

De Grey Mining Ltd

ABN 65 094 206 292

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2022

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Directors' Report

Your directors present their report on the consolidated entity comprising De Grey Mining Limited and its controlled entities (the “Group”) as at the end of, or during, the half-year ended 31 December 2022.

Directors

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

Simon Lill
 Glenn Jardine
 Andrew Beckwith
 Peter Hood
 Paul Harvey (appointed 4 July 2022)
 Emma Scotney (appointed 9 January 2023)

Eduard Eshuys (resigned 8 September 2022)
 Samantha Hogg (resigned 17 October 2022)
 Bruce Parncutt (resigned 7 September 2022)

Principal Activities

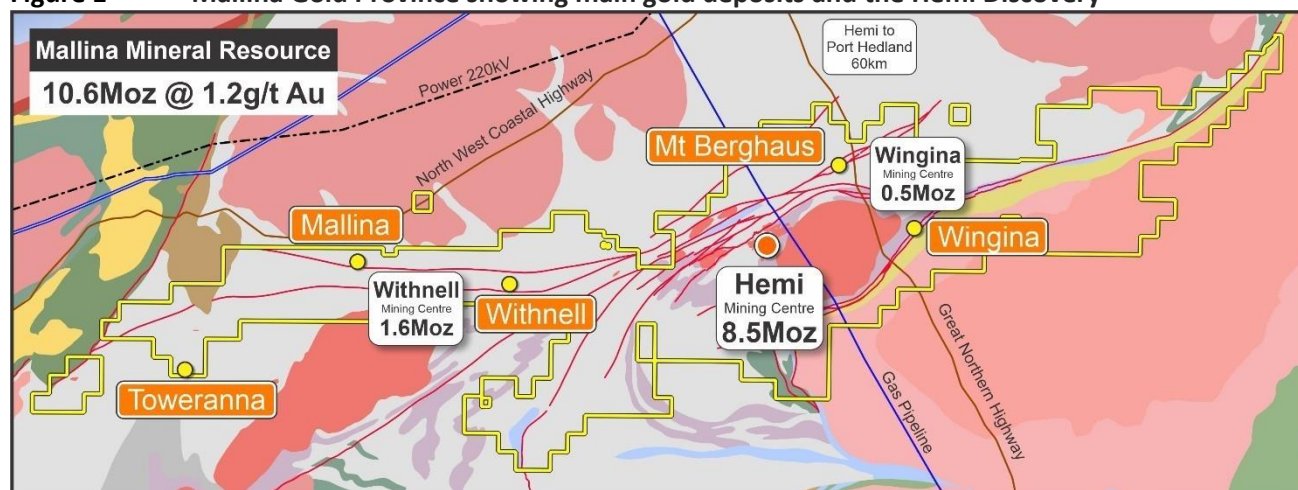
The principal activity of the consolidated entity during the course of the half-year was exploration and development studies at the Mallina Gold Project (“MGP” or “Project”), 80 kms south-west of Port Hedland in the Pilbara region of Western Australia. The MGP is centred around the Hemi deposit which was discovered in late 2019.

Hemi is a Tier 1 gold discovery with world class infrastructure at its doorstep. Hemi is positioned in the central region of the Company’s 1,500km² MGP and is favourably located within 10km of two major sealed highways, approximately 5km from a gas pipeline and less than 30km from a major electricity transmission line. 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.

Operations Review

De Grey’s focus during the 2023 Financial year is multi-pronged:

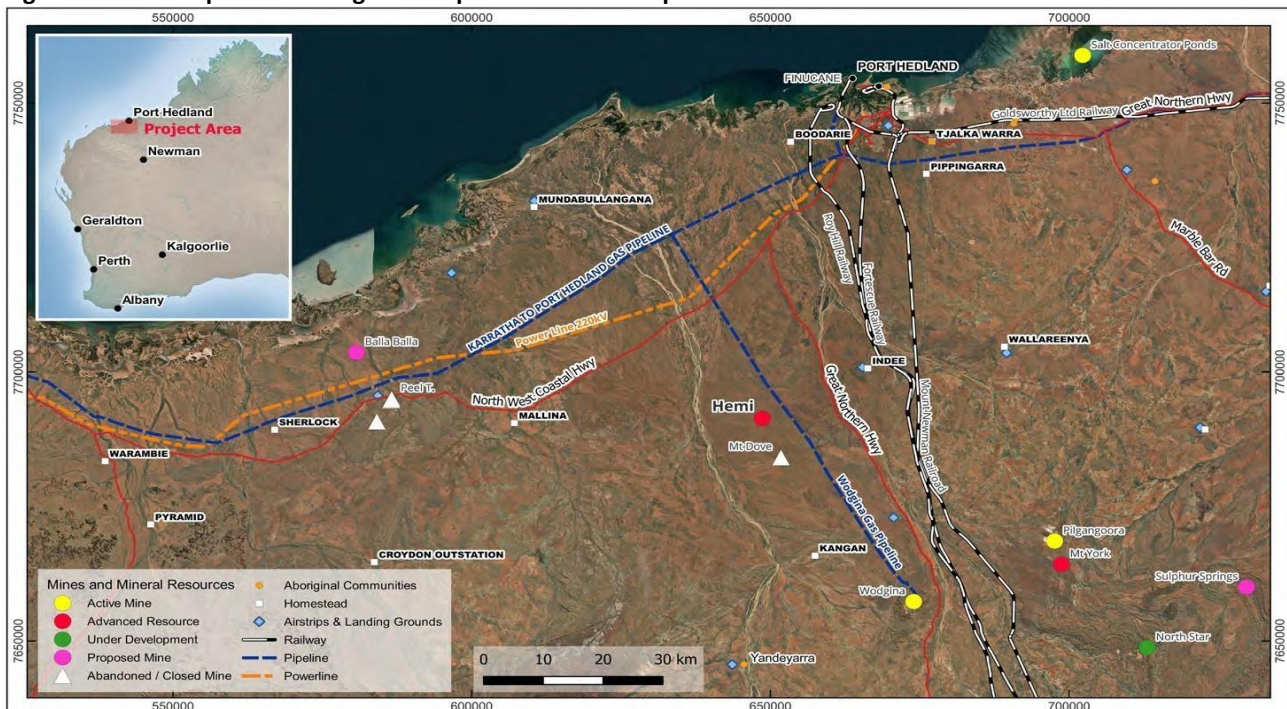
- *De-risk the MGP through completion of a Definitive Feasibility Study (“DFS”) and progress approvals to allow the Final Investment Decision and project financing to be finalised in the second half of calendar 2023*
- *Strengthening relationships with our stakeholders as part of our commitment to international ESG Principles*
- *Ongoing exploration aimed at:*
 - *Increasing the resource base at the Hemi and Regional deposits through extensional drilling;*
 - *Increasing reserves at Hemi through targeted resource definition drilling;*
 - *Increasing production potential by conducting new pit shell optimisations in areas where resources have been extended;*
 - *Increasing the percentage of JORC Indicated mineralisation within the open pit designs at Hemi*
 - *Converting Regional resources to reserves through additional technical studies and targeted resource definition drilling;*
 - *Pursuing new discoveries through the Company’s extensive and ongoing exploration activities;*
- *Assessing the potential for concurrent underground and open pit mining;*
- *Using the intellectual property gained at Hemi to make further large new discoveries either on our significant landholding or through acquisition of other prospective land.*

