

28 October 2014

DORAY MINERALS AND MUTINY GOLD TO MERGE

Creating a Leading Mid-Tier, High-Grade WA Gold Company

Highlights

- **Doray Minerals and Mutiny Gold to merge to form a leading mid-tier, high-grade Western Australian gold company with substantial growth prospects**
- **Doray to acquire Mutiny via a unanimously recommended off-market takeover offer with 1 new Doray share offered for every 9.5 Mutiny shares held**
- **Offer values Mutiny at 5.4 cents per share,¹ representing a:**
 - **38% premium to the closing price of Mutiny shares on 20 October 2014**
 - **49% premium to the 30 day VWAP of Mutiny shares ²**
 - **40% premium to the 60 day VWAP of Mutiny shares ²**
- **Proposed merger creates a leading Western Australian mid-tier gold company with:**
 - **An attractive portfolio of complementary high-grade production, development and exploration assets in the highly prospective Murchison mining district**
 - **Forecast production of around 160,000oz AuEq per year across two high-grade, low-cost gold production centres from FY2016**
 - **Combined Mineral Resource base in excess of 1.0Moz Au at grade of 7.7g/t Au plus 27Kt Cu at grade of 0.9% Cu, anticipated to increase with further systematic exploration**
 - **Enhanced financial strength expected to optimise funding the development of Mutiny's Deflector project**
 - **Board and management with proven track record of delivering shareholder value through the successful discovery, development and operation of high-grade, narrow vein gold projects**
 - **Increased scale, market relevance and trading liquidity**
- **Mutiny security holders will hold up to 33% of the combined group (fully diluted), thereby:**
 - **Retaining a significant interest in the future upside of Deflector**
 - **Mitigating and diversifying current development risks, whilst gaining exposure to Doray's assets, balance sheet, cash flow and development expertise**
 - **Benefiting from the combined group's strong exploration, mine development and operational expertise, enhanced financial strength and ability to optimise exploration spend across an enlarged exploration portfolio**
- **Major Mutiny shareholders have entered into pre-bid acceptance agreements with Doray in respect of 18.68% of Mutiny shares on issue**
- **Mutiny Chairman, Mr Allan Brown, has been invited to join the board of the combined group**

¹ Based on the 5-day volume weighted average price (VWAP) of Doray shares on ASX of 51 cents prior to and including 20 October 2014, the last full trading day prior to Mutiny requesting a halt to trading in Mutiny shares on ASX. The implied value of the Offer will change with fluctuations in the Doray share price.

² VWAP of Mutiny shares is calculated for the period up to the close of trading on the ASX on 20 October 2014, the last full trading day prior to Mutiny requesting a halt to trading in Mutiny shares on ASX.

Doray Minerals Ltd (ASX: DRM, Doray) and **Mutiny Gold Ltd** (ASX: MYG, Mutiny) are pleased to announce they have agreed to merge and have entered into a Bid Implementation Agreement (**BIA**) by which Doray will offer to acquire all of the issued ordinary shares and listed options in Mutiny via an off-market takeover offer (the **Offer**).

Under the Offer, Mutiny shareholders will receive 1 new Doray share for every 9.5 Mutiny shares held, valuing Mutiny at approximately A\$36 million or 5.4 cents per share,³ representing a:

- 38% premium to Mutiny's closing share price of 3.9 cents on 20 October 2014
- 49% premium to the 30 day VWAP of Mutiny shares of 3.6 cents⁴
- 40% premium to the 60 day VWAP of Mutiny shares of 3.8 cents⁴.

Outstanding Mutiny listed options will be exchanged for listed options in Doray on comparable terms, taking into account the exchange ratio under the Offer.

The Board of Directors of Mutiny unanimously recommend to Mutiny shareholders and listed optionholders that they accept the Offer, in the absence of a superior proposal.

All of the Directors of Mutiny intend to accept, or procure the acceptance of, the Offer in respect of any Mutiny shares and listed options that they own or control, in the absence of a superior proposal.

Strategic rationale for the transaction

The transaction will create a leading mid-tier, high-grade Western Australian gold producer, which is expected to fill a growing investment void in the ASX gold sector and provide an attractive investment proposition for existing and new shareholders.

