
DE GREY MINING LIMITED

ABN 65 094 206 292

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 2.30pm WST

DATE: Wednesday, 28 November 2018

PLACE: Function Room
Room 1 – Level 2
QV1 Conference Centre
250 St George's Terrace
Perth WA 6000

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5pm WST on 26 November 2018.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2018 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2018."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – STEVEN MORRIS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 63.5 of the Constitution and for all other purposes, Mr. Steven Morris, a Director, retires by rotation, and being eligible, is re-elected as a Director."

4. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 1,100,498 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. RESOLUTION 5 – RENEWAL OF THE EMPLOYEE OPTION PLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.2, Exception 9 and all other purposes, the directors be and are hereby authorised to maintain the employee option plan, called "The Employee Option Plan of De Grey Mining Limited", upon and subject to the terms and conditions specified in the document entitled "Plan Rules of the Employees Option Plan of De Grey Mining Limited", a summary of which is included in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director except one who is ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Dated: 25 October 2018

By order of the Board



Craig Nelmes
Company Secretary

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6117 9328.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2018 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.degreymining.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – STEVEN MORRIS

3.1 General

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Steven Morris, who has served as a director since 29 October 2014 and was last re-elected at the Company's 2015 Annual General Meeting, retires by rotation and seeks re-election.

3.2 Qualifications and other material directorships

Mr. Morris was appointed to the board in October 2014 as a Non-executive director. He has some 25 years of experience at the most senior executive level in a range of industries including the last 20 years in Financial Markets.

During that time, he has held positions such as Head of Private Clients Australia for Patersons Securities Ltd and Managing Director of Intersuisse Ltd. He is the Founder and remains a significant shareholder of Peloton Shareholder Services offering management of shareholder based capital raising and investor relations advice to numerous ASX listed companies. He currently holds an executive position within the Little Group, which holds assets across a range of industries including Property Management, Software Solutions, Aviation and Ferries. He is a Non-Executive Director of Purifloh Limited and also serves as a Director of the Melbourne Football Club. During the past three years Mr Lill has also served as a Director of ASX listed Purifloh Limited (since 2 September 2013).

3.3 Independence

The board considers Mr Morris to be an independent director.

3.4 Board recommendation

The Board, other than Mr Morris, supports the re-election of Steven Morris and recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SHARES

4.1 General

On 22 May 2018, the Company announced that it had executed an agreement with drilling company Top Drill Pty Ltd for ongoing drilling programs at the Pilbara Gold Project with a combination of RC and diamond drilling.

The Company has reached agreement with Top Drill whereby DEG will issue up to \$1M of equity to Top Drill or its nominee on ongoing invoicing, commencing 1 June 2018.

This will be achieved through the conversion of 30% of its invoiced drilling costs into equity, with the issue price to be determined by a 10% discount to the 5-day VWAP immediately preceding each invoice.

The shares are to be voluntarily escrowed for 6 months from the deemed date of issue, which is the invoice date.

The Company issued 607,548 Shares (on 18 September 2018) and issued 492,950 Shares (on 17 October 2018) to Top Drill Pty Ltd as part settlement of supplier invoices. Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares totalling 1,100,498. Resolution 3 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of those shares.

4.2 ASX Listing Rule 7.1 and 7.4

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

4.3 ASX Listing Rule 7.5

The following information is provided to Shareholders for the purposes of obtaining Shareholder approval of the share issue, the subject of Resolution 3 in accordance with ASX Listing Rule 7.5:

- (a) 1,100,498 Shares were issued to Top Drill Pty Ltd;
- (b) The Shares were issued and allotted on 18 September 2018 (607,548 Shares) and 17 October 2018 (492,950 Shares);
- (c) the Shares were issued at \$0.1784 per Share and \$0.1378 per Share respectively;
- (d) the Shares are fully paid ordinary shares in the capital of the Company, ranking equally in all respects with the Company's existing Shares on issue;

- (e) the Shares were issued to Top Drill Pty Ltd who is not a related party of the Company;
- (f) the issue was made in order to settle supplier invoices;
- (g) a voting exclusion statement is included in the Notice.

