



# DE GREY MINING LTD

## QUARTERLY REPORT

FOR THE QUARTER ENDING 31 MARCH 2014

17 April 2014

**ASX: DEG**

### **Shares on Issue**

914,768,846

### **Board of Directors**

*Peter Batten*  
*Executive Chairman*

*Darren Townsend*  
*Director*

*Simon Lill*  
*Director*

### **Company Secretary**

*Craig Nelmes*

### **Registered Office**

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**A.B.N. 65 094 206 292**

### **PROJECT REVIEW PROCESS**

#### **Turner River – Gold and Base Metals JV**

Southern Cross Goldfields Ltd (ASX: SXG, “Southern Cross”), as 100% owner of subsidiary company Lansdowne Resources Pty Ltd, advised De Grey of its withdrawal from both Turner River projects – the Wingina Well Gold Project (Table 1) and the Turner River base metals project in December 2013.

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

Final handover of all data and reports was not completed until late in March 2014. De Grey is currently processing the results of work completed by SXG and will use the updated database to determine a path forward for the Turner River Base Metal project.

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

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

De Grey has been assessing the Turner River Zinc and Silver project with the final reports regarding recent work on this project being entered into the database following their receipt in March.

De Grey will keep the market updated on the status of the Zinc and Silver exploration project and decisions regarding its progress.

Apart from database reviews, no exploration work was carried out on the projects during the quarter.

#### **Mt Dove Royalty**

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



## **DE GREY MINING LTD QUARTERLY OPERATIONS REPORT FOR THE QUARTER ENDING 31 MARCH 2014**

Royalties from the initial 2,000,000 tonnes of production had been pre-sold by De Grey. Atlas notified De Grey during the December quarter that royalty payments for production exceeding 2,000,000 tonnes were expected to commence.

De Grey received payment for the December quarter production by Atlas of \$85,472.04 + GST in January 2014.

In accordance with Assignment of Iron Ore Rights dated 10 April 2012, the calculation of royalty payable to De Grey for the March 2014 quarter by Atlas was \$336,358.83 (+ GST) and is payable before the end of April 2014

Mining at Mt Dove has ceased. Minor stockpiles of ore subject to royalty remain but are expected to be exhausted in April 2014. De Grey anticipates the royalty for the June 2014 quarter to be less than \$5,000.

### **New Zealand**

The Company continues to explore means of advancing its interests in this project.

### **Argentina**

The Company is withdrawing from the projects held in its own right and expects this to be finalised in the June 2014 Quarter. There will be no further cash depletion with respect to these Argentine interests.

### **Tenement Holdings and Movements for the Quarter**

Refer to Table 2.

### **Corporate**

On March 25 2014 De Grey announced it had entered into an Agreement with Rugby in regards to the gold assets at Turner River (the Great Northern Gold Project).

Key conditions of the Agreement are:

- 1) Rugby will pay De Grey \$100,000 within 5 days of regulatory approval (approval process to commence immediately and expected to take about 14 days);
- 2) a three year option to acquire an 80% interest in the Tenements by incurring a total of AUD\$2 million in expenditures with a minimum expenditure commitment of AUD\$500,000 and a commitment to drill in the first six months (NB: Rugby have indicated they anticipate commencing a drilling programme Q2 2014); and
- 3) an option to purchase an 80% interest in the historic near surface resource at Wingina Well for AUD\$3 million, by paying AUD\$2 million at any time within 54 months from the date of the Agreement and a further payment of AUD\$1million within 30 days of a decision to mine any part of the historic resource at Wingina Well. (NB: Historic Resource at Wingina Well as outlined in Table 1 below is 6.8 Mt @ 1.6 g/t Au for 345,000 ounces).

It is important to note that condition 1) above has been completed and the funds received.



## DE GREY MINING LTD QUARTERLY OPERATIONS REPORT FOR THE QUARTER ENDING 31 MARCH 2014

**Table 1: Total Resources - Turner River Gold Project (As announced by Polymetals Mining Ltd - March 13 2013)**

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

**Note:**

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

*The information in this report that relates to exploration results is based on information compiled by Mr. Peter Batten, who is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of De Grey Mining Limited. Mr. Batten has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code).*

*The information reported above relating to Mineral Resources and Exploration Results was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.*

*Mr Batten consents to the form and context in which the Exploration Results and estimates of Mineral Resources and the supporting information are presented in this report.*



