De Grey Mining Limited

ABN 65 094 206 292

Annual Report

for the year ended 30 June 2014

Corporate Information

ABN 65 094 206 292

Directors

Peter Batten (Executive Chairman)
Darren Townsend (Non-Executive Director)
Simon Lill (Non-Executive Director) (appointed 2 October 2013)
Jason Brewer(Non-Executive Director) (resigned 2 October 2013)

Company Secretary

Craig Nelmes (appointed 2/10/2014)
Dennis Wilkins (resigned 2/10/2014)

Registered Office and Principal Place of Business

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Telephone: +61 8 9381 4108
Facsimile: +61 8 9380 6761

Postal Address

PO Box 131
SUBIACO WA 6904

Solicitors

William & Hughes
25 Richardson Street
WEST PERTH WA 6005

Bankers

National Australia Bank Limited
1232 Hay Street
WEST PERTH WA 6005

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233

Auditors

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

Internet Address

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Email Address

admin@degreymining.com.au

Stock Exchange Listing

De Grey Mining Limited shares are listed on the Australian Securities Exchange (ASX code DEG).

Contents

Executive Chairman's Report

The past year has been trying for De Grey as an exploration company.

The Company announced late last year a capital raising through DJ Carmichael Pty Limited that raised a total of $648,000 before costs.

Difficult capital market conditions resulted in De Grey finishing last year with limited financial resources. The capital raising and the payment of iron ore royalties from Atlas Iron (ASX:AGO) have enabled the company to progress through a difficult period with a continuation of the reductions to salaries and director fees implemented at the beginning of the year.

The company withdrew from all activities in Argentina due to both the difficulties operating in remote South America and the high costs associated with exploration. The process of extracting the company from the region was difficult with De Grey only recently concluding this matter.

In December 2013, De Grey also recovered the management of the Turner River gold and base metal projects from Southern Cross Goldfields Ltd (ASX:SXG) after their decision to withdraw from both projects culminating from their review and rationalisation of projects under management and followed s their merger with Polymetals Limited earlier in the year.

In early 2014 De Grey found itself holding four projects (Turner Rive gold and base metals, Beyondie and Puhipuhi) with considerable merit. With limited funds the board has had to work diligently to ensure progress was maintained on all four projects.

Apart from reviewing the Turner River projects when they returned to De Grey the board has spent considerable time and effort reviewing potential projects and further financing options. It was from this process that the board realized that the Turner River Base Metal Project represented one of the best zinc and silver prospects that were available in the market and decided to undertake the management of the base metal project. A programme of work including drilling has been approved and this is expected to commence shortly.

In April 2014 we announced a heads of agreement with Rugby Mining Limited (TSX-V: RUG) for the management of exploration at the Turner River Gold Project that they have renamed The Great Northern Gold Project.

Beyondie was and is still managed by Emergent Resources Limited (ASX: EMG) and they announced an increase in the Beyondie iron ore resource during the year.

De Grey was not able to undertake the proposed drilling at Puhipuhi and at the date of this report we have an application pending with the New Zealand government for an extension to the permit term which will allow us to complete this.

In summary, following a difficult and trying year, De Grey finds itself in the position of holding several outstanding projects with the prospect of positive news to commence flowing shortly and future prospects look promising.

I thank De Grey shareholders for their continuing support of the Company and look forward to a better 12 months ahead.

Peter Batten
Executive Chairman
Perth, 30 September 2014

Operations Report

AUSTRALIAN PROJECTS

TURNER RIVER GOLD AND BASE METALS PROJECTS

Overview

The Turner River gold and base metals projects are located 35km south of Port Hedland in the Pilbara Region of Western Australia, covering a combined area of 1,000 sq km (Figure 1). Tenements in the western portion of the project area are primarily prospective for gold mineralization and include the Wingina Well gold deposit discovered in 2003. The eastern portion of the project covers the VMS-style polymetallic mineralization discovered in 2006.

Southern Cross Goldfields Ltd **(ASX:SXG, "Southern Cross")**, as 100% owner of subsidiary company Lansdowne Resources Pty Ltd, was managing two farm in arrangements with De Grey – the Turner River Gold Project and the Turner River base metals project.

The Projects have been enhanced through aggregate expenditure of some $2.8M across both projects since the farm in arrangements were first entered into between De Grey and Lansdowne.

Final handover of all data and reports was not completed until late in March 2014. De Grey processed the results of work completed by SXG and has used the updated database to design a programme of work to better progress the Turner River Base Metal project.

De Grey announced in late March that it had been approached by **Rugby Mining Limited ("Rugby")** a Canadian mineral resource company **(TSX-V: RUG)**. Rugby expressed an interest in becoming involved in the gold assets at Turner River.

Rugby's intention to initiate a drilling programme immediately and their commitment to exploration in general led the De Grey board to decide to select Rugby as the partners to advance the Turner River gold assets. A Heads of Agreement was signed and a joint venture agreement to follow. Rugby has re-named the project the "Great Northern Gold project".

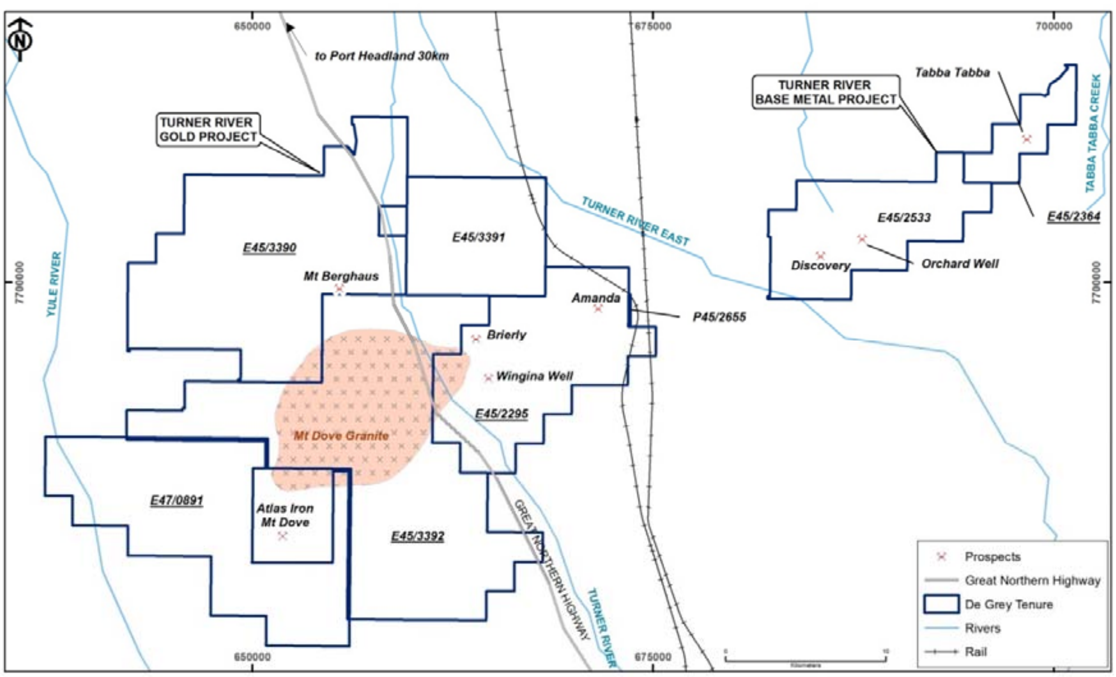

Figure 1: Turner River Location Plan

Turner River Base Metals (TRBMP)

Final handover of all data and reports was completed in early March and De Grey has completed processing of the data in the current quarter.

De Grey's Base metals project consists of;
- two initial independently estimated resource areas (Discovery and Orchard Tank) with mineralization open at both sites,
- six prospects with mineralization intersected in drilling,
- untested IP chargeability anomalies downplunge from mineralization at Tabba Tabba (Figure 4)
- several kilometres of untested geological horizons (Figure 7).

Resource Tables – De Grey Mining Limited (as reported to the ASX on 16 July2014)

Turner River Base Metals Project - Resource Statement (JORC 2012)

Table 1: June 2014 at a 1.0 % Zn cut-off

Deposit	Classification	Tonnes (Mt)	Zn (%)	Ag (g/t)	Pb (%)	Cu (%)	Au (g/t)
Orchard Tank	Inferred	1.40	2.70	84.44	1.10	0.08	0.56
Discovery	Inferred	1.05	2.63	94.54	1.03	0.12	0.88

Mt is an abbreviation for million tonnes.

Table 2: June 2014 at a 0.5 % Zn cut-off

Deposit	Classification	Tonnes (Mt)	Zn (%)	Ag (g/t)	Pb (%)	Cu (%)	Au (g/t)
Orchard Tank	Inferred	1.68	2.38	78.56	0.99	0.07	0.52
Discovery	Inferred	1.24	2.34	86.98	0.94	0.11	0.83

Mt is an abbreviation for million tonnes.

Qualifying Notes for All Estimates

Resource estimates are based on RC and diamond core drillhole data deriving from work by both De Grey and Lansdowne Resources Pty Ltd. Industry standard procedures maintained during those works include:
- Drillhole collars located to +/- 20cm by differential GPS;
- Down-hole surveys sufficient to reliably track hole paths;
- Sampling and assay quality controls including regular inclusion of blank and reference samples.

Ravensgate has accepted the sampling and assay data upon which the resource estimates are based as being sufficiently reliable for the estimation of Inferred Resources.

Discovery Estimate Supporting Notes

Mineralization Geometry: The Discovery deposit comprises a single lens of mineralization striking east-west and dipping to the south at about 70 degrees (Figure 2). Mineralization is interpreted to extend over 240m strike x 250m depth x 8m average thickness. Potential remains for extensions to the east and down-dip.

Drill Coverage: Mineralization is delineated by aircore, RC and diamond core drill holes. Drill coverage is on north-south cross-sections mainly at 40m spacing with holes on section planes typically spaced at about 20m. Parts of the deposit are defined only by drilling on about 80m spacing. Resource grade estimates are informed by total of 215 one-metre sample composites that lie within mineralization wireframes that derive from 30 RC and diamond core holes.

Grade Interpolation: Experimental semi-variograms were calculated for each of the metals and variogram models fitted. Ordinary kriging was used to estimate grades into regular blocks with dimensions 10mE x 2mN x 5mRL with only sample composites lying within mineralization wireframes being permitted to inform grade estimates. Search ellipsoids were oriented to reflect the geometry of mineralization. The spatial influence of high-grade assays was limited by applying "cut-off distance restrictions" to constrain the influence of Zn assays above 15%, Pb assays above 6%, Ag assays above 500g/t and Au assays above 5g/t (generally the 99th percentile of each sample grade population) to a distance of 18m.

