



DE GREY  
MINING LTD

ABN: 65 094 206 292



# CONSOLIDATED ANNUAL FINANCIAL REPORT

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For the year ended 30 June 2020

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## Corporate Information

**ABN 65 094 206 292**

### **Directors**

Simon Lill (Chairman)  
Glenn Jardine (Managing Director)  
Andrew Beckwith (Technical Director & Operations Manager)  
Peter Hood AO (Non-Executive Director)  
Eduard Eshuys (Non-Executive Director)  
Bruce Parncutt AO (Non-Executive Director)

### **Company Secretaries**

Craig Nelmes (CFO)  
Patrick Holywell

### **Registered Office and Principal Place of Business**

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SUBIACO WA 6904

### **Solicitors**

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Level 4, The Read Buildings  
16 Milligan Street  
PERTH WA 6000

### **Automic Group**

Level 2/267 St Georges Terrace  
Perth WA 6000  
Telephone: 1300 288 664

### **Auditors**

Butler Settineri (Audit) Pty Ltd  
Unit 16, First Floor Spectrum Offices  
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SUBIACO WA 6008

### **Internet Address**

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### **Stock Exchange Listing**

Australian Securities Exchange (ASX code DEG)  
Frankfurt Stock Exchange (FRA code WKN 633879)

## Chairman's Letter

Dear Shareholder,

My opening sentence last year stated that: *"I am pleased to report that your company is in a significantly stronger position today than it was twelve months ago."*

After a transformative year that statement is certainly truer today than last year, and it is with some pleasure that I present to you the De Grey Mining Ltd annual report for the year ended 30 June 2020

In looking back, I note the 2020 financial year commenced with the introduction of Hemiphaga – now referred to as Hemi. Hemi was one of seven new analogues of the Toweranna deposit that the De Grey geological team had identified through a substantive amount of work undertaken to piece together a large historical database, to interrogate it, and to then identify further intrusions.

The Hemi introduction was followed up with excellent aircore results released in December 2019 - which did not appear to be noticed by the investment community. These in turn were followed up with the RC discovery results in February 2020 - which were noticed.

During a difficult period for exploration capital, we undertook a \$22M capital raising in July/August 2019 at what was a significant discount to the prevailing market price as well as a \$5M placement in November 2019. It was important to the Board that the larger raise was concluded as an entitlements issue to ensure all shareholders had the opportunity to participate in the discounted raising. The Company received applications for approximately 61% of the entitlements, with the balance going to parties which had underwritten the issue. I am pleased to note that those shareholders which supported and believed in the Company through the entitlements issue, through to the discovery announcement and hopefully beyond, have been well rewarded.

This issue provided for the acquisition of Indee Gold for A\$15 million and consequently the amalgamation of the bulk of De Grey's total land package. It was an ambitious transaction when De Grey first entered into it in 2017 with a market capitalisation of \$3M, but it was the foundation that results in De Grey now holding one of the most strategic and valuable gold exploration land positions in WA.

Our drilling contractor, Top Drill, and our staff, supported us early in January to enable a rig to commence operations during Pilbara's wet season which in turn lead to the February discovery announcement. The number of drill rigs operating at Hemi has grown to six as we rapidly test the extent of mineralisation. This also occurred while restrictions were in place for the COVID-19 pandemic, so I commend and thank the discipline of the teams to safely maintain our high drilling productivity rates.

We clearly are onto a major discovery at Hemi - the extent is such that at June 30 it had an overall scale of 2,000m north-south and 1,200m east-west. In the three months since Hemi has further grown to 3,000m by 2,000m with five different zones identified at this stage – Aquila, Brolga, Brolga South, Crow, and Falcon. We have not yet assessed the resource size, but clearly the discovery costs are expected to be well below industry average.

We remain excited to the extent that the focus on Hemi has not allowed us to test mineralisation at the other intrusives identified at the start of the financial year, nor the additional 20+ magnetic anomalies that may prove to also be intrusives.

Looking ahead, we will continue to use aircore, RC and diamond drilling to test the extent of Hemi and other intrusion targets in the Greater Hemi area such as Scooby, Shaggy and Antwerp. This drilling will largely form the basis for a maiden Resource Estimate for Hemi by the end of FY2021.

A dedicated team is also being established to focus on regional exploration beyond the Greater Hemi area to ensure the substantial untested potential which exists here continues to be advanced.

Major discoveries like Hemi are often considered as being overnight successes - the reality is usually vastly different. The complex process of consolidating, validating and interpreting the large historic datasets and designing an exploration program to prioritise and advance the many targets across our 1,500km<sup>2</sup> Mallina Gold Project cannot be underestimated.

De Grey's exploration team, led by Executive Director Mr. Andy Beckwith, Exploration Manager Mr. Phil Tornatora and Consulting Geologist Mr. Allan Kneeshaw, should be praised for completing this work which was an important pillar for the discovery of Hemi.

I must also commend fellow Directors Mr Eduard (Ed) Eshuys and Mr Bruce Parncutt, who joined the Board during the year. They first engaged with me in late 2017, recognising the potential of the Mallina Gold Province and De Grey.

They have always believed there would be a major discovery on our tenements, and in a bold move they led DGO Gold Limited to invest substantial capital into that belief – now totalling \$43M.

Their belief has certainly been vindicated and they continue to encourage further regional exploration activity in addition to the intense activity at Hemi.

I should also acknowledge Mr Peter Hood as a valued and experienced Lead Independent Director who has provided me with valuable counsel as the Company has grown with the corresponding additional scrutiny on Board processes.

At the end of the year I resigned as Executive Chairman following the earlier appointment of our new Managing Director, Mr Glenn Jardine. Glenn has a skill set that I do not. He is an experienced mining engineer and executive who has a track record of leading the development and operation of mines throughout Australia and overseas. He has made a fantastic contribution to the organisation already and will be a strong leader for De Grey's next phase of development.

Part of this transition also sees the Company searching for a new CFO who can support Glenn through studies, financing, construction and into operation. Our current CFO, Mr. Craig Nelmes, joined me when we commenced our time at De Grey in 2013. He is also aware of the need to transition the Company and is fully supportive of the process. I do thank him personally for his support to myself through the period, whilst noting that shareholders owe him a debt of gratitude. He has in recent times been ably supported by Mr Pat Holywell.

We have also enjoyed the support of local aboriginal groups with whom we regularly engage as we move forward with ongoing heritage clearances and into negotiations for mining agreements. Our key pastoral lease holders have also been extremely helpful and supportive.

Finally, I thank all staff and contractors, past and present, and perhaps particularly our geological staff, our field staff and our drilling contractors, Topdrill, Wallis Drilling and Bostech. There are other important contributors but without these groups we would not have experienced the market growth we have, which has also resulted in us entering the S&P ASX300 and the Van Eck GDXJ indices in recent weeks.

Capital raising activity during this calendar year has seen the completion of two raisings – A\$32M in April 2020 and a more recent A\$100M in September 2020 post the balance date. We thank our brokers who supported us through these issues, Argonaut Securities, Bell Potter and Canaccord Genuity. It is extremely pleasing to note the quality of the institutional support that has now joined our register and which we hope will support us through to production and beyond. All new shareholders are welcomed.

Finally, I give thanks to all of our shareholders for their support during the year. It is very satisfying to have been able to deliver the first step in our vision of establishing a plus Tier 1 asset at the Mallina Gold Project through the Hemi discovery and our existing resources. We believe we have the right elements in place to continue our momentum in FY2021.

Yours sincerely,



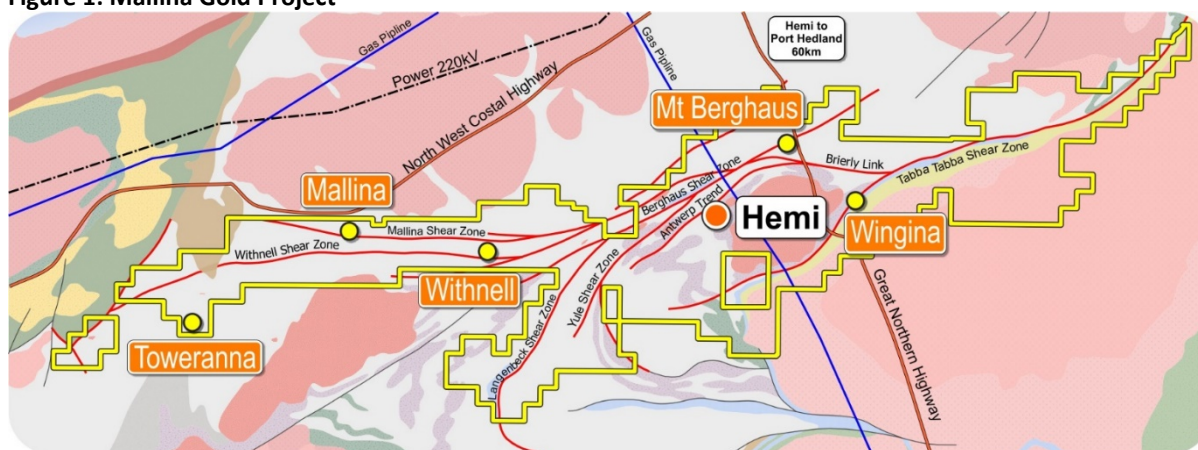
**Simon Lill**  
Chairman

## Review of Operations

De Grey Mining (“De Grey” or the “Company”) is engaged in gold exploration and development activities in one of the world’s strongest Tier 1 mining jurisdictions. The Company has built up a dominant position in the prospective Mallina Basin of the Pilbara Craton, located in the northwest of Western Australia.

The Mallina Gold Project (“Project”) comprises a landholding more than 1,500km<sup>2</sup>, stretching across a contiguous tenement package running SW to NE of 150km and boasts greater than 200km of gold hosting shear zones and numerous intrusion targets (Figure 1). The project currently has a gold resource of 2.2Moz (37.44Mt at 1.8g/t Au) and the New Hemi discovery provides the opportunity to increase this resource base substantially.

**Figure 1: Mallina Gold Project**



During the year, De Grey’s exploration team has changed perceptions about the gold potential of the Pilbara with the major Hemi discovery, first discovered in shallow aircore drilling in December 2019. Hemi is a new intrusion style of gold deposit not previously recognised in the region. Hemi is a near surface, intrusion-hosted mineralisation which remains open in multiple directions and now has five separate resource areas within the overall Hemi deposit – Aquila, Brolga, Brolga South, Crow and Falcon.

Within 10km radius of Hemi, the Greater Hemi region, the Company has a further four large intrusion targets – Shaggy, Scooby, Antwerp and Alectroenas. Each one of these targets have demonstrated gold mineralisation in limited shallow drilling, except Alectroenas which remains to be drill tested.

The Project is located within a 45 minute drive of Port Hedland (Figure 1). The region is rich with critical infrastructure to support a future mining operation. Two major sealed highways run within 20km of the Hemi discovery. A gas pipeline runs within 20km of Hemi with a spur within 4km. A major 220kV electricity transmission line also lies within 20km of Hemi. The town of Port Hedland is a significant regional centre with excellent mining services and large airport facilities, as has the town of Karratha, 120km to the south west. Port Hedland is the largest economic export port in Australia. The Port is also opening up for import shipping which is expected to allow the direct landing of mining equipment into the region, which may provide substantial transport cost savings during development.

Forward looking to the 2020-21 year ahead, the Company plans to:

- Continue drilling to extend and define the overall footprint of the Hemi discovery, leading to a maiden Hemi Mineral Resource Estimate by the middle of calendar year 2021;
- Explore and define new mineralised intrusions within the Greater Hemi region;
- Explore the large prospective regional shear zones and other intrusion targets;
- Continue to expand the existing 2.2Moz regional resources;
- Improve site infrastructure, systems and communications to support planned activities;
- Complete and evaluate early stage project de-risking studies including metallurgy, environmental, hydrology and geotechnical aspects; and
- Pursue a corporate strategy to develop a Tier 1 Gold Project, defined as a project producing a minimum of 300,000 ounces per year with a minimum mine life of 10 years.

## Hemi Gold Discovery

Hemi is a major gold discovery made in the central area of the Mallina Gold Project. Hemi's potential was first identified in July 2019 after a period of detailed evaluation of past exploration data and new geological concepts developed by De Grey's exploration team. The "blind" discovery was subsequently made with shallow aircore drilling beneath 30m of barren transported cover sediments in December 2019. The initial discovery results include:

- 43m @ 3.7g/t Au from 36m in BWAC245, including 12m @ 9.0g/t (BWAC245)
- 25m @ 2.7g/t Au from 32m in BWAC258, including 8m @ 4.5g/t (BWAC258)

Follow-up aircore drilling was undertaken from January 2020, returning substantial, thick and high-grade mineralisation on two sections 640m apart, confirming the potential for a major gold discovery. Results from this program included:

- 24m @ 7.5g/t Au from 126m, including 18m @ 8.6g/t (BWAC315)
- 49m @ 3.7g/t Au from 65m, including 18m @ 6.6g/t (BWAC309)
- 36m @ 4.0g/t from 39m, including 11m @ 8.9g/t (BWAC245)
- 24m @ 4.2g/t Au from 36m, including 10m @ 7.4g/t (BWAC312)

RC and diamond drilling commenced during February 2020 with continued success and exciting broad zones of mineralisation initially defined at the Brolga and Aquila Zones. The program rapidly increased to six rigs, (two RC, two diamond rigs and two aircore) operating by June 2020. This growth in activity was all undertaken during the height of the lockdown uncertainty created by COVID-19.

De Grey's drilling strategy at Hemi has been to use shallow aircore drilling to discover and map out the strike orientation and footprint of the mineralised intrusion before closer spaced (80m x 80m) follow-up RC and diamond drilling is undertaken to defined the widths, grade and continuity of mineralisation.

Infill RC and diamond resource definition drilling has commenced more recently on tighter 80m x 40m drill spacing to support the future estimation of a Mineral Resource for Hemi. The RC drilling is used to test to depth of approximately 200m and diamond drilling to extend at depth. Aircore drilling out from Hemi continues on wide spaced (640m to 320m) traverses and has resulted in the discovery of Crow and the more recent Falcon zone.

By the end of the 2019-2020 financial year, a total of 67,500 metres of drilling had outlined a mineralisation footprint spanning 2,000m north-south and 1,200m east-west across three the Aquila, Brolga and Crow zones. Drilling subsequent to the end of the period, in total close to 150,000m, has extended this area to 3,000m north-south and 2,000m east-west. Mineralisation remains open in all directions, including at depth.

Mineralisation at Hemi is characterised by consistent broad zones and of consistent grade with strong continuity along strike. Gold is intimately associated with extensive brecciated and altered diorite to quartz diorite intrusive rocks with the gold predominantly hosted within the strong sulphide development (pyrite and arsenopyrite). The Hemi style mineralisation is markedly different to all the other deposits within the Project with a distinct lack of quartz veining being an obvious difference.

This style of mineralisation has not previously been encountered in the Pilbara and has greatly increased the gold prospectivity of the region. De Grey believes the Mallina Basin is the most prospective area within the Pilbara to host this style of intrusion hosted mineralisation and validates the Company's tenure consolidation strategy underway since 2018.



Figure 2: Hemi – Overview

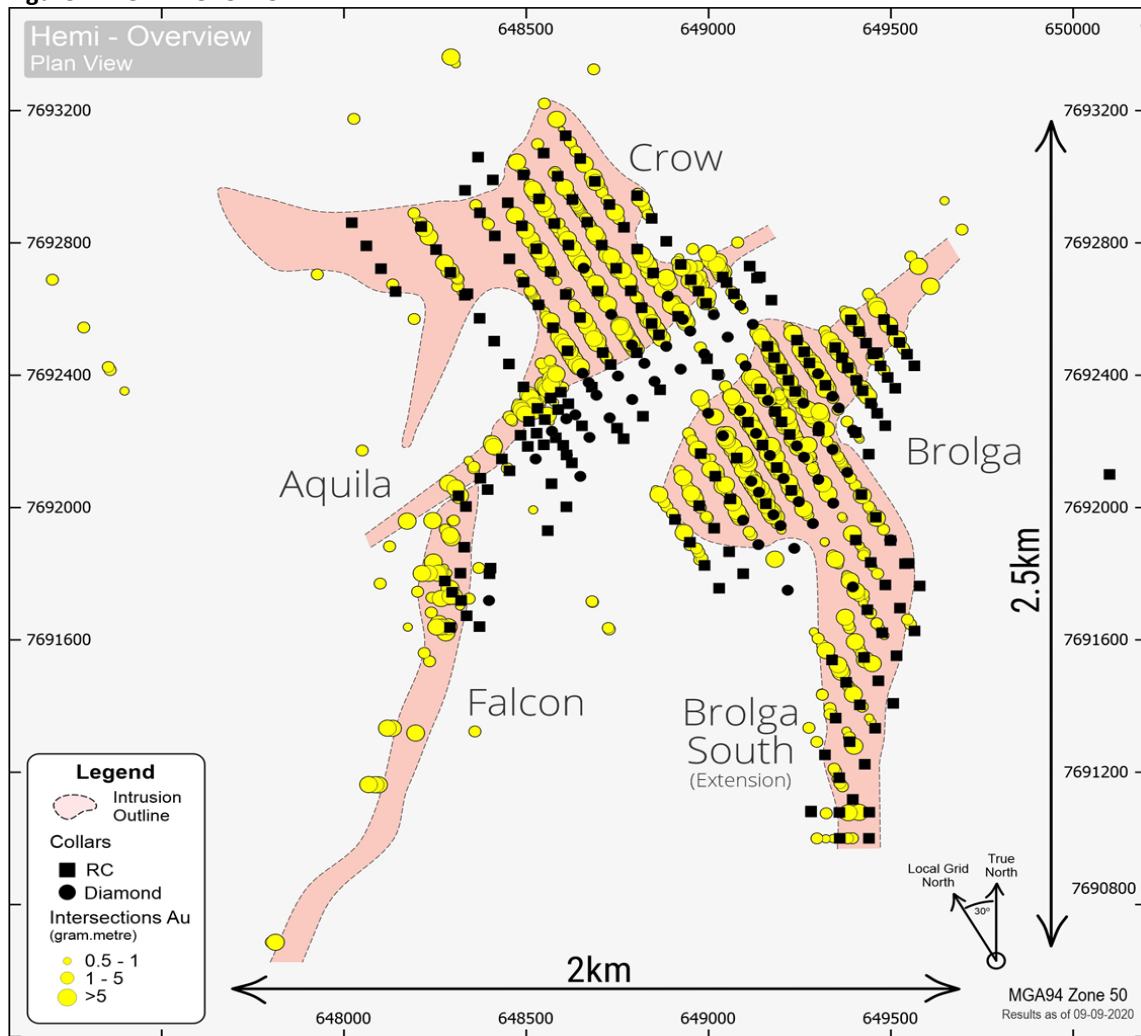
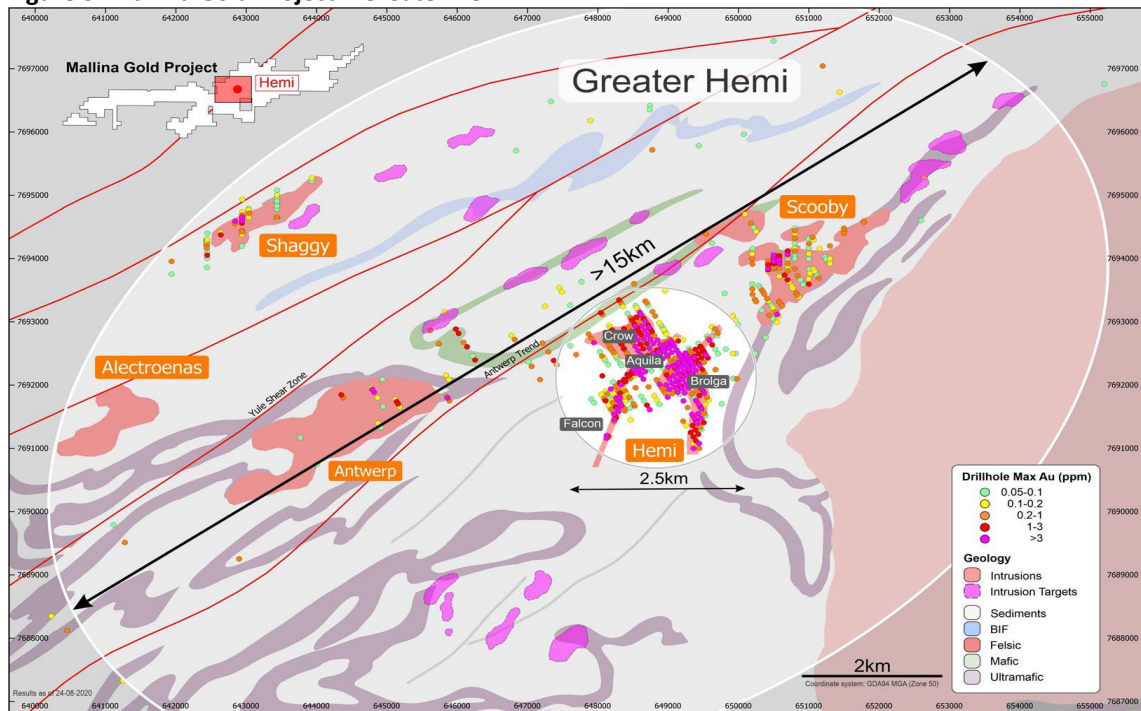


