



DORAY ACHIEVES RECORD QUARTERLY GOLD PRODUCTION OF 29,779 OUNCES

ASX RELEASE 31 January 2017

Issued Capital
356.9m shares outstanding

52Wk Share Price Range
\$0.405 - \$1.245

Market Capitalisation
\$160m (@\$0.45)

BOARD

Leigh Junk
Managing Director

Jay Stephenson
Non-Executive Director

Peter Alexander
Non-Executive Director

Substantial Shareholders
Hunter Hall
Sun Valley

Registered Office
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West Perth WA 6005

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Corporate Development
Manager
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CORPORATE

- Leigh Junk appointed to perform the duties of Managing Director of Doray on 19 December 2016 and accepted the appointment on a permanent basis on 20 January 2017

EXCELLENT SAFETY PERFORMANCE

- 1,211 days Lost Time Injury ('LTI') free at Andy Well and 542 days LTI free at Deflector

DEFLECTOR GOLD PROJECT

- 8,712 ounces of gold and 1,404 tonnes of copper produced for the Quarter from oxide and transitional ore
- An estimated additional 6,677 ounces of gold was produced for the Quarter in the copper gold Middlings
- Deflector Project metal recoveries increasing whilst ramping up towards processing primary ore

ANDY WELL GOLD PROJECT

- December Quarter production of 14,390 ounces
- All In Sustaining Cost of \$1,589 per ounce
- Resource drilling continues at the Gnaweeda Prospect (266,000 ounce Resource, see ASX Announcement on 20 July 2016)

EXPLORATION AND GROWTH

- Major aircore programme at Horse Well completed highlighting a significant regional gold anomaly

FINANCE

- Quarterly revenues of \$45.6M
- Cash, gold and concentrate-on-hand of \$27.5M as at 31 December 2016
- Value of copper gold Middlings on hand estimated at \$15.8M
- Placement of 47m shares @ 54c to raise \$24.7M
117,267 ounces hedged at A\$1,614 per ounce providing cash flow protection against gold price volatility

Doray Minerals Limited (ASX: DRM, “Doray”, “the Company”) is pleased to present its Quarterly Activities Report for the period ended 31 December 2016.

Record quarterly production of 29,779 ounces which includes an estimated 6,677 ounces from the copper gold Middlings product was achieved for the quarter ended 31 December 2016.

Mr Leigh Junk was appointed to perform the duties of Managing Director of Doray on 19 December 2016 and accepted the appointment on a permanent basis on 20 January 2017. Mr Junk has served as a board member of Doray since 2011, is a Mining Engineer and has extensive experience at both the operational and corporate levels within the mining industry.

The December Quarter also saw continued production from the Deflector Project which is now operating at near name-plate capacity from the processing plant with increasing metal recoveries of both copper and gold.

For the Quarter, the Deflector Project milled 96,356 tonnes of ore producing 8,712 ounces of gold through the plant’s gravity and flotation circuits and 1,404 tonnes of copper. These production figures exclude a further 72 tonnes of copper gold Middlings produced during the Quarter which brings the total of this product to 142 tonnes for the half year ended 31 December 2016. This copper gold Middlings product accumulated since the start of production now accounts for an estimated 10,000 ounces of gold and negotiations are advanced to monetise this concentrate during the March Quarter.

Ore from the first underground level below the open pit continues to contain chalcocite and secondary sulphides and will, with the considerable stockpiles of open pit ore, fill the treatment plant during the next Quarter which will delay the start of processing the primary underground ore until the quarter ending 30 June 2017.

Table 1.1 Production Physicals

Physicals	Units	Andy Well	Deflector	Total
Gold Produced				
- Bullion	oz	14,390	4,677	19,067
- Concentrate	oz	-	4,035	4,035
Sub Total	oz	14,390	8,712	23,102
Copper Gold Middlings	oz	-	6,677*	6,677*
Total	oz	14,390	15,389**	29,779**
Concentrate Produced	dmt	-	5,986	5,986
- Contained Copper	t	-	1,318	1,318
Gold Sold	oz	13,711	8,561	22,272
Revenues				
Bullion sales	A\$M	21.91	7.44	29.35
Average Price Received - Bullion	A\$/oz	1,598	1,595	1,597
Concentrate sales	A\$M	-	16.30	16.30
Total		21.91	23.74	45.65
All-In Sustaining Cost	A\$/oz	1,589	n/a	

* As estimated by sampling the copper gold Middlings product

** Includes 6,677 ounces that has been estimated by sampling the copper gold Middlings product

1. ANDY WELL GOLD PROJECT

1.1. Safety

As at 31 December 2016 Andy Well has achieved 1,211 days without an LTI from the initial start of construction on site during November 2012.

1.2. Mining

Development of the underground mine continued to prioritise both Judy and Wilber declines to access deeper levels with 1,726m advanced during the Quarter.

The Judy orebody reconciled poorly against Reserves due to the width of this high grade lode being less than modelled resulting in lower grades being available for processing from both development advance and stoping.

