

10 June 2020

General Meeting – Letter to Shareholders

Dear Shareholder,

On 6 February 2020, De Grey Mining Ltd (“De Grey” “Company”) announced its exploration success at Hemi, a new discovery which has been transformational for the Company. On 28 April 2020, the Company then announced a significant capital raising of \$31.2M at a price of \$0.28 per share (**Capital Raising**), that included cornerstone commitments from both DGO Gold Limited and our Lead Independent Non-Executive Director, Mr. Peter Hood.

As at 9 June 2020, the Company has a market capitalisation of ~\$714M.

A General Meeting is to be held on Friday 10 July 2020 and is seeking, among other things, shareholder approval for several matters in connection with the Capital Raising.

This letter is written to welcome new shareholders’ to the register, as well as to aid all shareholder’s understanding of some of the key resolutions within the Notice of Meeting, by way of provision of brief background information. **It is important that shareholders’ review the Notice of Meeting in its entirety.**

Resolutions 2 and 3:

As mentioned above, both DGO Gold Limited (**DGO**) and Mr. Peter Hood AO committed to the Capital Raising at the same time as other participants, with the issue of their shares being subject to shareholder approval.

DGO has been a supportive shareholder and investor in the Company, was a cornerstone part of the Capital Raising and has participated in every capital raising undertaken in the last 24 months.

Shareholder approval is required for the issue of shares to DGO due to the fact that DGO is currently a substantial (10%+) shareholder of the Company in conjunction with having directors, Mr. Eduard Eshuys and Mr. Bruce Parncutt AO (who are also directors of DGO), on the board of the Company.

Shareholder approval is also required for Mr. Hood on account of him being a related party as a Director of De Grey. Mr. Hood has also been a supportive shareholder and investor in the Company whom has also participated in a previous capital raising.

The Directors (other than Messrs. Eshuys and Parncutt with respect to Resolution 2 and Mr. Hood with respect to Resolution 3) consider that these Resolutions deserve the support of shareholders.

Resolutions 4 and 5

The Company’s constitution has not been changed since 2014 and requires updating. Further, within the Constitution is a clause that relates to the aggregate remuneration for Non-Executive Directors, which was set at \$250,000 in 2005 and was not increased when the Company’s current constitution was adopted in 2014.

We are fortunate that we have a very experienced Board of Directors, including 4 Non-Executive Directors, carrying far greater responsibilities than since the current limit was set in 2005.

The increased aggregate limit of \$700,000 per annum has been determined after reviewing companies of a similar market capitalisation listed on ASX, together with the level of Company activity.

The Executive Directors consider that these Resolutions deserve the support of shareholders.

Resolution 6

The appointment of Mr. Glenn Jardine and details of his employment package were first announced on 20 March 2020. The equity component of his salary package, being the Performance Rights the subject of this resolution, require shareholder approval.

The Board considers the granting of the Performance Rights (with vesting milestones linked to criteria relating to the performance of the Company) to be a cost-effective reward to appropriately incentivise the continued performance of Mr Jardine, consistent with the strategic goals and targets of the Company.

The Directors (other than Mr. Jardine, who has a material interest in this Resolution) consider that Resolution 6 deserves the support of shareholders.

Resolution 7 to 11

These Resolutions relate to additional reward through the issue of Zero Exercise Price Options ("ZEPO's) to both Executive and Non-Executive Directors as a result of additional exertion during the year and the transformational Hemi discovery.

The directors (other than Mr. Jardine) do not believe it is appropriate to make a recommendation with respect to these resolutions on account of their material personal interest in the outcome.

On 12 March 2020, the Company announced the issue of 5,500,000 options exercisable at \$0.35 to Company staff (*under the Employee Option Plan of De Grey Mining Ltd*) as a reward for the Hemi discovery. At the time the Company did not award any options to the then two Executive Directors, Mr. Andy Beckwith and Mr. Simon Lill. The proposed issue of ZEPO's in Resolutions 7 and 8 is by way of award to the Executive Directors in line with the awards made to the Company's staff.

The Non-Executive Directors have contributed enormous time and effort since their respective appointments, providing great guidance and support to the Executive Management and staff in general. Their experience is invaluable and their additional exertion during the year deserves the additional modest reward proposed.

The Company has utilized an external consultant, BDO Reward WA Pty Limited, to assist in developing the appropriate rewards for Board Directors, and will continue to utilize them as it develops a more comprehensive and suitable reward structure for Directors and executives moving forward.

I strongly encourage all shareholders to lodge their proxies in relation to the above resolutions and look forward to meeting those who are able to attend the shareholder's meeting on 10 July 2020.

Yours sincerely,



Mr. Simon Lill
Chairman