

DE GREY MINING LIMITED

ABN 65 094 206 292

PROSPECTUS

For a renounceable pro rata Entitlements Offer to Eligible Shareholders of 232,332,823 New Shares on the basis of 1 New Share for every 2 Existing Shares held at 5.00pm (WST) on the record date of 18 April 2013, at an issue price of \$0.008 per New Share to raise approximately \$1,858,663 before issue costs

The Entitlements Offer is partially underwritten by Patersons Securities Limited. Refer to Section 5.7 for details regarding the terms and conditions of the Underwriting Agreement.

Underwriter and Lead Manager

Patersons Securities Limited

ABN 69 008 896 311

ASFL No 239 052

Important Notice

This is an important document and should be read in its entirety (including the Risk Factors in section 3 of the Prospectus). This Prospectus is a transaction-specific prospectus issued in accordance with Section 713 of the Corporations Act 2001. If you have any queries about any part of the Prospectus, please contact your professional adviser without delay.

An investment in the securities offered by this Prospectus should be considered speculative.

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CORPORATE DIRECTORY

Directors	Peter Batten – Executive Chairman Darren Townsend – Non-Executive Director Jason Brewer – Non-Executive Director
Company Secretary	Dennis Wilkins
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Postal Address:	PO Box 8289 SUBIACO EAST Western Australia 6008
Website	www.degreymining.com.au
Underwriter	Patersons Securities Limited Level 23, Exchange Plaza 2 The Esplanade PERTH WA 6000
Corporate Advisors to the Company	DWCorporate Pty Ltd Ground Floor, 20 Kings Park Road WEST PERTH WA 6005
Solicitors	Hardy Bowen Level 1, 28 Ord Street WEST PERTH WA 6005
*Share Registry	Security Transfer Registrars Pty Ltd 770 Canning Highway APPLECROSS Western Australia 6153 Telephone: +61 8 9315 2333 Facsimile: +61 8 9315 2233
*Auditors	Butler Settineri (Audit) Pty Ltd 35-37 Havelock Street WEST PERTH Western Australia 6005
ASX Code	DEG

*These parties are included for information purposes only. They have not been involved in the preparation of this Prospectus.

IMPORTANT NOTICES

This Prospectus is dated 9 April 2013 and copy of this Prospectus was lodged with ASIC on that date. Neither ASIC nor the ASX take any responsibility for the contents of this Prospectus, or the merits of the investment to which this Prospectus relates.

No New Shares will be allotted or issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus. The Company will apply to the ASX within 7 days of the date of this Prospect for quotation of the New Shares offered by this Prospectus.

A copy of this Prospectus can be downloaded from the Company's website at www.degreymining.com.au or the ASX website and Eligible Shareholders will be mailed a hard copy of this Prospectus along with a personalised Entitlement and Acceptance Form. Applicants for New Shares offered pursuant to this Prospectus may only be submitted on an original Entitlement and Acceptance Form which accompanies this Prospectus. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Entitlements Offer. Eligible Shareholders who do not take up their Entitlement will have their existing interest in the Company diluted. Please refer to Section 2 for details of how to accept the Entitlements Offer.

The Corporations Act prohibits any person passing onto another person the Entitlement and Acceptance Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

No person is authorised to give any information or to make any representation in connection with the Entitlements Offer which is not contained in this Prospectus or inconsistent with the information in this Prospectus. Any information or representation not so contained, or inconsistent with the information in this Prospectus, may not be relied on as having been authorised by the Company in connection with the Entitlements Offer.

In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult. This Prospectus is issued pursuant to Section 713 of the Corporations Act. Section 713 allows the issue of a more concise prospectus in relation to an offer of continuously quoted securities. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all information that would be included in a prospectus for an initial public offering.

This Prospectus should be read in its entirety prior to making an investment decision. If you do not fully understand this Prospectus or are in doubt as to how to deal with it, you should consult your professional adviser. The New Shares offered by this Prospectus should be considered speculative. Please refer to Section 3 for details relating to investment risks.

Some words and expressions used in this Prospectus have defined meanings which are explained in section 7 of this Prospectus. Unless otherwise indicated, all references to currency are to Australian dollars and all references to time (such as "WST") are to Perth, Western Australian time.

Forward Looking Statements

Some of the statements in this Prospectus may be in the nature of forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. You should be aware that such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate.

Forward looking statements are subject to many inherent risks and uncertainties before actual outcomes are achieved. Those risks and uncertainties include factors and risks specific to the industry in which the Company operates as well as general economic conditions, interest rates, exchange rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and any variation may be materially positive or negative. The forward looking statements in this Prospectus reflect views held only as at the date of this Prospectus.

Overseas Shareholders

This Prospectus does not constitute an offer or invitation in any jurisdiction where, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to permit the offer of New Shares under this Prospectus in any jurisdiction other than Australia or New Zealand. The distribution of this Prospectus in jurisdictions outside Australia or New Zealand may be restricted by law and persons who come into possession of this document should seek advice on, and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Neither this document nor the New Shares the subject of the Entitlements Offer have been, nor will be, registered under the US Securities Act 1933 and may only be offered, sold or resold in, or to persons in, the United States in accordance with an available exemption from registration.

It is the responsibility of any Applicant to ensure compliance with any laws of a country relevant to their application. The return of a duly completed Entitlement and Acceptance Form will be taken by the Company as a representation that there has been no breach of such laws and that the Applicant is an Eligible Shareholder.

PROPOSED TIMETABLE

Prospectus lodged with ASIC and ASX	9 April 2013
Notice sent to Shareholders containing Appendix 3B details and indicative timetable	11 April 2013
“Ex” Date ¹ and Rights trading commences	12 April 2013
Record Date for determining Entitlements	18 April 2013
Prospectus and Entitlement and Acceptance Form sent to Eligible Shareholders	22 April 2013
Opening Date of Entitlements Offer	22 April 2013
Rights trading ends	30 April 2013
Closing Date for acceptances and receipt of application under the Entitlements Offer at 5.00pm (WST)	7 May 2013
Notify ASX of Shortfall	10 May 2013
Allotment and issue of New Shares and despatch of holding statements for New Shares.	15 May 2013
Date of quotation of New Shares and trading of New Shares is expected to commence	16 May 2013

1. The date on which Shares commence trading with the Entitlement to participate in the Entitlements Offer

This timetable is indicative only and subject to change. The Company reserves the right, subject to the Corporations Act and the Listing Rules, to vary the above dates without prior notice including extending the Closing Date, or to delay or withdraw the Entitlements Offer at any time. If withdrawn, all Application Monies for New Shares which have not been issued will be refunded (without interest) as soon as practicable.

Risk Factors

An investment in New Shares or Shortfall Shares is subject to risks and uncertainties and should be considered speculative. Some of the more significant risks which affect an investment in the Company are:

- The Company conducts exploration activities in Argentina and is exposed to the risks of operating in that country.
- The Company is exposed to the risks associated with exploration and development of mining projects.
- The Company may require additional funding in the future.
- Ore Reserves and Mineral Resources are estimates only and may prove to be inaccurate.
- Results of studies may indicate that the Company's interests are less attractive than expected or hoped.
- The Company is subject to commodity price fluctuations.

Section 3 contains further details of these and other risks of an investment in the Company.

1. Details of the Entitlements Offer

1.1. The Entitlements Offer

The Company is making a renounceable pro rata offer of New Shares to Eligible Shareholders of 232,332,823 New Shares (assuming no existing Options are exercised between the lodgement date of this Prospectus and the Record Date) on the basis of 1 New Share for every 2 Existing Shares held at 5:00 pm (WST) on the Record Date at an issue price of \$0.008 each to raise \$1,858,663 before issue costs (**Entitlements Offer**).

The Entitlements being offered are fully renounceable which means that Eligible Shareholders can sell or transfer their Entitlement during the course of the Entitlements Offer which is currently scheduled to close on 7 May 2013. For information on how to deal with your entitlement, please refer to Section 2.

