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ASX: DEG

ASX ANNOUNCEMENT
20 October 2021

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Fully underwritten A$125 million placement to complete Mallina Gold Project prefeasibility study, extend existing resources and conduct exploration drilling

Highlights:

- **De Grey launches underwritten institutional placement to raise A$125 million**
- **Placement issue price of $1.10 per share, representing a discount of 9% to the last closing price and an 8% discount to the 11-day VWAP since De Grey's Mallina Gold Project Scoping Study was released to ASX**
- **Proceeds from the Placement, together with existing cash, to be applied to:**
  - **Completion of the Mallina Gold Project prefeasibility study for release H2 2022**
  - **Resource extension drilling at Hemi and Regional deposits**
  - **Resource definition drilling, particularly at Diucon and Eagle zones**
  - **Exploration drilling across the Company's 150km tenement package**
  - **Operations support and pre-development capital expenditure items; and**
  - **Corporate costs and general working capital.**

De Grey Mining Limited (ASX: DEG, "**De Grey**" or "**Company**") is pleased to announce the launch of a fully underwritten institutional placement of new fully paid ordinary shares ("**New Shares**") to raise approximately A$125 million ("**Placement**").

The Placement follows the release of De Grey's Scoping Study for the Mallina Gold Project ("**Mallina**"), which detailed a future top 5 Australian Gold Mine, highlights of which include:

- Average annual production[1] of 473koz over the first five years and 427koz over 10 years;
- Average AISC of A$1,111/oz over the first five years and A$1,224/oz over 10 years;
- Pre-tax NPV5% of A$2.8b, pre-tax IRR of 60% and pre-tax unleveraged payback of 1.5 years;
- Free cashflow (undiscounted, pre-tax) of A$3.9B and A$2.9B (undiscounted, post-tax); and
- Payback under two years following commencement of production.

Managing Director Glenn Jardine said:

"*De Grey is pleased to announce the launch of a fully underwritten Placement, which displays a high level of investor support for our growth strategy at the globally significant Mallina Gold Project. The Placement provides De Grey with a significant capital runway to undertake exploration activities to expand the existing resource, and progress project development studies. De Grey will now have a significantly strengthened balance sheet which provides a strong platform to unlock further value at Mallina.*"

***Note 1**: Refer to ASX announcement De Grey Mining Mallina Gold Project Scoping Study dated 5 October 2021*
De Grey Mining confirms that all the material assumptions underpinning the production target in the above Scoping Study report continue to apply and have not materially changed.
Of the Mineral Resources scheduled for extraction in the Scoping Study production plan approximately 70.2% are classified as Measured and/or Indicated and 29.8% as Inferred during the 10 year evaluation period. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realized.

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Placement Details

De Grey is undertaking a fully underwritten Placement of approximately 113.6 million New Shares to raise approximately $125 million. New Shares will be issued at an offer price of $1.10 per New Share, which represents a:

9% discount to the last closing price of $1.21 on 19 October 2021

8% discount to the 11-day VWAP following the ASX announcement of the Mallina Scoping Study results

New Shares will be issued under the Placement pursuant to the Company's placement capacity under ASX Listing Rule 7.1.

Canaccord Genuity (Australia) Limited is acting as Global Coordinator, Joint Lead Manager, Joint Underwriter and Joint Bookrunner to the Placement. Argonaut Securities Pty Limited is acting as Joint Lead Manager & Joint Bookrunner and Argonaut PCF Limited is acting as Joint Underwriter to the Placement. Azure Capital Pty Ltd acted as Corporate Adviser to the Placement.

The Board has chosen not to proceed with a Share Purchase Plan ("**SPP**") as it notes all shareholders have had the opportunity to acquire shares at reasonable prices over the last 30 days.

