Buy

Current Price	$1.24
Valuation	$1.69

Code:		DEG
Sector:		Materials

* All figures in AUD unless stated otherwise

Shares on Issue (M):		1,848
Market Cap ($M):		2,283
Net cash ($M Sep 2023)		384
Enterprise value ($M):		2,218
52 wk High/Low (ps):	$1.69	$0.96
12m av. daily vol. (Mshs):		4.19

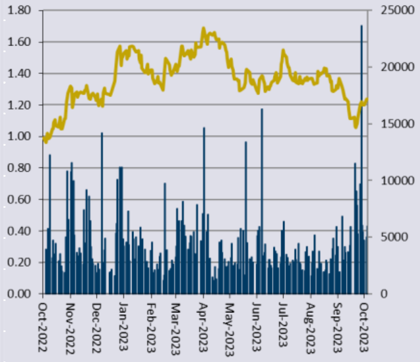
Key Metrics

	FY25e	FY26e	FY27e
P/E (x)	0.0	0.0	3.7
EV/EBITDA (x)	-79.2	-79.2	2.4

Financials:

	FY25e	FY26e	FY27e
Revenue ($M)	0	0	1,592
EBIT ($M)	-28	-28	769
NPAT (A$M)	-24	-27	609
Net assets ($M)	788	46,199	46,564
Op CF ($M)	-24	-27	812
Per share data:			
EPS (c)	-1.3	-1.4	33.0
Dividend (cps)	0.0	0.0	0.0
Yield (%)	-	-	-
CF/Share (cps)	-1.3	-1.5	44.0
Prod (koz Au)	0	0	587

Share Price Graph and trading volumes (msh)



Please refer to important disclosures from page 13

Tuesday, 17 October 2023

De Grey Mining (DEG)

DFS Review

Analyst | Patrick Streater

Quick Read

Few surprises in De Grey's much anticipated Hemi DFS which lays out a solid plan for the development of perhaps Australia's most significant gold discovery in the last 20 years.

Key points

Key DFS Metrics:

- Production: 530Koz/pa at a head grade of 1.7g/t Au (years 1-10)
- Capex: A$1,345m (plant, infrastructure and pre-strip)
- NPV$_5$ (post-tax): A$2,900m
- AISC A$1,295 (years 1-10)

100% Hemi Ore, Regional Ore out: The DFS delivered a modified production profile from the PFS which now sees 100% of the production sourced from Hemi. Total recovered ounces from Hemi have increased +400koz to 5.7Moz, to be mined over a 12-year period from 6 open pit sources at Hemi.

Capex Up: No surprises given inflation seen across the sector, but the DFS outlined an increased capex total of $1,345m to bring Hemi into production (up 28% from PFS).

Eagle flying under the radar: In August, amongst the fan-fare of Diggers and Dealers DEG released drill hits below Eagle that showed some of the highest-grade intercepts from Hemi to date (e.g 29m @ 10g/t Au). The same release showed cross sections with new lodes emerging at depth, with fault-bounded up dip extents. Essentially, this suggests a fault system at Hemi conducive to the discovery of further blind lodes at depth. A significant development in Hemi's story we think is flying under the radar for most.

HODL: De Grey has bankers knocking on the door and its technical team is led by an experienced Project Director who's built and commissioned plants ten times larger than Hemi. Argonaut's numbers suggest dilution concerns in the solo build scenario are far outweighed by the value of maintaining a 100% stake in Hemi. DEG's shareholders have a rare Tier 1 deposit that's still growing and located in the world's best mining jurisdiction. Argonaut views a DEG built-and-operated scenario as the best outcome for shareholders and therefore our most likely scenario.

Recommendation

We maintain a buy recommendation with a slight valuation increase from $1.60 to $1.69. Our valuation increases with gold price changes (A$2643/oz previous, A$2714/oz new), lower unit mining costs from the shift to a 100% Hemi production profile and an increase to our exploration upside valuation. Our spot price valuation (A$3,044) is $2.18 per share. DEG has slated an additional $54m for further exploration at Hemi and regional targets. If DEG can demonstrate underground potential through the drill bit, we stand at the ready for a re-rate.

De Grey Mining

Equities Research
Analyst: Patrick Streater

Recommendation	**Buy**	**Sector**	**Metals & Mining**
Current Price	**$1.24**	**Issued Capital (Mshs)**	**1,848**
Valuation	**$1.69**	**Market Cap (M)**	**$2,283**
			Tuesday, 17 October 2023

Profit & loss ($M) 30 June	2024E	2025E	2026E	2027E
Sales Revenue	**0**	**0**	**0**	**1592**
+ Other income/forwards	0	0	0	0
- Operating costs	0	0	0	-568
- Royalties	0	0	0	-64
- Corporate & administration	-28	-28	-28	-28
Total Costs	**-28**	**-28**	**-28**	**-660**
EBITDA	**-28**	**-28**	**-28**	**933**
- margin	0%	0%	0%	59%
- D&A	0	0	0	-164
EBIT	**-28**	**-28**	**-28**	**769**
+ Finance Income/Expense	0	-2	-6	-7
PBT	**-28**	**-30**	**-34**	**761**
- Tax expense	6	6	7	-152
- Impairments and other				
NPAT	**-22**	**-24**	**-27**	**609**

Cash flow ($M)	2024E	2025E	2026E	2027E
+ Revenue	0	0	0	1592
- Cash costs	-28	-28	-28	-660
- Forwards	0	0	0	0
-Tax payments	6	6	7	-113
+ Interest & other	0	-2	-6	-7
Operating activities	**-22**	**-24**	**-27**	**812**
- Property, plant, mine devel.	-40	-700	-757	-84
- Exploration	-20	-20	-20	-20
Investment activities	**-60**	**-720**	**-777**	**-104**
+ Borrowings	0	400	400	-160
- Dividends	0	0	0	0
+ Equity	0	353	0	0
Financing activities	**0**	**753**	**400**	**-160**
Cash change	**-82**	**9**	**-404**	**548**

Balance sheet	2024E	2025E	2026E	2027E
Cash & bullion	**330**	**339**	**-65**	**483**
Other Current Assets	0	0	0	0
Total current assets	**330**	**339**	**-65**	**483**
Property, plant & equip.	249	949	1706	1626
Investments/other	0	0	0	0
Total non-curr. assets	**249**	**949**	**1706**	**1626**
Total assets	**579**	**1288**	**1641**	**2109**
Trade payables	11	6	31	96
Short term borrowings	0	0	160	160
Other	11	94	95	96
Total curr. liabilities	**22**	**100**	**126**	**192**
Long term borrowings	0	400	640	480
Other	0	0	0	0
Total non-curr. liabil.	**0**	**400**	**640**	**480**
Total liabilities	**22**	**500**	**766**	**672**
Net assets	**557**	**788**	**875**	**1437**