The Board recommends that Shareholders vote in favour of Resolution 3. None of the Directors have a material personal interest in the subject matter of Resolution 3. The Board believes that the ratification of the share issue, the subject of Resolution 3, is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 3 as it provides the Company with the flexibility to issue further securities representing up to 15% of the Company's share capital under Listing Rule 7.1 during the next 12-months without shareholder approval.

5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY

5.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300 million.

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$54.6 million (based on the number of Shares on issue and the closing price of Shares on the ASX on 17 October 2018).

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities.

As at the date of this Notice, the Company currently has 2 classes of quoted Equity Securities on issue, being the Shares (ASX Code: DEG) and Options (ASX Code: DEGO).

If Shareholders approve Resolution 4, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

Resolution 4 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 4 for it to be passed.

5.2 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 4:

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section 6.2(a)(i), the date on which the Equity Securities are issued.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

(10% Placement Capacity Period).

(c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 4 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the market price of Shares and the number of Equity Securities on issue as at 17 October 2018.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.075 50% decrease in Issue Price	\$0.15 Issue Price	\$0.225 50% increase in Issue Price
363,952,767 (Current Variable A)	Shares issued - 10% voting dilution	36,395,277 Shares	36,395,277 Shares	36,395,277 Shares
	Funds raised	\$2,729,646	\$5,459,292	\$8,188,937
545,929,151 (50% increase in Variable A)	Shares issued - 10% voting dilution	54,592,915 Shares	54,592,915 Shares	54,592,915 Shares
	Funds raised	\$4,094,469	\$8,188,937	\$12,283,406
727,905,534 (100% increase in Variable A)	Shares issued - 10% voting dilution	72,790,553 Shares	72,790,553 Shares	72,790,553 Shares
	Funds raised	\$5,459,292	\$10,918,583	\$16,377,875

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 363,952,767 Shares on issue as at the date of this Notice of Meeting.
2. The issue price set out above is the closing price of the Shares on the ASX on 17 October 2017.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration, in which case the Company may use the funds raised towards making (or to securing the right to make) one or more acquisitions and/or to further its existing projects; and/or general working capital; so that the Company has the necessary working capital and flexibility to consider, and if thought fit, to progress exploration and development activities on its Pilbara mineral tenements, including those under Option agreements. or
- (ii) non-cash consideration to further its existing projects. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation policy under the 10% Placement Capacity**

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 30 November 2017 (**Previous Approval**).

The Company has issued 25,000,000 Shares pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 30 November 2017, the Company also issued a further 54,790,634 Shares and 63,083,333 Options which represents approximately 41.77% of the total diluted number of Equity Securities on issue in the Company on 30 November 2017, which was 282,162,133.

Further details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting are set out in Schedule 1.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

5.3 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 4.

6. RESOLUTION 5 – RENEWAL OF THE EMPLOYEE OPTION PLAN

Resolution 5 seeks Shareholders approval for the renewal of the Employee Option Plan of De Grey Mining Limited (“**Option Plan**”) and which was last approved by shareholders at the 2015 Annual General Meeting.

The objective of the Option Plan is to attract, motivate and retain key employees, officers and/or key consultants of the Company. It is considered by the Company that renewal of the Option Plan and the future issue of options will provide these selected persons with the opportunity to participate in the future growth of the Company, and is considered an employee incentive scheme

In accordance with the rules of the Option Plan and ASX Listing Rule 7.2, Exception 9, shareholder approval is now being sought for renewal of the Plan. A full copy of the Plan may be obtained by contacting the Company.

6.1 Approval under Exception 9(b) of Listing Rule 7.2

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

If Resolution 5 is passed, the Company will be able to issue options under the Option Plan to eligible participants over a period of 3 years without impacting on the Company’s ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

6.2 Summary of the terms of the Plan

A summary of the key terms and conditions of the Option Plan is set out in **Schedule 2**. In addition, a copy of the Option Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting.

An electronic copy of the Employee Option Plan can also be sent to Shareholders upon request to the Company Secretary. Shareholders are also invited to contact the Company if they have any queries or concerns.

6.3 The number of securities issued under the Option Plan since the date of the last approval

As at the date of this Notice, Shareholders should note that 8,350,000 options have previously been issued under the Option Plan since it was last renewed at the 2015 Annual General Meeting.

