

DE GREY MINING LIMITED
ABN 65 094 206 292

NOTICE OF ANNUAL GENERAL MEETING

AND

EXPLANATORY STATEMENT

AND

PROXY FORM

Date of Meeting

Wednesday 25th November 2015

Time of Meeting

11:00 am

Place of Meeting

Suite 5, Level 1, The Business Centre
55 Salvado Road
Subiaco WA 6008

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

The 2015 Annual Report may be viewed on the Company's website at www.degreymining.com.au

DE GREY MINING LIMITED
ABN 65 094 206 292
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of De Grey Mining Limited (**Company**) will be held at Suite 5, Level 1, The Business Centre, 55 Salvado Road, Subiaco WA 6008 on Wednesday 25th November 2015 at 11:00 am (**Meeting**) for the purpose of transacting the following business.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form form part of this Notice. Terms and abbreviations used in this Notice are defined in the Glossary in the Explanatory Statement.

AGENDA

ORDINARY BUSINESS

2015 Financial Report

To receive and consider the financial report of the Company for the year ended 30th June 2015, together with the reports by the directors and auditors thereon.

Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass the following **advisory only resolution**:

"That, for the purpose of section 250R(2) of the Corporations Act, and for all other purposes, the Remuneration Report forming part of the Company's 2015 Annual Report be adopted."

Please note that the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion applies and is described below

Resolution 2 – Re-election of Mr Peter Batten as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Mr Peter Batten, having retired in accordance with Clause 63.5 of the Constitution of the Company and, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company".

Resolution 3 – Re-election of Mr Steve Morris as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Mr Steve Morris, having retired in accordance with Clause 61.2 of the Constitution of the Company and, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company".

Resolution 4 – Ratification of Prior Issue of Shares

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, this meeting ratifies the issue of 137,215,327 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion applies and is described below

Resolution 5 – Ratification of Prior Issue of Shares

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, this meeting ratifies the issue of 91,476,885 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion applies and is described below

Resolution 6 – Placement Issue of Options

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 228,692,212 Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion applies – refer below.

Resolution 7 – Approval of 10% Placement Facility

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement.”

Voting Exclusion applies and is described below

Resolution 8 – Renewal of Employee Option Plan

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.2, Exception 9 and all other purposes, the directors be and are hereby authorised to maintain the employee option plan, called “The Employee Option Plan of De Grey Mining Limited”, upon and subject to the terms and conditions specified in the document entitled “Plan Rules of the Employees Option Plan of De Grey Mining Limited”, a summary of which is included in the Explanatory Statement.”

Voting Exclusion applies and is described below

OTHER BUSINESS

To deal with any other business that may be brought forward in accordance with the Constitution and the Corporations Act.

VOTING EXCLUSIONS

Resolution 1 - Key Management Personnel (KMP) Remuneration related Voting Exclusion: Voting restrictions apply to Resolution 1 under the Corporations Act. A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (**the voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on the resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

Resolution 4, 5 and 6 Voting Exclusion: The Company will disregard any votes cast on these Resolutions by any person who participated in the Share issue and any associate of that person in the case of Resolutions 4 and 5 and, in the case of Resolution 6, by any person who may participate in the proposed issue and any person who might obtain a benefit except solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

VOTING EXCLUSIONS (Continued)

Resolution 7 Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the 10% Placement Facility and a person who might obtain a benefit if this Resolution is passed, except a benefit solely in the capacity of a holder of Shares and any associate of that person (or those persons).

However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

Resolution 8 Voting Exclusion: The Company will disregard any votes cast on this Resolution by any director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of such a person. However, the Company need not disregard a vote if it is cast by the person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides., and:

The Company will also, in accordance with the Corporations Act, disregard any votes cast by a member of the key management personnel or a Closely Related Party of such a member. However, the Company will not disregard a vote if it is cast by such a person if:

- (a) the person is acting as proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (b) the person is the Chair voting an undirected proxy which expressly authorises the Chair to vote the proxy on a resolution connected with the remuneration of a member of the key management.