Confirmatory diamond drilling was expedited during the Quarter and results incorporated into a revised geological model which was nearing completion by the end of the Quarter prior to a revised mine design to ensure profitable future mining.

Mining areas within the Wilber lode were re-assessed to similarly ensure optimised profitability to account for reduced strike lengths. Drilling intercepts below current Wilber lode mining show potential for higher grades, widths and increased strike lengths.

Improvements in controlling stoping dilution were again confirmed using waste backfill as shorter stope panel lengths were mined and backfilled during the Quarter.

Table 1.2 Summary of mining physicals for December 2016 Quarter.

Mining	Units	Dec 16 Qtr
Underground Ore Tonnes Mined	t	69,288
Underground Grade Mined	g/t	5.7
Underground Contained Ounces	oz	12,693

1.3. Processing and Production

The plant processed 87,242 tonnes and attained 99.3% availability during the Quarter. High gravity recoveries of 76% were achieved within total recoveries averaging 96.0%.

The plant continues to operate at very high performance levels.

Table 1.3 Summary of processing physicals for December 2016 Quarter.

Processing	Units	Dec 16 Qtr
Ore Tonnes Milled	t	83,965
Mill Grade	g/t	5.3
Recovery	%	96%
Gold Recovered	oz	14,335
Change in Gold in Circuit	oz	(-56)
Gold Produced	oz	14,390

1.4. Cost Performance - Andy Well Mine

Andy Well – December 2016 Qtr	A\$000	A\$/t	A\$/oz
Mining	9,202	133	639
Processing & Refining	2,909	42	202
Site Services	1,402	20	97
By-Product Credits	(50)	(1)	(3)
C1 – Total Cash Operating¹	13,464	194	936
Depreciation	2,667	38	185
Amortisation	8,102	117	563
C2 – Cash Costs	24,233	350	1,684
Royalties	981	14	68
Net Bank Interest	276	4	19
Allocation of Head Office Costs	116	2	8
C3 – Cash Costs	25,606	370	1,779
All-In Sustaining Costs			
Mining	9,202	133	639
Processing and refining	2,909	42	202
Site Services	1,402	20	97
Mining Operating Costs	13,514	195	939
By-Product Credits	(50)	(1)	(3)
Royalties	981	14	68
Corporate G&A	922	13	64
Reclamation & Remediation	44	1	3
Sustaining Exploration	1,072	15	75
Sustaining Capital Expenditure	6,380	92	443
All-In-Sustaining Cost (AISC)²	22,863	330	1,589

¹ C1,C2 and C3 cash costs calculated in accordance with Brook Hunt methodology

² AISC calculated in accordance with World Gold Council guidelines (except for the exclusion of non-cash P&L charges associated with the issue of employee options)

1.5. Andy Well Extensional Exploration

During the Quarter, underground diamond drilling at Andy Well continued to focus on extensions amenable to potential underground mining at the Wilber and Judy orebodies. These programmes are aimed at extending known Mineral Resources with subsequent conversion to Ore Reserves. Drilling was ongoing, with up to 3 drill rigs in operation.

As announced to the ASX on 23 November 2016, this underground drilling campaign has been successful in extending and enhancing the definition of high-grade gold mineralisation at both the Wilber and Judy Lodes.

Drilling below the current Wilber Lode Ore Reserve has intersected high-grade gold mineralisation in several holes at depths between 750 and 800mRL, approximately 680-730m below surface (Figure 1).

Significant assays received from the Wilber Lode extensional drilling programme to date include:

- WBUG1126 – **2.6m @ 70.1g/t Au** from 219.7mdh (True Width ~1.0m)
- WBUG1117 – **2.0m @ 25.2g/t Au** from 187.9mdh (True Width ~1.0m)
- WBUG1099 – **1.2m @ 19.8g/t Au** from 263.1mdh (True Width ~0.7m)
- WBUG1111 – **2.8m @ 9.5g/t Au** from 198.9mdh (True Width ~0.9m)

Drilling was also successful in showing continuity of high-grade mineralisation between the two separate planned mining areas of the “Middle Pod” on the southern end of the Wilber Lode (see Figure 1). These results will allow a revaluation of potential mine designs in this area.

Significant results from the Middle Pod area include:

- WBUG1072 – **4.1m @ 20.3g/t Au** from 140.6mdh (True Width ~1.8m)
- WBUG1076 – **0.9m @ 43.7g/t Au** from 124.6mdh (True Width ~0.8m)