Figure 3: Mallina Gold Project – Greater Hemi



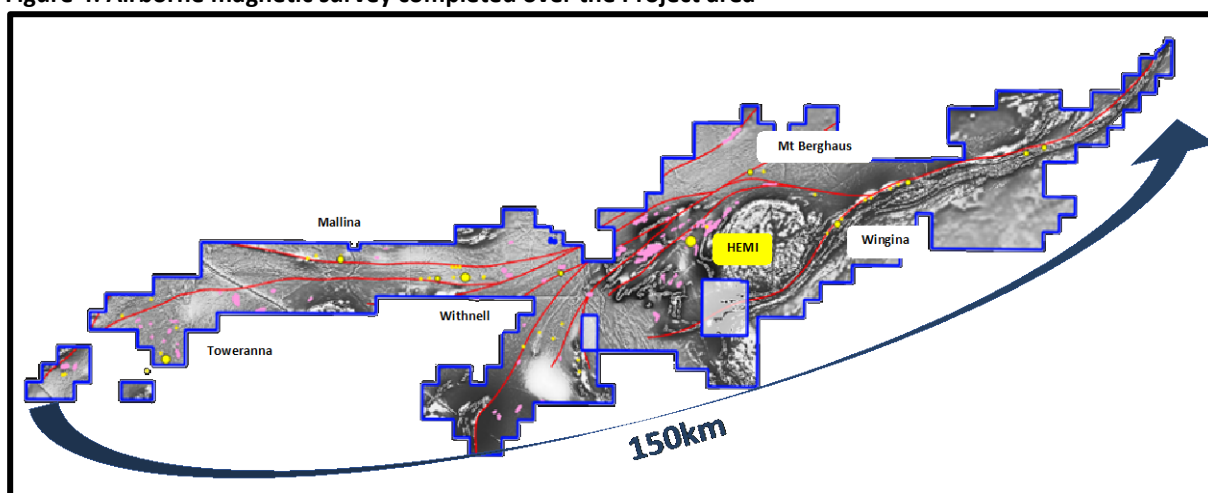


## Regional Exploration

Since the announcement of the Hemi discovery at Aquila and Brolga in February 2020, the Company has been focussed on exploration in and around Hemi. There are multiple intrusion style targets in the Greater Hemi region (Figure 3) and an additional three major gold rich intrusion targets, Charity Well, Geemas and Toweranna (520,000oz resource), defined in the western portion of the project.

In June 2020, De Grey completed a detailed aeromagnetic survey over the Greater Hemi region and reassessed the entire project data and defined over 20 new intrusion style targets across the regional tenement package (Figure 4). These initially require further on-ground investigation followed up by aircore and RC drilling.

**Figure 4: Airborne magnetic survey completed over the Project area**



Our dedicated exploration team are currently housed in De Grey's two exploration camps. The Hemi team are based at the Wingina camp which was acquired in 2018 (Photo 1) and currently is being upgraded to cater for up to 72 personnel (Photo 2). The regional team are working from our Withnell camp that caters for up to a further 24 personnel.

Additionally, De Grey has had success expanding the shear zone hosted resources that exist on its tenements, all of which remain open along strike and at depth. The Company is confident that new resources will exist across the shear zones, whilst also expanding the existing shear zone hosted resources.

**Photo 1: Wingina Camp near Indee Station – Before Commencement of an Upgrade**



**Photo 2: Wingina Camp near Indee Station – Upgrade in Progress**

### Project Studies

During 2019 and into the March quarter 2020, the Company further advanced economic studies based on a proposed open pit and underground mining operation at the Withnell deposit. Studies proposed the building of a new standalone centralised processing plant to be located at Withnell. The processing plant design had progressed to a combined 3Mtpa throughput based on 2Mtpa of oxide and free milling ores and 1Mtpa of sulphide rich ores. The process route was through an industry standard CIL processing plant with an additional parallel 1Mtpa sulphide and oxidation circuit.

The finalisation of this study was deferred following the Hemi discovery. The Hemi region is now considered the likely location for a processing plant at a significantly larger scale than previously planned. Ongoing studies, including metallurgy, long lead time studies such as environmental, water and infrastructure requirements were commenced and are advancing during 2020.

The Company anticipates releasing Scoping Study results in 2021 following the maiden Mineral Resource Estimate at Hemi.

### Hemi Metallurgy

Initial metallurgical testwork on the Hemi discovery was undertaken during the June 2020 quarter, with excellent initial gold recoveries achieved from the first Brolga composite samples. Metallurgical recoveries from one of four samples taken from Brolga was reported in early July 2020 as follows:

- Oxide: 93% based on CIL leach; and
- Fresh: 96.3% based on sulphide flotation, oxidation and CIL leach

Importantly, the testwork on fresh and transition mineralisation showed that high gold recoveries were achieved by flotation into a gold-rich concentrate.

Flotation performance was easily achieved at a typical grind size, reagent regime and single flotation cell, producing a concentrate representing approximately 7% – 8% of the original feed volume. Optimisation of flotation performance will continue. The flotation concentrate was then delivered to a pressure oxidation circuit and achieved excellent recoveries for first round, un-optimised testwork.

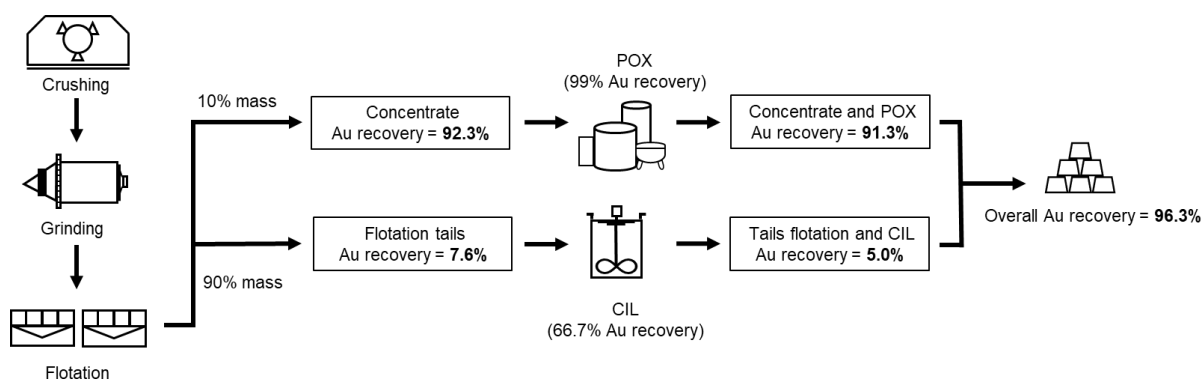
Pressure oxidation (“POX”) is an industry accepted technology, with the early testwork at Hemi indicating that the scale, capital and operating costs of a POX circuit should be reasonable as:

- It is processing 7% – 8% of the ore throughput as a result of the flotation circuit;
- The gold to sulphur ratio of the concentrate is high, hence less sulphur requires oxidation for the same gold recovery – as compared to deposits that do not achieve high gold recoveries into a concentrate;
- Oxidation of the gold-rich concentrate during testwork was rapid, which would reduce residence time; and
- Hemi has good access to grid power and gas so power costs are not expected to be substantial.

Further, in considering the overall plant capital cost, Hemi’s proximity to all necessary infrastructure is expected to result in significantly lower infrastructure costs compared to large scale, remote gold projects recently developed in Western Australia. This is expected to offset additional capital costs of a flotation plant and small POX circuit.

The initial results are encouraging but not comprehensive as they were only of Hemi ore, with many other ores and ore grades to be tested. Further other methods of oxidation, such as Biox and Albion, will also be assessed during ongoing testwork. Some of these oxidation processes do not require pressure or high temperatures.

**Figure 5: Simplified testwork flowsheet for fresh ore (note: numbers subject to rounding)**



Previous testwork conducted on mineralisation from the regional resources outside Hemi indicates that the Hemi testwork flowsheet would be suitable to treat those deposits.

The metallurgical testwork program is a long lead time required to further de-risking the project. The recent results remain to be optimised, however, the testwork demonstrates that at least one industry proven method of processing has been successful in achieving high gold recoveries.

### Regional Deposits and Mineral Resource Upgrade

Drilling completed on deposits within the Project during the second half of calendar 2019 was used to update the Mineral Resource Estimate for the Project in April 2020. This resulted in an upgrade to 37.44Mt at 1.8g/t Au for 2.2 million ounces (previously 1.8Moz). The Mineral Resource **does not** include any drilling from the Hemi discovery or Greater Hemi area (Table 1). A first Mineral Resource Estimate for Hemi is expected to be completed by the end of FY2021.

The Mineral Resource upgrade was built on updates to the resource models for the Withnell Resource – open pit and underground, Toweranna open pit and extensions to the Mallina resource.

The resource includes the following categories:

- Measured & Indicated (49%) 18.95Mt @ 1.7g/t Au for 1.1Moz
- Inferred (51%) 18.49Mt @ 1.9g/t Au for 1.1Moz
- Oxide (30%) 13.56Mt @ 1.5g/t Au for 0.64Moz
- Free Milling (29%) 11.03Mt @ 1.8g/t Au for 0.62Moz
- Sulphide (41%) 12.83Mt @ 2.2g/t Au for 0.90Moz



The resource increases were achieved across the following ore bodies:

- Withnell Total (↑ 40%) 7.49Mt @ 2.5g/t Au for 600,000oz
- Withnell Underground (↑ 9%) 2.50Mt @ 3.9g/t Au for 317,000oz
- Toweranna (↑ 47%) 7.35Mt @ 2.2g/t Au for 524,000oz
- Mallina (↑ 91%) 6.76Mt @ 1.4g/t Au for 307,000oz

**Table 1: Total Gold Mineral Resource Estimate as at March 2020 (JORC 2012) by Mining Centre**

Area	Type	Measured			Indicated			Inferred			Total		
		Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz
Withnell Mining Centre	Oxide	0.98	1.8	57,500	3.49	1.5	166,800	2.35	1.4	102,300	6.82	1.5	326,600
	Fresh	0.66	1.7	34,800	8.23	1.9	496,700	9.87	2.4	766,600	18.75	2.2	1,298,200
	Total	1.63	1.8	92,300	11.72	1.8	663,500	12.24	2.2	870,200	25.58	2.0	1,626,100
Wingina Mining Centre	Oxide	2.68	1.8	152,100	1.84	1.5	87,600	2.21	1.1	74,900	6.74	1.5	314,500
	Fresh	0.40	1.6	20,500	0.68	1.6	34,900	4.04	1.3	168,400	5.12	1.4	223,800
	Total	3.08	1.7	172,700	2.52	1.5	122,500	6.25	1.2	243,200	11.86	1.4	538,400
TOTAL Pilbara Gold Project	Oxide	3.66	1.8	209,700	5.33	1.5	254,300	4.57	1.2	177,200	13.56	1.5	641,200
	Fresh	1.06	1.6	55,400	8.91	1.9	531,700	13.90	2.1	935,000	23.87	2.0	1,522,000
	Total	4.71	1.7	265,000	14.24	1.7	786,000	18.49	1.9	1,113,500	37.44	1.8	2,164,500

All gold deposits are reported at a 0.5g/t Au cut-off grade except Wingina below -55mRL where a 1.0g/t Au cut-off was applied and Withnell below Pit shell 33, where a 2.0g/t Au cut-off was applied. The Leach Pad resource is reported at zero cut-off grade.

The new resources are based on all drilling completed at each deposit up to the end of 31 December 2019. The open pit resources are quoted using a 0.5g/t lower cut-off grade and the Withnell and Toweranna underground resources using a lower cut-off grade of 2g/t. The resources at Mt Berghaus, Wingina, Amanda, Camel, Roe, Dromedary and Calvert remain unchanged.

Following the Hemi discovery drilling was not continued on any of the regional resources from January 2020. Each deposit remains open and has potential for further growth. Regional exploration activities will recommence during FY2021.

The value of the existing regional resources, as well as any additional discoveries, are significantly enhanced with a large-scale central processing facility at Hemi. In addition, the flowsheet that was successfully employed during the initial metallurgical testwork of Hemi is capable of treating each of the existing regional gold deposits based on metallurgical testwork done to date.

### Safety and Sustainability

De Grey is committed to operating ethically, sustainably, and in accordance with best governance practices. We believe that responsible management of environment, social and government (ESG) elements will be good for our investors, the communities with whom we interact, and our staff. Accordingly, we are committed to identifying, assessing and mitigating ESG risks, and proactively seeking pathways that deliver positive and sustainable outcomes.

In October 2019 the Company undertook a safety and risk review of its operations at the Mallina Gold Project which identified immediate and longer term action plans. In July 2020 and subsequent to the reporting date, Mr John Brockelsby was appointed as the Company's head of Risk and Safety Management. Mr Brockelsby is working with the Managing Director and other senior staff to build stronger processes and drive positive outcomes across all areas of safety, culture and social responsibility areas.

Drilling activities were completed during the current financial year with no reportable environmental incidents during the period. Environmental baseline studies to support a future mining development are underway. The Hemi area has undergone heritage clearances in the past. More detailed heritage surveys were planned for early 2020 but were postponed due to COVID-19 restrictions. These surveys are expected to take place in the first quarter of FY2021. Aboriginal negotiations regarding a Claim Wide Mining Agreement are in progress.

De Grey maintains a strong working relationship with the owners of the Indee and Mallina Stations on which the Project is located. The Company has also commenced engagement with key groups within Port Hedland and plans to appoint a manager of Indigenous Relations and Communities in the near future.



Subsequent to the end of the reporting date, the Company put in place a formal ESG policy which outlines our approach and commitment in these areas.

With respect to our Environmental responsibilities, we will:

- Strive for continual improvement in our environmental performance by obtaining and following the best available advice;
- Monitor and measure our environmental performance, and implement measures wherever possible to reduce the impact our operations have on the environment; and
- Take all available steps to minimise our impact on the environment and remediate any effects in accordance with best practice.

When addressing our social responsibilities, we will:

- Respect the rights, interests, customs, culture and values of all those with whom we interact;
- Proactively engage with impacted communities, and make every endeavour to obtain free, prior and informed consent for activities that we undertake; and
- Seek to demonstrate, in word and deed, a net positive impact resulting from our operations.

In addressing our governance responsibilities, we are:

- Guided by the principles set out by respected institutions such as the Australian Securities Exchange, and the International Council of Mining and Metals;
- Committed to meeting the highest standards of ethical business practice; and
- Integrating sustainable development in our corporate strategy and decision-making procedures.

### **Response to the COVID-19 pandemic**

From early 2020, the Company was closely monitoring the onset of the COVID-19 pandemic and made changes to a range of its operating procedures to ensure the safety of our people and our local communities. Shifts for our site-based team were extended from March to June in order to reduce risks associated with travel. All site personnel and visitors are tested for COVID-19 prior to departure and increased hygiene measures remain in place at site and in our Perth office.

These measures have been successful in having no employee or contractor test positive to COVID-19.

## **Corporate**

### **Capital Raisings and Completion of the Indee Gold Acquisition**

Capital raisings completed during FY2020 totalled \$53 Million (before costs) and comprised of the following:

- In July 2019, a placement of 60.3 million shares at \$0.05 to raise \$3 million. Shares were issued on a cum entitlement basis and were part of the overall raising at this time of \$22.1 million;
- In August 2019, a rights issue on a 1 for every 1.28 shares basis at an offer price of \$0.05 per share raising \$19.1 million, resulting in the issue of 381 million new shares;
- In September 2019, a placement of 2.6 million shares at \$0.05 raising \$0.13 million;
- In December 2019, a placement of 100 million shares (First Tranche) and in March 2020 a placement of 11.1 million shares (Second Tranche) both at \$0.045 per share to raise \$5 million; and
- In May 2020, the First Tranche placement of 92.2 million shares at \$0.28 to raise \$25.8 million.

A further \$5.8 million was raised via the allotment of 30.7 million shares on the exercise of unlisted options at various exercise prices (between \$0.10 and \$0.35).

In August 2019, the following non-cash share issues were also completed during the financial year:

- An issue of 59 million shares at a deemed price of ~\$0.051 (valued at \$3 million) as well as a final cash payment of \$9.7 million as final settlement of the Indee Gold Pty Ltd acquisition;
- An issue of 3.8 million shares at a deemed price of \$0.065 as part settlement of supplier invoices under agreement with Topdrill Pty Ltd; and
- An issue of 3.95 million shares on exercise of performance rights to directors and key management personnel.

As at the date of this report and subsequent to the end of financial year, further shares have been allotted via share placements and the exercise of unlisted options, raising \$94.7 million (before costs) as follows:

- In July 2020, the Second Tranche placement of 19.2 million shares at \$0.28 per share to raising \$5.4 million;
- In September 2020, the First tranche placement of 73.1 Million shares at \$1.20 per share raising \$87.7 million; and
- \$1.59 million raised via the allotment of 9.3 million shares on the exercise of unlisted options at various exercise prices (between \$0.10 and \$0.35)

A Second Tranche of the placement, to raise an additional \$12.3M was recently approved by shareholders at a general meeting held on 23 October 2020 will allow for shares to be placed to major shareholder, DGO Gold Limited and to Non-executive Director Mr Peter Hood.

### **Changes to the Board Composition**

During July 2019, the Company announced changes to the composition of the De Grey board with the appointments of Mr Eduard Eshuys and Mr Bruce Parncutt OA, and the resignations of Mr Steve Morris (whom originally commenced in October 2014) and Mr Brett Lambert (whom originally commenced in October 2017). Both Mr Morris and Mr Lambert made significant contributions to the Company during their board tenure and are thanked for their time and contribution.

On 20 March 2020, the Company announced the appointment of Mr Glenn Jardine as the Company's Managing Director. On May 11, 2020, he commenced his role as Managing Director. Glenn is an experienced Mining Executive of 35 years and was appointed due to his strong background in project management, development and operations. As part of this restructure at the management level, Mr Simon Lill moved from the role of Executive Chairman to Chairman, with Mr Peter Hood taking on the role of Lead Independent Director.

