

DE GREY MINING LIMITED
ACN 094 206 292

PROSPECTUS

For the offer of up to 1,000 Shares in the capital of the Company at an issue price of \$0.20 per Share together with one free attaching Quoted Option for every two Shares issued, to raise up to \$200 (before expenses) (**Cleansing Offer**).

The Prospectus also contains an offer of:

- (a) 12,000,000 October 2020 Options to Corporate Consultants Pty Ltd (**Corporate Consultants Offer**); and
- (b) 1,500,000 October 2020 Options to DJ Carmichael Pty Ltd (**DJ Carmichael Offer**),
(together, the **Additional Offers**).

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered under this Prospectus should be considered speculative.

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1. CORPORATE DIRECTORY

Directors

Simon Lill –Executive Chairman
Andrew Beckwith – Technical Director
Steve Morris – Non-executive Director
Brett Lambert – Non-executive
Director

Company Secretary

Craig Nelmes

Registered Office

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Share Registry*

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Telephone: (08) 9315 2333
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Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Auditor*

Butler Settineri (Audit) Pty Ltd
Unit 16, First Floor Spectrum Offices
100 Railway Road
SUBIACO WA 6008

* These entities have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus. Their names are included for information purposes only.

2. TIMETABLE AND IMPORTANT NOTES

2.1 Timetable

Action	Date
Lodgement of Prospectus with the ASIC and ASX	Monday 6 November 2017
Opening Date	Monday 6 November 2017
Closing Date*	Wednesday 8 November 2017
Expected date of Official Quotation of the Securities	Wednesday 8 November 2017

* The Directors reserve the right to vary the Closing Date at any time after the Opening Date without notice. As such, the date the Securities are expected to commence trading on ASX may vary with any change in the Closing Date.

2.2 Important Notes

This Prospectus is dated 6 November 2017 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The Offers are only available to those who are personally invited to accept the Offers. Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

2.3 Web Site – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.degreymining.com.au. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

2.4 Website

No document or information included on our website is incorporated by reference into this Prospectus.

2.5 Risk Factors

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 6 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

2.6 Overseas Investors

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws. This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue in this Prospectus.

2.7 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors (refer to Section 6 of this Prospectus) that could cause our actual results to differ materially from the results expressed or anticipated in these statements.

2.8 Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offers described in this Prospectus which is not contained in this Prospectus. Any information not so contained may not be relied upon as having been authorised by the Company or any other person in connection with the Offers. You should rely only on information in this Prospectus.

3. DETAILS OF THE OFFERS

3.1 Cleansing Offer

Under this Prospectus, the Company invites the investors identified by the Directors to apply for up to 1,000 Shares at an issue price of \$0.20 per Share payable in full on application, together with one free attaching Quoted Option for every two Shares issued, to raise up to \$200 (before expenses).

The Cleansing Offer will only be extended to specific parties on invitation from the Directors. Application Forms will only be provided by the Company to these parties.

All of the Shares offered under this Prospectus will rank equally with Shares on issue at the date of this Prospectus.

The Quoted Options offered under this Prospectus will be issued on the terms and conditions set out in Section 5.2 of this Prospectus. All the Shares to be issued upon exercise of the Quoted Options will rank equally with Shares on issue at the date of this Prospectus. No funds will be raised from the issue of Quoted Options pursuant to this Prospectus.

3.2 Additional Offers

This Prospectus also includes an offer of:

- (a) 12,000,000 October 2020 Options to Corporate Consultants (or its nominee) as consideration for the provision of independent advice as to development options, future funding and strategies; and
- (b) 1,500,000 October 2020 Options to DJ Carmichael (or its nominee) as consideration for ongoing services with relation to the Company's dealings with various strategic institutional and cornerstone investor groups on a non-exclusive basis to 30 June 2018.

The issue of October 2020 Options under the Corporate Consultants Offer was approved by Shareholders at the general meeting of the Company held 26 October 2017.

The issue of October 2020 Options under the DJ Carmichael Offer will be made under the Company's existing placement capacity, pursuant to ASX Listing Rule 7.1.