Figure 1 Mallina Gold Province showing main gold deposits and the Hemi Discovery**Highlights for the Half-year**

- PFS Released in September 2022 which showed:
 - Average total annual gold production of 540,000ozpa over the first 10 years with total production of 6.4Moz over a 13.6-year life of mine
 - Robust financial returns including Net Present Value (NPV5%) of \$2.7 billion post-tax, Internal Rate of Return (IRR) of 41% post-tax and payback of 1.8 years post-tax
 - Average All-in Sustaining Cost (AISC) of A\$1,280/oz over the first 10 years
 - Capital cost for the 10Mtpa plant and site infrastructure estimated to be \$985 million inclusive of \$100 million in growth allowance. Additional mine preproduction pre-strip capital cost of \$68 million.
- Mining Agreement reached with the Kariyarra People
 - Provides a pathway for employment, training and contracting for the Kariyarra People
 - Agreement covers an area containing all Hemi resources and Project footprint
 - First major Native Title Agreement entered into by the Kariyarra People since their Native Title determination in 2018.
- Environment
 - An Exploration Environmental Management Plan ("EEMP") was developed and submitted with the Department of Mines, Industry, Resources and Safety ("DMIRS")
 - A pre-referral meeting was held with representatives from the federal Department of Climate Change, Energy, the Environment and Water ("DCCEEW")
 - Various biological and environmental impact assessment reports were received as part of the overarching project approval documentation for the Hemi Project area
 - Approval documentation to support primary environmental approvals for both state and federal requirements was prepared with these targeted to be lodged in Q1 2023
- Exploration
 - New AC and RC drill results at Antwerp confirm greater Hemi prospectivity west of Diucon and Eagle deposits with follow up drilling planned in the March quarter
 - In August 2022 the Company announced that HEDD128 diamond drill hole at Diucon had intersected 359.4m @ 1.2g/t Au from 530m downhole comprising 97.1m @ 2.6g/t Au from 580.92m including 19.3m @ 7.4g/t Au and 2m @ 22.5g/t Au
- Equity Raising
 - Successful Completion of \$130 million Placement and \$19 million Share Purchase Plan to fully fund the Company through to completion of DFS and a Final Investment Decision, subject to receipt of statutory approvals

- Project Financing
 - Project Financing process formally commenced with the Company engaging with a range of leading banks in relation to traditional debt funding for the Project
 - Discussions have been very positive and indicative term sheets containing attractive terms received from more than 10 leading financial institutions
- Corporate
 - Mr. Paul Harvey, an experienced resources executive, with operational and project leadership was appointed to the Board as an additional Independent Non-Executive Director in July 2022
 - Subsequent to 31 December 2022, Ms Emma Scotney, a highly experienced Business Advisor and Corporate Lawyer, with over 25 years' combined experience in the mining, agricultural and property industries was appointed as an independent Non-Executive Director in January 2023.

Figure 2: Hemi Deposits and Regional Deposits Location Map



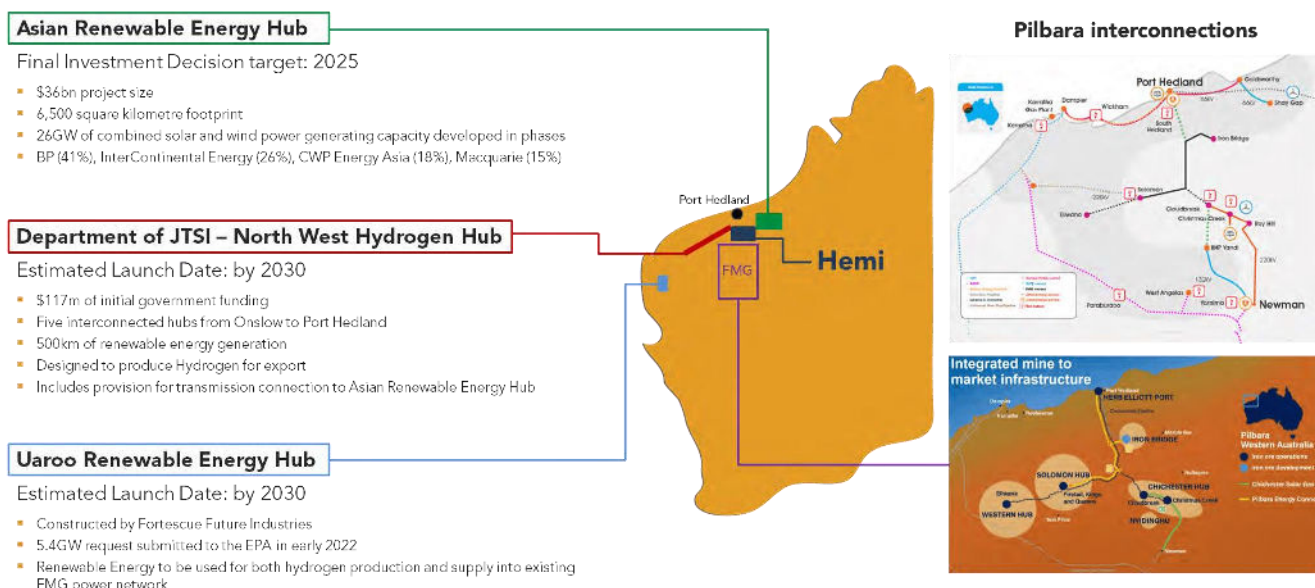
Mallina Gold Project

The Project is located (Figure 2) approximately 1,300 kilometres (km) north of Perth in the Pilbara region of Western Australia and approximately 85km by road south of the regional Pilbara hub of Port Hedland.

