

**CORPORATE GOVERNANCE STATEMENT
FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020**

Commitment to Good Governance

The Directors of De Grey Mining Limited (“the Board”) is responsible for the oversight of effective corporate governance practices of the Company that seek to improve company performance, enhance its corporate social responsibilities and benefit the interests of all shareholders.

The Board monitors its governance principles and practices on an annual basis, with changes and improvements made to reflect changes necessary to adapt to its growth and business evolution. The Board seeks to ensure that these intensions are met and that all shareholders remain fully informed as to the affairs of the Company.

Corporate Governance Statement

The Company’s Corporate Governance Statement (“Statement”) outlines the corporate governance practices in place, which comply with the Australian Securities Exchange (“ASX”) Corporate Governance Council’s (“CGC”) Third (3rd) Edition (released March 2014) of the “Corporate Governance Principles and Recommendations (“the Recommendations”), unless otherwise stated.

For the 2020-2021 financial year, the Company will adopt and report against the ASX CGC Fourth (4th) Edition (released February 2019) and which will result in the adoption of a new set of charters and corporate governance policies.

As required under ASX Listing Rule 4.10.3, the Company makes the following Board approved disclosures in relation to each of the Recommendations for the financial year ended 30 June 2020 and that has been approved by the board as at 29 October 2020.

The Company’s website at www.degreymining.com.au contains a corporate governance section that includes this Corporate Governance Statement, the Company’s key corporate governance policies, which includes the Board and Board Committee Charters.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1:

Companies should disclose the respective roles and responsibilities of its board and management and those matters expressly reserved to the Board and those delegated to management and disclose those functions.

The Board’s role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of the senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

To ensure the Board is well equipped to discharge its responsibilities, the Board has adopted a formal Board Charter. The Board Charter details the Board’s role, authority, responsibilities, membership and operation and sets out the matters specifically reserved for the Board and the powers delegated to any of its Committees (if applicable) and to management.

The Board Charter can be viewed on the Company’s website under the Corporate Governance section.

Recommendation 1.2:

Companies should undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election, as a director and provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The Company undertakes background checks on any person who is being considered as a director. These checks may include character, experience, education and financial history and background. The Company ensures relevant and material information in its possession about any candidate to enable an informed shareholder decision to be made on whether or not to elect or re-elect a director.

Recommendation 1.3:

Companies should have a written agreement with each director and senior executive setting out the terms of their appointment.

All directors have in place a formal letter of appointment including a director's interest agreement with respect to disclosure of security interests. Senior executives also have written agreements in place.

Recommendation 1.4:

The Company Secretary should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

The Company Secretary is accountable directly to the Board, through the Chair, and is responsible for advising and supporting the Chair, the Board and its committees to manage the day-to-day governance framework of the Company as well as all matters to do with the proper functioning of the Board.

Recommendation 1.5:

The Company should establish a policy concerning diversity and disclose the policy or summary of the policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.

The Company recognises that a talented and diverse workforce is a key competitive advantage. The Company is committed to developing a workplace that promotes diversity through acting in fairness and without prejudice. The Company's policy is to recruit and manage on the basis of competence and performance regardless of age, nationality, race, gender, religious beliefs, sexuality, physical ability or cultural background. In the financial year ended 30 June 2020, the Company had not yet formalised a policy which outlines measurable objectives for achieving gender diversity, and in the context of the size and scale of its operations for the majority of the year.

For the 2019-2020 financial year, the Company had 36 staff (which includes directors and executive management) and that number includes nine (9) women. There are currently no women in senior executive positions or on the board.

It is the Board's intention to formalise and adopt a new Diversity policy with due consideration to the guidelines contained within the 4th Edition of the ASX Corporate Governance Principals effective for the 2020-2021 financial year onwards.

Recommendation 1.6:

The Company should have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors and whether a performance evaluation was undertaken in the reporting period in accordance with that process.

A formal board performance review was not conducted during the reporting period. The individual Director performance appraisal system and the performance of the Board as a whole were both discussed informally with assessment on an ongoing basis.

During the reporting period, the Company engaged the assistance of BDO Reward WA Pty Limited ("BDO") as an Independent Remuneration and Reward Expert. BDO assisted with the design and development of formal processes which are expected to be first adopted in the 2020-2021 financial year.