1.2. Minimum Subscription

There is no minimum subscription for the Entitlements Offer.

1.3. Underwriting and sub-underwriting

The Entitlements Offer is partially underwritten to the value of \$950,000 (118,750,000 New Shares) (**Underwritten Amount**) by Patersons Securities Limited. Refer to Section 5.7 for a summary of the terms of the Underwriting Agreement including the commission payable to the Underwriter for underwriting the Entitlements Offer and the circumstances in which it may be terminated.

1.4. Fractional Entitlements

Fractional Entitlements of the Entitlements Offer will be rounded up to the nearest whole number of New Shares. For this purpose, holdings in the same name are aggregated for calculation of Entitlements.

1.5. Purpose of the Entitlements Offer

The purpose of the Entitlements Offer is to raise approximately \$1,858,663 before issue costs.

The Directors intend to apply the proceeds from the Entitlements Offer as set out below:

Proceeds of the Entitlements Offer	Entitlements Offer fully subscribed (\$)	Entitlements Offer subscribed to extent of the Underwriting only (\$)
Drilling programmes	1,050,000	700,000
CSAMT/IP surveys	300,000	70,000
Working Capital	345,663	17,000
Costs of the Entitlements Offer	163,000	163,000
TOTAL	\$1,858,663	\$950,000

The proposed use of funds outlined above is a statement of current intentions as at the date of this Prospectus. Intervening events and new circumstances have the potential to ultimately affect the way funds are expended. The Directors reserve the right to vary the proposed use of funds accordingly.

The Entitlements Offer is partially underwritten, to the value of the Underwritten Amount, which will result in at least \$950,000 being raised.

In the event that no Shareholders apply for their Entitlement and the Company only raises funds for the Underwritten Amount, the funds raised (after payment of the expenses of the Entitlements Offer) will be applied in the manner set out in the third column of the table above.

Unallocated working capital may be utilised by the Company to pay for cost overruns in budgeted expenditures (if any), additional exploration and development expenditure, the acquisition of new resource opportunities and in the administration of the Company.

1.6. Your entitlement and acceptance

Eligible Shareholders who are on the Company's share register at 5.00pm (WST) on the Record Date, being 18 April 2013 are eligible to participate in the Entitlements Offer. The number of New Shares to which you are entitled is shown in the accompanying Entitlement and Acceptance Form.

This Entitlements Offer may be accepted in whole or in part prior to the Closing Date subject to the rights of the Company to extend the Entitlements Offer period or close the Entitlements Offer early. Instructions for accepting your Entitlement are set out in section 2 and on the Entitlement and Acceptance Form which accompanies this Prospectus.

1.7. Rights trading

The Rights to New Shares are renounceable, which enables Eligible Shareholders who do not want to take up some or all of their Entitlements to sell or otherwise transfer all or part of their Entitlement. Eligible Shareholders are also entitled to purchase Additional New Shares if they wish to do so. Trading of Rights on the ASX is expected to commence on 12 April 2013 and end on 30 April 2013.

1.8. Opening and Closing Dates

The Entitlements Offer will open for receipt of acceptances on 22 April 2013 and will close at 5.00 pm WST (2.00pm (WST) for BPAY®) on the Closing Date, 7 May 2013 or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules.

1.9. Applying for Additional New Shares

Eligible Shareholders (other than Directors and related parties of the Company) may, in addition to taking up their Entitlement, apply for Additional New Shares in excess of their Entitlement.

Additional New Shares will only be available where there is a Shortfall between Applications received from Eligible Shareholders and the number of New Shares proposed to be issued under the Entitlements Offer. Additional New Shares will be issued at the same price (\$0.008 each) as the New Shares offered under this Prospectus. It is possible that there will be few or no Additional New Shares available for issue, depending on the level of take up of Entitlements by Eligible Shareholders. There is also no guarantee that in the event Additional New Shares are available for issue, they will be allocated to all or any of the Eligible Shareholders who have applied for them.

It is an express term of the Entitlements Offer that, Applicants for Additional New Shares will be bound to accept lesser number of Additional New Shares allocated to them than applied for if so allocated. If a lesser number of Additional New Shares is allocated to them than applied for, excess Application Monies will be refunded without interest. The Company reserves the right to scale back any Applicants for Additional New Shares as directed by the Underwriter in its absolute discretion.

If any Shortfall remains after the allocation of the Additional New Shares to Eligible Shareholders as described above, the Shortfall will be dealt with under the Shortfall Offer as set out in section 1.10 of this Prospectus.

1.10. Shortfall Offer

New Shares not taken up by Eligible Shareholders (including pursuant to applications for Additional New Shares) will form part of the Shortfall Offer. The issue price of any Shares offered pursuant to the Shortfall Offer will be not less than \$0.008 each, being the price of the New Shares offered to Eligible Shareholders pursuant to the Entitlements Offer. Accordingly, Shortfall Shares will only be issued if the Entitlements Offer is undersubscribed, in such circumstances, the Directors, in consultation with the Underwriter, reserve the right to place the Shortfall at their discretion within 3 months after the close of the Entitlements Offer, subject to the Listing Rules and any other applicable law

1.11. Effect of the Entitlements Offer on the Control of the Company

The Company is of the view that the Entitlements Offer will not affect the control of the Company. No investor or existing Shareholder will have a voting power greater than 20% as a result of the completion of the Entitlements Offer.

As at the date of this Prospectus, the Underwriter does not beneficially hold any Shares in the Company. The Underwriter is not a related party as defined in section 228 of the Corporations Act. The Underwriter has

entered into various sub-underwriting agreements with sub-underwriters (**Sub-underwriters**) and the Underwritten Amount is fully sub-underwritten.

In the event that Shareholders do not take up some or all of their Entitlements under the Entitlements Offer, then a Shortfall will result and Underwriter and/or the Sub-underwriters will be obliged to subscribe for the Shortfall Shares making up the balance of the Underwritten Amount.

In the event that there is a 100% Shortfall (i.e. no Shareholder applies for their Entitlement), neither the Underwriter nor any Sub-underwriter will acquire voting power in the Company of more than 20%.

1.12. Entitlement and Acceptance Form

Acceptance of a completed Entitlement and Acceptance Form by the Company creates a legally binding contract between the Applicant and the Company for accepted Entitlement. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of your Entitlement.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance of an Entitlement and Acceptance Form as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

1.13. Allotment and Application Money

New Shares will be issued only after all Application Money has been received and ASX has granted permission for the New Shares to be quoted. It is expected that New Shares will be issued on 15 May 2013 and trading of the New Shares on ASX is expected to commence on 16 May 2013.

Shares issued pursuant to the Shortfall Offer will be allotted on a progressive basis. Where the number of Shares issued is less than the number applied for, or where no allotment is made surplus Application Money will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the allotment and issue of the Shares, all Application Money received will be held in a special purpose account for the purpose of depositing Application Money. After any Application Money is refunded (if required) and New Shares are issued to Applicants, the balance of funds in the account plus accrued interest will be received by the Company.

Holding statements for Shares issued under the Entitlements Offer will be mailed in accordance with the Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Shares issued under the Shortfall Offer as soon as practicable after their issue.

1.14. ASX quotation

The Company will apply to the ASX within 7 days after the date of this Prospectus for the New Shares to be granted Official Quotation. If permission is not granted by ASX for the official quotation of the New Shares offered by this Prospectus within 3 months after the date of this Prospectus (or such period as ASX allows), the Company will repay, as soon as practicable, all Application Monies received pursuant to this Prospectus in full (without interest).

The fact that ASX may agree to grant Official Quotation of the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares. ASX takes no responsibility for the contents of this Prospectus.

1.15. Issue Outside Australia and New Zealand

The Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would not be lawful to issue this Prospectus or make such an offer. No action has been taken to register or qualify the New Shares or the Entitlements Offer or otherwise to permit an offering of the New Shares in any jurisdiction outside of Australia and New Zealand.