### **Farno McMahon Earn-in**

During the financial year, the Company earned an initial 30% interest in E45-2502. De Grey continues to earn into this tenement with the right to earn up to 75% under a joint venture agreement, with Farno McMahon, a 100% subsidiary of Novo Resources Corp. It is required to spend further funds prior to the end of the year to earn its 75% and expects to be drilling on that ground in the near future.

### **Lag Gravels Agreement**

In the prior financial year (June 2019), a Letter of Intent was executed with Novo Resources Corp. granting them the right to explore across the 100% owned De Grey tenements for gold bearing lag gravels, and to then enter a Joint Venture at their election, with initial consideration of \$1 million, broken into two parts representing the Company's 100% ownership at that point. At the time of execution De Grey had not yet concluded the acquisition of Indee Gold Pty Ltd. This occurred in August 2019 when the final \$300,000 was received on completion of the Indee Gold acquisition.

### **Competent Person**

*The information in this report that relates to exploration results is based on, and fairly represents information and supporting documentation prepared by Mr. Andrew Beckwith, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. Mr. Beckwith is a consultant to De Grey Mining Limited. Mr. Beckwith has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Mr. Beckwith consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

*The Information in this report that relates to Mineral Resources is based on information compiled by Mr Paul Payne, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Payne is a full-time employee of Payne Geological Services. Mr Payne has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Payne consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

## Directors' Report

Your directors present their report on the consolidated entity comprising De Grey Mining Limited ("De Grey" or "the Company") and its controlled entities ("the consolidated entity" or "Group") for the financial year ended 30 June 2020.

All amounts are expressed in Australian dollars unless otherwise stated.

De Grey is a company limited by shares that is incorporated and domiciled in Australia.

### Directors

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report, except as otherwise indicated:

#### Simon Lill

**Glenn Jardine** (appointed 11 May 2020)

**Andrew Beckwith**

**Peter Hood**

**Eduard Eshuys** (appointed 23 July 2019)

**Bruce Parncutt** (appointed 23 July 2019)

**Steven Morris** (resigned 22 July 2019)

**Brett Lambert** (resigned 22 July 2019)

### Information on Directors

#### Simon Lill, BSc MBA

*Executive Chairman*

Mr Lill was appointed to the board in October 2013 and became Executive Chairman in 2014. He has previously worked with Anaconda Nickel Limited through engineering studies, financing and construction phases of the Murrin Murrin Nickel mine. He also has extensive experience since the 1980's with ASX listed companies, spanning small cap companies to larger concerns, involving restructuring, corporate, compliance, marketing, company secretarial and management activities, resulting in his role at De Grey Mining Ltd.

During the past three years Mr Lill has also served as a Director of the following listed companies:

Company	Date appointed	Date ceased
Finexia Financial Group Limited ( <i>formerly Mejority Capital Limited</i> )	18 May 2011	25 November 2019
Purifloh Limited	2 September 2013	-
XPD Soccer Gear Group Limited	29 March 2018	-

#### **Interest in shares and options:**

13,739,063 ordinary fully paid shares

130,566 options over ordinary shares in De Grey Mining Limited

500,000 performance rights

#### **Glenn Jardine, BE (Mining) FAusIMM**

*Managing Director*

Mr Jardine was appointed in May 2020. He is an experienced mining executive of 35 years with direct experience in growing resource companies from early stage exploration through to multi-operation entities, and including taking projects through feasibility studies, equity funding, debt financing, project development and operations. His experience includes Project Manager & General Manager of the Henty Gold Mine in Tasmania for Goldfields Ltd; Project Manager of the Emily Ann & Maggie Hays nickel mines; General Manager New Business, Chief Operating Officer & Managing Director for Lion Ore Australia. He has more recently been Chief Operating Officer of Azure Minerals Limited. Commodity experience includes precious metals, base metals and bulk commodities across underground and open pit operations. Processing methods utilised at these projects and operations include CIP/CIL, DMS, sulphide flotation, BIOX, pressure oxidation and SX/EW.

Projects developed have received Australian State and Federal recognition for environmental best practice and health and safety and human resources systems.

During the past three years Mr Jardine has not served as a Director of any other listed companies.

**Interest in shares and options:**

140,846 performance rights

**Andrew Beckwith, BSc Geology, Aus IMM**

*Technical Director & Operations Manager*

Mr Beckwith was appointed to the board in October 2017, having commenced his time with De Grey as a Technical Consultant in February 2016.

He is a successful and experienced exploration geologist who has previously held senior technical roles with AngloGold Ashanti, Acacia Resources, Helix Resources, Normandy NFM, North Flinders Mines, BP Minerals Australia, and Westgold Resources. At Westgold, Mr Beckwith initially held the role of exploration manager before appointment as Managing Director. Additionally, Mr Beckwith was an Executive director of Bulletin Resources Limited until June 2014.

During his time at Westgold, he was intimately involved in the Explorer 108 Pb-Zn-Ag and the Au-Cu Rover 1 (1.2Moz) discoveries in the Northern Territory as well as the acquisition of the Central Murchison Gold Project located in Western Australia.

During the past three years Mr Beckwith has also served as a Director of the following listed companies:

Company	Date appointed	Date ceased
Carnavale Resources Limited	29 July 2014	-

**Interest in shares and options:**

7,031,668 ordinary fully paid shares

1,163,207 options over ordinary shares in De Grey Mining Limited

400,000 performance rights

**Peter Hood AO, BE(Chem), MAusIMM, FICHEM, FAICD**

*Non-executive Director & Lead Independent Director*

Mr Hood was appointed to the board on 19 November 2018. Mr Hood, a Chemical Engineer, has had a distinguished career in the Australian Mining and Chemical Industries. He held the position of Senior Production Engineer at the Kwinana Nickel Refinery from 1971 to 1981, then Mill Superintendent of the WMC Kambalda Nickel and Gold Operations between 1982 to 1985. In 1985, he joined Coogee Chemicals Pty Ltd in the position of General Manager and then as their CEO between 1998 and 2005. He then held the position of CEO of Coogee Resources Ltd before retiring in 2008. Through that period he was part of the management team that oversaw significant growth in Coogee Chemicals.

In 2020, Mr Hood was recognised as Officer in the Order of Australia in the Australia Day Honours List for distinguished service to business and commerce at the state, national and international level, and to the resources sector.

During the past three years Mr Hood has also served as a Director of the following listed companies:

Company	Date appointed	Date ceased
Cue Energy Resources Limited	23 February 2018	-
GR Engineering Limited	10 February 2011	-
Matrix Composites and Engineering Limited	15 September 2011	-

**Interest in shares and options:**

4,000,000 ordinary fully paid shares

52,227 options over ordinary shares in De Grey Mining Limited

**Committees**

Audit & Risk Committee (appointed 29 August 2019)

Remuneration & Nomination Committee (appointed 29 August 2019)



**Eduard Eshuys, BSc, FAusIMM, FAICD***Non-executive Director*

Mr Eshuys was appointed to the board on 23 July 2019. Mr Eshuys is a highly experienced and well credentialed geologist with over 40 years exploration and company management experience in Australia. In the late 1980s and early 1990s he led the teams that discovered the Plutonic, Bronzewing and Jundee gold deposits, and the Cawse Nickel Deposit. He has also had involvement in the Maggie Hays and Mariners nickel discoveries in the 1970's. He was the Managing Director and CEO of St Barbara Limited from July 2004 to March 2009. During this time St Barbara Limited grew substantially as a gold producer.

During the past three years Mr Eshuys has also served as a Director of the following listed companies:

Company	Date appointed	Date ceased
DGO Gold Limited*	15 July 2010	-
NTM Gold Limited	26 March 2019	-

As at the date of this report, DGO Gold Ltd holds 193,577,703 ordinary fully shares in De Grey Mining Limited (representing 15.13%).

**Interest in shares and options:**

Nil ordinary fully paid shares

52,227 options over ordinary shares in De Grey Mining Limited

**Committees**

Remuneration & Nomination Committee (Chairman, appointed 29 August 2019)

Audit & Risk Committee (appointed 29 August 2019)

**Bruce Parncutt AO, BSc, MBA***Non-executive Director*

Mr Parncutt was appointed to the board on 23 July 2019. Mr Parncutt is currently Chairman of investment banking group Lion Capital and has had a career spanning over 40 years in investment management, investment banking and stock broking, where he has previously held roles as Managing Director of McIntosh Securities, Senior Vice President of Merrill Lynch, Director of Australian Stock Exchange Ltd.

In 2016, Mr Parncutt was recognised as Officer in the Order of Australia in the Queen's Birthday Honours List for distinguished service to the community as a philanthropist (particularly in arts and education) and as an advocate and supporter of charitable causes, and to business and commerce. He is currently a member of The Australian Ballet Board and a Trustee of the Helen MacPherson Smith Trust.

During the past three years Mr Bruce Parncutt has also served as a director of the following listed companies:

Company	Date appointed	Date ceased
DGO Gold Limited	23 May 2018	-

As at the date of this report, DGO Gold Ltd holds 193,577,703 ordinary fully shares in De Grey Mining Limited (representing 15.13%).

**Interest in shares and options:**

Nil ordinary fully paid shares

52,227 options over ordinary shares in De Grey Mining Limited

**Committees**

Audit & Risk Committee (Chairman, appointed 29 August 2019)

Remuneration & Nomination Committee (appointed 29 August 2019)

**Steven Morris, Dip Fin Mkts**

*Non-executive Director*

Mr Morris resigned from the board on 22 July 2019.

**Committees**

Remuneration & Nomination Committee (appointed 26 July 2018, resigned 22 July 2019)

**Brett Lambert, B.AppSc (Mining Engineering), MAICD**

*Non-executive Director*

Mr Lambert resigned from the board on 22 July 2019.

**Committees**

Remuneration & Nomination Committee (Chairman, appointed 26 July 2018, resigned 22 July 2019)

## Company Secretaries

The following persons acted as Company Secretary of the Company during the whole of the financial year and up to the date of this report:

**Craig Nelmes, BBus**

Mr Nelmes is an Accountant who joined De Grey in October 2013 and has over 25 years experience in finance, secretarial, governance, financial systems and accounting services to the mining sector in Australia and overseas. His experiences include over seven years with International Accounting firm Deloitte, nine years with a multi-national resource's entity and most recently ten years with Corporate Consultants Pty Ltd, a Company providing accounting, secretarial and administrative services to ASX and TSX listed entities.

**Patrick Holywell, FGIA GradDipCA GAICD BCom**

Patrick Holywell is a Chartered Accountant who joined De Grey in July 2018. He has over 15 years of experience in corporate governance, finance and accounting including employment with Deloitte and Patersons Securities Ltd. Mr Holywell has been employed by and acted as company secretary, CFO and/or director of a number of companies in various sectors.

## Principal Activities

The principal activity of the consolidated entity during the course of the year was exploration and development activities at the Mallina Gold Project ("MGP"), 80 kms south west of Port Hedland in the Pilbara region of Western Australia. De Grey currently controls a considerable tenement package comprising over 1,500km<sup>2</sup>. The tenement package is highly prospective for gold, other precious metals and also comprises significant base metals resources (Zn-Ag-Pb) as well as lithium prospects.

In August 2019, the settlement of the Indee Gold Pty Ltd acquisition consolidated De Grey's ownership of the MGP. Over the last four (4) years the MGP resource base has grown six (6) fold from 346koz @ 1.6g/t Au in February 2016 to 2.2Moz @ 1.8g/t Au as at April 2020. During the current financial year, a new style of intrusion-related gold mineralisation was discovered and an initial seven new targets identified for testing. The first of these to be tested was the Hemi gold prospect, which has since delivered impressive exploration results and confirmed gold mineralisation across numerous defined zones. Exploration activity is now accelerating with the objective of delivering significant resource growth.

## Financial Review

The consolidated loss after tax for the year ended 30 June 2020 was \$3,976,002 (2019: \$2,009,130).

## Earnings per share

The basic loss per share for the year ended 30 June 2020 was 0.41 cents per share (2019: 0.50 cents per share).

## Dividends

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

## Significant changes in state of affairs

There were no significant changes in the nature of the activities of the Group during the period, other than those included in the Key Highlights within the Review of Operations.

## Matters subsequent to the end of the financial year

There has been no matters or circumstances occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in future financial years, other than:

- On 14 July 2020, the Company completed a placement of 19.2 Million shares at a price of \$0.28 per share to raise \$5.4 Million (before costs of raising). This represented the 2<sup>nd</sup> tranche of the placement announced on 28 April 2020 after shareholder approval was received at a General Meeting held on 10 July 2020, for related parties DGO Gold Limited (12.2 Million New Shares) and Mr. Peter Hood (1 Million New Shares) to participate.
- On 29 July 2020, the Company completed an allotment of 450,454 unlisted option, zero priced exercise and expiring 29 July 2022 ("ZEPO's"). These were issued to directors Mr. Andrew Beckwith (163,207 ZEPO's), Mr. Simon Lill (130,566 ZEPO's) and Messrs Eduard Eshuys, Peter Hood and Bruce Parncutt (52,227 ZEPO's each), after shareholder approval was received at a General Meeting held on 10 July 2020,
- On 18 September 2020, the Company completed a placement of 73.1 Million shares to sophisticated, professional and institutional investors including clients of Argonaut Securities Pty Limited, Canaccord (Genuity) Limited and Bell Potter Securities Pty Ltd at a price of \$1.20 per share to raise \$87.72 Million (before costs of raising). This represented the 1<sup>st</sup> tranche of the placement announced on 14 September 2020, with the 2<sup>nd</sup> tranche of 10.3 Million shares to raise a further \$12.36 Million subject to shareholder approval of related party participation by DGO Gold Limited (12 Million New Shares) and Mr. Peter Hood (300,000 New Shares).
- On 18 September 2020, an allotment was made of 140,846 Performance rights ("rights") to Mr. Glenn Jardine after shareholder approval was received at a General Meeting held on 10 July 2020, and he had completed his employment probation period. The rights represent the long-term incentive component of Mr. Jardine's remuneration with respect to his first year of employment.
- Since the reporting date, a total of 9,637,047 unlisted options have been exercised, at various exercised prices between \$0.10 and \$0.35, raising a total of \$1,588,621.

## Likely developments and expected results

De Grey seeks to maximise shareholder value through its ongoing exploration and development work at The Mallina Gold Project (“MGP”). The Project consists of 100% owned tenements as well as tenements the subject of a farm in agreement.

The Company expects to continue its drilling program at the recent Hemi Gold Discovery which currently comprises five key zones, Aquila, Brolga, Brolga South, Crow and Falcon. Hemi is a mineralised intrusion that had never previously been drilled. The Company has identified a further four intrusions in the Hemi corridor, of which three are known to contain mineralisation (Antwerp, Scooby, Shaggy), as well as a further two to the west of the Project tenements, being Charity Well and Geemas. These are additional to Toweranna, which is also a mineralised intrusion.

Additionally, De Grey has identified greater than 20 new magnetic features that may be additional intrusion targets.

The Company will:

- Continue to drill at Hemi and within its corridor to discover the extents of the mineralisation whilst also infilling the discovery to provide a resource by the middle of 2021;
- Explore the other known mineralised targets through aircore drilling initially, and followed up by RC and diamond drilling where warranted;
- Ongoing identification of possible new intrusion targets through a combination of geophysics, geochemistry and aircore drilling; and
- Regional drilling along existing shear zone structures.

The Company has an aspirational goal of achieving a Tier 1 scale of mineralisation within the MGP.



## Remuneration Report (Audited)

The remuneration report is set out under the following headings:

- A. Key Management Personnel
- B. Remuneration policy
- C. Service agreements
- D. Details of Remuneration
- E. Securities Based Compensation
- F. Other Transactions and Balances with Key Management Personnel

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

### A. Key management personnel

Names and positions held by the Company's key management personnel ("Key Management Personnel") in office at any time during the financial year and up to the date of this annual report are:

Key Management Personnel	Position
Mr Simon Lill	Chairman (formerly Executive Chairman until 11 May 2020)
Mr Glenn Jardine	Managing Director (appointed 11 May 2020)
Mr Andrew Beckwith	Technical Director & Operations Manager
Mr Peter Hood AO	Non-Executive Director
Mr Eduard Eshuys	Non-Executive Director (appointed 23 July 2019)
Mr Bruce Parncutt AO	Non-Executive Director (appointed 23 July 2019)
Mr Steven Morris	Non-Executive Director (resigned 22 July 2019)
Mr Brett Lambert	Non-Executive Director (resigned 22 July 2019)
Mr Craig Nelmes	Company Secretary & CFO
Mr Patrick Holywell	Company Secretary

Except as noted, the named persons held their current position for the whole of the financial year and/or at the date of this report.

### B. Remuneration policy

The remuneration policy of De Grey Mining Limited has been designed by the board taking into consideration the stage of development of the Group and the activities undertaken. The guidance is to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component or fee for service (where that is applicable) and offering specific long-term incentives based on key performance areas affecting the Group's financial results or operational milestones. The board of De Grey Mining Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group.

From time to time when reviewing remuneration, the Company may also source external advice to assist with salary setting and determination of other benefits, including short term and long-term incentive plans.

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and director and key management personnel performance. Currently, this is facilitated through the issue of options and/or performance rights to the majority of key management personnel to encourage the alignment of personal and shareholder interests. The company believes this policy will be effective in increasing shareholder wealth.

### *Executive remuneration*

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework has the following components:

- Base salary (which is based on factors such as length of service, performance and experience) and (where applicable) employer contributions to superannuation;
- Consulting fees for executives providing services under a services contract;
- Short-term performance incentives taking into consideration executive and/or Company performance indicators that the Company may set from time to time and other matters that it deems appropriate; and
- Long-term incentives through participation in the Performance Rights ("PRP") and/or Employee Option ("EOP") Plans of De Grey Mining Limited and as approved by the Board.

### *Non-executive Directors' remuneration*

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability.

Fees for non-executive directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the non-executive directors may receive short term performance incentives and longer-term performance incentives as approved by shareholders.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and is currently \$700,000.

The annual remuneration for each non-executive director was set in the range of \$36,000 - \$48,000 per annum for the 2019-2020 financial year. These fees have been determined by the Board of the Company, taking into consideration factors such as the market rates of industry peer companies and the current level of activity. Where there is a significant change in the size and scale of Company activities these annual fees will be reviewed. Where approved and at the request of the board, any of the Non-Executive Directors may from time to time be required to fulfil certain executive functions.

### *Use of remuneration consultants*

The Board from time to time engages the services of external consultants to advise on the remuneration policy and to benchmark director and key management personnel remuneration against comparable entities so as to ensure that remuneration packages are consistent with the market and are appropriate for the organisation. The Group employed the services of a remuneration consultant during the financial year ended 30 June 2020.

### *Performance Rights (PRP) and Employee Option Plans (EOP) of De Grey Mining Limited*

The PRP and EOP were last approved by Shareholders at the 2017 and 2018 Annual General Meetings respectively.

All Directors, full and part time employees, as well as key consultants of De Grey Mining Limited are eligible to participate in each Plan. Any issue of Rights or Options to Directors under either Plan will be subject to Shareholder approval pursuant to the provisions of the ASX Listing Rules and the *Corporations Act 2001*. The Directors consider that collectively the PRP and EOP represent an appropriate method to:

- Reward Directors, Key management personnel and employees for their past performance;
- Provide long term incentives for participation in the Company's future growth;
- To motivate and retain Directors, KMP and senior employees;
- Establish a sense of ownership in the Company for the Directors and employees;
- Enhance the relationship between the Company and its employees for the long-term mutual benefit of all parties; and
- Enable the Company to attract high calibre individuals who can bring specific expertise to the Company.

### *Voting on the Remuneration Report - 2019 Annual General Meeting*

The Company received approximately 98.3% of "yes" votes on its remuneration report for the current financial year (2018: 99.6%).

