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De Grey concludes \$6.0M capital raising to accelerate exploration programs

Highlights

- DGO Gold Limited (“DGO”) subscribes to 25M shares in De Grey at a price of \$0.20 per share to raise \$5.0M.
- DGO share issue will include the issue of options for every two shares subscribed as below:
 - 12,500,000 options exercisable at \$0.25 by 30 November 2019; and
 - 12,500,000 options exercisable at \$0.30 by 30 May 2021.
- Share issue to be settled by 13 July 2018 and includes a non-refundable deposit of \$250,000.
- Capital raising further supported by up to \$1M in drilling equity with drilling partner, Top Drill Pty Ltd (“Top Drill”).
- Both issues are subject to escrow arrangements (details within), with **no fees** to be paid on the funds.
- Funds to be used to expand the current drilling program across the over 200 km of mineralised shear zones, and for ongoing pre-feasibility studies at the Pilbara Gold Project.

De Grey Chairman, Simon Lill, commented that:

“We are extremely pleased with this endorsement from DGO, one of our Pilbara neighbours. DGO is backed by significant gold investors and led by the well credentialled geologist, Ed Eshuys.

Recent excitement in the region has been about conglomerate gold. However, DGO have been attracted to our significant and underexplored mineralised shear zones. De Grey will utilise funds raised to expand its current exploration program across this region.

We are also pleased with the ongoing support of our drilling contractor Top Drill. Access to quality drill rigs forms an integral part of the programs as we ramp up exploration activities.”

DGO Gold Limited Placement

De Grey Mining Limited (“De Grey, DEG, the Company”) is pleased to announce that it has executed a subscription agreement with DGO Gold Limited whereby DGO will subscribe for 25M De Grey shares at an issue price of \$0.20 per share to raise \$5 Million.

De Grey will also issue options to DGO for every two shares subscribed as below:

- 12,500,000 options exercisable at \$0.25 by 30 November 2019; and
- 12,500,000 options exercisable at \$0.30 by 30 May 2021.

The share issue will be settled on or before 13 July 2018 and is supported by an initial \$250,000 non-refundable deposit to be paid today.

The share placement and option issues will be completed pursuant to the Company’s issuing capacity under Listing Rules 7.1 (47,359,320 available) and 7.1A (33,212,880 available) at the upcoming allotment date.

The shares and options will be subject to a 12 month escrow period from the date of issue.

Top Drill Pty Ltd - Equity Drilling

Top Drill are conducting an ongoing drilling program at the Pilbara Gold Project with a combination of RC and diamond drilling. The Company has reached agreement with Top Drill whereby DEG will issue up to \$1M of equity to Top Drill or its nominee on ongoing invoicing, commencing 1 June 2018.

This will be achieved through the conversion of 30% of its invoiced drilling costs into equity, with the issue price to be determined by a 5 day VWAP immediately preceding each invoice. The shares are to be escrowed for 6 months from the deemed date of issue, which is the invoice date.

The issuance of these shares will be ongoing during the second half of 2018 and is expected to be concluded by the end of 2018.

Additional Equity Issues

The Company also notes that it already has 59,627,200 options exercisable at \$0.10 expiring in November 2018. If all of these options are exercised – and at the moment they are “in the money” - then the company will also receive a further \$5.96M by the end of November.

Proposed Use of Funds

The funds raised are to continue and to expand the company's current exploration and PFS programs at the Pilbara Gold Project, as noted below.

- **Improved base level exploration data** including geophysics, remote sensed data and detailed geological, geophysical and geochemical analysis.
- **Exploration Target (ET) definition** –to define the overall project “Exploration Targets” to JORC compliance standard.
- **Resource Infill Drilling** – existing resources are to be infilled to indicated or measured standards. The bulk of this work is nearing completion. The resources are to be upgraded for a new Mineral Resource estimate expected to be completed in the third quarter of 2018.
- **Resources Extensions** - Drilling along strike and depth extensions at the known resources and larger mineralised gold systems. This work will dominantly include RAB/air core, RC and diamond drilling at the following areas, many of which have commenced and are in progress
 - Withnell Trend – drilling beneath Withnell proposed open pit, commencing June 2018
 - Wingina – drilling beneath proposed open pit
 - Amanda
 - Mt Berghaus
 - Toweranna
 - Mallina
- **Existing anomalous orphaned drill holes** – Numerous single to multiple orphaned “potential ore grade intersections” in earlier RAB/AC/RC drilling to be assessed and followed up. Drilling to include:
 - Farno JV areas - Holly, Spruce Fir
 - Tappa Tappa Thrust – Edkins
 - Mallina Shear
 - Withnell Trend
- **Geochemical anomalies** – over 40 geochemical anomalies remain untested with drilling within the package. Further testing of the anomalies to be carried out in priority sequence based on targeting and access requirements.
- **Conglomerate Gold** - The new conglomerate gold style of mineralisation is to be further tested with initial bulk sampling along the known target horizons. Geological mapping and sampling to continue along the 12km long target beneath the Mt Roe Basalt.
- **Open Pit PFS Study** - The Open Pit PFS Study is to be completed during 2018 with primary focus on understanding the economics of the existing resource and evaluating the economic benefits of increasing the scale of the proposed operation should sufficient additional resources be defined.
 - Metallurgy with emphasis on Withnell mineralisation
 - Processing Flow sheet
 - Pre-conditioning of ore
 - Resources to reserves
 - Baseline environmental studies
 - Economic optimisation studies

- **Underground Scoping Study** - An underground scoping study will be undertaken to examine the economic impact of higher grade underground ore and/or pre-conditioning that may apply to the mining operation economics, mine life and cashflow. This will be run in parallel to the PFS.

General Working Capital

Funds will also be used as general working capital to advance the overall exploration and development of the Pilbara Gold Project, company administration and corporate requirements.

For further information:

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