The Entitlements Offer is not being extended to any Shareholder, as at the Record Date, whose registered address is not situated in Australia or New Zealand, because of the small number of such Shareholders, and the cost of complying with applicable regulations in jurisdictions outside Australia and New Zealand. Where the Prospectus has been dispatched to Shareholders domiciled outside Australia or New Zealand and where that country's securities code or legislation prohibits or restricts in any way the making of the Entitlements Offer

contemplated by this Prospectus, then the Prospectus and accompanying Entitlement and Acceptance Form are provided for information purposes only.

The Entitlements Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). If you are an Eligible Shareholder and have a registered address in New Zealand but are no longer a Shareholder on the Opening Date, you will have no Entitlement and may not accept the Entitlements Offer being made under this Prospectus. Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares.

It is the responsibility of any Applicant to ensure compliance with any laws of a country relevant to their application. The return of a duly completed Entitlement and Acceptance Form will be taken by the Company as a representation that there has been no breach of such laws and that the Applicant is an Eligible Shareholder.

1.16. Notice to nominees and custodians

Nominees and custodians that hold Existing Shares should note that the Entitlements Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlements Offer is compatible with applicable foreign laws.

1.17. Market price of Shares

The highest and lowest market sale price of the Company's Existing Shares, which are on the same terms and conditions as the New Shares being offered under this Prospectus, during three months immediately preceding the lodgement of this Prospectus with ASIC, and the last market sale price on the date before the date of lodgement of this Prospectus, are set out below:

	3 months high	3 month low	Last market sale price
Existing Shares	\$0.021 on 9 January 2013	\$0.010 on 4 April 2013	\$0.012 on 8 April 2013

1.18. CHESS

The Company participates in the Clearing House Electronic Subregister System, known as CHESS operated by ASX Settlement Pty Ltd (a wholly owned subsidiary of ASX), in accordance with the Listing Rules and ASX Settlement Operating Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of New Shares.

If you are broker sponsored, ASX Settlement will send you a CHESS statement. The CHESS statement will set out the number of Shares issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by 15 May 2013 and will contain the number of Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

It is the responsibility of Applicants to determine their allocation before trading in the New Shares. Applicants who sell New Shares before they receive their statement do so at their own risk.

1.19. Rights and Liabilities attaching to the New Shares

The New Shares will rank equally in respect of dividends, voting and in all other respects as Existing Shares. A summary of the rights and liabilities attaching to the New Shares is set out in Section 5.1.

1.20. Risk factors

An investment in the Company carries certain risks that may impact on the future profitability of the Company and the value of the Company's securities. The New Shares should be regarded as speculative. The Directors recommend that potential investors carefully consider this Prospectus and consult their professional advisors before deciding whether to apply for New Shares under this Prospectus. The risk factors affecting an investment in the Company are set in Section 3.

1.21. Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Prospectus as it is not possible to provide a comprehensive summary of the possible taxation positions of Shareholders.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for Shares under this Prospectus.

1.22. Major activities and financial information

A summary of the major activities and financial information relating to the Company for the financial year ended 30 June 2012 is in the Annual Financial Report which was lodged with ASX on 28 September 2012.

The Company's continuous disclosure notices (i.e. ASX announcements) since 28 September 2012 are listed in Section 5.4.

Copies of these documents are available free of charge from the Company. The Directors strongly recommend that Shareholders review these and all other announcements prior to deciding whether or not to participate in the Entitlements Offer.

1.23. Enquiries concerning Prospectus

Enquiries concerning the Entitlement and Acceptance Form can be obtained by contacting the Company's Share Registry by telephone on +61 8 9315 2333.

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on +61 8 9389 2111.

You can also contact your stockbroker or professional adviser with any queries in relation to the Entitlements Offer.

2. Action required by Eligible Shareholders

2.1. What Eligible Shareholders may do:

The number of New Shares to which Eligible Shareholders are entitled (your Entitlement) is shown on the Entitlement and Acceptance Form accompanying this Prospectus. If you do not take up your Entitlement, then your percentage holding in the Company will be diluted.

As an Eligible Shareholder, you may:

- take up all of your Entitlement (refer to section 2.2);
- take up all of your Entitlement and apply for Additional New Shares (refer to sections 1.9 and 2.3);
- sell all of your Entitlement on ASX (refer section 2.4);
- take up part of your Entitlement and sell the balance on ASX (refer section 2.5);
- deal with part or all of your Entitlement other than on ASX (refer section 2.6); or
- allow all or part of your Entitlement to lapse (refer to section 2.7).

2.2. If you wish to take up all of your Entitlement

If you wish to take up all of your Entitlement, complete the accompanying Entitlement and Acceptance Form to apply for the number of New Shares you wish to take up in accordance with the instructions set out in that form and arrange for payment of the Application Money in accordance with section 2.8. If you elect to pay by BPay®, you do not need to return the Entitlement and Acceptance Form but you will be deemed to have accepted your Entitlements upon receipt of the BPay® payment.

2.3. Applications for Additional New Shares

Eligible Shareholders (other than Directors and related parties of the Company) may, in addition to taking up their Entitlements in full, apply for Additional New Shares in excess of their Entitlements as described in Section 1.9.

If you wish to subscribe for Additional New Shares in addition to your Entitlement, then you should nominate the maximum number of Additional New Shares you wish to subscribe for on the Entitlement and Acceptance Form and make payment of your full Entitlement and the Additional New Shares (at the issue price of \$0.008 for each Additional New Share) in accordance with Section 2.8.

Eligible Shareholders who apply for Additional New Shares may be allocated a lesser number of Shortfall Shares than applied for, or may be allocated no Additional New Shares at all, in which case excess Application Money will be refunded without interest.

2.4. If you wish to sell all of your Entitlement

Complete the section marked “**Instructions to Stockbroker**” on the back of the Entitlement and Acceptance Form in accordance with the instructions contained on the form and lodge it with your stockbroker as soon as possible.

Rights trading will commence on ASX on 12 April 2013. Sale of your Rights must be completed by 30 April 2013 when Rights trading is expected to cease.

2.5. If you wish to take up part of your Entitlement and sell the balance

Complete the accompanying Entitlement and Acceptance Form by inserting the number of New Shares for which you wish to accept (being less than as specified on the Entitlement and Acceptance Form) and complete the section marked “**Instructions to Stockbroker**” on the back of the form in respect of that part of your Entitlement you wish to sell.

Forward the completed Entitlement and Acceptance Form to your stockbroker and arrange for payment of the Application Money for the New Shares accepted in accordance with section 2.8. Your stockbroker will need to ensure that the completed Entitlement and Acceptance Form reaches the Company’s share registry, by 5.00 pm (WST) on 7 May 2013.

Rights trading will commence on ASX on 12 April 2013. Sale of your Rights must be completed by 30 April 2013 when Rights trading is expected to cease.

2.6. If you wish to transfer your Entitlement other than on ASX

If you are a Shareholder and hold Existing Shares on the issuer sponsored sub-register, forward a completed standard renunciation and transfer form (obtainable through your stockbroker or the Company's share registry) together with your Entitlement and Acceptance Form completed by the transferee and the transferee's cheque for the appropriate Application Money for the New Shares they wish to subscribe for to the Company's share registry (by post at any time after the issue of this Prospectus and on or before the Closing Date).

If you are a Shareholder and hold Existing Shares registered on CHESS, you should contact your sponsoring broker.

2.7. Allow all or part of you Entitlement to lapse

If you wish to allow all or part of your Entitlement to lapse, you are not obliged to do anything. The number of Existing Shares you hold as at the Record Date and the rights attached to those Shares will not be affected should you choose not to accept any of your Entitlement.

You will receive no benefit or New Shares and your Entitlement will become available as Additional New Shares. It is therefore important that, if you wish to receive a benefit, you must take action to accept your Entitlement in accordance with the instructions above and on the back of the accompanying Entitlement and Acceptance Form.