PROXIES

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a “proxy”) to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions on the form. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- a proxy need not be a member of the Company; and
- a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

If you are a registered Shareholder of the Company and are unable to attend the Meeting in person, please date and execute the accompanying Proxy Form in accordance with its instructions prior to 11am WST on 23rd November 2015 by:

1. Post to De Grey Mining Limited, C/- PO Box 131, Subiaco, Western Australia 6904; or
2. Facsimile to De Grey Mining Limited at (61 8) 9380 6761.

If you are a beneficial Shareholder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy or voting instruction form in accordance with the instructions provided to you by your broker or by the other intermediary.

ENTITLEMENT TO VOTE

For the purposes of regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that members holding Shares at 7pm (Australian Eastern Standard Time) on 23rd November 2015 will be entitled to attend and vote at the Meeting.

CORPORATIONS

A corporation may elect to appoint a representative in accordance with the Corporations Act, in which case the Company will require written proof of the representative's appointment, which must be lodged with, or presented to the Company, before the Meeting.

REVOCAION OF PROXIES

A Shareholder executing and delivering a proxy has the power to revoke it in accordance with the provisions of the Corporations Act, which provides that every proxy may be revoked by an instrument in writing executed by the Shareholder or by his or her attorney authorised in writing and delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

By Order of the Board of Directors



Craig Nelmes
Company Secretary
Date: 26 October 2015

EXPLANATORY STATEMENT

1. INTRODUCTION

This Explanatory Statement has been prepared for the Shareholders of De Grey Mining Limited (“**De Grey**” or the “**Company**”) in connection with the business to be conducted at the Company’s Annual General Meeting to be held at Suite 5, Level 1, The Business Centre, 55 Salvado Road, Subiaco WA 6008 on Wednesday 25th November 2015 commencing at 11am WST and any adjournment thereof.

This Explanatory Statement should be read in conjunction with the accompanying Notice of Meeting.

2. 2015 ANNUAL REPORT

In accordance with the requirements of the Company’s Constitution and the Corporations Act, the Company’s audited financial statements for the financial year ended June 2015, together with the report of the auditor thereon will be tabled at the Meeting, and shareholders will have the opportunity of discussing the Annual Report and making comments and raising queries in relation to the Report.

Representatives from the Company’s auditors, Butler Settineri, will be present to take shareholders’ questions and comments about the conduct of the audit and the preparation and content of the audit report.

The Annual Report is available on the Company’s website at www.degremining.com.au for you to download or read online. Alternatively you can obtain a hard copy by contacting the Company.

3. RESOLUTION 1 – Adoption of Remuneration Report

Pursuant to section 250R(2) of the Corporations Act, the Company submits to Shareholders for consideration and adoption, by way of a non-binding resolution, its remuneration report for the year ended 30 June 2015 (the “Remuneration Report”). The Remuneration Report is a distinct section of the Annual Report which deals with the remuneration of Directors and executives of the Company.

By way of summary, the Remuneration Report:

1. explains the Company’s remuneration policy and the process for determining the remuneration of its Directors and executive officers;
2. addresses the relationship between the Company’s remuneration policy and the Company’s performance; and
3. sets out the remuneration details for each director and executive officer named in the Remuneration Report for the financial year ended 30 June 2015.

The Directors recommend that Shareholders vote in favour of the adoption of the Remuneration Report. As previously stated, this resolution is advisory only and does not bind the Company. However, the Board will take the outcome of the vote on this resolution into consideration when reviewing the remuneration practices and policies of the Company in the future.

The Chairman of the Meeting will provide Shareholders with reasonable opportunity at the Meeting to ask questions about, or to make comments on, the Remuneration Report.

If at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at the Meeting, and then again at the Company’s 2016 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of a general meeting to consider the appointment of new directors of the Company (“**Spill Resolution**”).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene a general meeting (“**Spill Meeting**”) within 90 days of the Company’s 2016 annual general meeting. All of the directors who are in office when the Company’s 2016 Directors’ Report is approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where Shareholders have appointed the Chair of the Meeting as their proxy, the Chair will vote in favour of Resolution 1 “Adoption of Remuneration Report” unless the Shareholder has expressly indicated a different voting intention. This is so notwithstanding that the resolution is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chair.