Shares	2024E	2025E	2026E	2027E
New shs issued/exerciseable	1.4*	238	0	0
Average issue price	0.00*	1.48	0.00	0.00
Ordinary shares - end	1848	2086	2086	2086
Diluted shares - end	1851	2086	2086	2086

*Argonaut assumption

Price assumptions	2024E	2025E	2026E	2027E
AUDUSD	0.700	0.700	0.700	0.700
Gold ($USD)	1900	1900	1900	1900
Gold ($AUD)	2714	2714	2714	2714

Financial ratios		2026E	2027E	2028E	2029E
GCFPS	A¢	-1.5	44.0	38.9	34.9
CFR	X	0.0	2.8	3.2	3.5
EPS	A¢	-1.4	33.0	29.9	25.7
PER	X	0.0	3.7	4.1	4.8
DPS	A¢	0.0	0.0	0.0	0.0
Yield	%	0.0%	0.0%	0.0%	0.0%
Interest cover	x	-5.1	103.9	120.0	142.2
ROCE	%	-2%	47%	46%	44%
ROE	%	-4%	53%	35%	24%
Gearing	%	73%	33%	16%	7%

Operations summary	2026E	2027E	2028E	2029E
Hemi Project				
Ore processed (Mt)	0.0	10.3	10.3	10.3
Head grade (g/t)	0.00	1.89	1.82	1.74
Met. recovery	0.00	0.94	0.94	0.94
Gold prodn (kozs)	0	587	566	540
Cost per milled tonne (A$/t)	0	55	56	59
Cash costs pre royalty (A$/oz)	0	1077	1132	1232
All in sustaining costs (A$/oz)	0	1217	1274	1373
Growth capital ($M)	747	66	46	3

Valuation summary	A$M	A$/sh
Hemi project 6% real after tax DR	2329	1.26
Exploration, all sites	582	0.32
Corporate overheads	-147	-0.08
Cash	384	0.21
Debt	0	0.00
Tax benefit	70	0.04
Hedging	0	0.00
Option/equity dilution	-97	-0.05
NAV	**3,122**	**1.69**

Directors, management	
Simon Lill	Non-Executive Chairman
Glenn Jardine	Managing Director
Andy Beckwith	Non-Executive Director
Peter Hood	Non-Executive Director
Paul Harvey	Non-Executive Director
Emma Scotney	Non-Executive Director

Top shareholders	M shs	%
Gold Road Resources	359	19.4
Jupiter Investment Management	77	4.2
Van Eck Associates	77	4.2

Resources June '23	Mt	g/t Au	Kozs	Mkt cap/oz
Mallina gold project	**278.0**	**1.30**	**11,700**	**195**
Measured	5.0	1.70	300	
Indicated	184.0	1.30	7,800	
Inferred	89.0	1.30	3,700	
Includes probable reserves	**120.8**	**1.5**	**6,002**	**380**

Argonaut Model Sep '23	Mt	g/t Au	Kozs	
TOTAL INVENTORY	**126.1**	**1.56**	**6,344**	**360**
Hemi open pit	122.0	1.55	6,080	
Satellite open pit	4.1	2.00	264	

PFS / DFS Comparisons

The Hemi DFS delivered metrics broadly in-line with Argonaut's expectations which anticipated higher Pre-production capex and operating costs from the PFS consistent with cost inflation seen across the gold sector in the last 24 months. Pre-production capex is up ~28% to $1.35B with no adjustments to the 10Mtpa processing capacity presented in the PFS. The DFS increased gold price assumptions from $2,400 to $2,700 but maintained the ~7% study-to-spot discount between the PFS and DFS. The increased $2,700 gold price assumption is in line with other studies reported this year and defendable given that DEG has balanced it with inflation-related cost increases.

Key DFS changes:

Pre-production capex up 28% to A$1,345m

Production profile now 100% from Hemi Open Pits

Figure 1 – Hemi Gold Project key financial metrics in comparison to the Sep-22 PFS.

Key Production Outcomes	Unit	PFS	DFS	PFS/DFS Δ
All in Sustaining Costs (AISC)				
Average AISC in first 5 years	$/oz	1,220	1,229	
Average AISC in first 10 years	$/oz	1,280	1,295	*1%*
Study Gold Price Assumption	A$/oz	2,400	2,700	*13%*
Net free cashflow (pre-tax)	**$ B**	**5.9**	**6.3**	
Net free cashflow (post-tax)	$ B	4.2	4.5	
EBITDA - Life of Mine	**$ B**	**7.1**	**7.9**	*11%*
Payback period (pre-tax)	Years	1.6	1.5	
Payback period (post-tax)	Years	1.8	1.8	
NPV5% (pre-tax)	**$ B**	**3.9**	**4.2**	
NPV5% (post-tax)	$ B	2.7	2.9	*7%*
IRR (pre-tax)	%	51	45	
IRR (post-tax)	%	41	36	*-12%*
Capital Cost Estimate				
Plant and Infrastructure Capital Cost	$ M	885	1,136	
Plant and infrastructure growth allowance	$ M	100	162	
Pre-Strip Capital Costs	$ M	68	47	
Total Pre-Production Capital Costs	**$ M**	**1,053**	**1,345**	*28%*

Source: Argonaut Research, DEG ASX Releases

The DFS presented a shift in the production profile which now sees a 100% contribution from the Hemi deposits versus the PFS which planned 17% of the ore tonnes from regional deposits in the latter end of the mine life. Amendments to the production profile were a logical move given the DFS could draw from an increased 6Moz Ore Reserve versus the 5.1Moz Ore Reserve available for the Sep-22 PFS. DEG has stated it will revisit production plans for the smaller regional deposits which might include the construction of a concentrator at Withnell later in the mine-life.

Hemi will be Australia's highest grade large-scale open pit operation with a 1.7g/t Au processed grade

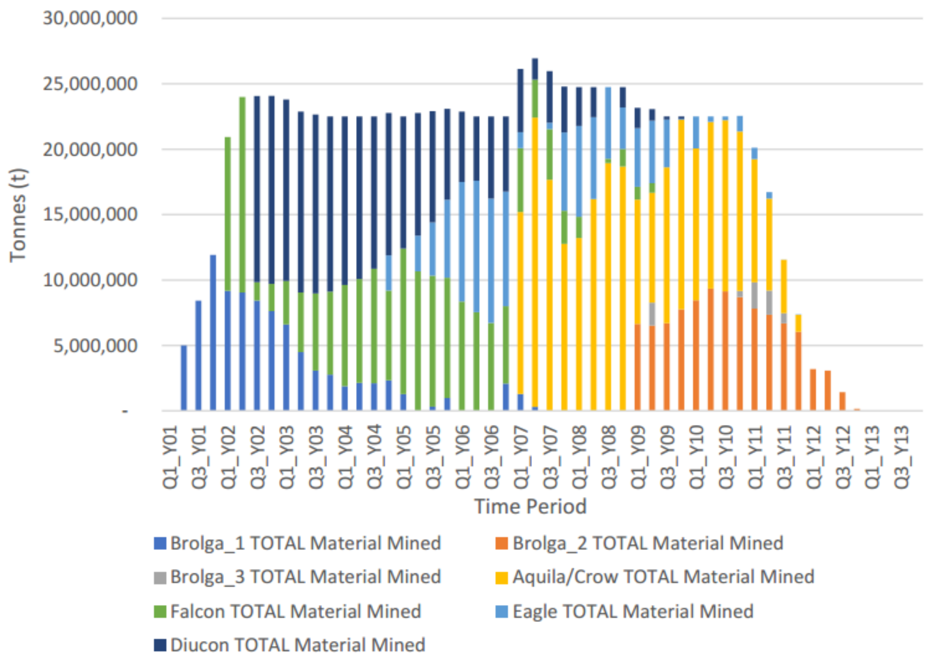
Figure 2 – Hemi Gold Project PFS/DFS mining physicals comparison.

