



DE GREY MINING LTD

QUARTERLY REPORT

FOR THE QUARTER ENDING 31 MARCH 2015

ASX: DEG

Shares on Issue

914,768,846

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HIGHLIGHTS FOR THE QUARTER

Puhipuhi Gold Project – NZ

- Two year project extension granted by New Zealand Petroleum and Minerals ministry
- 100% of the project divested subsequent to quarter end to Evolution Mining Limited (ASX:EVN) for consideration of \$370,000 (Refer ASX announcement 23.04.15)

Turner River Base Metals Project

- Existing databases updated to incorporate recent drilling results
- Planning underway for ongoing exploration activities, anticipated to commence in September quarter

Great Northern Gold Project

- Partner Rugby Mining Limited (TSX-V: RUG) confirmed no activity during the reporting quarter.

Corporate

- Cash on hand at end of the quarter of \$46,664
- Total consideration of \$370,000 for the sale of Puhipuhi anticipated to be received in the June quarter
- Sale of Puhipuhi results in the Company choosing to not draw down on the Dilato facility.



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Turner River Base Metals Project (TRBMP)

As reported in the December 2014 Quarter, the Company completed a five Reverse Circulation (RC) hole drilling program for a total of 1,601m. The drilling targeted potential mineralized horizons at the Discovery Prospect and the Tabba Tabba prospect.

The program was disappointing in that mineralized grades intersected in the drilling were lower than anticipated. However the mineralized horizon was extended and results justify ongoing work.

Potential

Notwithstanding the disappointment of the previous program, the Company remains of the view that the potential of TRBMP remains high.

- There is an existing resource at Discovery and Orchard Tank (refer ASX announcement 23.10.14).
- There are 10 identified prospects on TRBMP that have not been properly tested. All have the potential to intersect and expand on the known mineralization of the overall project.
- Drilling at Tabba Tabba was designed to test a high tenor IP anomaly. The anomaly was not intersected, so its potential, along with other identified IP anomalies at Tabba Tabba, remains untested. The mineralized horizon was extended by 500 metres by one hole.
- Apart from the ten known prospects there is in excess of 15 kilometres of the TRBMP horizon that have yet to be properly evaluated.

Work in Progress and Planned for June 2015 Quarter

Desktop studies continued during the quarter in further review and interpretation of the geological databases and incorporated the recent drilling results.

To progress this project De Grey needs to increase the resource to an economic size and plans to shortly commence the following exploration activities as a first step toward achieving this:

- Complete a comprehensive geological mapping of the project area. Geophysical surveys have identified a 23 km horizon of potential mineralization. To date only 7 kms of that 23 km horizon have been properly examined through mapping and drilling, identifying 10 targets; and
- Undertake a downhole EM probe at Tabba Tabba to improve understanding and location of the IP anomaly which was targeted in the November drilling program, but which was not intersected.



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Subject to the outcomes of the above exploration activities, the Company would seek to undertake the following;

- Drilling and extending the existing mineralization already identified at Turner River at both depth and on strike at Orchard Well, Discovery and Tabba Tabba;
- Infill drilling at Tabba Tabba where the drilling density is currently not sufficient for a resource estimate;
- Geological mapping of the 15 kms of strike that has not been properly assessed, with follow up drilling of likely targets.
- Further review of other remaining and untested prospects on the tenement deserving further work, that have the potential to enhance the TRBMP, including a splay to the west of the project area – Claypan Well - that is anomalous in copper (refer ASX announcement 23.10.14); and several gold prospects that require follow up work.

The Company sees that the TRBMP has an abundance of prospects and further improvements on the current resource and mineral package would appear to be merely a matter of completing sufficient work.

Gold Project – JV with Rugby Mining Ltd

The December 2014 Quarterly Report reported results from Rugby's 1,191 metre five hole drilling program. at the Wingina prospect to test for depth extensions to the high grade footwall gold zone.

Rugby have advised of no work being done on the project during the March quarter.

Sands Royalty

De Grey has received notice that royalty payments covering the production for the March 2015 quarter, total \$5,256.

Beyondie

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

During the quarter, Emergent continued a technical review of the Project and is now targeting its completion during second Quarter 2015.

Progress and further updates can be viewed on the Emergent website www.emergentresources.com.au



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New Zealand

Notification from the New Zealand Petroleum and Minerals ministry was received during the quarter to confirm that a two year extension of term was granted on the Puhipuhi permit 51985.

On 23 April 2015 and subsequent to the end of the March 2015 quarter, the Company announced that it had entered into a binding sale and purchase agreement with Evolution Mining Limited (Evolution, ASX: EVS) for its 100% interest in the Puhipuhi Project (EP 51985) in New Zealand.

De Grey will receive total consideration of A\$370,000 including an initial payment of A\$90,000.

The sale is subject to and conditional upon Evolution finalizing its due diligence and De Grey obtaining certain consents to the sale. De Grey does not believe these issues to be problematic and anticipate a successful conclusion within 30 days.

Tenement Holdings and Movements for the Quarter

Refer to Table 1.

Corporate

The cash on hand at end of the quarter was \$46,664, however (as noted above) subsequent to the end of the quarter the Company entered into a sale and purchase agreement for the divesture of its Puhipuhi Project and this is expected to result in aggregate consideration of \$370,000 being receipted during the June 2015 quarter.

In October 2014, the Company entered into an agreement with Dilato Holdings Pty Ltd, who agreed to guarantee the provision of \$500,000 at a price of \$0.001 per share on or before the end of March 2015 if required by the Company. Subsequent to the end of quarter, the Company has chosen to not draw down on this finance facility. The Company accepted the facility in the first instance as it provided it with security so that it could undertake its drilling program at the TRBMP. The break clause triggered through the non-acceptance of it triggers a \$50,000 break-free which will be paid during the June quarter.



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Table 1: Tenement Holdings and Movements

**Schedule of Mining Tenements and Beneficial Interests
Held as at the end of the March 2015 Quarter**

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

¹ De Grey retains 100% rights to all non-iron ore related minerals under a Split Commodity Agreement.

² De Grey retains 100% rights to all non-iron ore related minerals under a Split Commodity Agreement.

³ Waihi Gold Company Limited retains a 2% NSR

**Schedule of Mining Tenements and Beneficial Interests
Acquired during the March 2015 Quarter**

Project/Location	Country	Tenement	Granted Date
Nil			

**Schedule of Mining Tenements and Beneficial Interests
Disposed of during the March 2015 Quarter**

Project/Location	Country	Tenement	Withdrawal Date
Nil			

Competent Persons Declaration

The information in this announcement that relates to exploration results is based on information compiled by or under the supervision of Peter Batten. Mr Batten is Executive Chairman of De Grey Mining Ltd and a Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Batten has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results. Mr Batten consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Previous Reported Results

There is information in this announcement relating to previous Exploration Results at the Turner River Base Metal Project. The Company confirms that it is not aware of any other new information or data that materially affects the information included in the original market announcement, and that all material assumptions and technical parameters have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.