4. RESOLUTIONS 2 AND 3- Re-election of Directors, Peter Batten and Steve Morris

In accordance with the requirements of the Company’s Constitution, ASX Listing Rules and the Corporations Act, directors appointed by the Board since the last annual general meeting as well as one-third of the directors of the Company (other than the Managing Director) and those who were last re-elected more than three years ago retire from office at this annual general meeting of the Company and, being eligible, offer themselves for re-election.

On that basis Mr Peter Batten and Mr Steve Morris will retire at the Meeting and, being eligible, offer themselves for re-election.

4.1 Mr Peter Batten

Mr Batten was first appointed as a Director on 16 July 2012. He serves as the Company’s Executive Chairman. Peter is a geologist by profession with 30 years of experience in mineral exploration and mining in a wide variety of commodities (including substantial gold experience), ranging from project generation, managing various mining operations, running his own consulting firm and in more recent times a number of Managing Director roles. Details of his qualifications, experience and interest in the Company’s securities are available in the 2015 Annual Report.

Due to his executive role, Mr Batten is not considered an independent director. The Directors (other than Mr Batten, who makes no recommendation) recommend the re-election of Mr Batten as a Director. Based on enquiries made by the Company, it is not aware of any criminal record and bankruptcy proceedings involving Mr Batten.

4.2 Mr. Steve Morris

Mr Morris was appointed as a Director on 29 October 2014. He serves as a non-executive Director and has over 20 years of experience at the most senior executive level in a range of industries including the last 15 years in Financial Markets. Details of his qualifications, experience and interest in the Company’s securities are available in the 2015 Annual Report. .

The Board considers Mr Morris an independent Director. The Directors (other than Mr Morris, who makes no recommendation) recommend the re-election of Mr Morris as a Director. Based on enquiries made by the Company, it is not aware of any criminal record and bankruptcy proceedings involving Mr Morris.

5. RESOLUTIONS 4 and 5 – Ratification of Prior Issue of Shares

5.1 Background

On 10 June 2015 the Company announced that it had issued 228,692,212 Shares at an average issue price of \$0.0005 per Share, to raise \$114,346 (“Capital Raising”). Each of the 228,692,212 shares will have, subject to shareholder approval of **Resolution 6**, an attaching Option exercisable at \$0.002 on or before 10 June 2019.

The monies were raised to provide funding for the Company’s ongoing exploration activities at its Turner River Base Metals Project and for ongoing working capital requirements.

The Capital Raising was completed;

- (i) Under the ASX Listing Rule 7.1 15% discretionary limit for new issues of securities, to the extent of 137,215,327 Shares, at a price of \$0.0003, to raise \$41,164; and
- (ii) Under ASX Listing Rule 7.1A 10% discretionary limit for new issues of securities (to the extent of 91,476,885 Shares, at a price of \$0.0008, to raise \$73,182.

Resolutions 4 and 5 seek Shareholder ratification pursuant to ASX Listing Rule 7.4 for all the Shares the subject of the Capital Raising.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

ASX Listing Rule 7.1A provides that in addition to issues permitted without prior shareholder approval under ASX Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under ASX Listing Rule 7.1A may issue or agree to issue during the period the approval is valid a number of equity securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period as adjusted in accordance with the formula in ASX Listing Rule 7.1.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1A. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1A those securities will from that date be included in variable "A" in the formula in ASX Listing Rules 7.1 and 7.1A.2 for the purpose of calculating the annual placement capacity of the Company under both ASX Listing Rules 7.1 and 7.1A.

By ratifying the issue the subject of Resolutions 4 and 5, the Company will retain the flexibility to issue equity securities in the future (i) up to the 15% annual placement capacity set out in ASX Listing Rule 7.1; and (ii) subject to Resolution 7 being approved at the Meeting, up to the 10% annual placement capacity set out in ASX Listing Rule 7.1A, without the requirement to obtain prior Shareholder approval.