Key Production Outcomes	Unit	PFS	DFS	PFS/DFS Δ
Life of Mine	Years	13.6	12	
Ore Tonnes mined	Mt	136	122	*-10%*
Strip Ratio - Hemi	waste:ore	6.1:1	6.6	
Ore processing rate	Mtpa	10	10	
Average processed grade (LOM)	g/t Au	1.6	1.5	*-6%*
Average processed grade (Yrs 1-10)	g/t Au	1.8	1.7	
Average Metallurgical recovery	%	93.6	93.5	*0%*
Average gold production - first five years	oz pa	550,000	553,000	
Average gold production - first 10 years	oz pa	540,000	530,000	
Recovered gold	**Moz**	**6.4**	**5.7**	*-11%*
Hemi Contribution		83%	100%	

Source: Argonaut Research, DEG ASX Releases

Hemi's production profile will consist of six different open pit sources from the Hemi deposit

Figure 3 – Hemi open pit production schedule by open pit area.



Source: DEG

Sourcing 100% of the mining inventory from Hemi should also be reflected in lower mining costs per tonne as production from Toweranna and Withnell came with additional haulage costs and higher strip ratios relative to Hemi. By Argonaut's estimates, there is a $23/t per ore tonne cost differential between regional ore sources and Hemi. We calculate the switch to a 100% Hemi mining inventory has removed around ~$540m of mining costs that's enabled DEG to maintain a similar AISC between the PFS and DFS despite increasing operating costs seen in the sector since the PFS was delivered.

Figure 4 – Hemi Gold Project mining and processing operating costs PFS/DFS comparison.

Area		PFS (Sep-22)	DFS (Sep-23)	PFS/DFS Δ
Mining				
Total Material Mined (Ore+Waste)	Mt	1,084	930	***-14%***
Total Ore Tonnes (LOM)	Mt	136	122	***-10%***
Total Mining Costs (LOM)	$ M	$ 3,550	$ 4,017	
Open-pit Mining	$/t	$ 3.27	$ 4.32	***+32%***
Mining	**$/t ore processed**	**$ 26.10**	**$ 32.93**	***+26%***
Processing	**$/t ore processed**	**$ 23.94**	**$ 24.23**	***+1%***
Administration	**$/t ore processed**	**$ 1.38**	**$ 2.30**	***+67%***
Cash Operating Costs	$/t ore tonne	**$ 51.42**	**$ 59.46**	***+16%***

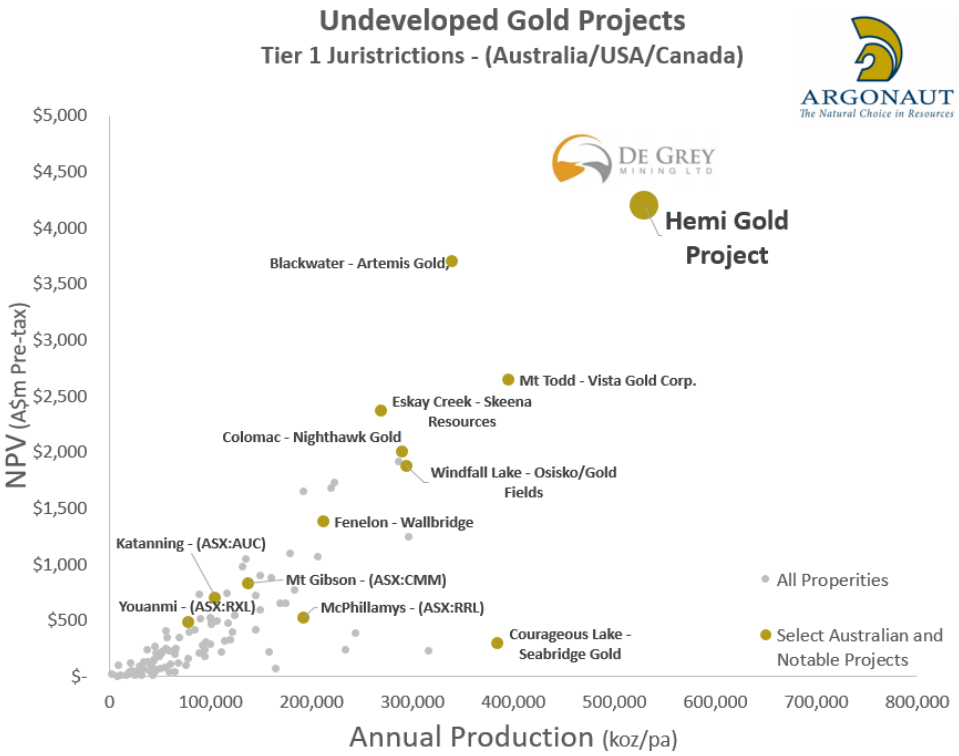
Source: Argonaut Research

Global Comparison and Hemi's Worth

The delivery of the DFS has cemented Hemi as one of the largest undeveloped gold projects globally both from a potential production profile and valuation. Hemi alone now totals 9.5Moz at 1.3g/t Au since the first discovery hole back in February 2020. Figures 5 & 6 below graph Hemi's comparison to undeveloped gold projects and clearly indicate that Hemi sits within Tier 1 status in regard to scale, jurisdiction and capital efficiency.

Figure 5 – Hemi Annual Production and NPV relative to other undeveloped gold projects in Tier 1 Jurisdictions.