## C. Executive service agreements

Remuneration and other terms of employment for the executive directors and other KMP are formalised in employment or service agreements. The major provisions of the agreements relating to remuneration for the year ended 30 June 2020 are set out in the table below:

Name	Agreement	Base Salary / Fees (p.a.)	STIP/LTIP	Consulting/Hr	Duration	Notice Period	Termination
Simon Lill <sup>1</sup>	Service	\$156,000	-	-	Ongoing	3 months	6 months
Glenn Jardine <sup>2</sup>	Employment	\$362,500	\$150,000	-	Ongoing	3 months	6 months
Andrew Beckwith	Employment	\$250,000	-	-	Ongoing	3 months	6 months
Craig Nelmes	Service (100%)	\$226,008	-	-	Ongoing	3 months	6 months
Patrick Holywell	Service	-	-	\$120	Ongoing	1 month	1 month

<sup>1</sup>Mr. Lill moved from the role of Executive Chairman to Chairman, as announced on 11 May 2020, to coincide with the appointment of Managing Director – Glen Jardine.

<sup>2</sup>Mr. Jardine commenced employment on 4 May 2020 and appointed to the board as Managing Director on 11 May 2020. The salary package includes Short-term incentive plan "STIP" (\$50,000) and Long-Term incentive plan "LTIP" (\$100,000) on the basis of key performance indicators agreed with the board.

<sup>3</sup>Mr. Nelmes Executive Service arrangements were 75% of his time devoted to the Company and moved to 100% from 1 Feb 2020.

## D. Details of Remuneration

Details of the remuneration of the directors, the key management personnel of the Group (as defined in AASB 124 Related Party Disclosures) and specified executives of De Grey Mining Limited and the Group are set out in the following tables. The key management personnel of the Group are the Directors of De Grey Mining Limited and the Company Secretaries.

	Short-term		Post-employment		Share based payments		Total	% of remuneration performance-based
	Salary or Consulting Fees	Bonus <sup>7</sup>	Other	Superannuation	Options	Performance rights		
	\$	\$	\$	\$	\$	\$		
<b>Directors</b>								
Simon Lill								
2020	156,000	10,000	100,000 <sup>1</sup>	-	-	32,414	298,414	11%
2019	156,000	25,000	-	-	42,600	118,627	342,227	54%
Glenn Jardine <sup>2</sup>								
2020	55,175	-	-	5,242	-	-	60,417	0%
Andrew Beckwith								
2020	228,324	10,000	-	22,641	-	55,238	316,203	17%
2019	223,933	25,000	-	21,274	42,600	164,817	477,624	49%
Peter Hood <sup>3</sup>								
2020	43,836	-	-	4,164	-	-	48,000	0%
2019	27,397	-	-	2,603	-	-	30,000	0%
Bruce Parncutt <sup>4</sup>								
2020	41,096	-	-	3,904	-	-	45,000	0%
Eduard Eshuys <sup>4</sup>								
2020	41,096	-	10,000 <sup>4</sup>	3,904	-	-	55,000	0%
Steven Morris <sup>5</sup>								
2020	3,000	-	9,000 <sup>5</sup>	-	-	20,714	32,714	63%
2019	36,000	-	-	-	10,650	61,806	108,456	67%
Brett Lambert <sup>5</sup>								
2020	3,653	-	12,000 <sup>5</sup>	347	-	13,809	29,809	46%
2019	42,922	-	-	4,078	10,650	41,204	98,854	52%
<b>Sub-total Directors</b>								
2020	572,180	20,000	131,000	40,202	-	122,176	885,557	
2019	486,252	50,000	-	27,955	106,500	386,454	1,057,161	
<b>Other Key management personnel</b>								
Craig Nelmes <sup>6</sup>								
2020	200,505	10,000	-	-	36,480	19,448	266,433	21%
2019	169,698	-	-	-	10,650	71,176	251,522	33%
Patrick Holywell <sup>4</sup>								
2020	90,520	2,000	-	-	18,240	-	110,760	16%
2019	60,690	-	-	-	4,260	-	64,950	7%
<b>Total key management personnel compensation</b>								
2020	863,205	32,000	131,000	40,202	54,720	141,624	1,262,750	
2019	716,640	50,000	-	27,955	121,410	457,630	1,373,633	

<sup>1</sup>Mr. Lill received the payment in lieu of termination of his Executive Services agreement on 30 June 2020.

<sup>2</sup>Mr Jardine commenced employment on 4 May 2020, and appoint to the board on 11 May 2020.

<sup>3</sup>Mr Hood was appointed 16 November 2018.

<sup>4</sup>Mr. Parncutt and Mr Eshuys were appointed 23 July 2019. Mr. Eshuys received an additional fee for assistance with the August 2019 capital raising.

<sup>5</sup>Mr Lambert and Mr Morris resigned 22 July 2019, and received a payment in lieu of notice.

<sup>6</sup>Mr Nelmes service agreement was entered into from 1 May 2018 on basis of 75% and 100% from 1 Feb 2020.

<sup>7</sup>In December 2019, the board approved each discretionary cash bonus on the basis of past performance and as recommended by the Remuneration Committee.



## Shareholdings of Key Management Personnel

	Opening Balance 1 July 2019	Received on exercise of rights &/or options	Purchases (disposals) during the year	Other changes during the year	Closing Balance 30 June 2020
	No.	No.	No.	No.	No.
<b>Directors</b>					
Simon Lill	6,983,333	800,000	5,455,730	-	13,239,063
Glenn Jardine <sup>1</sup>	-	-	-	-	-
Andrew Beckwith	6,091,668	1,200,000	340,000	-	7,631,668
Peter Hood	1,000,000	-	2,000,000	-	3,000,000
Bruce Parncutt <sup>2</sup>	-	-	-	-	-
Eduard Eshuys <sup>2</sup>	-	-	-	-	-
Steven Morris <sup>3</sup>	2,333,334	-	-	(2,333,334) <sup>3</sup>	-
Brett Lambert <sup>3</sup>	-	-	-	- <sup>3</sup>	-
<b>Other executives</b>					
Craig Nelmes	3,641,316	500,000	556,937	-	4,698,253
Patrick Holywell	-	-	150,000	-	150,000
<b>Total</b>	<b>20,049,651</b>	<b>2,500,000</b>	<b>8,502,667</b>	<b>(2,333,334)</b>	<b>28,718,984</b>

<sup>1</sup>Mr Jardine was appointed 11 May 2020.

<sup>2</sup>Mr Parncutt and Mr Eshuys were appointed 23 July 2019.

<sup>3</sup>Mr Morris and Mr Lambert both resigned as directors on 22 July 2019.

<sup>4</sup>Performance rights which vested 22 August 2019 with no consideration payable.

## Option-holdings of Key Management Personnel

	Opening Balance 1 July 2019	Options acquired as compensation	Purchases (disposals) during the year	Exercised/other changes during the year	Closing Balance 30 June 2020 <sup>4</sup>
	No.	No.	No.	No.	No.
<b>Directors</b>					
Simon Lill	1,000,000	-	-	-	1,000,000
Glenn Jardine <sup>1</sup>	-	-	-	-	-
Andrew Beckwith	2,000,000	-	-	-	2,000,000
Peter Hood	-	-	-	-	-
Bruce Parncutt <sup>2</sup>	-	-	-	-	-
Eduard Eshuys <sup>2</sup>	-	-	-	-	-
Steven Morris <sup>3</sup>	250,000	-	-	(250,000) <sup>3</sup>	-
Brett Lambert <sup>3</sup>	250,000	-	-	(250,000) <sup>3</sup>	-
<b>Other executives</b>					
Craig Nelmes	750,000	600,000	-	-	1,350,000
Patrick Holywell	100,000	300,000	50,000	-	450,000
<b>Total</b>	<b>4,350,000</b>	<b>900,000</b>	<b>50,000</b>	<b>(500,000)</b>	<b>4,800,000</b>

<sup>1</sup>Mr Jardine was appointed 11 May 2020.

<sup>2</sup>Mr Parncutt and Mr Eshuys were appointed 23 July 2019.

<sup>3</sup>Mr Morris and Mr Lambert both resigned as directors on 22 July 2019.

<sup>4</sup>All remaining options were fully vested and exercisable as at 30 June 2020.

## Performance rights of Key Management Personnel

	Opening Balance 1 July 2019	Rights acquired as compensation	Rights exercised during the year	Other changes during the year	Closing Balance 30 June 2020 <sup>4</sup>
	No.	No.	No.	No.	No.
<b>Directors</b>					
Simon Lill	1,500,000	-	(800,000)	(200,000)	500,000
Glenn Jardine <sup>1</sup>	-	-	-	-	-
Andrew Beckwith	2,000,000	-	(1,200,000)	(400,000)	400,000
Peter Hood	-	-	-	-	-
Bruce Parncutt <sup>2</sup>	-	-	-	-	-
Eduard Eshuys <sup>2</sup>	-	-	-	-	-
Steven Morris <sup>3</sup>	750,000	-	-	(750,000) <sup>3</sup>	-
Brett Lambert <sup>3</sup>	500,000	-	-	(500,000) <sup>3</sup>	-
<b>Other executives</b>					
Craig Nelmes	900,000	-	(500,000)	(100,000)	300,000
Patrick Holywell	-	-	-	-	-
<b>Total</b>	<b>5,650,000</b>	<b>-</b>	<b>(2,500,000)</b>	<b>(1,950,000)</b>	<b>1,200,000</b>

<sup>1</sup>Mr Jardine was appointed 11 May 2020.

<sup>2</sup>Mr Parncutt and Mr Eshuys were appointed 23 July 2019.

<sup>3</sup>Mr Morris and Mr Lambert both resigned as directors on 22 July 2019.

<sup>4</sup>All remaining performance rights as at 30 June 2020 were unvested.

## E. Securities based compensation - options

The Company granted 900,000 (2019: 2,850,000) options over unissued ordinary shares during the financial year to Directors and other key management personnel as part of their remuneration, as detailed in the table below:

	Grant Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Granted Number	Exercised Number	Vesting Date	Number Vested at end of year
<b>2020</b>								
Craig Nelmes	12 March 2020	12 March 2022	35.0	6.08	600,000	-	12 March 2020	600,000
Patrick Holywell	12 March 2020	12 March 2022	35.0	6.08	300,000	-	12 March 2020	300,000
<b>2019</b>								
Simon Lill	17 Oct 2018	31 May 2021	30.0	4.26	1,000,000	-	17 Oct 2018	1,000,000
Andrew Beckwith	17 Oct 2018	31 May 2021	30.0	4.26	1,000,000	-	17 Oct 2018	1,000,000
Steve Morris	17 Oct 2018	31 May 2021	30.0	4.26	250,000	-	17 Oct 2018	250,000
Brett Lambert	17 Oct 2018	31 May 2021	30.0	4.26	250,000	-	17 Oct 2018	250,000
Craig Nelmes	17 Oct 2018	31 May 2021	30.0	4.26	250,000	-	17 Oct 2018	250,000
Pat Holywell	17 Oct 2018	31 May 2021	30.0	4.26	100,000	-	17 Oct 2018	100,000

Options granted to Key management personnel under the shareholder approved Employee Option plans as compensation for their past performance. There are no performance related conditions attached to any of these issued options and they were all issued for nil consideration.

## F. Securities based compensation – performance rights

There were no performance rights granted to directors and key management personnel as part of compensation during the year ended 30 June 2020 (30 June 2019: nil).

## G. Other transactions and balances with Key Management Personnel

There were no other transactions and balances with key management personnel.

----- End of Audited Remuneration Report -----

## Directors' and Committee Meetings

The number of meetings of the Company's Board of Directors and its committees held in the 12 months to 30 June 2020 and the number of meetings attended by each Director are as per the following table:

	Directors Meetings		Audit & Risk Committee <sup>1</sup>		Remuneration & Nomination Committee <sup>2</sup>	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Simon Lill	14	14				
Glenn Jardine <sup>3</sup>	3	3				
Andrew Beckwith	14	14				
Peter Hood <sup>1,2</sup>	14	14	1	-	1	1
Eduard Eshuys <sup>1,2</sup>	14	14	1	1	1	1
Bruce Parncutt <sup>1,2</sup>	14	14	1	-	1	1
Steven Morris <sup>1,2</sup>	-	-	-	-	-	-
Brett Lambert <sup>1,2</sup>	-	-	-	-	-	-

<sup>1</sup>On 22 July 2019, both Mr Lambert and Mr Morris resigned. On 29 August 2019, the full board of Company appointed Mr Peter Hood, Mr Eshuys and Mr Parncutt to the Audit & Risk Committee, with Mr Parncutt as its Chairman.

<sup>2</sup>On 22 July 2019, both Mr Lambert and Mr Morris resigned. On 29 August 2019, the full board of Company appointed Mr Peter Hood, Mr Eshuys and Mr Parncutt to the Remuneration & Nomination Committee, with Mr Eshuys as its Chairman.

<sup>3</sup>Mr Jardine was appointed on 11 May 2020.

## Share Options and Performance rights

At the date of this report there are 10,757,454 unissued ordinary shares in respect of which options are outstanding and 1,450,000 performance rights outstanding.

	Number	Exercise Price	Expiry Date
Unlisted options	750,000	10 cents	31 October 2020
Unlisted options	3,050,000	30 cents	30 May 2021
Unlisted options	2,000,000	10 cents	13 December 2021
Unlisted options	4,507,000	35 cents	12 March 2022
Unlisted options	450,454	Nil cents	29 July 2022
Performance rights	1,450,000	N/A	30 November 2022

During the financial year 19,000,000 options were issued, 30,655,953 options were exercised and 45,833,333 options expired. No performance rights were issued, 3,950,000 were exercised and 1,300,000 expired. Since the end of the financial year, a further 450,454 options have been issued and 9,537,047 options have been exercised.

No person entitled to exercise options and/or performance rights had or has any right by virtue of the option to participate in any share issue of the company or a right to vote at a shareholder meeting.

## Environmental Regulation

The Group is subject to environmental regulation in respect to its exploration activities. The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Group are not aware of any breach of environmental legislation for the year under review.

## Risk Management

The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the board. Given the size and scale of its current operations, the board and key management personnel as a group periodically assess risks and develop strategies to mitigate the impact of any perceived risks. The board endeavours to identify potential risks when carrying out strategy planning and budgeting tasks and assessment and monitoring through its board meetings.



## Insurance of Directors and Officers

During the financial year, De Grey Mining Limited paid a premium to insure the directors and secretary of the Company. The total amount of insurance contract premiums paid is confidential under the terms of the insurance policy.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

## Non-Audit Services

The following non-audit services were provided by the Group's auditor, Butler Settineri (Audit) Pty Ltd, or associated entities (refer note 24). The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the board to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general standard of independence for auditors.

Butler Settineri received or are due to receive the following amounts for the provision of non-audit services:

	2020	2019
	\$	\$
Tax compliance services	3,675	2,800

## Proceedings on behalf of the company

As at the date of this report there are no leave applications or proceedings booked on behalf of De Grey Mining Limited under section 237 of the *Corporations Act 2001*.

## Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 18.

This report is made in accordance with a resolution of the Directors

**Simon Lill**  
Chairman

**Bruce Parncutt**  
Chairman of the Audit & Risk Committee

Perth, 30 September 2020

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of De Grey Mining Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) No contraventions of any applicable code of professional conduct in relation to the audit.

The declaration is in respect of De Grey Mining Limited and the entities it controlled during the year.

BUTLER SETTINERI (AUDIT) PTY LTD



LUCY P GARDNER  
Director

Perth

Date: 30 September 2020

## Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020	Consolidated
		2019	
		\$	\$
<b>REVENUE &amp; OTHER INCOME</b>	5	<b>366,029</b>	1,253,929
<b>EXPENDITURE</b>			
Exploration expenditure – written off		(27,571)	-
Depreciation expense		(336,823)	(182,117)
Director & employee expenses		(1,449,448)	(1,068,499)
Share based payments (directors & employees)	6/33	(514,489)	(751,744)
Corporate and compliance expenses		(492,538)	(315,451)
Consulting expenses		(89,479)	(48,667)
Corporate advisory		(566,858)	(133,501)
Share based payments – corporate advisory	6	(136,251)	-
Investor relations & promotional expenses		(482,464)	(516,929)
Occupancy expenses		(48,527)	(105,735)
Finance costs		(14,204)	-
Administration and other expenses		(183,379)	(140,416)
<b>LOSS BEFORE INCOME TAX</b>		<b>(3,976,002)</b>	(2,009,130)
<b>INCOME TAX BENEFIT / (EXPENSE)</b>	7	-	-
<b>LOSS FOR THE YEAR</b>		<b>(3,976,002)</b>	(2,009,130)
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that may be reclassified to profit or loss</i>			
Other comprehensive income for the year, net of tax		-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF DE GREY MINING LIMITED</b>		<b>(3,976,002)</b>	(2,009,130)
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the company (cents per share)	32	(0.41)	(0.50)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to the Consolidated Financial Statements.

## Consolidated Statement of Financial Position

AT 30 JUNE 2020	Notes	2020	Consolidated
		2020	2019
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	28,152,622	1,335,398
Trade and other receivables	9	428,348	735,031
Inventories	10	87,758	10,993
Other assets	11	1,797	29,177
<b>TOTAL CURRENT ASSETS</b>		<b>28,670,525</b>	<b>2,110,599</b>
<b>NON-CURRENT ASSETS</b>			
Financial assets	12	201,275	115,103
Deferred exploration & evaluation expenditure	13	48,938,399	30,675,391
Property, plant and equipment	14	1,455,005	729,089
Right of use asset – office premises	15	499,975	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>51,094,654</b>	<b>31,519,583</b>
<b>TOTAL ASSETS</b>		<b>79,765,179</b>	<b>33,630,182</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	2,915,522	1,287,046
Operating lease liabilities – office premises	17	115,864	-
Employee benefit obligations	18	79,318	29,429
Contract liabilities	19	-	12,700,000
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,110,704</b>	<b>14,016,475</b>
<b>NON-CURRENT LIABILITIES</b>			
Operating lease liabilities – office premises	17	399,815	-
Rehabilitation provision	20	1,022,230	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,422,045</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>4,532,749</b>	<b>14,016,475</b>
<b>NET ASSETS</b>		<b>75,232,430</b>	<b>19,613,707</b>
<b>EQUITY</b>			
Contributed equity	21	130,713,404	70,787,718
Reserves	22	862,609	1,414,570
Accumulated losses	22	(56,343,583)	(52,588,581)
<b>TOTAL EQUITY</b>		<b>75,232,430</b>	<b>19,613,707</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Consolidated Financial Statements.



## Consolidated Statement of Changes in Equity

### FOR THE YEAR ENDED 30 JUNE 2020

Consolidated	Notes	Contributed Equity	Reserves	Accumulated	Total
		\$	\$	Losses	\$
<b>BALANCE AT 30 JUNE 2018</b>		<b>59,464,845</b>	<b>711,106</b>	<b>(50,579,451)</b>	<b>9,596,500</b>
Loss for the year	22(b)	-	-	(2,009,130)	(2,009,130)
<b>OTHER COMPREHENSIVE INCOME</b>		-	-	-	-
<b>TOTAL COMPREHENSIVE LOSS</b>		-	-	(2,009,130)	(2,009,130)
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>					
Shares issued during the year	21(b)	11,453,068	-	-	11,453,068
Share issue costs	21(b)	(178,475)	-	-	(178,475)
Share based payments - options	22(a)	-	202,350	-	202,350
Share based payments – performance rights	22(a)	-	549,394	-	549,394
Transfer of reserve on exercise options	22(a)	48,280	(48,280)	-	-
<b>BALANCE AT 30 JUNE 2019</b>		<b>70,787,718</b>	<b>1,414,570</b>	<b>(52,588,581)</b>	<b>19,613,707</b>
Loss for the year	22(b)	-	-	(3,976,002)	(3,976,002)
<b>OTHER COMPREHENSIVE INCOME</b>		-	-	-	-
<b>TOTAL COMPREHENSIVE LOSS</b>		-	-	(3,976,002)	(3,976,002)
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>					
Shares issued during the year	21(b)	62,088,208	-	-	62,088,208
Share issue costs	21(b)	(3,144,223)	-	-	(3,144,223)
Share based payments - options	22(a)	-	470,651	-	470,651
Share based payments – performance rights	22(a)	-	180,089	-	180,089
Transfer of reserve – on exercise of options	22(a)	310,201	(310,201)	-	-
Transfer of reserve – on exercise of performance rights		671,500	(671,500)	-	-
Transfer of reserve – on expiry of performance rights		-	(221,000)	221,000	-
<b>BALANCE AT 30 JUNE 2020</b>		<b>130,713,404</b>	<b>862,609</b>	<b>(56,343,583)</b>	<b>75,232,430</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Consolidated Financial Statements.

## Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Consolidated	
		2020	2019
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Option fee received – lag gravel rights		330,000	700,000
Exploration data sale received		-	150,000
Royalties received		16,535	20,335
EIS Grant received		91,102	7,320
Research & development grant received		306,651	-
Payments to suppliers and employees		(2,762,755)	(2,003,971)
Interest received		52,192	23,265
Payments for exploration and evaluation expenditure		(15,456,942)	(8,263,267)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	31	(17,423,217)	(9,411,599)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Option payments to acquire tenements		-	(10,000)
Payments to acquire – Indee Gold Pty Ltd		(10,142,178)	(700,000)
Proceeds/(payments) - available for sale financial assets		-	94,000
Payments for plant and equipment		(845,712)	(291,212)
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES		(10,987,890)	(907,212)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issues of ordinary shares		58,841,029	10,836,105
Payments of share issue transaction costs		(3,144,223)	(178,475)
Principal elements of lease payments (AASB 16)		(100,724)	(45,281)
Transaction costs related to loans & borrowings		(367,752)	(150,959)
NET CASH INFLOW FROM FINANCING ACTIVITIES		55,228,330	10,461,390
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		26,817,224	187,860
Cash and cash equivalents at the beginning of the financial year		1,335,398	1,147,538
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	8	<b>28,152,622</b>	<b>1,335,398</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Consolidated Financial Statements.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 June 2020

## 1. Summary of significant accounting policies

De Grey Mining Limited is a company limited by shares, domiciled and incorporated in Australia.

The financial statements are for the consolidated entity consisting of De Grey Mining Limited and its subsidiaries ("Group"), and have been presented in Australian dollars.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements were authorised for issue by the directors on 30 September 2020.

### A. Basis of preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). De Grey Mining Limited is a for-profit entity for the purpose of preparing the financial statements.

#### **(i) Compliance with IFRS**

The financial report also complies with the International Financial Reporting Standards (IFRS) including interpretations as issued by the International Accounting Standards Board (IASB).

#### **(ii) Historical cost convention**

These financial statements have been on a historical cost basis, except for available for sale financial assets which have been measured at fair value through profit or loss.

#### **(iii) New, revised or amending Accounting Standards and Interpretations adopted**

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial year, other than as noted below.

*Standards and interpretations affecting amounts reported in current period (and/or prior periods)*

#### **AASB 16 Leases**

The Group has adopted AASB 16 from 1 July 2019 using the modified retrospective method of adoption. The Group has not restated comparatives for the reporting period as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

AASB 16 eliminates the distinction between operating and finance leases and brings all leases (other than short term and low value leases) on to the balance sheet. As a lessee, the Group recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

An assessment is made, at inception or when contract terms are changed, to determine whether the contract is, or contains, a lease. A contract is or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On adoption, the Group recognised lease liabilities in relation to leases which had previously been classified as *operating leases* under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using an incremental borrowing rate as of 1 July 2019 of 4%.

The impact on the Group at inception on 1 July 2019 was the recognition of \$495,129 right of use assets and a \$495,129 lease liability on the balance sheet, with \$87,060 of that lease liability recognised as a current liability and \$408,069 as a non-current liability as outlined in the table that follows:

	1 July 2019 \$
<b><i>Finance and operating lease liabilities</i></b>	<b>\$</b>
Recognised at 30 June 2019	-
Recognised on adoption of AASB16	495,129
	<b>495,129</b>
<b><i>Lease liability recognised at 1 July 2019</i></b>	
Current	87,060
Non-current	408,069
	<b>495,129</b>
<b><i>Right of use asset</i></b>	
Recognised at 30 June 2019	Nil
Recognised on adoption of AASB16 as Plant and Equipment	495,129
	<b>495,129</b>

***(iv) New Accounting Standards and Interpretations not yet mandatory or early adopted***

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2020. These new standards will have no impact on the Group.

**B. Principles of consolidation**

***(i) Subsidiaries***

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of De Grey Mining Limited (“company” or “parent entity”) as at 30 June 2020 and the results of all subsidiaries for the year then ended. De Grey Mining Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Investments in subsidiaries are accounted for at cost in the separate financial statements of De Grey Mining Limited.

***(ii) Joint ventures***

Jointly controlled assets - the proportionate interests in the assets, liabilities and expenses of joint venture activities have been incorporated in the financial statements under the appropriate headings. Details of the joint ventures are set out in note 30.

*(iii) Changes in ownership interests*

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of De Grey Mining Limited.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly controlled entity or associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

## C. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

## D. Foreign currency translation

### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is De Grey Mining Limited's functional and presentation currency.

### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### (iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless that is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

## E. Revenue recognition

### *Revenue from contract(s) with customers*

Revenue is recognised at an amount that reflects the consideration to which the group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration with the transaction price, if any, reflects concessions provided to the customers such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of the variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

### *Interest Revenue*

Interest income is recognised as it accrues using the effective interest method.

## F. Cash and cash equivalents

For the purposes of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of nine months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

## G. Trade & other receivables

### *Classification as trade and other receivables*

If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current.

### *Fair value of trade and other receivables*

As the majority of receivables are short term in nature, their carrying amount is assumed to be the same as their fair value.

## H. Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.



Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

De Grey Mining Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## I. Financial instruments

### *Classification of financial instruments*

The Group classifies its financial assets into the following measurement categories:

- those to be measured at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing financial assets and the contractual terms of the financial assets' cash flows.

The Group classifies its financial liabilities at amortised cost unless it has designated liabilities at fair value through profit or loss or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

### *Debt instruments*

Investments in debt instruments are measured at amortised cost where they have:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost. The measurement of credit impairment is based on the three-stage expected credit loss model described below regarding impairment of financial assets.

### *Financial instruments designated as measured at fair value through profit or loss*

Financial instruments held at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the income statement as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the income statement as they arise.

Where a financial asset is measured at fair value, a credit valuation adjustment is included to reflect the credit worthiness of the counterparty, representing the movement in fair value attributable to changes in credit risk.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces an accounting mismatch or:

- if a host contract contains one or more embedded derivatives; or
- if financial assets and liabilities are both managed and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Group's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.

#### Impairment of financial assets

The entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months.

Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

#### Recognition and derecognition of financial instruments

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument, which is generally on trade date. Loans and receivables are recognised when cash is advanced (or settled) to the borrowers.

Financial assets at fair value through profit or loss are recognised initially at fair value. All other financial assets are recognised initially at fair value plus directly attributable transaction costs.

The Group derecognises a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

A financial liability is derecognised from the balance sheet when the Group has discharged its obligations, or the contract is cancelled or expires.

#### Offsetting

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when the Group has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

## J. Plant and equipment

Each class of Plant, equipment and motor vehicle is carried at historical cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

The carrying amounts are reviewed annually by Directors to ensure it is not in excess of the estimated recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts and an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation of plant and equipment is calculated using the reducing balance method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term. The rates vary between 20% and 40% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

## K. Right of use assets and lease liabilities

The Group recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments and discloses the right of use asset separately as a Non-current asset.

An assessment is made, at inception or when contract terms are changed, to determine whether the contract is, or contains, a lease. A contract is or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises all right of use assets and liabilities, except for leases that are short-term (12 months or less) and low value leases at the lease commencement date. The lease liability is measured at the present value of the future lease payments and includes lease extension options when the Group is reasonably certain that it will exercise the option.

The present value of future lease payments is determined by discounting future lease payments using the interest rate implicit in the lease or, if that rate cannot be determined then the Group's borrowing rate, which is generally the case.

The right of use asset, at initial recognition, reflects the lease liability and is depreciated over the term of the lease. The present value of the lease liability is increased by the interest cost and decreased by the lease payment each period over the life of the lease.

For leases that are short-term (12 months or less) and/or low value leases at the lease commencement date, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

## L. Exploration and evaluation costs

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which the expenditure is incurred where;

- The Group has secured (or has the legal right to) tenure, and/or the legal rights to explore an area of interest;
- Exploration and evaluation activities in the area of interest have not at the end of the reporting period reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing; and
- The exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale.

Where the conditions outlined are not met in relation to specific area(s) of interest, then those exploration and evaluation costs are expensed as incurred.

## M. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are paid on normal commercial terms.

## N. Employee benefits

### *Wages and salaries, annual leave and long service leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and long service leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

## O. Rehabilitation provision

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Rehabilitation costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with the requirements of the mining permits. Such costs are determined using estimates of future costs, current legal requirements and technology.

Rehabilitation costs are recognised in full at present value as a non-current liability. An equivalent amount is capitalised as part of the cost of the asset when an obligation arises to decommission or restore a site to a certain condition after abandonment as a result of bringing the assets to its present location. The capitalised cost is amortised over the life of the project and the provision is accreted periodically as the discounting of the liability unwinds. The unwinding of the discount is recorded as a finance cost.

Any changes in the estimates for the costs or other assumptions against the cost of relevant assets are accounted for on a prospective basis. In determining the costs of site restoration there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation.

## P. Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## Q. Earnings per share

### *(i) Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

### *(ii) Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

## R. Share-based payments

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'), refer to note 33.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

Options over ordinary shares have also been issued as consideration for the acquisition of interests in tenements and other services. These options have been treated in the same manner as employee options described above, with the expense being included as part of exploration expenditure.

## S. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

## T. Significant accounting judgements estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates these judgements, estimates and assumptions, taking into consideration matters such as historical experiences and its expectations of future events. The

The material significant judgements, estimates and assumptions within this financial report are:

- Exploration and evaluation expenditure – Note 13.
- Rehabilitation provision – Note 20.
- Share based payments – Note 33.

## 2. Financial Risk Management

The Group's exposure to a variety of financial risks that may affect the Group's future financial performance. The Board has the overall responsibility for the establishment, with the Audit and Risk Committee having oversight of all risk management policies.

The Committee reports periodically to the Board on its activities and with the assistance of senior management team are responsible for identifying, assessing, treating and monitoring risks and risk management policies. The Committee oversees management's compliance monitoring processes as well as reviewing the adequacy of the risk management framework in relation to the risks faced by the Group.

Risk management policies and systems are reviewed regularly by the senior management team to reflect changes in market conditions and the Group's activities. The Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

### A. Market risk

#### *Foreign exchange risk*

The Group's operations are in Australia and currently has limited exposures to foreign exchange risk arising from foreign currency transactions.

Foreign exchange risk arises from recognising assets and liabilities denominated in a currency that is not the functional currency of the relevant entity. The Company has a holding of Canadian dollar listed securities.

	Consolidated Total	
	2020	2019
	\$	\$
Financial assets at fair value thru the profit or loss	<b>201,275</b>	115,103
	<b>201,275</b>	115,103

The sensitivity of profit or loss to changes in the exchange rates arises mainly from Canadian dollar-denominated financial instruments. A 10 percent increase in the AUD/CAD exchange rate would increase post tax loss by \$18,298, while a 10 percent decrease in the AUD/CAD exchange rate would decrease post tax loss by \$22,364.

#### *Price risk*

Given the current level of operations, the Group is not exposed to price risk.

#### *Interest rate risk*

The Group is exposed to movements in market interest rates on cash and cash equivalents. The Group policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return.

The balance of cash and cash equivalents for the Group of **\$28,152,622** (2019: \$1,335,398) is subject to interest rate risk. The proportional mix of floating interest rates and fixed rates to a maximum of six months fluctuate during the year depending on current working capital requirements. The weighted average interest rate received on cash and cash equivalents by the Group was **0.70%** (2019: 0.54%).

#### *Sensitivity analysis*

At 30 June 2020, if interest rates had changed by +/- 100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Group would have been **\$78,721** lower/higher (2019: \$36,615 lower/higher) as a result of lower/higher interest income from cash and cash equivalents.



## B. Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligation resulting in financial loss to the Group.

### (i) Risk management

The Group has adopted the policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Cash is deposited only with institutions approved by the Board and typically with a current minimum credit rating of A (or equivalent) as determined by a reputable credit rating agency. The Group has established a policy of having aggregate funds on term deposit or invested in money markets allocated across financial counterparties.

	Consolidated Total	
	2020	2019
	\$	\$
<b>Trade receivables</b>		
<i>Counterparties without external credit rating - other</i>	<b>48,510</b>	359,562
Total trade receivables	<b>48,510</b>	359,562
<b>Cash and cash equivalents</b>		
A + external credit rating	<b>22,152,622</b>	1,335,398
A - external credit rating	<b>6,000,000</b>	-
Total cash and cash equivalents	<b>28,152,622</b>	1,335,398

### (ii) Impaired trade receivables

In determining the recoverability of trade and other receivables, the Group performs a risk analysis considering the type and age of the outstanding receivable and the creditworthiness of the counterparty. If appropriate, an impairment loss is recognised in profit or loss. The Group does not have any impaired Trade and other receivables as at 30 June 2020 (2019: nil).

## C. Liquidity risk

The Group manages liquidity risk by monitoring the immediate and forecasted cash requirements, and ensures that adequate cash reserves and/or marketable securities are available to pay debts as and when due.

The Group's primary activities are currently mineral exploration. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities as the Group does not have ready access to credit facilities at this stage of its life cycle. Management regularly monitor its rolling cash forecasts and the state of equity markets in initiating the timing of capital raisings for its future funding requirements.

*Maturities of financial liabilities*

An analysis of the Group's financial liabilities into relevant maturity groupings based on their contractual maturities and on the basis of the contractual undiscounted cash flows as presented in the table that follows.

	Less than 6 months	6-12 months	1-2 years	2-5 years	Total
	\$	\$	\$	\$	\$
<b>As at 30 June 2020</b>					
Trade and other payables	2,915,522	-	-	-	2,915,522
Operating lease liabilities	57,005	58,859	125,220	274,595	515,679
<b>Total non-derivatives</b>	<b>2,972,527</b>	<b>58,859</b>	<b>125,200</b>	<b>274,595</b>	<b>3,431,201</b>
<b>As at 30 June 2019</b>					
Trade and other payables	1,287,046	-	-	-	1,287,046
Operating lease liabilities	-	-	-	-	-
Contract liabilities	12,700,000	-	-	-	12,700,000
<b>Total non-derivatives</b>	<b>13,987,046</b>	-	-	-	<b>13,987,046</b>

**D. Fair value estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Group at the balance date are recorded at amounts approximating their carrying amount. The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

**3. Capital management**

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads.

The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group at 30 June 2020 and 30 June 2019 are as follows:

	Consolidated	
	2020	2019
	\$	\$
Cash and cash equivalents	28,152,622	1,335,398
Trade and other receivables	430,145	735,031
Trade and other payables (i)	(3,031,386)	(1,039,868)
Working capital position	<b>25,551,381</b>	1,030,561

(i) This is net of payables totalling \$Nil (2019: \$247,178) settled/or to be settled by an equity issue of ordinary fully paid shares.

## 4. Segment Information

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. For management purposes, the Group has identified one reportable operating segment being exploration activities undertaken in one geographical segment being Australasia. These segments include the activities associated with the determination and assessment of the existence of commercial economic reserves, from the Group's mineral assets in the sole geographic location.

Segment performance is evaluated based on the operating profit and loss and cash flows and is measured in accordance with the Group's accounting policies.

	Minerals Exploration		Consolidated Total	
	Australasia		2020	2019
	2020	2019	2020	2019
	\$	\$	\$	\$
Segment revenue	<u>102,991</u>	<u>1,178,541</u>	<u>102,991</u>	<u>1,178,541</u>
<i>Reconciliation of segment revenue to total revenue before tax:</i>				
Interest revenue			78,721	19,744
Change in fair value of equity investments at fair value through profit or loss			86,172	9,103
Other revenue			98,145	46,541
<b>Total revenue and other income</b>			<u>366,029</u>	<u>1,253,929</u>
Segment results	<u>(120,533)</u>	<u>1,020,483</u>	<u>(120,533)</u>	<u>1,020,483</u>
<i>Reconciliation of segment result to net loss before tax:</i>				
Corporate advisory			(566,858)	(133,501)
Share based payments			(650,740)	(751,744)
Other corporate and administration			(2,637,871)	(2,144,368)
<b>Net loss before tax</b>			<u>(3,976,002)</u>	<u>(2,009,130)</u>
Segment operating assets	<u>50,437,690</u>	<u>32,160,880</u>	<u>50,437,690</u>	<u>32,160,880</u>
<i>Reconciliation of segment operating assets to total assets:</i>				
Cash and cash equivalents				
Other corporate and administration assets			29,327,489	1,469,302
<b>Total assets</b>			<u>79,765,179</u>	<u>33,630,182</u>
Segment operating liabilities	<u>3,562,853</u>	<u>13,491,175</u>	<u>3,562,853</u>	<u>13,491,175</u>
<i>Reconciliation of segment operating liabilities to total liabilities:</i>				
Other corporate and administration liabilities			969,896	525,300
<b>Total liabilities</b>			<u>4,532,749</u>	<u>14,016,475</u>

## 5. Revenue and other income

	Note	Consolidated	
		2020	2019
		\$	\$
<b>Revenue - from continuing operations</b>			
Option fee – lag gravels (i)		-	1,000,000
Exploration data fee		-	150,000
Royalties- sands		11,889	21,221
<b>Other Income</b>			
EIS Grant		91,102	7,320
Interest income		78,721	19,744
Change in fair value of equity investments through profit or loss		86,172	9,103
Other		98,145	46,541
		<b>366,029</b>	<b>1,253,929</b>

(i) The prior financial year lag gravels option fee relates to a binding Letter of Intent with Novo Resources Corp that granted them the right to explore the Mallina Gold Project (for gold-bearing lag gravel deposits for an initial three-year period from 30 June 2019).

## 6. Expenses

Loss before income tax includes the following specific expenses:

Contributions to superannuation funds		199,747	130,663
Lease liability – interest charge	15	14,025	-
Share based payments – options (Directors & under approved plan)	33	334,400	202,350
Share based payments – performance rights (Directors & under approved plan)	33	180,089	549,394
Share based payments – corporate advisory services	33	136,251	-

## 7. Income tax

### (a) Income tax expense

Current tax		-	-
Deferred tax		-	-
		<b>-</b>	<b>-</b>

### (b) Numerical reconciliation of income tax expense to prima facie tax payable

Loss from continuing operations before income tax expense		(3,976,002)	(2,009,130)
Prima facie tax benefit at the Australian tax rate of 27.5% (2019: 27.5%)		(1,093,401)	(552,511)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Capital raising fees		(219,286)	(46,354)
Other allowable expenditure		(5,022,327)	(2,474,823)
Sundry items		137,979	240,256
		<b>(6,197,035)</b>	<b>(2,833,431)</b>
Tax effect of current year tax losses for which no deferred tax asset has been recognised		6,197,035	2,833,431
Income tax expense		<b>-</b>	<b>-</b>

### (c) Unrecognised deferred tax assets

Capital raising fees		752,058	106,682
Carry forward tax losses		22,990,529	17,077,916
Gross deferred tax assets		<b>23,742,587</b>	<b>17,184,598</b>

No deferred tax asset has been recognised for the above balance as at 30 June 2020 and it is not considered probable that future taxable profits will be available against which it can be utilised.

