

DGO Gold Limited

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DGO GOLD MAKES STRATEGIC INVESTMENT IN DE GREY MINING

DGO Gold Limited (DGO or the Company) is pleased to announce that it has reached an agreement to make a strategic investment in De Grey Mining Ltd (ASX:DEG).

Under the agreement DGO will subscribe for 25 million ordinary fully paid shares in DEG at a price of 20c per share for a total investment of \$5 million. In addition, DGO will receive 12,500,000 unlisted options exercisable at 25 cents per share on or before 30 November 2019 and a further 12,500,000 unlisted options exercisable at 30 cents per share on or before 31 May 2021.

The investment will give DGO a holding of 7.0% in the ordinary shares of DEG and 10.0% on a fully diluted basis (assuming DGO's options and all other currently issued options are exercised).

Other key terms of the agreement are:

- DGO will immediately pay a non-refundable deposit of \$250,000; and
- The shares and options to be issued to DGO will be subject to voluntary escrow for a period of 12 months from the date of issue.

DGO will fund the investment by raising capital via a pro rata entitlements issue to be launched as soon as possible. It is currently proposed the entitlements issue will be offered on a 1:2 basis at a price range of between \$0.70 and \$0.80 per share with one free attaching option for each share subscribed exercisable at \$1.00 on or before 31 December 2021. The rights issue is expected to raise approximately \$5 million if successful.

The Company has firm commitments from five major share and option holders that will ensure sufficient funds to complete the DEG investment. The Company has received take up commitments totaling \$4.4 million from its five major shareholders for investment in the pro rata entitlements issue made up of \$400,000 from Mr. Eshuys and \$1 million each from Cairnglen Investments Pty Ltd, Lion Nominees Pty Ltd, Andama Holdings Pty Ltd and Ginga Pty Ltd. Furthermore, the four largest holders of existing options have each separately committed

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to exercise all of their 40 cent options prior to the record date for the new issue up to their statutory and regulatory limits raising a further \$1.18 million.

The investment in De Grey Mining has resulted from an extensive review of opportunities for DGO to participate in brownfields exploration and discovery of gold resources in Western Australia. De Grey Mining, in DGO's view, is one of the best positioned gold explorers in WA in this context with 1.2 million ounces of gold resources (refer footnote 1 below) already delineated in its Pilbara tenements and with the potential for significant resource extensions and additions along its 100% held, 200 kilometre plus Mallina Shear zone and Tabba Tabba Thrust related gold trends. The funds subscribed by DGO will be used to accelerate DEG's strategically targeted exploration along these trends while it also continues to explore its nearby highly prospective Mt Roe Basalt conglomerate gold prospects.

In addition to its participation in De Grey's active and extensive exploration programmes in its Pilbara tenements, DGO Gold will continue with its own exploration for sediment-hosted gold and is maintaining its current active exploration programmes in the Eastern Goldfields and in its Pilbara holdings on trend from De Grey's active conglomerate gold programme.

DGO Gold's Executive Chairman, Eduard Eshuys commented:

"Multiple existing gold deposits aggregating over 1.2m resource ounces (refer footnote 1 below), more than 40 geochemical anomalies, very little drilling below 100 metres and over 200km of grossly under explored shear zones positions De Grey as a stand out world class gold exploration play.

We believe De Grey's structural gold mineralisation and associated large exploration upside has the potential to host aggregate gold resources sufficient to support a medium to large scale production operation. DGO strongly supports the planned acceleration in exploration activities and anticipates significant resources growth at an attractive discovery cost per ounce through both new discoveries and strike and depth extensions of existing discoveries. The conglomerate gold play adds high impact exploration upside and offers potential synergies with DGO's extensive Pilbara "Witwatersrand" tenement holdings including DGO's prospective Mt Roe Basalt conglomerate position approximately 10km South of De Grey's key conglomerate prospects."

DGO Gold is delighted to partner with De Grey as a substantial shareholder and we look forward to working with the De Grey Board and Management team to add value where can."

Yours faithfully

DGO GOLD LIMITED



EDUARD ESHUYS
EXECUTIVE CHAIRMAN

Footnote 1: De Grey's JORC Code (2012) Total Mineral Resource (ASX:DEG Announcement 28 September 2017) is: Measured 4.46Mt @ 1.7g/t for 249,600 ounces Au and Inferred 12.26Mt @ 1.6g/t for 619,000 ounces Au, totaling 23.38Mt @ 1.6g/t for 1,210,000 ounces Au.

About DGO Gold

DGO's exploration strategy is focused on the discovery of **sediment hosted gold** and **copper-cobalt deposits** in Australia across the **Pilbara**, the **Eastern Goldfields**, the **Yerrida Basin** of Western Australia and the **Adelaide Fold Belt** and **Stuart Shelf** in South Australia. Granted and application exploration licences total **8,123km²**

The Company's strategy, led by veteran gold geologist, Executive Chairman Eduard Eshuys is based on the extensive research of Distinguished Professor Ross Large, former Head of the Centre for Excellence in Ore Deposits (CODES) of the University of Tasmania. Professor Large is a member of DGO's specialist consultant team that includes Professor Neil Phillips, former Chief of Division at CSIRO Exploration and Mining and a specialist in Witwatersrand basin gold mineralisation, Dr Stuart Bull a sedimentary basin specialist and Barry Bourne of Terra Resources, a highly experienced mineral exploration geophysicist.

In addition to its greenfield exploration strategy DGO is seeking to build a portfolio of high potential brownfield gold exploration opportunities in WA goldfields through corporate investment or joint venture.

About De Grey Mining

De Grey Mining is a gold and base metals explorer with a focus on exploration for gold within its 1,480 km² tenement holdings in the Pilbara, Western Australia. Led by Executive Chairman Simon Lill and experienced exploration geologist, Technical Director, Andy Beckwith, De Grey is undertaking an active exploration programme targeting material growth in its structural gold resources while also evaluating the potential of its high potential conglomerate gold prospects. Pre-Feasibility studies are currently being undertaken as a pre-cursor to considering optimum development opportunities for the Company's expanding gold resource base.