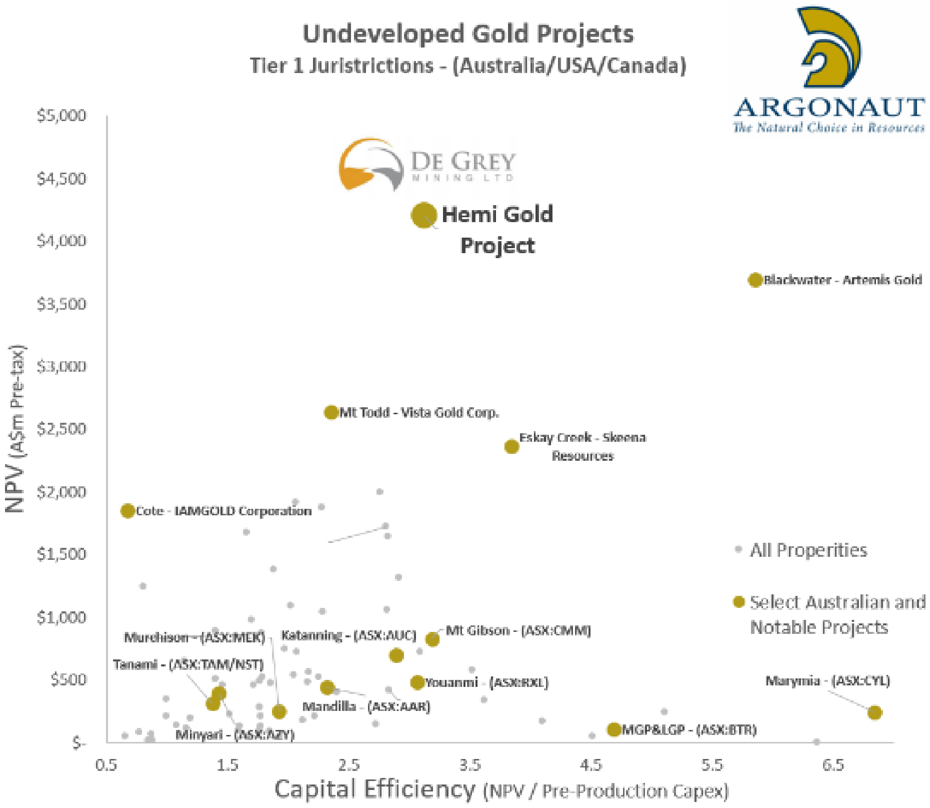
Hemi clearly sits amongst the most significant gold discoveries in Australia in the last 20 years



Source: Argonaut Research, S&P Global

Figure 6 – Hemi Capital Efficiency and NPV comparison to undeveloped projects in Tier 1 Jurisdictions.

Hemi is a rare combination of a Tier 1 deposit in a Tier 1 jurisdiction



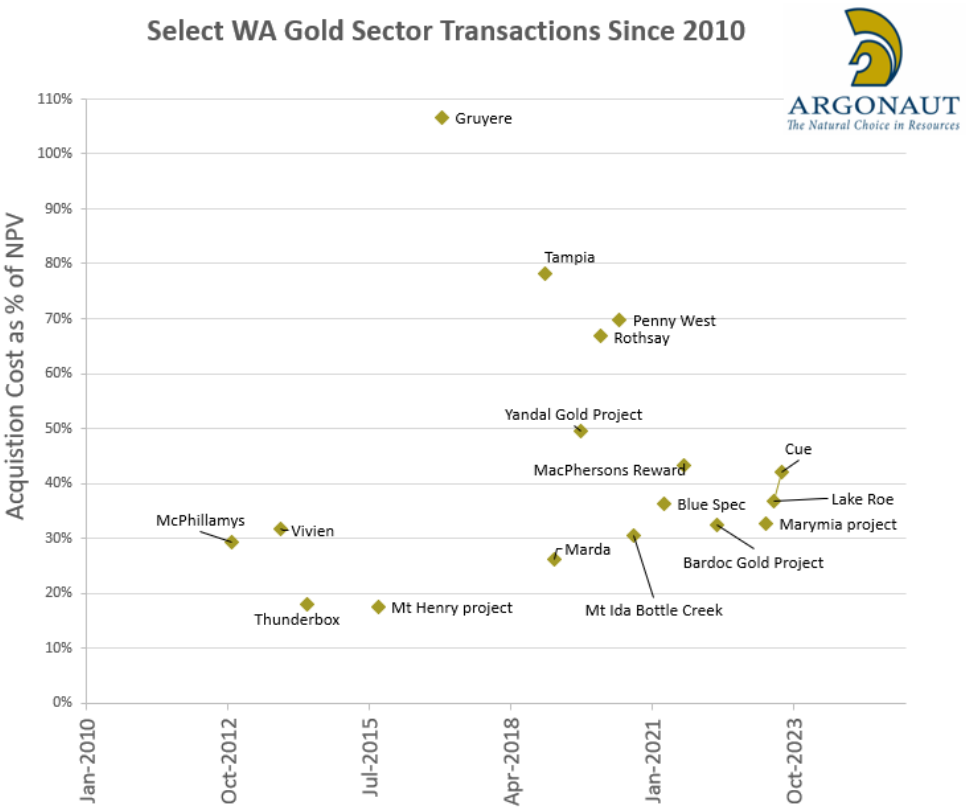
Source: Argonaut Research, S&P Global

In Figure 7 below, we graph select significant single-asset gold transactions in WA since 2010. To derive a potential transaction value for Hemi, we consider a comparison to the 50% acquisition transaction of Gruyere by Goldfields in 2016 for A$350m. At the time of the transaction, this represented almost a full 100% realisation of Gruyere's pre-tax NPV on a 50% basis. Looking at more recent transactions, the 50% acquisition of Windfall (Quebec) by Goldfields this year for C$600m represents around 70% realisation of the pre-tax NPV for the project.

Prior asset transactions of Tier 1 deposits in Australia and Canada would indicate they are often acquired at valuations ranging from 60-90% of the project's pre-tax NPV. In any acquisition of De Grey's Hemi asset, we would consider a fair transaction to occur at similar ranges given the deposit size, operating margin, location and remaining exploration upside. Using past comparable transactions as a guide, we suggest that if a 100% acquisition of Hemi were to occur, fair value may fall between ~A$2.5-3.8B for Hemi which would provide a 60-90% realisation of Hemi's current pre-tax net present value at a A$2,700 gold price assumption. For the acquirer, a transaction of this size would require a cash outflow of at least ~A$4b (acquisition cost + pre-production capex) before Hemi is brought into production. The probability of such a transaction seems low and would represent one of the largest transactions on record for an undeveloped single gold asset.

