

De Grey Mining Ltd

ABN 65 094 206 292

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2021

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Directors' Report

Your directors present their report on the consolidated entity comprising De Grey Mining Limited and its controlled entities (the "Group") as at the end of, or during, the half-year ended 31 December 2021.

Directors

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

Simon Lill
 Glenn Jardine
 Andrew Beckwith
 Samantha Hogg (appointed 28 January 2022)
 Peter Hood
 Eduard Eshuys
 Bruce Parncutt

Principal Activities

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

Hemi is a Tier 1 gold discovery with world class infrastructure at its doorstep. Hemi is positioned in the central region of the Company's 1,500km² MGP and is favourably located within 10km of two major sealed highways, approximately 5km from a gas pipeline and less than 30km from a major electricity transmission line. The tenement package is highly prospective for gold, other precious metals and also comprises significant base metals resources (Zn-Ag-Pb) as well as lithium prospects.

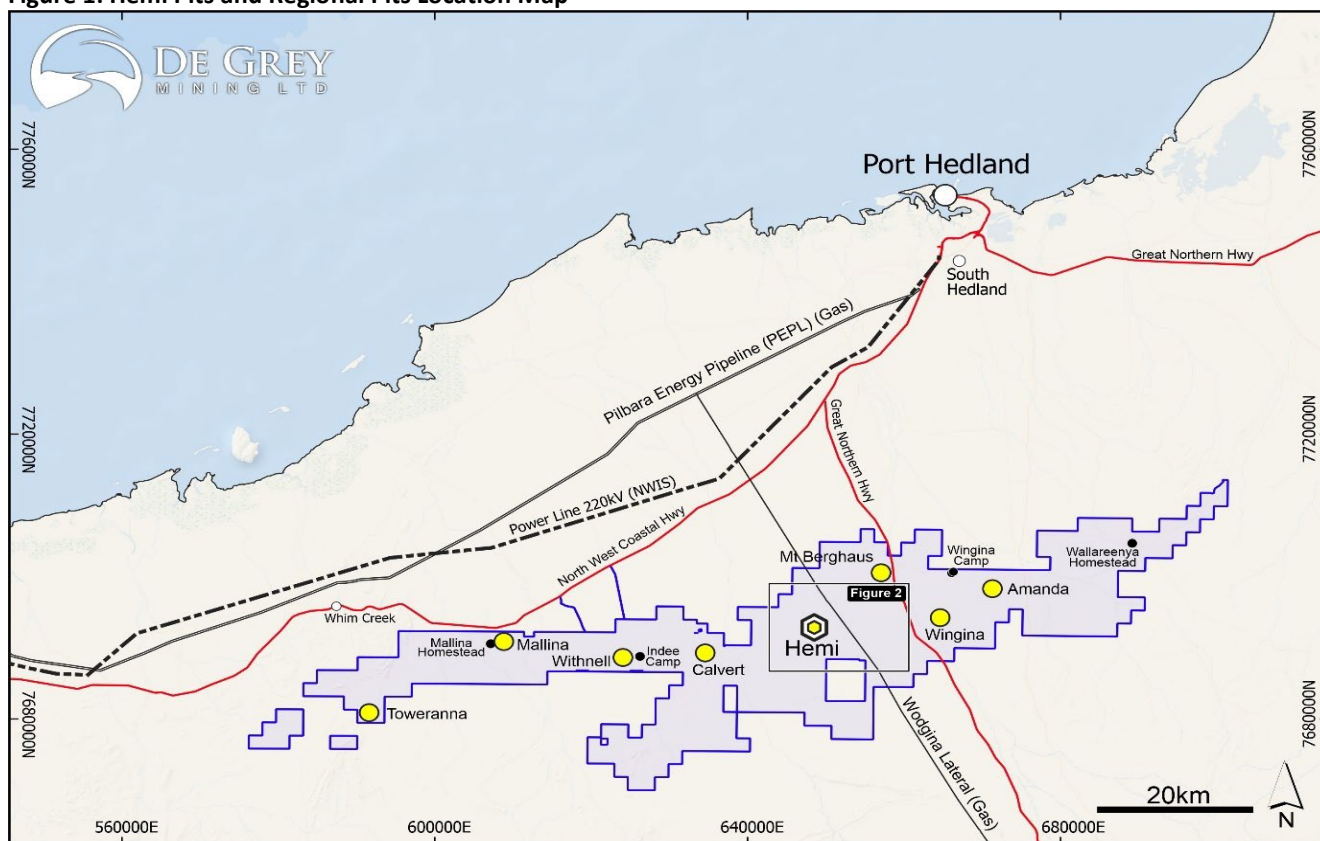
Operations Review

De Grey's strategy is multi-pronged:

- *De-risk the MGP through completion of a Preliminary Feasibility Study ("PFS") with a target of increasing plant throughput rates and increasing the life of the project.*
- *Building excellent relationships with our stakeholders as part of our commitment to international ESG Principles*
- *Ongoing resource extension drilling at Diucon and Eagle and other Hemi and Regional deposits with the view to materially increasing the JORC resources/reserves.*
- *Using the intellectual property gained at Hemi to making further large new discoveries either on our significant landholding or through acquisition of other prospective land.*

Hemi is made up of a series of zones: Aquila, Brolga, Crow and Falcon with encouraging new discoveries at Diucon and Eagle. Gold mineralisation at Hemi is hosted in a series of intrusions associated with stringer and disseminated sulphide rich zones. This style of mineralisation is new to the Pilbara region and shows a scale of mineralisation not previously seen in the Mallina Basin.

Figure 1: Hemi Pits and Regional Pits Location Map



Highlights for the Half-year

- Release of World Class Mallina Gold Project Scoping Study (5 October 2021)
 - Average gold production ranges from ~473,000oz per annum for the first five years to ~427,000oz pa over the 10-year evaluation period
 - Average All-in Sustaining Cost ("AISC") ranges from ~\$1,111/oz over the first five years to ~\$1,224/oz over the current 10 year evaluation period
 - Estimated capital cost for a 10Mtpa plant and site infrastructure of ~\$835 million inclusive of a 25% (~\$167 million) contingency
 - Average processing recovery of ~93%, based on conventional comminution, flotation, oxidation via one of pressure oxidation, Albion or biological oxidation, followed by Carbon-In-Leach ("CIL")
 - Attractive financials including Pre-Tax NPV5% of \$2.8 billion Pre-Tax IRR of approx. 60% and unleveraged payback of approx. 1.5 years
- Released Broilga Stage 1 pit comprises 1.29Moz @ 1.3g/t Au of the overall JORC Mineral resource (23 June 2021) of 9.0Moz @ 1.2 g/t Au
- High grade mineralisation associated with quartz-carbonate veining, sericite-albite alteration and visible gold found at Eagle as an overprint to mineralisation within broadly mineralised intrusion
- Successful extensional drilling at Eagle, Diucon demonstrate significant growth potential with all deposits being open at depth.
- Regional exploration and drilling at Withnell, Calvert and Gillies demonstrate the exploration and resource extension potential at the Company's 1,500km² tenement package.
- Commencement of the Mallina Gold Project Pre-Feasibility Study ("PFS") with results to be announced in the second half of CY2022. The following appointments and work activities undertaken during the period:
 - Wood Australia has been appointed as the PFS process engineer
 - Infill drilling of resources to maximise contained JORC Indicated resources within proposed pit shells
 - Geotechnical drilling and Geochemical studies continued
 - Hydrogeological monitoring bores completed
 - Options studies are underway for the Comminution and Oxidation circuits
 - Pilot plant testwork is underway

- Community and Environment
 - Dry season surveys were completed for terrestrial and subterranean fauna, aquatic biota and short range endemics.
 - Continuing engagement with community groups, traditional owners, pastoralists and across multiple sectors including government, education and industry associations
 - Formal negotiations with the Kariyarra Aboriginal Corporation for a Mining Agreement continue with excellent progress made during the reporting period
- Company completed a \$125 million (before costs) fully underwritten institutional placement with strong demand received from Australian and global institutions.
- Health, Safety and Risk
 - During the reporting period, the Company's Crisis and Emergency Management Structure and Plans were developed, tested and implemented.
 - COVID-19 Management Protocols were reviewed and further strengthened to manage forecast health risks to our employees, contractors and visitors.
 - As at the end of December 2021, the Company had achieved 694 days free of Lost Time Injuries
 - Health and safety management system development continued throughout the quarter as a part of the health and safety strategy

Mallina Gold Project

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

During the half year the Company released the Mallina Scoping Study (Study).