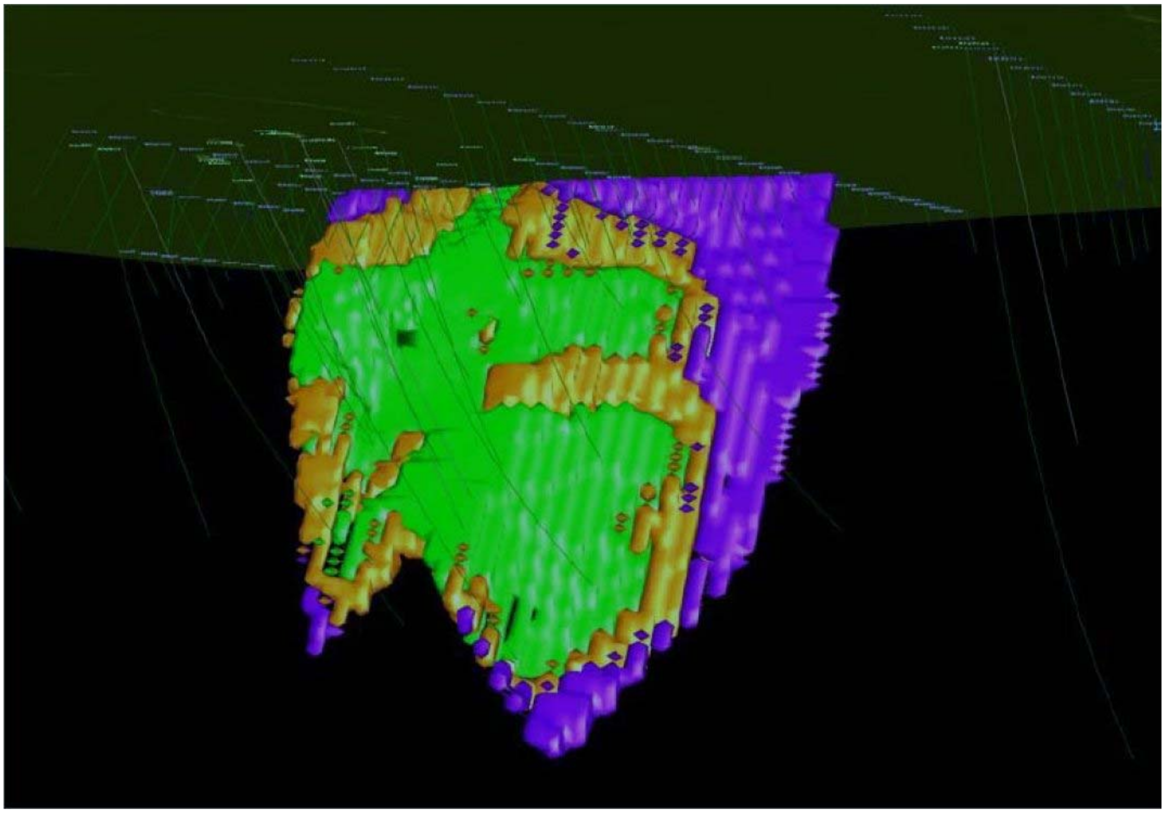

Figure 2: Discovery resource model looking NW. Blocks coloured green and orange represent Inferred Resources, purple blocks represent areas where drilling is insufficient to define resources.

Tonnage Estimates: Based on drill hole geological logging, triangulated surfaces were constructed to represent topography, the base of completely weathered and oxidized material and the top of fresh rock. Only limited measurements of bulk densities of drill core are available.

Based on these and industry experience, bulk densities were applied as:

2.2t/m^3 for oxide material,
2.4t/m^3 for partially weathered material and
2.8t/m^3 for fresh mineralization.

Only those portions of blocks lying within the mineralization wireframes contribute to resource tonnage estimates (i.e. a block proportion in/out factor was applied).

Resource Confidence Category: In conjunction with considerations of data reliability, sampling and assay quality and confidence of geological interpretations, blocks with grade estimates informed by 11 or more samples within a maximum ellipsoidal search radius of 80 metres and kriging variance not exceeding 4.0 have been accepted as defining Inferred Resources.

Orchard Tank Supporting Notes

Mineralization Geometry: The Orchard Tank deposit comprises several stacked lenses of mineralization striking east-west and dipping to the north at about 85 degrees (Figure 3).
Mineralization is interpreted to extend over approximately 400m strike and to at least 400m depth. Potential remains for extensions down-dip.

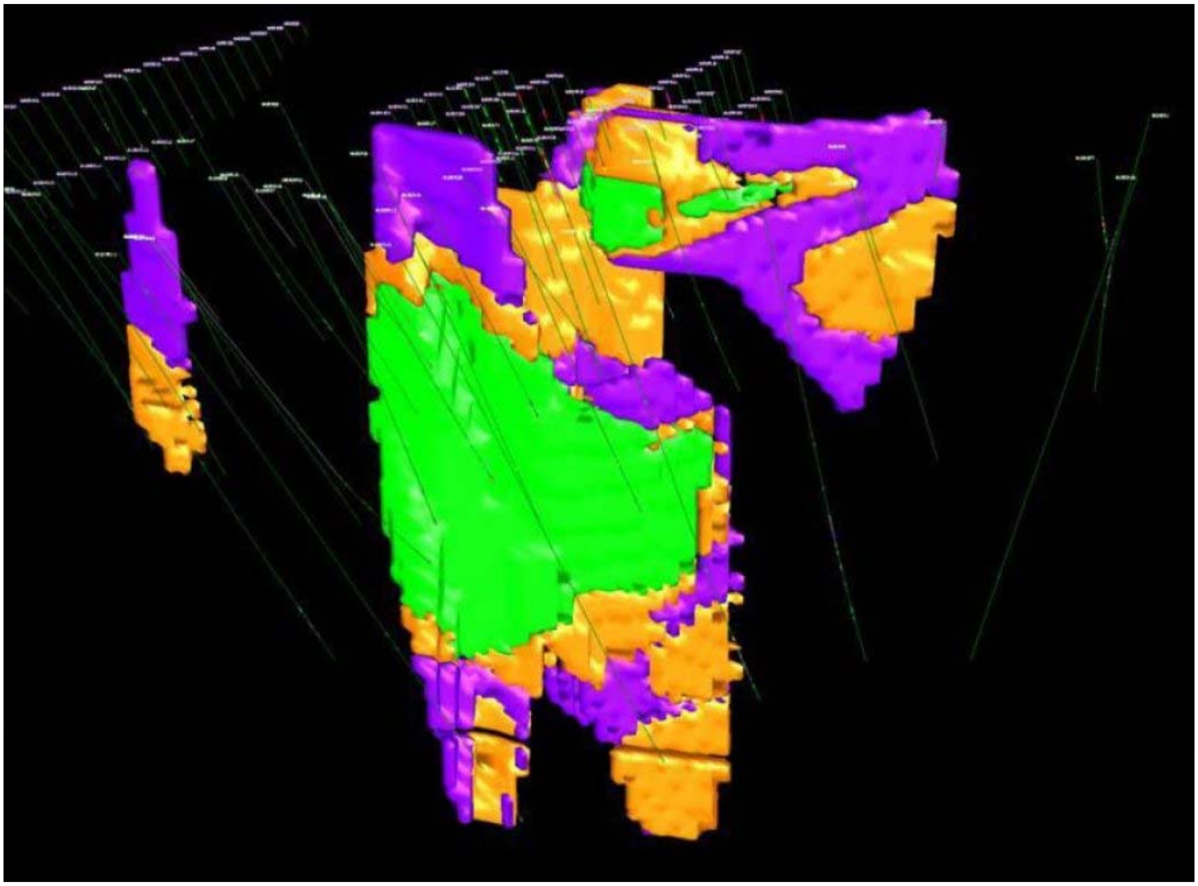

Figure 3: Orchard Tank resource model looking SE. Blocks coloured green and orange represent Inferred Resources, purple blocks represent areas where drilling is insufficient to define resources.

Drill Coverage: Mineralization is delineated by aircore, RC and diamond core drill holes.
Drill coverage is on north-south cross-sections mainly at 50m spacing with holes on section planes typically spaced at 20-50m. Parts of the deposit are defined only by drilling on about 80m spacing. Resource grade estimates are informed by approximately 320 one-metre sample composites that lie within mineralization wireframes, deriving from 21 RC and diamond core drill holes.

Grade Interpolation: Experimental semi-variograms were calculated for each of the metals and variogram models fitted. Ordinary kriging was used to estimate grades into regular blocks with dimensions 10mE x 2mN x 5mRL with only sample composites lying within mineralization wireframes being permitted to inform grade estimates. Search ellipsoids were oriented to reflect the geometry of mineralization. The spatial influence of high-grade assays was limited by applying “cut-off distance restrictions” to constrain the influence of Zn assays above 12%, Pb assays above 8%, Ag assays above 440g/t and Au assays above 5g/t (generally the 98th percentile of each sample grade population) to a distance of 20m.

Tonnage Estimates: Based on drill hole geological logging, triangulated surfaces were constructed to represent topography, the base of completely weathered and oxidized material and the top of fresh rock. Only limited measurements of bulk densities of drill core are available. Based on these and industry experience, bulk densities were applied as:

$2.2t/m^3$ for oxide material,
$2.4t/m^3$ for partially weathered material and
$2.8t/m^3$ for fresh mineralization.

Only those portions of blocks lying within the mineralization wireframes contribute to resource tonnage estimates (i.e. a block proportion in/out factor was applied).

Resource Confidence Category: In conjunction with considerations of data reliability, sampling and assay quality and confidence of geological interpretations, blocks with grade estimates informed by 11 or more samples within a maximum ellipsoidal search radius of 80 metres and kriging variance not exceeding 4.0 have been accepted as defining Inferred Resources.

Other Prospects

Along with the two main zones at Turner River (Orchard Tank, Discovery) there are eight other prospects (Tabba Tabba, Hakea, Acacia, Cassia, Gwajai, Clay Pan Well, Tabba Tabba 2 and TRN027, Figure 7) that have been identified from mineralization with only five of these having been drilled to date.

The Tabba Tabba prospect lies at the northern limit of the current exploration completed to date. Surface mineralization was mapped and sampled with follow up drilling. Continuous mineralization was intersected but no resource estimate has been undertaken at this point.

During the JV period with Lansdowne Resources Pty Ltd a geophysical survey was conducted over the Tabba Tabba prospect and extended to the south of the current Tabba Tabba mineralization along strike. The IP survey results show anomalous chargeability responses in parallel lines (Figure 4) with the southern line consistent with a down strike and, given the projected depth of the anomaly, downplunge extension for the known mineralization at Tabba Tabba.

The best responses were received from conductors sitting in the western portion of the survey with the anomalism extending beyond the survey limits. If the chargeability anomalies are consistent with base metal mineralization then the potential exists to more than triple the strike length of mineralization based on the current limits of the geophysical survey results and more if the anomalism on the western edge of the survey continues to the southwest.

The strongest response was from IP zone 2 (Figure 4), a target to the north and parallel to current known mineralization. Interestingly, the current mineralization returned a moderate chargeability response with the downplunge untested strike extension of this position returning the higher response suggesting stronger sulphide mineralization at depth.

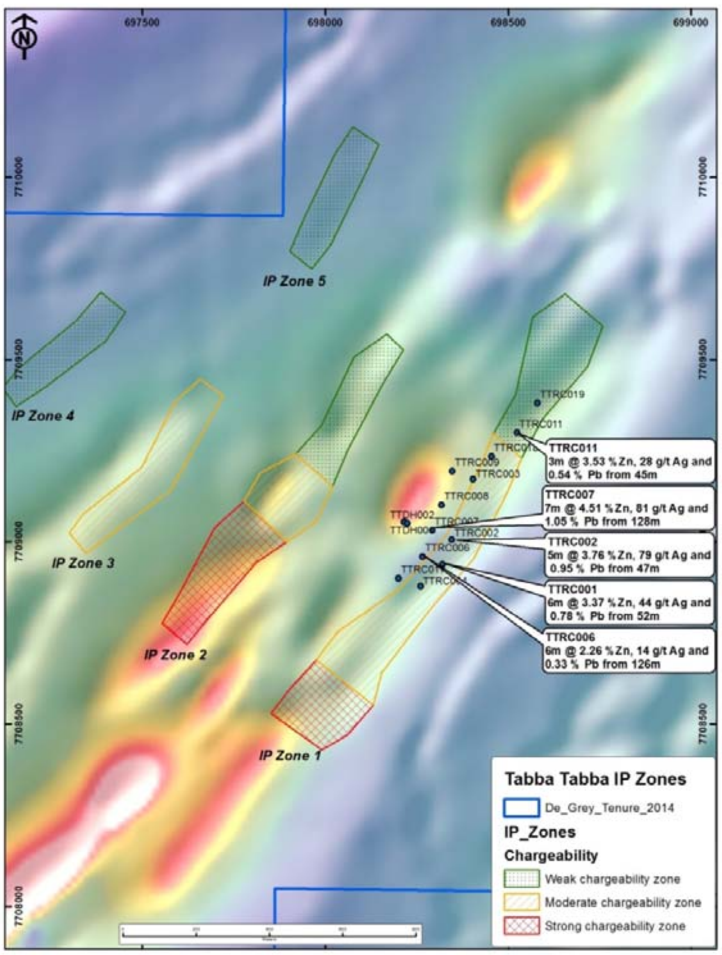

Figure 4: Tabba Tabba IP chargeability anomalies and drilling on magnetic image

Structural mapping, soil sampling and drilling have identified anomalism for gold and copper at the TRBMP. The splay fault off the Tabba Tabba Shear Zone (TTSZ) that is host to the Claypan Well prospect shows strong anomalism for copper, lead, arsenic and gold (Figures 5 and 6).