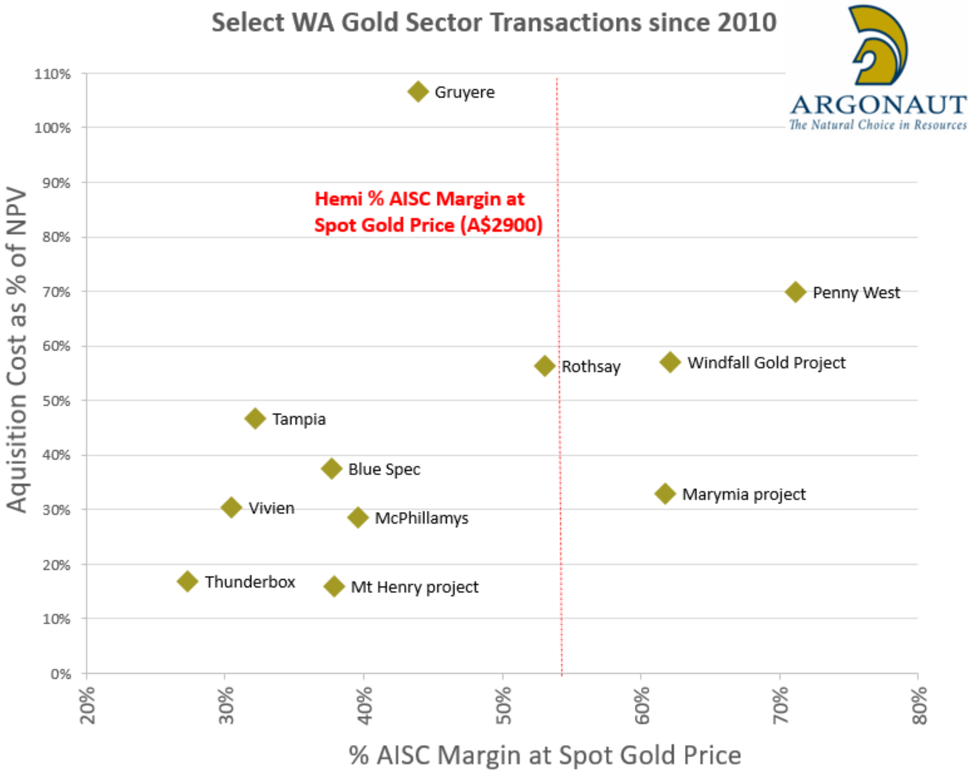
Large scale or high margin WA gold assets attract a premium in any M&A transaction, Hemi has both - scale and margin

Figure 7– Select WA gold sector transactions since 2010 showing acquisition cost as a percentage of the projects pre-tax net present value.



Source: Argonaut Research

*Figure 8 – Select WA Gold sector asset transactions since 2010 with % AISC margin at time of transaction and acquisition costs as a % of projects pre-tax NPV. *Windfall deposit located in Quebec.*



Source: Argonaut Research

Undeveloped high margin gold assets in WA generally transact for at least 50% of their pre-tax NPV

Argonaut views a 100% acquisition at this stage unlikely given the potential acquisition cost which may be a stretch for even the largest of gold miners. An alternative development scenario could be a 50/50 JV agreement where De Grey sells 50% of Hemi and management of the build and operation is assumed by an existing major with the financial capacity to absorb any cost overruns. A similar transaction of this nature occurred with the Gruyere JV between Goldfields and Gold Road in 2016. In this scenario, Gold Road was facing a capex cost of $507m which was 1.03 times greater than its market capitalisation ($494m) at the time. At these figures, Gold Road shareholders were looking at further dilution without the Goldfields JV deal and so the transaction made sense. De Grey's capex bill of $1,345m is 0.65 times its current market capitalisation of $2,070m, De Grey shareholders are in a better position to absorb the dilution and reject the requirement of a 50/50 funding partner.

M&A transaction for Hemi is not ruled out but a solo build and operation by DEG is our base case scenario

Between now and first gold, De Grey has the time for drilling to scope out the exploration upside of Hemi and the Mallina region which should help keep any predatory bids at bay assuming further exploration success. Although an M&A move can never be ruled out, our modelled scenarios see the best outcome for DEG shareholders as a solo build-and-operate scenario and leaving M&A discussions on hold until Hemi's full endowment potential is better understood.

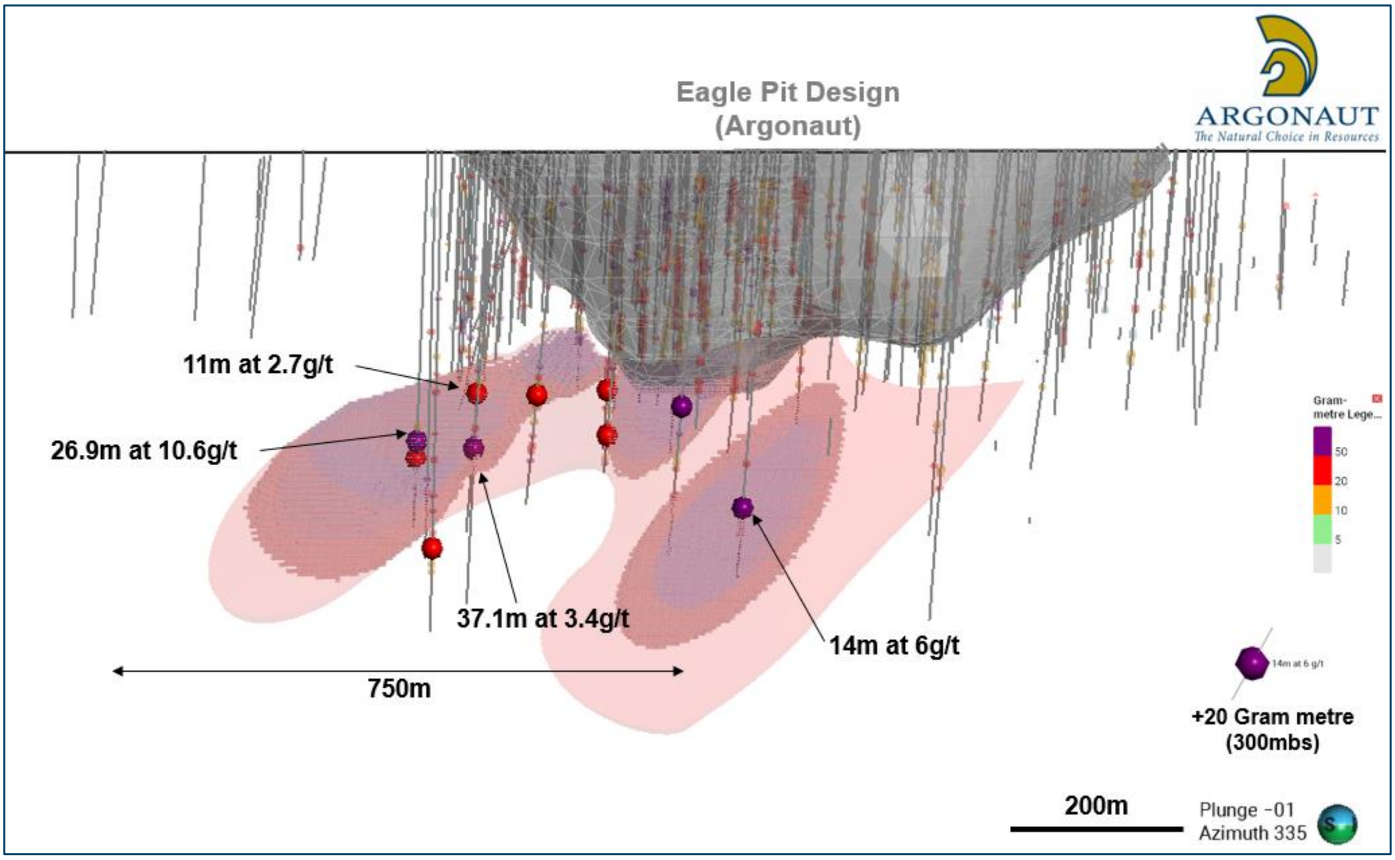
Exploration Upside

Since the discovery of Hemi in early 2020, drilling has understandably focused on resource definition drilling and the 'lowest hanging fruit' targets around Hemi in order to deliver the largest reserve inventory possible to support the PFS and DFS studies. With the DFS now complete, drilling can shift back to an exploration focus to test the depth potential at Hemi along with regional targets such as the recently acquired Becher Project. Hemi is still growing and recent results at Eagle are indicating a higher-grade component developing within the Hemi system:

- 26.9m at 10.6g/t Au (HEDD192)
- 14.0m at 6.0g/t Au (HEDD084)
- 37.1m at 3.4g/t Au (HEDD083)
- 16.8m at 4.3g/t Au from 376.2m (HEDD173)
- 14m at 2.4g/t Au (HEDD175)

Early days, but this Eagle is going to fly

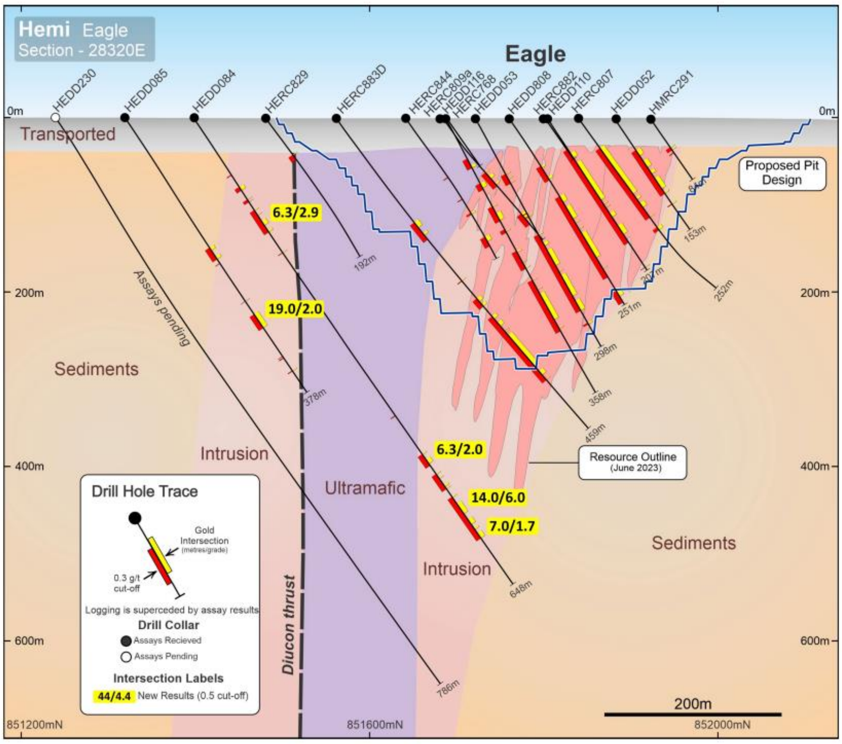
Figure 9 – Long section of Eagle deposit with +20 gram metre intercepts deeper than 300m below surface plotted.



Source: Argonaut Research with ASX reported drilling data from DEG

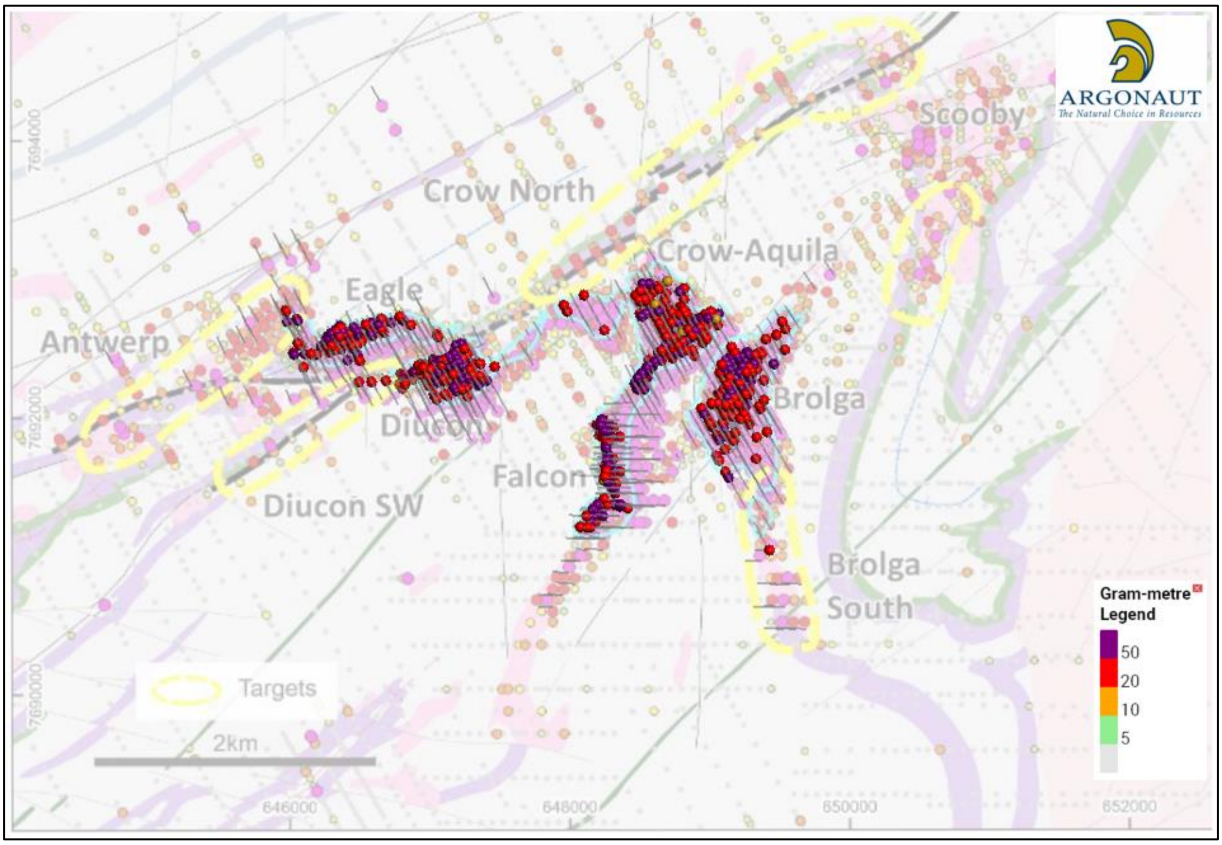
Argonaut's initial assessment of drilling below the proposed Eagle Pit suggests there is already a sizeable inventory of high-grade mineralisation likely to support underground development. De Grey has flagged a further $54m of funding available for exploration which includes further drilling at Hemi to build up an underground resource that could extend mining beyond the initial 12-year mine life.