Existing infrastructure capable of servicing the Project includes:

- Two lane bitumen highways; the North West Coastal highway and the Great Northern highway
- Two gas pipelines; the Pilbara Energy gas pipeline and the Wodgina Mine gas pipeline
- Port Hedland to Karratha 220kV power transmission line fed separately by two gas fired power stations located at Port Hedland and Karratha
- The port of Port Hedland, a bulk export and materials import facility
- The international airport at Port Hedland
- Existing combined mobile (cell) tower and optic fibre/wireless communications

Renewable energy sources are being constructed or planned in the Pilbara along with an expanded high voltage distribution network (Figure 3). These initiatives will provide De Grey with the potential to access renewable energy sources as the Project is developed and throughout operations.

Figure 3: Hemi – Pilbara Generation and Interconnection

During the half year the Company released the Mallina Pre Feasibility Study (PFS).

- Average total annual gold production¹ of 540,000ozpa over the first 10 years
 - 550,000ozpa in years 1 to 5
 - Peak production of 637,000ozpa in year 5
- Hemi alone contributes average annual gold production of approximately 500,000ozpa over the first 10 years and 520,000ozpa in years 1 to 5
- Total production of 6.4Moz over a 13.6 year life of mine
- Percentage of JORC Measured and Indicated Resources is 97% (Inferred 3%) over the first five years, 89% (Inferred 11%) over the first 10 years and 87% (Inferred 13%) over the current 13.6 year mine life
- Hemi deposits comprise approximately 95% of production over the first five years and approximately 85% of production over the first 10 years
- Maiden Hemi JORC Probable Ore Reserve of 103Mt @ 1.5g/t Au for 5.1Moz
- Hemi in production will be in the top five Australian gold mines and is a top three global undeveloped gold development project based on average annual gold production rates
- Attractive Financials
 - Net Present Value (NPV5%) of \$3.9 billion pre-tax and \$2.7 billion post-tax
 - Internal Rate of Return (IRR) of 41% post-tax and payback of 1.8 years post-tax
 - Average All-in Sustaining Cost (AISC) of \$1,220/oz (Yrs. 1 to 5) and \$1,280/oz (Yrs. 1 -10)
 - Capital cost for the 10Mtpa plant and site infrastructure estimated to be \$985 million inclusive of \$100 million in growth allowance. Additional mine preproduction pre-strip capital cost of \$68 million
 - Mallina will be in the lowest quartile of Australian producing gold mines and one of the world's lowest capital intensive gold projects

Processing

- Nameplate plant throughput of 10Mtpa for the comminution, flotation and CIL circuits with pressure oxidation circuit throughput of 0.8Mtpa
- Average processing recovery of 93.6% over the life of mine from extensive testwork demonstrates excellent amenability of mineralisation to the flowsheet developed for the Project

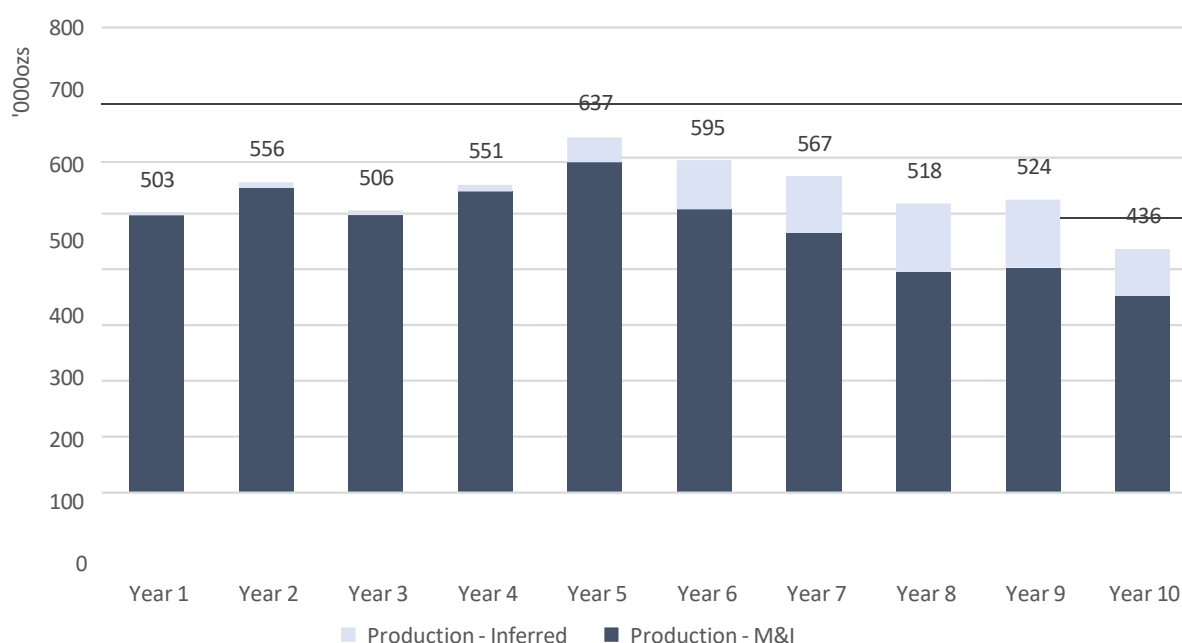
ESG

- Extensive environmental baseline studies and testwork have been conducted across the Project since 2020
- Widespread community and traditional custodian engagement has been conducted including social impact assessments of the Project
- Execution of the Mining Agreement in December 2022 with the Kariyarra people on an agreement which provides employment, training, community programs and other benefits
- Heritage clearances have been completed over the Project development and operations area
- The decarbonisation plan forecasts the operation commencing at approximately 0.6 tonnes of CO₂ per annual ounce of gold production (t.CO₂/ozpa) reducing to approximately 0.3t.CO₂/ozpa by 2030 with further reductions in carbon intensity to be pursued
- Early adoption of grid based renewable energy planned with multiple options emerging within the North West Interconnected System

Production Projection

- Percentage of JORC Measured and Indicated Resources is 97% (Inferred 3%) over the first five years, 89% (Inferred 11%) over the first 10 years and 87% (Inferred 13%) over the current 13.6 year mine life
- Hemi deposits comprise approximately 95% of production over the first five years and approximately 85% of production over the first 10 years
- Mine scheduling software has targeted high grade, low strip ratio ore and with run of mine (ROM) stockpile management delivers an average feed grade over the first 10 years of 1.8g/t Au.