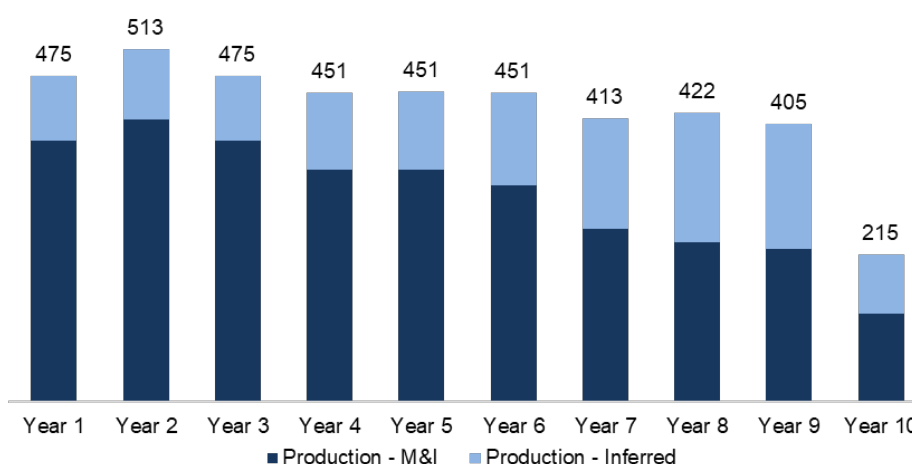
- Average gold production ranges from approximately 473,000oz per annum for the first five years to approximately 427,000oz pa over the 10-year evaluation period:
 - Places the Project in the top five Australian gold mines and a top three global gold development project based on average annual output¹
 - Average feed grade of 1.6g/t Au in the first five years and 1.4g/t Au over the current 10-year evaluation period
 - The percentage of JORC Indicated resources is 78.1% (Inferred 21.9%) over the first five years and 70.2% (Inferred 29.8%) over the current 10-year evaluation period
- Average AISC ranges from approximately \$1,111/oz over the first five years to approximately \$1,224/oz over the current 10-year evaluation period, placing the Project in the lowest quartile of Australian gold producing peers
- Estimated capital cost for a 10Mtpa plant and site infrastructure of approximately \$835 million inclusive of a 25% (\$167 million) contingency
 - Total pre-production capital of \$893 million inclusive of \$58 million pre-stripping and contingency
 - Attractive pre-production capital intensity of global gold development projects¹ based on average annual gold production
- Average processing recovery of approximately 93% is based on conventional comminution, flotation, oxidation via one of pressure oxidation, Albion or biological oxidation, and CIL. The optimal oxidation process route will be determined with further studies
- Attractive financial outcomes demonstrating the quality of the Mallina Gold Project:
 - Pre-tax undiscounted free cashflow of approximately \$3.9 billion (post-tax \$2.9 billion) over 10 years
 - Pre-tax Net Present Value (NPV5%) of approximately \$2.8 billion and post-tax NPV5% of \$2.0 billion
 - Pre-tax Internal Rate of Return (IRR) of approximately 60% and post-tax IRR of 49%
 - Unleveraged payback of approximately 1.5 years (pre-tax) and 1.8 years (post-tax)
- Production and financial metrics of the project to be optimised with anticipated resource growth and further studies.
- Immediate upside opportunities to be considered in the PFS include:
 - Approximately 800,000oz (~10% JORC Indicated and ~90% JORC Inferred) of the recent June JORC Code Compliant Mineral Resource Estimate ("MRE") within Study pit shell optimisations has been excluded from the current 10-year evaluation period. No value has been ascribed in the financial evaluation of the Project to this mineralisation. This mineralisation will be considered for inclusion in the PFS evaluation subject to further resource definition drilling aimed at increasing the resource confidence from JORC Inferred to JORC Indicated
 - Detailed consideration of plant throughput rates during the PFS

- The Study mine designs and evaluation exclude mineralisation extensions along strike, width and at depth at Diucon and Eagle announced since the June Hemi MRE
- Ongoing resource extension drilling at Diucon and Eagle and other Hemi and Regional deposits
- Ongoing exploration drilling results within Greater Hemi and Regional prospects

Production Projection

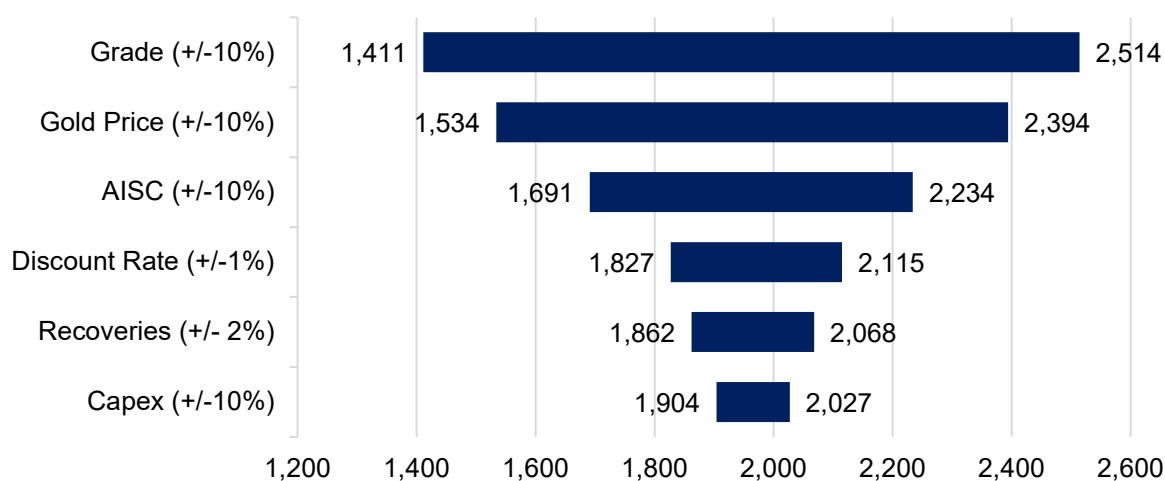
The proposed production profile of the MGP demonstrates annual production of up to 513,000 ounces in year two, with average production of 473,000 ounces over the first five years and 427,000 ounces per annum over the 10-year evaluation period. Production over the first 10-year evaluation period is sourced from Measured and Indicated Resources, with 80% Measured and Indicated resources (20% Inferred) over the first three years of production spanning the payback period of the project, 78.1% Indicated (21.9% Inferred) over the first five years of production and 70.2% (29.8% Inferred) over the first 10-year evaluation period. The Hemi deposits comprise approximately 80% of the production over the 10-year Study evaluation period.

Figure 2: Annual Production Projection ('000ozs)



Sensitivity analysis shows the Project to be resilient to changes in capital costs and recoveries, with significant leverage to improved head grade, gold price and AISC.

Figure 3: Project NPV Sensitivity Analysis (A\$M)



Commencement of PFS

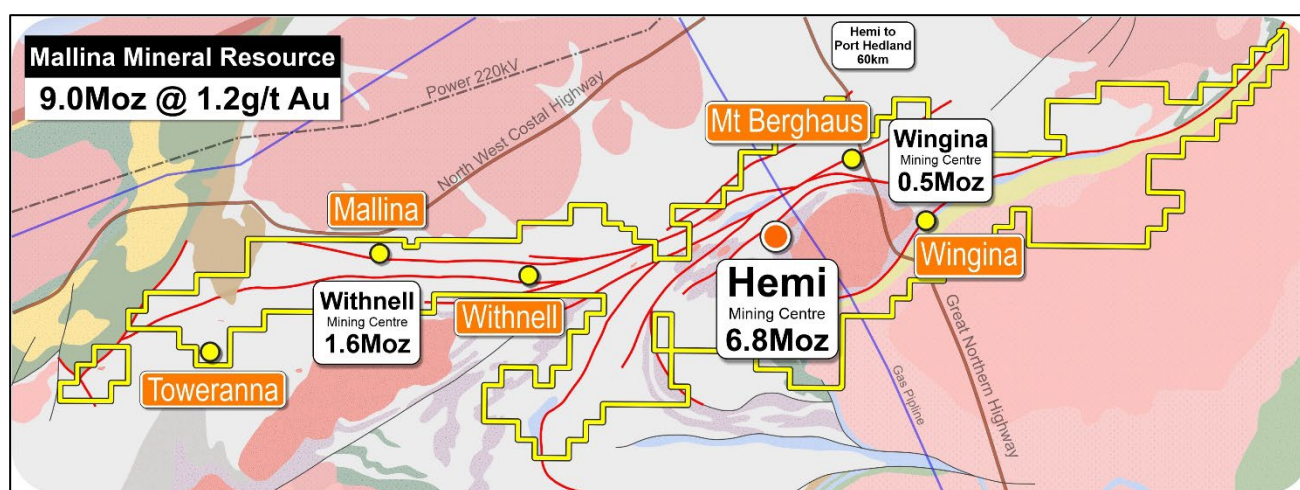
With the completion of the MGP Scoping Study, the Board authorised the commencement of the PFS. The Company has transitioned into the PFS during the half year. Following a competitive tender process Wood Australia was selected as the PFS Engineer for the process and infrastructure components of the PFS and commenced work during the reporting period.

As part of the initial works two option studies have been commenced on the comminution circuit and the oxidation process.

Also, as part of the PFS a programme of infill drilling at Brolga is being conducted as part of the PFS of the Project. Brolga was identified, along with Diucon and Falcon, in the scoping study as priority early production sources for the Project. Resource infill drilling provides increased confidence in the Project's projected cashflow from early production sources. The mineral resource (Hemi Maiden MRE June 2021) contained within the Brolga Stage 1 pit comprises 1.29Moz @ 1.3g/t Au. The strip ratio of the Brolga Stage 1 pit is 2.1:1 including the pre-stripping of unmineralised transported sediments. Production from Brolga is a key factor in the payback period of the Project of less than two years identified in the scoping study.

Infill drilling to complete the 40m x 40m pattern within the Stage 1 pit at Brolga is continuing in the current quarter. Drilling at Brolga will also be extended to the south and at depth of the Stage 1 pit with the aim of extending mineralisation and increasing the overall resource.

Figure 4: Mallina Gold Project showing main gold deposits and the Hemi Discovery.



Hemi Exploration

During the half the exploration activities, focussed on infill drilling at Diucon and Eagle as well as increasing resources across the existing deposits and new target areas including resource extensions at Hemi and discovery of new intrusion style mineralisation in the Greater Hemi region.

Updates on the material results at the main deposits follows.

Diucon and Eagle

The discoveries of the Diucon and Eagle zones were first announced during the first half of 2021. Diucon and Eagle are located immediately to the west of Crow and present a potential geological link between the Crow intrusion to Antwerp. The gold mineralisation shows similar alteration and sulphide development as seen at the adjacent deposits of Aquila, Brolga, Crow and Falcon.

