



ASX Announcement

18 July 2019

Underwritten \$22M Capital Raising

Bell Potter Securities Limited, as Lead Manager:

- Have received commitments for a placement of 60.3M shares at \$0.05 per share to raise ~\$3M.
 - Placement shares are cum entitlement: i.e. will participate in the entitlement offer; and
- Agreed to fully underwrite a pro-rata renounceable entitlement offer to raise approximately \$19.1 million.
 - 1 new share for every 1.28 shares held at an Offer price of \$0.05;
 - Record date to determine entitlements is 24 July 2019;
 - Rights to commence trading on 23 July 2019;
 - Rights trading ceases on 31 July 2019.

End date for acquisition of Indee Gold extended to 24 August 2019

Proceeds of Offer to fund acquisition of 100% of Indee Gold and provide funds for ongoing exploration.

Board changes to include:

- Appointment of Mr Eduard Eshuys and Mr Bruce Parncutt AO; and
- Resignation of Mr Steve Morris and one additional De Grey director.

Executive Chairman Mr Simon Lill said:

"The ability to attract a broker of the quality of Bell Potter to the capital raising is testimony to the quality of the tenement package that De Grey will own 100% following the acquisition of Indee Gold. We view Bell Potter's interest in the Company and the introduction of a new group of shareholders as transformational.

The Offer has been structured and priced by the Board to encourage all shareholders to support the raising, while ensuring completion of the required capital raising via the fully underwritten backing of Bell Potter. The De Grey board encourages all shareholders to support this offer.

We also thank DGO Gold Limited for their ongoing support of the Company through their commitment of up to \$5.0M in this raising."

De Grey Mining Limited (ASX: DEG, **De Grey** or **Company**) is pleased to advise that it has:

1. received commitments for a placement of 60.3M shares to sophisticated, professional and other exempt investor clients of Bell Potter Securities Limited, at a price of \$0.05 per share to raise \$3,017,180 (**Placement**) (before costs of raising);
2. entered into an underwriting agreement with Bell Potter Securities Limited, who have agreed to underwrite a Pro-rata Renounceable Entitlement Offer (**Offer** or **Entitlement Offer**) available to all shareholders on a 1 for 1.28 basis to raise approximately \$19.1M (before costs of raising), also at an issue price of \$0.05 per share. The shares issued under the Placement will be “cum entitlement”, meaning participants will be entitled to participate in the Offer. The \$0.05 issue price represents a 40.8% discount to the volume weighted average price of the Company’s shares on the ASX over the 30 trading days prior to and including the latest trading day;
3. executed a variation to the acquisition agreement with Northwest Nonferrous Australia Mining Pty Ltd (“**NNAM**”) to extend the end date for completion of the Company’s acquisition of Indee Gold from 24 July 2019 to 24 August 2019, which provides De Grey with the additional time required to complete the Offer.

Funds raised under the Offer will be used to complete the acquisition of Indee Gold, thereby consolidating and securing 100% ownership of the Indee Gold landholding. The remaining funds will be used to continue exploration activities across the project with an aim to increasing resources to 3.0M ounces, as well as paying the costs of the raising and ongoing administration and corporate costs.

Acquisition of Indee Gold

On 9 February 2017, De Grey announced that it had entered into an option agreement to acquire Indee Gold for a total of \$15 million (comprising cash and shares) on or before 24 July 2018.

Over the 2 ½ years since that Agreement the Company has explored and upgraded the resources such that the most recent resource announcement resulted in a 230% increase in gold resources on the Indee Gold tenements resulting in a final acquisition price of \$13.14 per ounce.

The acquisition of Indee Gold also includes granted mining leases, existing heap leach stockpile, native title mining agreement, supporting infrastructure and significant exploration upside including the conglomerate gold targets.

During this period, De Grey and NNAM have worked together on extensions, part payments and an equity component of the final settlement price. The final settlement, now comprising payment of \$9.7 million in cash and the issue of \$3.0 million worth of shares in De Grey. The price of these shares is yet to be determined, however will be at 90% of the VWAP for the 20 trading days trading prior to settlement, now scheduled to occur on or prior to 24 August 2019.