Figure 4: Annual Production Projection ('000ozs)



Commencement of DFS

With the completion of the Mallina Gold Project Pre-Feasibility Study, the Board authorised the commencement of the DFS. The Company has transitioned into the DFS during the half year.

Exploration

During the half year the exploration activities remained constrained due to a focus on the field work and drilling required to support the DFS:

- Increasing the resource base at the Hemi and Regional deposits through extensional drilling
- Increasing the percentage of JORC Indicated mineralisation within the open pit designs at Hemi
- Increasing Ore Reserves at Hemi through targeted resource definition drilling
- Maiden Ore Reserve for the Regional deposits through additional technical studies and targeted resource definition drilling
- Assessing the potential for concurrent underground and open pit mining
- New discoveries that could result from extensive and ongoing exploration activities to continue extensional drilling

In August 2022 the company announced drilling had intersected 359.4 metres at a grade of 1.2g/t Au at Diucon approximately 200 metres beneath the May 2022 MRE block model.

In November 2022 the Company announced that anomalous gold was intersected in shallow drilling at Antwerp along a ~2 kilometre trend west of Eagle. Aircore (AC) drilling was conducted on wide-spaced, 160 metre, sections to an average depth of 50m, with some RC drilling completed on intervening 80m spaced sections to 200 vertical metres.

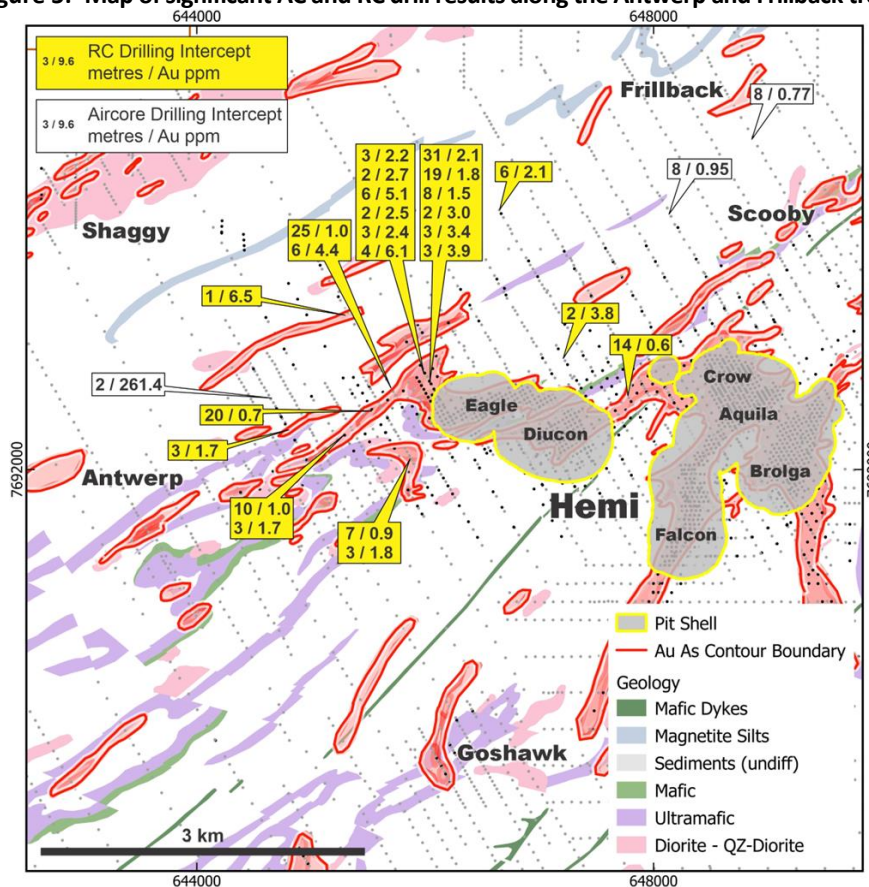
New significant results from continued AC drilling along the Antwerp trend included:

- **2m @ 261g/t Au** from 36m in HEAC920
- **1m @ 41.6g/t Au** from 59m in HAC654
- **3m @ 2.7g/t Au** from 57m in HAC349

New significant results from first pass reverse circulation (RC) drilling at Antwerp included:

- **6m @ 4.4g/t Au** from 28m in HMRC197
- **6m @ 2.1g/t Au** from 43m in HMRC167
- **25m @ 1.0g/t Au** from 78m in HMRC198

Figure 5: Map of significant AC and RC drill results along the Antwerp and Frillback trends



Other Project Activities

Mineral Resource Estimates

As part of the DFS and to support the project financing process the Company is targeting to further increase the percentage of reserves in the first seven years of the project with minor infill drilling continuing at Hemi.

In addition to the above, geotechnical and metallurgical drilling was completed at Toweranna and Withnell which is expected to result in the conversion of some Measured and Indicated resources to Reserve status.

Mining

Geotechnical, geochemical and hydrogeological assessments were commenced during the half year to a DFS level. A detailed drill and blast assessment has commenced along with the preparation of mining tender documentation.

Metallurgical Testwork

During the period, the Company undertook a continuous POx pilot plant run, utilising Brolga flotation concentrate from pilot plant #1, at Sherritt Laboratories in Canada. Whilst final assay results were not available at the date of this report, sulphide oxidation results throughout the pilot plant run were excellent, with results being either the same or better than previously reported in earlier batch POx testwork.

Processing Engineering

The DFS process engineer Wood Australia (“**Wood**”) completed a number of value engineering studies in addition to the standard scope of work. These included the assessment of the most appropriate methodology for oxygen supply and the most appropriate configuration for the pressure oxidation circuit.

In parallel with the above, the overall project schedule development commenced to ensure that long lead items can be identified so that purchase contracts are prepared in a timely manner. To assist with the preparation of the project schedule, a freight and logistic study has also commenced.

The DFS level tailings storage facility (TSF) assessment also commenced during the half year.

Infrastructure

A number of activities were carried out with respect to project infrastructure. The village design to a 50% level was commenced to allow for a tender selection process and to provide project schedule requirements. This is also the case for the airstrip design, which has commenced to a DFS level.

With respect to power supply, Term Sheets were being prepared in conjunction with suitable suppliers so that an early contractor involvement process can be initiated.

The water management system DFS level design commenced and will utilise the latest groundwater model outputs.

