



5 May 2020

ASX Aware Query Response

De Grey Mining Limited (ASX: DEG, **De Grey** or **Company**) provides the following response to the questions contained within a letter from ASX Limited ("ASX") titled "*De Grey Mining Limited ("DEG") Aware Query*" dated 1 May 2020 and received by email 4.27pm WST (**Aware Query**).

Terms defined in the ASX Aware Query have the same meaning where used in this response.

1. *Does DEG consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?*

The Information that is referred to in clause D of your letter was the subject of the announcement made by the Company on 28 April 2020 (**Announcement**) and therefore the Company does consider it to be information that a reasonable person would expect to have a material effect on the price or value of its securities by the very fact it made the relevant announcement.

In making that Announcement, it should be noted that the Company requested and then entered into a trading halt without delay after it signed a capital raising mandate with Bell Potter and Argonaut. The trading halt commenced pre-open on 23 April 2020 for the purpose of the Company seeking commitments for the capital raising under the mandate.

2. *If the answer to question 1 is "no", please advise the basis for that view.*

Not applicable.

3. *When did DEG first become aware of the Information?*

The Company sets out the following matters that are relevant as background to when it became aware of the Information.

De Grey had previously raised capital through Bell Potter in November 2019 under a mandate which included a trailing first right of refusal over future capital raising activities.

The Company believed its shareholders best interests were served by introducing another broker into any future capital raising activities and spent some time in negotiation with Bell Potter to achieve that outcome.

The Company regularly considers its capital raising requirements, and since the Hemi discovery announcement on 6 February 2020 it has been offered capital raising opportunities on a regular basis. The share price of De Grey has risen dramatically since that discovery and continued to do so during April. It is in the context of the recent exploration success, ongoing exploration expenditure, the price of gold and the general environment for listed gold companies that it would not be unreasonable for De Grey to consider raising capital.

During that period the Company did not initiate any broker discussions but did field a number of approaches as noted in our ASX release titled “*Response to AFR Article*” dated 16 April 2020. The approaches were not pursued by the Company as they did not provide for the register that the Company was seeking and at that time the Company had not determined the mechanism, quantum, nor timing of any proposed raising.

With the ongoing strength in the share price of the Company the Company re-assessed its position once it had provided a drilling update on Aquila and Brolga on 22 April 2020 as:

- It was aware that there was significant interest in the Company from blue chip global resource and gold funds who would provide the register the Company was trying to build; and
- It had achieved an outcome from Bell Potter on sharing the capital raising through a Joint Lead Manager role.

A formal capital raising mandate from Bell Potter and Argonaut as Joint Lead Managers was delivered to the Company on 22 April 2020 for consideration. The Company held a board meeting after the close of the market on Wednesday, 22 April 2020. At that meeting capital raising proposals were tabled for consideration by the board.

The board approved the execution of the JLMM in that meeting and it was subsequently email delivered to each of Bell Potter and Argonaut immediately after the board meeting on 22 April 2020.

The trading halt was requested and granted pre-open on 23 April 2020.

4. *When did DEG first initiate the Placement? As part of your response, please confirm when DEG signed the mandate/s relating to the Placement with Bell Potter, Argonaut and Azure respectively*

Please see the response in paragraph 3.

On 10 March 2020, the Company appointed Azure as corporate advisors. The engagement was a general engagement and not specific to the capital raising set out in the Announcement. The engagement also included the provision of advice in relation to the possibility of a placement to an industry corporate. Azure did however provide valuable support to the Company during the Capital Raising Activities.

5. *If the answer to question 1 is “yes” and DEG first became aware of the Information before the Relevant Date, did DEG make any announcement prior to the Relevant Date which disclosed the information? If so, please provide details. If not, please explain why the Information was not released to the market at an earlier time, commenting specifically on when you believe DEG was obliged to release the information under Listing Rules 3.1 and 3.1A (particularly in light of the Article) and what steps DEG took to ensure that the information was released promptly and without delay.*

For the reasons set out in response to paragraph 3, and because the Company had not decided to proceed with a capital raising, either informally or formally, until the Board made the decision to proceed at around 6pm on Wednesday 22 April 2020, the Company considers there was no information in relation to this matter for disclosure until the time of that Board decision.