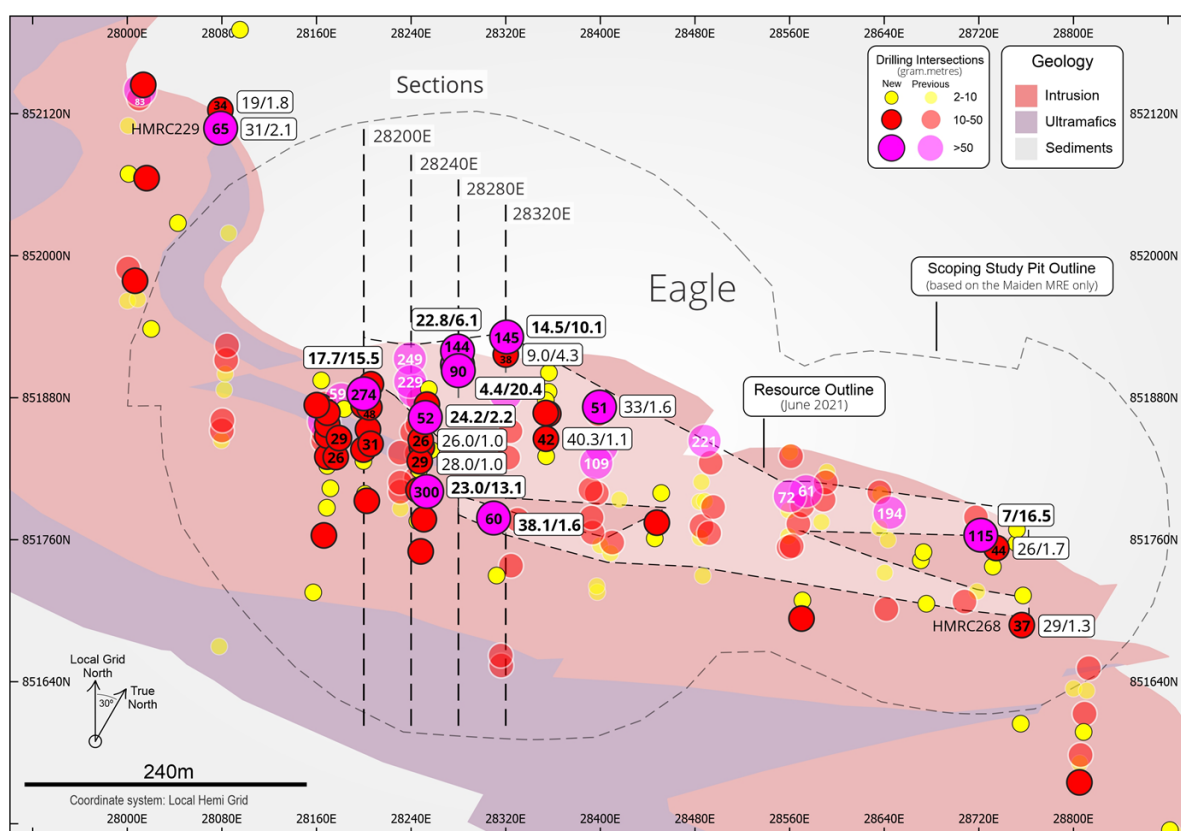
Eagle

The mineralised intrusion at Eagle (Figure 6) has now been intersected for 950m along strike, 200m in width and at least 350m in depth and remains open. Resource definition drilling to a 40m x 40m spacing above approximately 400 vertical metres is currently being prioritised to increase the resource confidence level from JORC Inferred to Indicated in areas of Eagle to be mined by open pit methods. Resource definition drilling for the PFS will continue into the first quarter of 2022. Resource extension drilling at Eagle and the other zones at Hemi will continue throughout CY2022.

New pit shell optimisations to be conducted as part of the PFS are expected to extend the scoping study open pit mine results.

Extensional drilling in the northwest of Eagle (Figure 6) has continued to intersect mineralisation including **31m @ 2.1 g/t Au** from 155.0m and **19.0m @ 1.8g/t Au** from 192.0m in HMRC229 confirming potential for new lodes approximately 240m north of Eagle. Intersections previously announced (9 September 2021) from this area include **15m @ 5.5g/t Au** in HERC875. Aircore and RC drilling searching for mineralised extensions from Eagle into and at Antwerp continues.

Figure 6: Plan of Eagle



- **51.0m @ 6.3g/t Au*** from 106.0m including **0.6m @ 143.5g/t Au** from 147.0m and **1.0m @ 142.0g/t Au** from 150.0m in HEDD103 and
- **23.0m @ 2.1g/t Au*** from 181.0m including **1.0m @ 10.5g/t Au** from 192.0m and **1.0m @ 23.5g/t Au** from 198.0m in HEDD104
- **53.0m @ 5.8g/t Au*** from 315.0m including **3.6m @ 76.6g/t Au** from 339.4m in HERC955D
- **60.8m @ 2.7g/t Au*** from 41.2m including **1.0m @ 36.4g/t Au** from 68.0m and **1.0m @ 72.9g/t Au** from 73.0m in HEDD202
- **7.0m @ 16.5 g/t Au*** from 132.0m including **2.0m @ 55.0g/t Au** from 136.0m in HMRC010 and **29.0m @ 1.3 g/t Au** from 64.0m in HMRC268

Greater Hemi Exploration

Large portions of Greater Hemi have been successfully drilled with shallow aircore to bedrock in widespaced first pass aircore drilling averaging a depth of approximately 60m. This drilling has identified new intrusions, gold zones and gold-arsenic anomalies. Deeper RC drill to test to 200m is required to fully understand the potential of prospective areas identified from aircore drilling.

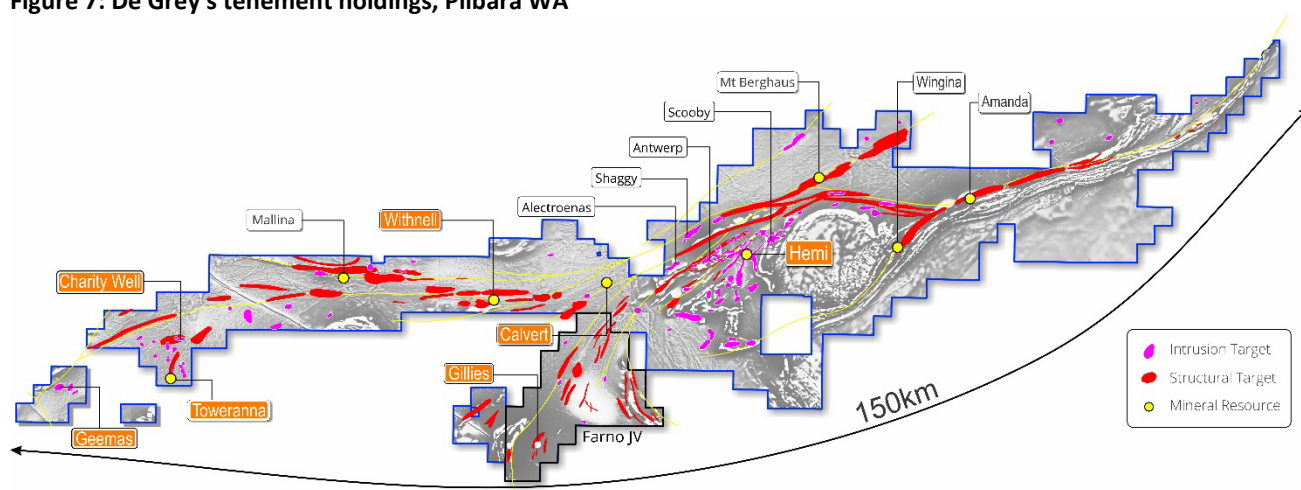
Limited RC drilling has been conducted to date at Antwerp, Geomalia, Goshawk, Shaggy, Scooby, Hanstrum, Brierly and Falcon South due to the focus on improving the resource required for the PFS. Results to date where drilled show zones of anomalous gold and/or arsenic requiring further testing and required heritage surveys continue to be advanced to allow subsequent detailed infill and extensional drilling programmes.

Regional Exploration

Exploration activities at Withnell, Calvert and Gillies are part of De Grey's broader strategic objective to extend existing resources and to make large scale discoveries within its tenement package.

The locations of Withnell, Calvert, Gillies, Geemas and Charity Well are shown in Figure 7.

Figure 7: De Grey's tenement holdings, Pilbara WA



Recent drilling at Withnell was aimed at extending the strike of known mineralisation to the west, to test potential linkages between mineralised zones at Withnell and the adjacent Hester Resource and to investigate subparallel structures to the south. Drilling has been successful in both extending mineralisation along strike and/or identifying new lodes to the south. Further drilling will be conducted at Withnell to build and expand upon this success.

Withnell is located approximately 25km west of the Hemi. Prior to the discovery at Hemi, the Withnell trend was the largest gold deposit (723koz Au) in the Mallina Basin.

Gold mineralisation at Withnell is associated with quartz veins, quartz-sulphide lodes, disseminated sulphides and associated carbonate alteration hosted by altered and poly-deformed folded sediments. The mineralised zones are typically sub-vertical along shears within the folded and deformed sediments. Folding and deformation of the sequence has resulted in a complex geometry. Mineralisation generally ranges in thickness from 5m to 20m however can be more than 40m wide in parts.

A total of 59 RC holes have been drilled for 13,143m to date.

- Significant RC results from Withnell include:
 - **29m @ 5.39g/t Au** from 80m in MWRC0049 including: **13m @ 11.47g/t Au** from 96m
 - **4m @ 2.98g/t Au** from 87m in MWRC00048
 - **12m @ 1.10g/t Au** from 249m in MWRC00052
 - **5m @ 0.95g/t Au** from 126m in MWRC00053
 - **6m @ 3.93g/t Au** from 150m in MWRC00054

- **3m @ 3.95g/t Au** from 117m and **6m @ 1.07g/t Au** from 128m in MWRC0055
- **7m @ 1.22g/t Au** from 202m and **5m @ 1.06g/t Au** from 270m in MWRC0056

Drill hole **MWRC0049** which has intersected a new zone of gold mineralisation approximately 150m south of the main trend of mineralisation previously defined at Withnell (Figure 8). Drill hole MWRC0049 is part of a series of holes drilled to test for subparallel structures and extensions to known mineralisation.

Hole **MWRC0048** has intersected gold mineralisation east of Withnell, potentially extending the strike of the main mineralised trend a further 400m east of the currently defined mineral resources at Withnell.

In drilling to the east of the Hester zone of mineralisation, hole **MWRC0055** successfully extended the mineralisation at depth and a further 50m along strike to the east, towards the Withnell lodes.