Recommendation 1.7:

The Company should have and disclose a process for periodically evaluating the performance of senior executives and whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The periodical evaluation of senior manager/executive performance was carried out by the Executive Chairman, with the guidance and support of the Remuneration and Nomination Committee. The Committee then made appropriate recommendations to the full Board, whom are ultimately responsible for ensuring that individuals and the greater executive team have the appropriate mix of skills and resources to implement and achieve the Board's corporate and strategic objectives.

Performance has been measured to date by the efficiency and effectiveness of the enhancement of the Company's mineral interest portfolio, the designing and implementation of the exploration and development programs and the securing of ongoing funding so as to continue its exploration and development activities. This performance evaluation is not based on specific financial indicators such as earnings or dividends as the Company is at the exploration stage and during this period is expected to incur operating losses.

As mentioned in recommendation 1.6, the Company engaged BDO who will assist with implementing future performance measures, market benchmarking and formalised review. BDO will also assist in ensuring the Company attracts and retains a suitable quality of Board and management personnel into the future through practices that include the establishment of market acceptable remuneration packages and incentives.

Principle 2: Structure the board to add value**Recommendation 2.1:**

The Board should establish a Nomination Committee comprising a majority of independent directors (including the Chair).

The selection and appointment process for new Directors is carried out by the Remuneration & Nomination Committee, with reference to the full Board for final and ultimate appointment decisions.

Directors are appointed under the terms of the Company's constitution. Appointments to the Board are based upon merit and against criteria that serves to maintain an appropriate balance of skills, knowledge, expertise, and experience of the board.

When deciding to makes changes to the board's composition, and in making new board appointments and/or re-elect existing director(s), the Board considered the optimal sizing of the board necessary to add shareholder value, the specific skills and experience necessary given its stage of growth, the decision-making and judgment skills that best align to its immediate strategic objectives and their capacity to commit adequate time to the role.

The Nomination Committee Charter can be viewed on the Company’s website under the Corporate Governance section.

Retirement and rotation of Directors are governed by the Corporations Act 2001 and the Constitution of the Company. All Directors, with the exception of the Managing Director, serve for a period of three years before they are requested to retire and if eligible offer themselves for re-election. Casual appointments must stand for election at the next annual general meeting of the Company.

Recommendation 2.2:

The Company should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.

The Board currently consists of 6 directors of which 1 has been assessed as independent (Mr Peter Hood). The Directors have a range of local and international experience and expertise, as well as specialised skills to assist with decision making and leading the Group for the benefit of securityholders.

Membership of the Board and profiles of the Directors including their skills, experience and expertise relevant to their position as well as the period they have held office as a director are summarised in Table 1 below.

Table 1: Board Membership, Skill Mix and Independence

Director	Role	Profession	Independent	Appointed	Service (years)
Simon Lill	Chairman	Corporate & Finance Professional	No	Oct 2013	7
Glenn Jardine	Managing Director	Mining & Engineering Professional	No	May 2020	0.5
Andrew Beckwith	Technical Director & Operations Manager	Mining & Geology Professional	No	Oct 2017	3
Peter Hood AO	Non-executive Director	Mining & Engineering Professional	Yes	Nov 2018	2
Eduard Eshuys	Non-executive Director	Mining & Geology Professional	No	Jul 2019	1
Bruce Parncutt AO	Non-executive Director	Corporate, Finance & Geology Professional	No	Jul 2019	1

Recommendation 2.3:

The Company should disclose the names of the directors considered to be independent directors and length of service of each director.

Mr Peter Hood is currently the only independent director and was appointed in November 2018. The length of service of each director is reflected in Recommendation 2.2 (Table 1).

Directors must disclose their interests on a regular basis and their independence is assessed in light of the interests disclosed by them. Directors are expected to bring their independent views and judgement to the Board and must declare immediately any potential or active conflicts of interest with the Company.

From time to time and to assist the Directors with independent decision-making, the Board has and will seek independent professional advice as a collective, or in consultation with the Chairman individually.

Recommendation 2.4:

A majority of the Board of the Company should be independent directors.

In assessing whether a director is classified as independent, the Board considers the independence criteria set out in the ASX Corporate Governance Council Recommendation 2.3 and other facts, information and circumstances deemed by the Board to be relevant. The Company does not currently have a majority of independent directors.