Any future issues of options to a related party (including its Director’s) or a person whose relationship with the company or the related party is, in ASX’s opinion, such that approval should be obtained will require Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

6.4 Voting exclusion Statement

A voting exclusion statement for Resolution 5 is included in this Notice.

GLOSSARY

\$ means Australian dollars.

10% Placement Capacity has the meaning given in Section 6.1.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means De Grey Mining Limited (ACN 65 094 206 292).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Eligible Entity means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Employee Option Plan or Plan means the employee incentive scheme titled "Employee Option Plan of De Grey Mining Limited" to be adopted pursuant to Resolution 5 as summarised in Schedule 2.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Group Company means the Company or any Associated Body Corporate.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2018.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Variable A means "A" as set out in the formula in ASX Listing Rule 7.1A(2).

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – ISSUES OF EQUITY SECURITIES DURING THE PREVIOUS YEAR

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) ¹	Form of consideration
Issue – 1 (a) 7 Dec 2017 Appendix 3B 7 Dec 2017	33,333,333	Shares ²	Issued to Kirkland Lake Gold Limited, as approved by shareholders at the 2017 AGM held on 30 November 2017.	Closing Price on 7 December 2017 \$0.165. \$0.15 (at a discount of 9.1%)	Amount raised = \$5,000,000 Amount spent = \$5,000,000 Use of funds: Ongoing funding of exploration activities, corporate costs and general working capital. Amount remaining = \$Nil
Issue – 1 (b) 7 Dec 2017 Appendix 3B 7 Dec 2017	33,333,333	Unquoted Options ⁴	Issued free attaching to the Kirkland Lake Limited placement as approved by shareholders at the 2017 AGM held on 30 November 2017.	Nil cash consideration	Consideration: Nil Current value = \$1,103,333 ⁸ <i>(Closing price \$0.15 on 17 Oct 2018⁸)</i>
Issue – 2 21 Dec 2017 Appendix 3B 22 Dec 2017	2,500,000	Shares ²	Option-holder – DJ Carmichael Pty Ltd	Closing Price 21 December 2017 \$0.185 \$0.04 (Discount of 78.38%)	Amount raised = \$100,000 Amount spent = \$Nil Use of funds Ongoing funding of exploration activities, corporate costs and general working capital. Amount remaining = \$Nil
Issue – 3 29 Dec 2017 Appendix 3B 2 Jan 2018	5,000,000	Shares ²	Option-holder – DJ Carmichael Pty Ltd	Closing Price 29 December 2017 \$0.16 \$0.04 (Discount of 75%)	Amount raised = \$200,000 Amount spent = \$Nil Use of funds Ongoing funding of exploration activities, corporate costs and general working capital. Amount remaining = \$Nil
Issue – 4 29 Jan 2018 Appendix 3B 2 Feb 2018	1,000,000	Shares ²	Option-holders – DJ Carmichael Pty Ltd	Closing Price 29 January 2018 \$0.14 \$0.10 (Discount of 28.57%)	Amount raised = \$100,000 Amount spent = \$Nil Use of funds Ongoing funding of exploration activities, corporate costs and general working capital. Amount remaining = \$Nil
Issue – 5 19 Mar 2018 Appendix 3B 19 Mar 2018	5,000,000	Shares ²	Option-holder – DJ Carmichael Pty Ltd	Closing Price 29 January 2018 \$0.16 \$0.04 (Discount of 75%)	Amount raised = \$200,000 Amount spent = \$Nil Use of funds Ongoing funding of exploration activities, corporate costs and general working capital. Amount remaining = \$Nil

