

Oversubscribed Share Placement and Equity-funded Drilling Contract

ASX Code DEG

ABN 65 094 206 292

COMPANY DIRECTORS

Simon Lill

Executive Chairman

Davide Bosio

Non-executive Director

Steve Morris

Non-executive Director

Craig Nelmes

Company Secretary/CFO

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Highlights

- Firm commitments received for A\$1.82M (before costs) in an oversubscribed share placement to sophisticated and professional investors of DJ Carmichael Pty Limited.
- 28,000,000 shares to be issued in a single tranche at \$0.065 per share with a 1 for 2 free attaching listed option exercisable at \$0.10 on or before 30 November 2018.
- Top Drill Pty Ltd contracted for a 20,000m RC drilling program with 50% of costs taken as equity and escrowed for 6 months from date of issue. Issue price determined as 5 day VWAP immediately following completion of program, and subject to shareholder approval.
- Proceeds from the share placement will be used to advance the Turner River and Indee Projects, specifically:
 - Finalising the Scoping Study and initiating Pre-Feasibility Study activities.
 - Resource expansion RC drilling with emphasis on defining additional oxide resources
 - Diamond drilling for metallurgical test work
 - Aircore drilling over priority resource targets at Turner River
 - A structural appraisal of the Mallina and Wingina shear zones
 - Advancing geochemical targets

Executive Chairman Simon Lill commented: “We are very pleased with the high level of support shown in this placement along with the increasing market awareness of De Grey’s near-term development plans. The Company is now well positioned to resume field activities with plenty of news flow expected in forthcoming months.”

De Grey Mining Limited (ASX: "DEG") ("De Grey" "Company") wishes to announce the following capital raising initiatives:

Capital Raising

De Grey is pleased to announce that it has received firm commitments from sophisticated and professional investors qualifying under s708 of the Corporations Act 2001 (Cth) to subscribe for a placement of 28,000,000 ordinary shares at \$0.065 per share with a free attaching option (exercisable at \$0.10 on or before 30 November 2018) for every two new shares subscribed to raise \$1.82M (before costs). The placement was managed by DJ Carmichael Pty Limited.

The single tranche placement will be completed pursuant to the Company's remaining issue capacity under Listing Rules 7.1 (25,994,436 available) and 7.1A (17,329,624 available).

- 28,000,000 ordinary shares – 17,329,624 to be issued under LR7.1A and 10,670,376 under LR7.1.
- 14,000,000 listed options to all be issued under LR7.1.

The Company will be Application will be made to have the options listed and will rank with the existing listed options (ASX: DEGO), which have an exercise price of \$0.10 and an expiry date of 30 November 2018.

Drilling Equity

The Company has also executed an agreement with drilling company, Top Drill Pty Ltd, for 20,000m of reverse circulation (RC) drilling.

The agreement, which was based on a competitive quotation process, provides for the issue of ordinary shares in De Grey for 50% of the drilling costs up to a value of \$1M. Any costs incurred over \$1M will be subject to further agreement between the parties as to whether additional equity is issued.

The issue of shares is subject to shareholder approval and the pricing will be determined as the 5 day VWAP immediately following the completion of the drilling program. Top Drill has also agreed to a voluntary escrow period of 6 months from the date of issue.

The drilling program is planned to target increasing the defined resources at Mallina and along the Withnell Trend within the Indee Project.

Further details on the Company's drilling program will be provided closer to the commencement date, anticipated in early May 2017.

For further information:

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