#### (d) Tax consolidation

Effective 1 July 2004, for the purposes of income taxation, De Grey Mining Limited and its 100% owned Australian subsidiaries formed a tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote. The head entity of the tax consolidated group is De Grey Mining Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate De Grey Mining Limited for any current tax payable assumed and are compensated by De Grey Mining Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to De Grey Mining Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables.

Effective 21 August 2019, for the purposes of income taxation, new subsidiary Indee Gold will be added to the tax consolidated group.

#### (e) Franking credits

The company has no franking credits available for use in future years.

## 8. Current assets – Cash and cash equivalents

	Consolidated	
	2020	2019
	\$	\$
Cash at bank & on hand (i)	391,734	838,960
Short-term & on-call deposits (ii)	27,760,888	496,438
	<b>28,152,622</b>	<b>1,335,398</b>

(i) Cash at bank earns interest at floating rates based on daily bank deposit rates.

(ii) Short-term deposits are made for varying periods of between one day and up to nine months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

## 9. Current assets – Trade and other receivables

Trade receivables	48,510	359,562
GST receivable (net)	252,580	34,140
R&D offset receivable	-	306,651
Fuel tax credits receivable	67,075	34,143
Accrued interest	26,767	-
Sundry debtors	33,416	535
	<b>428,348</b>	<b>735,031</b>

As the majority of receivables are short term in nature, their carrying amount is assumed to be the same as their fair value.

## 10. Current assets - Inventories

	Consolidated	
	2020	2019
	\$	\$
Diesel fuel inventories	87,758	10,993
	<u>87,758</u>	<u>10,993</u>

## 11. Current assets – Other assets

Prepayment – other	-	27,380
Advances & deposits	1,797	1,797
	<u>1,797</u>	<u>29,177</u>

## 12. Financial assets

*Financial assets at fair value through profit or loss*

### Current

Canadian (TSX-V) listed equity securities (i) (ii)	201,275	115,103
	<u>201,275</u>	<u>115,103</u>

- (i) The financial assets are presented as non-current assets unless management intends to dispose of them within 12 months of the end of the reporting period.
- (ii) Financial assets are valued at the quoted closing share price as at reporting date. During the year, a gain of \$86,172 (2019: \$9,103) was recognised in the profit and loss and other comprehensive income (Note 5).

## 13. Non-current assets – Deferred exploration & evaluation expenditure

Beginning of financial period	30,675,391	21,982,686
Exploration expenditure - all areas of interest (i)	16,839,283	8,682,705
Tenement option payments (non Indee Gold Pty Ltd)	-	10,000
Indee Gold Pty Ltd –recognised on settlement of acquisition (Note 29)	1,451,296	-
Expensed to P&L	(27,571)	-
	<u>48,938,399</u>	<u>30,675,391</u>

- (i) The Group has capitalised all costs associated with The Mallina Project. The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

## 14. Non-current assets – Property, plant and equipment

### Plant and equipment

Cost	1,944,765	1,349,679
Accumulated depreciation	(489,760)	(620,590)
Net book amount	<u>1,455,005</u>	<u>729,089</u>

### Plant and equipment

Opening net book amount	729,089	691,087
Additions	946,272	220,119
Additions – on acquisition of Indee Gold Pty Ltd (Note 29)	13,113	-
Assets written-off	(351,184)	-
Depreciation charge	(233,469)	(182,117)
Depreciation written back on assets written-off	351,184	-
Closing net book amount	<u>1,455,005</u>	<u>729,089</u>



## 15. Non-current Right of use asset

	Consolidated	
	2020	2019
<b>Right of use asset – office premises</b>		
Cost (i)	603,329	-
Accumulated depreciation	(103,354)	-
Net book amount	499,975	-
<b>Plant and equipment</b>		
Opening net book amount	-	-
Additions on inception – 1 July 2019 (ii)	495,129	-
Additions – additions for the year	108,200	-
Depreciation for the year – leased office premises	(103,354)	-
Closing net book amount	499,975	-

- (i) The right of use asset assumes that the options for office lease term extensions will be exercised.
- (ii) The impact on the Group at inception on 1 July 2019 was the recognition of \$495,129 right of use assets and a \$495,129 lease liability on the balance sheet, with \$87,060 of that lease liability recognised as a current liability and \$408,069 as a non-current liability as outlined in the table that follows:

	1 July 2019
	\$
Finance and operating lease liabilities	
Recognised at 30 June 2019	Nil
Recognised on adoption of AASB16	495,129
	495,129
<b>Initial lease liability recognised at 1 July 2019</b>	
Current	87,060
Non-current	408,069
	495,129
<b>Right of use asset</b>	
Recognised at 30 June 2019	Nil
Recognised on adoption of AASB16	495,129
	495,129

## 16. Current liabilities – Trade and other payables

	Consolidated	
	2020	2019
	\$	\$
Trade payables	2,798,952	907,792
Trade payables to be settled via an equity issue	-	247,178
Other payables and accruals (i)	116,570	132,076
	2,915,522	1,287,046

- (i) Trade, other payables and accruals are non-interest bearing and are normally settled on terms of 30-45 days.

## 17. Current & non-current operating lease liabilities

	Consolidated	
	2020	2019
	\$	\$
<b>Current</b>		
Operating lease liabilities – office premises	<u>115,864</u>	-
<b>Non-current</b>		
Operating lease liabilities – office premises	<u><u>399,815</u></u>	-

## 18. Current liabilities – Employee benefit obligations

Employee benefit obligations (i)	<u>79,318</u>	<u>29,429</u>
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- (i) The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement and has an expectation that employees will take the full amount of accrued leave or require payment within the next 12 months.

## 19. Current liabilities – Contract liabilities

Contract liabilities (i)	<u>-</u>	<u>12,700,000</u>
	<u>-</u>	<u>12,700,000</u>

- (i) On 12 February 2018, the Company executed a fully binding Share Sale Agreement (“SSA”) to acquire 100% of the issued shares in the capital of Indee Gold Pty Ltd (“Indee Gold”) from Northwest Nonferrous Australia Mining Pty Ltd (“NNAM”). On 22 August 2019, settlement was completed, and the Company became the 100% shareholder of Indee Gold Pty Ltd, with the final payment of \$9.7 Million in cash and 59,065,579 shares in De Grey (valued at \$3.0 Million on allotment) as full and final settlement of the outstanding Contract liabilities.

## 20. Non-current liabilities – Rehabilitation provision

Rehabilitation provision (i)	<u>1,022,230</u>	-
	<u><u>1,022,230</u></u>	-

- (i) This provision was brought to account on settlement of the Indee Gold acquisition, and covers the mining leases the subject of an approved Mine closure plan (Note 29). The Group assesses its mine rehabilitation provision annually. Significant judgement is required in determining the provision for mine rehabilitation and closure as there are many factors that will affect the ultimate liability payable to rehabilitate the mine sites, including future disturbances caused by further development, changes in technology, changes in regulations, price increases, changes in timing of cash flows which are based on life of mine plans and changes in discount rates. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which the change becomes known.

## 21. Contributed equity

(a) Share capital	2020		2019		
	Issue Price	Number of shares	\$	Number of shares	\$
Ordinary shares fully paid		<b>1,172,514,204</b>	<b>130,713,404</b>	427,590,370	70,787,718
Total contributed equity		<b>1,172,514,204</b>	<b>130,713,404</b>	427,590,370	70,787,718
<b>(b) Movements in ordinary share capital</b>					
Beginning of the financial year		<b>427,590,370</b>	<b>70,787,718</b>	334,468,800	59,464,846
Issued during the current & prior years:					
Shares issued on exercise of options	\$0.04	-	-	3,084,611	123,384
Shares issued on exercise of options	\$0.10	<b>17,039,286</b>	<b>1,703,928</b>	59,627,200	5,962,720
Shares issued on exercise of options	\$0.30	<b>13,016,667</b>	<b>3,905,000</b>	-	-
Shares issued on exercise of options	\$0.35	<b>600,000</b>	<b>210,000</b>	-	-
Share issued in lieu of supplier invoices (non-cash)		<b>3,802,748</b>	<b>247,179</b>	5,409,759	616,963
Share issued in exercise of performance rights		<b>3,950,000</b>	-	-	-
Placement share issue	\$0.20	-	-	25,000,000	4,750,000
Placement share issue	\$0.045	<b>111,111,111</b>	<b>5,000,000</b>	-	-
Placement share issue	\$0.05	<b>444,142,014</b>	<b>22,207,101</b>	-	-
Placement share issue	\$0.28	<b>92,196,429</b>	<b>25,815,000</b>	-	-
Shares issued part consideration – Indee Gold Pty Ltd (non-cash)	\$0.050791	<b>59,065,579</b>	<b>3,000,000</b>	-	-
Transaction costs		-	<b>(3,144,223)</b>	-	(178,475)
Share based payments reserve transfer on option exercise		-	<b>310,201</b>	-	48,280
Share based payments reserve transfer on performance rights exercise		-	<b>671,500</b>	-	-
End of the financial year		<b>1,172,514,204</b>	<b>130,713,404</b>	427,590,370	70,787,718

(c) Movements in options on issue	Number of options	
	2020	2019
Beginning of the financial year	<b>77,333,333</b>	110,295,144
Net issued / (exercised or cancelled) during the year:		
– Exercisable at 4 cents, on or before 10 June 2019	Unlisted	- (3,084,611)
– Exercisable at 10 cents, on or before 30 Nov 2018	Listed	- (53,527,200)
– Exercisable at 10 cents, on or before 30 Nov 2018	Unlisted	- (6,100,000)
– Exercisable at 10 cents, on or before 31 Oct 2019	Unlisted	<b>(7,039,286)</b>
– Exercisable at 20 cents, on or before 30 Nov 2019	Unlisted	<b>(33,333,333)</b>
– Exercisable at 25 cents, on or before 30 Nov 2019	Unlisted	<b>(12,500,000)</b>
– Exercisable at 30 cents, on or before 30 May 2021	Unlisted	<b>(13,016,667)</b>
– Exercisable at 30 cents, on or before 30 Sep 2021	Unlisted	<b>1,500,000</b>
– Exercisable at 10 cents, on or before 31 Dec 2021	Unlisted	<b>2,000,000</b>
– Exercisable at 35 cents, on or before 12 Mar 2021	Unlisted	<b>4,900,000</b>
End of the financial year		<b>19,844,047</b>

**(d) Movement in performance rights on issue**

During the year there were no unlisted Performance Rights issued (2019: nil) to directors and employees of the Group.

	Tranche 1 <sup>1</sup>	Tranche 2 <sup>2</sup>	Tranche 3 <sup>1</sup>	Tranche 4	Tranche 5 <sup>1</sup>	Total
Opening balance – 1 July 2019	1,300,000	1,300,000	1,450,000	1,450,000	1,200,000	6,700,000
Performance rights vested	(1,300,000)		(1,450,000)	-	(1,200,000)	(3,950,000)
Performance rights expired	-	(1,300,000)	-	-	-	(1,300,000)
Performance rights issued	-	-	-	-	-	-
Closing balance – 30 June 2020	-	-	-	1,450,000	-	1,450,000

- The vesting conditions for tranches one, three and five were met during the reporting period. Each of the tranches were exercised by the holders and shares allotted on 22 August 2019.
  - Tranche One – the Company declaring greater than 1,500,000 ounce gold resource (JORC 2012) at an overall grade of at least 1.7 g/t and a minimum category of JORC inferred at the Mallina Gold Project, on or before 30 November 2019;
  - Tranche Three – settlement of the Company’s 100% acquisition of Indee Gold Pty Ltd; and
  - Tranche Five – The Company confirming higher grade resources of at least 200,000 ounces and at an overall grade of greater than 5 g/t or before 30 November 2019.
- The vesting conditions for the following tranche expired during the financial year:
  - Tranche Two – the Company declaring greater than 2,000,000 ounce gold resource (JORC 2012) at an overall grade of at least 1.7 g/t and a minimum category of JORC inferred at the Mallina Gold Project, or before 30 November 2019.
- The following Performance Right tranche remains outstanding as at the end of the financial year:
  - Tranche Four – The Company securing Project Financing for the Mallina Gold Project at a minimum throughput of 1M tpa.

**(e) Ordinary shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital. Neither the Company, nor any of its subsidiaries, holds any shares in the Company at 30 June 2020 (2019: Nil).

## 22. Reserves and accumulated losses

	Consolidated	
	2020	2019
	\$	\$
<b>(a) Reserves</b>		
Share-based payments reserve (i)	862,609	1,414,570
	<b>862,609</b>	<b>1,414,570</b>
<b>Movements:</b>		
<i>Share-based payments reserve</i>		
Balance at beginning of year	1,414,570	711,106
Share based payments (options) expense ( <i>Directors &amp; EOP plan</i> )	334,400	202,350
Share based payments (options) expense ( <i>Corporate advisory</i> )	136,251	-
Share based payments (performance rights) expense ( <i>Directors &amp; PR plan</i> )	180,089	549,394
Transfer to Issued Capital on exercise of performance rights	(671,500)	-
Transfer to Issued Capital on exercise of options	(310,201)	(48,280)
Transfer to Accumulated losses on expiry of performance rights	(221,000)	-
Balance at end of year	<b>862,609</b>	<b>1,414,570</b>
<b>(b) Accumulated losses</b>		
Balance at beginning of year	(52,588,581)	(50,579,451)
Net loss for the year	(3,976,002)	(2,009,130)
Transfer from Reserves on expiry of performance rights	221,000	-
Balance at end of year	<b>(56,343,583)</b>	<b>(52,588,581)</b>

### (c) Nature and purpose of reserves

(i) *Share-based payments reserve - The share-based payments reserve is used to recognise the value of equity benefits provided to either employees or directors as remuneration or to suppliers as payment for products and services.*

## 23. Dividends

No dividends were paid during the financial year.

No recommendation for payment of dividends has been made.

## 24. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

### (a) Audit services

Butler Settineri (Audit) Pty Ltd - audit and review of financial reports	47,842	33,777
Total remuneration for audit services	<b>47,842</b>	<b>33,777</b>

### (b) Non-audit services

Butler Settineri – tax compliance services	3,675	2,800
Total remuneration for other services	<b>3,675</b>	<b>2,800</b>

## 25. Contingent liabilities

There are no contingent liabilities or contingent assets of the Group at reporting date.

## 26. Commitments

	Consolidated 2020	2019
	\$	\$
<b>(a) Exploration commitments</b>		
The Group has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in.		
Outstanding Mallina Project exploration commitments are as follows:		
Mallina Project tenements (100% owned)	1,474,040	1,474,760
Tenements under option agreements (i)	199,280	197,160
<i>Annual commitment for the Mallina Project assets</i>	<u>1,673,320</u>	<u>1,671,920</u>

- (i) The tenements that remain under option and/or earn-in agreements are with respect to the Farno McMahon and Vanmaris Projects, as detailed in Note 30.

### (b) Capital commitments

The Group did not have any capital commitments as at the current or prior balance date.

## 27. Related party transactions

### (a) Parent entity

The ultimate parent entity within the Group is De Grey Mining Limited.

### (b) Subsidiaries

Interests in subsidiaries are set out in note 28.

### (c) Transactions with related parties

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

### (d) Loans to related parties

De Grey Mining Limited has provided unsecured, interest free loans to each of its wholly owned Australian subsidiaries and all of which have been fully impaired.



## 28. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name	Country of Incorporation	Class of Shares	Equity Holding <sup>1</sup>	
			2020 %	2019 %
Beyondie Gold Pty Ltd	Australia	Ordinary	100	100
Domain Mining Pty Ltd	Australia	Ordinary	100	100
Winterwhite Resources Pty Ltd	Australia	Ordinary	100	100
Last Crusade Pty Ltd	Australia	Ordinary	100	100
Indee Gold Pty Ltd <sup>2</sup>	Australia	Ordinary	100	-

<sup>1</sup> The proportion of ownership interest is equal to the proportion of voting power held.

<sup>2</sup> The acquisition of Indee Gold Pty Ltd was completed on 22 August 2019.

## 29. Asset acquisition

De Grey originally executed a detailed Share Sale Agreement (“SSA”) on 9 February 2018, to acquire all the shares in Indee Gold Pty Ltd from Northwest Nonferrous Australia Mining Pty Ltd for a total acquisition price of \$15 Million.

At the beginning of the financial reporting period, there was a remaining \$12.7 Million due and payable and on 22 August 2019, settlement was completed. The final payment made consisted of \$9.7M in cash and 59,065,579 shares in De Grey (valued at \$3.0M on allotment) as full and final settlement of the outstanding Contract liabilities (Note: 19).

The Group determined the transaction represented an asset acquisition, rather than a business combination, on the assessment that the concentration test in AASB 3 Business Combinations was met. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The determination of the fair values for such assets and thus both the concentration test and any subsequent asset acquisition accounting involves the use of significant estimates and judgements. The value paid for Indee Gold Pty Ltd was determined to be concentrated in the value of acquired exploration and evaluation assets.

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values. No goodwill arises on the acquisition and transactions costs of the acquisition are included in the capitalised cost of the asset.

	\$
<b>Purchase consideration</b>	
Cash paid	12,000,000
59,065,579 ordinary fully paid shares at an issue price of \$0.050791	3,000,000
Acquisition costs	442,179
	<u>15,442,179</u>
<b>Fair value on acquisition</b>	\$
Exploration and evaluation assets – recognised on execution of binding share sale agreement – Feb 2018	15,000,000
Exploration and evaluation assets – recognised on settlement of acquisition – Aug 2019 (Note 13)	1,451,296
Plant and equipment (Note 14)	13,113
Provision for rehabilitation (Note 20)	(1,022,230)
Net identifiable assets acquired	<u>15,442,179</u>

### 30. Interests in joint ventures / other acquisitions

#### (a) Attgold Pty Ltd Retained Pegmatite Rights across E45-2364 (a tenement within the Mallina Project)

In February 2007, De Grey acquired 100% of tenement E45-2364 on exercise of an option. Under the agreement, Attgold retained the pegmatite related rights on this tenement only. The pegmatite rights give Attgold rights to explore on the tenement for pegmatite minerals, which in turn are defined as “tin, tantalum, niobium, lithium, caesium and non-gold bearing or base metal bearing aggregate.” This is subject to various clauses of priority, access and normal statutory requirements. De Grey holds all other mineral rights in this tenement, most specifically gold and base metals and the joint venture has a carrying value of nil.

#### (b) Mount Dove Iron Rights

On 22 September 2015, the company entered into a Deed of Termination with the Atlas Iron Group, where the Atlas Iron Group relinquished its iron ore rights on any of the Turner River Project tenements. , If De Grey mines iron ore on any of its the Turner River Project tenements it will pay the Atlas Iron Group a one-off payment of \$50,000.

#### (c) Turner River Shingles, River Sand and Limestone Blocks Farm-Out

In October 2012 De Grey, through its wholly owned subsidiary Last Crusade Pty Ltd (“LC”), entered into an agreement with Mobile Concreting Solutions Pty Ltd (“MCS”) under which LC facilitated the excision of graticule B703 from LC’s Exploration Licence 45/3390. Under the agreement, MCS applied for a mining licence over the excised graticule to mine for shingles, river sand and limestone blocks. LC retains the right to explore for all other minerals on the affected ground and MCS pays a royalty of \$0.50 per tonne to LC for all material removed. The sands mining operations commenced in the December 2013 quarter and have continued throughout the current financial year.