The Company considers that each of the directors possesses the skills and experience suitable for building the Company. Although the Company does not currently have a majority of independent directors, the current composition of the Board is considered appropriate in the circumstances.

It is the Board's intention to review its composition and independence on a continual basis and in line with recent as well as potential future changes to the Company's size and level of activities

Recommendation 2.5:

The Chair of the Board should be an independent director and should not be the CEO of the Company.

The board believes that Mr Simon Lill, although not independent, is an appropriate person to hold the position as Chairman going forward. His tenure as Executive Chairman, which ceased at end of the 2019-2020 financial year, was appropriate during a time when the Company did not have a Managing Director and in the context of the overall board composition and appropriate alignment to its size and scale of activity.

Recommendation 2.6:

The Company should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

The Company does not currently have a formal induction program for new Directors nor does it have a formal professional development program for existing Directors. All Directors are generally experienced in minerals exploration, mining company operations and/or have listed company experience. Some of the current Directors are also directors of other listed companies. The Board seeks to ensure that all of its members understand the Company's operations. Directors also attend, on behalf of the Company and otherwise, technical and commercial seminars and industry conferences which enable them to maintain their understanding of industry matters and technical advances.

Principle 3: Act ethically and responsibly**Recommendation 3.1:**

Companies should have a Code of Conduct for its directors, senior executives and employees.

The Company has established a Code of Conduct which sets out the Company's key values and how they should be applied within the workplace and in dealings with those outside the Company. The Code of Conduct for Board and employees can be viewed on the Company's website under the Corporate Governance section - Corporate Governance Policies Manual.

Principle 4: Safeguard Integrity in Financial Reporting

Recommendation 4.1

The Board should have an Audit Committee.

The Company had an audit and risk management committee for the full year.

The Company requires external auditors to demonstrate quality and independence. The performance of the external auditor is reviewed and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. The external audit firm partner or an appropriate delegate responsible for the Company audit attends meetings of the board by invitation.

The Audit Committee Charter can be viewed on the Company's website under the Corporate Governance section.

Recommendation 4.2

The Board of the Company should, before it approves the Company's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Company has in place a procedure whereby prior to approval of financial statements by the Board (in addition to any formal management representation letter to the Company's auditor) a CEO and CFO declaration is provided in accordance with Sections 286 and 295(3)(b) of the Corporations Act 2001 (Cth) that financial records have been properly maintained, the financial statements comply with the accounting standards, and give a true and fair view of the financial position based on sound risk management and internal controls operating effectively.

Recommendation 4.3

The Company should ensure that the external auditor is present at the AGM and be available to answer questions from security holders relevant to the audit.

The Company invites the auditor or representative of the auditor to the AGM in accordance of the requirements of Section 250RA of the Corporations Act 2001 (Cth) and is available to answer questions relevant to the audit.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1:

Companies should have a written policy for complying with its continuous disclosure obligations under the Listing Rules.

The Company has a Continuous Disclosure Policy. The policy aims to ensure compliance with the ASX Listing Rules and the Corporations Act. The Company has an obligation to keep the market fully informed of information which may have a material effect on the price or value of its securities and outlines accountability at both the board and (where and when applicable) senior executive level for that compliance. All ASX announcements are posted to the Company's website as soon as possible after confirmation of receipt is received from ASX.

The Continuous Disclosure Policy can be viewed on the Company's website under the Corporate Governance section.

Principle 6 – Respect the rights of security holders

Recommendation 6.1:

Companies should provide information about itself and its governance to investors via its website.

The Company is committed to maintaining a Company website with general information about the Company and its operations, information about governance and information specifically targeted at keeping the Company's shareholders informed about all major developments affecting the Company's state of affairs.

Recommendation 6.2:

Companies should design and implement an investor relations program to facilitate two-way communication with investors.

The Company has a Shareholder Communication Policy which is available on the Company's website. Through this the Board aims to ensure that the shareholders are informed of the Company's governance and all major developments affecting the Company's state of affairs. Information is communicated to shareholders through the:

- Company website;
- ASX Company Announcements platform;
- Quarterly Operational and Cash-flow reports;
- Half-year Financial Report;
- Annual Report;
- Investor Presentations;
- Shareholder meetings; and
- Other correspondence from time to time regarding matters impacting on shareholders.

