

DE GREY MINING LTD

QUARTERLY REPORT

FOR THE QUARTER ENDING 30 SEPTEMBER 2015

ASX: DEG

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1,143,461,058

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30 October 2015

HIGHLIGHTS FOR THE QUARTER

Turner River Base Metals Project (TRBMP)

- A reconnaissance and data review programme was completed during the quarter.
- Review of geophysical data at Tabba Tabba:
 - identified a new anomaly; and
 - indicated key anomaly targeted in 2014 remained and had not been intersected.
- Ongoing work at TRBMP being planned.

Diamonds Project Option Agreement (Kimberley District, South Africa)

- Decision made not to proceed - option agreement has been terminated

Great Northern Gold Project

- Joint venture partner Rugby Mining Limited (TSX-V: RUG) confirmed they intend to recommence exploration in the December quarter.

Corporate

- Cash on hand at end of the quarter of \$160,100
- 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 SEPTEMBER 2015

Turner River Base Metals Project (TRBMP)

Recent drilling (November 2014) targeted projected geophysical anomalies derived from previous IP surveys conducted at the Tabba Tabba and Discovery Prospects. The results of this drilling programme (reported in January 2015) did not satisfactorily define the potential source of these anomalies. Minor sulphides and low levels of mineralization were intersected effectively extending the strike length of the potential mineralization at these prospects.

De Grey contracted Core Geophysics to review the IP survey data as an independent assessment of the original results and to utilise the completed drilling data to resolve the question of whether the source of the geophysical anomalies was tested by the drilling.

The review of the data found:

- Reprocessing of the 2012 Tabba Tabba Induced Polarisation data and review against the 2014 drilling indicates that only one drill hole TTRC020, sufficiently intersected a target IP anomaly.
- Holes TTRC022-23 appear to have deviated below and above the target IP anomaly on line 50400 and TTRC021 was drilled too far to the north west to test the IP anomaly associated with the down strike extension of the known mineralisation.
- A previously undetected IP anomaly was partially resolved at the northern limit of line 51600 and should be further investigated.
- Drilling of the IP anomaly missed by TTRC021 on the eastern end of line 50400 is considered a high priority.

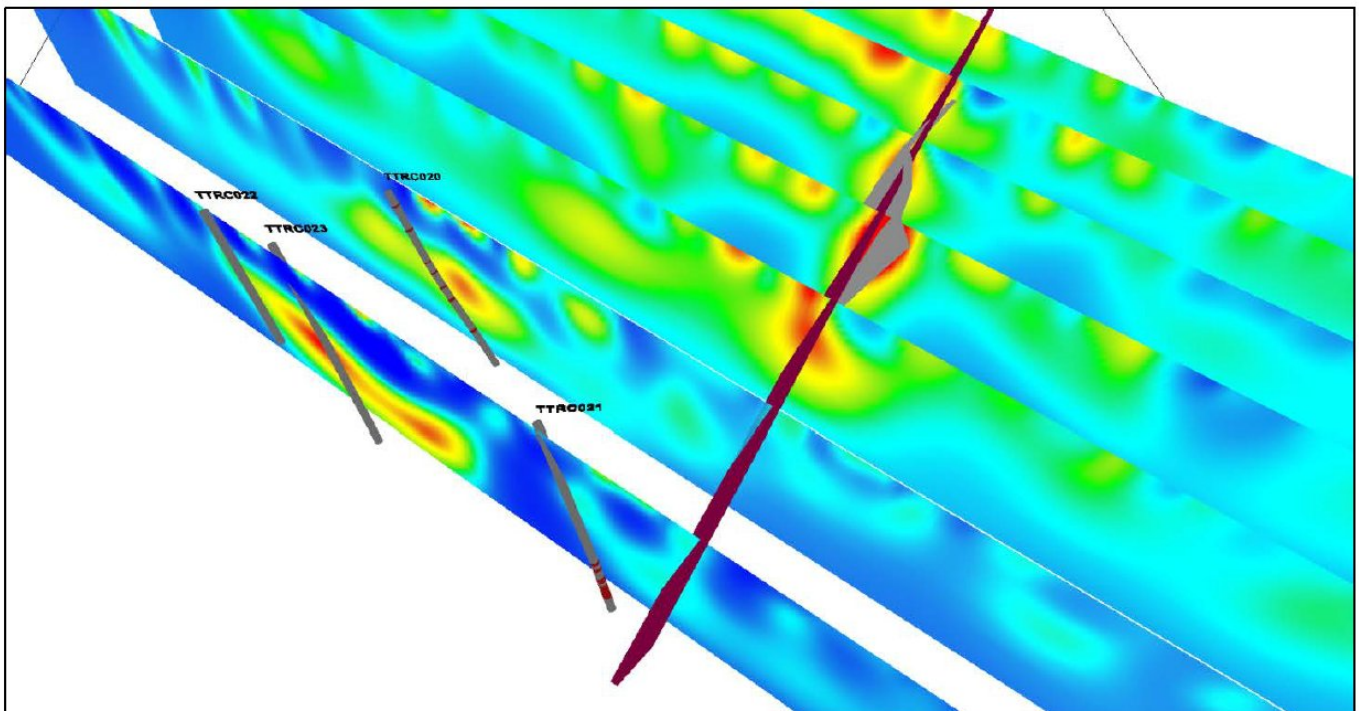


Figure 1: Elevated #D view looking down showing drillhole traces over chargeability inversion sections with previously drilled Tabba Tabba mineralization wireframe (grey body) and interpreted strike extension (purple tabular projection)



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Following the previous drilling programme a site visit was undertaken by De Grey's geologist to search for any surface indications of mineralization at:

- Tabba Tabba South,
- the general structural splay position; and
- along the 15 kilometres of the Tabba Tabba Shear Zone (TTSZ) not subject to previous sampling.