These splays off the TTSZ are strong structural targets and as the soil results indicate follow up exploration is required.

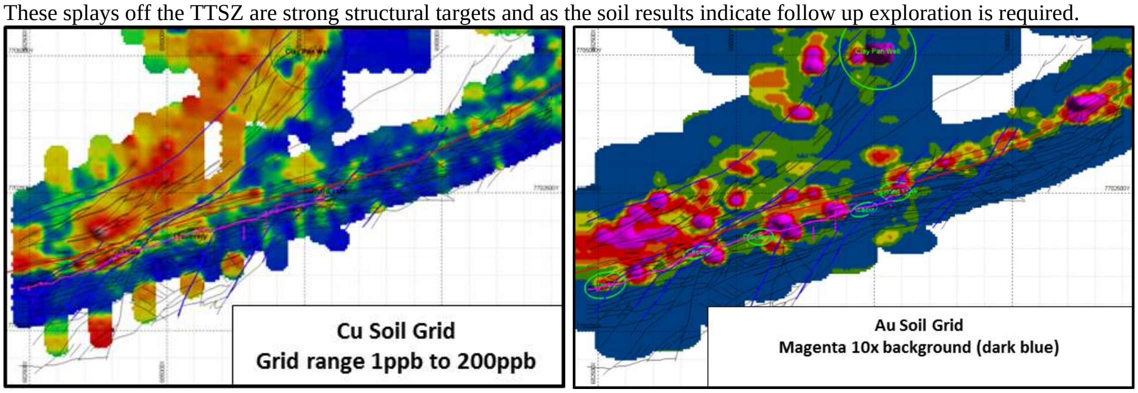

Figure 5 and 6 – soil sampling for TRBMP

The Company believes the prospect of significantly enhancing the current resources for both tonnages and grade is high, for the following reasons:

- Current resource estimates are based on only two out of ten prospects covering only 7kms drilled out of a potential 23km strike length of favourable geology;
- Resource estimates based solely on the Discovery and Orchard Tank prospects. Mineralisation at both prospects remains open at depth and on strike. Discovery considered the best potential for significant increases with resource estimate based on 400m of a 1,000m strike length;
- Mineralisation is known to exist at Cassia, Acacia, Hakea and Tabba Tabba, with additional mineralisation (minimal testing) at Gwajai, Clay Pan Well, Tabba Tabba 2 and TRN 027;
- IP Survey results at Tabba Tabba show parallel zones to existing mineralisation, as well as a strong IP signature which may be indicative of increased sulphides in untested targets;

The opportunity for further discoveries exists adding to what is already a considerable number of prospects that still require exploration to identify the limits and tenure of the prospect mineralization.

The Company has planned a limited drilling programme to test the Tabba Tabba geophysical anomalies and potential mineralization extensions at Tabba Tabba and Discovery. De Grey has submitted a Programme of Work to Department of Mines and Petroleum which has been approved.

De Grey is planning the drilling for Q4, 2014 with results expected by the end of the year.

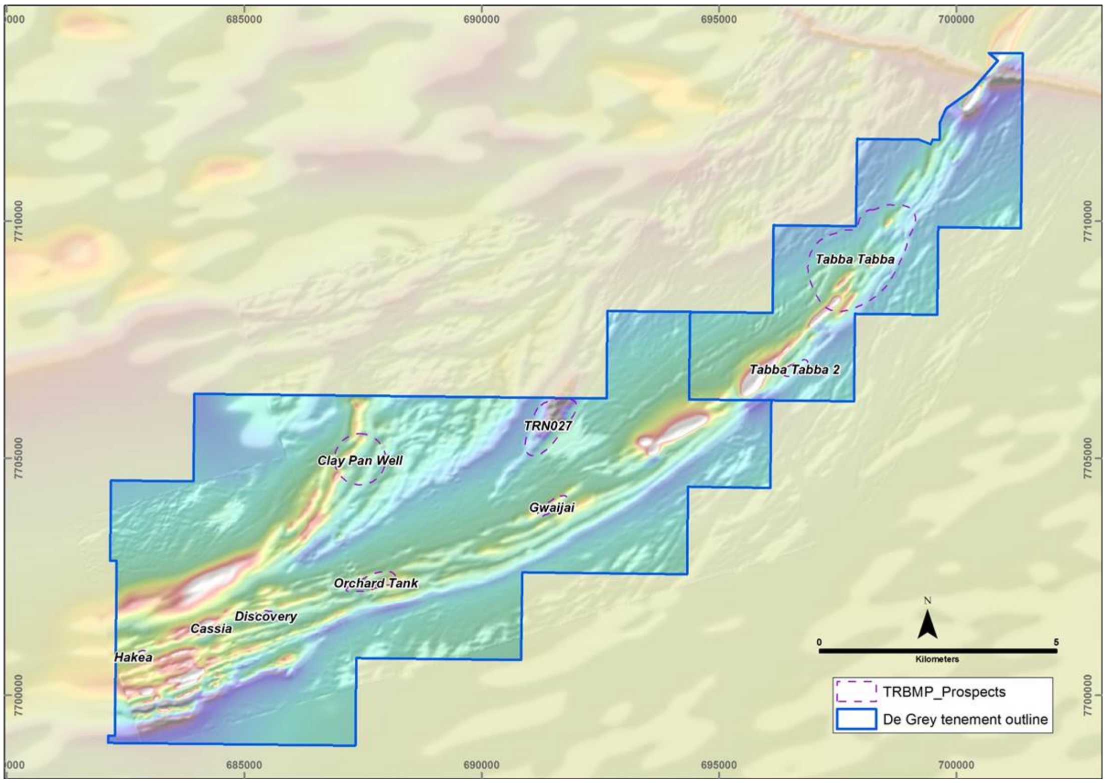

Figure 7: Turner River Base Metals Project identified prospects on magnetic image

Great Northern Gold Project – JV with Rugby Mining Ltd

Following the agreement to joint venture the gold project at Turner River with Rugby Mining Ltd (TSX-V:RUG) in the March quarter, Rugby initiated its first drill programme in May 2014.

The initial drilling program was conducted at the early stage Berghaus prospect (Figure 1), located approximately 9 kilometres to the northwest of Wingina (Figure 1). Eight shallow holes for a total of 640 metres ("m") were drilled along 750 m of strike to target high grade gold mineralization associated with a series of northeast-trending structures in meta-sedimentary rocks. Two of the eight holes intersected visible gold mineralization. Preliminary gold assays have been received for all the drill holes and significant drill results include:

- RDD001 **0.5m @ 11.9 g/t gold** from 47.2m
- RDD002 **1.0m @ 17.4 g/t gold** from 15.5m
- RDD003 **3.4m @ 6.25 g/t gold** from 20.1m
- RDD006 **1.4m @ 16.1 g/t gold** from 63.2m
- RDD008 **0.5m @ 10.7 g/t gold** from 43.0m

Rugby reported that they expect to commence their second drill programme shortly at Wingina Well (Figure 1). The objective at Wingina, is to test for potential depth extensions to the very high grade footwall gold zone intersected in historic drilling (previously reported). The host rocks appear favourable for extensions of the high grade to significant depths (Figure 8). A four hole drilling program is expected to commence in early Q4, 2014."

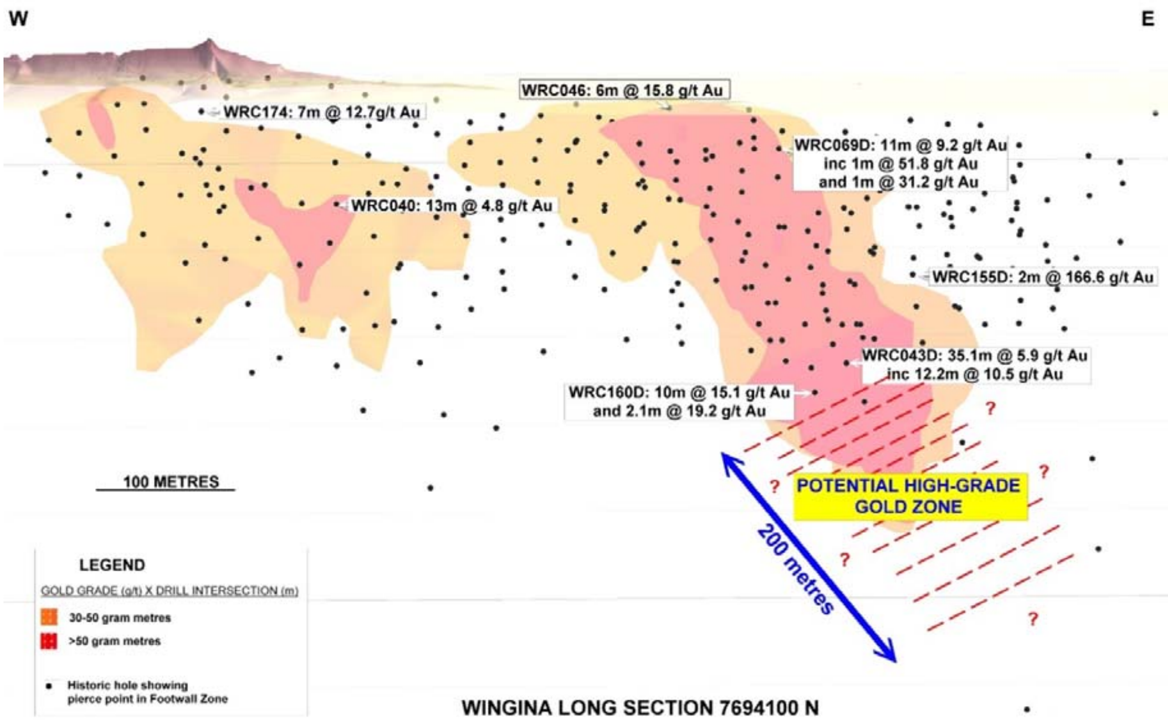

Figure 8: The Wingina Prospect Showing Potential High-Grade Gold Target

The Agreement with Rugby grants them an option to earn an 80% interest in a 714 square kilometre ("km") tenement package (the "**Tenements**") through exploration and drilling expenditure and an additional option to purchase an 80% interest in a near surface historical resource at Wingina Well (Table 3).

Great Northern Gold Project (*formerly Turner River Gold Project*) - Resource Statement (JORC 2012)

Table 3: Turner River Gold Project Total Resources (*as announced by Polymetals Mining Ltd - March 13 2013*)

Deposit		Wingina Well (1)		Mount Berghaus (2)	Amanda (3)	Total
Material		Above -55 mRL	Below -55 mRL	All	All	
Cut-off Grade (Au g/t)		0.5	1	0.5	0.5	
Measured Resource	Tonnes (Mt)	2.3	0.4			2.7
	Grade (Au g/t)	1.8	2.1	-	-	1.8
	Ounces (kozs)	130	26			157
Indicated Resource	Tonnes (Mt)	0.7	0.4			1.1
	Grade (Au g/t)	1.1	1.6	-	-	1.3
	Ounces (kozs)	26	22			47
Inferred Resource	Tonnes (Mt)	0.1	1.2	0.9	0.7	2.9
	Grade (Au g/t)	1.2	1.5	1.4	1.6	1.5
	Ounces (kozs)	5	58	43	35	141
Total Resource	**Tonnes (Mt)**	**3.1**	**2**	**0.9**	**0.7**	**6.8**
	Grade (Au g/t)	**1.6**	**1.6**	**1.4**	**1.6**	**1.6**
	Ounces (kozs)	**162**	**106**	**43**	**35**	**345**

Note:
(1) Polymetals Mining Ltd, Mar 2013. 458 drill holes. Ordinary Kriging.
(2) Resource estimation by Ravensgate, Feb-2012. 125 drill holes. Ordinary Kriging, verified by Polymetals
(3) Resource estimation by Ravensgate, Mar-2012. 248 drill holes. Ordinary Kriging verified by Polymetals

NEW ZEALAND PROJECTS

Puhipuhi

In 2012 De Grey Mining signed a definitive agreement with Waihi Gold Company Ltd ("**Waihi**"), a wholly owned subsidiary of Newmont Mining, to acquire 100% of the Puhipuhi Project located on the North Island of New Zealand (refer to Figure 9).

The Project comprises three exploration permits, 51985, 55057 and 55058. The Exploration Permits have an exploration area in the Northland region of 14,581 Ha.