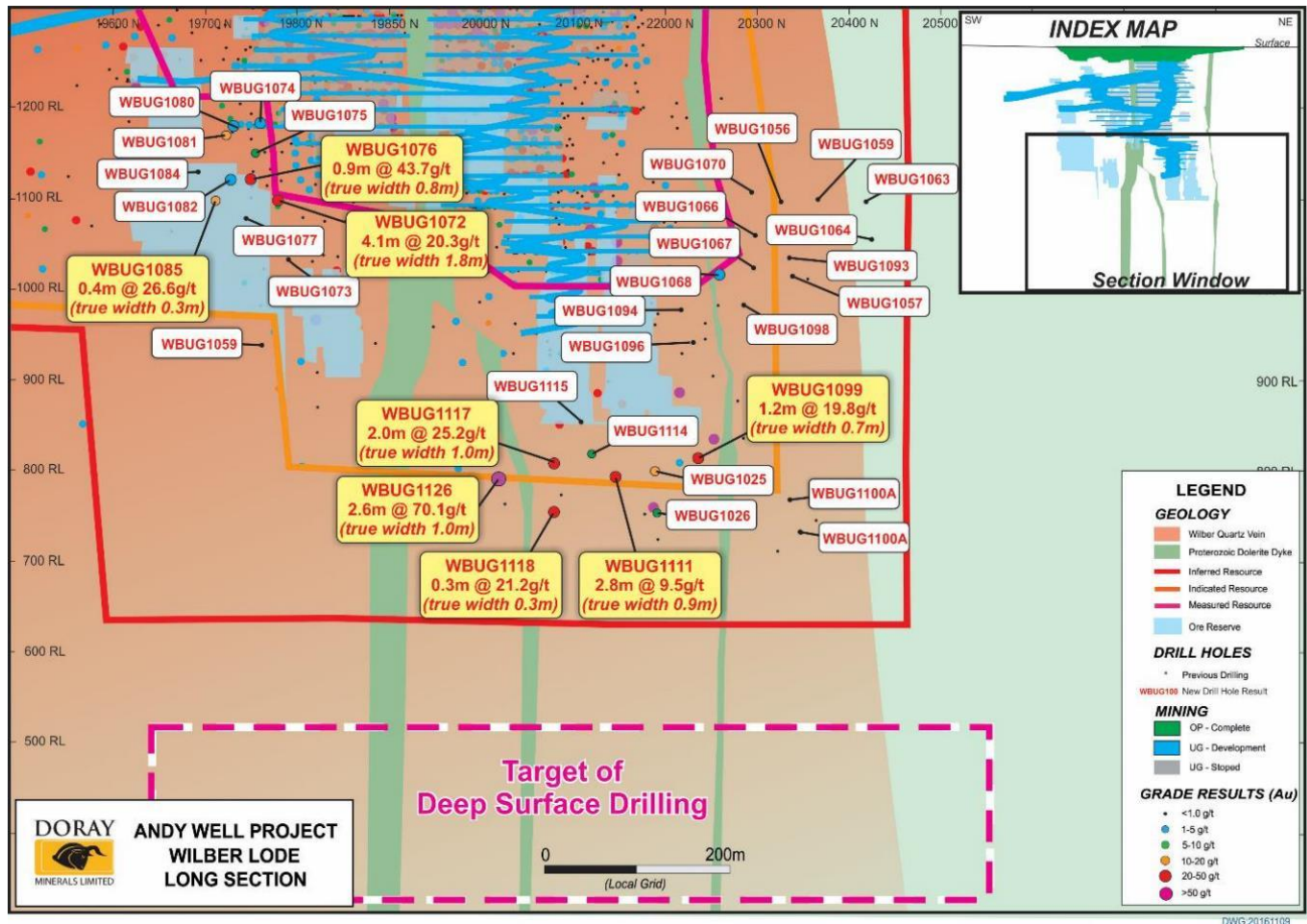


Figure 1. Wilber Lode long section showing recent and ongoing diamond drilling in relation to the current Resource and Reserve boundary

Drilling at Judy has continued to delineate the interpreted high-grade plunging shoot within the Judy South orebody below the current mining area (see Figure 2).

Significant results from the Judy Lode programme to date include:

- JDUG0283 – **1.1m @ 55.2g/t Au** from 159.6mdh (True Width ~0.7m)
- JDUG0240 – **2.3m @ 18.4g/t Au** from 88.0mdh (True Width ~1.8m)
- JDUG0284 – **1.4m @ 7.9g/t Au** from 196.8mdh (True Width ~1.3m)
- JDUG0310 – **0.9m @ 14.5g/t Au** from 377.4mdh (True Width ~0.5m)

Underground diamond drilling to extend and infill the main Resources at Andy Well is ongoing. Full details regarding drill intercepts are provided in the ASX Release dated 23 November 2016.

