



28 October 2016

Dear Shareholder,

**IMPORTANT NOTICE – DE GREY MINING LIMITED
SALE OF YOUR UNMARKETABLE PARCEL SHARES**

We are writing to advise you that De Grey Mining Limited (**De Grey** or the **Company**) has established a share sale facility (**Facility**) for holders of parcels of De Grey shares with a market value of less than A\$500 as at close of trade on Thursday 27 October 2016 (**Unmarketable Parcels**). The Facility is being established in accordance with the ASX Listing Rules and the Company's Constitution.

The Company is offering the Facility to assist holders of Unmarketable Parcels to sell their shares. Holders of Unmarketable Parcels (**Holder**) who take advantage of the Facility will have their shares sold without having to act through a broker or pay brokerage fees. The Company will also organise payment of the other costs associated with the sale and transfer (although any tax consequences from the sale of your shares will be your responsibility).

By facilitating the sale of Unmarketable Parcels the Company expects to reduce the administrative costs associated with maintaining a large number of small shareholdings.

Our records show that you held an Unmarketable Parcel of 166,666 shares or less based on De Grey's last sale price of A\$0.003 as at close of trade on 27 October 2016 (**Record Date**). Unless you advise the Company that you do NOT wish to sell your shares through the Facility within six (6) weeks from the date of this letter, De Grey intends to sell your shares through the Facility. Payment will be sent to you following settlement of the sale or otherwise as soon as is practicable.

Please also note that the Company will not sell your shares in the event that a third party announces a takeover offer for the Company. Consistent with its continuous disclosure obligations, the Company may release to the ASX information that may be material to a shareholder's decision as to whether they wish to retain their shares. This information will, if released, be available on the ASX website www.asx.com.au (ASX code "DEG") and on the Company's website <http://degreymining.com.au>.

What should you do?

If you do **NOT** wish to sell your shares through the Facility, you must complete and return the **attached** form to the address on the form so that it is received by 5:00pm (WST) on 12 December 2016. Please read the instructions on your personalised Share Retention Form carefully before completing it.

If you want to sell your shares through the Facility, you do not need to take any action. By refraining from taking any action, after the expiration of the time prescribed in the ASX Listing Rules, you will be deemed to have irrevocably appointed the Company as your agent:

- *to sell all of your shares at a price to be determined by when and how the shares are sold and without any cost being incurred by you; and*
- *to deal with the proceeds of the sale as set out in the **attached** information sheet.*

If you need help deciding what to do, or if you require information regarding the financial, legal or tax consequences of participating in the Facility you should consult your legal, financial or taxation adviser.

If you have more than one holding on the De Grey share register

If you currently have more than one holding on the De Grey share register, you may wish to consider amalgamating them. This may result in your amalgamated holding no longer being an Unmarketable Parcel. Under these circumstances your shares will not be sold as part of this Facility.

Key dates

Event	Date
Unmarketable Parcels Record Date	Thursday 27 October 2016
ASX Announcement regarding Unmarketable Parcels	Friday 28 October 2016
Letters sent to shareholders holding Unmarketable Parcels attaching the Information Pack	Friday 28 October 2016
Closing Date for receipt of Share Retention Form	Monday 12 December 2016

The **attached** information sheet sets out further details of the Facility, which you should read before making any decision. If you have any questions or queries in relation to the Facility, or how to complete the Retention Form, please contact Security Transfer Australia Pty Ltd via email on registrar@securitytransfer.com.au or call on +61 03 9628 2200.

Yours sincerely,



For and on behalf of De Grey Mining Limited
Simon Lill
Executive Chairman

What is an Unmarketable Parcel of Shares?

An unmarketable parcel of shares is a holding of De Grey shares valued at less than A\$500 as at close of trade on the Record Date. Based on the last sale price of De Grey shares at the Record Date, this is a holding of 166,666 shares or less.

What price will I receive for shares sold through the Facility?