Permit 51985 expires in October 2014. An extension application has been submitted to the New Zealand Petroleum and Minerals (NZPAM).

The main project area is located on private lands, predominantly farmland and the area provides straightforward access, an educated workforce and good availability of drilling contractors.

Puhipuhi is interpreted to represent a well preserved hot spring sinter/breccia system that formed as an outflow from a venting geothermal system. Mineralisation in these systems is commonly restricted to fluid upflow settings and very low gold contents are deposited at surficial levels. Fluid upflow settings typically form fissure vein systems at depth, developed in competent basement rocks and fluid quenching in such an environment may produce good gold grades. Fissure vein epithermal gold-silver mineralisation commonly forms in dilatant structural environments and examples of these systems include Hishikari (Japan), Cracow (Queensland), Sleeper (Nevada) and Waihi (New Zealand).

Since acquiring the Puhipuhi permit De Grey has re-processed the available data and completed two programs of soil and surface sampling.

The results of the sampling have been used to orientate the proposed drilling program over the combined geochemical and geophysical anomalies identified at Puhipuhi.

Figure 9: Location of project area

OTHER AUSTRALIAN (PILBARA) PROJECT INTERESTS

Beyondie Iron Ore Joint Venture

The magnetite iron ore project at Beyondie is managed by joint venture partner Emergent Resources Ltd (ASX: EMG, “Emergent”). The joint venture is managed by Emergent Resources Limited (“Emergent”_with an 80% interest earned in the project.

In February Emergent announced a substantial increase in the Inferred Resource at Beyondie. The announcement was reported by Emergent on 19 February 2014 and can be viewed on the Emergent website www.emergentresources.com.au

Mt Dove Royalty

De Grey sold the rights to iron ore minerals on certain tenement areas in the Turner River Gold and Turner River Base Metal projects to Atlas Iron Ltd. The agreements provide for royalties payable to De Grey from iron ore production by Atlas.

Royalties from the initial 2,000,000 tonnes of production had been pre-sold by De Grey.

Atlas notified De Grey during the quarter that royalty payments for production exceeding 2,000,000 tonnes were expected to commence as a result of production in the December 2013 quarter exceeding 2,000,000 tonnes by 80,250 tonnes.

In accordance with Assignment of Iron Ore Rights dated 10 April 2012, the calculation of royalty payable to De Grey for the December quarter by Atlas was $85,472.04 + GST and the calculation of royalty payable to De Grey for the March quarter by Atlas was $336,358.83 + GST.

Whilst both payments were duly made adjustments for final sale prices may still be applied and this could affect the total.

Sands Royalty

In the December quarter 2013 De Grey completed an agreement with Mobile Concrete Solutions Pty Ltd (MCS), a Karratha building company, for the excising of a single graticular block from Exploration Licence 45/3390 for the purpose of extracting sand, shingle and limestone blocks.

Subsequent to the June 2014 quarter De Grey has received royalty payments covering the production from this block for both the December 2013 and March 2014 quarters, totalling $10,072.

ARGENTINA PROJECTS DIVESTURE

The Company is withdrawing from the projects held in its own right and expects this to be finalised in the September 2014 Quarter.

There will be no further cash depletion with respect to these Argentine interests.

Competent Person Statement:

Great Northern Gold Project

The information in this report that relates to exploration results is based on information compiled by Mr Francisco Montes, who is a consultant and security holder to Rugby Mining Limited and reviewed by Mr Peter Batten. Mr Batten is the Executive Chairman of De Grey Mining Limited. Mr Batten and Mr Montes are members of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) "Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Montes consents to the form and context in which the Exploration Results and the supporting information are presented in this report.

The information in this report that relates to Mineral Resources for the Great Northern Gold Project (formerly the Turner River Gold Project) is based on, and fairly represents information and supporting documentation prepared by Mr Stephen Hyland, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Hyland is employed by Ravensgate Mining Industry Consultants. Ravensgate Mining Industry Consultants was engaged by Lansdowne Pty Ltd, a wholly owned subsidiary of Polymetals Mining Limited at the time, to prepare the Great Northern Gold Project Mineral Resource estimates and both Ravensgate Mining Industry Consultants and Mr Hyland have declared themselves to be independent of the Company. Mr Hyland has sufficient experience that is relevant to the style of mineralisation and type of deposits 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 Hyland consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. This information was prepared and first disclosed under the JORC Code 2012 on 16 July 2014 by De Grey Mining Limited. This information was prepared and first disclosed under the JORC Code 2012 on 13 March 2013 by Polymetals Mining Limited and subsequently reported by De Grey Mining Limited on 25 March 2014.

Turner River Base Metals Project

The information in this report that relates to Mineral Resources for the Turner River Base Metals Project is based on, and fairly represents information and supporting documentation prepared by Mr Stephen Hyland, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Hyland is employed by Ravensgate Mining Industry Consultants. Ravensgate Mining Industry Consultants was engaged by De Grey Mining Limited to prepare the Turner River Base Metals Project Mineral Resource estimates and both Ravensgate Mining Industry Consultants and Mr Hyland have declared themselves to be independent of the Company. Mr Hyland has sufficient experience that is relevant to the style of mineralisation and type of deposits 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 Hyland consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. This information was prepared and first disclosed under the JORC Code 2012 on 16 July 2014 by De Grey Mining Limited.

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 year ended 30 June 2014.

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:

Peter Batten
Simon Lill (appointed 2 October 2013)
Darren Townsend
Jason Brewer (resigned 2 October 2013)

INFORMATION ON DIRECTORS

Peter Batten, BAppSc (Geol), MAusIMM, MGSA
Executive Chairman

Peter joined De Grey Mining Limited in July 2012 and brings 30 years of experience in mineral exploration and mining in a wide variety of commodities (including substantial gold experience), ranging from project generation, managing various mining operations, running his own consulting firm and in more recent times a number of Managing Director roles.

Peter's corporate experience includes time as Managing Director of Bannerman Resources, taking it from early stage exploration company through to feasibility study and listing on the Toronto Stock Exchange. Peter listed Berkeley Resources on the ASX before taking the company to China and in 2010 guided White Canyon Uranium through initial production in Utah, USA and completing the company's listing on the TSX-V.

Peter is a non-executive director of ASX listed Walkabout Resources Ltd

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

Company	Date appointed	Date ceased
Walkabout Resources Limited	22 August 2011	-

Interest in shares and options:
36,842,136 ordinary shares in De Grey Mining Limited
13,000,000 options over ordinary shares in De Grey Mining Limited

Simon Lill, BSc MBA
Non-executive Director

Mr. Lill has a BSc and a Masters of Business Administration, both from The University of Western Australia. He has over 25 years' experience in stockbroking, capital raising, management, business development and analysis for a range of small and start-up companies, both in the manufacturing and resources industries, and has specialised in that time in company restructuring activities.

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

Company	Date appointed	Date ceased
First Growth Funds Limited	16 July 2012	16 May 2014
Natural Fuel Limited	18 May 2010	-
Narhex Life Sciences Limited	13 January 2011	20 December 2012
Safety Medical Products Limited	6 October 2010	20 May 2014
Water Resources Group Limited	2 September 2013	-

Interest in shares and options:
Nil

Darren Townsend, B. Eng (Mining) – Hons, EMBA
Non-executive Director

Darren joined De Grey Mining Ltd in 2004 as General Manager – Operations, managing Director for May 2006 to December 2007 and a Non-executive Director since, and is well versed in the company's activities.

Darren has extensive operational and technical experience, and is currently Managing Director of Peak Resources Limited, and his other experiences includes as President & CEO of TSXV listed Pacific Wildcat Resources Corp between 2007 and 2013 (where he was responsible for building a tantalum mine in Mozambique and completing the acquisition and resource drill out of a large rare earth and niobium project in Kenya).

Prior to his time at De Grey Mining Limited, he held the positions of General Manager at Sons of Gwalia's Wodgina tantalum operation.

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

Company	Date appointed	Date ceased
Pacific Wildcat Resources Corp	25 July 2008	-
Peak Resources Limited	3 February 2014	-

Interest in shares and options:
11,363,060 ordinary shares in De Grey Mining Limited

Jason Brewer, M. Eng (ARSM)

Resigned 2 October 2013

COMPANY SECRETARY

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, except as otherwise indicated:

Craig Nelmes (appointed 2 October 2013)
Denis Wilkins (resigned 2 October 2013)

Craig Nelmes B. Bus (Accounting & Finance)

Craig Nelmes is an Accountant with over 20 years experience in the mining sector in Australia and overseas, as well as seven years with International Accounting firm Deloitte. Since 2007, Mr. Nelmes has been employed as a Manager with Corporate Consultants Pty Ltd, a Company providing accounting, secretarial and administrative services to ASX and TSX listed entities.

PRINCIPAL ACTIVITIES

The principal activity of the consolidated entity during the course of the year was minerals exploration.

FINANCIAL REVIEW

The consolidated loss after tax for the year ended 30 June 2014 was $134,352 (2013: $3,789.410).

EARNINGS PER SHARE

The basic earnings per share for the year ended 30 June 2014 was 0.02 cents per share (2013: 0.9 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 have not been significant changes in the state of affairs of the Company and its controlled entities during the financial year, other than as noted in this financial report.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matters or circumstances, besides those disclosed at note 23, have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The objectives of the group are to maximise shareholder value through the discovery and delineation of significant mineral deposits in Australasia, working closely with existing and potential alliance partners.

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this annual financial report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

DIRECTORS' MEETINGS

The number of meetings of the Company's Board of Directors held in the 12 months to 30 June 2014 and the number of meetings attended by each Director were:

	Directors Meetings	
	Eligible	**Attended**
Peter Batten	6	6
Simon Lill	4	4
Darren Townsend	6	6
Jason Brewer	3	2

SHARE OPTIONS

At the date of this report there are 15,500,000 unissued ordinary shares in respect of which options are outstanding.

	Number	Exercise Price	Expiry Date
Director unlisted options	6,500,000	2.3 cents	3 September 2015
Director unlisted options	6,500,000	2.6 cents	3 September 2015
Unlisted options	2,500,000	3.0 cents	10 January 2016

During or since the end of the financial year no options were issued and/or exercised.

ENVIRONMENTAL REGULATION

The Group is subject to significant 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. The board has appointed a separate risk committee which meets annually to assess risks and develop strategies to mitigate the impact of any perceived risks.
The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

REMUNERATION REPORT

The remuneration report is set out under the following main headings:

A. Key Management Personnel
B. Remuneration policy
C. Service agreements
D. Details of Remuneration
E. Share 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 of the Company's key management personnel ("Key Management Personnel") in office at any time during the financial year are:

Key Management Personnel	Position
Mr Peter Batten	Executive Chairman
Mr Simon Lill	Non-Executive Director (appointed 2 October 2013)
Mr Darren Townsend	Non-Executive Director
Mr Jason Brewer	Non-Executive Director (resigned 2 October 2013)
Mr Craig Nelmes	Company Secretary / CFO (appointed 2 October 2013)

Except as noted, the named persons held their current position for the whole of the financial year.

B. Remuneration policy

The remuneration policy of De Grey Mining Limited has been designed by the board. Its objective is to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long term incentives based on key performance areas affecting the Group's financial results. 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 the 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 & key management personnel performance. Currently, this is facilitated through the issue of options 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.

Fixed remuneration

Fixed remuneration consists of total Directors' fees, salaries, consulting fees and employer contributions to superannuation funds, excluding performance pay (cash, shares and options).

Fixed remuneration levels are reviewed annually 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, these directors may receive short term performance incentives and longer term performance incentives via the Employee Option Plan of De Grey Mining Limited ("**EOP**")

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 $250,000.

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 three components:

- Total fixed remuneration - a base salary (which is based on factors such as length of service, performance and experience) and employer contributions to superannuation.
- Short-term performance incentives; and
- Long-term incentives through participation in the EOP and as approved by the Board.

Use of remuneration consultants

The Board may (from time to time) engage 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 did not employ the services of any remuneration consultants during the financial year ended 30 June 2014.