Hole MWRC0052 was drilled in the western half of the main Withnell Resource and confirmed mineralisation 140m down dip from the Withnell open pit model, supporting mineralisation in previously reported drilling (NRC117). Holes MWRC0053 and 0054 have also returned encouraging results from the far western end of the main mineralised zone at Withnell, with MWRC0053 potentially confirming the presence of a subparallel lode to the south of the main trend.

Figure 8: Withnell gold deposit, showing the location of the 2021 RC drilling with respect to previous drilling.

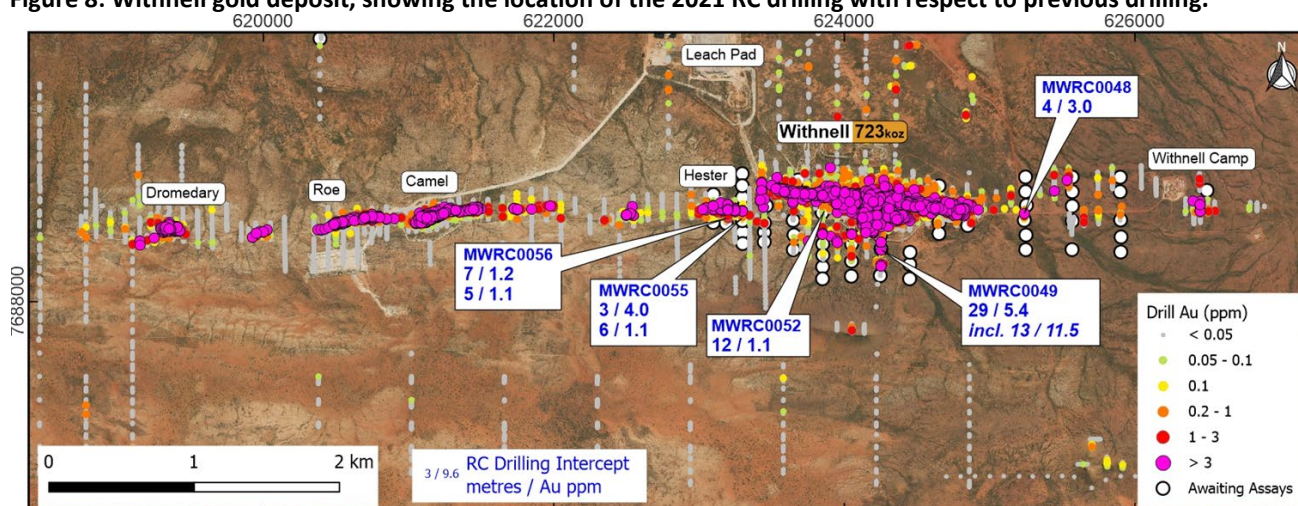
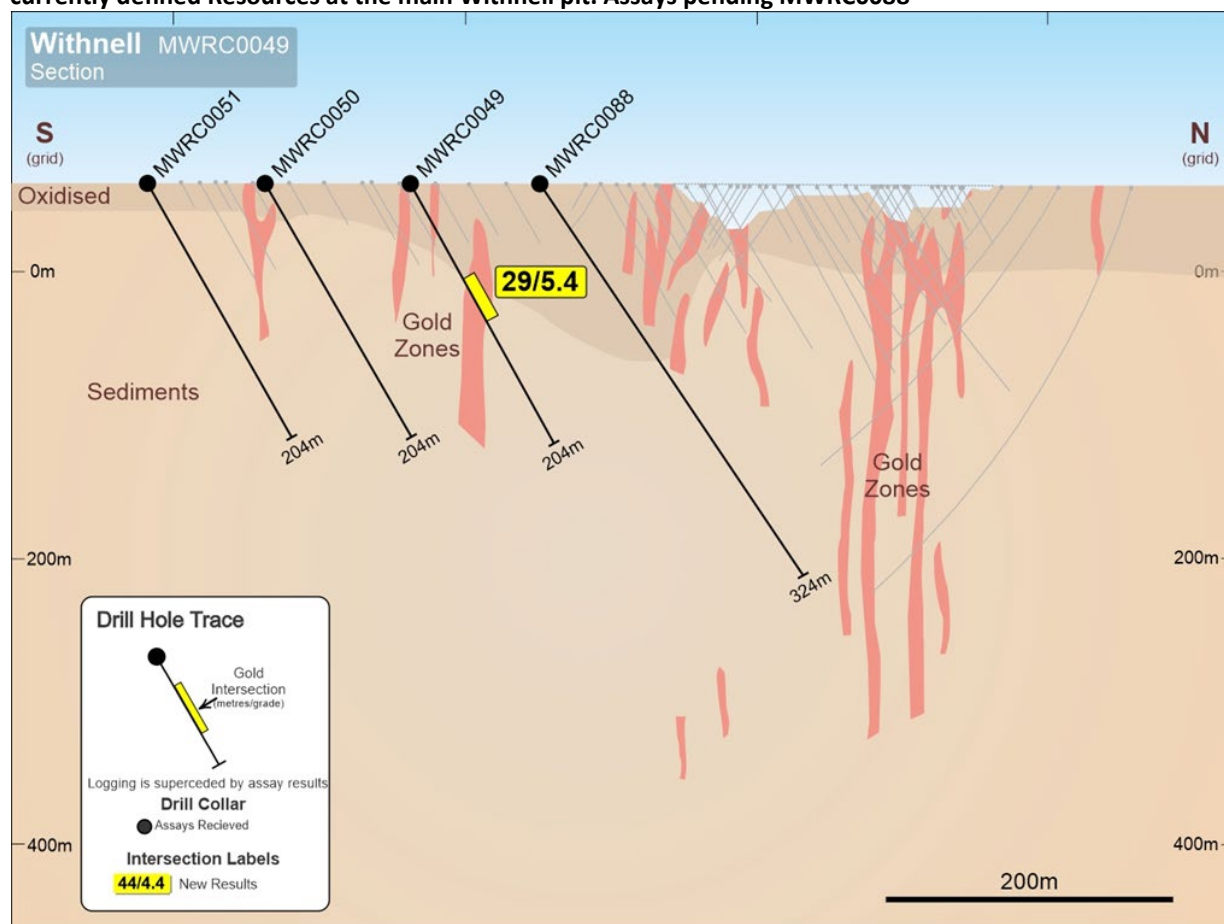


Figure 9: Schematic Section 624,250mE showing results from hole MWRC0049, located approximately 150m south of the currently defined Resources at the main Withnell pit. Assays pending MWRC0088



Calvert

Exploration conducted at Calvert was aimed at expanding known mineralisation along the fault hosted resource by 300 metres along strike to the south and 250 metres down dip. Exploration also tested new targets for both structural and intrusion hosted gold mineralisation within the Calvert intrusion.

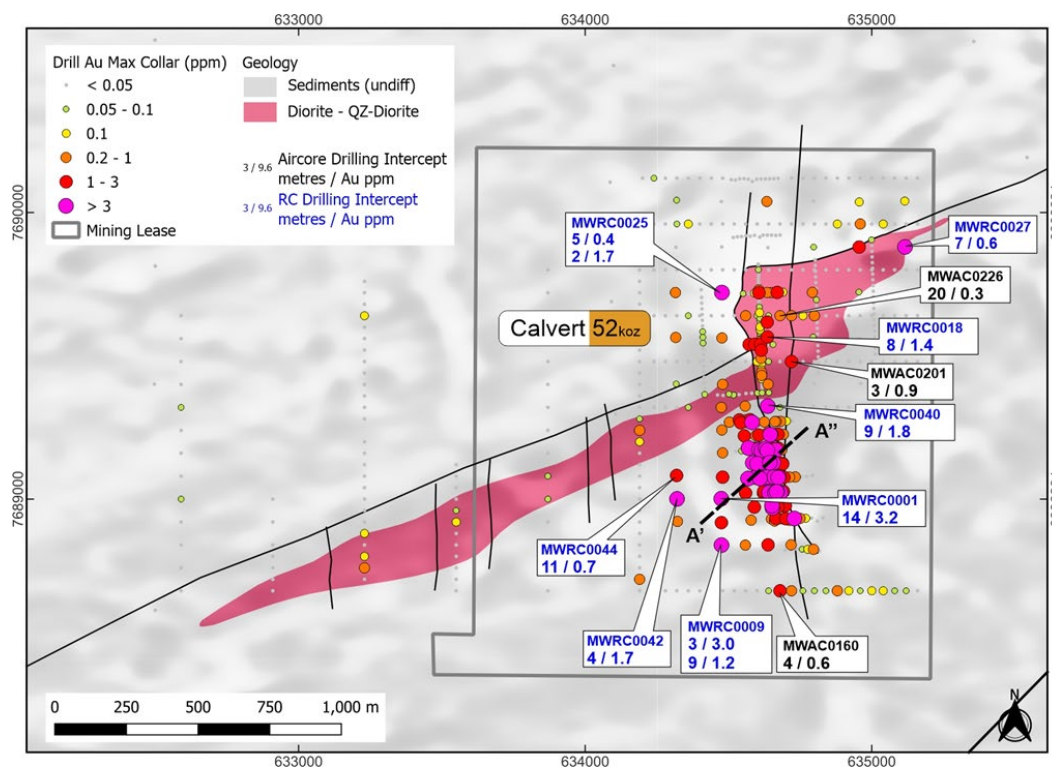
Drilling has been successful in increasing the known size of the Calvert intrusion and extending the structural hosted gold mineralisation. Further drilling will be conducted to test newly interpreted north-south striking structures to the west both in the intrusion and the sediments for potential repeats.

Previous exploration at the Calvert gold deposit has defined a shallow Resource of 52koz Au within a north-south striking, shallowly west dipping fault zone of brecciated sediments associated with hydrothermal alteration and sulfidation. Additionally, broad zones of low-grade gold mineralisation were intersected in limited historical aircore drilling within an intrusive body to the north of the known deposit. Calvert is located 10km east of the Withnell gold deposit and approximately 15km west of Hemi (Figure 7).