Recommendations 6.3:

Companies should disclose the policies and processes in place to facilitate and encourage participation at meetings of security holders.

The Company has in place a Shareholder Communication Policy which outlines the policies and processes that it has in place to facilitate and encourage participation at meetings of shareholders.

Recommendations 6.4:

Companies should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

In accordance with the Company's Shareholder Communications Policy, the Company supports shareholder participation in general meetings and seeks to provide appropriate mechanisms for such participation. The Company will use general meetings as a tool to effectively communicate with shareholders and allow shareholders a reasonable opportunity to ask questions of the Board of Directors and to otherwise participate in the meeting.

Mechanisms for encouraging and facilitating shareholder participation will be reviewed regularly to encourage the highest level of shareholder participation.

The Company considers that communicating with shareholders by electronic means is an efficient way to distribute information in a timely and convenient manner. In accordance with the Shareholder Communication Policy, the Company has, as a matter of practice, provided new shareholders with the option to receive communications from the Company electronically and the Company encourages them to do so. Existing shareholders are also encouraged to request communications electronically. All shareholders that have opted to receive communications electronically are provided with notifications by the Company when an announcement or other communication (including annual reports, notices of meeting etc.) is uploaded to the ASX announcements platform.

Principle 7 – Recognise and manage risk

Recommendation 7.1:

The Board should have a committee or committees to oversee risk.

The Company has established an audit and risk management committee. The Risk Management Charter sets out a framework for a system of risk management and internal compliance and control and is available on the Company's website.

Given the prior size and scale of activities, the Board considered it appropriate that due consideration of all matters risk were undertaken by the board on an ongoing basis as a whole and with the input of senior executive management personnel.

Recommendation 7.2:

The Board should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and disclose whether such a review has taken place.

The Board has as a whole review its material business risks and how its material business risks are being managed on an ongoing basis, with oversight of the audit and risk committee. The Company has implemented a process of developing a sophisticated Company's Risk Register summarising the significance of each risk, the policies and practices to place to oversight and that includes actions taken by management to mitigate the risks. This reflects the significant changes in the size and scale of activities that transpired at the end of the 2019-2020 financial year.

Management intends to undertake periodical reporting to the audit and risk committee, and ultimately the Board on the effectiveness of the Company's management of its material business risks.

Recommendation 7.3:

The Company should disclose if it has an internal audit function.

The Company does not have an internal audit function. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of an internal audit function at this time. The Audit and risk management committee continually seeks to evaluate and improve the effectiveness of its risk management and internal control processes, and as part of that process will consider the need for future internal audit services as the operations transition in terms of size and complexity.

Recommendation 7.4:

The Company should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The Company is an advanced gold exploration company and the material risks faced by the Company that could have an effect on the Company's future prospects include, availability of further funding; exploration and development risks, fluctuations in commodity prices, sovereign risks, Government regulations risks, global financial conditions and social sustainability risks.

The board as a whole has dealt with its key risks on an ongoing basis during the 2019-2020 financial year and considers that it has a sound understanding of its significant risks and that these are being continually reviewed and updated.

The Company is committed to operate its business in an ethical, sustainable manner and has subsequent to 1 July 2020 adopted an initial Environmental, Social and Corporate Governance (ESG) Policy and which is available on the Company website.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1:

The Board should have a Remuneration Committee.

The Company had a remuneration and nomination committee for the full year. The Remuneration Committee Charter can be viewed on the Company's website under the Corporate Governance section.

Recommendation 8.2:

Companies should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

The Company's policies and practices regarding the remuneration of Executive and Non-Executive Directors is set out in the Company's Annual Report for each financial year. As mentioned in recommendation 1.6 and 1.7, BDO has been engaged as an Independent Remuneration and Reward Expert and its assistance will commence for the upcoming 2020-2021 financial year..

Recommendation 8.3:

A Company which has an equity based remuneration scheme should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme and disclose that policy or summary of it.

To the extent to which any part of remuneration includes an equity component (which expression includes convertible notes, options and any form of derivative instruments emulating equity based risk/reward characteristics) then the employee may not enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of receiving the equity component.

Key management personnel of the Company, and closely related parties to them, may not enter into arrangements that would have the effect of limiting their exposure to risk relating to an element of their remuneration that either has not vested, or has vested but remains subject to a holding lock.