Only Corporate Consultants (or their nominee) may accept the Corporate Consultants Offer, by using the relevant Application Form in relation to the Corporate Consultants Offer.

Only DJ Carmichael (or their nominees) may accept the DJ Carmichael Offer, by using the relevant Application Form in relation to the DJ Carmichael Offer.

3.3 Objective

3.3.1 Cleansing Offer

The Company is seeking to raise only a nominal amount under the Cleansing Offer. The purpose of the Cleansing Offer is to remove any trading restrictions that may have attached to Shares or Quoted Options issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Closing Date.

Relevantly, section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) either:
 - (i) a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

3.3.2 Additional Offers

The Additional Offers are being made such that the relief provided under ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80 with respect to the on-sale provisions of section 707 of the Corporations Act is available.

Specifically, if the October 2020 Options under the Additional Offers are issued with disclosure under this Prospectus then the Shares issued upon the exercise of any of those October 2020 Options can be on-sold within 12 months of their issue without a disclosure document for the on-sale offer (even if the Shares were issued without disclosure or lodgement of a cleansing statement), as the October 2020 Options are issued with disclosure and the exercise of the October 2020 Options does not involve any further offer.

3.4 Application for Securities

Applications for Securities must be made by investors at the direction of the Company and must be made using the Application Form accompanying this Prospectus.

The October 2020 Options under the Additional Offers will be issued for nil cash consideration upon a valid application form being received by the Company from Corporate Consultants (or their nominee), with respect to the Corporate Consultants Offer, or DJ Carmichael (or their nominee), with respect to the DJ Carmichael Offer.

Payment for the Shares under the Cleansing Offer must be made in full at the issue price of \$0.20 per Share. All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to **"De Grey Mining Limited – Cleansing Offer Account"** and crossed **"Not Negotiable"**.

Completed Application Forms and cheques must be mailed or delivered to the address set out on the Application Form, with sufficient time to be received by or on behalf of the Company by **no later than 5.00pm (WST) on the Closing Date**.

The Company reserves the right to close the Offers early.

3.5 Minimum subscription

There is no minimum subscription in respect of the Offers.

3.6 Issue of Securities

Issue of Securities under the Offers will take place as soon as practicable after the Closing Date. Application moneys will be held in a separate subscription account until the Securities are issued. This account will be established and kept by the Company in trust for each Applicant. Any interest earned on the application moneys will be for the benefit of the Company and will be retained by the Company irrespective of whether any Securities are issued and each Applicant waives the right to claim any interest.

The Directors will determine the recipients of all the Securities. The Directors reserve the right to reject any application or to allocate any Applicant fewer Securities than the number applied for.

Where the number of Securities issued is less than the number applied for, the surplus moneys will be returned by cheque as soon as practicable after the Closing Date. Where no issue of Securities is made, the amount tendered on application will be returned in full by cheque as soon as practicable after the Closing Date. Interest will not be paid on moneys refunded.

3.7 ASX listing

Application for Official Quotation of the Securities offered pursuant to this Prospectus will be made within 7 days of the date of this Prospectus. If ASX does not grant Official Quotation of the Securities offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Securities and will repay all application monies for the Securities within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Securities is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

3.8 Restrictions on the distribution of the Prospectus

The distribution of this Prospectus outside the Commonwealth of Australia may be restricted by law.

The Offers do not, and are not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

Residents of countries outside Australia should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to make an application to take up Securities on the basis of this Prospectus. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all approvals and consents have been obtained.

3.9 Enquiries

Any questions concerning the Offers should be directed to Craig Nelmes, the Company Secretary, on +61 8 9381 4108.

4. PURPOSE AND EFFECT OF THE OFFER

4.1 Purpose of the Offers

The primary purpose of the Cleansing Offer is to remove any trading restrictions that may have attached to Shares or Quoted Options issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Closing Date (including prior to the date of this Prospectus). The Cleansing Offer will also remove any trading restrictions attaching to Shares issued on exercise of Quoted Options in the future.