Your Entitlement may have value and accordingly you should consider renouncing (selling) your Entitlements, rather than allowing them to lapse.

The Company and the Underwriter, at their discretion, will deal with any New Shares not accepted.

2.8. Payment

The issue price for New Shares is payable in full on application by a payment of \$0.008 per New Share. You may pay the Application Money by BPay® or cheque.

Completed Entitlement and Acceptance Forms must be accompanied by a bank draft or cheque in Australian dollars, crossed "**Not Negotiable**" and made payable to "**De Grey Mining Limited**" and lodged and received at the Company's share registry (by delivery or by post) no later than **5.00pm (WST) on the Closing Date**:

By delivery Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

By Post Security Transfer Registrars Pty Ltd
PO Box 535
APPLECROSS WA 6953

The Company will present the cheque or bank draft on or around the day of receipt of the Entitlement and Acceptance Form. If a cheque is not honoured upon its first presentation, the Directors reserve the right to reject the relevant Entitlement and Acceptance Form.

If the amount of your cheque(s) or bank draft(s) for Application Monies (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Entitlement and Acceptance Form, you may be taken to have applied for such lower number of New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares in your Entitlement and Acceptance Form) or your Application may be rejected.

Alternatively, if you elect to pay via BPAY®, then you must follow the instructions for BPAY® on the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

It is your responsibility to ensure that funds submitted through BPAY® are received by 3.00 pm (WST) on

the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment.

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of the BPAY® payment.

Any Application Money received for more than your Entitlement will be applied toward an application for Additional New Shares and where such Additional New Shares are not allotted, shall be refunded. No interest will be paid on any Application Money received or refunded.

2.9. Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your Entitlement and Acceptance Form with the requisite Application Monies, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus and that you:

- agree to be bound by the terms of the Entitlements Offer;
- declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Company's share registry upon using the contact details set out in the Entitlement and Acceptance Form;
- declare that you are the current registered holder of Shares and are an Australian or New Zealand resident, and you are not in the United States or a US Person, or acting for the account or benefit of a US Person;
- acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs; and
- acknowledge that the New Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and New Zealand and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws in particular the US Securities Act.

2.10. Privacy

If you complete an application for New Shares, you will be providing personal information to the Company. The Company will collect, hold and use the information provided by Applicants to process applications and to administer investments in the Company.

If the information requested in the Entitlement and Acceptance Form is not provided, the Company and the Company's share registry may not be able to process the relevant application.

The Company may disclose personal information for purposes related to Shareholders' investments to the Company's agents and service providers. The types of agents and service providers that may be provided with personal information and the circumstances in which personal information may be shared are:

- the Company's share registry for ongoing administration of the shareholder register;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering and advising on the New Shares and for associated actions.

The Company complies with its legal obligations under the *Privacy Act 1988 (Cth)*.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

3. Risk Factors

Activities in the Company, as in any business, are subject to risks, which may impact on the Company's future performance. The Company has implemented appropriate strategies, actions, systems and safeguards for known risks, however, some are outside its control.

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which Shareholders need to be aware of in evaluating the Company's business and risks of increasing your investment in the Company. Shareholders should carefully consider the following factors in addition to the other information presented in this Prospectus.

The principal risks include, but are not limited to, the following:

3.1 Specific Risks associated with the Company

- (a) The Company's properties may be adversely affected by political instability in Argentina

The Company conducts exploration activities in Argentina.

The Company's properties in Argentina may be subject to the effects of political changes, war and civil conflict, changes in government policy, lack of law enforcement and labour unrest and the creation of new laws. These changes (which may include new or modified taxes or other government levies as well as other legislation) may impact the profitability and viability of its properties. The effect of unrest and instability on political, social or economic conditions in Argentina could result in the impairment of exploration, development and mining operations and the Company's legal title to its mineral tenements. Any such changes are beyond the control of the Company and may adversely affect its business.

In addition, in the event of a dispute arising from foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of Australian courts. The Company also may be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. It is not possible for the Company to accurately predict such developments or changes in laws or policy or to what extent any such developments or changes may have a material adverse effect on the Company's operations.

- (b) Operating Risks of the Company

The prospects of the Company must be considered in light of the considerable risks, expenses and difficulties frequently encountered by companies in a similar stage of resource exploration and development activities as the Company.

The amounts and timing of expenditures will depend on the progress of on-going exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, and other factors, many of which are beyond the Company's control.

The Company expects to incur losses unless and until such time as any new or current projects enter into commercial production and generate sufficient revenues to fund their continuing operations. The development of the new and current projects will require the commitment of substantial resources. There can be no assurance that the Company will generate any revenues or achieve profitability.

- (c) Reliance on Key Personnel

The resources business in which the Company is involved is reliance upon a number of directors and key management personnel. The loss of any of these personnel could have a material adverse impact on the resources business of the Company.

- (d) Additional Requirements for Funding

The Company's funding requirements depend on numerous factors including the Company's ability to generate income from its projects, the results of joint venture operations, future exploration and work programs and the acquisition of new projects. It may require further funding in addition to current cash

reserves to fund exploration activities.

Additional equity financing, if available, may be dilutive to Shareholders and at lower prices than the current market price. Debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

(e) Markets

The marketability of the Company's production depends in part upon the availability, proximity and capacity of infrastructure such as ports, railways, pipelines and processing facilities. Federal and state regulation of resources production and transportation, tax and energy policies, changes in supply and demand and general economic conditions all could adversely affect the ability to produce and market mineral commodities.

(f) Service Capacity

Exploration and development activities may be undertaken in locations that have limited or no spare service capacity. There may be delays in securing equipment and personnel required to carry out the Company's planned activities.

Due to the demand for equipment and personnel there may also be upward pressure on costs and mechanical failure may result in delays.

Any of these factors may result in cost and time overruns which may have a material impact on the Company's profitability and cash flows.

(g) Title to Tenements

The Company cannot guarantee that those tenements in which it has an interest and which are still in the application stage or require transfer will ultimately be granted or transferred in whole or in part pursuant to the applicable legislation. There is also no guarantee that the tenements will be granted or transferred without undue delay or that the Company can economically comply with any conditions imposed on any granted exploration permits.

The Company has an interest in applications for tenements that have been applied for but not granted. In order for these tenements to be granted the Company must satisfy the mining legislation. There is no guarantee that the tenements will be granted to the relevant parties, that they will be granted without undue delay, that the tenements will be transferred to the Company (when applicable) and the holder can comply with any conditions imposed on or granted exploration permits.

The Company's mining exploration activities are dependent upon the maintenance (including renewal) of its tenements. Although the Company has no reason to think that these tenements will not be renewed, there is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will be imposed.

3.2 Mineral Industry Risks

(a) Exploration and development risks

The exploration for, and development of, mineral deposits involves a high degree of risk. Few properties which are explored are ultimately developed into producing mines. Resource exploration and development is a speculative business, characterised by a number of significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, although present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors that are beyond the control of the Company and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return on investment capital.

Whether a mineral deposit will be commercially viable depends on a number of factors, which include, without limitation, the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices, which fluctuate widely, and government regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The combination of these factors may result in the Company expending significant resources (financial and otherwise) on a property without receiving a return. There is no certainty that expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries of an economically viable mineral deposit.

The Company has relied on and may continue to rely on consultants and others for mineral exploration and exploitation expertise. The Company believes that those consultants and others are competent and that they have carried out their work in accordance with internationally recognised industry standards. However, if the work conducted by those consultants or others is ultimately found to be incorrect or inadequate in any material respect, the Company may experience delays or increased costs in developing its properties.

(b) Resource estimates

Ore Reserve and Mineral Resource estimates are expressions of judgment based on drilling results, past experience with mining properties, knowledge, experience, industry practice and many other factors. Estimates which are valid when made may change substantially when new information becomes available. Ore estimation is an interpretive process based on available data and interpretations and thus estimations may prove to be inaccurate.