*Employee Option Plan of De Grey Mining Limited (**EOP**)*

The De Grey Mining Limited EOP was approved by Shareholders at the 2012 Annual General Meeting held on 21 November 2012 and Directors and full and part time employees of De Grey Mining Limited are eligible to participate in the Plan. Any issue of Options to Directors under the 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 the EOP is 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;
- 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;
- Enable the Company to attract high calibre individuals who can bring expertise to the Company;
- Motivate Directors and generate loyalty from senior employees; and
- Assist to retain the services of valuable Directors and employees.

Voting on the Remuneration Report - 2013 Annual General Meeting

The Company received approximately 96% of "yes" votes on its remuneration report for the 2013 financial year (2012: 96%).

C. Service agreements

The key terms of the service agreements in place for the year ended 30 June 2014 were as set out below:

Peter Batten, Executive Chairman:

From: 1 July 2013 – 15 August 2013
A service agreement with a term of 3 years, commencing 16 July 2012 and salary of $325,000 per annum, inclusive of statutory superannuation contributions. The agreement was capable of termination by either party, without reason, by giving 3 months' written notice. The agreement was suspended on 15 August 2013 by mutual agreement, with no further payments or entitlements due or payable.

From 1 October 2013 – 30 June 2014
An agreement to provide executive director services on a fixed fee of $10,000 per month (exclusive of GST). The services performed by agreement between De Grey Mining Limited and Peter Batten – Consultant Geologist. The agreement commenced from1 October 2013 for an initial 3 month period, with the option to extend. The agreement was subsequently extended to 31 March 2014 and 30 June 2014.

Company Secretary, CFO, Bookkeeping and Administration

Fees of $64,852 (2013: Nil) were paid to Corporate Consultants Pty Ltd, a consulting firm of which Craig Nelmes is a employee, for the provision of Company Secretary, CFO, bookkeeping and corporate administration services from 2 October 2013.

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 Secretary/CFO.

Key management personnel of the Group

	Short-Term		Post Employment	Share-based Payments	Total	% of remuneration
	Salary& Fees	*Non-Monetary*	*Superannuation*	*Options*		*Options*
	$	$	$	$	$	%
Directors						
Peter Batten						
2014	**116,111**	**-**	**2,415**	**57,530**	**176,056**	**33**
2013	283,256	-	25,493	202,746	511,495	40
Darren Townsend						
2014	**18,000**	**-**	**-**	**-**	**18,000**	**0**
2013	30,375	-	-	4,971	35,346	14
Simon Lill (appointed 2 October 2013)						
2014	**18,000**	**-**	**-**	**-**	**18,000**	**0**
Jason Brewer (resigned 2 October 2013)						
2014	**-**	**-**	**-**	**-**	**-**	**0**
2013	30,375	-	2,734	4,971	38,080	13
Gary Brabham (resigned 21 March 2013)						
2013	29,286	-	2,636	-	31,922	0
Sub- total Directors						
2014	**152,111**	**-**	**2,415**	**57,530**	**212,057**	
2013	373,292	-	30,863	212,688	616,843	
Other Key management personnel						
Craig Nelmes (Company Secretary/CFO) (Appointed 2 Oct 2013) [1]						
2014[1]	-	-	-	-	-	-
Total key management personnel compensation						
2014	**152,111**	**-**	**2,415**	**-**	**154,526**	
2013	373,292	-	30,863	212,688	616,843	

[1]Mr Nelmes is an employee of Corporate Consultants Pty Ltd, a consulting firm of which Craig Nelmes is an employee and whom provided Company Secretarial, CFO, bookkeeping and corporate administration services from 2 October 2013.

Share-holdings of Key Management Personnel

	Opening Balance 1 July 2013	Received on exercise of options	Purchases (disposals) during the year	Other changes during the year	Closing Balance 30 June 2014
	No.	No.	No.	No.	No.
Directors					
Peter Batten	25,964,194	-	10,877,942	-	36,842,136
Simon Lill	-	-	-	-	-
Darren Townsend	4,460,660		6,902,400	-	11,363,060
Jason Brewer (resigned 2 Oct 2013)	1,100,001	-	-	(1,100,001)	-
Other executives					
Craig Nelmes	-	-	-	-	-
Total	**31,524,855**	**-**	**17,780,342**	**(1,100,001)**	**48,205,196**

Option-holdings of Key Management Personnel

	Opening Balance 1 July 2013	Options acquired as compensation	Options exercised (expired) during the year	Other changes during the year	Closing Balance 30 June 2014
	No.	No.	No.	No.	No.
Directors					
Peter Batten	19,500,000	-	-	-	19,500,000
Simon Lill	-	-	-	-	-
Darren Townsend	2,000,000	-	(2,000,000)	-	-
Jason Brewer (resigned 2 Oct 2013)	2,000,000	-	-	(2,000,000)	-
Other executives					
Craig Nelmes	-	-	-	-	-
Total	**23,500,000**	**-**	**(2,000,000)**	**(2,000,000)**	**19,500,000**

E. Share based compensation

The Company has not granted any options over unissued ordinary shares during or since the end of the financial year to any Directors or officers as part of their remuneration.

The following options over ordinary shares of the Company were granted in previous financial years, but include option series that vested during the current financial year:

	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	Vesting Date
Directors									
Peter Batten	03/09/2012	03/09/2014	2.2	1.15	6,500,000	N/A	14/09/2012	6,500,000[1]	14/09/2012
Peter Batten	03/09/2012	03/09/2015	2.3	1.32	6,500,000[1]	N/A	03/09/2013	6,500,000	03/09/2013
Peter Batten	03/09/2012	03/09/2015	2.6	1.30	6,500,000[2]	N/A	03/09/2014	-[2]	03/09/2014
Total number of options outstanding and vested as at 30 June 2014					**19,500,000**			**13,000,000**	

[1]These options have expired subsequent to year end.
[2]These options have now vested subsequent to year end.

F. Other transactions and balances with Key Management Personnel

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

End of Audited Remuneration Report

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 17). 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 audit committee to ensure they do not impact the impartiality and objectivity of the auditor;
- 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:

	2014 $	2013 $
Tax compliance services	**3,118**	1,779

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 25

Signed in accordance with a resolution of the directors

Peter Batten
Executive Chairman

Perth, 30 September 2014

BUTLER SETTINERI

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of De Grey Mining Limited for the year ended 30 June 2014, 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

MARIUS VAN DER MERWE CA
Director

Perth
Date: 30 September 2014

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Proactive ▸ Quality ▸ Supportive

Butler Settineri (Audit) Pty Ltd ABN 61 112 942 373
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Corporate Governance Statement

The Board of Directors

The company's constitution provides that the number of directors shall not be less than three and not more than nine. There is no requirement for any shareholding qualification.

As and if the company's activities increase in size, nature and scope the size of the board will be reviewed periodically, and as circumstances demand. The optimum number of directors required to supervise adequately the company's constitution will be determined within the limitations imposed by the constitution.

The membership of the board, its activities and composition, is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the board shall include quality of the individual, background of experience and achievement, compatibility with other board members, credibility within the company's scope of activities, intellectual ability to contribute to board's duties and physical ability to undertake board's duties and responsibilities.

Directors are initially appointed by the full board subject to election by shareholders at the next general meeting. Under the company's constitution the tenure of a director (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the *Corporations Act 2001*, the board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, may revoke any appointment.

The board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the board are the remuneration and audit committees. The committee structure and membership is reviewed on an annual basis.

Each committee has its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. All of these charters are reviewed on an annual basis and are available on the company website. All matters determined by committees are submitted to the full board as recommendations for board consideration.

Minutes of committee meetings are tabled at the subsequent board meeting. Additional requirements for specific reporting by the committees to the board are addressed in the charter of the individual committees.

Role of the Board

The board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the board is responsible for oversight of management and the overall corporate governance of the company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Appointments to Other Boards

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

Independent Professional Advice

The board has determined that individual directors have the right in connection with their duties and responsibilities as directors, to seek independent professional advice at the company's expense. With the exception of expenses for legal advice in relation to directors’ rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

Continuous Review of Corporate Governance

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as directors of the company. Such information must be sufficient to enable the directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The directors recognise that mineral exploration is an inherently risky business and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the company.

ASX Principles of Good Corporate Governance

The board has reviewed its current practices in light of the revised ASX Corporate Governance Principles and Recommendations with a view to making amendments where applicable after considering the company's size and the resources it has available.

As the company's activities develop in size, nature and scope, the size of the board and the implementation of any additional formal corporate governance committees will be given further consideration.

The board has adopted the revised Recommendations and the following table sets out the company's present position in relation to each of the revised Principles.

Corporate Governance Statement continued

	ASX Principle	Status	Reference/comment
Principle 1:	**Lay solid foundations for management and oversight**		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions	**A**	Matters reserved for the Board are included on the Company's website.
1.2	Companies should disclose the process for evaluating the performance of senior executives	**N/A**	The remuneration of executive and non-executive Directors is reviewed by the Board as a whole with the exclusion of the Director concerned. The remuneration of management and employees is reviewed by the Executive Chairman and approved by the Board. Acting in its ordinary capacity, the Board from time to time carries out the process of considering and determining performance issues.
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1	**A**	
Principle 2:	**Structure the board to add value**		
2.1	A majority of the board should be independent directors	**A**	
2.2	The chair should be an independent director	**N/A**	
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	**N/A**	The positions of Chairman and Managing Director are both held by Peter Batten. Sourcing alternative directors to strictly comply with this Principle is considered cost prohibitive for a Company of this size with costs out weighing potential benefits.
2.4	The board should establish a nomination committee	**A**	The full Board is the nomination committee. Acting in its ordinary capacity from time to time as required, the Board carries out the process of determining the need for screening and appointing new Directors. In view of the size and resources available to the Company it is not considered that a separate nomination committee would add any substance this process.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	**N/A**	Given the size and nature of the Company a formal process for evaluating performance has not been developed.
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2	**A**	The skills and experience and the period of office of Directors are set out in the Company's Annual Report (Directors' report) and on its website.
Principle 3:	**Promote ethical and responsible decision-making**		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	**A**	The Company has established a Code of Conduct which can be viewed on the Company's website.

A = Adopted
N/A = Not adopted

Corporate Governance Statement continued

	ASX Principle	Status	Reference/comment
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them	**N/A**	The Company has adopted a diversity policy which can be viewed on its website. The Company recognises that a diverse and talented workforce is a competitive advantage and encourages a culture that embraces diversity. The Company does not think that it is appropriate to state measurable objectives for achieving gender diversity due to its size and stage of development.
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them	**N/A**	The Company has adopted a diversity policy which can be viewed on its website. The Company recognises that a diverse and talented workforce is a competitive advantage and encourages a culture that embraces diversity. However, the policy does not include requirements for the board to establish measurable objectives for achieving gender diversity. Given the Company's size and stage of development as an exploration company, the board does not think it is yet appropriate to include measurable objectives in relation to gender. As the Company grows and requires more employees, the Company will review this policy and amend as appropriate.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board	**A**	The proportion of women employees in the whole organisation is nil. There are currently no women in senior executive positions. There are currently no women on the board.
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3	**A**	
Principle 4:	**Safeguard integrity in financial reporting**		
4.1	The board should establish an audit committee	**A**	The Company no long has a separate audit committee due to its size and stage of development, with all matters relating to the audit handled by the board as a whole. The charter for this committee is disclosed on the Company's website.
4.2	The audit committee should be structured so that it:	**A**	
	• consists only of non-executive directors	**N/A**	
	• consists of a majority of independent directors	**A**	
	• is chaired by an independent chair, who is not chair of the board	**A**	
	• has at least three members	**N/A**	
4.3	The audit committee should have a formal charter	**A**	
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	**A**	

A = Adopted
N/A = Not adopted

Corporate Governance Statement continued

	ASX Principle	Status	Reference/comment
Principle 5:	**Make timely and balanced disclosure**		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	**A**	The Company has instigated internal procedures designed to provide reasonable assurance as to the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with relevant laws and regulations. The Board is actively aware of the continuous disclosure regime and there are strong informal systems in place to ensure compliance, underpinned by experience.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5	**A**	The Board receive monthly reports on the status of the Company's activities and any new or proposed activities. Disclosure is reviewed as a routine agenda item at each Board meeting.
Principle 6:	**Respect the rights of shareholders**		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	**A**	In line with adherence to continuous disclosure requirements of ASX all shareholders are kept informed of major developments affecting the Company. This disclosure is through regular shareholder communications including the Annual Report, Quarterly Reports, the Company website and the distributions of specific releases covering major transactions or events.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6	**A**	The Company has formulated a Communication Policy that is disclosed on the Company's website.
Principle 7:	**Recognise and manage risk**		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	**A**	The Company does have formalised policies on risk management and the Board recognises its responsibility for identifying areas of significant business risk and for ensuring that arrangements are in place for adequately managing these risks. This issue is regularly reviewed at Board meetings and risk management culture is encouraged amongst employees and contractors. Determined areas of risk which are regularly considered include: • performance and funding of exploration activities • budget control and asset protection • status of mineral tenements • compliance with government laws and regulations • safety and the environment • continuous disclosure obligations
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks	**A**	The Company does have formalised risk management policies and recognises its responsibility for identifying areas of significant business risk and ensuring that arrangements are in place to adequately manage these risks. This issue is regularly reviewed at Board meetings and a risk management culture is encouraged amongst employees and contractors.