5.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolutions 4 and 5:

- (a) 228,692,212 Shares were issued on 10 June 2015 on the following basis;
 - (a) 137,215,327 Shares issued pursuant to ASX Listing Rule 7.1; and
 - (b) 91,476,885 Shares issued pursuant to ASX Listing Rule 7.1A;
- (b) the issue price for the Shares was \$0.0003 (with respect to the 137,215,327 Shares) and \$0.0008 (with respect to the 91,476,885 Shares);
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to sophisticated and professional investors, none of whom are related parties of the Company; and
- (e) the funds raised from the Capital Raising are being used to fund the Company's exploration activities at its Turner River Base Metals Project and for ongoing working capital requirements.

A voting exclusion statement is included in the Notice.

6. RESOLUTION 6 – Placement Issue of Options

6.1 Background

As explained at 5.1, on 10 June 2015, the Company issued 228,692,212 Shares to professional and sophisticated investors, with each of the above Shares, subject to shareholder approval, having a free attaching Option (“Option”).

The purpose of this resolution is to seek Shareholder approval to issue the 228,692,212 Options.

Resolution 6 is an ordinary resolution and seeks approval from Shareholders pursuant to Listing Rule 7.3.

6.2 Information required for approval under Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the securities in the Placement issue:

- (a) 228,692,212 Options will be issued;
- (b) The Options will be issued for nil consideration;
- (c) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that the issue will occur on the same day;
- (d) The Options have an exercise price of \$0.002, an expiry date of 10 June 2019 and otherwise on the terms and conditions set out in Annexure 1.
- (e) It is intended that the Options will be issued to sophisticated, professional and other investors (being the subscribers for the Shares the subject of Resolutions 4 and 5) who are exempt from the disclosure requirements under Chapter 6D of the Corporations Act, and none of whom are related parties to the Company;
- (f) No funds will be raised from the issue of the Options as they are to be issued as a free attaching option to the 228,692,212 Shares issued on 10 June 2015 and the subject of Resolutions 4 and 5.
- (g) If shareholder approval is obtained, the allotment of the Options will occur progressively and within three months of the date of the Meeting.

7. RESOLUTION 7 – Approval of 10% Placement Facility

7.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the AGM (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company’s 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity, given it has a market capitalisation at the date of this notice of \$1.143 million (1,143,461,058 ordinary fully paid shares @ \$0.001 each).

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 7.2(c) below).

The Directors believe that Resolution 6 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

7.2 Description of Listing Rule 7.1A

- (a) *Shareholder approval*
The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an AGM.
- (b) *Equity Securities*
Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue three classes of Equity Securities, being listed Shares and two classes of unlisted Options.

- (c) *Formula for calculating 10% Placement Facility*
Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an AGM may issue or agree to issue, during the 12 month period after the date of the AGM, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

- A** is the number of shares on issue 12 months before the date of issue or agreement:
- (i) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that became fully paid in the 12 months;
 - (iii) plus the number of fully paid shares issued in the 12 months with Shareholder approval under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without Shareholder approval;
 - (iv) less the number of fully paid shares cancelled in the 12 months.
- D** is 10%;
- E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

- (d) *Minimum Issue Price*
The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days (on which trades in that class were recorded) immediately before:
- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (e) *10% Placement Period*
Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the AGM at which the approval is obtained and expires on the earlier to occur of:
- (i) the date that is 12 months after the date of the AGM at which the approval is obtained; or
 - (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

7.3 Specific information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of **the 10% Placement Facility** as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days (on which trades in that class were recorded) immediately before:
- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(b) If Resolution 7 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Convertible Securities, only if the Convertible Securities are converted into Shares). There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer), or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.0005 50% decrease in Issue Price	\$0.001 Issue Price	\$0.002 100% increase in Issue Price
Current Variable A 1,143,461,058 Shares	10% voting dilution	114,346,106 Shares	114,346,106 Shares	114,346,106 Shares
	Funds raised	\$57,173	\$114,346	\$228,692
50% increase in current Variable A 1,715,191,587 Shares	10% voting dilution	171,519,159 Shares	171,519,159 Shares	171,519,159 Shares
	Funds raised	\$85,760	\$171,519	\$343,038
100% increase in current Variable A 2,286,922,116 Shares	10% voting dilution	228,692,212 Shares	228,692,212 Shares	228,692,212 Shares
	Funds raised	\$114,346	\$228,692	\$457,384