Issue –6 17 Apr 2018 Appendix 3B – 18 Apr 2018	1. 23,334 2. 1,950,000	Shares ²	1. Listed option-holders 2. Option holder – Redcode Pty Ltd	Closing Price 17 April 2018 \$0.195 1. \$0.10 (discount of 48.72%) 2. \$0.04 (discount of 79.48%)	Amount raised = \$80,333 Amount spent = \$Nil Use of funds Ongoing funding of exploration activities, corporate costs and general working capital. Amount remaining = \$Nil
Issue – 7 10 May 2018 Appendix 3B 10 May 2018	1,500,000	Shares ²	Option-holder – DJ Carmichael Pty Ltd	Closing Price 10 May 2018 \$0.155 \$0.10 (Discount of 35.48%)	Amount raised = \$150,000 Amount spent = \$Nil Use of funds Ongoing funding of exploration activities, corporate costs and general working capital. Amount remaining = \$Nil
Issue – 8(a) 11 Jul 2018 Appendix 3B 11 Jul 2018	25,000,000	Shares ²	Issued to DGO Gold Limited, under listing rule 7.1(A) and approved by shareholders at a General Meeting held on 5 October 2018.	Closing Price on 7 December 2017 \$0.165. \$0.15 (at a discount of 9.1%)	Amount raised = \$5,000,000 Amount spent = \$2,000,000 Use of funds: Ongoing funding of exploration activities, corporate costs and general working capital. Amount remaining = \$3,000,000 Proposed use of remaining funds⁷: As above
Issue – 8(b) 11 Jul 2018 Appendix 3B 11 Jul 2018	1. 25,000,000 2. 25,000,000	Unquoted Options ⁵	Issued free attaching to DGO Gold Limited placement and approved by shareholders at a General Meeting held on 5 October 2018.	Nil cash consideration	Consideration: Nil 1. Current value = \$296,250 ⁸ 2. Current value = \$532,500 ⁸ <i>(Closing price \$0.15 on 17 Oct 2018⁸)</i>
Issue – 8(c) 11 July 2018 Appendix 3B 11 Jul 2018	1. 1,950,000 2. 300,000	Shares ²	Option-holder - Mannathorpe Pty Ltd <The McManus Family Trust>	Closing Price 17 April 2018 \$0.215 1. \$0.04 (discount of 81.40%) 2. \$0.10 (discount of 53.48%)	Amount raised = \$108,000 Amount spent = \$Nil Use of funds Ongoing funding of exploration activities, corporate costs and general working capital. Amount remaining = \$Nil
Issue – 8(d) 11 July 2018 Appendix 3B 11 Jul 2018	1,009,300	Shares ²	Top Drill Pty Ltd – in part settlement of drilling activities and approved at General Meeting held 5 October 2018	Nil cash consideration	Consideration: Nil Current value = \$151,395 ⁸
Issue – 9 18 Sep 2018 Appendix 3B 18 Sep 2018	124,169	Shares ²	Listed option-holders	Closing Price 10 May 2018 \$0.155 \$0.10 (Discount of 35.48%)	Amount raised = \$12,417 Amount spent = \$Nil Use of funds Ongoing funding of exploration activities, corporate costs and general working capital. Amount remaining = \$Nil

Issue – 10 18 Sep 2018 Appendix 3B 18 Sept 2018	607,548	Shares ²	Top Drill Pty Ltd – in part settlement of drilling activities.	Nil cash consideration	Consideration: Nil Current value = \$91,132 ⁸
Issue – 11(a) 17 Oct 2018 Appendix 3B 17 Oct 2018	492,950	Shares ²	Top Drill Pty Ltd – in part settlement of drilling activities.	Nil cash consideration	Consideration: Nil Current value = \$73,942 ⁸
Issue – 11(b) 17 Oct 2018 Appendix 3B 17 Oct 2018	2,500,000	Unquoted Options ⁶	Directors as approved at a General Meeting dated 5 October 2018.	Nil cash consideration	Consideration: Nil Current value = \$106,500 ⁸
Issue – 11(c.) 17 Oct 2018 Appendix 3B 17 Oct 2018	2,250,000	Unquoted Options ⁶	Employees of the Company under the Company's Employee Option Plan.	Nil cash consideration	Consideration: Nil Current value = \$95,850 ⁸

Notes:

- Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
- Fully paid ordinary shares in the capital of the Company, ASX Code: DEG (terms are set out in the Constitution).
- Quoted Options, exercisable at \$0.10 each, on or before 30 November 2018, ASX Code: DEGO.
- Unquoted Options, exercisable at \$0.20 each, on or before 30 November 2019. The full terms and conditions were disclosed in the notice of annual general meeting held on 30 November 2017.
- Unquoted Options, (tranche 1) exercisable at \$0.25 each, on or before 30 November 2019 and (tranche 2) exercisable at \$0.30 each, on or before 30 May 2021. The full terms and conditions were disclosed in the notice of general meeting held on 5 October 2018.
- Unquoted Options, exercisable at \$0.30 each, on or before 30 May 2021. The full terms and conditions were disclosed in the notice of general meeting held on 5 October 2018.
- This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.
- In respect of quoted Equity Securities the value is based on the closing price of the Shares (\$0.15) as the context requires on the ASX on 17 October 2017. In respect of unquoted Equity Securities the value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares).