#### (d) Farno McMahon Project Option

On 28 July 2017, De Grey secured an option to enter into a joint venture for tenement E47/2502, and referred to as the Farno McMahon Project. An option fee of \$40,000 was paid to the Vendor granting De Grey an exclusive right and period to assess the project and on 2 October 2017, the Company elected to enter into a Joint Venture Earn-in. The vendor retains all alluvial rights. The Joint Venture Earn-in consists of two stages:

*Stage 1* – During the financial year and having expended a minimum of \$1.0M over the 3 year period to 13 December 2019, the Company has earned an initial 30% interest.

*Stage 2* - DEG may spend a further \$1.0M expenditure over an additional 1-year period (Year 4) to earn an additional 45% equity in the tenement for a total equity of 75%.

**(e) Vanmaris Project Option**

On 25 September 2017, De Grey entered into a letter agreement with the owner of tenements E47/3399, E47/3428-3430, P47/1732-1733 whereby De Grey may acquire an 80% interest in each of these listed tenements, within a 4 year option period.

The terms of the letter agreement included a cash and script option payment to the vendors of \$30,000 cash and 150,000 ordinary fully paid De Grey shares.

De Grey are to maintain the tenements in good standing during the 4 year option period and during which time it can elect to acquire an 80% interest on payment of \$500,000 cash. The vendor retains the alluvial and prospecting rights to a depth of 3 metres.

**31. Statement of cash flows**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Reconciliation of net loss after income tax to net cash outflow from operating activities</b>		
Net loss for the year	<b>(3,976,002)</b>	(2,009,130)
<b>Non-Cash Items</b>		
Depreciation of non-current assets	<b>336,823</b>	182,117
Share based payments (options and performance rights)	<b>650,740</b>	751,744
Equity settlement of expenses	-	616,964
Gain on available for sale investments	<b>(86,173)</b>	(9,103)
Lease accounting adoption/reclassification	<b>13,074</b>	-
<b>Change in operating assets and liabilities</b>		
(Increase)/decrease in trade, other receivables and assets	<b>334,083</b>	(353,831)
(Increase)/decrease in inventories	<b>(76,765)</b>	8,901
(Decrease)/increase in trade, other payables and provisions	<b>1,824,965</b>	239,136
<b>Other Items</b>		
Payments to acquire or option mineral tenements	-	10,000
Payments for transaction costs – loans and borrowings	<b>367,752</b>	150,959
Payments for exploration & evaluation expenditure capitalised	<b>(16,811,714)</b>	(8,999,356)
Net cash outflow from operating activities	<b>(17,423,217)</b>	(9,411,599)

**32. Loss per share**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Reconciliation of earnings used in calculating loss per share</b>		
Loss attributable to the owners of the company used in calculating basic and diluted loss per share	<b>(3,976,002)</b>	(2,009,130)
<b>Number of shares</b>		
<b>(b) Weighted average number of shares used as the denominator</b>		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	<b>959,669,364</b>	<b>398,278,765</b>

**(c) Information on the classification of options**

As the Group has made a loss for the year ended 30 June 2020, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

### 33. Share-based payments

From time to time options are granted to;

- (i) eligible employees under the Performance Rights Plan (“PRP”) and/or the Employee Option Plan (“EOP”) of De Grey Mining Limited to align their interests with that of the shareholders of the company.
- (ii) Directors under rules comparable with the PRP and/or EOP, but subject to shareholder approval pursuant to the provisions of the ASX Listing Rules and the *Corporations Act 2001*.

#### (a) Options

##### Employee Option Plan of De Grey Mining Limited (“EOP”) <sup>1</sup>

Shareholders last approved the EOP at the Annual General Meeting held on 28 November 2018. The EOP is designed to attract and retain eligible employees, provide an incentive to deliver growth and value for the benefit of all Shareholders and facilitate capital management by enabling the Company to preserve cash reserves for expenditure on principal activities. Participation in the Plan is at the discretion of the Board and no eligible employee has a contractual right to receive an option under the Plan.

The exercise price and expiry date for all options granted will be determined by the board prior to granting of the options, and in the case of Director options subject to shareholder approval. The options granted may also be subject to conditions on exercise and usually have a contractual life of two to three years. Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share in the capital of the company with full dividend and voting rights.

There were no director options granted (2019: 2,500,000) and 5,500,000 EOP options granted (2019: 2,250,000) in the financial year ended 30 June 2020 and are all currently outstanding are detailed in the following table:

Grant date	Expiry date	Exercise price Cents	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
<b>2019-2020</b>							
24 Sep 2017	31 Oct 2020	10 cents	2,250,000	-	-	2,250,000	2,250,000
17 Oct 2018	30 May 2021	30 cents	4,750,000	-	(516,667)	4,233,333	4,233,333
12 Mar 2020	12 Mar 2022	35 cents	-	5,500,000	(600,000)	4,900,000	4,900,000
			<b>7,000,000</b>	<b>5,500,000</b>	<b>(1,116,667)</b>	<b>11,383,333</b>	<b>11,383,333</b>
<b>2018-2019</b>							
30 Nov 2016	30 Nov 2018	10 cents	6,100,000	-	(6,100,000)	-	-
24 Sep 2017	31 Oct 2020	10 cents	2,250,000	-	-	2,250,000	2,250,000
17 Oct 2018	30 May 2021	30 cents	4,750,000	4,750,000	-	4,750,000	4,750,000
			<b>8,350,000</b>	<b>4,750,000</b>	<b>(6,100,000)</b>	<b>7,000,000</b>	<b>7,000,000</b>

#### Expenses arising from share-based payment transactions - options

The weighted average fair value of the options granted during the year was **\$0.0608** (2019: \$0.0426). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2020	2019
Weighted average exercise price (cents)	<b>35.0</b>	<b>30.0</b>
Weighted average life of the option (years)	<b>2.0</b>	<b>2.6</b>
Weighted average underlying share price (cents)	<b>21.0</b>	<b>15.0</b>
Expected share price volatility	<b>80%</b>	<b>75%</b>
Weighted average risk-free interest rate	<b>0.25%</b>	<b>1.5%</b>

Historical volatility has been used as the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

No assumptions have been made relating to dividends or expected early exercise of the options and there are no other inputs to the model.

Total expenses arising from equity settled share-based payment transactions recognised during the period were as follows:

	2020	2019
	\$	\$
Options issued to directors and EOP to eligible employees	<b>334,400</b>	<b>202,350</b>

## (b) Performance rights

Employee Performance Rights Plan of De Grey Mining Limited ("PRP")

Shareholders approved the PRP at the Annual General Meeting held on 30 November 2017. The PRP, like the EOP Plan is designed to attract and retain eligible employees, provide an incentive to deliver growth and value for the benefit of all Shareholders and facilitate capital management by enabling the Company to preserve cash reserves for expenditure on principal activities. Participation in the Plan is at the discretion of the Board and no eligible employee has a contractual right to receive performance rights under the Plan.

The performance rights granted will be determined by the board prior to granting of the rights, and in the case of Director performance rights, these are subject to shareholder approval. The rights granted may be subject to performance milestones before the holder has the right to exercise (Refer Note 21 (d)) and can have a contractual life of up to 5 years.

Rights granted carry no dividend or voting rights. When exercisable, each right is convertible into one ordinary share in the capital of the company with full dividend and voting rights.

There were Nil performance rights granted (2019: nil) in the financial year ended 30 June 2020 and all remained outstanding as at the reporting date, as detailed in the following table:

### Expenses arising from share-based payment transactions - performance rights

On 21 December 2017, 6,700,000 unlisted Performance Rights were issued to directors and employees of the Group, with vesting conditions as described in Note 21(d). As at the end of the financial year only Tranche 2 remains outstanding (1,450,000).

	Tranche 1 <sup>1</sup>	Tranche 2	Tranche 3 <sup>1</sup>	Tranche 4	Tranche 5 <sup>1</sup>
Number Issued (No.)	1,300,000	1,300,000	1,450,000	1,450,000	1,200,000
Grant Date	21-Dec-2017	21-Dec-2017	21-Dec-2017	21-Dec-2017	21-Dec-2017
Exercise Price (\$)	N/A	N/A	N/A	N/A	N/A
Expiry/Amortisation Date	30-Nov-2019	30-Nov-2019	24-Jul-2019	30-Nov-2022	30-Nov-2019
Underlying Share Price on Grant (\$)	\$0.17	\$0.17	\$0.17	\$0.17	\$0.17
Total Fair Value (\$) – Life of Right	\$221,000	\$221,000	\$246,500	\$246,500	\$204,000
Total Fair Value (\$) – Expensed 30 June 2020	\$47,624	\$47,624	\$10,182	\$30,698	<u>\$43,961</u>
					<u><b>\$180,089</b></u>

<sup>1</sup> On 22 August 2019 and subsequent to the reporting date, the vesting conditions on Tranches 1, 3 and 5 had been met, with 100% of those performance rights exercised and shares allotted.

<sup>2</sup> On 30 November 2019, the Tranche 2 performance rights expired on basis that the vesting condition, as defined in Note 22, had not been met as at that date.

## 34. Events occurring after the reporting date

There have been no matters or circumstances occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in future financial years, other than;

- On 14 July 2020, the Company completed a placement of 19.2 Million shares at a price of \$0.28 per share to raise \$5.4 Million (before costs of raising). This represented the 2<sup>nd</sup> tranche of the placement announced on 28 April 2020 after shareholder approval was received at a General Meeting held on 10 July 2020, for related parties DGO Gold Limited (12.2 Million New Shares) and Mr. Peter Hood (1 Million New Shares) to participate.
- On 29 July 2020, the Company completed an allotment of 450,454 unlisted option, zero priced exercise and expiring 29 July 2022 ("ZEPO's"). These were issued to directors Mr. Andrew Beckwith (163,207 ZEPO's), Mr. Simon Lill (130,566 ZEPO's) and Messrs Eduard Eshuys, Peter Hood and Bruce Parncutt (52,227 ZEPO's each), after shareholder approval was received at a General Meeting held on 10 July 2020,

- On 18 September 2020, the Company completed a placement of 73.1 Million shares to sophisticated, professional and institutional investors including clients of Argonaut Securities Pty Limited, Canaccord (Genuity) Limited and Bell Potter Securities Pty Ltd at a price of \$1.20 per share to raise \$87.72 Million (before costs of raising). This represented the 1<sup>st</sup> tranche of the placement announced on 14 September 2020, with the 2<sup>nd</sup> tranche of 10.3 Million shares to raise a further \$12.36 Million subject to shareholder approval of related party participation by DGO Gold Limited (12 Million New Shares) and Mr. Peter Hood (300,000 New Shares).
- On 18 September 2020, an allotment was made of 140,846 Performance rights (“rights”) to Mr. Glenn Jardine after shareholder approval was received at a General Meeting held on 10 July 2020, and he had completed his employment probation period. The rights represent the long-term incentive component of Mr. Jardine’s remuneration with respect to his first year of employment
- Since the reporting date, a total of 9,637,047 unlisted options have been exercised, at various exercised prices between \$0.10 and \$0.35, raising a total of \$1,588,621.

### 35. Parent entity information

	Parent Entity	
	2020	2019
	\$	\$
The following information relates to the parent entity, De Grey Mining Limited, at 30 June 2020. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.		
Current assets	28,670,525	2,225,702
Non-current assets	51,094,654	31,404,480
<b>Total assets</b>	<b>79,765,179</b>	<b>33,630,182</b>
Current liabilities	3,110,704	14,016,475
Non-current liabilities	1,422,045	-
<b>Total liabilities</b>	<b>4,532,749</b>	<b>14,016,475</b>
Contributed equity	130,740,019	70,787,718
Reserves	860,954	1,414,570
Accumulated losses	(56,368,543)	(52,588,581)
<b>Total equity</b>	<b>75,232,430</b>	<b>19,613,707</b>
Loss for the year	(3,953,338)	(2,009,130)
Other comprehensive loss	-	-
<b>Total comprehensive loss for the year</b>	<b>(3,953,338)</b>	<b>(2,009,130)</b>

#### Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

#### Capital commitments

The parent entity had no capital commitments as at 30 June 2020 and 30 June 2019.

#### Accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1.

## Director's Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 30 to 61 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2020 and of their performance for the financial year ended on that date;
- (b) the audited remuneration report set out on pages 20 to 26 of the directors' report complies with section 300A of the *Corporations Act 2001*;
- (c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



**Simon Lill**  
**Executive Chairman**

Perth, 30 September 2020



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DE GREY MINING LIMITED

### Report on the Financial Report

#### Opinion

We have audited the financial report of De Grey Mining Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020 the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a) the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:
  - i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
  - ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for Opinion

We have conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical requirements in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period.

These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## **Key Audit Matter**

### **Deferred exploration and evaluation expenditure** (*refer notes 1(L) and 13*)

The Group operates as an exploration entity and as such its primary activities entail expenditure focussed on the exploration for and evaluation of economically viable mineral deposits. These activities are currently limited to the Pilbara region in Western Australia.

All exploration and evaluation expenditure incurred during the year has been capitalised and recognised as an asset in the Statement of Financial Position.

The closing value of deferred exploration and evaluation expenditure is \$48,938,399 as at 30 June 2020.

The carrying value of exploration and evaluation assets is subjective based on the Group's intention, and ability, to continue to explore the asset. The carrying value may also be affected by the results of ongoing exploration activity indicating that the mineral reserves and resources may not be commercially viable for extraction. This creates a risk that the asset value included within the financial statements may not be recoverable.

### **Issued capital** (*refer note 21*)

The Group has issued ordinary shares as a result of capital raisings, on the exercise of unlisted options and on the exercise of performance rights.

As a result of these issues the number of ordinary shares has risen significantly during the year.

### **Share based payments – performance rights** (*refer notes 21 and 33(b)*)

The Group awarded performance rights to key management personnel and employees in the 2018 year.

The rights vest subject to the achievement of specific performance milestones.

Three tranches of these rights vested during the year and ordinary shares were issued while a further tranche of rights lapsed prior to the associated milestone being met.

## **How our audit addressed the key audit matter**

Our audit procedures included the following:

- ensuring the Group's continued right to explore in the relevant areas of interest including assessing documentation such as exploration and mining licences;
- enquiring of management and the directors as to the Group's intentions and strategies for future exploration activity and reviewing budgets and cash flow forecasts;
- assessing the results of recent exploration activity to determine whether there are any indicators suggesting a potential impairment of the carrying value of the asset;
- assessing the Group's ability to finance the planned exploration and evaluation activity; and
- assessing the adequacy of the disclosures made by the Group in the financial report.

Our audit procedures included the following:

- examining each issue of and conversion to fully paid ordinary shares during the year as shown in note 21; and
- assessing the adequacy of the disclosures made by the Group in the financial report.

Our audit procedures included the following:

- assessing the recognition of the value of the performance rights;
- assessing whether the accounting treatment for both the rights vested and exercised and the rights which lapsed was in accordance with the relevant accounting standard; and
- assessing the adequacy of the disclosures made by the Group in the financial report.

## **Key Audit Matter**

### **Deferred Taxation** (refer note 7)

The Company relies on the use of an expert to prepare the taxation disclosures which are included in the financial statements.

## **How our audit addressed the key audit matter**

In accordance with Australian Auditing Standards, we relied on the work of management's expert with respect to the assumptions used in the calculation of deferred taxes. Our audit procedures included the following:

- examining the qualifications, objectivity and experience of management's expert;
- evaluating the assumptions, methodologies and conclusions used by the Group in preparing their estimate of deferred taxes; and
- assessing the adequacy of the disclosures made by the Group in the financial report.

## **Other information**

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

## **Directors' Responsibilities for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significant in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh public interest benefits of such communication.

## **Report on the Remuneration Report**

### **Opinion**

We have audited the Remuneration Report included on pages 20 to 26 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of De Grey Mining Limited, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

### **Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BUTLER SETTINERI (AUDIT) PTY LTD



LUCY P GARDNER  
Director

Perth

Date: 30 September 2020

## ASX Additional Information

Additional information required by Australian Stock Exchange Ltd, and not shown elsewhere in this report, is as follows. The information is current as at 9 October 2020.

### (a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

			Ordinary shares	
			Number of holders	Number of shares
1	-	1,000	2,106	1,346,301
1,001	-	5,000	4,065	11,297,562
5,001	-	10,000	1,841	14,676,048
10,001	-	100,000	3,060	102,084,749
100,001		and over	733	1,144,995,401
			<b>11,805</b>	<b>1,274,400,061</b>
The number of shareholders holding less than a marketable parcel of shares are:			<b>341</b>	<b>59,927</b>

### (b) Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are as follows:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	DGO Gold Limited	193,577,703	15.19%
2	Citicorp Nominees Pty Limited	188,332,323	14.78%
3	HSBC Custody Nominees (Australia) Limited	171,345,674	13.45%
4	J P Morgan Nominees Australia Pty Limited	85,576,596	6.72%
5	Northwest Nonferrous Australia Mining Pty Ltd	51,015,579	4.00%
6	Kirkland Lake Gold Ltd	35,656,084	2.80%
7	Mr Yi Weng & MS Ning Li	18,971,275	1.49%
8	HSBC Custody Nominees (Australia) Limited	17,818,291	1.40%
9	Merrill Lynch (Australia) Nominees Pty Limited	12,044,787	0.95%
10	BNP Paribas Nominees Pty Ltd <IB Au Noms Retail Client DRP>	11,129,979	0.87%
11	National Nominees Limited	8,960,055	0.70%
12	Mr John Henry Matterson	8,700,000	0.68%
13	Caroline House Superannuation Fund Pty Ltd <The Caroline House S/F A/C>	7,941,621	0.62%
14	Mr Andrew Rhys Jackson	7,095,000	0.56%
15	HSBC Custody Nominees (Australia) Limited - A/C 2	6,851,524	0.54%
16	Penand Pty Ltd <Beckwith Super Fund A/C>	4,802,181	0.38%
17	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	4,785,866	0.38%
18	Mr Raymond Wolpers & Mrs Leith Anne Wolpers <R&L Wolpers SF A/C>	3,700,000	0.29%
19	Nelson Enterprises Pty Ltd <The Cavan Street A/C>	3,312,500	0.26%
20	Calliton Pty Ltd <Capital Investments Unit A/C>	3,300,000	0.26%
		<b>844,917,038</b>	<b>66.30%</b>

**(c) Substantial shareholders**

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of Shares	%
DGO Gold Limited (i)	193,577,703	15.19%
Van Eck Associates Corporation and its associates	71,905,550	5.64%

(i) DGO Ltd has confirmed its commitment to subscribe for 10 Million placement shares which will be subject to shareholder approval at the upcoming General Meeting to be held 23 October 2020. Following that approval, its holding will move to ~15.8% of DEG's issued shares.

**(d) Unquoted (unlisted) Securities**

Class	Number of Securities	Number of Holders	Holders of 20% or more of the class	
			Holder Name	Number of Securities
Unlisted \$0.10 options, expiry 31 October 2020	750,000	1	Phil Tornatora	750,000
Unlisted \$0.30 options, expiry 31 May 2021	3,050,000	8	Andrew Beckwith	1,000,000
Unlisted \$0.35 options, expiry 12 March 2022	4,507,000	28	Nil	-
Unlisted \$0.10 options, expiry 13 Dec 2021	2,000,000	1	Killin Investments Pty Ltd,	2,000,000
Unlisted \$Nil options, expiry 29 July 2022	450,454	5	Andrew Beckwith	163,207
			Simon Lill	130,566
			Simon Lill	500,000
Performance rights – Series 1	1,450,000	5	Andrew Beckwith	400,000
			Craig Nelmes	300,000
			Glenn Jardine	140,846
Performance rights – Series 2	140,846	1	Glenn Jardine	140,846

**(e) Voting rights**

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

The Quoted and unquoted (unlisted) options have no voting rights.

**(f) Corporate Governance**

De Grey Mining Ltd and its subsidiaries ("Group") and the board are committed to achieving and demonstrating the highest standards of corporate governance. The Group has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2020 corporate governance statement reflects the corporate governance practices in place throughout the 2020 financial year. The 2020 corporate governance statement is current as at 30 September 2020 and was approved by the board of Directors of De Grey Mining Ltd.