Key benefits of the transaction include:

- The creation of a leading mid-tier gold company with an attractive and complementary portfolio of high-grade Western Australian production, development and exploration assets
- The combined group will have operational flexibility from two high-grade, low-cost production centres - Andy Well in the northern Murchison district and the Deflector project in the southern Murchison district of Western Australia – which combined are forecast to produce around 160,000oz AuEq per year from FY2016⁵
- The combined group will have a Mineral Resource base in excess of 1.0Moz Au at a grade of 7.7g/t Au plus 27Kt Cu at a grade of 0.9% Cu⁶
- Enhanced financial strength to optimise funding the development of Deflector, including an increased level of liquidity and exposure to a global and expanding retail and institutional investor base giving greater funding flexibility
- The ability to optimise the exploration spend across the combined group's highly prospective exploration portfolio
- Pro-forma market capitalisation of approximately A\$120 million (prior to any re-rate), increasing scale and market relevance of the combined group within the ASX gold sector⁷

³ Based on the 5-day VWAP of Doray shares on ASX of 51 cents prior to and including 20 October 2014, the last full trading day prior to Mutiny requesting a halt to trading in Mutiny shares on ASX. The implied value of the Offer will change with fluctuations in the Doray share price.

⁴ VWAP of Mutiny shares in the period up to the close of trading on the ASX on 20 October 2014, the last full trading day prior to Mutiny requesting a halt to trading in Mutiny shares on ASX.

⁵ Pro-forma forecast gold production for the combined group has been based on the internal mine plans for Doray and Mutiny. Production forecasts are subject to risk factors associated with developing, mining and processing including, amongst others, variations in grade, metallurgical and other processing problems, mechanical equipment performance problems, the unavailability of materials and equipment, permit approvals, labour force disruptions, adverse weather conditions, geopolitical risks and landowner relations. Forecast gold production for the Deflector project is also subject to risks relating to the financing and development of that project.

⁶ For further information, refer to Appendix 1.

⁷ The pro-forma market capitalisation is calculated as the sum of the market capitalisation of Doray on 20 October 2014, the last full trading day prior to Mutiny requesting a halt to trading in Mutiny shares on ASX, and Mutiny at the implied offer price of 5.4 cents.

- A strong board and management team with significant depth of technical and corporate expertise and a track record of delivering shareholder value through the successful discovery, development and operation of high-grade, narrow vein gold projects

Doray Chairman, Mr Peter Alexander, said the strategic merit of the combination is clear.

“The complementary nature of the two companies’ projects and the exceptional organic growth profile of the combined business will be a strong value driver for shareholders of both Mutiny and Doray,” said Mr Alexander.

“This acquisition will diversify Doray’s existing production centre at Andy Well with a high quality, development ready asset in Deflector, which once in production should double Doray’s annual production,” he said.

“Doray’s interest in Mutiny was confirmed by the results from the recent ‘Mine Operators Review’ completed by the Mutiny management team under the leadership of Mutiny’s Managing Director, Mr Tony James, which validated and has significantly enhanced Deflector’s viability.”

“We also look forward to welcoming Mutiny’s Non-Executive Chairman, Allan Brown, to the board of the combined group as a Non-Executive Director, where his strong, long term understanding of the project will prove valuable.”

“Doray’s Board is confident that merging the assets of Doray and Mutiny, combined with the potential upside offered, places the combined group in a strong position to fill the growing investment void in the mid-tier ASX listed gold sector.”

Mutiny Chairman, Mr Allan Brown, said the transaction is compelling for Mutiny shareholders.

“In addition to a significant premium, the transaction provides Mutiny shareholders with the opportunity to become shareholders of a standout multi-mine, high-grade, gold-focused Western Australian mid-tier producer with strong growth prospects,” said Mr Brown.

“It allows our shareholders to continue to have a significant interest in the upside associated with the development of Deflector, while mitigating and diversifying the current development risks associated with being a single asset company,” he said.

“The Mutiny Board believes that this transaction is in the best interests of Mutiny and unanimously recommends it to our shareholders, in the absence of a superior proposal.”

Transaction details

The Offer will be implemented by way of an off-market takeover offer under the Australian Corporations Act.

The Offer is subject to a number of conditions, including:

- 90% minimum acceptance
- no Mutiny Material Adverse Change (as defined in the BIA)
- other customary conditions.

Full details of the conditions to the Offer are set out in the BIA, which is being released to ASX at the same time as this announcement.

The Offer extends to any Mutiny shares that are issued as a result of the exercise of Mutiny options, or the vesting of any Mutiny performance rights held by Mutiny executives (subject to obtaining any necessary ASIC modifications), during the Offer period. A separate off-market takeover offer will be made in respect of the Mutiny listed options currently on issue, whereby Doray will offer 1 new Doray listed option for every 9.5 Mutiny listed options held, with the Doray listed options having an exercise

price of \$0.475 and expiry date of 15 August 2015. Further details of the offer for Mutiny listed options will be set out in Doray's Bidder's Statement. In addition, Doray intends to enter into private treaty arrangements with the holders of unlisted options in Mutiny to acquire their options.