Figure 10 – Cross section of recent high-grade Eagle drill intercepts.



Source: DEG – 8th August 2023

Figure 11 – Map of all reported Hemi intercepts with a +20gram metre intercept filter applied.

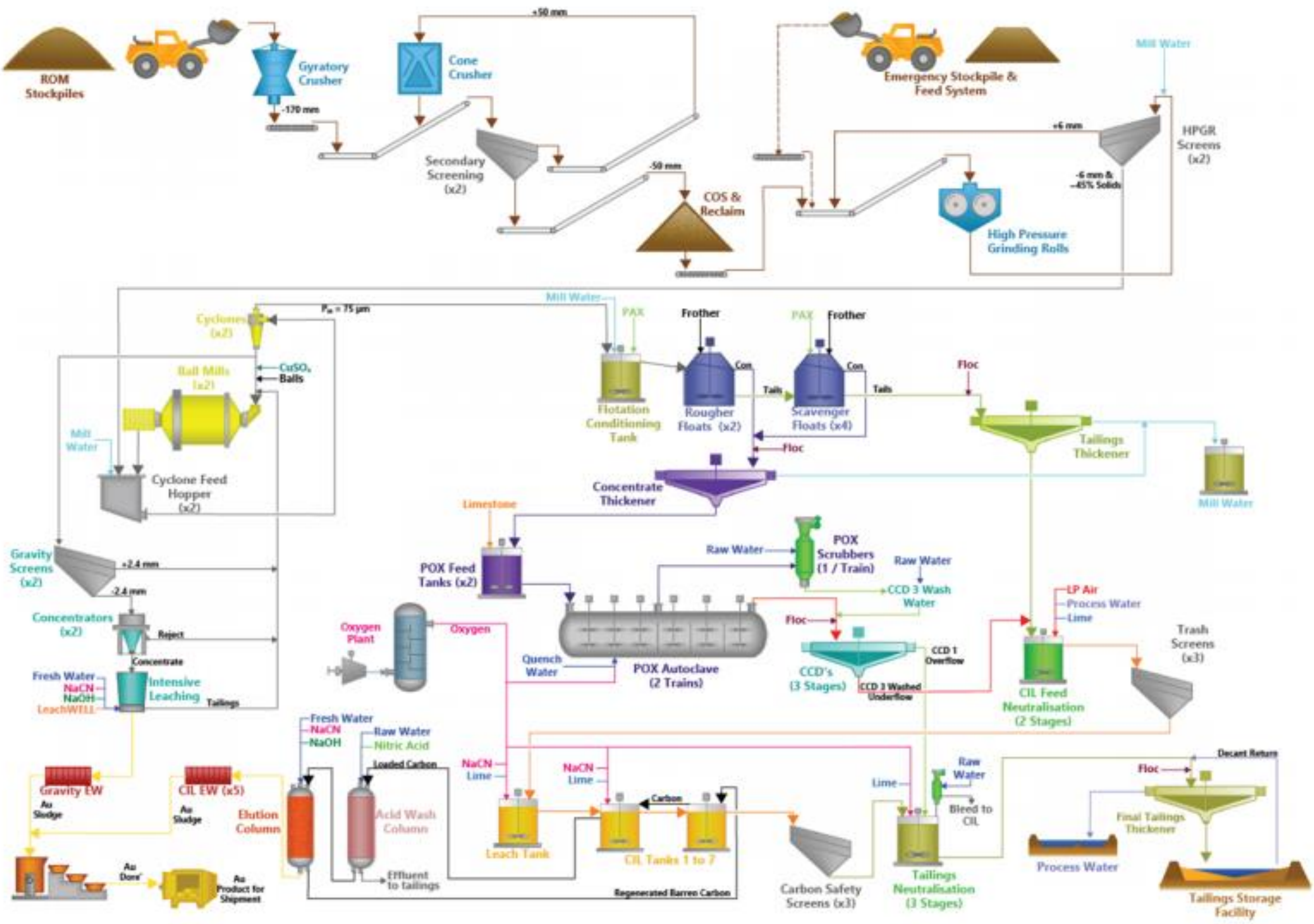


Source: Argonaut Research with adapted imagery reported by DEG.

Prior POx Builds

On the processing front, the DFS held constant key aspects of the processing flowsheet that involves a 10Mtpa processing plant. The front end of the plant will incorporate primary and secondary crushing, high-pressure grinding rollers and ball mills. The majority of the gold will then undergo flotation to produce a concentrate that's fed into two autoclaves to oxidise the concentrate at operating temperatures of 225C^0 and 3,250KPa.g. The proposed autoclave circuit has been designed with a 0.8Mtpa capacity that aligns with testing that indicates an 8% mass pull sulphide concentrate. A standard CIL circuit at the back-end of the flowsheet includes 7 CIL tanks. Process Plant designs will enable scalability of the comminution and Pox circuits to enable capacity expansion beyond commissioning.

Figure 12 – Proposed 10Mtpa processing flow sheet for the Hemi Gold Project.



Source: DEG

The use of Pressure Oxidation (POx) is an established processing technique that's been in use for nearly 30 years to process refractory gold. Installation of a POx circuit into a standard CIL flowsheet generally adds additional capex costs that can make the process uneconomic for smaller-scale projects. Major gold producers have adopted the POx with Newmont and Barrick both having operated several POx operations in the past and more recently constructing and operating the Pueblo Veijo Project that contains the world's largest POx circuit at ~8.75Mtpa. All new gold processing operations come with ramp-up risks to which Hemi will be no different. Argonaut's view is that De Grey has established the technical team to mitigate ramp-up risks and is worth noting that DEG's current project director oversaw the successful construction and handover of the Pueblo Veijo Project which involved a POx plant 10 times the size of what De Grey has proposed.