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) No Convertible Securities (including any Convertible Securities issued under the 10% Placement Facility) are converted into Shares before the date of the issue of the Equity Securities.
- (iii) Resolutions 4 and 5 (Ratification of Prior Share Issues) are both passed.
- (iv) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (v) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of this Meeting.
- (vi) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (vii) The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
- (viii) The issue price is \$0.001, being the closing price of Shares on the ASX at the time of preparing this Notice.

- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 7 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) for cash consideration, in which case the Company may use the funds raised towards making (or to securing the right to make) one or more acquisitions and/or to further its existing projects; and/or general working capital; so that the Company has the necessary working capital and flexibility to consider, and if thought fit, to put it in a stronger position to make (or to secure the right to make) one or more acquisitions and/or to further its existing projects; or
 - (ii) non-cash consideration for the acquisition of (or securing the right to make acquisitions of) new projects and investments or to further its existing projects. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

- (e) The Company's allocation policy is dependent on the purpose of the proposed issue and prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility.

The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not a related party or an Associate of a related party of the Company.

Further, if the Company is successful in acquiring new assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments.

- (f) The Company previously obtained Shareholder approval under Listing Rule 7.1A at the 2014 annual general meeting on 19 November 2014. The Company issued a total of 228,692,212 equity securities in the 12 months preceding the date of this notice of meeting which represents 25% of the Equity Securities on issue at the commencement of the 12 month period. The details of issues of all equity securities (quoted and unquoted) made in the 12 months preceding the date of this Notice are in the table that follows;

Date of Issue	10 June 2015	10 June 2015
Number issued	137,215,327	91,476,885
Class	Ordinary shares	Ordinary shares
Summary of terms	Placement	Placement
Names of persons who received securities or basis on which those persons was determined	Placement to sophisticated and professional investors.	Placement to sophisticated and professional investors.
Price	\$0.0003	\$0.0008
Discount to Market (if any)	70%	20%
Total cash consideration received	\$41,164	\$73,182
Amount of cash consideration spent	100%	25%
Use of cash consideration (%)	<i>Exploration and desk-top activities (65%) Corporate & Admin (35%)</i>	<i>Exploration and desk-top activities (65%) Corporate & Admin (35%)</i>
Intended use for remaining cash reserves (if any)	<i>N/A</i>	<i>As above</i>

- (g) At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

8. RESOLUTION 8 – Renewal of Employee Option Plan

8.1 Background

The Employee Option Plan of De Grey Mining Limited ("Plan") was established and approved by shareholders on 21 November 2012. In accordance with the rules of the Plan and ASX Listing Rule 7.2, Exception 9, shareholder approval is now being sought for the maintenance of the Plan. A full copy of the Plan may be obtained by contacting the Company.

The directors believe that the future success of the Company will depend significantly on the skills and motivation of key employees. The Plan is seen as an important tool to attract, motivate and/or retain key employees, especially in overseas locations. It is important to note that the Plan will also enable the Company to attract top calibre staff and at the same time conserve liquid funds, which might otherwise need to be spent on remuneration.

8.2 Approval under Exception 9(b) of Listing Rule 7.2

Listing Rule 7.1 prohibits a listed company from issuing or agreeing to issue equity securities in any 12 month period which amount to more than 15% of its ordinary securities without shareholder approval, unless an exception applies.

Listing Rule 7.2, Exception 9(b) provides that Listing Rule 7.1 does not apply in relation to an issue under an employee incentive scheme if within three years before the date of the issue the holders of the entity's ordinary securities approve the issue of securities under the scheme as an exception to Listing Rule 7.1.