ESG and Carbon Intensity Reduction

Wood have been appointed to assess the ESG and Carbon Intensity Reduction requirements for the DFS. This will not only include an assessment of the quantum of carbon for the project across the different areas, but a detailed assessment of the most appropriate pathways moving forward in terms of achieving a net zero target.

Environmental Studies

Over the half year, various biological and environmental impact assessment reports were received and information incorporated into overarching project approval documentation for the Hemi Project area.

Approval documentation to support primary environmental approvals for both state and federal requirements, is in the final stages of preparation. De Grey propose to lodge these documents in Q1 2023.

Biological and technical studies over regional prospects have commenced, with terrestrial fauna surveys undertaken during half year. These studies will be ongoing in 2023 to identify important baseline environmental information in relation to the regional prospects.

Environmental Management Systems (EMS) continue to be developed and implemented across the De Grey operations to inform best practice environmental outcomes relating to exploration and operational phases. The system comprises of a variety of management plans, procedures, registers and supporting training and awareness information to ensure personnel are adequately advised and supported in achieving environmental obligations and managing environmental risks. Some of the key documents released this quarter include Waste Management, Hydrocarbon Management and Weed Hygiene Procedures.

Health and Safety

At 31 December 2022 the total number of Lost Time Injury free days stood at 294 with a Lost Time Injury Frequency Rate of 2.79 for the 12 month period to the end of December 2022. The Reportable Injury Frequency Rate for the same period is 5.59.

The Company is on track to deliver its Mine Safety Management System (MSMS), a requirement of the Work Health and Safety (Mines) Regulations 2022, by the due date of 31 March 2023.

COVID-19

De Grey Mining has maintained a robust COVID-19 screening and surveillance program which has been effective at minimising the impact of COVID-19 on its operations. The COVID-19 screening and surveillance program is designed to identify positive cases at the earliest opportunity to prevent onward transmission.

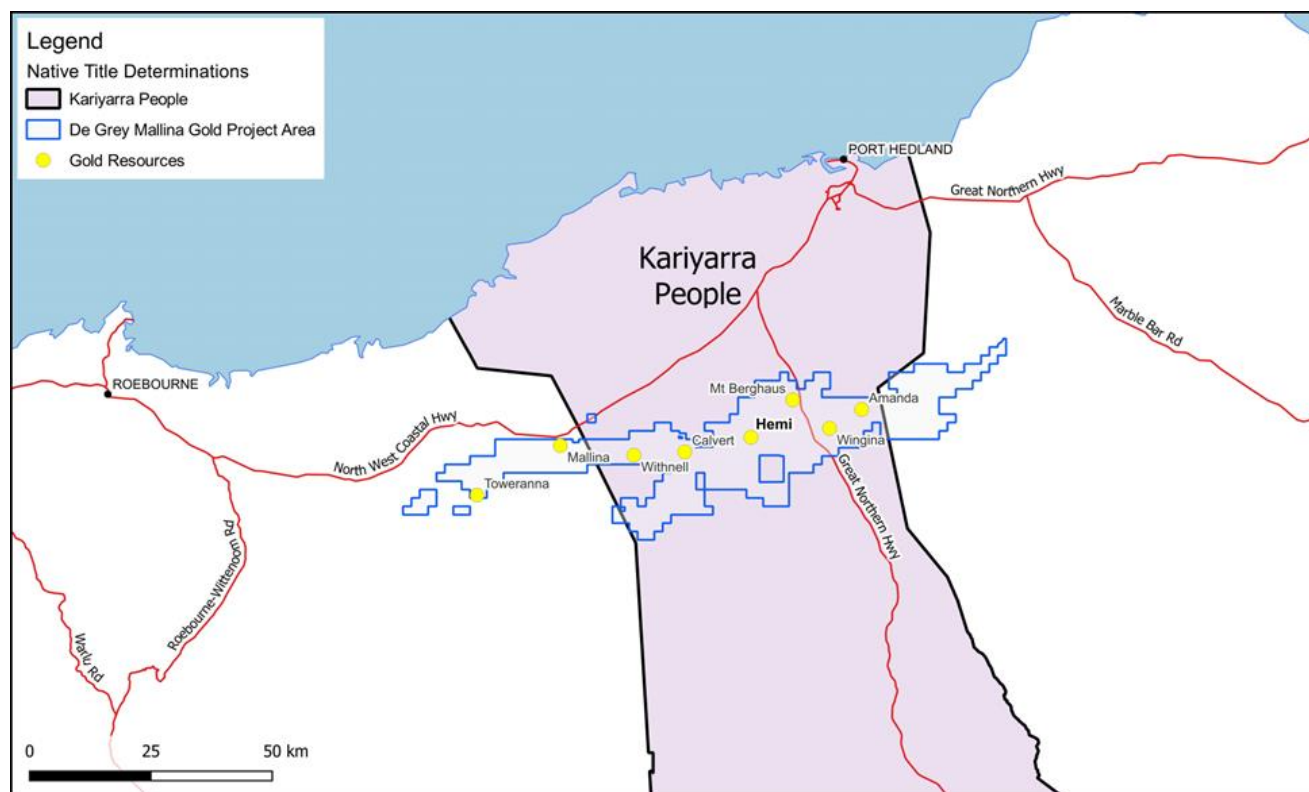
De Grey continues to monitor Western Australian and national COVID-19 trends and takes a risk-based approach to its management processes.

Community Relations

Mining Agreement with the Kariyarra People

In December 2022 the Company formally signed a Mining Agreement (Agreement) with the Kariyarra Native Title Holders (Kariyarra People), the most significant Traditional Owners of the lands at De Grey's Project.

Figure 6: The Mallina Gold Project tenements showing the lands of the Kariyarra People



The formalisation of the Agreement is a result of the Company and the Kariyarra People working closely together over several years throughout the exploration and studies phase of the project. This has included the completion of many heritage surveys to support drilling activities and the development of the Agreement.

The Agreement will provide pathways for employment, training and contracting for the Kariyarra People alongside the development of Hemi, as well as educational opportunities for young people.

A Cultural Heritage Management Protocol is included in the Agreement which will ensure future development and operations at Hemi will minimise/avoid impact to Kariyarra cultural heritage. This includes the establishment of a Kariyarra-led ranger program to support Aboriginal cultural heritage on Kariyarra lands. The ranger program will ensure development of important land management processes and procedures enabling both parties to care for country in culturally sensitive ways whilst also sharing environmental knowledge and learnings.

Financial Overview

The consolidated loss after tax for the half-year ended 31 December 2022 was \$7,444,001 (2021: \$5,992,461).