Large POx plants have been constructed and operated by majors for over 30 years

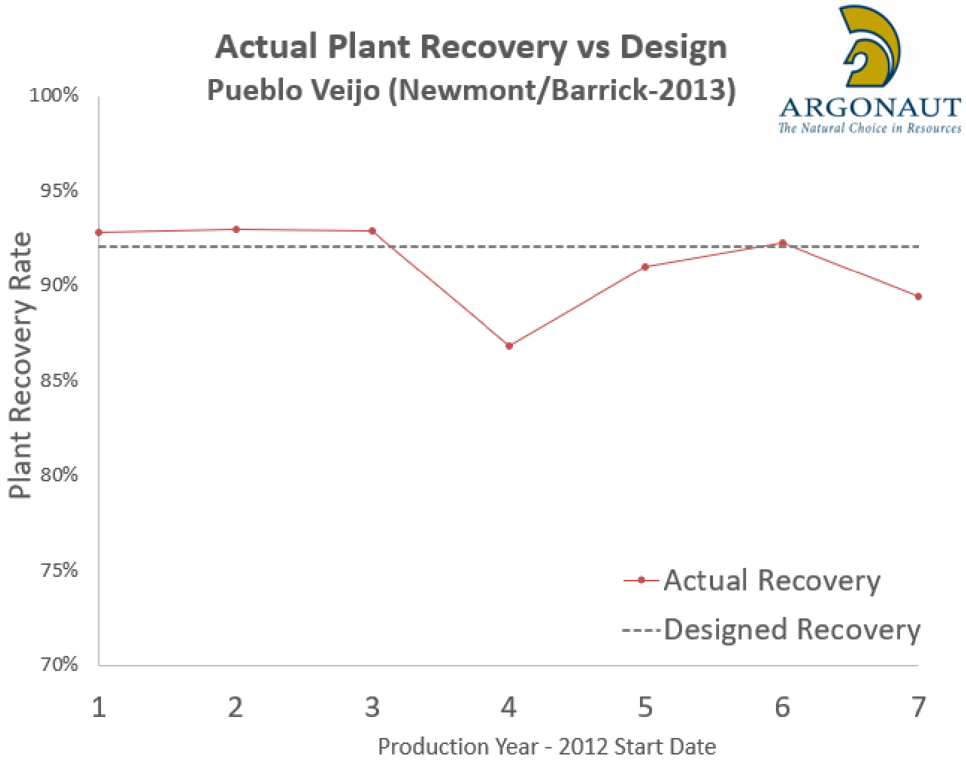
Figure 13 – Previous POx plant operations in the last 30 years by various operators.

Company	Project	Country	Year	Pox throughput (Mtpa)
De Grey Mining	*Mallina (Hemi)*	*Australia*	*2026*	*0.8*
Newcrest	Lihir (MOPU expansion)	PNG	2013	7.85
Barrick / Newmont	Pueblo Veijo	Dominican Republic	2013	8.76
Polymetal	Amursk	Russia	2012	0.15
Agnico Eagle	Kittila	Finland	2009	1.00
Oceana Gold	Macraes	New Zealand	1998	0.01
Newcrest	Lihir	PNG	1997	2.96
Evolution	Red Lake (Campbell Mill)	Canada	1991	0.03
Barrick / Newmont	Goldstrike	USA	1992	1.72
Barrick / Newmont	Lone Tree	USA	1994	0.83

Source: Argonaut Research adapted from Thomas & Pearson (2016)

Successful build and commissioning of the Pueblo Veijo plant with achieved recovery rates against design

*Figure 14 – Pueblo Veijo plant actual plant recovery performance versus assumed design recovery rates. *Year 4 planned lower recovery from different ore source.*



Source: Argonaut Research, Barrick & Newmont Reports

VALUATION

Argonaut models a $2.33B Post-tax NPV_6 for the Hemi Gold Project

Argonaut's De Grey valuation is based on a discounted cash flow valuation of the Hemi project incorporating the mining physicals provided in the September 2023 DFS release. A real, after-tax discount rate of 6% is used. Future tax benefits are added back as an estimate of present value. Argonaut's valuation assumes a A$2,714 (US$1,900) gold price over a mine life of 12 years with production commencing mid-2026. Argonaut's highest valuation occurs under a 100% De Grey build-and-operate scenario that will involve debt funding of $812m and an additional equity raise of $350m to fund construction. Pro forma the recent equity raise, De Grey will hold a cash position of $384m of which it has designated $116m to order long-lead major equipment items for construction and $38m for commencement of early works.

Argonaut's valuation model assumes a A$2,714 gold price and $0.70 AUD/US exchange rate

Figure 15 – Valuation summary, project September 2023

Valuation summary	A$M	A$/sh
Hemi project 6% real after tax DR	2329	1.26
Exploration, all sites	582	0.32
Corporate overheads	-147	-0.08
Cash	384	0.21
Debt	0	0.00
Tax benefit	70	0.04
Hedging	0	0.00
Option/equity dilution	-97	-0.05
NAV	**3,122**	**1.69**

Source: Argonaut Research

Key risks to valuation

Metallurgy

De Grey's early tests indicate high rates of recovery using conventional pressure oxidation processes. Other large-scale operations with successful operating records use the technologies available to and being considered by De Grey.

Gold price

Our estimates of De Grey cash flows are sensitive to the gold price. Each 10% change in the Australian dollar gold price changes our valuation by 20%.

Costs

Cost assumptions are based on DFS study estimates, adjusted to allow for subsequent changes in industry costs.

Equity dilution

De Grey may seek to finance its activities by issuing new shares. The number of shares and the price at which new shares are issued affect our valuation of the existing shares. We have assumed 235M new shares issued in FY25 at $1.50 per share.

Exploration success

De Grey may invest its cash and any future free cash flows in exploration and/or other mineral asset acquisitions. The valuation assumes that future exploration and investments achieve acceptable returns. Subjective value is attributed to exploration assets at Mallina.

Interest rates/discount rates

Argonaut takes cash flow risk into account when choosing discount rates for different projects. Our valuation is sensitive to the discount rate used. A 2% change in the (after tax) discount rate makes a 16-20% difference to our De Grey valuation.

RESEARCH:

Hayden Bairstow | Executive Director, Head of Research
+61 8 9224 6835

Ian Christie | Director Research
+61 8 9224 6872

George Ross | Senior Analyst, Metals & Mining Research
+61 8 9224 6840

Ben Crooks | Analyst, Metals & Mining Research
+61 8 9224 6869

Pat Streater | Analyst, Metals & Mining Research
+61 8 9224 6818

INSTITUTIONAL SALES:

Chris Wippl | Executive Director, Head of Institutional Sales
+61 8 9224 6875

Damian Rooney | Director, Institutional Sales Trader
+61 8 9224 6862

Josh Welch | Institutional Research Sales
+61 8 9224 6868

George Ogilvie | Institutional Research Sales
+61 8 9224 6871

Matt Middlemas | Associate, Institutional Sales
+61 8 9224 6803

John Santul | Consultant, Institutional Sales & Research
+61 8 9224 6859

CORPORATE AND PRIVATE CLIENT SALES:

Glen Colgan | Executive Director, Desk Manager
+61 8 9224 6874

Kevin Johnson | Executive Director, Corporate Stockbroking
+61 8 9224 6880

Ben Willoughby | Senior Dealer, Corporate Stockbroking
+61 8 9224 6876

David Keogh | Senior Dealer, Corporate Stockbroking
+61 8 9224 6852

Geoff Barnesby-Johnson | Senior Dealer, Corporate Stockbroking
+61 8 9224 6854

Rob Healy | Dealer, Private Clients
+61 8 9224 6873

James Massey | Dealer, Corporate Stockbroking
+61 8 9224 6849

Cameron Prunster | Dealer, Private Clients
+61 8 9224 6853

Harry Massey | Dealer, Private Clients
+61 8 9224 6829

Jake Solomon | Dealer, Private Clients
+61 8 9224 6855

Matej Mandic | Dealer, Private Clients
+61 8 9224 6887

Amanda Fu | Provisional Provider, Private Clients
+61 8 9224 6805

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