



DE GREY MINING LTD

QUARTERLY REPORT

FOR THE QUARTER ENDING 30 JUNE 2015

ASX: DEG

Shares on Issue

1,143,461,058

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31 July 2015

HIGHLIGHTS FOR THE QUARTER

Turner River Base Metals Project

- Project review and geophysical data reassessment underway
- Fieldwork to commence next quarter

Diamonds Project Option Agreement (Kimberley District, South Africa)

- Option over a majority interest in South African Diamond Project
- Technical, legal and financial DD phase extended

Great Northern Gold Project

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

Puhipuhi Gold Project – NZ

- 100% of the project divested subsequent to quarter end to Evolution Mining Limited (ASX:EVN) for consideration of \$370,000 (received this Quarter)

Corporate

- Cash on hand at end of the quarter of \$242,472
- Capital raising also completed during the quarter to raise \$114,000 after costs
- The Company has also been presented with and is continuing a review a number of resource and non-resource sector investment opportunities



DE GREY MINING LTD QUARTERLY OPERATIONS REPORT FOR THE QUARTER ENDING 30 JUNE 2015

Turner River Base Metals Project (TRBMP)

Following the drilling completed in 2014 at Tabba Tabba and the Discovery projects De Grey has determined to complete a review of the region and to complete the surface assessment of the 23km strike horizon of the Tabba Tabba Shear, the host site for nearly all mineralization to date.

In addition, the Company has commissioned the reprocessing of raw geophysical data with the intention that the subsequent reinterpretation will more clearly define drill targets at the Tabba Tabba extension.

Potential

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. These anomalies are the subject of review as the potential of the source of the anomaly remains untested.
- Apart from the ten known prospects there is in excess of 15 kilometres of the TRBMP horizon that have yet to be properly evaluated. This 15 kilometres is the subject of fieldwork planned for the next quarter.

Work in Progress and Planned for September 2015 Quarter

Fieldwork will be undertaken in the September quarter to assess the 15km of the Tabba Tabba Shear not extensively explored.

An independent geophysicist has been engaged to review raw data and reprocess and reinterpret the data in combination with the drilling undertaken at the site to ascertain if a clear target can be identified or to more fully explain the geophysical anomalies present.

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

- Target drilling at Tabba Tabba south should the review produce definitive targets.
- Infill drilling at Tabba Tabba where the drilling density is currently not sufficient for a resource estimate;
- A regional review of other remaining and untested prospects on the tenement deserving further work, that have the potential to enhance the TRBMP, including several gold prospects and any sites produced during the assessment of the Tabba Tabba Shear and the structural splay.

The Company sees that the TRBMP has an abundance of prospects and further work will enhance the project as a while.



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Gold Project – JV with Rugby Mining Ltd

Rugby have advised that they completed a gold lag sampling programme over regional structural and geophysical targets at Turner River. The results are being processed and an update is expected in the following quarter.

South African Diamond Project

The Company has requested an extension of the due diligence phase with the vendor to an unspecified future date dependent upon it receiving all the necessary and outstanding technical, legal and financial information.

The vendor remains responsible for two key Due Diligence issues being:

BEE consent to the transaction; and
Provision of the vendors most recent financial statements.

De Grey is finalizing its technical due diligence. The Company has previously highlighted its concerns with respect to chain of custody issues for the sampling previously undertaken by the vendors. Hence it has taken independent samples over the identified anomalous areas and is awaiting a definitive outcome on the technical issues associated with Due Diligence.

The due diligence phase should be completed before the end of August 2015 and a decision made on whether or not to proceed with the Option agreement.

Sands Royalty

De Grey has received notice that royalty payments covering the production for the June 2015 quarter, total \$4,496.

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 completed a technical review of the Project and which comprised of a review of all project data, a review of drilling and recommendations (including detailed work proposals) targeting moving tonnes from exploration target into Measured/Indicated/Inferred Resources, the preparation of a scope of work for additional metallurgical test work on ‘typical BMS’ which previously returned ‘saleable grades’, a review of exploration and completion of regional targeting exercise, generating new targets; and the annual audit of the Inferred Resource and Exploration Target.

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



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New Zealand

On 23 April 2015, 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, for total consideration of A\$370,000.

On 19 June 2015, the Company announced that the sale had settled.

Tenement Holdings and Movements for the Quarter

Refer to Table 1.

Corporate

The cash on hand at end of the quarter was \$242,472.

On 11 June 2005, the company completed a private placement to raise \$114,346 via the issue of 228,692,212 ordinary shares to professional and sophisticated investors, to fund ongoing exploration activities, corporate expenditures and for general working capital.



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Table 1: Tenement Holdings and Movements

**Schedule of Mining Tenements and Beneficial Interests
Held as at the end of the June 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%

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.

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

Project/Location	Country	Tenement	Granted Date
Nil			

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

Project/Location	Country	Tenement	Withdrawal Date
Puhipuhi	New Zealand	51985	11 June 2015

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.