The actual quality and characteristics of ore deposits cannot be known until mining takes place, and will almost always differ from the assumptions used to develop resources. Further, Ore Reserves are valued based on future costs and future prices and consequently, the actual Ore Reserves and Mineral Resources may differ from those estimated, which may result in either a positive or negative effect on operations.

(c) Payment obligations

Under the exploration permits and licences and certain other contractual agreements to which the Company is or may in the future become party, the Company is or may become subject to payment and other obligations. In particular, the permit holders are required to expend the funds necessary to meet the minimum work commitments attaching to the permits and licences. Failure to meet these work commitments will render the permit liable to be cancelled. Further, if any contractual obligations are not complied with when due, in addition to any other remedies which may be available to other parties, this could result in dilution or forfeiture of interests held by the Company.

(d) Operating risks

The operations of the Company may be affected by various factors including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration or mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, fire, explosions and other incidents beyond the control of the Company.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently intends to maintain insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

(e) Commodity price volatility

Metal prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for minerals and metals, forward selling by producers, and

production cost levels in major mineral-producing regions.

Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the metal as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(f) **Insurances**

Insurance of all risks associated with exploration and production is not always available and, where it is available, the cost may be high.

The business of the Company is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of the Company or others, delays in mining, monetary losses and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability, particularly as the Company is seeking to acquire new projects which are located in other jurisdictions or involve a new commodity.

It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

3.3 Environmental risk

The operations and activities of the Company are subject to regulations concerning the environment. The Government and other authorities that administer and enforce environmental laws determine these requirements. As with all exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if mine development proceeds. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits.

Although the Company believes that it is in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidents or other unforeseen circumstances, which could subject the Company to extensive liability.

3.4 General Risks

(a) **Securities investments**

There are risks associated with any securities investment. The prices at which the Shares trade may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for mining and exploration companies, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. There can be no guarantee that these trading prices will be sustained. These factors may materially affect the market price of the Shares regardless of the Company's operational performance.

(b) Share market conditions

Share market conditions may affect the value of Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- changes in investor sentiment toward particular countries;
- global media reports;
- the demand for, and supply of, capital; and
- other external factors whether real or perceived by the market.

The market price of the Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company, or any return on an investment in the Company.

(c) Economic Risk

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption, the rate of growth of gross domestic product in Australia, or any other country in which the Company may operate, interest rates and the rate of inflation.

(d) Changes in Government Policies and Legislation

Any material adverse changes in government policies or legislation of Australia or any other country where the Company may acquire economic interests may affect the viability and profitability of the Company.

3.5 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company.

The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional adviser before deciding whether to apply for Shares pursuant to this Prospectus.

4. Effect of the Entitlements Offer

4.1 Principal effect of the Entitlements Offer

The principal effects of the Entitlements Offer will be to:

- (a) increase the Company's cash reserves by approximately \$1,858,663 (before taking into account the costs of the Entitlements Offer and assuming Entitlements are taken up in full);
- (b) increase the number of Shares on issue from 464,665,646 to 696,998,469 (assuming no Options are exercised prior to the Record Date and Entitlements are taken up in full); and
- (c) provide the Company with additional capital for the purposes referred to in Section 1.5.

The pro-forma Statement of Financial Position summarising the effects of the Entitlements Offer is set out in Section 4.3.

4.2 Effect of the Entitlements Offer on the Capital Structure

A comparative table of changes in the capital structure of the Company as a consequence of the Entitlements Offer is set out below (assuming the Entitlements Offer is fully subscribed and no Options are exercised by the Record Date):

	Number of Shares
Existing Shares quoted on ASX as at the date of this Prospectus	464,665,646
New Shares issued pursuant to this Prospectus	232,332,823
Total issued Shares	696,998,469

	Number of Options
Unlisted Options exercisable at \$0.065 on or before 30 June 2014	10,500,000
Unlisted Options exercisable at \$0.065 on or before 30 April 2014	7,000,000
Unlisted Options exercisable at \$0.022 on or before 3 September 2014	6,500,000
Unlisted Options exercisable at \$0.023 on or before 3 September 2014	6,500,000
Unlisted Options exercisable at \$0.026 on or before 3 September 2015	6,500,000
Unlisted Options exercisable at \$0.03 on or before 10 January 2016	2,500,000
Total Options	39,500,000

The Company has 39,500,000 Options on issue at the date of this Prospectus. These Options have an exercise price of ranging from 2.2 cents to 6.5 cents. The holders of these Options are not entitled to participate in the Entitlements Offer unless the Options are exercised into Shares prior to the Record Date. If all of the Options currently on issue are exercised prior to the Record Date and Shareholders take up their full Entitlement under the Entitlements Offer an additional 39,500,000 Shares will be issued pursuant to the exercise of Options and up to an additional 19,750,000 Shares may be issued pursuant to the Entitlements Offer. However, given that the exercise prices of the Options are higher than the current market price of the Existing Shares, the Directors are of the opinion that the probability of Option holders exercising their Options prior to the Record Date is low.

4.3 Statement of Financial Position

Set out below is the Consolidated Statement of Financial Position of the Company as at 31 December 2012 unaudited, and the Consolidated Pro-Forma Statement of Financial Position as at 31 December 2012 unaudited assuming full subscription. The significant accounting policies upon which the Statement of Financial Position and the Pro-Forma Statement of Financial Position are based on are contained in the audited financial report for the 12 months ended 30 June 2012.

Unaudited Statement of Financial Position as at 31 December 2012

De Grey Mining Limited
Proforma Workings
31 December 2012

	Actual	Proforma
Current Assets		
Cash and cash equivalents	1,147,579	3,328,110
Trade and other receivables	10,710	10,710
Other assets	77,182	77,182
Total Current Assets	<u>1,235,471</u>	<u>3,416,002</u>
Non-Current Assets		
Plant & equipment	72,816	72,816
Total Non-Current Assets	<u>72,816</u>	<u>72,816</u>
Total Assets	<u>1,308,287</u>	<u>3,488,818</u>
Current Liabilities		
Trade and other payables	325,437	325,437
Provisions	41,829	41,829
Total Current Liabilities	<u>367,266</u>	<u>367,266</u>
Total Liabilities	<u>367,266</u>	<u>367,266</u>
Net Assets	<u>941,021</u>	<u>3,121,552</u>
Equity		
Contributed equity	42,346,039	44,526,570
Reserves	602,121	602,121
Accumulated losses	(42,007,139)	(42,007,139)
Total Equity	<u>941,021</u>	<u>3,121,552</u>

The Pro-Forma Statement of Financial Position assumes the following:

- (a) Placement to sophisticated and professional investors of 60,608,562 Shares at \$0.008 each;
- (b) the issue of 232,332,823 New Shares offered pursuant to this Prospectus at \$0.008 each on the basis of 1 New Share for every 2 Existing Shares held to raise approximately \$1,858,663 has been completed; and
- (c) the estimated costs of the Entitlements Offer are approximately \$163,000.

4.4 Dividend policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

5. Additional information

5.1 Rights attaching to Shares

The Company is incorporated in Australia and is subject to the Corporations Act. As a company listed on ASX, the Company is also regulated by the Listing Rules.

The rights attaching to ownership of Shares (including the New Shares) are:

- (a) described in the Company's Constitution; and
- (b) regulated by the Corporations Act, Listing Rules and the general law (applicable law).

Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of rights and liabilities of Shareholders. All New Shares issued pursuant to this Prospectus will, from the time they are issued, rank equally in all respects with the Company's Existing Shares.

(a) Voting Rights

Subject to any rights or restrictions at the time being attached to any class or classes of shares, at a general meeting of the Company on a show of hands, every ordinary Shareholder present in person, or by proxy, attorney or representative (in the case of a company) has one vote and upon a poll, every Shareholder present in person, or by proxy, attorney or representative (in the case of a company) has one vote for any Share held by the Shareholder. In the case of an equality of votes, the chairperson has a casting vote.