2. SCHEDULE 2 – EMPLOYEE OPTION PLAN – SUMMARY OF THE TERMS

- (i) Eligible employees includes Offices and full or part-time employees of the Company or its subsidiaries (Eligible Employee).
- (ii) The Board may from time to time, in its absolute discretion, issue invitations in writing to Eligible Employees inviting an Eligible Employee to participate in the Plan and be granted Options in accordance with the Plan.
- (iii) The number of Options to be granted to an Eligible Employee will be determined by the Board in its absolute discretion and in exercising that discretion, the Board may have regard to some or all of the following considerations: the position the Eligible Employee holds, the terms of their employment, the contribution the Eligible Employee makes to the Company or its subsidiaries and any other matter which the Directors consider relevant.
- (iv) Once an Option has been granted to an Eligible Employee, it is not transferrable except with the prior written consent of the Board.
- (v) No consideration is payable by any Eligible Employee in respect of the grant by the Company of an Option under the Plan.
- (vi) The exercise price for the Options granted under the Plan will be determined by the Board.
- (vii) The Board may impose conditions, including performance-related conditions, on the right of an Eligible Employee to exercise Options granted under the Plan.
- (viii) An Eligible Employee will be entitled to exercise an Option if it has not lapsed or cancelled and the exercise conditions and other requirements on the Option certificate have been met. An Eligible Employee may exercise an Option by delivering an exercise notice to the registered office of the Company together with the Option certificate and paying the applicable exercise price in respect of each Option being exercised.
- (ix) Each Option is exercisable into one Share in the Company ranking equally in all respects with the existing issued Shares in the Company. Following allotment of a Share as a result of the exercise, the Company will make an application, within the period specified in the Listing Rules, for the new Share to be quoted on ASX.
- (x) Each Option will lapse on the earliest to occur of:
 - a. the date specified in the Option certificate as the date on which the Option expires or lapses; or
 - b. the date on which the Option holder ceases to be an Eligible Employee, regardless of the reasons or causes for the Option holder ceasing to be an Eligible Employee.
- (xi) Subject to certain exceptions, the total number of Shares issued as a result of exercise of Options issued under the Plan during the previous five year period must not exceed 5% of the Company's issued share capital.

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«EFT_REFERENCE_NUMBER»

DE GREY MINING LTD

ACN: 094 206 292

REGISTERED OFFICE:
SUITES 24-26, LEVEL 3
22 RAILWAY ROAD
SUBIACO WA 6008

+



«Post_zone»
«Company_code» «Sequence_number»

«Holder_name»
«Address_line_1»
«Address_line_2»
«Address_line_3»
«Address_line_4»
«Address_line_5»

SHARE REGISTRY:
Security Transfer Australia Pty Ltd
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PO BOX 52
Collins Street West VIC 8007
Suite 913, Exchange Tower
530 Little Collins Street
Melbourne VIC 3000
T: 1300 992 916 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Code:

Holder Number:

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

VOTE ONLINE	Lodge your proxy vote securely at www.securitytransfer.com.au	<input type="text" value="«ONLINE»"/>
	<ol style="list-style-type: none"> Log into the Investor Centre using your holding details. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area. 	

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

The meeting chairperson **OR**

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 2:30pm WST on Wednesday 28 November 2018 at Function Room, Room 1- Level 2, QV1 Conference Centre, 250 St George's Terrace, Perth WA 6000 and at any adjournment of that meeting.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies **in FAVOUR** of all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

RESOLUTION	For	Against	Abstain*
1. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Director - Steven Morris	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Ratification of prior Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Renewal of the Employee Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. * If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder	Security Holder 2	Security Holder 3
<input type="text"/>	<input type="text"/>	<input type="text"/>
Sole Director & Sole Company Secretary	Director	Director/Company Secretary

Proxies must be received by Security Transfer Australia Pty Ltd no later than 2:30pm WST on Monday 26 November 2018.