Finalisation of the acquisition will also result in an additional \$300,000 being released from escrow under the recent Letter of Intent (“LOI”) with Novo Resources. Novo have already commenced initial lag gravel exploration activities across the project area. (ASX: “*De Grey expands exploration potential through LOI with Novo*” 1 July 2019)

Completion of a Placement

The Company has received firm commitments to raise \$3.017 M (before costs) through a placement of 60,343,600 new fully paid ordinary shares (**Placement Shares**) at an issue price of \$0.05 per share (**Placement**).

The Placement Shares have been placed to clients of Bell Potter Securities Limited (institutional and sophisticated) in accordance with the Company’s available 15% placement capacity pursuant to ASX Listing Rule 7.1. The Placement Shares will rank equally with existing De Grey ordinary shares quoted on the ASX. As per the timetable below, issue of the Placement Shares is expected to occur on Tuesday 24 July 2019. The Placement Shares are being

issued on a cum entitlements basis, meaning participants in the Placement will also be eligible to participate in the Offer as outlined below.

Proceeds from the Placement and the Offer are outlined in the use of funds table below.

Pro-rata Renounceable Entitlement Offer

The Company is proposing to undertake a pro-rata renounceable entitlement offer to eligible shareholders is on the basis of 1 new share (**New Share**) for every 1.28 existing Shares held by eligible shareholders as at 23 July 2019 (**Record Date**) at an issue price of \$0.05 per New Share.

The Offer is available to all Company shareholders (**Shareholders**) registered on the Record Date whose registered address is in Australia, or subject to certain offer restrictions, New Zealand, Canada (British Columbia, Ontario and Quebec only), Hong Kong, the Netherlands (**Eligible Shareholders**). The Offer is not being extended to any Shareholders with addresses outside these jurisdictions.

The Company will issue up to 381,198,414 New Shares under the Entitlement Offer to raise approximately \$19.1 million (before costs).

For the purposes of calculating each Eligible Shareholder's entitlement, fractional entitlements to Shares will be rounded up to the nearest whole number.

The Entitlement Offer is fully underwritten by Lead Manager, Bell Potter Securities Limited.

Offer Timetable

Event	Date**
Entitlement Offer announced and Company resumes trading	18 July 2019
ASX Release of Entitlement Offer Document, Cleansing Notice and Appendix 3B	18 July 2019
Notice sent to all security holders	19 July 2019
Ex date	23 July 2019
Entitlement trading begins on deferred settlement basis	23 July 2019
Allotment of Placement Shares and release of Cleansing Notice for those Placement shares	24 July 2019
Record Date (date for determining Entitlements of Eligible Shareholder to participate in the Offer)	24 July 2019 (5:00 pm WST)
Entitlement Offer Document and Acceptance Forms sent to Shareholders	29 July 2019
Entitlement trading ends	31 July 2019
Last day to extend the Entitlement Offer Closing Date*	2 August 2019
Entitlement Offer Closing Date	7 August 2019 (5:00 pm EST)
Notification to ASX of Entitlement Offer Shortfall	12 August 2019
Issue date and settlement of shortfall shares	14 August 2019
Quotation of New Shares under the Entitlement Offer	15 August 2019
Dispatch of Holding Statements	16 August 2019

*Subject to the ASX Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares. As the Offer is underwritten this extension is unlikely to occur.

** These dates are indicative only and are subject to change.

Use of Funds

Completion of the Placement and Entitlement Offer will result in an increase in cash on hand of approximately \$22 million (before costs).

The proceeds of the Offer will be used to:

Equity Funding Sources	\$	%
Funds raised under the Placement	3,017,180	13.67
Funds raised under the Offer	19,059,921	86.33
Total	22,077,101	100
Items of Expenditure	\$	%
Cash consideration payable for the Indee Gold Acquisition	9,700,000	43.94
Exploration costs	7,700,000	34.88
Working capital	3,277,101	14.84
Expenses of the Offer	1,400,000	6.34
Total	22,077,101	100

The above is a statement of current intentions at today's date. Intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis – other than the use of funds in relation to the acquisition of Indee Gold which will be paid on or prior to 24 August 2019.

Further information on the Entitlement Offer

Full details of the Entitlement Offer will be contained in an Offer Document to be dispatched to Eligible Shareholders in accordance with the indicative timetable as set out above.

For all enquiries relating to the Entitlement Offer, please contact the Company Secretary by telephone on +61 8 6117 9328 and for enquiries concerning an Application Form or your Entitlement, please contact Automic Pty Ltd on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia).

For further information:

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