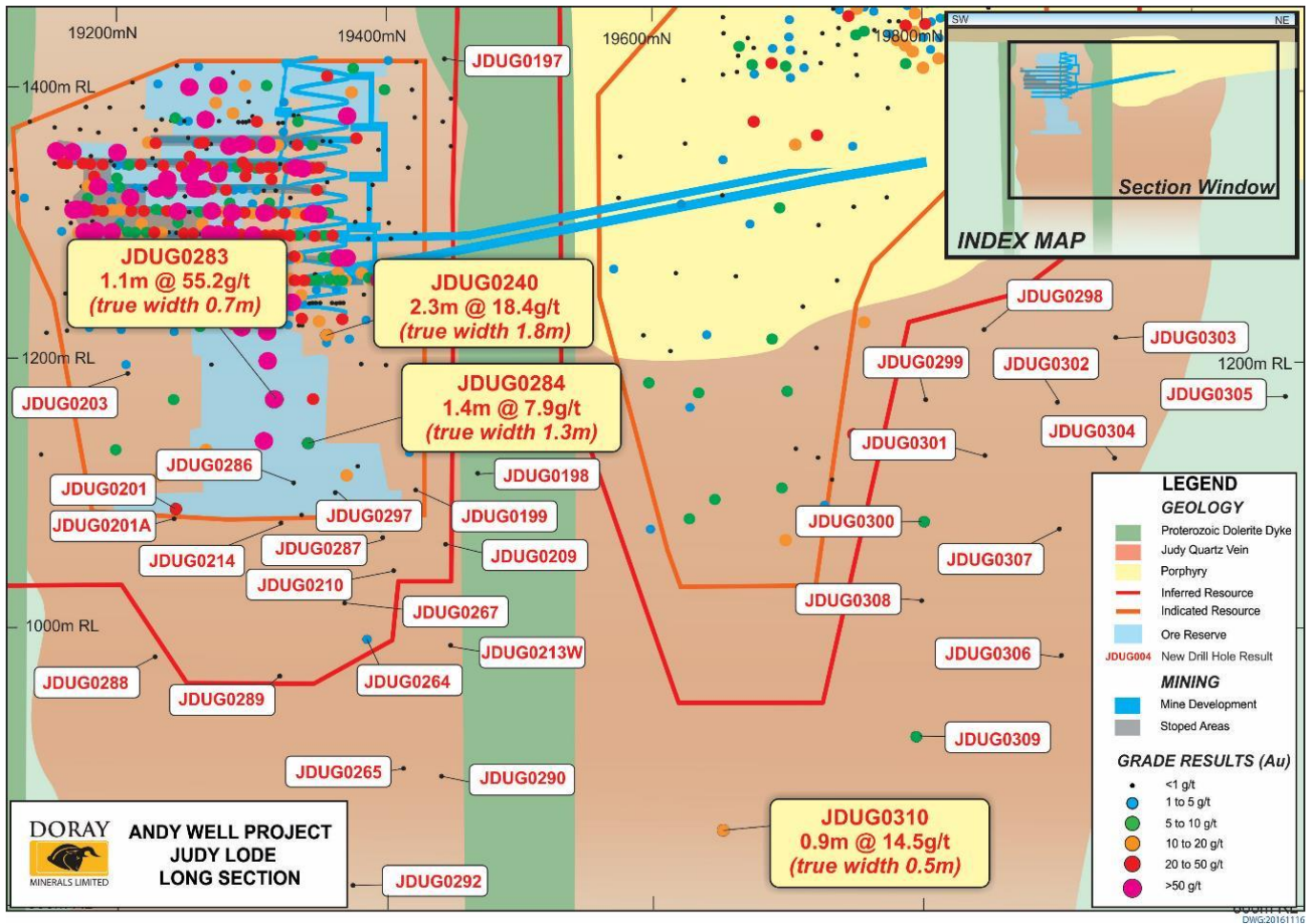


Figure 2. Judy Lode long section illustrating recent drilling results with respect to current mining operation.

1.6. Andy Well Near-Mine Exploration

1.6.1. Gnaweeda Project – Turnberry Prospect

During the Quarter, Doray commenced a significant programme of Reverse Circulation ('RC') and diamond drilling ('DD'), totalling approximately 21,000m RC and 1,000m DD at Turnberry. This programme was designed to infill the data spacing through the existing Inferred Mineral Resource, as well as testing potential extensions to mineralisation both along strike and at depth. This drilling was ongoing for most of the Quarter and was approximately 85% complete at the end of the Quarter. Drilling is anticipated to be completed early in the March 2017 Quarter, with compilation and interpretation of assays and geology to follow.

During the Quarter, Doray also advanced non-geological development activities at the Turnberry Prospect. These included the commencement of Native Vegetation and Native Fauna surveys, initial hydrogeological studies based on existing RC drill holes and the identification and surveying of a potential haulage route between Turnberry and the Andy Well Gold operations. A Mining Lease application was lodged with the Department of Mines and Petroleum (M51/881) covering potential mine development and associated infrastructure for Turnberry. It should be noted that the Turnberry Prospect is covered by the existing Andy Well Native Title Agreement with the Yugung-Nya People.

1.6.2. Gnaweeda – Regional Exploration

In addition to works at the Turnberry Prospect, during the Quarter Doray commenced a significant aircore drill programme covering the regional extensions of the major shear zone that hosts mineralisation at Turnberry across the greater Gnaweeda Project area. This programme is designed to test a corridor that extends for approximately 10km on 800m spaced lines (see Figure 3). As at the end of the Quarter, this programme was still only approximately 30% complete.