The basic loss per share for the half-year ended 31 December 2022 was 0.52 cents per share (2021: 0.46 cents per share).

Dividends

No dividends were paid or declared during the half-year (2021: None). No recommendation for payment of dividends has been made.

Significant changes in the 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 Operations Review.

Matters subsequent to the end of the financial period

There have been no matters or circumstances occurring subsequent to the end of the financial period that have significantly affected, or may significantly affect, the operations of the Group or the results of those operations, or the state of affairs of the Group in future financial years.

Environmental Regulation

The Group holds mining and exploration licences all of which are subject to environmental regulations that include compliance with heritage obligations. The Group acknowledges the Traditional Custodians of the land upon which we operate and recognise their unique cultural heritage, beliefs and connection to these lands, waters and communities. The Group is subject to The Aboriginal Heritage Act 1972 and processes are in place to ensure heritage approvals are received prior to intensive exploration and to ensure that it is in compliance with heritage legislation.

All environmental performance obligations are monitored by the board via regular board meetings. The directors of the Group are not aware of any breach of environmental legislation for the period under review.

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

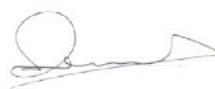
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 16.

This report is made in accordance with a resolution of the Directors under section 306(3) of the Corporations Act 2001 dated 24 February 2023 and authorised for release by the Board of Directors.



Simon Lill
Non-executive Chairman

Perth, 24 February 2023



Peter Hood AO
Chair of the Audit & Risk Committee

Competent Person Statement

Exploration Results

The information in this report that relates to Exploration Results is based on, and fairly represents information and supporting documentation prepared by Mr. Phil Tornatora, a Competent Person who is a Member of The Australian Institute of Geoscientists. Mr. Tornatora is an employee of De Grey Mining Limited. Mr. Tornatora 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. Tornatora consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Ore Reserves - Hemi

The information in this report that relates to Ore Reserves at the Hemi Gold Project is based on and fairly represents information and supporting documentation compiled by Mr Quinton de Klerk, a Competent Person who is a full-time employee of Cube Consulting Pty Ltd, a company engaged by De Grey. Mr de Klerk is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr de Klerk has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which 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 (2012 JORC Code). Mr de Klerk consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Mineral Resources - Regional

The Information in this report that relates to Wingina and Withnell Mining Centre 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.

Mineral Resources - Hemi

The Information in this report that relates to Hemi Mining Centre Mineral Resources is based on information compiled by Mr. Michael Job, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Job is a full-time employee of Cube Consulting. Mr Job 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 Job consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward Looking Statements

These materials prepared by De Grey Mining Limited (or the “Company”) include forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licenses and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the Company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company's business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company's control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events, or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant securities exchange listing rules, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

Auditor's independence declaration to the directors of De Grey Mining Limited

As lead auditor for the review of the half-year financial report of De Grey Mining Limited for the half-year ended 31 December 2022, I declare 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 review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of De Grey Mining Limited and the entities it controlled during the financial period.



Ernst & Young



Pierre Dreyer
Partner
24 February 2023

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the half-year ended	Notes	31 December 2022	31 December 2021
		\$	\$
Revenue		13,502	17,562
Interest income		1,225,988	77,777
Other income		31,392	468,817
Employee benefits expense		(4,058,427)	(2,940,006)
Share based payments		(739,273)	(1,304,460)
Compliance expenses		(313,596)	(218,325)
Corporate advisory and consulting expenses		(461,912)	(303,937)
Administration and other expenses		(1,969,678)	(887,587)
Depreciation and amortisation		(1,114,901)	(836,113)
Finance costs		(57,096)	(66,189)
LOSS BEFORE INCOME TAX		(7,444,001)	(5,992,461)
INCOME TAX EXPENSE		-	-
LOSS FOR THE PERIOD		(7,444,001)	(5,992,461)
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified to profit or loss</i>		-	-
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(7,444,001)	(5,992,461)
Total comprehensive loss for the period attributable to:			
Owners of De Grey Mining Limited		(7,444,001)	(5,992,461)
		Cents	Cents
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the Company:		(0.52)	(0.46)

The above Consolidated Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Financial Position

As at	Notes	31 December 2022 \$	30 June 2022 \$
CURRENT ASSETS			
Cash and cash equivalents	4	161,704,890	63,494,235
Trade and other receivables		809,035	1,878,079
Other assets		1,000,004	1,308,943
Inventories		142,960	279,071
TOTAL CURRENT ASSETS		163,656,889	66,960,328
NON-CURRENT ASSETS			
Financial assets		15,530	24,866
Deferred exploration & evaluation expenditure	5	261,917,751	233,963,542
Property, plant and equipment	6	8,748,280	8,815,213
Right of use assets	7	1,856,356	1,843,584
TOTAL NON-CURRENT ASSETS		272,537,917	244,647,205
TOTAL ASSETS		436,194,806	311,607,533
CURRENT LIABILITIES			
Trade and other payables	8	5,356,982	18,217,028
Lease liabilities	9	496,180	420,745
Employee benefit obligations		887,731	946,684
TOTAL CURRENT LIABILITIES		6,740,893	19,584,457
NON-CURRENT LIABILITIES			
Lease liabilities	9	1,430,857	1,474,351
Employee benefit obligations		185,398	136,625
Rehabilitation provision		2,270,954	2,270,954
TOTAL NON-CURRENT LIABILITIES		3,887,209	3,881,930
TOTAL LIABILITIES		10,628,102	23,466,387
NET ASSETS		425,566,704	288,141,146
EQUITY			
Contributed equity	10	503,089,677	356,706,505
Reserves	12	2,051,590	3,565,203
Accumulated losses	12	(79,574,563)	(72,130,562)
TOTAL EQUITY		425,566,704	288,141,146

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 Half-year ended	Notes	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Total \$
BALANCE AT 1 JULY 2022		356,706,505	3,565,203	(72,130,562)	288,141,146
Loss for the period	12	-	-	(7,444,001)	(7,444,001)
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		-	-	(7,444,001)	(7,444,001)
Transactions with owners in their capacity as owners:					
Shares issued during period	10	149,046,000	-	-	149,046,000
Share issue costs	10	(4,915,714)	-	-	(4,915,714)
Share based payments	12	-	739,273	-	739,273
Share based reserve transfer – exercised	12	2,252,886	(2,252,886)	-	-
BALANCE AT 31 DECEMBER 2022		503,089,677	2,051,590	(79,574,563)	425,566,704
BALANCE AT 1 JULY 2021		235,892,228	1,339,024	(61,593,852)	175,637,400
Loss for the period		-	-	(5,992,461)	(5,992,461)
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		-	-	(5,992,461)	(5,992,461)
Transactions with owners in their capacity as owners:					
Shares issued during period		125,129,620	-	-	125,129,620
Share issue costs		(5,324,698)	-	-	(5,324,698)
Share based payments		-	1,304,460	-	1,304,460
Share based reserve transfer – exercised		22,496	(22,496)	-	-
BALANCE AT 31 DECEMBER 2021		355,719,646	2,620,988	(67,586,313)	290,754,321