Doray and Mutiny have agreed to a deal protection regime including no shop and no talk rights, a right to match any superior offer and payment of an agreed break fee of A\$360,000 by Mutiny to Doray in certain circumstances.

Further details about the Offer will be provided in the Doray Bidder's Statement and Mutiny Target's Statement which will be dispatched in the coming weeks.

Doray's intentions

If the Offer is successful, Mutiny will become a wholly-owned subsidiary of Doray. In those circumstances, Doray intends to invite Mutiny Non-Executive Chairman, Mr Allan Brown, to join the Doray Board as a Non-Executive Director, which will continue to be chaired by Doray Non-Executive Chairman, Mr Peter Alexander.

Upon completion of the Offer, Doray intends to continue to pursue the necessary project development activities, including advancing financing solutions, required to progress the Deflector project to production as soon as possible.

Further details of Doray's intentions will be included in its Bidder's Statement.

Pre-bid acceptance agreements

Doray has entered into pre-bid acceptance agreements with Ausdrill International Pty Ltd, Drake Private Investments, LLC and Sandstorm Gold Ltd in relation to 18.68% of the shares in Mutiny.

The full terms and conditions of the pre-bid acceptance agreements are attached to a Form 603 'Notice of Initial Substantial Holder' which is being released to ASX at the same time as this announcement.

Interim funding

Doray has agreed to provide Mutiny with a \$3 million unsecured loan facility to assist Mutiny to fund early works in relation to the development of the Deflector project and to meet its working capital requirements during the Offer period. Interest is payable on amounts drawn down under the loan facility at 12% p.a. Any amounts advanced under the loan facility are repayable on the date that is 3 months after the close of the Offer, although there is an obligation to repay those amounts in full:

- (a) immediately if an event of default occurs under the facility agreement;
- (b) within 5 business days:
 - if a majority of Mutiny directors recommend a competing proposal (in which case Doray is also entitled to an amount equal to the interest foregone as a result of early repayment of the loan);
 - if any person (other than Doray) acquires voting power to more than 30% of Mutiny, or Doray otherwise terminates the BIA due to a material breach of that agreement by Mutiny;
 - if Mutiny raises an amount in cash exceeding \$1 million as a result of one or more issues of new equity, debt or hybrid securities;
- (c) if the BIA is terminated for reasons other than that set out above, within 3 months of the date of termination of the BIA.

As part of securing this interim funding, Mutiny has reached agreement to extend the repayment date of its existing US\$6 million loan owing to Sandstorm Gold Ltd to 16 October 2015.

Timetable

It is expected that Doray's Bidder's Statement and Mutiny's Target's Statement, containing further information about the Offer, will be posted to Mutiny shareholders and listed optionholders in around mid-November 2014, with the Offer to open for acceptance around that time.

Advisers

Gresham Advisory Partners is acting as financial adviser and Corrs Chambers Westgarth is acting as legal adviser to Doray.

Argonaut is acting as financial adviser and Minter Ellison is acting as legal adviser to Mutiny.

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Further information about the companies is available on the Doray and Mutiny websites (see www.dorayminerals.com.au and www.mutinygold.com.au)

About Doray Minerals Limited

Doray is Western Australia's newest high-grade gold producer. The company began mining its high-grade Wilber Lode deposit at the Andy Well Gold Project in the northern Murchison region of Western Australia in November 2012 and commenced gold production in August 2013, approximately 3.5 years after the initial discovery.

Doray has a strategic portfolio of gold exploration properties within Western Australia and South Australia and each presents multiple discovery opportunities. Doray's Board and management team have expertise in discovery, development and production.

About Mutiny Gold Limited

Mutiny Gold is an emerging gold, copper and silver producer based in Western Australia. The company's core asset is the high-grade Deflector gold-copper-silver deposit located within the Gullewa Gold Project, in the southern Murchison region of Western Australia.

The company recently completed a "Mine Operator's Review" (MOR) of previously completed technical evaluations and feasibility studies using 2014 commodity prices and operating costs. The MOR resulted in a revision of the execution plan and the financial assumptions associated with building and operating the Project.

The Gullewa Project also provides various exploration opportunities as a result of a thin layer of transported regolith cover which overlies the prospective geology over a majority of the tenement package.