Whilst no significant results were returned from the 50 surface samples taken during the programme the key areas remain prospective in that:

1. The Clay Pan Well prospect is located at the northern end of the interpreted structural splay that trends off the TTSZ. Inspection of this area showed extensive quartz veining over a large area including ladder veins (see below) giving an overall view of the structural complexity of this area.



Figure 2: Ladder veins at Clay Pan Well

2. The extensive TTSZ that has not been subject to extensive sampling was predominantly lacking in outcrop in the general contact position and hence could not be sampled. This area will require remote imaging techniques as the next stage of exploration.



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Potential

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

- There is an existing resource at Discovery and Orchard Tank (refer ASX announcement 23.10.14). The resource remains open at depth and on strike with grades continuing to increase at depth.
- There are numerous prospects on TRBMP that have not been properly tested. All have intersected base metal or gold mineralization in drilling and retain the potential to expand on the known mineralization of the overall project.
- The review of the geophysical data showed the recent drilling at Tabba Tabba did not sufficiently test the geophysical anomalies and the review of the data identified additional anomalies that require further delineation.
- Structural complexity observed at Clay Pan Well displays dilational tendencies with the emplacement of large volumes of quartz. This is positive in terms of mineralization potential and should be followed up.

Proposed Work at TRBMP

Future work to be conducted at Turner River includes;

1. Further drilling 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 Geophysics.
2. Further drilling 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 – refer to the cross sectional diagram below.

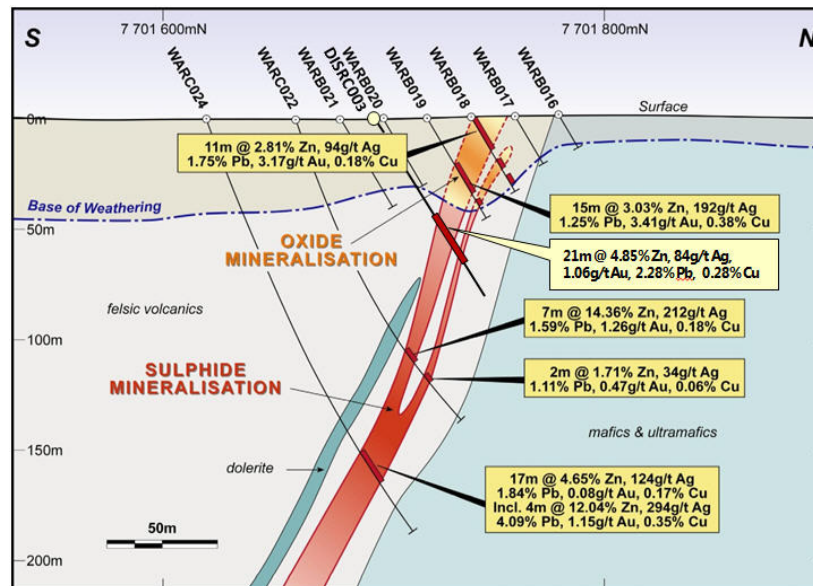


Figure 3: Cross section 685440mE through the Discovery Prospect, showing significant intersections.



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3. Further 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 IP 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 (Rugby)

Rugby have advised that they intend to undertake further field work in the December quarter. There was no field work completed during September 2015 quarter.

Iron Ore Rights – Turner River Tenements

On 22 September 2015, the Company entered into a Deed of Termination, which will result in the Atlas Iron Group (Atlas) relinquishing its iron ore rights over certain gold and base metals tenements. In the event that iron ore production recommences on any of the tenements, the Company shall pay Atlas a one-off payment of \$50,000.

The Company will consider the iron ore potential on the property as part of its next programme, though recognizing that Atlas would have reviewed the potential prior to relinquishing their rights.

Sands Royalty

De Grey received royalty payments of \$4,496 during the quarter (with respect to June quarter production) and is forecasting future payments in the range of \$3,500 to \$5,000 per quarter for the remainder of the financial year.

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.

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

South African Diamond Project

The Company finalised its due diligence during the quarter and on 8 September 2015 announced that it would not be continuing.

Tenement Holdings and Movements for the Quarter

Refer to Table 1.

Corporate

The cash on hand at end of the quarter was \$160,100.



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Table 1: Tenement Holdings and Movements

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

Project/Location	Country	Tenement	Granted Date
Nil			

Schedule of Mining Tenements and Beneficial Interests Disposed of during the September 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.