- Mineralisation is associated with pyrite and arsenopyrite, quartz veining within a broader sericite and silicified alteration zone and is similar to the Withnell style of shear sediment hosted gold mineralisation.
- Nearly all the previous RC and Diamond Drilling (“DD”) was located to the south of the Calvert intrusion, whilst the intrusion to the north had only seen one RC hole and shallow exploratory aircore drilling. The results of the historical drilling, within the context of the discoveries of Hemi and Toweranna, show indications for potential intrusion-hosted gold mineralisation to be present at Calvert.
- The drilling campaign during the reporting period comprises a mix of RC and aircore drilling designed to potentially expand the known Resources at Calvert and test the adjacent intrusion for potential gold mineralisation.

- The RC drilling successfully extended the known mineralisation down-dip by 250m in drill holes MWRC0001, 0009 and 0044 (Figure 10). Drill hole MWRC0043, located approximately 150m down dip of MWRC0001, intersected anomalous but not significant mineralisation showing that the trend continues. Results from the aircore drilling show potential for the mineralised zone to extend along strike to the south by more than 300m (MWAC0160: 4m @ 0.62g/t Au) (Figure 7 & 8).
- In addition, the RC drilling also intersected gold mineralisation to the north within the Calvert intrusion in holes MWRC0018, 0025 & 0027. A total of 53 RC holes were completed for 11,468m of drilling and assay results are awaited on the final 7 holes.
- Aircore drilling comprised 409 holes drilled for 16,305m at an average depth of 40m. The aircore drilling was very successful in that it significantly expanded the footprint of the intrusion from a strike length of 900m to at least 2.6km. The aircore drilling also identified broad gold anomalism across the Calvert intrusion, highlighting the potential for the discovery of additional fault- and intrusion-hosted mineralisation.
- All significant results for RC drilling are presented in Table 2, while all significant results for AC drilling are presented in Table 3.
- New sediment-hosted RC results at Calvert include:
 - **14m @ 3.15g/t Au from 128m** including: 6m @ 6.06g/t Au from 132m in MWRC0001
 - **9m @ 1.79g/t Au** from 36m in MWRC00040
 - **11m @ 0.69g/t Au** from 241m including 2m @ 1.07g/t Au from 241m and 2m @ 1.06g/t Au from 244m in MWRC00044.
- New intrusion-hosted RC results at Calvert include:
 - **19m @ 0.82g/t Au** from 55m including: **8m @ 1.37g/t Au** from 64m in MWRC0018
 - **5m @ 1.12g/t Au** from 109m in MWRC0018
 - **5m @ 0.44g/t Au** from 95m and 2m @ 1.7g/t Au from 130m in MWRC0025
 - **7m @ 0.63g/t Au** from 45m in MWRC0027

Figure 10: Calvert plan view showing results of RC and aircore drilling and expanded Calvert intrusion.



Gillies

Recent exploration completed at Gillies was aimed at assessing the potential scale of the opportunity highlighted by the first RC drilling campaign. Drilling has been successful in that additional mineralised intercepts have been returned and two target corridors have been identified from the results to date. Further drilling will be conducted along strike in both corridors once new cultural heritage surveys can be completed.

Gillies is located 30 km southwest of the Hemi gold discovery and continues to return promising results. A follow-up round of RC drilling saw the completion of 11 RC holes for 2,434m which intersected additional gold mineralisation hosted in sheared, sericite-sulphide altered and quartz veined sediments (Figure 11).

- Significant new RC results at Gillies include:
 - **5m @ 14.8g/t Au** from 14m in MSRC0004
 - **5m @ 0.95g/t Au** from 188m in MSRC0004
 - **4m @ 1.24g/t Au** from 44m in MSRC0005
 - **3m @ 1.1g/t Au** from 107m in MSRC0006

Hole MSRC0004 was drilled 200m north of GLRC016 and MSRC0005 was drilled up-dip. Hole MSRC0006 was drilled oblique to the original drill line but was designed to intercept the mineralised domain in GLRC016, 100m along strike from the original intercept.

These results are still considered to be very early stage and have outlined a zone of mineralisation with a strike length of up to 300m long, supported by strongly anomalous results over at least 900m.

New cultural heritage surveys are required in order to be able to expand the drilling programme. Despite the limited areas that are currently approved for access to drill, the results of the drill programmes completed to date have defined what are interpreted to be two 1km long structural corridors of gold mineralisation and gold-arsenic anomalism (Figure 12).

Figure 11: Gillies simplified geology showing gold results and the geochemical target footprint.

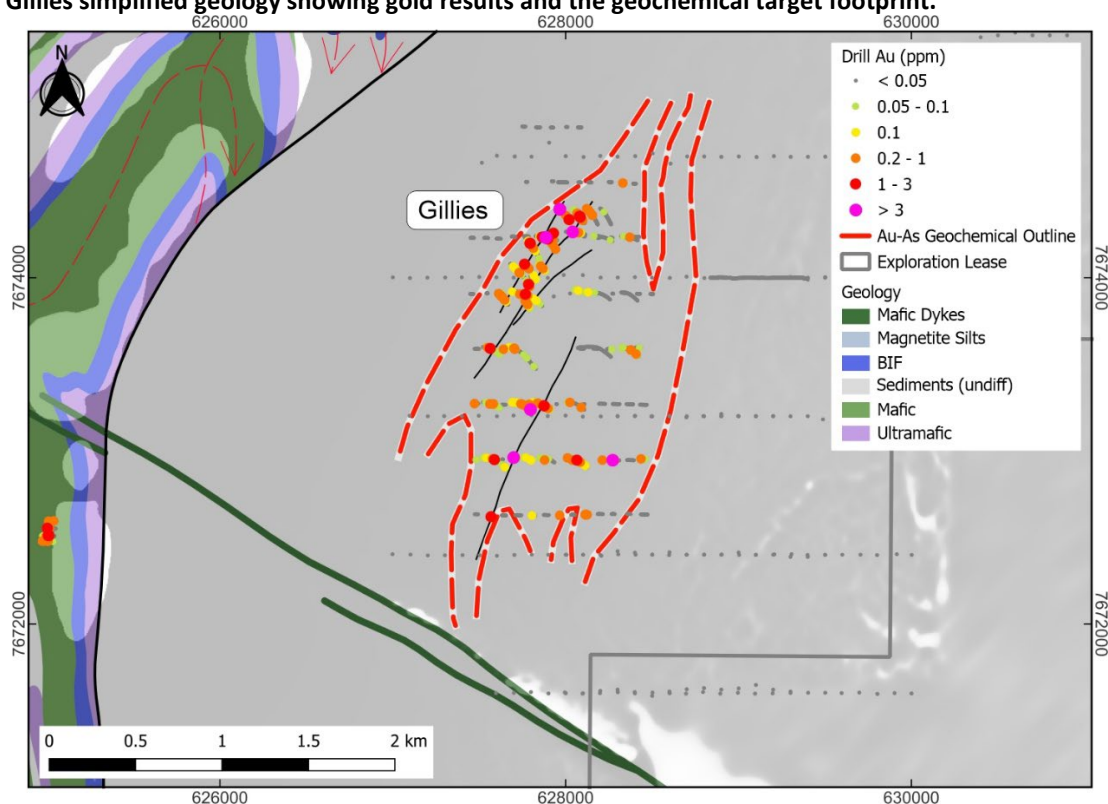
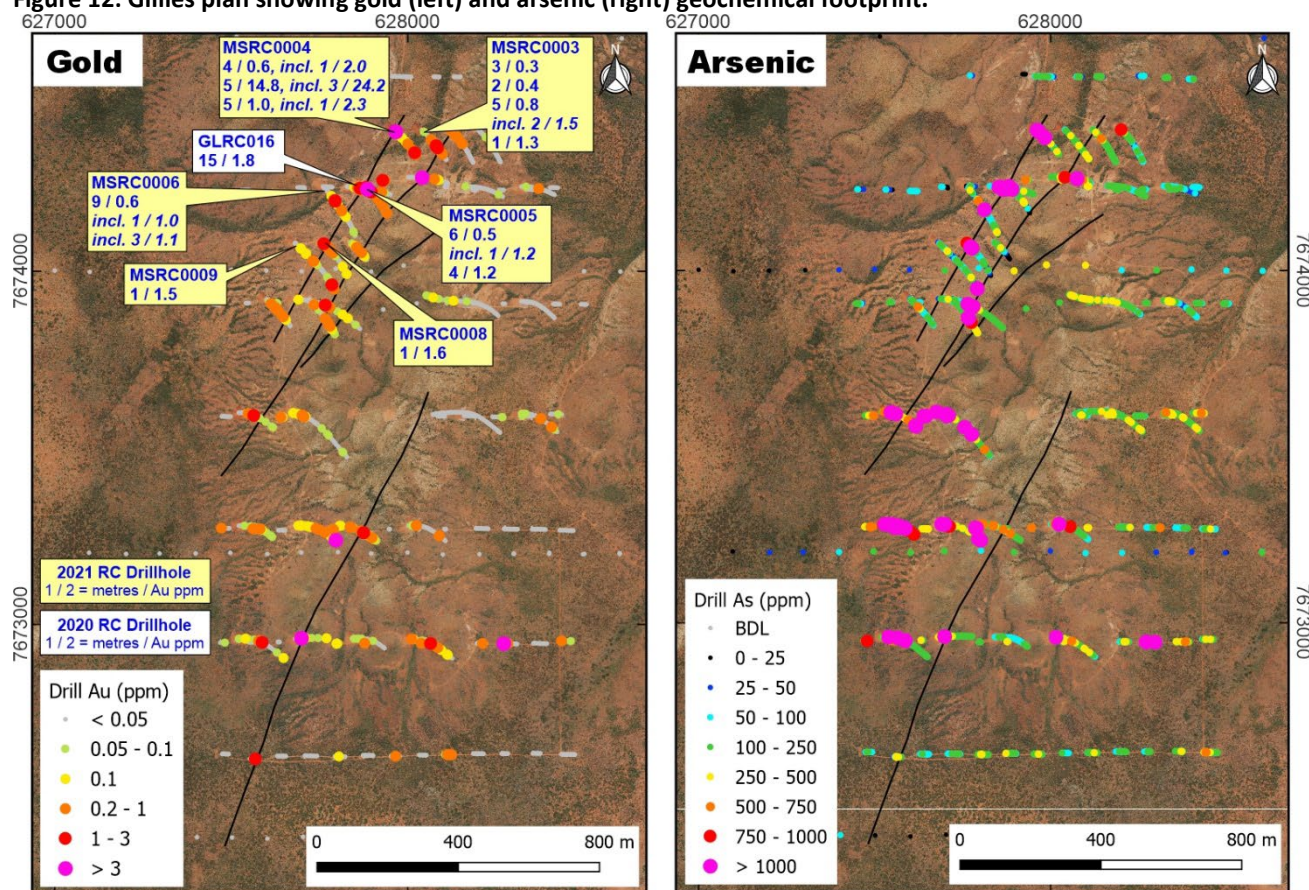


Figure 12: Gillies plan showing gold (left) and arsenic (right) geochemical footprint.