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 Half-year ended	Notes	31 December 2022 \$	31 December 2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		16,064	22,217
Other income received		136,961	468,817
Payments to suppliers and employees		(7,526,007)	(5,551,720)
Interest paid		(40,958)	(27,403)
Interest received		1,136,775	80,519
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		(6,277,165)	(5,007,570)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation expenditure		(38,485,094)	(60,184,393)
Payments for plant and equipment		(921,779)	(2,289,359)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(39,406,873)	(62,473,752)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		149,046,000	125,129,620
Payments of share issue transaction costs		(4,922,542)	(5,324,698)
Principal lease payments		(228,765)	(163,473)
NET CASH INFLOW FROM FINANCING ACTIVITIES		143,894,693	119,641,449
NET INCREASE IN CASH AND CASH EQUIVALENTS		98,210,655	52,160,127
Cash and cash equivalents at the beginning of the financial half-year		63,494,235	70,949,700
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL HALF-YEAR	4	161,704,890	123,109,827

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

1. Corporate Information

The financial report of De Grey for the half-year ended 31 December 2022 was authorised for issue in accordance with a resolution of the Directors on 24 February 2023. De Grey is a for-profit Company limited by shares and domiciled in Australia where shares are publicly traded. Details of the Group's principal activities are included in Note 3.

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.

2. Basis of Preparation of Half-year Report

These consolidated interim financial statements for the half-year reporting period ended 31 December 2022 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* ("AASB 134") and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financing Reporting Standard IAS 34 *Interim Financial Reporting*.

These consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by De Grey during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted in the preparation of these consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2022 and the corresponding interim reporting period. Several amendments and interpretations became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

The Group has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

3. 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 Australia. This segment includes 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.

4. Cash and cash equivalents

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
Cash at bank & on hand ⁽ⁱ⁾	140,225,593	32,056,853
Short-term & on-call deposits ⁽ⁱⁱ⁾	21,479,297	31,437,382
Total cash and cash equivalents	161,704,890	63,494,235

- (i) Cash at bank earns interest at floating rates based on daily bank deposit rates.
- (ii) Short term deposits held for the purposes of meeting short term cash commitments of the Group are made for varying periods typically between one day and eight months depending on the immediate cash requirements of the Group. If the short-term deposits have an original maturity greater than three months, principal amounts must be able to be redeemed in full prior to scheduled maturity with no significant penalty otherwise the deposits will be classified as other financial assets.

5. Deferred exploration & evaluation expenditure

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
Beginning of financial period – 1 July	233,963,542	114,402,821
Exploration expenditure - all areas of interest for the period ⁽ⁱ⁾	28,136,817	119,756,940
Rehabilitation additions	-	1,248,724
Fuel tax credit offset	(182,608)	(1,444,943)
Total deferred exploration & evaluation expenditure ⁽ⁱⁱ⁾	261,917,751	233,963,542

- (i) The Group has capitalised all costs associated with the Mallina Gold 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.
- (ii) At 31 December 2022, the Group conducted an assessment to determine whether there were any indicators of impairment in relation to the carrying value of its capitalised deferred exploration and evaluation expenditure. No indicators of impairment were present and therefore the Group did not impair any previously capitalised expenditure (30 June 2022: Nil).

6. Property, plant and equipment

	Plant & Equipment	Computer Equipment	Furniture & Fittings	Motor Vehicles	Consolidated Buildings	Medical Equipment	Assets in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
31 December 2022								
Cost	4,214,306	944,492	778,821	2,012,092	3,471,810	-	428,234	11,849,755
Accumulated depreciation	(932,421)	(571,120)	(227,046)	(681,889)	(688,999)	-	-	(3,101,475)
Net book amount	3,281,885	373,372	551,775	1,330,203	2,782,811	-	428,234	8,748,280

Property, plant and equipment movement

Carrying value - 1 July 2022	1,505,852	518,206	623,243	1,172,056	409,964	1,543	4,584,349	8,815,213
Additions	188,054	13,357	-	305,789	3,822	-	289,015	800,037
Completion of assets in progress	1,819,241	-	-	-	2,625,889	-	(4,445,130)	-
Transfer between categories	1,543	-	-	-	-	(1,543)	-	-
Depreciation charge	(232,805)	(158,191)	(71,468)	(147,642)	(256,864)	-	-	(866,970)
Carrying value - 31 December 2022	3,281,885	373,372	551,775	1,330,203	2,782,811	-	428,234	8,748,280

	Plant & Equipment	Computer Equipment	Furniture & Fittings	Motor Vehicles	Consolidated Buildings	Medical Equipment	Assets in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
30 June 2022								
Cost	2,205,161	931,135	778,821	1,706,303	842,099	1,850	4,584,349	11,049,718
Accumulated depreciation	(699,309)	(412,929)	(155,578)	(534,247)	(432,135)	(307)	-	(2,234,505)
Net book amount	1,505,852	518,206	623,243	1,172,056	409,964	1,543	4,584,349	8,815,213

Property, plant and equipment movement

Carrying value - 1 July 2021	939,917	332,469	93,690	1,213,417	607,433	-	3,394,356	6,581,282
Additions	909,162	445,019	654,665	259,596	-	1,850	1,189,993	3,460,285
Depreciation charge	(343,227)	(259,282)	(125,112)	(300,957)	(197,469)	(307)	-	(1,226,354)
Carrying value - 30 June 2022	1,505,852	518,206	623,243	1,172,056	409,964	1,543	4,584,349	8,815,213

7. Right of use assets

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
Right of use asset – office premises		
Gross carrying amount ⁽ⁱ⁾	2,518,155	2,257,449
Accumulated depreciation	(661,799)	(413,865)
Net book amount ⁽ⁱⁱ⁾	1,856,356	1,843,584
Opening net book amount – 1 July	1,843,584	2,223,792
Additions – additions for the period	260,705	33,657
Depreciation for the period – leased office premises	(247,933)	(413,865)
Closing net book amount	1,856,356	1,843,584

- (i) The right of use asset consists of De Grey Mining Limited's head office lease and assumes that the options for office lease term extensions will not be exercised.
- (ii) The present value of future lease payments is determined by discounting future lease payments using the incremental borrowing rate at the commencement date of the lease. The incremental borrowing rate for the period ending 31 December 2022 is 3% (30 June 2022: 3%).