A = Adopted
N/A = Not adopted

Corporate Governance Statement continued

	ASX Principle	Status	Reference/comment
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks	**A**	The Board has received the required assurance and declaration.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7	**N/A**	The Company substantially complies with the disclosures required apart from a disclosure of the Company's policies on risk oversight and management of material business risks. Given its current stage of development and size, the Company considers that non-disclosure of this information will not materially affect investors.
Principle 8:	**Remunerate fairly and responsibly**		
8.1	The board should establish a remuneration committee	**N/A**	The full Board is the remuneration committee. Acting in its ordinary capacity from time to time as required, the Board as a whole carries out a review of each executive and non-executive Director with the exclusion of the Director concerned. The remuneration of management and employees is reviewed by the Executive Chairman and approved by the Board. In view of the size and resources available to the Company it is not considered that a separate remuneration committee would add any substance this process.
8.2	The remuneration committee should be structured so that it:		
	• consists of a majority of independent directors	**A**	
	• is chaired by an independent director	**A**	
	• has at least 3 members	**N/A**	Sourcing alternative directors to strictly comply with this Principle is considered expensive with costs out weighing potential benefits.
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	**A**	
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8	**A**	For details on the Remuneration Committee policy refer to the Corporate Governance section of the Company's website. From time to time, directors receive options in the company in accordance with the employees and contractors option incentive plan.

A = Adopted
N/A = Not adopted

Consolidated Statement of Comprehensive Income

YEAR ENDED 30 JUNE 2014	Notes	Consolidated	
		2014	2013
		$	$
REVENUE	4	**538,539**	40,084
EXPENDITURE			
Depreciation expense		**(15,644)**	(19,100)
Employee benefits expense		**(180,155)**	(575,198)
Exploration expenditure		**(127,082)**	(2,455,695)
Corporate expenses		**(89,335)**	(113,792)
Occupancy expenses		**(73,226)**	(127,319)
Consulting expenses		**(11,927)**	(141,088)
Investor relations and advertising expenses		**(1,857)**	(40,085)
Administration expenses		**(110,395)**	(132,533)
Share based payments	26	**(57,530)**	(215,550)
Other expenses		**(5,740)**	(9,134)
LOSS BEFORE INCOME TAX		**(134,352)**	(3,789,410)
INCOME TAX BENEFIT / (EXPENSE)	6	**-**	-
LOSS FOR THE YEAR		**(134,352)**	(3,789,410)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(81,920)**	17,429
Other comprehensive income for the year, net of tax		**(81,920)**	17,429
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF DE GREY MINING LIMITED		**(216,272)**	(3,771,981)
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the company (cents per share)	25	**(0.02)**	(0.9)

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 2014	Notes	Consolidated	
		2014	2013
		$	$
CURRENT ASSETS			
Cash and cash equivalents	7	**553,308**	237,484
Trade and other receivables	8	**26,286**	28,801
Other assets	9	**13,992**	36,695
TOTAL CURRENT ASSETS		**593,586**	302,980
NON-CURRENT ASSETS			
Available-for-sale financial assets	10	**75,000**	-
Plant and equipment	11	**50,160**	71,418
TOTAL NON-CURRENT ASSETS		**125,160**	71,418
TOTAL ASSETS		**718,746**	374,398
CURRENT LIABILITIES			
Trade and other payables	12	**115,511**	251,417
Provisions	13	**-**	40,452
TOTAL CURRENT LIABILITIES		**115,511**	291,869
TOTAL LIABILITIES		**115,511**	291,869
NET ASSETS		**603,235**	82,529
EQUITY			
Contributed equity	14	**44,229,934**	43,550,486
Reserves	15	**296,526**	719,616
Accumulated losses	15	**(43,923,225)**	(44,187,573)
TOTAL EQUITY		**603,235**	82,529

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

YEAR ENDED 30 JUNE 2014 Consolidated	Notes	Contributed Equity $	Options Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total $
BALANCE AT 30 JUNE 2012		42,197,751	422,146	64,491	(40,398,163)	2,286,225
Loss for the year	15	-	-	-	(3,789,410)	(3,789,410)
OTHER COMPREHENSIVE INCOME						
Exchange differences on translation of foreign operations	15(a)	-	-	17,429	-	17,429
TOTAL COMPREHENSIVE LOSS		-	-	17,429	(3,789,410)	(3,771,981)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Shares issued during the year	14(b)	1,534,870	-	-	-	1,534,870
Share issue transaction costs	14(b)	(182,135)	-	-	-	(182,135)
Share based payments	15(a)	-	215,550	-	-	215,550
BALANCE AT 30 JUNE 2013		43,550,486	637,696	81,920	(44,187,573)	82,529
Loss for the year	15(b)	-	-	-	**(134,352)**	**(134,352)**
OTHER COMPREHENSIVE INCOME						
Exchange differences on translation of foreign operations	15(a)	-	-	**(81,920)**	-	**(81,920)**
TOTAL COMPREHENSIVE LOSS		-	-	**(81,920)**	-	**(216,272)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Shares issued during the year	14(b)	**724,008**	-	-	-	**724,008**
Share issue transaction costs	14(b)	**(44,560)**	-	-	-	**(44,560)**
Share based payments	15(a)	-	**57,530**	-	-	**57,530**
Transfer of reserve on expiry of options		-	**(398,700)**	-	**398,700**	-
BALANCE AT 30 JUNE 2014		**44,229,934**	**296,526**	-	**(43,923,225)**	**603,235**

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

YEAR ENDED 30 JUNE 2014	Notes	Consolidated 2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Royalties received		**420,824**	-
Payments to suppliers and employees		**(487,393)**	(1,118,987)
Interest received		**6,735**	45,183
Payments for exploration and evaluation expenditure		**(311,118)**	(2,464,431)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	24	**(370,952)**	(3,538,235)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from farm-out of tenements		**100,000**	1,420
Payments for other investments		**(75,000)**	-
Payments for plant and equipment		**-**	(18,966)
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES		**25,000**	(17,546)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares		**652,950**	1,534,870
Proceeds from borrowing – director loans		**49,800**	-
Payments of share issue transaction costs		**(40,974)**	(182,135)
NET CASH INFLOW FROM FINANCING ACTIVITIES		**661,776**	1,352,735
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**315,824**	(2,203,046)
Cash and cash equivalents at the beginning of the financial year		**237,484**	2,418,214
Effects of exchange rate changes on cash and cash equivalents		**-**	22,316
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	7	**553,308**	237,484

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 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 are for the consolidated entity consisting of De Grey Mining Limited and its subsidiaries. The financial statements are presented in the Australian currency. De Grey Mining Limited is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 30 September 2014. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. De Grey Mining Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Application of New and Revised Accounting Standards

In the year ended 30 June 2014, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group’s operations and effective for the current annual reporting period.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group’s business and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2014. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, which have been measured at fair value.

(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 2014 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.

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, De Grey Resources Ltd and all of the subsidiaries (including any structured entities). 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 22.

(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.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

(e) Revenue recognition

Revenue is recognised to the extent that is it probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest Revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

Royalty Revenue

Royalties revenue is recognised on the basis of actual shipment tonnes and the agreed contractural price per tonne

(f) 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.

(g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases where a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 19). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Cash and cash equivalents

For statement of cash flows presentation purposes, 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 three 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.

(j) Trade and other receivables

Receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

(k) Investments and other financial assets

Classification

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets quoted in an active market with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Financial assets - reclassification

The Group may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as gains and losses from investment securities.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of revenue from continuing operations when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Details on how the fair value of financial investments is determined are disclosed in note 2.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

(i) Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

(ii) Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(l) Plant and equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

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.

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 (note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(m) Exploration and evaluation costs

Exploration and evaluation costs are expensed as they are incurred.

(n) 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.

(o) 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.

(p) 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 26.

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.

(q) 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.

(r) 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.

(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 these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

(i) Significant accounting judgements

In the process of applying the Group’s accounting policies, management has made the following judgement:

Exploration expenditure

Exploration and evaluation costs are expensed as they are incurred.

(ii) Significant accounting estimates and assumptions

The Group has not made any significant estimates or assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(u) Going concern

The financial report has been prepared on a going concern basis which assumes the commercial realisation of the future potential of the Group's assets and discharge of its liabilities in the normal course of business. The group recorded a loss of $134,352 (2013: $3,789,410) for the year ended 30 June 2014, has a cash and cash equivalents balance of $553,308 (2013: $237,484) and exploration and other commitments due within one year as described in note 19 to the financial statements.

Although the above is indicative of a material uncertainty, the Directors believe that it is appropriate to prepare the financial statements on the going concern basis for as future drilling and exploration expenditures are not committed and will only expend future amounts if they have sufficient cash to the meet the cost. It also believes it has the capacity to raise additional funds at an appropriate time in the future.

The Directors have reviewed the Consolidated Entity's and Company's overall position and outlook in respect of the matters identified above and are of the opinion that the use of the going concern basis is appropriate in the circumstances.

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the full Board of Directors as the Group believes that it is crucial for all Board members to be involved in this process. The Board, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management.

(a) Market risk

(i) Foreign exchange risk

The Group has minimal operations internationally and there are currently limited exposures to foreign exchange risk arising from currency exposures.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The Group has not formalised a foreign currency risk management policy, however it monitors its foreign currency expenditure in light of exchange rate movements.

All parent entity and Australian subsidiary entity balances are in Australian dollars and all Group balances are in Australian dollars, so the Group has only minimal exposure to foreign currency risk at the reporting date.

(ii) Price risk

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

(iii) 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 entire balance of cash and cash equivalents for the Group $553,308 (2013: $237,484) 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 1.75% (2013: 3.0%).

Sensitivity analysis

At 30 June 2014, if interest rates had changed by -/+ 80 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 $3,796 lower/higher (2013: $10,623 lower/higher) as a result of lower/higher interest income from cash and cash equivalents.

(b) Credit risk

The maximum exposure to credit risk at balance date is the carrying amount (net of provision for impairment) of those assets as disclosed in the statement of financial position and notes to the financial statements. The only significant concentration of credit risk for the Group is the cash and cash equivalents held with financial institutions. All material deposits are held with the major Australian banks for which the Board evaluate credit risk to be minimal.

As the Group does not presently have any trade debtors, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained.

(c) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. 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. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the Statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

(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. 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 two reportable segments being exploration activities undertaken in Australasia and Argentina. 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 these geographic locations.

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.

