuing De Grey shares to NNAM as part of the acquisition consideration.