Timetable[1]

Event	Date
Trading halt	Wednesday 20 October 2021
Launch of Offer and Investor Presentation	Wednesday 20 October 2021
Trading halt lifted and announcement of completion of Placement	No later than Friday 22 October 2021
Settlement of New Shares	Wednesday 27 October 2021
Allotment of New Shares	Thursday 28 October 2021

[1]These dates are indicative only and are subject to change at De Grey's discretion, subject to compliance with applicable laws and the ASX listing rules.

Placement underwriting agreement

The Placement is fully underwritten by Canaccord Genuity (Australia) Limited (ABN 19 075 071 466) ("**Canaccord**") and Argonaut PCF Ltd (ACN 099 761 547) ("**APL**") on the terms and conditions of a placement underwriting agreement between the Company, Canaccord, APL and Argonaut Securities Pty Ltd (ACN 108 330 650) ("**Underwriting Agreement**"). Material terms of the Underwriting Agreement are disclosed in Annexure A of this announcement.

Additional information

Additional information in relation to the Placement and the Company can be found in the Investor Presentation released to the ASX simultaneously with this announcement, which contains important information, including key risks.

Nothing contained in this announcement constitutes investment, legal, tax or other advice. Investors should seek appropriate professional advice before making any investment decision. All amounts are in Australian dollars unless otherwise indicated.

An Appendix 3B for the proposed issue of securities will follow this announcement.

This ASX report is authorised for release by the De Grey Board.

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Forward Looking Statements Disclaimer

This announcement as prepared by De Grey Mining Limited (or the "Company") include forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licenses and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the Company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company's business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company's control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant securities exchange listing rules, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

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Previously released ASX Material References in FY2021 that relate to Hemi and Greater Hemi include:

- *Consistent extensive gold endowment at Falcon, 13 January 2021*
- *Diucon and Eagle: Two new intrusion hosted gold discoveries at Hemi, 29 January 2021*
- *Further metallurgical testwork confirms high gold recoveries, 16 February 2021*
- *Major depth extensions and new footwall lodes emerge at Falcon, 23 February 2021*
- *Crow – Aquila gold system continue to expand, 4 March 2021*
- *Rapid growth at Diucon and Eagle, 9 March 2021*
- *Extensional results show Brolga plunge potential, 16 March 2021*
- *Depth and strike extensions at Falcon, 8 April 2021*
- *Impressive resource definition drilling at Brolga, 13 April 2021*
- *Strong extension to Diucon and Eagle, 15 April 2021*
- *Strong mineralisation intersected at Crow and Aquila, 23 April 2021*
- *Large mineralised system confirmed at Diucon – Eagle, 4 May 2021*
- *High gold recoveries achieved at Aquila, 10 May 2021*
- *Significant extensional and impressive resource definition results at Falcon, 27 May 2021*
- *Encouraging results continue at Diucon-Eagle, 1 June 2021*
- *Diucon - compelling new results, 22 July 2021*
- *New results substantially extend Eagle, 9 August 2021*
- *Diucon – depth, width and strike extensions, 1 September 2021*
- *Eagle extensions to the west and at depth, 9 September 2021*
- *High gold recoveries also achieved at Falcon and Crow, 21 September 2021*
- *Greater Hemi Corridor Update, 30 September 2021*
- *De Grey Mining Mallina Gold Project Scoping Study, 5 October 2021*
- *Regional exploration delivers positive results at Withnell, Calvert and Gillies, 13 October 2021*

Mineral resources reporting

This announcement contains estimates of DEG's Mineral Resources. The information in this presentation that relates to the mineral resources of DEG has been extracted from DEG's previous ASX announcements, including the following:

- *ASX announcement 6.8Moz Hemi Maiden Mineral Resource drives MGP to 9.0Moz dated 23 June 2021*
- *ASX announcement Total Gold Mineral Resource increases to 2.2Moz dated 2 April 2020*
- *ASX Announcement Total Gold Mineral Resource - 21 % increase to 1.7Moz dated 16 July 2019*
- *ASX Announcement Total Gold Mineral Resource increases to 1.4Moz dated 3 October 2018*
- *ASX Announcement Pilbara Gold Project increases gold resources by >20% to over 1.2Moz dated 28 September 2017*

Copies of these announcements are available at www.asx.com.au or https://degreymining.com.au/asx-releases/. DEG confirms that itis not aware of any new information or data that materially affects the information included in those announcements and, in relation to the estimates of DEG's mineral resources, that all material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed. DEG confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from those announcements.