A poll may be demanded by the chairperson of the meeting, any 2 Shareholders entitled to vote in person or by any one or more Shareholders holding not less than 5% of the total voting rights of all Shareholders having the right to vote.

(b) Dividends

Subject to the Corporations Act, the Listing Rules and any rights or restrictions attached to a class of shares, the Company may pay dividends as the Directors resolve but only out of profits of the Company. The Directors may determine the method and time for payment of the dividend.

(c) Winding Up

Subject to any rights or restrictions attached to a class of shares, on a winding up of the Company, any surplus must be divided among the Shareholders in the proportion to the shares held by them. Subject to any rights or restrictions attached to a class of Shares, on a winding up of the Company, the liquidator may, with the sanction of a special resolution of the Shareholders:

- distribute among Shareholders the whole or any part of the property of the Company; and
- vest any part of the assets of the Company in a trustee upon such trust for the benefit of the members.

(d) Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, and to the registration of the transfer not resulting in a contravention of, or failure to observe, the provisions of a law of Australia.

(e) Issue of further Shares

The Directors may, subject to any restrictions imposed by the Constitution and the Corporations Act, allot, issue and grant options over further Shares, on such terms and conditions as they see fit.

(f) General Meetings

Directors may call a meeting of members whenever they think fit. Members may call a meeting as provided by the Corporations Act. All members are entitled to a notice of meeting. A quorum for a meeting of members is 3 eligible voters.

The Company will hold annual general meetings in accordance with the Corporations Act and the Listing Rules.

Shareholders are entitled to be present in person, or by proxy, attorney or representative (in the case of a company) to speak and to vote at general meetings of the Company.

(g) **Directors**

The existing Directors may appoint a new Director to fill a casual vacancy or as an addition to the Board. Any such Director must retire at the next following annual general meeting of the Company (at which meeting he or she may be eligible for election as a Director).

The Constitution contains provisions relating to the rotation and election of Directors. No Director other than the Managing Director may hold office later than the third annual general meeting after his or her appointment or election without submitting himself or herself for re-election.

(h) **Variation of Rights attaching to Shares**

Shares may be converted or cancelled with member approval and the Company's share capital may be reduced in accordance with the requirements of the Corporations Act.

(i) **Listing Rules**

Provided the Company remains admitted to the Official List of the Australian Stock Exchange Ltd, then despite anything in the Constitution, no act may be done that is prohibited by the Listing Rules, and authority is given for acts required to be done by the Listing Rules. If as a result of an amendment to the Listing Rules, there is an inconsistency between the Constitution and the Listing Rules, the Company shall, subject to the Corporations Act, do all things necessary to change the Constitution to remove the inconsistency as soon as possible and in any event, at the first general meeting of the Company held after the date on which the relevant amendment the Listing Rules comes into operation.

(j) **Reports and Notices**

Shareholders are entitled to receive all notices, reports, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act and the Listing Rules.

(k) **Changes to the Constitution**

The Company's Constitution can only be amended by a special resolution passed by at least three quarters of the members present and voting at a general meeting of the Company. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

5.2 **Nature of this Prospectus**

This Prospectus is a "transaction specific prospectus" issued under the special content rules for continuously quoted securities in Section 713 of the Corporations Act. This enables listed disclosing entities, such as the Company to issue a prospectus for continuously quoted securities and options to acquire continuously quoted securities with modified disclosure requirements if they satisfy certain requirements. The New Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the Official List of ASX during the 12 months prior to the issue of this Prospectus.

The information in this Prospectus principally concerns the terms and conditions of the Entitlements Offer and the information reasonably necessary to make an informed assessment of:

- (a) the effect of the Entitlements Offer on the Company; and
- (b) the rights and liabilities attaching to the New Shares offered pursuant to this Prospectus.

This Prospectus is intended to be read in conjunction with publicly available information in relation to the Company which has been notified to ASX and does not include all of the information included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Shareholders should therefore also have regard to the other publicly available information in relation to the Company before making a decision on whether or not to invest in the Company.

5.3 Company is a disclosing entity

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. The Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, the registered office of the Company during normal office hours (see Section 5.4 below).

5.4 Copies of documents

Copies of documents lodged with ASIC in connection with the Company’s reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it, a copy of:

- (a) the financial statements of the Company for the financial year ended 30 June 2012, being the last financial statements for a financial year of the Company lodged with ASIC before the issue of this Prospectus;
- (b) the half year report of the Company for the half year ended 31 December 2012, being the half year financial report of the Company lodged with ASIC after lodgement of the financial statements referred to in paragraph (a) above and before the issue of this Prospectus; and
- (c) the following continuous disclosure notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the financial statements referred to in paragraph (a) above until the issue of this Prospectus are as follows:

Date	Description of the Announcement
8 April 2013	Appendix 3B
8 April 2013	Entitlements Offer – Amended Timetable
4 April 2013	Investor Presentation
4 April 2013	Reinstatement to Official Quotation
4 April 2013	Capital Raising to Fund Drilling Programmes
2 April 2013	Suspension from Official Quotation
27 March 2013	Trading Halt
26 March 2013	Exploration Update
21 March 2013	Resignation of Director and Appendix 3Z
15 March 2013	PLY: Turner River Gold Project Resource Update
13 March 2013	Half Year Accounts
7 February 2013	Appointment of Argentina Country Manager
30 January 2013	Quarterly Cashflow Report
30 January 2013	Quarterly Activities Report
24 January 2013	De Grey Pleased with Polymetals Progress
23 January 2013	Wide Zones of Mineralization Identified at SM6
15 January 2013	Puhipuhi Permit Transfer Approved
14 January 2013	Appendix 3B
18 December 2012	Investor Presentation
4 December 2012	Sierra Morena Sur Sampling
21 November 2012	Results of Meeting
21 November 2012	AGM Presentation
12 November 2012	Sierra Morena Access Agreement Completed

7 November 2012	Acquisition of Puhipuhi epithermal gold / silver project
24 October 2012	Quarterly Activities Report
23 October 2012	Appendix 5B
18 October 2012	Notice of Annual General Meeting/Proxy Form
18 October 2012	Annual Report to shareholders

The following documents are available for inspection throughout the application period of this Prospectus during normal business hours at the principal office of the Company (details are provided in the Corporate Directory):

- (i) this Prospectus;
- (ii) Constitution; and
- (iii) the consents referred to in Section 5.11 and the consents provided by the Directors to the issue of this Prospectus.

5.5 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

5.6 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Shares under this Prospectus.

5.7 Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**) dated 9 April 2013, the Underwriter agreed to conditionally underwrite the Entitlements Offer to the value of the Underwritten Amount (\$950,000 (118,750,000 New Shares)).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter"

- (a) an underwriting fee of 6.5% of the total underwritten amount;
- (b) a corporate advisory fee of \$60,000 in respect of its services in managing the Entitlements Offer; and
- (c) a placement fee of 6.0% on the gross amount placed by the Underwriter under the Shortfall Offer.

The Company will also reimburse the Underwriter for all reasonable costs and expenses incidental to the Entitlements Offer.

In the event that the Entitlements Offer is not completed for any reason, including termination of the Underwriting Agreement by the Underwriter, the Company has agreed to reimburse the Underwriter for any costs and expenses incurred up to the date of termination of the Underwriting Agreement or the date the Entitlements Offer is otherwise brought to an end.

The Underwriter presently does not have a relevant interest in Shares in the Company.