The Plan is an employee incentive scheme of the type contemplated by Exception 9(b) of Listing Rule 7.2. The Options which eligible employees will receive under the Plan are Options to subscribe for ordinary shares. These Options are "equity securities" for the purposes of the Listing Rules.

Accordingly Shareholder approval is sought for the issue by the Company of Options under the Plan (and the subsequent issues of Shares on the exercise of these Options) for the purposes of Exception 9(b) of Listing Rule 7.2. If approval is given, Options issued under the Plan during the next three years will be excluded in determining the 15% annual placement capacity under Listing Rule 7.1. Shareholder approval would assist the Company to retain maximum flexibility in relation to use of that 15% capacity.

In accordance with Exception 9(b) of Listing Rule 7.2, the following information is provided in relation to the issue of Options under the Plan:

(a) A summary of the terms of the Plan

A summary of the terms of the Plan is set out below and a copy of the Plan will be sent to Shareholders free of charge on request.

- (i) Eligible employees include full or part-time employees (including Directors and the Company Secretary) of the Company or its subsidiaries (Eligible Employee).
- (ii) The Board may from time to time, in its absolute discretion, issue invitations in writing to Eligible Employees inviting an Eligible Employee to participate in the Plan and be granted Options in accordance with the Plan.
- (iii) The number of Options to be granted to an Eligible Employee will be determined by the Board in its absolute discretion and in exercising that discretion, the Board may have regard to some or all of the following considerations: the position the Eligible Employee holds, the terms of their employment, the contribution the Eligible Employee makes to the Company or its subsidiaries and any other matter which the Directors consider relevant.

- (iv) Once an Option has been granted to an Eligible Employee, it is not transferrable except with the prior written consent of the Board.
- (v) No consideration is payable by any Eligible Employee in respect of the grant by the Company of an Option under the Plan.
- (vi) The exercise price for the Options granted under the Plan will be determined by the Board.
- (vii) The Board may impose conditions, including performance-related conditions, on the right of an Eligible Employee to exercise Options granted under the Plan.
- (viii) An Eligible Employee will be entitled to exercise an Option if it has not lapsed or cancelled and the exercise conditions and other requirements on the Option certificate have been met. An Eligible Employee may exercise an Option by delivering an exercise notice to the registered office of the Company together with the Option certificate and paying the applicable exercise price in respect of each Option being exercised.
- (ix) Each Option is exercisable into one Share in the Company ranking equally in all respects with the existing issued Shares in the Company. Following allotment of a Share as a result of the exercise, the Company will make an application, within the period specified in the Listing Rules, for the new Share to be quoted on ASX.
- (x) Each Option will lapse on the earliest to occur of:
 - (a) the date specified in the Option certificate as the date on which the Option expires or lapses; or
 - (b) the date on which the Option holder ceases to be an Eligible Employee, regardless of the reasons or causes for the Option holder ceasing to be an Eligible Employee.
- (xi) Subject to certain exceptions, the total number of Shares issued as a result of exercise of Options issued under the Plan during the previous five year period must not exceed 5% of the Company's issued share capital.

(b) The number of securities issued under the Plan since the date of the last approval

As at the date of this Notice of AGM, 10,000,000 Options have been issued under the Company's existing employee share option plan since the date of its approval on 21 November 2012. These Options all have an exercise price in the range of 0.4 cents to 3.0 cents per Option and to date no Shares have been issued on exercise of these Options.

(c) A voting exclusion statement

A voting exclusion statement for Resolution 8 is included in the Notice.

8.3 Directors' Recommendation

The Directors of the Company make no recommendation in relation to Resolution 8 on the basis that the Employee Option Plan of De Grey Mining Limited allows for Options to be granted to Directors and consequently the resolution relates to Directors' remuneration.