All of the funds raised from the Cleansing Offer will be applied towards the expenses of the Offers. Refer to Section 7.8 of this Prospectus for further details relating to the estimated expenses of the Offers.

The Additional Offers are being made such that the relief provided under ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80 with respect to the on-sale provisions of section 707 of the Corporations Act is available and any Shares issued upon exercise of the October 2020 Options are able to be on-sold within 12 months of their issue without a disclosure document for the on-sale offer.

4.2 Effect of the Offer on capital structure

The effect of the Offer on the Company's capital structure is set out below.

Shares	Number
Shares currently on issue at the date of this Prospectus ¹	273,804,067
Shares to be issued pursuant to Tranche 2 of the Placement ²	8,240,000
Shares offered under the Cleansing Offer	1,000
Total Shares on issue on completion of the Offer³	282,045,067

Notes:

1. The rights and liabilities attaching to the Shares are summarised in Section 5.1 of this Prospectus.
2. Shareholders approved the issue of 8,000,000 Shares pursuant to Tranche 2 of the Placement at a general meeting of the Company held on 26 October 2017. The Company has resolved to issue an additional 240,000 Shares at \$0.05 per Share to other employees and key contractors under Tranche 2 of the Placement (**Additional Placement Shares**), using its existing placement capacity under ASX Listing Rule 7.1.
3. This assumes the Cleansing Offer is fully subscribed and no Options are exercised.

Options	Number
Quoted Options ⁴	23,568,600
Unquoted Options exercisable at \$0.08 each on or before 25 November 2017	1,125,000
Unquoted Options exercisable at \$0.04 each on or before 10 June 2019	18,034,611
Unquoted Options exercisable at \$0.10 each on or before 30 November 2018	7,350,000
Unquoted Options exercisable at \$0.10 each on or before 31 October 2020	2,250,000
Quoted Options to be issued pursuant to the Placement ^{1,4}	30,225,000

October 2020 Options to be issued under the Corporate Consultants Offer ^{2,5}	12,000,000
October 2020 Options to be issued under the DJ Carmichael Offer ^{3,5}	1,500,000
Quoted Options offered under the Cleansing Offer ⁴	500
Total Options on issue on completion of the Offer	96,053,711

Notes:

1. Shareholders approved the issue of 30,105,000 Quoted Options pursuant to the Placement at a general meeting of the Company held on 26 October 2017. The Company has resolved to issue an additional 120,000 Quoted Options free attaching to the Additional Placement Shares on a 1 for 2 basis, using its existing placement capacity under ASX Listing Rule 7.1.
2. Issue was approved by Shareholders at the general meeting of the Company held on 26 October 2017.
3. To be issued under the Company's existing placement capacity pursuant to ASX Listing Rule 7.1.
4. The terms and conditions of the Quoted Options are set out at Section 5.2 of this Prospectus.
5. The terms and conditions of the October 2020 Options are set out in Section 5.3 of this Prospectus.

4.3 Financial effect of the Offers

After expenses of the Offers of approximately \$8,576 there will be no proceeds from the Offer. The expenses of the Offers (exceeding \$200) will be met from the Company's existing cash reserves.

As such, the Offers will have an effect on the Company's financial position, being receipt of funds of \$200 less costs of preparing the Prospectus of approximately \$8,576.

5. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

5.1 Shares

The following is a summary of the more significant rights and liabilities attaching to Securities being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) in proportion to the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

5.2 Terms and Conditions of Quoted Options

The terms and conditions of the Quoted Options are as follows:

- (a) Each Quoted Option entitles the holder (**Quoted Option Holder**) to subscribe for one Share in the Company upon exercise of the Quoted Option.
- (b) Each Quoted Option is exercisable at any time prior to 5.00pm WST on 30 November 2018 (**Expiry Date**). Quoted Options not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The exercise price of each Quoted Option is \$0.10 (**Exercise Price**).
- (d) The Quoted Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).
- (e) Each Quoted Option may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Quoted Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Quoted Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (f) All Shares in the Company issued on the exercise of Quoted Options will rank equally in all respects with the then existing Shares.
- (g) The Company must apply for quotation of all Shares in the Company issued upon exercise of Quoted Options no later than 10 Business Days after the date of issue.
- (h) A Quoted Option Holder may only participate in issues of securities to holders of Shares in the Company if the Quoted Options have been exercised and Shares issued in respect of the Quoted Options before the record date for determining entitlements to the issue. The Company must give the Quoted Option Holder at least 7 Business Days' notice of any issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
- (i) There will be no change to the exercise price of the Quoted Options or the number of Shares over which the Quoted Options are exercisable in the event of the Company making a pro-rata issue of Shares or other securities to the holders of Shares in the Company (other than a bonus issue).
- (j) If there is a bonus issue to the holders of Shares in the Company (**Bonus Issue**), the number of Shares over which the Quoted Options are exercisable will be increased by the number of Shares which a Quoted Option Holder would have received if the Quoted Option had been exercised before the record date for the Bonus Issue (**Bonus Shares**). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other Shares on issue as the date of issue of the Bonus Shares.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of a Quoted Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) The Company will apply for quotation of the Quoted Options on ASX.

5.3 Terms and Conditions of October 2020 Options

The terms and conditions of the October 2020 Options are as follows:

- (a) Each Option entitles the holder (**Option Holder**) to subscribe for one Share in the Company upon exercise of the Option.
- (b) Each Option is exercisable at any time prior to 5.00pm WST on 30 November 2018 (**Expiry Date**). Options not exercised before the Expiry Date will automatically lapse.
- (c) The exercise price of each Option is \$0.10 (**Exercise Price**).
- (d) The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).
- (e) Each Option may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (f) All Shares in the Company issued on the exercise of Options will rank equally in all respects with the then existing Shares.
- (g) The Company must apply for quotation of all Shares in the Company issued upon exercise of Options no later than 10 Business Days after the date of issue.
- (h) An Option Holder may only participate in issues of securities to holders of Shares in the Company if the Options have been exercised and Shares issued in respect of the Options before the record date for determining entitlements to the issue. The Company must give to the Option Holder at least 7 Business Days' notice of any issue before the record date for determining entitlements to the Issue in accordance with the ASX Listing Rules.
- (i) There will be no change to the exercise price of the New Options or the number of Shares over which the New Options are exercisable in the event of the Company making a pro-rata issue of Shares or other securities to the holders of Shares in the Company (other than a bonus issue).
- (j) If there is a bonus issue to the holders of Shares in the Company (**Bonus Issue**), the number of Shares over which the Options are exercisable will be increased by the number of Shares which an Option Holder would have received if the Option had been exercised before the record date for the Bonus Issue (**Bonus Shares**). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other Shares on issue as the date of issue of the Bonus Shares.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) The Company will not apply for quotation of the Quoted Options on ASX.

6. RISK FACTORS

6.1 Introduction

The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

6.2 Company specific

(a) Future funding requirements

The Company may be required to raise additional funds (whether by way of debt and/or equity), so as to:

- (i) complete the full acquisition of Indee Gold Pty Ltd on or before 24 January 2019 if the Company chooses to proceed with the acquisition, with the Company having the option to extend the settlement date to 24 July 2019 by paying an extension fee;
- (ii) carry out additional exploration activities at both the Turner River and Indee Gold projects;
- (iii) complete scoping and feasibility studies on the combined projects; and
- (iv) fund corporate, administrative and working capital needs.

The ability of the Company to meet these future funding requirements, should it arise, will be dependent upon its continued capacity to access capital market funding sources and/or financing facilities via credit markets.

Funding via additional equity issues may be dilutive to the Company's existing Shareholders and, if available, debt financing may be subject to the Company agreeing to certain debt covenants.

If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations, delay, suspend and/or scale back its exploration programmes and business strategies, as the case may be.

There is however no guarantee that the Company will be able to secure any additional funding as and when required or be able to secure funding on terms favourable to the Company. The failure of which would thus have a material adverse effect on the Company's activities and its solvency.