8. Trade and other payables

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
Trade payables	4,876,656	16,803,472
Other payables and accruals ⁽ⁱ⁾	480,326	1,413,556
Total trade and other payables	5,356,982	18,217,028

- (i) Other payables and accruals are non-interest bearing and are normally settled on terms of 30-90 days.

9. Lease liabilities

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
Current		
Lease liabilities – office premises	496,180	420,745
Non-current		
Lease liabilities – office premises	1,430,857	1,474,351
Opening net book amount – 1 July	1,895,096	2,223,792
Interest expense	29,658	57,573
Principal payments	(258,422)	(419,926)
Additions at inception	260,705	33,657
Carrying value – end of period	1,927,037	1,895,096

The group is required to make significant judgements, estimates and assumptions in assessing the lease liability of the office lease and has used an interest rate of 3% and a term of 5 years. However, the contract provides for an extension of a further 3 years and this has not been included in the calculations of the lease liability and would have the effect of increasing the lease liability.

10. Contributed equity

(a) Share capital	31 December 2022		30 June 2022		
	Issue Price	Number of shares	\$	Number of shares	\$
Ordinary shares fully paid		1,561,166,915	503,089,677	1,408,843,525	356,706,505
Total contributed equity		1,561,166,915	503,089,677	1,408,843,525	356,706,505

(b) Movements in ordinary share capital

Beginning of the financial period		1,408,843,525	356,706,505	1,292,417,061	235,892,228
Issued during the current and prior period:					
Placement share issue	\$1.00	130,000,000	130,000,000	-	-
Share purchase plan share issue	\$1.00	19,046,000	19,046,000	-	-
Shares issued on exercise of options and rights	\$0.00	3,277,390	-	-	-
Shares issued on exercise of options	\$0.35	-	-	2,790,000	976,500
Placement share issue	\$1.20	-	-	100	120
Placement share issue	\$1.10	-	-	113,636,364	125,000,000
Transaction costs		-	(4,915,714)	-	(5,331,975)
Share based payments reserve transfer on exercise		-	2,252,886	-	169,632
End of the financial period		1,561,166,915	503,089,677	1,408,843,525	356,706,505

(c) Movements in options on issue

		Number of options	
		31 December 2022	30 June 2022
Beginning of the financial period		4,851,096	7,463,020
Net issued / (exercised or cancelled) during the period:			
– Exercisable at 35 cents, on or before 12 Mar 2022	Unlisted	-	(2,790,000)
– Exercisable at 0 cents, on or before 29 July 2022	Unlisted	(450,454)	-
– Exercisable at 0 cents, on or before 31 July 2023	Unlisted	(1,361,090)	-
– Exercisable at 0 cents, on or before 31 July 2024	Unlisted	831,250	-
– Exercisable at 0 cents, on or before 3 December 2024	Unlisted	306,493	420,226
– Forfeited at 0 cents, on 30 Jun 2022	Unlisted	-	(242,150)
End of the financial period		4,177,295	4,851,096

(d) 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 31 December 2022 (30 June 2022: Nil).

11. Dividends

No dividends were paid during the financial period and no recommendation for payment of dividends has been made (30 June 2022: Nil).

12. Reserves and Accumulated Losses

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
(a) Movements in share-based payments reserve:		
Balance at beginning of financial period	3,565,203	1,339,024
Share based payments expense	739,273	2,395,811
Transfer to issued capital on exercise of options	(2,252,886)	(169,632)
Balance at end of period	2,051,590	3,565,203
(b) Movements in accumulated losses		
Balance at beginning of financial period	(72,130,562)	(61,593,852)
Net loss for the period	(7,444,001)	(10,536,710)
Balance at end of period	(79,574,563)	(72,130,562)

13. Commitments

(a) Exploration commitments

The Group has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in.

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
Outstanding Mallina Project exploration commitments are as follows:		
Mallina Project tenements (100% owned)	1,729,560	1,732,320
Tenements under option agreements	126,000	126,000
Annual commitment for the Mallina Project assets	1,855,560	1,858,320

(b) Capital commitments

The Group did not have any capital commitments as at the current or prior balance date (30 June 2022: Nil)

14. Events occurring after the reporting date

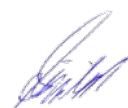
There have been no matters or circumstances occurring subsequent to the end of the financial period that has significantly affected or may significantly affect the operations of the Group or the result of those operations, or the state of affairs of the Group in future financial years.

Director's Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 17 to 26 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half year on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to meet any obligations or liabilities as and when they become due and payable; and

This declaration is made in accordance with a resolution of the Directors in accordance with sections 303(4) and (5) of the *Corporations Act 2001*.



Simon Lill

Non-executive Chairman

Perth, 24 February 2023

Independent auditor's review report to the members of De Grey Mining Limited

Conclusion

We have reviewed the accompanying half-year financial report of De Grey Mining Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The logo for Ernst & Young, featuring the company name in a stylized, cursive script.

Ernst & Young

A handwritten signature in dark ink, appearing to be 'P. Dreyer'.

Pierre Dreyer
Partner
Perth
24 February 2023

Corporate Information

ABN 65 094 206 292

Stock Exchange Listing

Australian Securities Exchange (ASX code DEG)

Frankfurt Stock Exchange (FRA code WKN 633879)

Directors

Simon Lill (Non-Executive Chairman)

Glenn Jardine (Managing Director)

Andrew Beckwith (Technical Director)

Peter Hood AO (Lead Non-Executive Director)

Paul Harvey (Non-Executive Director) – appointed 4 July 2022

Emma Scotney (Non-Executive Director) – appointed 9 January 2023

Eduard Eshuys (Non-Executive Director) – resigned 8 September 2022

Samantha Hogg (Non-Executive Director) – resigned 17 October 2022

Bruce Parncutt AO (Non-Executive Director) – resigned 7 September 2022

Chief Financial Officer

Peter Canterbury

Company Secretary

Craig Nelmes

Registered Office and Principal Place of Business

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