



DE GREY MINING LTD

QUARTERLY REPORT

FOR THE QUARTER ENDING 31 DECEMBER 2015

ASX: DEG

Shares on Issue

2,858,652,645

Board of Directors

Simon Lill
Chairman

Davide Bosio
Director

Steve Morris
Director

Company Secretary

Craig Nelmes

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29 January 2016

HIGHLIGHTS FOR THE QUARTER

- A review and updating of the Company's geological database has commenced
- A Program of Work ("POW") for drilling at Turner River Base Metals Project ("TRMBP") was prepared and submitted (post quarter end) in January 2016. Drilling at TRBMP anticipated to commence during the March 2016 quarter.
- Completed a rights issue for \$1.715M, and finished the quarter with \$1.53M cash on hand.
- Mr. Davide Bosio, Managing Director of DJ Carmichael Pty Limited ("DJC"), joined the Board upon completion of the rights issue.



DE GREY MINING LTD QUARTERLY OPERATIONS REPORT FOR THE QUARTER ENDING 31 DECEMBER 2015

Turner River Base Metals Project (“TRBMP”)

The Company remains of the view that the potential of TRBMP is high.

To that end, the Company has planned a drilling program to commence during the March quarter. It is reviewing and updating its database on the project, and has submitted a POW for a program designed to:

1. Drill at Tabba Tabba to test:
 - the extension of the known mineralization at both depth and on strike; and
 - the anomaly identified in the original IP survey and further delineated by core.
2. Drill at Discovery to test for a higher grade extension of the Discovery resource dip extension. Higher than average grades intersected in the deeper drilling at Discovery mirrors the drilling at Orchard Tank where grades also increased at depth.
3. Ongoing geophysical surveys are proposed at Clay Pan Well and Tabba Tabba.
 - The recent review of data at Tabba Tabba identified new anomalies that are not clearly defined by the existing survey limits. An extension of the surveyed area is proposed to cover these potential anomalies and to more clearly define their positions and tenor.
 - A magnetic CSAMT survey is proposed for the Clay Pan Well prospect together with a structural study to hopefully identify areas for exploration focus.

Great Northern Gold Project – JV with Rugby Mining Ltd

Partner, Rugby Mining Limited (“Rugby”, TSXV: “RUG”) (earning an 80% interest) report the following with respect to activity for the December 2015 quarter:

- Concluded some preliminary metallurgical test work results on samples previously obtained from the Mt Berghaus Prospect that show positive leach characteristics, with short residence time, good gold extraction and low cyanide consumption.
- Completed further review of the geochemical data and aeromagnetics which has defined an undrilled structural target (“Kasy”) located 6 kms to the Northwest of Mt Berghaus.

Sands Royalty

De Grey received royalty payments of \$2,350 during the quarter (with respect to September quarter production) and is forecasting future payments in the range of \$3,500 to \$5,000 per quarter for the 2016 calendar year.



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Beyondie

The magnetite iron ore project at Beyondie is under the management of joint venture partner Emergent Resources Ltd (ASX: EMG, “Emergent”), whom have an 80% interest earned in the project.

In consultation with the Company, EMG made a decision not to seek a further renewal of its Beyondie tenement, E52/1806, with this tenement having been surrendered at the end of its current term on 13 November 2015, but has retained and continues to develop its remaining Beyondie Iron Ore tenement, E52/2215 and its Extension Gold tenement, E52/2259.

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

Tenement Holdings and Movements for the Quarter

Refer to Table 1.

Corporate

On 18 December 2015, the Company successfully completed a 3 for 2 rights issue at \$0.001 per share as underwritten by DJC, raising \$1,715,192 (before costs).

On 18 December 2015, Mr. Peter Batten resigned from the Board, but it is anticipated that he will continue to work with the Company toward progression of the TRBMP on a consultancy basis. Mr. Davide Bosio, the Managing Director of DJC, has now joined the Board and will assist in the identification and assessment of new potential opportunities both in the resource sector and in other areas.

The cash on hand at end of the quarter was \$1.53 Million.



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Table 1: Tenement Holdings and Movements

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

Project/Location	Country	Tenement	Percentage held/earning
Beyondie	Australia	E52/1806	20% ¹
Beyondie	Australia	E52/2215	20% ¹
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.

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

Project/Location	Country	Tenement	Granted Date
Nil			

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

Project/Location	Country	Tenement	Withdrawal Date
Beyondie	Australia	E52/1806	13 November 2015