(b) **Exploration**

The Company's tenements (including those for which they have an option to acquire) include a number of prospects which have had significant exploration works undertaken and are considered to be at an advanced stage.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

There is no assurance that, exploration and development of the mineral interests currently held by the Company, those projects for which it has a current option to acquire or any other projects that may be acquired by the Company in the future, will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified, there is no guarantee that these can be profitably exploited.

Potential investors should understand these are high-risk undertakings.

(c) **Operational**

The ultimate success and financial viability of the Company depends on the discovery and delineation of economically recoverable ore reserves, design and construction of efficient mining and processing facilities, and competent operational and managerial performance.

Development of a commercial mining operation is also dependent on the Company's ability to obtain necessary titles and governmental and other regulatory approvals.

(d) **Resource Estimations**

Resources estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made.

Additionally, resource estimates may change over time as new information becomes available. Should the Company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

(e) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

6.3 Mining Industry Specific

(a) Metals Market Conditions

The Company's ability to benefit from any future mining operations will depend on market factors, some of which may be beyond its control. The world market for minerals is subject to many variables and may fluctuate markedly.

If the Company successfully defines a resource or reserve and subsequently achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

(b) Exchange Rates

International prices of various commodities are denominated in United States dollars and exposes the potential income of the Company to exchange rate risks, as it is expected that the income and expenditure of the Company are and will be taken into account in Australian currency, This exposes the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(c) Environmental Risks

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceed. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

(d) **Tenement tenure and regulatory requirements**

The Company's interests in tenements are governed by the Mining Act 1978 (WA) and regulations that are current in Western Australia and are evidenced by the granting of licences or leases.

Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in the tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

6.4 General risks

(a) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward specific market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks, in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(d) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

(e) **Speculative investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

7. ADDITIONAL INFORMATION

7.1 Litigation

As at the date of this Prospectus the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

7.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;

- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company or an ASIC office during normal office hours.

Details of documents lodged with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below:

Date	Description of Announcement
02/11/2017	Investor Presentation – November 2017
01/11/2017	Kirkland Lake \$5M subscription funds received
01/11/2017	Initial Director's Interest Notice - B Lambert
01/11/2017	Final Director's Interest Notice - D Bosio
01/11/2017	Quarterly Cashflow Report - September 2017
31/10/2017	Initial Director's Interest Notice - A Beckwith
31/10/2017	Quarterly Activities Report - September 2017
30/10/2017	New Conglomerate & Gold Nugget Discoveries
30/10/2017	Notice of Annual General Meeting/Proxy Form
26/10/2017	Results of General Meeting
26/10/2017	Investor Presentation - October 2017
26/10/2017	Board Changes & Sprott Capital Advisor Appointment
19/10/2017	Appendix 3B
18/10/2017	Bonanza Gold Target Secured - Blue Moon Prospect
16/10/2017	High Grade Lithium intersected in wide spaced scout drilling
13/10/2017	Appendix 3B
03/10/2017	Landholding secured with high-grade gold exploration targets
03/10/2017	Appendix 3B
02/10/2017	DEG accepts strategic investor Kirkland Lake to its Register
02/10/2017	Settlement of Indee Transaction extended by up to 12 months
02/10/2017	2017 Appendix 4G

The ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.degreymining.com.au

7.3 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the most recent dates of those sales were:

	Price	Date
Highest	\$0.305	3 November 2017
Lowest	\$0.036	3 August 2017
Last	\$0.295	3 November 2017

7.4 Details of substantial holders

Based on publicly available information as at the date of this Prospectus, there are no persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue.

7.5 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers pursuant to this Prospectus; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner or director, either to induce them to become, or to qualify them as, a Director or otherwise for services rendered by them or by the firm in connection with the formation or promotion of the Company or the Offers.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below.