Charity Well and Geemas Prospects

Exploration to be conducted at Geemas and Charity Well is aimed at testing for large scale mineralised intrusions.

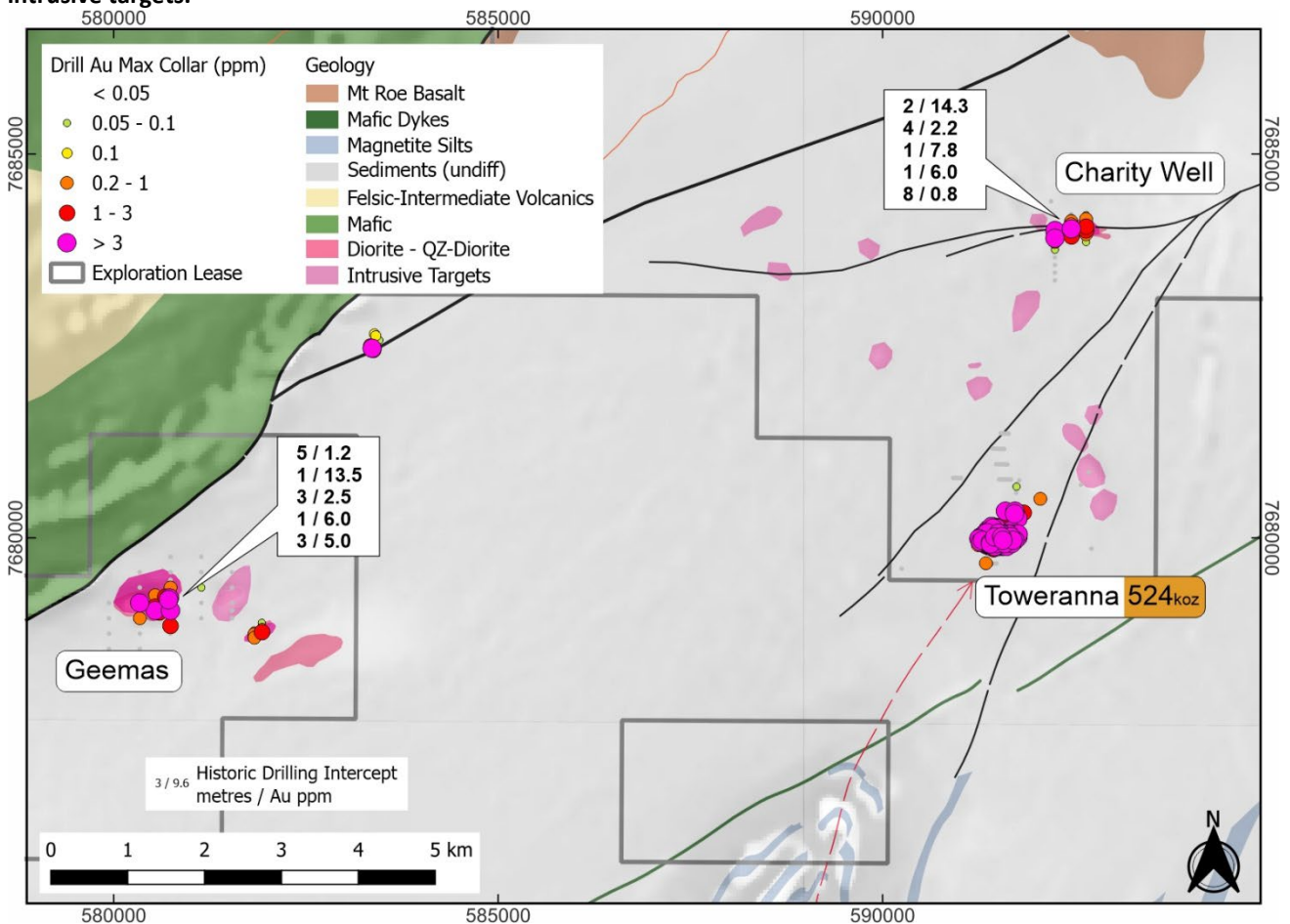
During July and August 2021, the Company completed cultural heritage surveys over Geemas, Charity Well and the broader Toweranna area with traditional owners of the Ngarluma community. Surveys were undertaken in two phases and included ethnographic and archaeological surveys.

- Heritage survey has allowed exploration to commence to test intrusion-related targets in the western end of the tenement package for the first time since the discovery of Hemi and COVID-19 impacted exploration in March 2020.
- In areas approved for exploration activities, the Company has commenced ground works and site preparation. Aircore drilling started at Geemas during the reporting period and will progress to the Toweranna area, exploring multiple targets around the known deposit, and then moving to Charity Well during CY2022.
- The Geemas, Toweranna and Charity Well areas feature multiple magnetic, gravity and historic drill targets, which are spatially coincident with evidence of limited outcrop and scatters of intrusive rocks, none of which have seen any drilling. These highly prospective igneous lithologies intruded the Mallina Basin and are directly analogous to the Toweranna deposit located <10 km to the east (Figure 8).
- **The Geemas prospect** is a cluster of 4 intrusions and the largest range in strike length from 750m to 1.1km. Drilling dating back to 1998 to 2000 was undertaken by Resolute and Normandy and comprised RAB hammer drilling on variably spaced drill traverses ranging from 100m to 400m apart with hole depths 8-45m maximum depth.

Significant results from Geemas included:

- **5m @ 1.20g/t Au** ▪ **1m @ 13.5g/t Au** ▪ **3m @ 1.10g/t Au** ▪ **1m @ 5.95g/t Au**
 - **3m @ 4.96g/t Au** ▪ **2m @ 2.78g/t Au** ▪ **3m @ 2.53g/t Au** ▪ **1m @ 1.85g/t Au**
 - **16m @ 0.71g/t Au** ▪ **16m @ 0.35g/t Au** ▪ **14m @ 0.38g/t Au** ▪ **3m @ 0.96g/t Au**
- At **Charity Well** the prospective intrusion is approximately 500m in strike length. Previous shallow RAB drilling comprises three 200m spaced drill traverses with hole depths ranging from 5 to 48m with bedrock beneath 5-10m of transported material. The area was last drilled by Rolute and Normandy over 20 years ago.
 - Significant results from Charity Well include:
 - **2m @ 14.28g/t Au** ▪ **4m @ 2.24g/t Au** ▪ **1m @ 7.8g/t Au** ▪ **1m @ 2.20g/t Au**
 - **1m @ 1.15g/t Au** ▪ **8m @ 0.77g/t Au** ▪ **2m @ 0.97g/t Au** ▪ **4m @ 0.54g/t Au**

Figure 13: Simplified bedrock geology map of the Toweranna, Geemas and Charity area showing known and interpreted intrusive targets.



Other Project Activities

Metallurgical Testwork

The Company is continuing a comprehensive metallurgical testwork program across each of the mineralised zones at Hemi starting with (Brolga, Aquila, Crow and Falcon) to be followed by Diucon and Eagle. Testing has also commenced on the other main regional deposits of Toweranna and Wingina which are free milling and would likely be able to be treated through a conventional CIL circuit.

During the reporting period pilot scale testwork began on the Brolga deposit.

Hydrology and Hydrogeology

Groundwater test bore installations have continued to enable data collection for input into a robust groundwater model that will be developed and updated as part of the PFS.

Additional topographical data has been collected in order to increase the accuracy of the surface water model.

Comminution Circuit Option Study

The appointed process engineer (Wood) has commenced an options study to assess the most optimal process flowsheet for comminution within the processing plant. This options study will assess the technical robustness, capital and operating costs, and, importantly, the advantages and disadvantages of each option from an ESG perspective.

Oxidation Option Study

The appointed process engineer (Wood) has commenced an options study to assess the most optimal process flowsheet for sulphide oxidation within the processing plant. In a similar manner to the comminution options study, the oxidation options study will assess the technical robustness of each process flowsheet, capital and operating costs, pilot testwork results, and, importantly, the advantages and disadvantages of each option from an ESG perspective.

Environmental Studies

During the reporting period dry season surveys were completed for key environmental studies including terrestrial and subterranean fauna, aquatic biota and short range endemics. Data and results of these surveys are pending, with scoping of post wet season requirements completed and scheduled to be conducted in the field following suitable rainfall events in the region.

Air quality, noise and greenhouse gas emissions inventory baseline data have all been scoped and are progressing.

An experienced site based environmental advisor has commenced with the organisation and will oversee the implementation of the environmental management system at an operational level, and undertake key compliance activities as the project advances through the PFS.

Risk and Emergency Management

Enterprise risks are reviewed monthly by the management team to ensure risks are identified and controlled to as low as reasonably practicable. During the quarter emergency management plans for Covid-19, cyclones, bushfires and heat stress were reviewed and updated to take into account the most up to date information available.

Health and Safety

The focus on health and safety continued to increase quarter on quarter, with close attention paid to hazard identification and reporting and actions close out rates during this strong exploration growth phase. At the end of December 2021, the Company had achieved 694 days free of Lost Time Injuries.

COVID-19

The Company has continued operating with COVID-19 protocols in place. This includes full PCR testing of all site personnel for COVID-19 prior to departure to site. No cases of COVID-19 have been reported at site.