GLOSSARY

In this Explanatory Statement and the Notice, the following terms have the following meanings unless the context otherwise requires:

"**10% Placement Facility**" has the meaning given in Section 7.1 of the Explanatory Statement;

"**10% Placement Period**" has the meaning given in Section 7.2(e) of the Explanatory Statement;

"**AGM**" means an annual general meeting;

"**Annual Report**" means the Directors' Report, the Financial Report and Auditor's Report, in respect of the financial year ended 30 June 2015;

"**Associate**" has the same meaning as defined in section 11 and section 13 to 17 of the Corporations Act;

"**ASX**" means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

"**Auditor's Report**" means the auditor's report on the Financial Report;

"**Board**" means the board of Directors;

"**Closely Related Party**" of a member of the Key Management Personnel means:

- a spouse or child of the member;
- a child of the member's spouse;
- a dependent of the member or the member's spouse;
- anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- a company the member controls; or
- a person prescribed by the Corporations Regulations 2001 (Cth);

"**Company**" means De Grey Mining Limited ABN 65 094 206 292;

"**Constitution**" means the Company's constitution, as amended from time to time;

"**Corporations Act**" means Corporations Act 2001 (Cth);

"**Director**" means a director of the Company;

"**Directors Report**" means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

"**Equity Securities**" has the same meaning as in the Listing Rules;

"**Explanatory Statement**" means the explanatory statement accompanying this Notice;

"**Financial Report**" means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

"**Key Management Personnel**" has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company;

"**Listing Rules**" means the Listing Rules of the ASX;

"**Meeting**" has the meaning in the introductory paragraph of the Notice;

"**Notice**" means this Notice of annual general meeting;

"**Option**" means an option to acquire a Share;

"**Proxy Form**" means the proxy form attached to this Notice;

"**Remuneration Report**" means the remuneration report of the Company contained in the Director's Report;

"**Resolution**" means a resolution contained in this Notice;

"**Share**" means a fully paid ordinary share in the capital of the Company;

"**Shareholder**" means the holder of a Share;

"**Trading Day**" means a day determined by ASX to be a trading day in accordance with the Listing Rules;

"**WST**" means Australian Western Standard Time.

Capitalised terms referred to in this Notice are defined in the Explanatory Statement.

Shareholders are referred to the Explanatory Statement for more information with respect to these matters to be considered at the Meeting.

ANNEXURE 1

TERMS AND CONDITIONS OF OPTIONS (Resolution 6)

- (a) Each Option entitles the holder (Option Holder) to subscribe for one Share in the Company.
- (b) The Options may be exercisable at any time prior to the Expiry Date, being 5.00pm WST on 10 June 2019. Options not exercised before the expiry date will automatically lapse.
- (c) The exercise price of each Option is \$0.002.
- (d) The Options may be exercised wholly or in part by completing an application form for Shares (**Notice of Exercise**) delivered to the Company's share registry and received by it any time prior to the Expiry Date.
- (e) All Shares in the Company issued on the exercise of Options will rank equally in all respects with the then existing Shares. The Company will apply to ASX to have the Shares granted Official Quotation.
- (f) The Company must apply for quotation of all Shares in the Company allotted pursuant to the exercise of Options not later than 10 Business Days after the date of issue.
- (g) An Option Holder may only participate in issues of securities to holders of Shares in the Company if the Options have been exercised and Shares allotted in respect of the Options before the record date for determining entitlements to the Issue. The Company must give to the Option Holder at least 7 Business Days notice of any Issue before the record date for determining entitlements to the Issue in accordance with the Listing Rules.
- (h) There will be no change to the exercise price of the Options or the number of Shares over which the Options are exercisable in the event of the Company making a pro-rata issue of Shares or other securities to the holders of Shares in the Company (other than a bonus issue).
- (i) If there is a bonus issue to the holders of Shares in the Company (Bonus Issue), the number of Shares over which the Options are exercisable will be increased by the number of Shares which an Option Holder would have received if the Option had been exercised before the record date for the Bonus Issue (Bonus Shares). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other Shares on issue as the date of issue of the Bonus Shares.
- (j) If prior to the expiry date there is a re-organisation of the issued capital of the Company, the Options are to be treated in the manner set out in the Listing Rules.

END