Director	Shares	Options
Simon Lill	3,750,000	2,333,333 ¹
Steven Morris	910,000 ²	1,000,000
Brett Lambert	-	-
Andrew Beckwith ⁴	3,250,000	2,666,668 ³

Notes:

1. Comprising 750,000 unlisted Options exercisable at \$0.08 on or before 25 November 2017, 1,500,000 unlisted Options at \$0.10 on or before 30 November 2018 and 83,333 listed Options at \$0.10 on or before 30 November 2018.
2. Comprising of 570,000 Shares held indirectly through Targo Holdings Pty Ltd and 340,000 Shares held indirectly through Morris Family Super Fund Account, both entities controlled by Mr Morris.
3. Comprising 1,500,000 unlisted Options at \$0.10 on or before 30 November 2018, 1,000,000 unlisted Options at \$0.10 on or before 31 October 2020 and 166,668 listed Options at \$0.10 on or before 30 November 2018.
4. The Shares and listed Options are held in the names of Penny Beckwith and Penand Pty Ltd <Beckwith Super Fund A/C>.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$250,000 per annum.

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	FY 2016	FY 2017	FY 2018
Simon Lill	\$44,000	\$102,000	\$120,000
Steven Morris	\$24,000	\$34,000	\$36,000
Brett Lambert	N/A	N/A	\$170,833 ¹
Andrew Beckwith	N/A	N/A	\$24,750 ²

Notes:

- 1 Mr. Beckwith was appointed to the board on 26 October 2017.
- 2 Mr. Lambert was appointed to the board on 26 October 2017.

7.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or

- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers; or
- (f) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offers.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offers. The Company estimates it will pay Steinepreis Paganin \$2,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$127,183 (excluding GST and disbursements) for legal services provided to the Company.

7.7 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

7.8 Estimated expenses of Offers

The total expenses of the Offers are estimated to be approximately \$8,576 as follows:

Expense	(\$)
ASIC Fees	2,400
ASX Fees	3,676
Legal Fees	2,000
Miscellaneous, printing and other expenses	500
Total	8,576

7.9 Electronic Prospectus

ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please phone the Company on +61 8 9381 4108 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or Prospectus or any of those documents were incomplete or altered.

7.10 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will not be issuing Share certificates. The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

7.11 Privacy Act

If you complete an application for Securities, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers,

regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

8. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



Simon Lill
Chairman
for and on behalf of
De Grey Mining Limited

9. DEFINITIONS

\$ means Australian dollars.

Additional Offers means the Corporate Consultants Offer and DJ Carmichael Offer, as detailed in Section 3.2.

Applicant means an investor who applies for Securities pursuant to the Offers.

Application Form means an application form either attached to or accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Cleansing Offer means the offer of Securities as detailed in Section 3.1.

Closing Date means the date specified in the timetable in Section 2.1 of this Prospectus (unless extended or brought forward).

Company means De Grey Mining Limited (ACN 094 206 292).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporate Consultants means Corporate Consultants Pty Ltd (ACN 076 377 323).

Corporate Consultants Offer means the offer of October 2020 Options to Corporate Consultants (or their nominee), as detailed in Section 3.3.2.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

DJ Carmichael means DJ Carmichael Pty Limited (ACN 003 058 857).

DJ Carmichael Offer means the offer of October 2020 Options to DJ Carmichael (or their nominee), as detailed in Section 3.3.2.

October 2020 Option means an unquoted Option exercisable at \$0.10 each on or before 31 October 2020 and otherwise on the terms and conditions set out in Section 5.3.

Offers means the Cleansing Offer and Additional Offers.

Official Quotation means official quotation on ASX.

Opening Date means the opening date of the Offer as specified in the timetable set out in Section 2.1 of this Prospectus (unless varied).

Option means an option to acquire a Share.

Placement means the Company's placement of Shares (with a 1 for 2 free attaching Quoted Option) at an issue price of \$0.05 per Share to raise circa \$2.92 million, as announced by the Company on 30 August 2017.

Prospectus means this prospectus.

Quoted Option means a quoted Option exercisable at \$0.10 on or before 30 November 2018 and otherwise on the terms and conditions set out in Section 5.2.

Section means a section of the Prospectus.

Securities means Shares and Options.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

WST means western standard time as observed in Perth, Western Australia.