A description of the group's current corporate governance practices is set out in the group's corporate governance statement which can be viewed at [www.https://degreymining.com.au/corporate-governance](https://degreymining.com.au/corporate-governance).

**(g) Application of Funds**

During the financial year, De Grey Mining Limited confirms that it has used its cash and assets (in a form readily convertible to cash) in a manner which is consistent with the Company's business objectives.



# Annual Mineral Resources Statement

**JORC Table 1: Total Gold Mineral Resource Estimate as at March 2020 (JORC 2012) by deposit**
**Withnell - Mining Centre**

Deposit	Type	Measured			Indicated			Inferred			Total		
		Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz
Withnell Open Pit	Oxide	0.63	1.4	28,500	0.36	1.2	14,400	0.15	1.1	5,300	1.14	1.3	48,200
	Fresh	0.63	1.6	33,200	2.68	1.9	163,500	0.53	2.2	38,000	3.85	1.9	234,700
	Total	1.26	1.5	61,700	3.05	1.8	177,800	0.68	2.0	43,300	4.99	1.8	282,900
Withnell Underground	Oxide							0.00	2.5	300	0.00	2.5	300
	Fresh				0.11	4.3	15,600	2.38	3.9	301,100	2.50	3.9	316,700
	Total				0.11	4.3	15,600	2.39	3.9	301,400	2.50	3.9	317,100
Mallina	Oxide				0.71	1.3	30,200	1.68	1.3	72,300	2.39	1.3	102,500
	Fresh				0.90	1.2	33,900	3.47	1.5	171,100	4.36	1.5	204,900
	Total				1.61	1.2	64,100	5.15	1.5	243,300	6.76	1.4	307,400
Toweranna Open Pit	Oxide				0.62	2.4	47,700	0.24	1.6	12,600	0.86	2.2	60,300
	Fresh				3.71	2.1	245,500	2.21	2.1	152,500	5.92	2.1	398,000
	Total				4.33	2.1	293,200	2.46	2.1	166,400	6.79	2.1	459,600
Toweranna Underground	Oxide												
	Fresh							0.56	3.6	64,500	0.56	3.6	64,500
	Total							0.56	3.6	64,500	0.56	3.6	64,500
Camel	Oxide	0.18	2.8	16,400	0.32	2.6	26,800	0.04	1.1	1,500	0.54	2.6	44,700
	Fresh	0.01	2.1	600	0.14	1.4	6,500	0.14	1.8	8,600	0.29	1.7	15,700
	Total	0.19	2.8	17,000	0.46	2.2	33,300	0.19	1.7	10,100	0.84	2.2	60,400
Calvert	Oxide				0.43	1.3	17,900	0.05	0.8	1,400	0.48	1.3	19,300
	Fresh				0.56	1.3	23,800	0.23	1.2	9,300	0.79	1.3	33,100
	Total				0.99	1.3	41,700	0.28	1.2	10,700	1.27	1.3	52,400
Roe	Oxide	0.06	2.7	5,500	0.13	1.5	6,000	0.11	1.6	5,700	0.30	1.8	17,200
	Fresh	0.01	2.5	1,000	0.07	2.3	5,300	0.21	2.2	14,800	0.30	2.2	21,100
	Total	0.08	2.7	6,500	0.20	1.8	11,300	0.33	2.0	20,500	0.60	2.0	38,300
Dromedary	Oxide	0.10	2.2	7,200	0.03	1.6	1,400	0.04	1.6	2,200	0.17	1.9	10,800
	Fresh				0.03	1.6	1,700	0.08	1.8	4,700	0.12	1.7	6,400
	Total	0.10	2.2	7,200	0.06	1.6	3,200	0.12	1.7	6,900	0.29	1.9	17,200
Leach Pad	Oxide				0.86	0.7	19,300				0.86	0.7	19,300
	Fresh												
	Total				0.86	0.7	19,300				0.86	0.7	19,300
Hester	Oxide				0.04	2.1	3,000	0.03	1.3	1,100	0.07	1.8	4,100
	Fresh				0.01	2.1	900	0.05	1.4	2,100	0.06	1.6	3,100
	Total				0.06	2.1	3,900	0.07	1.4	3,300	0.13	1.7	7,200
Withnell Mining Centre	Oxide	0.98	1.8	57,500	3.49	1.5	166,800	2.35	1.4	102,300	6.82	1.5	326,600
	Fresh	0.66	1.7	34,800	8.23	1.9	496,700	9.87	2.4	766,600	18.75	2.2	1,298,200
	Total	1.63	1.8	92,300	11.72	1.8	663,500	12.24	2.2	870,200	25.58	2.0	1,626,100

**Wingina - Mining Centre**

Deposit	Type	Measured			Indicated			Inferred			Total		
		Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz
Wingina	Oxide	2.68	1.8	152,100	0.65	1.3	27,000	0.34	1.3	14,400	3.67	1.6	193,500
	Fresh	0.40	1.6	20,500	0.34	1.5	16,300	1.08	1.7	57,400	1.82	1.6	94,200
	Total	3.08	1.7	172,700	0.99	1.4	43,300	1.42	1.6	71,700	5.49	1.6	287,700
Mt Berghaus	Oxide				0.68	1.8	38,900	0.99	1.1	35,800	1.67	1.4	74,700
	Fresh				0.27	1.7	14,400	2.40	1.2	91,800	2.67	1.2	106,300
	Total				0.95	1.7	53,300	3.39	1.2	127,600	4.34	1.3	181,000
Amanda	Oxide				0.51	1.3	21,700	0.89	0.9	24,700	1.40	1.0	46,300
	Fresh				0.07	1.8	4,200	0.56	1.1	19,200	0.63	1.2	23,300
	Total				0.58	1.4	25,800	1.44	0.9	43,900	2.03	1.1	69,700
Wingina Mining Centre	Oxide	2.68	1.8	152,100	1.84	1.5	87,600	2.21	1.1	74,900	6.74	1.5	314,500
	Fresh	0.40	1.6	20,500	0.68	1.6	34,900	4.04	1.3	168,400	5.12	1.4	223,800
	Total	3.08	1.7	172,700	2.52	1.5	122,500	6.25	1.2	243,200	11.86	1.4	538,400

JORC Table 2: Total Gold Mineral Resource Estimate as at March 2020 (JORC 2012) at the by Mining Centre

Area	Type	Measured			Indicated			Inferred			Total		
		Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz
Withnell Mining Centre	Oxide	0.98	1.8	57,500	3.49	1.5	166,800	2.35	1.4	102,300	6.82	1.5	326,600
	Fresh	0.66	1.7	34,800	8.23	1.9	496,700	9.87	2.4	766,600	18.75	2.2	1,298,200
	Total	1.63	1.8	92,300	11.72	1.8	663,500	12.24	2.2	870,200	25.58	2.0	1,626,100
Wingina Mining Centre	Oxide	2.68	1.8	152,100	1.84	1.5	87,600	2.21	1.1	74,900	6.74	1.5	314,500
	Fresh	0.40	1.6	20,500	0.68	1.6	34,900	4.04	1.3	168,400	5.12	1.4	223,800
	Total	3.08	1.7	172,700	2.52	1.5	122,500	6.25	1.2	243,200	11.86	1.4	538,400
TOTAL Pilbara Gold Project	Oxide	3.66	1.8	209,700	5.33	1.5	254,300	4.57	1.2	177,200	13.56	1.5	641,200
	Fresh	1.06	1.6	55,400	8.91	1.9	531,700	13.90	2.1	935,000	23.87	2.0	1,522,000
	Total	4.71	1.7	265,000	14.24	1.7	786,000	18.49	1.9	1,113,500	37.44	1.8	2,164,500

All gold deposits are reported at a 0.5g/t Au cut-off grade except Withnell Underground (beneath Pit 33 Whittle shell) where a 2.0g/t cut-off was applied and Wingina below -55mRL where a 1.0g/t Au cut-off was applied.

JORC Table 3: Total Base Metals Mineral Resource Estimate as at September 2019 (JORC 2012)

Deposit	Class	Tonnes Mt	Zn %	Pb %	Cu %	Au ppm	Ag ppm	Metal Tonnes			Au Oz	Ag kOz
								Zn	Pb	Cu		
Discovery Massive Sulphide	Indicated	0.27	5.2	2.4	0.2	1.9	192	13,900	6,400	600	16,300	1,600
	Inferred	0.35	5.2	2.1	0.2	1.3	196	18,200	7,100	600	14,100	2,200
	Total	0.61	5.2	2.2	0.2	1.5	194	32,100	13,500	1,200	30,400	3,800
Discovery Deposit Halo Mineralisation	Indicated	0.15	0.9	0.5	0.1	0.9	47	1,300	700	100	4,300	200
	Inferred	0.63	1.1	0.5	0.1	0.6	60	6,900	2,900	400	11,700	1,200
	Total	0.78	1.0	0.5	0.1	0.6	57	8,200	3,600	400	16,000	1,400
Discovery Deposit Total	Indicated	0.41	3.7	1.7	0.2	1.6	140	15,200	7,100	700	20,600	1,900
	Inferred	0.98	2.6	1.0	0.1	0.8	108	25,100	10,000	900	25,800	3,400
	Total	1.39	2.9	1.2	0.1	1.0	118	40,300	17,100	1,700	46,400	5,300
Orchard Tank Deposit Total	Indicated											
	Inferred	2.08	3.4	1.4	0.1	0.7	105	70,800	28,900	2,400	45,500	7,000
	Total	2.08	3.4	1.4	0.1	0.7	105	70,800	28,900	2,400	45,500	7,000

## Turner River Total September 2019 Base Metal Mineral Resources

	Class	Tonnes Mt	Zn %	Pb %	Cu %	Au ppm	Ag ppm	Metal Tonnes			Au Oz	Ag kOz
								Zn	Pb	Cu		
De Grey Total	Indicated	0.41	3.7	1.7	0.2	1.6	140	15,200	7,100	700	20,600	1,900
	Inferred	3.06	3.1	1.3	0.1	0.7	106	95,800	39,000	3,400	71,300	10,400
	Total	3.47	3.2	1.3	0.1	0.8	110	111,000	46,100	4,100	91,900	12,300

Discovery and Orchard Tank deposits are reported at a 0.5% Zn cut-off grade

## Resources and Reserves

As at 30 June 2020, De Grey's Group Gold Mineral Resource estimate was 37.44 million tonnes at 1.8 grams per tonne gold for 2.164 million ounces (JORC Table 2).

Material changes to the Group's Mineral Resource inventory have been made between the September 2019 and March 2020 estimates. Overall, the gold resources for the MGP have increased 29% and the oxide and fresh domains increased 12% and 37% respectively. The Base Metals Resource did not change.

The gold resource growth is attributed to the Withnell Mining Centre where a combined significant increase (49%) occurred from extension drilling at the Toweranna, Withnell and Mallina deposits. At the Wingina Mining Centre, resource did not change.

## Comparison of the September 2019 and March 2020 Gold Mineral Resources.

Area	Type	Measured			Indicated			Inferred			Total		
		Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz
Withnell Mining Centre	Oxide	106%	98%	4%	114%	96%	10%	210%	101%	112%	134%	95%	28%
	Fresh	106%	98%	4%	121%	88%	7%	186%	106%	97%	148%	99%	47%
	Total	106%	98%	4%	119%	90%	8%	190%	104%	99%	144%	99%	42%
Wingina Mining Centre	Oxide	100%	100%		100%	100%		100%	100%		100%	100%	
	Fresh	100%	100%		100%	100%		100%	100%		100%	100%	
	Total	100%	100%		100%	100%		100%	100%		100%	100%	
TOTAL Pilbara Gold Project	Oxide	102%	100%	1%	109%	97%	6%	137%	105%	44%	115%	98%	12%
	Fresh	104%	99%	2%	120%	89%	7%	149%	113%	68%	134%	102%	37%
	Total	102%	99%	1%	115%	92%	7%	146%	112%	64%	126%	102%	29%

## Withnell - Mining Centre

Deposit	Type	Measured			Indicated			Inferred			Total		
		Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz	Mt	Au g/t	Au Oz
Withnell O/P	2020	1.26	1.5	61,700	3.05	1.8	177,800	0.68	2.0	43,300	4.99	1.8	282,900
	2019	1.17	1.5	58,300	1.17	2.0	73,700	0.08	2.0	5,500	2.43	1.8	137,400
	Change	8%	-2%	6%	160%	-7%	141%	704%	-2%	687%	105%	0%	106%
Withnell U/G	2020				0.11	4.3	15,600	2.39	3.9	301,400	2.50	3.9	317,100
	2019				0.67	4.4	94,000	1.55	4.0	197,900	2.22	4.1	291,900
	Change				-83%	-2%	-83%	54%	-1%	52%	13%	-4%	9%
Mallina	2020				1.61	1.2	64,100	5.15	1.5	243,300	6.76	1.4	307,400
	2019				1.26	1.2	50,600	2.57	1.3	110,100	3.83	1.3	160,700
	Change				27%	-1%	27%	101%	10%	121%	77%	8%	91%
Toweranna Open Pit	2020				4.33	2.1	293,200	2.46	2.1	166,400	6.79	2.1	459,600
	2019				4.10	2.2	284,000	1.23	1.8	72,600	5.33	2.1	356,600
	Change				6%	-2%	3%	101%	14%	129%	28%	1%	29%
Toweranna Underground	2020							0.56	3.6	64,500	0.56	3.6	64,500
	2019												
	Change							NA	NA	NA	NA	NA	NA
Camel	2020	0.19	2.8	17,000	0.46	2.2	33,300	0.19	1.7	10,100	0.84	2.2	60,400
	2019	0.19	2.8	17,000	0.46	2.2	33,300	0.19	1.7	10,100	0.84	2.2	60,400
	Change												
Calvert	2020				0.99	1.3	41,700	0.28	1.2	10,700	1.27	1.3	52,400
	2019				0.99	1.3	41,700	0.28	1.2	10,700	1.27	1.3	52,400
	Change												
Roe	2020	0.08	2.7	6,500	0.20	1.8	11,300	0.33	2.0	20,500	0.60	2.0	38,300
	2019	0.08	2.7	6,500	0.20	1.8	11,300	0.33	2.0	20,500	0.60	2.0	38,300
	Change												
Dromedary	2020	0.10	2.2	7,200	0.06	1.6	3,200	0.12	1.7	6,900	0.29	1.9	17,200
	2019	0.10	2.2	7,200	0.06	1.6	3,200	0.12	1.7	6,900	0.29	1.9	17,200
	Change												
Leach Pad	2020				0.86	0.7	19,300				0.86	0.7	19,300
	2019				0.86	0.7	19,300				0.86	0.7	19,300
	Change												
Hester	2020				0.06	2.1	3,900	0.07	1.4	3,300	0.13	1.7	7,200
	2019				0.06	2.1	3,900	0.07	1.4	3,300	0.13	1.7	7,200
	Change												
Withnell Mining Centre	2020	1.63	1.8	92,300	11.72	1.8	663,500	12.24	2.2	870,200	25.58	2.0	1,626,100
	2019	1.54	1.8	88,900	9.82	1.9	615,000	6.43	2.1	437,500	17.79	2.0	1,141,400
	Change	6%	-2%	4%	19%	-10%	8%	90%	4%	99%	44%	-1%	42%

At Toweranna, drilling at depth has increased the total ounces from 356,600 to a combined open pit and underground resource of 520,000 ounces. A 29% increase was attributed the open pit resource and a new underground resource was defined as 64,500 ounces.

Withnell drilling continued to target depth and lateral extensions resulting in a combined increased from 429,300 to 600,000 ounces. A 106% increase was attributed the open pit resource and a 9% increase to the underground resource. A large portion of the open pit increase was due to a larger open pit shell chosen to define the open pit resource and reflects the increased gold price during the period.

Mallina drilling targeting both lateral and depth extensions to the mineralisation resulting in an 91% increase to 307,400 ounces from 160,700 ounces.

### **Mineral Resource and Ore Reserve governance and internal controls**

De Grey ensures that the Mineral Resource and Ore Reserve estimates quoted are subject to governance arrangements and internal controls activated at a site level and at the corporate level. Internal and external reviews of Mineral Resource estimation procedures and results are carried out through a team of experience technical personnel that is comprised of highly competent and qualified professionals. These reviews have not identified any material issues.

De Grey reports its Mineral Resources and Ore Reserves on at least an annual basis in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code) 2012 Edition. Competent Persons named by De Grey are Members or Fellows of the Australasian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists and qualify as Competent Persons as defined in the JORC Code.

The Company's procedures for the sample techniques and sample preparation are regularly reviewed and audited by independent experts. Assays are performed by independent internationally accredited laboratories with a QAQC program showing acceptable levels of accuracy and precision. The exploration assay results database is maintained and appropriate backed-up internally. All De Grey Mineral Resource estimates have been undertaken independently by Payne Geological Services Pty Ltd.

### **COMPETENT PERSON STATEMENT**

*The information in this Annual Mineral Resources Statement is based on, and fairly represents information and supporting documentation prepared by Mr Paul Payne, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Payne is a full-time employee of Payne Geological Services. Mr Payne has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Payne consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*Mr Payne has approved this Mineral Resources Statement as a whole and consents to its inclusion in the Annual Report in the form and context in which it appears.*

In relation to Mineral Resources, the Company confirms that all material assumptions and technical parameters that underpin the relevant market announcement continue to apply and have not materially changed.

## Schedule of Interests in Mining Tenements

Project/Location	Country	Tenement	Percentage held/earning
Mallina Gold Project	Australia	E47/891	100%
Mallina Gold Project	Australia	E45/2533	100%
Mallina Gold Project	Australia	E45/2364	100%
Mallina Gold Project	Australia	E45/2983	100%
Mallina Gold Project	Australia	E45/2995	100%
Mallina Gold Project	Australia	E45/3390	100%
Mallina Gold Project	Australia	E45/3391	100%
Mallina Gold Project	Australia	E45/3392	100%
Mallina Gold Project	Australia	E45/4751	100%
Mallina Gold Project	Australia	E47/3552	100%
Mallina Gold Project	Australia	E47/3553	100%
Mallina Gold Project	Australia	E47/3554	100%
Mallina Gold Project	Australia	E47/3750	100%
Mallina Gold Project	Australia	P45/3029	100%
Mallina Gold Project	Australia	P47/1866	100%
Farno-McMahon	Australia	E47/2502	30% <sup>1</sup>
Mallina Gold Project	Australia	E47/2720	100%
Mallina Gold Project	Australia	E47/3504	100%
Mallina Gold Project	Australia	M47/473	100%
Mallina Gold Project	Australia	M47/474	100%
Mallina Gold Project	Australia	M47/475	100%
Mallina Gold Project	Australia	M47/476	100%
Mallina Gold Project	Australia	M47/477	100%
Mallina Gold Project	Australia	M47/480	100%
Mallina Gold Project	Australia	L47/164	100%
Mallina Gold Project	Australia	L47/165	100%
Vanmaris	Australia	E47/3399	0% <sup>2</sup>
Vanmaris	Australia	E47/3428	0% <sup>2</sup>
Vanmaris	Australia	E47/3429	0% <sup>2</sup>
Vanmaris	Australia	E47/3430	0% <sup>2</sup>
Vanmaris	Australia	P47/1732	0% <sup>2</sup>
Vanmaris	Australia	P47/1733	0% <sup>2</sup>

<sup>1</sup> De Grey has entered into an option to joint venture agreement with Farno McMahon Pty Ltd (owned 100% by Novo Resources Corp) to earn up to a 75% interest, and during the year earned an initial 30% interest (Note 30(d)).

<sup>2</sup> De Grey Option has an option to acquire an 80% interest from tenement holder Mr Mathew Vanmaris (Note 30(g)).



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