The price that you receive for your shares under the Facility will be determined by when and how the shares are sold. The Company may sell your shares on market or in any other way they consider fair and reasonable in the circumstances. If the shares are sold on market the price will depend on a number of factors, including market conditions at the time of sale. You will not have control over the time at which your shares are sold, the price you receive may be different from the price appearing in the newspaper or quoted by ASX on any day, may not be the best price on the day that your shares are sold and may be an average price per share based on the price obtained for all the shares sold under the Facility. If the Company sells your shares other than on market, the price will be the price that the Company has been able to negotiate with the acquirer or acquirers. In any event, the sale price will not be less than that price equal to the simple average of the last sale prices of the shares quoted on ASX for each of the ten trading days immediately preceding the date of any offer received by the Company.

What is the price of DE GREY MINING Limited shares?

The last sale price of De Grey shares on 27 October 2016 was A\$0.003. The share price changes frequently and more recent prices are available from the ASX website (www.asx.com.au) under the ASX code "DEG".

When will the proceeds from the sale of shares be sent to me?

The Company and its officers are authorised to complete the sale of shares in accordance with Clause 12 of the Company's constitution. Payment will be sent to you following settlement of the sale of all shares sold through the Facility or otherwise as soon as it is practicable. Payment will be made in Australian dollars either by direct credit to your nominated account (where we have your details) or by cheque.

You will be notified by way of a transaction confirmation statement of the number of your shares that have been sold, the sale price obtained and the total sale proceeds payable to you. The transaction confirmation statement (and cheque if direct credit details have not been provided) will be sent by post to your address as shown in the share register.

If I buy more shares, will I retain my holding?

Yes, the Company will treat any purchase of additional shares that increases the value of your De Grey shareholding to a marketable parcel as at the Closing Date. A marketable parcel of Shares is one worth at least \$500 based on the ASX closing price of De Grey (ASX: DEG) Shares, i.e. at least 166,667 Shares where the closing price is 0.3 cents per share.

For a purchase to be an effective notification that you wish to retain your shares or any additional shares purchased must be registered by 5:00pm (WST) on 12 December 2016 under the same name and address and with the same holder number (SRN or HIN) as set out in this letter.

To that end the company has also commenced a share purchase plan (SPP) which allows shareholders to take up shares without brokerage costs, with the funds being invested in the Company. Please refer to the Share Purchase Plan that has been mailed to you with this Notice.

What if my shares are held in a CHESS holding?

If your shares remain in a CHESS holding at 5:00pm (WST) on 12 December 2016, the Company may move those shares to an issuer sponsored holding and the shares will be sold through the Facility.

Where do I send my Share Retention Form?

Your Share Retention Form must be sent to Security Transfer Australia Pty Ltd via one of the three following means:

Email	Mail	Facsimile
registrar@securitytransfer.com.au	PO Box 52 Collins Street West Victoria 8007	08 9315 2233

What if my details require updating?

Should you wish to update either your direct credit instructions, your address, your electronic communication preferences via the share registry website. You can make these amendments online through <https://www.securitytransfer.com.au/login.cfm>

To do so you need to know your Holder type, SRN/HIN number, Holder name and Post Code, as shown on your enclosed Share Retention Form.

Where can I get further information?

If you have any questions or queries in relation to the Share Sale Facility, or how to complete the Retention Form, please contact Security Transfer Australia Pty Ltd via email on registrar@securitytransfer.com.au or call on +61 8 9315 2333.

What if I do not know what to do?

This Information Pack and accompanying letter do not constitute advice, nor a recommendation to buy, sell or hold Shares, nor that the Facility is the best way to sell your Shares. If you are in doubt about what to do, you should consult your legal, financial or taxation or other professional adviser.

Important notes

De Grey Mining Limited reserves the right to change any of the dates referred to in the accompanying letter, this Information Pack or the Share Retention Form by written notice to the ASX. De Grey Mining Limited may, before a sale is affected under the Facility, suspend or terminate the Facility, either generally or in specific cases.

The letter does not constitute advice nor a recommendation to buy, sell or hold shares nor that the Facility is the best way to sell De Grey shares.

If you are in any doubt about what to do, you should consult your legal, financial or taxation adviser.