	Australasia		Argentina		Consolidated Total	
	2014	2013	2014	2013	2014	2013
	$	$	$	$	$	$
Segment revenue	**531,903**	-	-	-	**531,903**	-
Reconciliation of segment revenue to total revenue before tax:						
Interest revenue					**6,636**	40,084
Other revenue					-	-
Total revenue					**538,539**	40,084
Segment results	**453,137**	(221,485)	**(48,316)**	(2,234,210)	**404,821**	(2,455,695)
Reconciliation of segment result to net loss before tax:						
Other corporate and administration					**(539,173)**	(1,333,715)
Net loss before tax					**(134,352)**	(3,789,410)
Segment operating assets	**75,000**	-	-	-	**75,000**	-
Reconciliation of segment operating assets to total assets:						
Other corporate and administration assets					**643,746**	374,398
Total assets					**718,746**	374,398
Segment operating liabilties	-	169,525	-	60,198	-	229,723
Reconciliation of segment operating liabilities to total liabilities:						
Other corporate and administration liabilities					**115,511**	62,146
Total liabilities					**115,511**	291,869

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2014

4. REVENUE

	Consolidated	
	2014	2013
	$	$
From continuing operations		
Royalties – iron ore	**421,831**	-
Royalties- sands	**10,072**	-
Turner River Gold Project – farm-out option fee	**100,000**	-
Interest	**6,636**	40,084
	538,539	40,084

	Consolidated	
	2014	2013
	$	$

5. EXPENSES

Loss before income tax includes the following specific expenses:

Net loss on disposal of plant and equipment	**5,405**	1,628
Rental of premises under operating lease	**68,876**	91,113
Contributions to superannuation funds	**5,800**	66,761
Foreign exchange losses	**3,156**	1,853

6. INCOME TAX

(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
Adjustments for current tax of prior years	-	-
	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	**(134,352)**	(3,789,410)
Prima facie tax benefit at the Australian tax rate of 30% (2013: 30%)	**(40,306)**	(1,136,823)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Capital raising fees	**(31,178)**	(28,504)
Sundry items	**(23,948)**	12,350
	(95,432)	(1,152,977)
Tax effect of current year tax losses for which no deferred tax asset has been recognised	**95,432**	1,152,977
Income tax expense	-	-
(c) Unrecognised deferred tax assets		
Unrecognised deferred tax assets		
Provisions	-	34,470
Capital raising fees	**74,655**	92,464
Carry forward tax losses	**11,258,912**	13,051,682
Gross deferred tax assets	**11,333,567**	13,178,616

No deferred tax asset has been recognised for the above balance as at 30 June 2014 as it is not considered probable that future taxable profits will be available against which it can be utilised.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

(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.

(e) Franking credits

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

	Consolidated	
	2014	2013
	$	$
7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	**491,608**	120,544
Short-term deposits	**61,700**	116,940
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	**553,308**	237,484

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

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	2014 $	2013 $
Receivable – sands royalty	**11,080**	-
Sundry debtors	**15,206**	28,801
	26,286	28,801

Sundry debtors are non-interest bearing and have repayment terms between 30 and 90 days.

9. CURRENT ASSETS – OTHER ASSETS

	2014 $	2013 $
Prepayments	**13,992**	36,695

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2014 $	2013 $
Equity securities - unlisted	**75,000**	-
	75,000	-

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated 2014 $	Consolidated 2013 $

11. NON-CURRENT ASSETS - PLANT AND EQUIPMENT

	2014 $	2013 $
Plant and equipment		
Cost	**449,000**	457,257
Accumulated depreciation	**(398,840)**	(385,839)
Net book amount	**50,160**	71,418
Plant and equipment		
Opening net book amount	**71,418**	79,487
Exchange differences	**(209)**	(4,887)
Additions	**-**	18,966
Disposals	**(5,405)**	(3,048)
Depreciation charge	**(15,644)**	(19,100)
Closing net book amount	**50,160**	71,418

12. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	2014 $	2013 $
Trade payables	**24,311**	150,111
Other payables and accruals	**91,200**	101,306
	115,511	251,417

13. CURRENT LIABILITIES – PROVISIONS

	2014 $	2013 $
Employee benefits		
Annual leave	-	23,298
Long service leave	-	17,154
	-	40,452

As at the end of the financial year and at the reporting date, the Group had no employees and no amounts payable for employee entitlements.

14. CONTRIBUTED EQUITY

(a) Share capital

	Notes	2014 Number of shares	2014 $	2013 Number of shares	2013 $
Ordinary shares fully paid		**914,768,846**	**44,229,934**	570,915,646	43,550,486
Total contributed equity		**914,768,846**	**44,229,934**	570,915,646	43,550,486

	2014 Number of shares	2014 $	2013 Number of shares	2013 $
(b) Movements in ordinary share capital				
Beginning of the financial year	**570,915,646**	**43,550,486**	396,914,226	42,197,751
Issued during the year:				
– Issued for cash at 0.8 cents per share	**-**	**-**	166,858,562	1,334,870
– Issued for cash at 0.8 cents per share	**6,250,000**	**-**	-	50,000
– Issued for cash at 2.1 cents per share	**-**	**-**	7,142,858	150,000
– Issued for cash at 0.01 cents per share	**50,000,000**	**5,000**	-	-
– Issued for cash at 0.25 cents per share	**259,180,000**	**647,950**	-	-
– Issued settle director loans at 0.25 cents per share	**28,423,200**	**71,058**	-	-
Transaction costs	**-**	**(44,560)**	-	(182,135)
End of the financial year	**914,768,846**	**44,229,934**	570,915,646	43,550,486

(c) Movements in options on issue

	Number of options 2014	2013
Beginning of the financial year	**39,500,000**	20,500,000
Issued/(cancelled or expired) during the year:		
– Exercisable at 2.2 cents, on or before 3 Sep 2014	**-**	6,500,000
– Exercisable at 2.3 cents, on or before 3 Sep 2015	**-**	6,500,000
– Exercisable at 2.6 cents, on or before 3 Sep 2015	**-**	6,500,000
– Exercisable at 3 cents, on or before 10 Jan 2016	**-**	2,500,000
– Exercisable at 6.5 cents, on or before 30 Apr 2014	**(7,000,000)**	(3,000,000)
– Exercisable at 6.5 cents, on or before 30 Jun 2014	**(10,500,000)**	-
End of the financial year	**22,000,000**	39,500,000

(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 30 June 2014 (2013: Nil).

(e) Capital risk 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 2014 and 30 June 2013 are as follows:

	Consolidated 2014 $	2013 $
Cash and cash equivalents	**553,308**	237,484
Trade and other receivables	**26,286**	28,801
Trade and other payables	**(115,511)**	(251,417)
Provisions	**-**	(40,452)
Working capital position (deficiency)	**464,083**	(25,584)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated 2014 $	Consolidated 2013 $
15. RESERVES AND ACCUMULATED LOSSES		
(a) Reserves		
Share-based payments reserve	**296,526**	637,696
Foreign currency translation reserve	**-**	81,920
	296,526	719,616
Movements:		
Share-based payments reserve		
Balance at beginning of year	**637,696**	422,146
Option expense	**57,530**	215,550
Transfer to Accumulated Losses on expiry of options	**(398,700)**	-
Balance at end of year	**296,526**	637,696
Foreign currency translation reserve		
Balance at beginning of year	**81,920**	64,491
Exchange differences on translation of foreign operation	**(81,920)**	17,429
Balance at end of year	**-**	81,920
(b)Accumulated losses		
Balance at beginning of year	**(44,187,573)**	(40,398,163)
Net loss for the year	**(134,352)**	(3,789,410)
Transfer from Share-Based Payments Reserve	**398,700**	-
Balance at end of year	**(43,923,225)**	(44,187,573)

(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.

(ii) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 1(d) and accumulated within a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

	Consolidated 2014 $	Consolidated 2013 $
16. DIVIDENDS	-	-

No dividends were paid during the financial year.

No recommendation for payment of dividends has been made.

17. REMUNERATION OF AUDITORS

	Consolidated 2014 $	Consolidated 2013 $
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	**26,302**	27,404
Total remuneration for audit services	**26,302**	27,404
(b) Non-audit services		
Butler Settineri – tax compliance services	**3,118**	1,779
Total remuneration for other services	**3,118**	1,779

18. CONTINGENT LIABILITIES

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

19. COMMITMENTS

(a) Exploration commitments

	2014	2013
The Group has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in.		
Outstanding exploration commitments are as follows:		
within one year	-	-
	-	-

The Turner Rive Base Metals Project tenements have minimum aggregate expenditure requirements of $140,000 p.a. The commitments above however reflect the fact that actual past expenditures have far exceeded the minimum expenditure obligations over the past four years.

As at 30 June 2014 the Group does not have any statutory minimum expenditure requirements on its New Zealand tenement holdings, but does have minimum statutory work requirements to maintain the tenements in good order. These included a commitment to drill on EP 51985 (Puhipuhi, NZ) a total of 3,000m by 19 October 2014. In July 2014, the Company submitted an application to have this permit extended for a further two years and is awaiting confirmation that the extension will be granted.

(b) Lease commitments: Group as lessee

	2014	2013
Operating leases (non-cancellable):		
Minimum lease payments		
within one year	**49,963**	59,955
later than one year but not later than five years	-	49,963
later than five years	-	-
Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities	**49,963**	109,918

The property lease is a non-cancellable lease, expiring on 1 May 2015, with rent payable monthly in advance. The lease allows for subletting of all lease areas.

(c) Capital commitments

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

20. 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 21.

(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.

During the year short term loan facilities were provided to the Company by Directors Peter Batten ($53,802) and Darren Townsend ($17,256) at an interest rate of 12% p.a. (accruing monthly). On 22 November 2013, shareholders approved the issue of 28,423,200 ordinary fully paid shares in full settlement of both loans.

(d) Loans to related parties

De Grey Mining Limited provided unsecured loans to its wholly owned Argentinian subsidiary, De Grey Argentina SA, totalling $ $6,423,525 (2013: $6,224,808). On 5 September 2014, and subsequent to year-end, the Company has fully divested its interest in this entity. (Note 23).

De Grey Mining Limited has provided unsecured, interest free loans to each of its wholly owned Australian subsidiaries totalling $ $12,993,964 (2013: $13,089,171) at 30 June 2014.

An impairment assessment is undertaken each financial year by examining the financial position of the subsidiaries and the market in which the subsidiaries operate to determine whether there is objective evidence that the loans are impaired. When such objective evidence exists, the company recognises an allowance for the impairment loss.

21. 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[1]	
			2014	2013
			%	%
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
De Grey Argentina SA	Argentina	Ordinary	**100**[2]	100

[1]The proportion of ownership interest is equal to the proportion of voting power held.

[2]On 5 September 2014, being subsequent to the end of the financial year, the Group has divested its interest in this subsidiary (Note 23)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

22. INTERESTS IN JOINT VENTURES

(a) Great Northern Gold Project Farm-out (formerly known as the Turner River Gold Project)

In March 2014, the Company entered into an agreement to farm-out an 80% interest in Project. The key conditions of the Agreement are:

(i) Rugby paid De Grey $100,000 to reimburse for past expenditures.

(ii) a three year option period to acquire an 80% interest in the Tenements by incurring a total of AUD$2 million in expenditures with a minimum expenditure commitment of AUD$500,000 and a commitment to drill in the first six months

(iii) an option to purchase an 80% interest in the historic near surface resource at Wingina Well for AUD$3 million, by paying AUD$2 million at any time within 54 months from the date of the Agreement and a further payment of AUD$1million within 30 days of a decision to mine any part of the historic resource at Wingina Well.

The project was previously under a farm-in agreement with Southern Cross Goldfields Ltd (ASX:SXG), as 100% owner of subsidiary company Lansdowne Resources Pty Ltd, up until it was returned to De Grey Mining Limited in December 2013.

The carrying value of De Grey's interest in the project is nil.

(b) Tabba Tabba Shear

In November 2005 the company entered into an agreement with Attgold Pty Ltd to acquire an extra 16 kilometres of strike along the Tabba Tabba Shear in the company's Turner River Province, 60 kms south of Port Hedland.

The agreement with Attgold (tenement ELA45/2364) required a payment of $50,000 to Attgold on signing of the option, after which De Grey had 18 months to decide if they wish to acquire the tenement. In February 2007 De Grey acquired 100% of the tenement by exercising the option and issuing 500,000 fully paid ordinary shares to Attgold and granting Attgold a royalty of $1/t up to a maximum of $750,000. The agreement relates to gold, base and precious metals, and the joint venture has a carrying value of nil.

(c) Mount Dove Iron Rights

In June 2008 the company entered into an option agreement to sell the iron ore rights over the Mt Dove Project, being Exploration Licence 47/891 located 70 km south east of Port Hedland, to Atlas Iron Limited ("Atlas "). In April 2013 De Grey sold its royalty over the first 2 million tonnes of iron ore to be produced from Mt Dove to Atlas for cash payment of $1,000,000, that payment being received in April 2013.