6. *Please confirm that DEG is complying with the Listing Rules and, in particular, Listing Rule 3.1.*

The Company confirms it is in compliance with the Listing Rules and in particular Listing Rule 3.1.

7. *Please confirm that DEG’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of DEG with delegated authority from the board to respond to ASX on disclosure matters.*

This ASX report is authorised for release by the De Grey Board.

For further information:

Simon Lill (Executive Chairman) or

Craig Nelmes or Pat Holywell (Company Secretaries)

De Grey Mining Ltd

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1 May 2020

Mr Craig Nelmes and Mr Patrick Holywell
Joint Company Secretaries
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Dear Mr Nelmes and Mr Holywell

De Grey Mining Limited ('DEG'): Aware Query

ASX refers to the following:

- A. The article published on 16 April 2020 in the Street Talk section of The Australian Financial Review entitled "*De Grey ready to get de money*", which stated that "De Grey is preparing to launch a \$25 million-odd raising via Bell Potter Securities" (the 'Article').
- B. ASX's enquiries of DEG by telephone at approximately 9:57 AM WST on 16 April 2020 in relation to the Article, in response to which DEG stated that it made no arrangements for a capital raising, no mandate had been signed and no capital raising had been approved by the board of DEG.
- C. DEG's announcement entitled "Response to AFR" released on the ASX Market Announcements Platform ('MAP') at 1:33 PM EST on 16 April 2020, which stated amongst other things that:

The Company will at some stage require further capital. However, the Company has not determined the mechanism, quantum, nor timing of any such raising and are not under any immediate pressure to raise.

- D. DEG's announcement entitled "A\$31.2 Million Capital Raising" released on MAP at 09:28 AM EST on 28 April 2020 (the 'Announcement') (the 'Relevant Date'), disclosing that DEG had received firm commitments for a placement of approximately 111.4 million shares at a price of A\$0.28 per share to sophisticated, professional and other exempt investor clients of Bell Potter Securities Limited ('Bell Potter') and Argonaut Securities Pty Ltd ('Argonaut') to raise A\$31.2 million ('Placement') ('Information'). The Announcement states that Bell Potter and Argonaut acted as joint lead managers and Azure Capital Pty Ltd ('Azure') acted as corporate advisor to the Placement.
- E. The increase in the price of DEG's securities from a closing price of \$0.32 on 22 April 2020 (last closing price prior to DEG's 23 April trading halt) to an intra-day high of \$0.365 on 28 April 2020 (the date the trading halt was lifted and the Announcement made).
- F. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- G. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."

- H. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

- I. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

Request for Information

Having regard to the above, ASX asks DEG to respond separately to each of the following questions and requests for information:

1. Does DEG consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view.
3. When did DEG first become aware of the Information?
4. When did DEG first initiate the Placement? As part of your response, please confirm when DEG signed the mandate/s relating to the Placement with Bell Potter, Argonaut and Azure respectively.
5. If the answer to question 1 is “yes” and DEG first became aware of the Information before the Relevant Date, did DEG make any announcement prior to the Relevant Date which disclosed the information? If so, please provide details. If not, please explain why the Information was not released to the market at an earlier time, commenting specifically on when you believe DEG was obliged to release the information under Listing Rules 3.1 and 3.1A (particularly in light of the Article) and what steps DEG took to ensure that the information was released promptly and without delay.
6. Please confirm that DEG is complying with the Listing Rules and, in particular, Listing Rule 3.1.

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7. Please confirm that DEG's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of DEG with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **09:00 AM AWST Tuesday, 5 May 2020**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, DEG's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph and may require DEG to request a trading halt immediately.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to DEG's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that DEG's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Suspension

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in DEG's securities under Listing Rule 17.3.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Jessica Coupe
Adviser, Listings Compliance (Perth)