Appendix 1

Combined Doray / Mutiny Mineral Resource Inventory

	Tonnes	Grade Au (g/t)	Contained Ounces Au	Grade Cu (%)	Contained Tonnes Cu
Doray Mineral Resources	1,273,000	10.8	440,000	-	-
Mutiny Mineral Resources	2,865,000	6.4	591,000	0.9	27,000
Total Resource	4,138,000	7.7	1,031,000	0.9	27,000

Note: For a breakdown of the Mineral Resources as per JORC (2012), refer to the individual Competent Person's Statements and tables below.

Doray Competent Person's Statement

The information in this announcement that relates to Doray's Mineral Resources or Ore Reserves is a compilation of previously published data for which Competent Persons consents were obtained. Their consents remain in place for subsequent releases by Doray of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent. The information in this announcement regarding Doray's Mineral Resources or Ore Reserves has been extracted from the Doray ASX announcement dated 25 September 2014 and is available on the Doray website at www.dorayminerals.com.au or through the ASX website at www.asx.com.au (using ticker code DRM). Doray confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in that market announcement continue to apply and have not materially changed. Doray 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.

Doray Mineral Resource Inventory – 30 June 2014

	Measured			Indicated			Inferred			Total		
	Tonnes	Grade (g/t)	Ounces	Tonnes	Grade (g/t)	Ounces	Tonnes	Grade (g/t)	Ounces	Tonnes	Grade (g/t)	Ounces
Andy Well - Wilber	89,000	23.2	67,000	369,000	15.1	179,000	203,000	10.5	68,000	662,000	14.8	314,000
Andy Well - Judy	-	-	-	405,000	7.6	99,000	206,000	4.1	27,000	611,000	6.4	126,000
Total Resource	89,000	23.2	67,000	774,000	11.2	277,000	409,000	7.3	95,000	1,273,000	10.8	440,000

Note: Wilber Lode reported above a 0.1g/t Au, Judy Lode reported above 0.0g/t Au. Upper cut-off grades vary, and are documented in previously announced JORC Tables (Wilber – ASX announcement on 25 September 2014; Judy - ASX announcement on 6 August 2014). Rounding errors may occur. All Mineral Resources are inclusive of those used to determine Ore Reserves.

Doray Ore Reserve Inventory – 30 June 2014

	Proven			Probable			Total		
	Tonnes	Grade (g/t)	Ounces	Tonnes	Grade (g/t)	Ounces	Tonnes	Grade (g/t)	Ounces
Wilber – Open Pit Stage 2	-	-	-	28,000	15.3	14,000	28,000	15.3	14,000
Wilber - Underground	-	-	-	566,000	8.2	148,000	566,000	8.2	148,000
Judy - Underground	-	-	-	203,000	8.8	58,000	203,000	8.8	58,000
Total Reserve	-	-	-	797,000	8.6	220,000	797,000	8.6	220,000

Note: Open Pit Reserves are based on a nominal 1.4g/t Au lower cut-off grade. Rounding errors may occur. Wilber Reserve details can be found in ASX announcement on 25 September 2014. Judy Reserve details can be found in the ASX announcement on 6 August 2014.

Mutiny Competent Person's Statement

The information in this announcement that relates to Mutiny's Mineral Resources or Ore Reserves is a compilation of previously published data for which Competent Persons consents were obtained. Their consents remain in place for subsequent releases by Mutiny of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent. The information in this announcement regarding Mutiny's Mineral Resources or Ore Reserves has been extracted from the Mutiny ASX announcements dated 26 November 2012 and 4 August 2014 and are available on the Mutiny website at www.mutinygold.com.au or through the ASX website at www.asx.com.au (using ticker code MYG). Mutiny confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in those market announcements continue to apply and have not materially changed. Mutiny confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

The information in this announcement that relates to Mutiny's production targets has been extracted from the Mutiny ASX announcement dated 4 August 2014 and is available on the Mutiny website at www.mutinygold.com.au or through the ASX website at www.asx.com.au (using ticker code "MYG"). Mutiny confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions underpinning the production target in that market announcement continue to apply and have not materially changed.