1.6.3. Gnaweeda – E51/1649 Duffy Well JV (Mithril Resources Ltd, Doray earning 85%)

During the Quarter, Doray completed an aircore drilling programme totalling approximately 2,807m covering the interpreted southern extensions of the Gnaweeda Greenstone Belt into the Duffy Well project area. This programme was completed as part of the initial earn-in requirements for the Project. As at the end of the Quarter, some results for this programme were still outstanding.

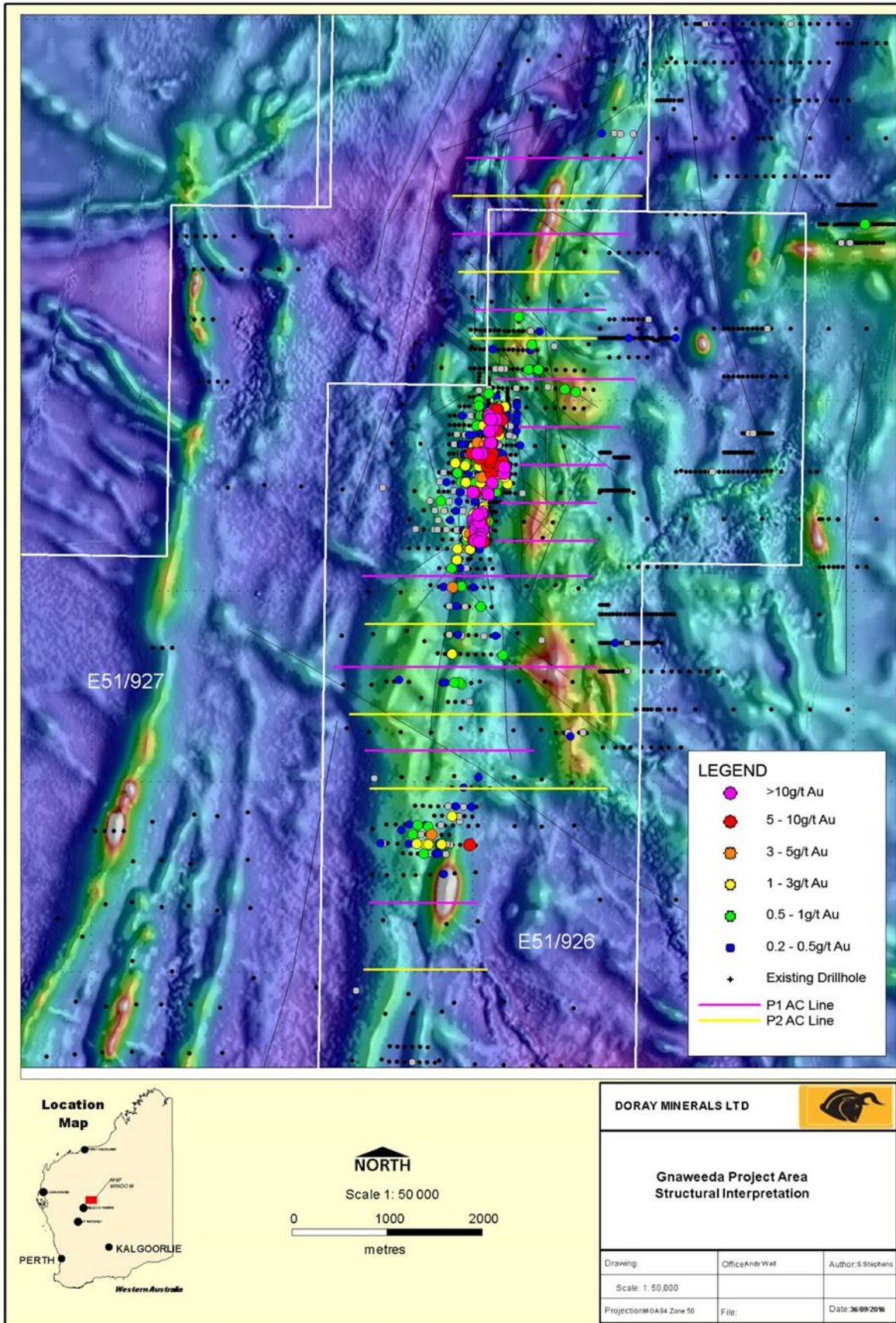


Figure 3. Gnaweeda Project Area

2. DEFLECTOR GOLD-COPPER PROJECT

2.1. Safety

Deflector site achieved 542 LTI free days since construction commenced in July 2015.

2.2. Mining

Open pit mining proceeded with only 50,000 bcm remaining to be mined at the end of the Quarter. Mining of ore from the Central lode was completed and mining of the Western lode down to the base of the designed pit 80m below surface will be completed by the end of January.

A ventilation rise was completed by month end daylighting into the pit ready for installation of civil works to allow underground stoping to start in January.

Underground mining in ore progressed ahead of plan in both Western and Central lodes to ensure production stoping can commence from the Western lode.

Underground capital mine development advanced 543m in the decline reaching 1167RL, 113m below surface and 70m below the portal. Larger than expected water flows underground hampered decline advance and temporary pump stations will be installed as the mine deepens. A major pumping station and rising main to surface will be installed in the quarter ending 30 June 2017 to minimise costs of underground pumping.