On 5 October 2021, the Western Australian government announced that WA's fly-in fly-out ("FIFO") workforce will be required to be fully vaccinated in an effort to safeguard the industry and regional communities against potential outbreaks of COVID-19.

FIFO and local workers on WA mining and resource sites, people who work in remote operations, or run critical infrastructure, including remote train and port control, must have received their first dose of the COVID-19 vaccine by 12:01am 1 December 2021, and be fully vaccinated by 1 January 2022.

The company has implemented a comprehensive plan in relation to the requirements implemented on 5 October 2021 as well as the changing timeframes of the Western Australian border re-opening.

Corporate

Changes to the Board Composition and Senior Executive Appointments

As part of a board review process the Company has undertaken a board review process to ensure its structure aligns with key Corporate Governance principles. The Governance principals go to the independence of Chair, independence to the board and subcommittees, and to diversity issues.

The Board has engaged an international executive search firm to appoint an Independent Chairman, suitable female representation, and Non-Executive Directors in general. Subsequent to the reporting period the Company announced the appointment of Ms Samantha Hogg, as an Independent Non-Executive Director and member of the Audit and Risk committee.

Ms. Hogg has had a distinguished executive career with international experience across the resources and infrastructure sectors. She previously held senior finance and governance leadership positions at Transurban Group (2008 – 2014) including three years as Chief Financial Officer during a significant growth phase when the company entered the S&P/ASX20 Index.

Ms. Hogg has also had significant mineral resources experience through executive roles held with Vale (2006 – 2007) and Western Mining Company (1992 – 2005) with experience spanning finance, treasury, strategic projects, marketing, people and corporate services.

During her executive career Ms. Hogg has sat on numerous boards and currently serves as an independent Non-Executive Director of Cleanaway Waste Management Ltd (ASX:CWY) and is the Chair of Tasmania Irrigation.

In October 2021, the Company appointed Ms Courtney Morgan-Evans as General Manager, People and Capability. Ms. Morgan-Evans has more than 10 years' experience in Senior Human Resources roles including direct experience in the Pilbara mining industry as Manager, Fortescue People for FMG's Iron Bridge Project and Senior Human Resources roles with Minerals Resources and Atlas Iron.

Capital Raisings

In October 2021, De Grey received commitments for a placement of ~113.6 million shares at a price of A\$1.10 per share to sophisticated, professional and other exempt investors to raise ~\$125 million (before costs). Canaccord Genuity (Australia) acted as Global Co-ordinator, Joint Leader Managers, Joint Underwriter and Joint Bookrunner. Argonaut Securities Pty Ltd acted as Joint Lead Manager, and Joint Bookrunner and Argonaut PCF Limited acted as Joint Underwriter. The A\$1.10 per share Placement price represented a 9% discount to the last closing price before the Placement and an 8.0% discount to the 11-day volume weighted average price (VWAP) following the release of the Scoping Study.

Financial Overview

The consolidated loss after tax for the half-year ended 31 December 2021 was \$5,992,461 (2020: \$3,411,958).

The basic loss per share for the half-year ended 31 December 2021 was 0.46 cents per share (2020: 0.27 cents per share).

Dividends

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

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial period

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

Environmental Regulation

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

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

Proceedings on behalf of the company

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

Rounding

The amounts contained in this director's report have been rounded to the nearest \$1 (unless otherwise stated) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Group is an entity to which the legislative instrument applies.

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 21.

This report is made in accordance with a resolution of the Directors under section 306(3) of the Corporations Act 2001 dated 8 March 2022 and authorised for release by the Board of Directors.

Simon Lill
Non-executive Chairman
 Perth, 8 March 2022

Peter Hood AO
Chair of the Audit & Risk Committee

Competent Person

All references to the scoping study and its outcomes in this report relate to ASX announcement Mallina Gold Project Scoping Study dated 5 October 2021. All references to the Mineral Resource Estimate in this report relate to ASX announcement 6.8Moz Hemi Maiden Mineral Resource drives MGP to 9.0Moz dated 23 June 2021. Please refer to these two announcements for full details and supporting information including JORC, Competent Person and Cautionary Statements.

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

Forward Looking Statements

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

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

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

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



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

As lead auditor for the review of the half-year financial report of De Grey Mining Limited for the half-year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink, appearing to be 'P. Dreyer', written in a cursive style.

Pierre Dreyer
Partner
8 March 2022

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the half-year ended	Notes	31 December 2021	31 December 2020
		\$	\$
Revenue		17,562	14,116
Interest income		77,777	171,562
Other income		468,817	69,975
Employee benefits expense		(2,940,006)	(1,257,804)
Share based payments		(1,304,460)	(484,048)
Compliance expenses		(218,325)	(230,799)
Corporate advisory and consulting expenses		(303,937)	(125,000)
Administration and other expenses		(887,587)	(1,236,200)
Depreciation and amortisation		(836,113)	(246,235)
Finance costs		(66,189)	(87,525)
LOSS BEFORE INCOME TAX		(5,992,461)	(3,411,958)
INCOME TAX EXPENSE		-	-
LOSS FOR THE PERIOD		(5,992,461)	(3,411,958)
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified to profit or loss</i>		-	-
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(5,992,461)	(3,411,958)
Total comprehensive loss for the period attributable to:			
Owners of De Grey Mining Limited		(5,992,461)	(3,411,958)
		Cents	Cents
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the Company:		(0.46)	(0.27)

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

As at	Notes	31 December 2021	30 June 2021
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	4	123,109,827	70,949,700
Trade and other receivables		797,994	1,503,359
Inventories		264,965	206,656
Other assets		775,711	924,936
TOTAL CURRENT ASSETS		124,948,497	73,584,651
NON-CURRENT ASSETS			
Financial assets		77,293	111,871
Deferred exploration & evaluation expenditure	5	168,093,659	114,402,821
Property, plant and equipment	6	8,196,314	6,581,282
Right of use assets	7	2,069,329	2,223,792
TOTAL NON-CURRENT ASSETS		178,436,595	123,319,766
TOTAL ASSETS		303,385,092	196,904,417
CURRENT LIABILITIES			
Trade and other payables	8	8,706,562	17,339,122
Lease liabilities	9	407,677	353,212
Employee benefit obligations		712,301	616,570
TOTAL CURRENT LIABILITIES		9,826,540	18,308,904
NON-CURRENT LIABILITIES			
Lease liabilities	9	1,686,300	1,870,580
Employee benefit obligations		95,701	65,303
Rehabilitation provision		1,022,230	1,022,230
TOTAL NON-CURRENT LIABILITIES		2,804,231	2,958,113
TOTAL LIABILITIES		12,630,771	21,267,017
NET ASSETS		290,754,321	175,637,400
EQUITY			
Contributed equity	10	355,719,646	235,892,228
Reserves	12	2,620,988	1,339,024
Accumulated losses	12	(67,586,313)	(61,593,852)
TOTAL EQUITY		290,754,321	175,637,400

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

Consolidated Statement of Changes in Equity

For the Half-year ended	Notes	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Total \$
BALANCE AT 1 JULY 2021		235,892,228	1,339,024	(61,593,852)	175,637,400
Loss for the period	12	-	-	(5,992,461)	(5,992,461)
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		-	-	(5,992,461)	(5,992,461)
Transactions with owners in their capacity as owners:					
Shares issued during period	10	125,129,620	-	-	125,129,620
Share issue costs	10	(5,324,698)	-	-	(5,324,698)
Share based payments	12	-	1,304,460	-	1,304,460
Share based reserve transfer – exercised	12	22,496	(22,496)	-	-
BALANCE AT 31 DECEMBER 2021		355,719,646	2,620,988	(67,586,313)	290,754,321
BALANCE AT 1 JULY 2020		130,713,404	862,609	(56,343,583)	75,232,430
Loss for the period		-	-	(3,411,958)	(3,411,958)
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		-	-	(3,411,958)	(3,411,958)
Transactions with owners in their capacity as owners:					
Shares issued during period		107,778,870	-	-	107,778,870
Share issue costs		(4,545,028)	-	-	(4,545,028)
Share based payments		-	484,049	-	484,049
Share based reserve transfer – exercised		405,037	(405,037)	-	-
BALANCE AT 31 DECEMBER 2020		234,352,283	941,621	(59,755,541)	175,538,363

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

Consolidated Statement of Cash Flows

For the Half-year ended	Notes	31 December 2021 \$	31 December 2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		22,217	9,394
Other income received		468,817	137,059
Payments to suppliers and employees		(5,551,720)	(2,442,778)
Interest paid		(27,403)	-
Interest received		80,519	159,230
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		<u>(5,007,570)</u>	<u>(2,137,095)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation expenditure		(60,184,393)	(22,787,807)
Proceeds from the disposal of plant and equipment		-	36,800
Payments for plant and equipment		(2,289,359)	(2,482,700)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>(62,473,752)</u>	<u>(25,233,707)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares		125,129,620	107,781,320
Payments of share issue transaction costs		(5,324,698)	(4,545,028)
Principal lease payments		(163,473)	(65,778)
NET CASH INFLOW FROM FINANCING ACTIVITIES		<u>119,641,449</u>	<u>103,170,514</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		52,160,127	75,799,712
Cash and cash equivalents at the beginning of the financial half-year		70,949,700	28,152,622
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL HALF-YEAR	4	<u><u>123,109,827</u></u>	<u><u>103,952,334</u></u>

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

Notes to the Consolidated Financial Statements

1. Corporate Information

The financial report of De Grey for the half-year ended 31 December 2021 was authorised for issue in accordance with a resolution of the Directors on 8 March 2022. De Grey is a for-profit Company limited by shares and domiciled in Australia where shares are publicly traded. Details of the Group's principal activities are included in Note 3.

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

2. Basis of Preparation of Half-year Report

These consolidated interim financial statements for the half-year reporting period ended 31 December 2021 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* ("AASB 134") and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financing Reporting Standard IAS 34 *Interim Financial Reporting*.

These consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by De Grey during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted in the preparation of these consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2021 and the corresponding interim reporting period. Several amendments and interpretations became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

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

3. Segment Information

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

4. Cash and cash equivalents

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Cash at bank & on hand ⁽ⁱ⁾	60,655,523	52,427,074
Short-term & on-call deposits ⁽ⁱⁱ⁾	62,454,304	18,522,626
Total cash and cash equivalents	123,109,827	70,949,700

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

5. Deferred exploration & evaluation expenditure

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Beginning of financial period – 1 July	114,402,821	48,938,399
Exploration expenditure - all areas of interest for the period ⁽ⁱ⁾	54,441,991	65,908,260
Tenement acquisition	-	817,000
Fuel tax credit offset	(751,153)	(1,260,838)
Total deferred exploration & evaluation expenditure ⁽ⁱⁱ⁾	168,093,659	114,402,821

- (i) The Group has capitalised all costs associated with the Mallina Gold Project. The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.
- (ii) At 31 December 2021, the Group conducted an assessment to determine whether there were any indicators of impairment in relation to the carrying value of its capitalised deferred exploration and evaluation expenditure. No indicators of impairment were present and therefore the Group did not impair any previously capitalised expenditure (30 June 2021: Nil).

6. Property, plant and equipment

	Consolidated							Total
	Plant & Equipment	Computer Equipment	Furniture & Fittings	Motor Vehicles	Buildings	Medical Equipment	Assets in Progress	
	\$	\$	\$	\$	\$	\$	\$	
31 December 2021								
Cost	1,682,773	654,525	778,821	1,698,135	842,099	1,850	4,194,255	9,852,458
Accumulated depreciation	(544,325)	(287,862)	(82,732)	(372,508)	(368,593)	(124)	-	(1,656,144)
Net book amount	1,138,448	366,663	696,089	1,325,627	473,506	1,726	4,194,255	8,196,314

Property, plant and equipment movement

Carrying value - 1 July 2021	939,917	332,469	93,690	1,213,417	607,433	-	3,394,356	6,581,282
Additions	386,774	168,409	654,665	251,428	-	1,850	799,899	2,263,025
Depreciation charge	(188,243)	(134,215)	(52,266)	(139,218)	(133,927)	(124)	-	(647,993)
Carrying value - 31 December 2021	1,138,448	366,663	696,089	1,325,627	473,506	1,726	4,194,255	8,196,314

	Consolidated							Total
	Plant & Equipment	Computer Equipment	Furniture & Fittings	Motor Vehicles	Buildings	Medical Equipment	Assets in Progress	
	\$	\$	\$	\$	\$	\$	\$	
30 June 2021								
Cost	1,295,999	486,116	124,156	1,446,707	842,099	-	3,394,356	7,589,433
Accumulated depreciation	(356,082)	(153,647)	(30,466)	(233,290)	(234,666)	-	-	(1,008,151)
Net book amount	939,917	332,469	93,690	1,213,417	607,433	-	3,394,356	6,581,282

Property, plant and equipment movement 2020

Carrying value - 1 July 2020	204,895	122,360	36,698	427,444	507,782	-	155,826	1,455,005
Additions	898,641	304,692	78,664	965,214	31,586	-	3,411,171	5,689,968
Completion of assets in progress	-	-	-	-	172,641	-	(172,641)	-
Assets written off	-	-	-	(29,600)	-	-	-	(29,600)
Depreciation charge	(163,619)	(94,583)	(21,672)	(149,641)	(104,576)	-	-	(534,091)
Carrying value - 30 June 2021	939,917	332,469	93,690	1,213,417	607,433	-	3,394,356	6,581,282

7. Right of use assets

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Right of use asset – office premises		
Gross carrying amount ⁽ⁱ⁾	2,257,450	2,223,792
Accumulated depreciation	(188,121)	-
Net book amount ⁽ⁱⁱ⁾	<u>2,069,329</u>	<u>2,223,792</u>
Opening net book amount – 1 July	2,223,792	499,975
Additions on inception	-	2,223,792
Additions – additions for the period	33,658	-
Depreciation for the period – leased office premises	(188,121)	(102,335)
Office lease cancelled during the period	-	(397,640)
Closing net book amount	<u>2,069,329</u>	<u>2,223,792</u>

- (i) The right of use asset assumes that the options for office lease term extensions will be exercised.
- (ii) The present value of future lease payments is determined by discounting future lease payments using the interest rate implicit in the lease. The interest rate implicit in the lease for the period ending 31 December 2021 is 3% (30 June 2021: 3%)

8. Trade and other payables

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Trade payables	7,865,551	15,950,850
Other payables and accruals ⁽ⁱ⁾	841,011	1,388,272
Total trade and other payables	<u>8,706,562</u>	<u>17,339,122</u>

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

9. Lease liabilities

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Current		
Lease liabilities – office premises	407,677	353,212
Non-current		
Lease liabilities – office premises	1,686,300	1,870,580
Opening net book amount – 1 July	2,223,792	515,679
Interest expense	27,403	13,899
Principal payments	(190,875)	(129,763)
Write off cancelled lease	-	(399,815)
Additions at inception	33,657	2,223,792
Carrying value – end of period	<u>2,093,977</u>	<u>2,223,792</u>

10. Contributed equity

(a) Share capital	31 December 2021		30 June 2021		
	Issue Price	Number of shares	\$	Number of shares	\$
Ordinary shares fully paid		1,406,423,525	355,719,646	1,292,417,059	235,892,228
Total contributed equity		1,406,423,525	355,719,646	1,292,417,059	235,892,228
(b) Movements in ordinary share capital					
Beginning of the financial period		1,292,417,059	235,892,228	1,172,514,204	130,713,404
Issued during the current and prior period:					
<i>Shares issued on exercise of options</i>	\$0.10	-	-	9,210,714	921,071
<i>Shares issued on exercise of options</i>	\$0.30	-	-	5,733,333	1,720,000
<i>Shares issued on exercise of options</i>	\$0.35	370,000	129,500	2,110,000	738,500
<i>Placement share issue</i>	\$0.28	-	-	19,232,142	5,385,000
<i>Placement share issue</i>	\$1.20	100	120	83,416,666	100,100,000
<i>Shares issued as part consideration for tenement purchase</i>	\$1.585	-	-	200,000	317,000
<i>Placement share issue</i>	\$1.10	113,636,364	125,000,000	-	-
<i>Transaction costs</i>		-	(5,324,698)	-	(4,569,746)
<i>Share based payments reserve transfer on exercise</i>		-	22,496	-	566,999
End of the financial period		1,406,423,525	355,719,646	1,292,417,059	235,892,228

(c) Movements in options on issue

	Number of options	
	31 December 2021	30 June 2021
Beginning of the financial period	7,463,020	19,844,047
Net issued / (exercised or cancelled) during the period:		
- Exercisable at 10 cents, on or before 31 Oct 2020	Unlisted	- (7,210,714)
- Exercisable at 30 cents, on or before 30 May 2021	Unlisted	- (4,233,333)
- Exercisable at 30 cents, on or before 30 Sep 2021	Unlisted	- (1,500,000)
- Exercisable at 10 cents, on or before 31 Dec 2021	Unlisted	- (2,000,000)
- Exercisable at 35 cents, on or before 12 Mar 2022	Unlisted	(370,000) (2,110,000)
- Exercisable at 0 cents, on or before 29 July 2022	Unlisted	- 450,454
- Exercisable at 0 cents, on or before 3 December 2024	Unlisted	420,226 2,619,326
- Exercisable at 0 cents, on or before 31 July 2023	Unlisted	- 1,603,240
End of the financial period	7,513,246	7,463,020

(d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital. Neither the Company, nor any of its subsidiaries, holds any shares in the Company at 31 December 2021 (30 June 2021: Nil).

11. Dividends

No dividends were paid during the financial period and no recommendation for payment of dividends has been made (30 June 2021: Nil).

12. Reserves and Accumulated Losses

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
(a) Movements in share-based payments reserve:		
Balance at beginning of financial period	1,339,024	862,609
Share based payments (options) expense (<i>Directors & EOP plan</i>)	1,180,887	892,717
Share based payments (performance rights) expense (<i>Directors & PR plan</i>)	123,573	150,697
Transfer to issued capital on exercise of options	(22,496)	(566,999)
Balance at end of period	<u>2,620,988</u>	<u>1,339,024</u>
(b) Movements in accumulated losses		
Balance at beginning of financial period	(61,593,852)	(56,343,583)
Net loss for the period	(5,992,461)	(5,250,269)
Balance at end of period	<u>(67,586,313)</u>	<u>(61,593,852)</u>

13. Commitments

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
(a) Exploration commitments		
The Group has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding Mallina Project exploration commitments are as follows:		
Mallina Project tenements (100% owned)	1,585,540	1,569,040
Tenements under option agreements	229,280	199,280
<i>Annual commitment for the Mallina Project assets</i>	<u>1,814,820</u>	<u>1,768,320</u>
(b) Capital commitments		

The Group did not have any capital commitments as at the current or prior balance date (30 June 2021: Nil)

14. Events occurring after the reporting date

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

Director's Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 23 to 32 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half year on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to meet any obligations or liabilities as and when they become due and payable; and

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



Simon Lill

Non-executive Chairman

Perth, 8 March 2022



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

Conclusion

We have reviewed the accompanying half-year financial report of De Grey Mining Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



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

A stylized, handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'P. Dreyer', written in a cursive style.

Pierre Dreyer
Partner
Perth
8 March 2022

Corporate Information

ABN 65 094 206 292

Stock Exchange Listing

Australian Securities Exchange (ASX code DEG)

Frankfurt Stock Exchange (FRA code WKN 633879)

Directors

Simon Lill (Non-Executive Chairman)

Glenn Jardine (Managing Director)

Andrew Beckwith (Technical Director)

Samantha Hogg (Non-Executive Director) – appointed 28 January 2022

Peter Hood AO (Non-Executive Director)

Eduard Eshuys (Non-Executive Director)

Bruce Parncutt AO (Non-Executive Director)

Chief Financial Officer

Peter Canterbury

Company Secretaries

Craig Nelmes

Patrick Holywell – resigned 17 December 2021

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Automic Group

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Auditors

Ernst & Young

11 Mounts Bay Road

PERTH WA 6000

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