



# De Grey Mining Ltd

A.B.N. 65 094 206 292

20 November 2015

Dear Shareholder

## De Grey Mining Limited – pro-rata renounceable rights issue

De Grey Mining Limited (ACN (094 206 292)) (**DEG** or the **Company**) is undertaking a 3:2 pro rata renounceable rights issue (**Rights Issue** or **Offer**) of approximately 1,715,191,587 fully paid ordinary shares (**New Share**) to raise approximately \$1,715,192. The price of New Shares under the Offer is \$0.001 each (**Issue Price**). The Company lodged a prospectus for the Offer (**Prospectus**) with ASIC and ASX on 18 November 2015.

The Offer is fully underwritten by DJ Carmichael Pty Limited (**Underwriter**). The Company must pay the Underwriter an underwriting fee of 6% of the total amount raised pursuant to the Offer. The Company must also pay the Underwriter a lead management fee of \$20,000 and issue the Underwriter (or its nominee) 250,000,000 options exercisable at \$0.002 per option with an expiry date of 10 June 2019.

The capital raised is, in part, to be utilised on De Grey's Turner River Base Metals Project as well as the continued sourcing and evaluation of new potential opportunities suited for DEG and its shareholders. Exploration expenditure on the project will, in the first instance, include drilling and geophysical work as follows:

1. Tabba Tabba, where further drilling is designed to test:
  - extensions of the known mineralization at both depth and on strike; and
  - anomalies identified in the original induced polarization (**IP**) survey and further delineated by core.
2. Discovery where further drilling is designed to test the depth extension of existing mineralization beneath hole WARC024.
3. Tabba Tabba and Clay Pan Well where the Company intends to undertake geophysical surveys to improve knowledge of anomalies at Tabba Tabba and identify areas for exploration focus at Claypan Well.

The above program is under planning and expected to commence in the first quarter of 2016. Consequently results are anticipated to be available by the end of the second quarter of 2016.

The Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members at 5:00pm (WST) on 25 November 2015, whose registered address is in Australia or New Zealand.

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company (**Shares**) already on issue.

Following completion of the Offer, the Company will have issued approximately 1,715,191,587 New Shares resulting in total Shares on issue of approximately 2,858,652,645.

### **Ineligible shareholders**

A Shareholder who has a registered address outside Australia and New Zealand (**Ineligible Shareholder**) will not be eligible to participate in the Offer.

You are not eligible to participate in the Offer you will not be sent a copy of the Prospectus. This decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration the costs of complying with legal and regulatory requirements in jurisdictions outside of Australia and New Zealand compared with the small number of Ineligible Shareholders and the number and value of New Shares to which they would otherwise be entitled.

The Company has appointed DJ Carmichael Pty Limited (**Nominee**) as nominee to sell the rights to subscribe for New Shares pursuant to the Prospectus (**Entitlements**) to which Ineligible Shareholders are entitled. The Nominee will have the absolute and sole discretion to determine the timing and price at which the Entitlements may be sold and the manner of any such sale.

Any interest earned on the proceeds of the sale of these Entitlements will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to Ineligible Shareholders.

The net proceeds of the sale of these Entitlements will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, in proportion to their share of such Entitlements (after deducting brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Notwithstanding that the Nominee may sell Entitlements, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds.

There is no guarantee that the Nominee will be able to sell Entitlements of Ineligible Shareholders on ASX and Ineligible Shareholders may receive no value for the Entitlements. Both the Company and the Nominee take no responsibility for the outcome of the sale of such Entitlements or the failure to sell such Entitlements.

If you have any queries concerning the Rights Issue, please contact your financial adviser or Craig Nelmes, DEG's Company Secretary, on +61 8 9381 4108.

Yours sincerely

A handwritten signature in black ink, consisting of a large, stylized initial 'C' followed by a horizontal line that tapers to the right.

**Craig Nelmes**  
Company secretary