The obligation of the Underwriter to underwrite the Entitlements Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement in the event of any of the termination events set out below:

- (a) **(Indices fall)**: any of the S&P/ASX 200 Index or the S&P/ASX 300 Metals and Mining Index as published by ASX is at any time after the date of the Underwriting Agreement 10% or more below its respective level as at the close of business on the business day prior to the date of the Underwriting Agreement;
- (b) **(Share Price)**: the closing price of the Shares is at any time after the date of the Underwriting Agreement less than the \$0.008 per Share;
- (c) **(Prospectus)**: the Company does not lodge the Prospectus on the date proposed for lodgement or the Entitlements Offer is withdrawn by the Company;
- (d) **(No Official Quotation)**: official quotation has not been granted for all the Shares offered by the date by which the notice of the number of Shortfall Shares is required to be provided to the Underwriter, or, having been granted, is subsequently withdrawn, withheld or qualified;
- (e) **(Supplementary prospectus)**: the Underwriter reasonably forms the view that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company does not lodge a supplementary or replacement document (as the case may be) in the form and content and within the time reasonably required by the Underwriter, or the Company lodged a supplementary or replacement prospectus without the consent of the Underwriter;
- (f) **(Noncompliance with disclosure requirements)**: it transpires that the Prospectus does not contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of the effect of the Entitlements Offer on the Company and the rights and liabilities attaching to the New Shares;
- (g) **(Misleading Prospectus)**: it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of sections 711, 713 and 716 of the Corporations Act) or if any statement in the Prospectus becomes or misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;
- (h) **(Restriction on allotment)**: the Company is prevented from allotting the Rights Shares within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (i) **(Withdrawal of consent to Prospectus)**: any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;
- (j) **(ASIC application)**: an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn;
- (k) **(ASIC hearing)**: ASIC gives notice of its intention to hold a hearing under section 739 of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or the ASIC makes an interim or final stop order in relation to the Prospectus under section 739 of the Corporations Act;
- (l) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
- (m) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Argentina, Cyprus, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples' Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;

- (n) **(Authorisation):** any Authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;
- (o) **(Indictable offence):** a director or senior manager of a relevant company is charged with an indictable offence;
- (p) **(Termination Events):** the Underwriter comes to the reasonable opinion, acting in good faith, that the occurrence of any of the following events (or two or more of the following events together) have or are likely to have a material adverse effect or give rise to a liability of the Underwriter under the Corporations Act or otherwise:
 - (i) **(Default):** default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
 - (ii) **(Incorrect or untrue representation):** any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
 - (iii) **(Contravention of constitution or Act):** a contravention by a relevant company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
 - (iv) **(Adverse change):** an event occurs which gives rise to a material adverse effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any relevant company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
 - (v) **(Error in Due Diligence Results):** it transpires that any of the due diligence results or any part of the verification material was false, misleading or deceptive or that there was an omission from them;
 - (vi) **(Significant change):** a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
 - (vii) **(Public Statements):** without the prior approval of the Underwriter a public statement is made by the Company in relation to the Entitlements Offer, the issue or the Prospectus except as required by law or the Listing Rules;
 - (viii) **(Misleading information):** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Entitlements Offer or the issue or the affairs of any relevant company is or becomes misleading or deceptive or likely to mislead or deceive;
 - (ix) **(Official Quotation qualified):** the official quotation is qualified or conditional other than as set out in the definition of "Official Quotation";
 - (x) **(Change in Act or policy):** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
 - (xi) **(Prescribed Occurrence):** a prescribed occurrence occurs, other than as disclosed in the Prospectus;
 - (xii) **(Suspension of debt payments):** the Company suspends payment of its debts generally; or
 - (xiii) **(Event of Insolvency):** an event of insolvency occurs in respect of a relevant company; or
 - (xiv) **(Judgment against a Relevant Company):** a judgment in an amount exceeding \$50,000 is obtained against a relevant company and is not set aside or satisfied within 7 days; or

- (xv) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against any relevant company, other than any claims foreshadowed in the Prospectus;
- (xvi) **(Board and Senior Management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before completion without the prior written consent of the Underwriter which consent is not be unreasonably withheld;
- (xvii) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of a relevant company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a relevant company;
- (xviii) **(Indicative Timetable)**: the Company causes there to be a delay in any specified date in the Indicative Timetable which is greater than 7 Business Days;
- (xix) **(Force Majeure)**: a force majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- (xx) **(Certain resolutions passed)**: a relevant company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xxi) **(Capital Structure)**: any relevant company alters its capital structure in any manner not contemplated by the Prospectus;
- (xxii) **(Breach of Material Contracts)**: any of the material contracts is terminated or substantially modified;
- (xxiii) **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of a relevant company; or
- (xxiv) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Argentina, New Zealand, Australia, Japan, the United Kingdom, the United States of America, any member of the European Union or other international financial markets.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

5.8 Sub-underwriting arrangements

The Underwriter has entered into sub-underwriting arrangements with Mr Peter Batten and Mr Darren Townsend, both Directors of the Company.

Mr Batten has agreed to sub-underwrite \$25,000 (3,125,000 New Shares) on the same terms and conditions as the other sub-underwriters to the Entitlements Offer.

Mr Townsend has agreed to sub-underwrite \$25,000 (3,125,000 New Shares) on the same terms and conditions as the other sub-underwriters to the Entitlements Offer.

The sub-underwriters will be paid a sub-underwriting fee of 3% of the amount sub-underwritten (amounting to a sub-underwriting fee of \$750 each). The fee is payable by the Underwriter out of the fees it receives from the Company pursuant to the Underwriting Agreement.

In the event that Mr Batten and Mr Townsend takes up their full Entitlement and are required to apply for their full sub-underwriting commitment, their relevant interests in the Company will increase as indicated below:

	Current Relevant Interest	Entitlement under Entitlements Offer	Entitlement to Subscribe for Shortfall Shares	Maximum potential Relevant Interest after completion of the Entitlement Offer and Shortfall
Peter Batten	8,130,890 (1.75%)	4,065,445	3,125,000	15,321,335 (2.20%)

Darren Townsend	890,440 (0.19%)	445,220	3,125,000	4,460,660 (0.64%)
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5.9 Directors' interests

Other than as set out below or elsewhere in this Prospectus, no Director has or had within two years before the lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the issue of New Shares pursuant to this Prospectus; or
- (c) the issue of New Shares pursuant to this Prospectus,
and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director;
- (d) to induce him or her to become, or to qualify him, as a Director; or
- (e) for services rendered by him or her in connection with the promotion or formation of the Company or the offer of New Shares pursuant to this Prospectus.

Directors' Holdings

Set out in the table below are details of Directors' relevant interests in the securities of the Company at the date of this Prospectus. At the time of lodging this Prospectus, the Directors and their nominees have indicated that they will take up their full Entitlement under the Entitlements Offer.

Director	No of Shares Held ⁽¹⁾	Entitlement to Subscribe for Shares ⁽²⁾	Entitlement to Subscribe for Shortfall Shares	No. of Options Held
Peter Batten	8,130,890 ⁽³⁾	4,065,445	3,125,000	6,500,000 unlisted Options exercisable at \$0.022 before 3 September 2014 6,500,000 unlisted Options exercisable at \$0.023 before 3 September 2015 6,500,000 unlisted Options exercisable at \$0.026 before 3 September 2015 ⁽⁴⁾
Darren Townsend	890,440 ⁽⁵⁾	445,220	3,125,000	2,000,000 unlisted Options exercisable at \$0.065 before 30 April 2014 ⁽⁶⁾
Jason Brewer	733,334 ⁽⁷⁾	366,667	Nil	2,000,000 unlisted Options exercisable at \$0.065 before 30 April 2014 ⁽⁷⁾

(1). Held directly or indirectly by the Director or a related party of the Director.

(2). Entitlement to subscribe for Shares that will be held directly or indirectly assuming no existing options held are exercised before the Record Date.

(3). 3,118,985 Shares are held directly by Mr Batten and 5,011,905 Shares are held indirectly through Batten Resources Pty Ltd <Batten Super Fund A/C>

(4). Held indirectly through Batten Resources Pty Ltd <Batten Super Fund A/C>

(5). Held indirectly through Townsend Superannuation Fund

(6). Held indirectly through Townsend Family Trust

(7). Held indirectly through Scooby Holdings Pty Ltd <Maynard Brewer Family A/C>

Remuneration of Directors

The Constitution of the Company provides that the Directors may be paid for their services as Directors. Non-executive Directors may only be paid a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the non-executive Directors and in default of agreement then in equal shares.