## DE GREY MINING LTD QUARTERLY OPERATIONS REPORT FOR THE QUARTER ENDING 30 JUNE 2013

**Table 2: Tenement Holdings and Movements**

**Schedule of Mining Tenements and Beneficial Interests  
Held as at the end of the March 2014 Quarter**

<b>Project/Location</b>	<b>Country</b>	<b>Tenement</b>	<b>Percentage held/earning</b>
Beyondie	Australia	E52/1806	20% <sup>1</sup>
Beyondie	Australia	E52/2215	20% <sup>2</sup>
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% <sup>3</sup>
Puhipuhi	New Zealand	55057	100%
Puhipuhi	New Zealand	55058	100%
Aguada Grande Santa Cruz	Argentina	421.624/MS/10	100% <sup>4</sup>
Aguada del Cuero Santa Cruz	Argentina	422.542/EEL/10	100% <sup>4</sup>
Cañadon Agustín Santa Cruz	Argentina	422.545/EEL/10	100% <sup>4</sup>
Cerro La Taba Santa Cruz	Argentina	422.543/EEL/10	100% <sup>4</sup>
Cerro Tres Picos Santa Cruz	Argentina	422.544/LEE/10	100% <sup>4</sup>
Otoño Santa Cruz	Argentina	427.026/DG/11	100% <sup>4</sup>
Invierno Santa Cruz	Argentina	427.024/DG/11	100% <sup>4</sup>
Verano Santa Cruz	Argentina	427.022/DG/11	100% <sup>4</sup>
Cerro La Taba Este Santa Cruz	Argentina	427.018/DG/11	100% <sup>4</sup>
Cerro La Taba Sur Santa Cruz	Argentina	427.019/DG/11	100% <sup>4</sup>
Sorpresa Santa Cruz	Argentina	427.017/DG/11	100% <sup>4</sup>
Guardia Norte Santa Cruz	Argentina	427.020/DG/11	100% <sup>4</sup>
Ventisquero Santa Cruz	Argentina	427.021/DG/11	100% <sup>4</sup>
Guardia Sur Santa Cruz	Argentina	427.013/DG/11	100% <sup>4</sup>
Primavera Santa Cruz	Argentina	427.025/DG/11	100% <sup>4</sup>
La Eligada Santa Cruz	Argentina	427.017/DG/11	100% <sup>4</sup>
La Linda Santa Cruz	Argentina	427.016/DG/11	100% <sup>4</sup>
Boleadora Este Santa Cruz	Argentina	427.781/DG/11	100% <sup>4</sup>
La Anite Este Santa Cruz	Argentina	427.779/DG/11	100% <sup>4</sup>
Florida Negra Santa Cruz	Argentina	427.783/DG/11	100% <sup>4</sup>
La Anita Oeste Santa Cruz	Argentina	427.782/DG/11	100% <sup>4</sup>
Laguna Chica Santa Cruz	Argentina	427.784/DG/11	100% <sup>4</sup>
La Rosita Norte Santa Cruz	Argentina	427.592/DG/11	100% <sup>4</sup>
La Lomita Santa Cruz	Argentina	427.780/DG/11	100% <sup>4</sup>
Gustavo Rio Negro	Argentina	36061/M/11	100% <sup>4</sup>
Daniel Rio Negro	Argentina	36062/M/11	100% <sup>4</sup>
Augusto Rio Negro	Argentina	36063/M/11	100% <sup>4</sup>
Marcos Rio Negro	Argentina	36065/M/11	100% <sup>4</sup>
Carlos Rio Negro	Argentina	36067/M/11	100% <sup>4</sup>



## DE GREY MINING LTD QUARTERLY OPERATIONS REPORT FOR THE QUARTER ENDING 30 JUNE 2013

### Schedule of Mining Tenements and Beneficial Interests Held as at the end of the March 2014 Quarter (continued)

Project/Location	Country	Tenement	Percentage held/earning
Andrés Rio Negro	Argentina	36068/M/11	100% <sup>4</sup>
Justo Rio Negro	Argentina	36069/M/11	100% <sup>4</sup>
Francisco Rio Negro	Argentina	36071/M/11	100% <sup>4</sup>
Manuel Rio Negro	Argentina	36072/M/11	100% <sup>4</sup>
Ismael Rio Negro	Argentina	36074/M/11	100% <sup>4</sup>
Eduardo Rio Negro	Argentina	36076/M/11	100% <sup>4</sup>
Aurelio Rio Negro	Argentina	36060/M/11	100% <sup>4</sup>
Juan Rio Negro	Argentina	36064/M/11	100% <sup>4</sup>
Julián Rio Negro	Argentina	36066/M/11	100% <sup>4</sup>
Braulio Rio Negro	Argentina	36070/M/11	100% <sup>4</sup>
Héctor Rio Negro	Argentina	36073/M/11	100% <sup>4</sup>
Giuliano Rio Negro	Argentina	36075/M/11	100% <sup>4</sup>

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

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

<sup>3</sup> Waihi Gold Company Limited retains a 2% NSR

<sup>4</sup> All tenements or agreements are in the name of De Grey Argentina SA

### Schedule of Mining Tenements and Beneficial Interests Acquired during the March 2014 Quarter

Project/Location	Country	Tenement	Granted Date
Nil			

### Schedule of Mining Tenements and Beneficial Interests Disposed of during the March 2014 Quarter

Project/Location	Country	Tenement	Withdrawal Date
Nil			