Production Targets

The production targets and forecast financial information referred to in this announcement were disclosed in accordance with Listing Rules 5.16 and 5.17 in the Company's announcement dated 5 October 2021 titled "De Grey Mining Mallina Gold Project Scoping Study". The Company confirms that all the material assumptions underpinning the production targets and the forecast financial information derived from those production targets in the announcement of 5 October 2021 continue to apply and have not materially changed.

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Annexure A – Underwriting Agreement

De Grey has executed the Underwriting Agreement ("**Underwriting Agreement**") with Canaccord Genuity (Australia) Limited (ABN 19 075 071 466) ("**Canaccord**"), Argonaut PCF Ltd (ACN 099 761 547) ("**APL**") and Argonaut Securities Pty Ltd (ACN 108 330 650) ("**ASPL**") (APL and ASPL together, "**Argonaut**") (together, the "**Joint Lead Managers**"). Pursuant to the Underwriting Agreement, the Company appointed Canaccord and ASPL as joint bookrunners and joint lead managers, and Canaccord and APL have agreed to fully underwrite the Placement.

The Underwriting Agreement is on customary terms for these types of arrangements. A Joint Lead Manager (APL and ASPL jointly for Argonaut purposes) may, by notice to the Company, terminate its obligations under the Underwriting Agreement if, amongst other things:

- (**suspension**) the Company ceases to be admitted to the official list of ASX or its shares become suspended from official quotation by ASX;
- (**timetable**) any specified event in the timetable which is delayed for 5 or more business days without prior written approval of the Joint Lead Managers;
- (**index or gold fall**) at market close on the day, the S&P/ASX 200 Index or the A$ gold price falls to a level that is 10% below the level as at the opening time of the Placement:
  - between the opening time of the Placement until completion of despatch of the confirmation letters to successful applicants; or
  - prior to the settlement date of the New Shares and remains at that level for two consecutive days;
- (**official quotation**) ASX refusing or will not grant (or if granted, is modified in a manner that would have material adverse effect on the success or settlement of the Placement) official quotation of the New Shares on an unconditional basis or is conditional such that it would have material adverse effect on the success or settlement of the Placement;
- (**defective cleansing statement**) an obligation arises on the Company to give ASX a notice in accordance with section 708A(9) of the Corporations Act;
- (**ASIC application**) ASIC holds or commences a hearing or investigation in relation to the Company, the Placement, any offer documents, or prosecutes or commences proceedings against the Company or any of its officers, employees or agents in relation to the Placement, or gives notice of intention to do any of those; or
- (**material adverse change**) material adverse change in the status of the material exploration or mining licences of the Company.

A Joint Lead Manager may also terminate the Underwriting Agreement if the occurrence of the following termination event has or is likely to have a material adverse effect on the share market price, the success of the Placement, the ability of the Joint Lead Manager to market or sub-underwrite, the settlement of the Placement, or has given or could reasonably be expected to give rise to a contravention by the Joint Lead Manager under any law:

- defective offer documents;
- material breach of the Underwriting Agreement, a representation or warranty made or becomes untrue, incorrect or misleading or deceptive;
- change of law;
- banking moratorium or market dislocation;
- securities market disruption;
- commencement of hostilities or a major escalation of existing hostilities;
- alteration in the composition of the Company's executive management team, board of directors, its share capital or its constitution without Joint Lead Managers' prior written consent (not unreasonably withheld or delayed) unless it was previously disclosed;
- non-compliance;
- a director or executive team member of the Company is charged with an indictable offence relating to financial or corporate matters, in their capacity as a director or senior management; or
- any group member of the Company is insolvency or is likely to become insolvent.