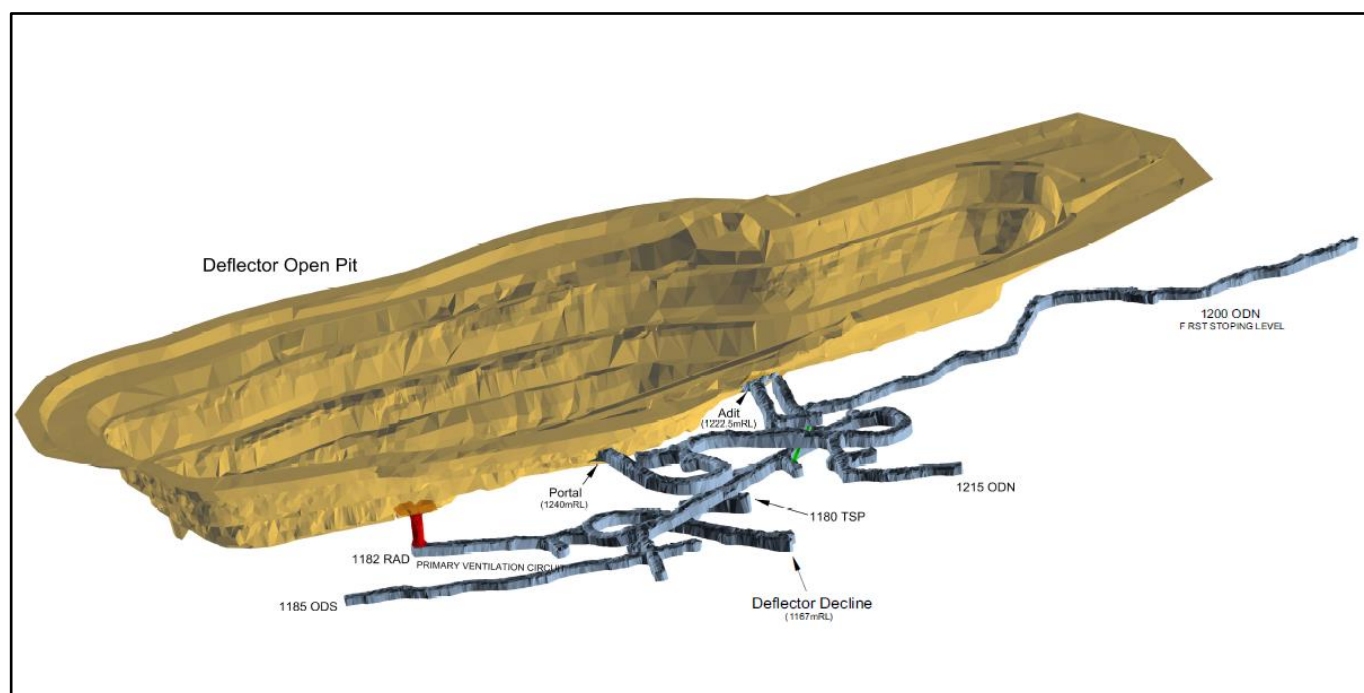


Figure 4. Deflector mining progress.

Table 2.1 Summary of open pit mining physicals for December 2016 Quarter.

Mining	Units	Total
Open pit material moved	bcm	310,435
Open pit ore mined	t	133,229
Open pit gold grade	g/t	3.5
Open pit ounces mined	oz	10,920
Open Pit copper grade	%	1.45
Open pit copper mined	t	1,391

2.3. Processing and Production

The presence of transitional ore containing chalcocite at the top level of the underground mine has extended the period using the Wilfley table which continues to produce both gold bullion and a copper gold Middlings product containing very high gold values. When treatment of underground primary ore commences, the production of the copper gold Middlings product will cease and gold bullion and gold copper concentrate will be produced for the remainder of the project. Negotiations for the sale of the copper gold Middlings product estimated to contain approximately 10,000 ounces of gold have advanced under a competitive tender and are expected to be concluded in the March Quarter 2017.

The processing plant operated well during the Quarter due to increased operational efficiencies whilst treating ore mineralogy transitioning from oxide to transitional as well as successfully resolving some plant mechanical issues. 96,356 dry tonnes were milled. Mill feed grade was reconciled at 5.7g/t gold and 1.89% copper.

Overall recoveries of metal contained within bullion and the flotation concentrate improved during the Quarter. Flotation recovery improved from an initial 50% to 77% for copper and to 86% for overall gold recovery inclusive of the copper gold Middlings product.

Seven shipments of concentrate were made during the Quarter containing 5,904 dry metric tonnes of gold, silver and copper. A total of twelve concentrate shipments were made during the half-year ended 31 December 2016. Shipments of 500dmt each were increased to 1,000dmt each and sent to China and Malaysia as directed by MRI Trading AG who are responsible for marketing the product.

Copper grade within the concentrate averaged between 21% and 26% whilst gold grades within concentrates averaged 21g/t during the Quarter producing 5,904 ounces.

