

De Grey Mining Limited

Targeting 3Moz for the Pilbara Gold Project

De Grey Mining Limited (ASX: DEG) is a mineral exploration company focused on the exploration and development of gold in the Pilbara region of North Western Australia. The company's sole asset is the 100% controlled Pilbara Gold Project (PGP), located 60-80kms to the south-west of Port Hedland. The PGP covers an area of ~1,500sq/km with over 200kms of mineralised shear zones in what the Company considers an emerging gold province. De Grey has also identified intrusion hosted gold with a further seven follow up targets identified to date. The PGP has a current defined resource of 1.7Moz @ 1.8g/t, and has a stated ambition to expand the defined resource to 3Moz and beyond. Following a recent capital raising, De Grey has three rigs operating on site with two key objectives: expansion of resources through lateral and depth extensions at its existing gold resources; and regional exploration through a substantial air core drilling program to explore large areas of unexplored shear zones. The Company has 100% control of this emerging province following a full underwritten rights issue and institutional placement to raise \$22m to finalise the acquisition of the Indee Ground, providing it with 150kms of contiguous tenement holdings.

The Project and Immediate Exploration Focus

The Company has a total mineral resource of 29.65Mt @ 1.8g/t AU (1,679,700oz), with the resource last upgraded in July 2019. De Grey has stated that it plans to achieve a resource of over 2Moz by the end of CY2019, and then move towards the +3Moz mark by the end of 2020. Drilling activities have again commenced and are focused in the next six months on the following: Extending the **Toweranna** existing resource of 5.33Mt @ 2.1g/t for 356,600oz (0 to 200m) to the stated exploration target of 9.6-11.2Mt @ 2.1-2.3g/t for 680-800,000oz (0 – 400m); redefining the **Withnell** Gold Deposit (6.37 Mt @ 1.8g/t for 377,300oz) as open pit and underground: Open Pit – 2.43Mt @ 1.8g/t for 137,400oz; Underground – 2.22Mt @ 4.1 g/t for 291,900oz. Recent deeper drilling below the existing Withnell Main shallow open pit shows the mineralisation extends over a 1.2km strike and continues at depth to greater than 400m, whilst recent positive results to the west of the mineral resource indicate lateral extensions to be followed up; **Mallina Resource Extensions** (3.83Mt @ 1.3g/t for 160,700oz), this is part of a large system approximately 6kms in length with extensive along strike targets identified through a SAM survey. It remains open along strike and at depth. The lateral extensions are currently being tested through air core drilling, anticipated to be followed up with RC drilling subject to results. **Regional exploration** will be ongoing, with 70,000 m of air core drilling planned to the end of December 2019 testing the extensive shear zone strike that has either not previously been tested, or minimally tested. Drilling will also test a number of Toweranna intrusion analogues, many of which have not been tested.

Targeting a world class resource

De Grey Mining is targeting a world-class gold resource in the Pilbara, looking to define a resource tonnage greater than 3Moz. The company believes its Pilbara tenements are analogous to major gold provinces in Canada, Ghana and Kalgoorlie, which have been explored and mined over 100 years, versus the PGP which has had very little activity through that period. Kirkland Lake in Canada contains a 300km shear zone hosting an 70Moz resource, while Kalgoorlie's 80Moz resource is housed in a 100km shear zone. Similarly, Ashanti-Ghana contains 130Moz in a 130km zone.

Pathway to development

Moving forwards, DEG has established its path of expenditure from its recent capital raising, investing 30% on air-core programs targeting undercover sections of the shear zones within the tenement package that have, for the most part, never been drilled. The remaining 70% of capital raised will be invested into resource expansion at the five known main deposits, in line with meeting their stated target of 2Moz by the end of 2019.

Share details

ASX Code	DEG
Share Price	\$0.06
Market Capitalisation	\$56.3M
Number of shares	938.55M
Options on issue	77.33M
Performance rights	2.75M
Net cash post August capital raise & Indee Settlement	~\$11M

Share price performance (12 months)



Upside Case

- Potential to uncover a world-class gold province
- Support from significant shareholder DGO Gold
- Well-funded to complete its exploration goal for a 3Moz resource

Downside Case

- Exploration risk
- Lower grade resources may become uneconomic if the gold price falls
- Transition to production risk

Catalysts

- Outcome of exploration program in main known deposits
- Confirmation that the resource has been extended to 2Moz

Comparative companies (Australia & NZ)

CAI, CMM

Company contacts

Simon Lill (Executive Chairman)
 Andrew Beckwith (Technical Director)
 Craig Nelmes (Company Secretary)
 +618 9381 4108
 admin@degreymining.com.au

RaaS contacts

Finola Burke* +61 414 354 712
 finola.burke@raasgroup.com
 Andrew Williams +61 417 880 680
 andrew.williams@raasgroup.com

FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

Effective Date: 26th November 2018

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- how we transact with you
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- complaint processes

Contact Details, BR and RaaS

BR Head Office: Level 14, 344 Queen Street, Brisbane, QLD, 4000

RaaS. 20 Halls Road Arcadia, NSW 2159

P: +61 414 354712

E: finola.burke@raasgroup.com

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