Mr Batten has entered into an employment agreement with the Company with respect to his employment as Executive Chairman under which, Mr Batten is paid a salary of \$325,000 per annum inclusive of superannuation.

The remuneration paid (including superannuation and non-cash share based payments) to Directors or their nominees during the past two financial years preceding the lodgement of this Prospectus with ASIC is set out below and can also be found in the Company's 2012 Annual Report.

Other interests

The Company has entered into Deeds of Indemnity, Access and Insurance on standard terms with each of its current Directors. Those deeds indemnify these Directors in respect of certain liabilities and legal expenses incurred by them whilst acting as Directors and insure them against certain risks they are exposed to as Directors. The Company has paid insurance premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings while acting in the capacity of a Director.

Sub-underwriting arrangements

The Underwriter has entered into sub-underwriting arrangements with Mr Peter Batten and Mr Darren Townsend, both Directors of the Company. Please refer to section 5.8 for details of the sub-underwriting arrangements.

5.10 Interests of Named Parties

Other than as set out below or elsewhere in this Prospectus, all persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, do not have, and have not had in the two years before the date of this Prospectus any interests in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the offer of New Shares under this Prospectus; or
- (c) the offer of New Shares pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in Shares or otherwise) and no other benefit has been given or agreed to be given to any of those persons in connection with the formation or promotion of the Company or the offer of New Shares under this Prospectus.

Patersons Securities Limited has agreed to act as Underwriter to the Entitlements Offer and will receive the fees outlined in section 5.7. The Underwriter has been paid fees of \$225,750 by the Company in the two years prior to the date of this Prospectus for the provision of broking and corporate advisory services to the Company.

DWCorporate Pty Ltd is entitled to be paid approximately \$15,000 (plus GST) for advice and assistance in relation to the due diligence and other services related to the Prospectus. In the two years prior to the date of this Prospectus, DWCorporate Pty Ltd has provided company secretarial and corporate advisory services to the Company to a total value of approximately \$141,075.

Hardy Bowen will be paid fees of \$7,500 (plus GST) in relation to the review of this Prospectus. In the past two years Hardy Bowen has provided legal advice to the Company to a total value of approximately \$11,805.

Security Transfer Registrars Pty Ltd has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Applications received pursuant to this Prospectus, and will be paid for these services on standard industry terms and conditions.

5.11 Consents

The following parties has given their written consent to be named in this Prospectus and for the inclusion of statements made by that party (as described below in the form and content in which they are included), and has not withdrawn such consent before lodgement of this Prospectus with ASIC.

Patersons Securities Limited has consented to being named as the Underwriter to the Entitlements Offer and the inclusion in the Prospectus of all statements referring to it.

DWCorporate Pty Ltd has consented to being named as corporate advisor to the Company and the inclusion in the Prospectus of all statements referring to it.

Hardy Bowen has consented to being named as solicitor to the Company and the inclusion in the Prospectus of all statements referring to it.

The parties referred to above in this section:

- do not make, or purport to make any statement in this Prospectus, or on which a statement made in this Prospectus is based other than as specified in this section;
- makes no express or implied representation or warranty in relation to the Company, this Prospectus or the Entitlements Offer;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any material in, or omission from, this Prospectus other than a reference to its name and a statement included in the Prospectus with the consent of that party as specified in this section; and
- has not caused or authorised the issue of this Prospectus.

References to Butler Settineri (Audit) Pty Ltd appear for information purposes only. Butler Settineri (Audit) Pty Ltd has not been involved in, authorised or caused the issue of this Prospectus.

References to Security Transfer Registrars Pty Ltd appear for information purposes only. Security Transfer Registrars Pty Ltd has not been involved in, authorised or caused the issue of this Prospectus

5.12 Expenses of issue

The estimated expenses of the Entitlements Offer (exclusive of GST) are estimated to be approximately \$163,000 made up as follows:

	\$
ASIC lodgement fee	2,171
ASX quotation fee*	6,597
Underwriter and Corporate Advisory fee	121,750
Corporate advisor and legal expenses	22,500
Printing, mailing and other expenses	10,000
\$ Total	163,018

* Assuming full subscription under the Entitlement Offer.

6. Authorisation

Each of the Directors of the Company has consented to the lodgement of this Prospectus in accordance with Section 720 of the Corporations Act. This Prospectus is signed for and on behalf of Company by:



Mr Peter Batten

Executive Chairman

Date: 9 April 2013

7. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

Acceptance means a valid application for New Shares made pursuant to this Prospectus on an Entitlement and Acceptance Form.

Additional New Shares means New Shares which Eligible Shareholders may apply for in addition to their Entitlement as described in sections 1.9 and 2.3 of this Prospectus which will be allocated at the sole discretion of the Underwriter.

Annual Financial Report means the financial report lodged by the Company with ASIC in respect to the year ended 30 June 2012 and includes the corporate directory, Shareholder information, Directors' declaration, financial statements and the notes thereto, of the Company and its controlled entities for the year ended 30 June 2012, together with a Directors' report in relation to that financial year and the auditor's report for the year to 30 June 2012.

Applicant means a Shareholder who applies for New Shares pursuant to the Entitlements Offer.

Application Money means application money for Shares received by the Company.

ASIC means Australian Securities and Investments Commission.

ASX Settlement means ASX Settlement Pty Ltd ACN 008 504 532.

ASX means ASX Limited ACN 008 624 691.

Board means the Directors meeting as a board.

Business Day means Monday to Friday inclusive, other than a day that ASX declares is not a business day.

CHESS means ASX Clearing House Electronic Subregister System.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company means De Grey Mining Limited ABN 65 094 206 292.

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means Corporations Act (Cth) 2001.

Directors mean the directors of the Company as at the date of this Prospectus.

Eligible Shareholder means a Shareholder as at the Record Date other than a Non-qualifying Foreign Shareholder.

Entitlement or Right means an Eligible Shareholder's entitlement to New Shares under the Entitlements Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus that sets out the Entitlement of Shareholders to subscribe for New Shares pursuant to the Entitlements Offer.

Entitlements Offer means as defined in Section 1.1.

Existing Share means a fully paid ordinary share in the capital of the Company on issue as at the Record Date.

Issuer Sponsored means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

JORC Code means the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves', which comprises Appendix 5A of the Listing Rules.

Listing Rules means the Listing Rules of ASX.

Mineral Resource has the meaning given to that term in the JORC Code.

New Share means a new Share proposed to be issued pursuant to the Entitlements Offer

Non-qualifying Foreign Shareholder means a Shareholder whose registered address is not situated in Australia or New Zealand.

Official List means the official list of ASX.

Official Quotation means quotation of Shares on the Official List.

Opening Date means the date specified in the timetable set out at the commencement of this Prospectus.

Option means the right to acquire one Share in the capital of the Company.

Ore Reserve has the meaning given to that term in the JORC Code.

Prospectus means this prospectus dated 9 April 2013.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Section means a section of this Prospectus.

Shareholder means the holder of a Share.

Share means a fully paid ordinary share in the capital of the Company.

Shortfall will occur if the Company does not hold valid Applications for all the New Shares offered under this Prospectus by the Closing Date, including Applications for Additional New Shares.

Shortfall Offer means the offer of the Shortfall Shares on the terms and conditions set out in section 1.10 of this Prospectus.

Shortfall Shares means that number of New Shares for which a valid Entitlement and Acceptance Form has not been received by 5.00pm (WST) on the Closing Date.

\$ means Australian dollars.

Underwriter means Patersons Securities Limited.

Underwriting Agreement means the underwriting agreement dated 9 April 2013 between the Company and the Underwriter and summarized in Section 5.7 of this Prospectus.

Underwritten Amount means \$950,000 (118,750,000 New Shares) being the value to which the Entitlements Offer is underwritten.

WST means Western Standard Time, being the time in Perth, Western Australia.