Table 2.2 Summary of processing physicals for December 16 Quarter.

Processing	Units	Total
Ore Milled	t	96,356
Gold Grade	g/t	5.7
Copper Grade	%	1.89
Gold Produced		
- Bullion	oz	4,677
- Concentrate	oz	4,035
- Middlings	oz	6,677*
Total	oz	15,389**
Gold Recovery (Including Middlings)		86%**
Copper Produced	t	1,404
Copper Recovery into Concentrate		77%
Concentrate Produced & Shipped	dmt	5,904
- Gold Grade	g/t	21
- Copper Grade	%	23.3

* As estimated by sampling the copper gold Middlings product

** Includes 6,677 ounces that has been estimated by sampling the copper gold Middlings product

2.4. Deflector Near-Mine Exploration

During the Quarter, Doray successfully carried out Aboriginal heritage surveys covering the proposed RC programme at the King Solomon/New Phoenix Prospect. Following completion of this survey, a programme of 12 RC drillholes for 2,321m was completed. Drilling was designed to test potential depth and strike extensions of previously mined narrow vein, high grade gold mineralisation on the King Solomon, New Phoenix and Christmas Gift lodes. As at the end of the Quarter, assays from this drilling are still outstanding.

3. EXPLORATION AND GROWTH

Doray has a highly prospective exploration tenement portfolio covering a total of approximately 50,000km² in Western Australia and South Australia.

Adjacent to the Andy Well and Deflector Projects, Doray is actively exploring for gold mineralisation which has the potential to provide additional near-term incremental development and production opportunities for both Projects.

The Company continues to explore for large, potential stand-alone development opportunities across its exploration portfolio in WA and SA.

3.1. Western Australia Regional Exploration

Horse Well JV (Doray 60%, Alloy Resources (ASX: AYR) 40%)

During the Quarter, Doray completed a major aircore drilling programme at Horse Well, totalling 390 holes for 23,637m of drilling. This programme aimed to test approximately 7.5km of strike south of the previously identified Django Prospect, on a 800m x 160m pattern. Results from this drilling programme were released to the ASX by JV partner Alloy Resources Ltd subsequent to the end of the Quarter (see ASX Release dated 16 January 2017).

The programme was successful in outlining a large, +50ppb gold anomaly extending south from the Django Prospect over approximately 7km (see figure 5). Importantly, while the Django Prospect is situated entirely within a sequence of intermediate volcanics and volcano-sedimentary rocks, drilling at Django South encountered significantly more geological complexity, with the intermediate volcanic/volcano-sedimentary sequence disrupted by a series of granitic intrusives, and a major contact with a mafic volcanic sequence to the east. Results included a best intersection of **8m @ 1.39g/t Au** from 64m (HWAC915).

It is planned that an infill aircore programme will be designed in the March 2017 Quarter to better define this anomaly, with RC drilling anticipated to test the bedrock potential of this zone.

Mt Fisher Farm-in Agreement (Doray earning in, Rox Resources Ltd (ASX:RXL) 100%)

During the Quarter, Doray completed field reconnaissance of the Project area, in order to validate observations and interpretations from the previously announced ground gravity survey. Following the results of this field trip, an initial aircore drilling programme has been designed to test the conceptual targets for significant gold mineralisation. An Aboriginal heritage survey was conducted over the areas of proposed drilling activities, and a Programme of Work (PoW) was submitted to the DMP, with drilling planned to commence late in the March 2017 Quarter.

3.2. Business Development

Doray maintains an active business development program and examined a number of potential tenement, project and corporate-scale opportunities during the Quarter.