At inception, De Grey received an initial consideration of 156,694 shares in Atlas (being $350,000 at the volume weighted average price for the 5 days prior to 10 April 2008) on signing of the agreement, and was to receive a payment of $650,000 in cash or 325,000 Atlas shares (at De Grey's election) no later than 12 months from the date of the formal agreement. At Atlas' request the option period was extended by 30 days to 17 July 2009. On 16 July 2009 Atlas notified De Grey of its intention to exercise the option and De Grey elected to receive the purchase payment as cash. De Grey subsequently received payment on 27 July 2009.

De Grey retained a 1% gross sales revenue royalty over tonnes produced from Mt Dove in excess of 2 million tonnes. During the December 2014 quarter, Atlas advised that it would exceed the 2 Million production threshold and royalty payments would resume. Atlas has also advised that production has now ceased from this operation and De Grey do not expect to receive a further royalty payment steam in future years.

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

During October 2012 De Grey, through the wholly owned subsidiary Last Crusade Pty Ltd ("LC"), entered into an agreement with Mobile Concreting Solutions Pty Ltd ("MCS") under which LC will facilitate the excision of graticule B703 from LC's Exploration Licence 45/3390. Under the agreement, MCS will apply 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 will pay a royalty of $0.50 per tonne for all material removed.

Sands mining operations commenced in the December 2013 quarter.

23. EVENTS OCCURRING AFTER THE REPORTING DATE

On 5 September 2014, the Company divested its shareholding in the Argentinian subsidiary, De Grey Argentina SA To Mr. Chris van Tienhoven. The key terms of the divesture were are follows;

(i) No additional expenditure was incurred subsequent to the decision to withdraw by De Grey in October 2013.

(ii) De Grey waivers all intergroup loans (Note 20(d)).

(iii) De Grey entered into an agreement with De Grey Argentina whereby it is entitled to 1% Net Smelter Royalty on all the projects in which it holds tenure.

There has been no other matter or circumstance 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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated 2014 $	Consolidated 2013 $
24. STATEMENT OF CASH FLOWS		
Reconciliation of net loss after income tax to net cash outflow from operating activities		
Net loss for the year	**(134,352)**	(3,789,410)
Non-Cash Items		
Depreciation of non-current assets	**15,644**	19,100
Net loss/(gain) on disposal of plant and equipment	**5,405**	1,628
Option expense	**57,530**	215,550
Non-cash expenses	**(64,040)**	-
Proceeds from farm-out of tenements	**(100,000)**	-
Change in operating assets and liabilities		
(Increase)decrease in trade and other receivables	**2,515**	(3,358)
Decrease/(increase) in other assets	**22,703**	3,718
(Decrease)/increase in trade and other payables	**(135,906)**	(5,117)
Increase/(decrease) in employee entitlement provisions	**(40,452)**	19,654
Net cash outflow from operating activities	**(370,953)**	(3,538,235)

25. LOSS PER SHARE

	2014 $	2013 $
(a) Reconciliation of earnings used in calculating loss per share		
Loss attributable to the owners of the company used in calculating basic and diluted loss per share	**(134,352)**	(3,789,410)
	Number of shares	**Number of shares**
(b) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**784,158,061**	430,219,796

(c) Information on the classification of options

As the Group has made a loss for the year ended 30 June 2014, 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.

26. SHARE-BASED PAYMENTS

Employee Option Plan of De Grey Mining Limited (EOP)

Shareholders approved the EOP at the Annual General Meeting held on 21 November 2012. The EOP is designed to attract and retain eligible employees (including directors), 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 options are granted to employees to align their interests with that of the shareholders of the company.

Any issue of options to Directors under the Plan will be subject to shareholder approval pursuant to the provisions of the ASX Listing Rules and the *Corporations Act 2001*.

The exercise price and expiry date for options granted under the EOP will be determined by the board prior to granting of the options. The options grant 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 options granted in the financial year ended 30 June 2014 (2013: 22,000,000) and as detailed in the following table.

26. SHARE-BASED PAYMENTS (cont'd)

Set out below are summaries of granted options:

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Cancelled or expired during the year	Balance at end of the year	Vested and exercisable at end of the year
		Cents	Number	Number	Number	Number	Number
Consolidated - 2014							
3 Sep 2012	3 Sep 2014	2.2	**6,500,000**	**-**	**-**	**6,500,000**	**6,500,000**
3 Sep 2012	3 Sep 2015	2.3	**6,500,000**	**-**	**-**	**6,500,000**	**6,500,000**
3 Sep 2012	3 Sep 2015	2.6	**6,500,000**	**-**	**-**	**6,500,000**	**-**
10 Jan 2013	10 Jan 2016	3.0	**2,500,000**	**-**	**-**	**2,500,000**	**2,500,000**
18 May 2011	30 Jun 2014	6.5	**8,000,000**	**-**	**(8,000,000)**	**-**	**-**
14 Jun 2011	30 Jun 2014	6.5	**2,500,000**	**-**	**(2,500,000)**	**-**	**-**
21 Oct 2011	30 Apr 2014	6.5	**7,000,000**	**-**	**(7,000,000)**	**-**	**-**
			39,500,000	**-**	**(17,500,000)**	**22,000,000**	**15,500,000**
Consolidated - 2013							
3 Sep 2012	3 Sep 2014	2.2	-	6,500,000	-	6,500,000	6,500,000
3 Sep 2012	3 Sep 2015	2.3	-	6,500,000	-	6,500,000	-
3 Sep 2012	3 Sep 2015	2.6	-	6,500,000	-	6,500,000	-
10 Jan 2013	10 Jan 2016	3.0	-	2,500,000	-	2,500,000	2,500,000
18 May 2011	30 Jun 2014	6.5	8,000,000	-	-	8,000,000	8,000,000
14 Jun 2011	30 Jun 2014	6.5	2,500,000	-	-	2,500,000	2,500,000
21 Oct 2011	30 Apr 2014	6.5	10,000,000	-	(3,000,000)	7,000,000	7,000,000
			20,500,000	22,000,000	(3,000,000)	39,500,000	26,500,000

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 11 months (2013: 1.5 years), and the exercise prices range from 2.2 to 3.0 cents.

Expenses arising from share-based payment transactions

The weighted average fair value of the options granted during the year was Nil (2013: 1.3 cents). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2014	2013
Weighted average exercise price (cents)	-	2.4
Weighted average life of the option (years)	-	2.7
Weighted average underlying share price (cents)	-	1.7
Expected share price volatility	-	148.90%
Weighted average risk free interest rate	-	2.53%

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.

The life of the options is based on historical exercise patterns, which may not eventuate in the future.

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

	Consolidated	
	2014	2013
	$	$
Options issued to employees and contractors	**57,530**	215,550

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

27. PARENT ENTITY INFORMATION

The following information relates to the parent entity, De Grey Mining Limited, at 30 June 2014. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.

	Parent Entity 2014 $	Parent Entity 2013 $
Current assets	**593,586**	289,746
Non-current assets	**125,160**	65,805
Total assets	**718,746**	355,551
Current liabilities	**115,511**	231,673
Total liabilities	**115,511**	231,673
Contributed equity	**44,229,934**	43,550,486
Share-based payments reserve	**296,526**	637,696
Accumulated losses	**(43,923,225)**	(44,064,304)
Total equity	**603,235**	123,878
Loss for the year	**(141,079)**	(3,772,559)
Other comprehensive loss	**-**	-
Total comprehensive loss for the year	**(141,079)**	(3,772,559)

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 31 to 53 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 2014 and of their performance for the financial year ended on that date;

(b) 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

(c) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

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.

Peter Batten
Executive Chairman

Perth, 30 September 2014

BUTLER SETTINERI

INDEPENDENT AUDITOR REPORT
TO THE MEMBERS OF DE GREY MINING LIMITED

Report on the Financial Report

We have audited the accompanying 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 2014 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report which 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 financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation of the financial report which gives a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

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Liability limited by a scheme approved under Professional Standards Legislation

Auditor's Opinion

In our opinion, the financial report of De Grey Mining Ltd and its controlled entities is in accordance with the Corporations Act 2001 including:

a) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

b) complying with Australian Accounting Standards the Corporations Regulations 2001.

Material uncertainty regarding going concern

Without qualifying the opinion expressed above, attention is drawn to the following matter. As a result of matters referred to in note 1(u) to the financial statements, "Going concern" the ability of the Group to continue as a going concern is dependent upon the Group raising further working capital. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 19 to 23 of the Directors' Report for the year ended 30 June 2014.

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.

Auditor's Opinion

In our opinion the Remuneration Report of De Grey Mining Limited and its controlled entities for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

BUTLER SETTINERI (AUDIT) PTY LTD

MARIUS VAN DER MERWE CA
Director

Perth
Date: 30 September 2014

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 23 September 2014.

(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	75	32,285
1,001	-	5,000	223	742,699
5,001	-	10,000	278	2,366,995
10,001	-	100,000	937	39,389,641
100,001		and over	579	872,237,226
			2,092	914,768,846
The number of shareholders holding less than a marketable parcel of shares are:			1,712	76,486,274

(b) Equity security holders

Twenty largest quoted equity security holders

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

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	Bill Brooks Pty Ltd <Bill Brooks S/F A/C>	42,500,000	4.65%
2	Batten Resources Pty Ltd <Batten S/F A/C>	36,842,136	4.03%
3	Jack Yuejin Li	26,000,000	2.84%
4	Mineralogy Pty Ltd	22,799,908	2.49%
5	Kin-Mun Kan	20,000,000	2.19%
6	Mrs Toni Mathieson Frank	20,000,000	2.19%
7	Mr Ian M P Parker & Mrs Catriona S Parker <Parker S/F A/C>	16,842,237	1.84%
8	Karari Australia Pty Ltd	15,790,000	1.73%
9	Ms Jane E Somes & Ms Amy J Somes <Jane Somes Pension Fund A/C>	15,000,000	1.64%
10	Topspeed Pty Ltd (Skinner No.1 Super A/C>	15,000,000	1.64%
11	Ms Marlene Louise White	15,000,000	1.64%
12	Struven Nominees Pty Ltd (Alan Strunin Staff S/F A/C>	14,000,000	1.53%
13	Mr Kenneth Livingstone	13,150,000	1.44%
14	Khe Sanh Pty Ltd	12,000,000	1.31%
15	Mr Darren Paul Townsend <Townsend S/F A/C>	11,363,060	1.24%
16	Pontre Securities Pty Ltd	10,000,000	1.09%
17	Ms Nadene Joy Warren	10,000,000	1.09%
18	Mr Richard Matthews	10,000,000	1.09%
19	Mr Gregg C Freemantle	10,000,000	1.09%
20	Mr Harvey J Collins & Mrs Sandra J Lord <The Lord Superfund A/C>	10,000,000	1.09%
		346,287,734	37.85%

ASX Additional Information

(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
Nil.	Nil

(d) Voting rights

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

The unquoted options have no voting rights.

(e) Unquoted Securities

			Holders of 20% or more of the class	
Class	**Number of Securities**	**Number of Holders**	**Holder Name**	**Number of Securities**
Unlisted $0.023 options, expiry 3 September 2015	6,500,000	1	Peter Batten	6,500,000
Unlisted $0.026 options, expiry 3 September 2015	6,500,000	1	Peter Batten	6,500,000
Unlisted $0.03 options, expiry 10 January 2016	2,500,000	3	Glenn Robert Martin	1,500,000
			Kiesten Drake-Brockman	500,000
			Emma Severne	500,000

Schedule on Interests in Mining Tenements

FOR THE YEAR ENDED 30 JUNE 2014

Project/Location	Country	Tenement	Percentage held/earning
Beyondie	Australia	E52/1806	20%[1]
Beyondie	Australia	E52/2215	20%[2]
Turner River	Australia	E47/891	100%
Turner River	Australia	E45/2533	100%
Turner River	Australia	E45/2364	100%
Turner River	Australia	P45/2655	100%
Turner River	Australia	E45/2995	100%
Turner River	Australia	E45/3390	100%
Turner River	Australia	E45/3391	100%
Turner River	Australia	E45/3392	100%
Puhipuhi	New Zealand	51985	100%[3]
Puhipuhi	New Zealand	55057	100%
Puhipuhi	New Zealand	55058	100%

[1] De Grey retains 100% rights to all non-iron ore related minerals under a Split Commodity Agreement.
[2] De Grey retains 100% rights to all non-iron ore related minerals under a Split Commodity Agreement.
[3] Waihi Gold Company Limited retains a 2% NSR