Deflector Mineral Resource Statement – ASX Release 26 November 2012

		Au	Au	Cu	Cu	Ag	Ag
Classification	Tonnes	(g/t)	(oz)	(%)	(t)	(g/t)	(oz)
Measured	1,164,000	6.0	223,000	1.5	17,000	10.9	407,000
Indicated	1,043,000	7.3	246,000	0.6	7,000	4.2	140,000
Measured & Indicated	2,207,000	6.6	468,000	1.1	24,000	7.7	547,000
Inferred	658,000	5.8	122,000	0.5	3,000	3.9	82,000
Totals	2,865,000	6.4	591,000	0.9	27,000	6.8	628,000

Deflector Total Ore Reserve – ASX Release 4 August 2014

		Au	Au	Cu	Cu	Ag	Ag
Classification	Tonnes	(g/t)	(oz)	(%)	(t)	(g/t)	(oz)
Proven	908,000	5.3	153,000	1.3	11,000	9.4	274,000
Probable	873,000	6.0	168,000	0.5	4,000	3.1	86,000
Totals	1,781,000	5.6	322,000	0.9	16,000	6.3	360,000

Deflector LoM Production Inventory – ASX Release 4 August 2014

		Au	Au	Cu	Cu	Ag	Ag
Classification	Tonnes	(g/t)	(oz)	(%)	(t)	(g/t)	(oz)
Measured	903,000	5.4	157,000	1.3	12,000	9.6	279,000
Indicated	875,000	6.3	178,000	0.5	4,000	3.2	91,000
Inferred	470,000	5.0	76,000	0.4	2,000	3.0	45,000
Totals	2,248,000	5.7	411,000	0.8	18,000	5.7	415,000

Note: Figures are nearest to 10,000 tonnes, 0.1g/t, and 1,000 ounces. Rounding errors may occur

Gold equivalent oz per tonne (AuEq oz/t) calculation basis

The AuEq ounces are based on the following formula:

$$\text{AuEq (in situ)} = ((\text{Au oz's in situ} \times \$/\text{ozAu}) + (\text{Ag oz's in situ} \times \$/\text{ozAg}) + (\text{Cu t in situ} \times \$/\text{tCu})) / \$/\text{oz Au}$$

$$\text{AuEq (payable)} = ((\text{Au oz's payable} \times \$/\text{ozAu}) + (\text{Ag oz's payable} \times \$/\text{ozAg}) + (\text{Cu t payable} \times \$/\text{tCu})) / \$/\text{oz Au}$$

$$\text{Ounces au eq} \times 31.1/\text{t} = \text{au eq g/t}$$

Where the gold price is USD\$1,300 per ounce, silver price is USD\$20 per ounce and the copper price is \$USD6,660 per tonne using an AUD:USD currency exchange rate of 0.93:1. These metal prices are based on spot prices in June 2014 from Kitco and London Metal Exchange websites.

The 0.89 factor (Gold), 0.80 factor (silver) and 0.85 factor (copper) are based on weighted average metallurgical recoveries for all material types (oxide, transitional and primary ore) and products (gravity, concentrate and float tail leach) achieved in test work by SGS Perth announced by Mutiny on December 13th 2011. Smelter recoveries of 0.95 for gold, 0.90 for silver and 0.965 for copper are also factored based on a commercially sensitive draft bid for Deflector Concentrate Products.

Metal equivalent grades are based on the Life of Mine Inventory (LoM), which includes Proven and Probable Ore Reserves and Inferred Resources. There is a low level of geological confidence associated with Inferred Resources and there is no certainty that further exploration work will result in the conversion of Inferred Mineral Resources to Indicated Mineral Resources (or Ore Reserves), or that the production target itself will be realised. It is the company's opinion that the gold, silver and copper metals used in the metal equivalent calculation have reasonable potential for recovery and sale based on metallurgical recoveries in test work noted above. There are a number of well established processing routes for deposits of this and sales of the resulting product as bullion and concentrate.

Disclaimers and forward looking statements

This announcement is for information purposes only and does not constitute a prospectus or prospectus equivalent document. It is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer to purchase or otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, nor shall there be any offer, sale, issuance or transfer of securities in any jurisdiction in contravention of any applicable law.

This announcement contains forward looking statements. Forward looking statements are often, but not always, identified by the use of words such as "seek", "target", "anticipate", "forecast", "believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions.

The forward looking statements in this announcement are based on current expectations, estimates, forecasts and projections about Doray and Mutiny and the industry in which they operate. They do, however, relate to future matters and are subject to various inherent risks and uncertainties. Actual events or results may differ materially from the events or results expressed or implied by any forward looking statements. The past performance of Doray or Mutiny is no guarantee of future performance.

None of Doray, Mutiny or any of their directors, officers, employees, agents or contractors makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law.

You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this announcement reflect views held only as at the date of this announcement.