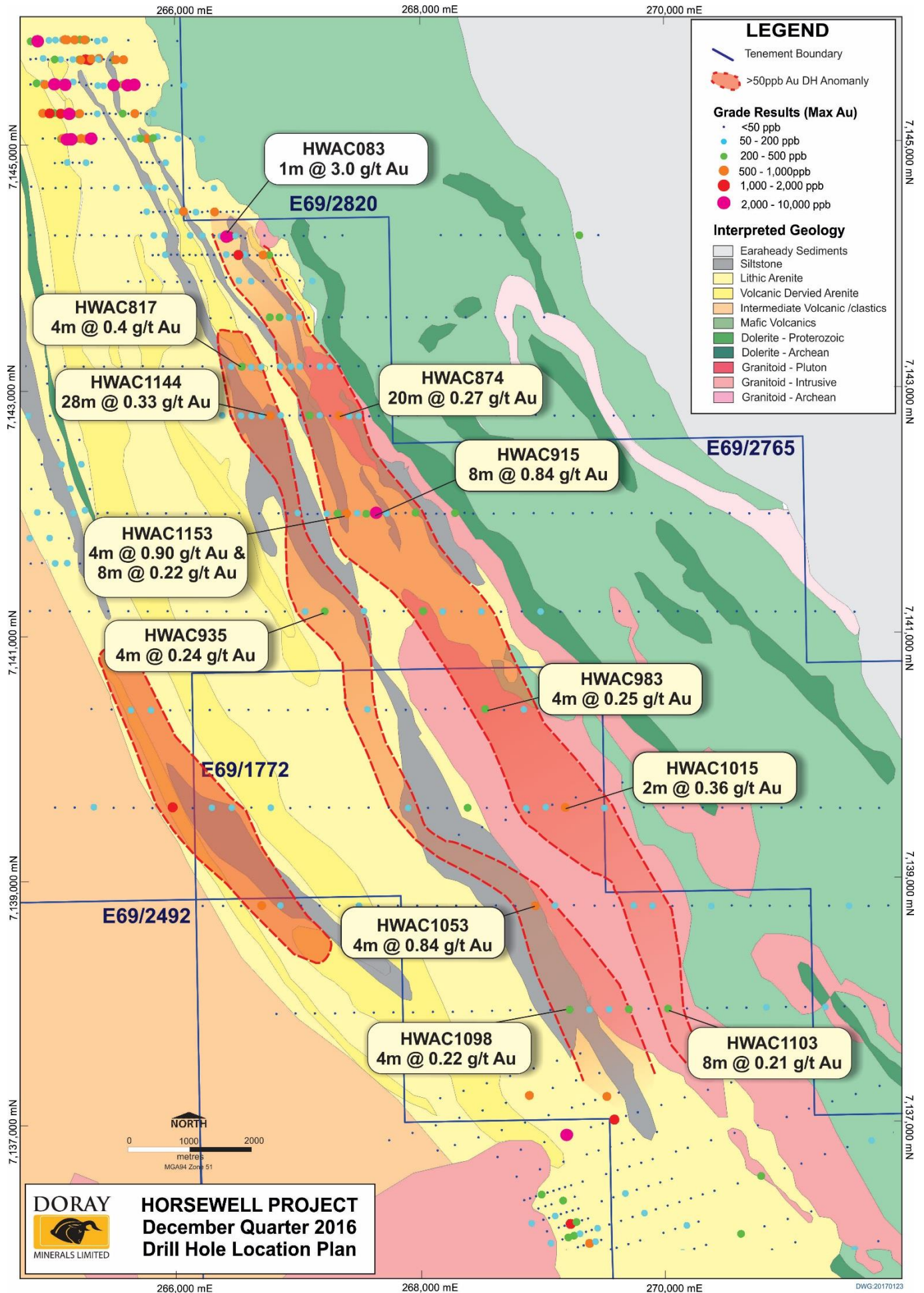


Figure 5. Horse Well JV regional aircore results, Django South Prospect.

4. CORPORATE/FINANCE

4.1. Quarterly Cash Flow and Net Cash Position

- For the Quarter Doray sold 22,272 ounces of gold and 1,318 tonnes of copper for revenues of \$45.6 million.
- Doray's cash position at 31 December 2016 was approximately \$21.2 million with \$4.9 million of gold-on-hand and \$1.4 million of concentrate-on-hand. The Company's gold-on-hand position does not include the gold currently contained in the copper gold Middlings inventory.
- On 31 December 2016, the Company repaid a further \$5 million under its corporate finance facility with Westpac Banking Corporation.

Table 4.1 Summary of cash, gold on hand and debt at 31 December 2016

Item	A\$M
Cash	21.2
Gold on Hand	4.9
Concentrate on Hand	1.4
Total Cash and Gold on Hand	27.5*
Debt Balance	(69.5)
Net Cash/(Debt)	(42.0)

* The preceding table excludes any value for the copper gold Middlings product. It is estimated that the value of this product is \$15.8M.

4.2. Hedging

The Company advises that as at 31 December 2016 it had 117,267 ounces sold forward at an average price of A\$1,614 per ounce. The current hedging profile equates to roughly 45% of forecast production to September 2019 in line with the term of the current Westpac debt facility.

Hedging future production represents a key component of the Company's capital management strategy and is seen as a prudent practice while the Company has outstanding debt.

4.3. Completion of Placement

On 26 October 2016, the Company announced that it had completed an oversubscribed institutional placement, raising approximately \$24.9 million before issue costs.

4.4. Marketing and Investor Relations

During the Quarter the Company attended and presented at the 1-2-1 Hong Kong conference. This conference afforded Doray the opportunity to meet with many of the world's largest and most active precious metals funds and promote the Company's operations and exploration endeavours.

The Company also conducted a roadshow through Sydney and Melbourne to meet with both existing and prospective institutional investor groups.



Leigh Junk
Managing Director

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About Doray Minerals Limited

Doray Minerals Limited is an Australian gold producer with two Western Australian gold projects: the Andy Well Gold Project, which commenced production in August 2013; and the Deflector Gold Project, which commenced production in May 2016.

Doray also has a strategic portfolio of gold exploration properties within Western Australia and South Australia. The Company's Board and management team has a proven track record in discovery, development, and production.

Competent Person Statements

The information in this announcement regarding Exploration Results, Mineral Resources or Ore Reserves has been extracted from various Doray ASX announcements and are 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.