



## DECEMBER 2017 QUARTERLY ACTIVITIES REPORT

### ASX RELEASE

29 January 2018

### Issued Capital as at 31 December 2017

357.1m shares outstanding

### 52 Week Share Price Range to 31 December 2017

\$0.16 - \$0.49

### Market Capitalisation as at 31 December 2017

\$75m (@\$0.21)

### BOARD

**Julius Matthys**  
Non-Executive Chairman

**Leigh Junk**  
Managing Director

**Peter Alexander**  
Non-Executive Director

**Jay Stephenson**  
Non-Executive Director

### Substantial Shareholders as at 31 December 2017

Ruffer Gold Fund

Sun Valley Gold

Perennial Value

**Registered Office**  
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## HIGHLIGHTS

### DEFLECTOR GOLD COPPER MINE

- Record Quarterly production of 16,810oz gold at AISC of \$1,185/oz and C1 cash cost of \$876/oz
- December production of 5,861oz gold at AISC of \$991/oz and C1 cash cost of \$626/oz sets record low monthly cost metrics for Deflector
- 833t copper produced for the Quarter - 15% above budget

### DA VINCI GOLD COPPER EXPLORATION

- Spectacular intercept at Da Vinci of 11m at 56.3g/t gold and 0.9% copper including 2m @ 260g/t gold and 3.3% copper
- Preparations underway for first ore drive into Da Vinci

### ANDY WELL

- Andy Well final production of 15,038oz gold for the period July 2017 to November 2017 before transitioning to care and maintenance

### CORPORATE

- Group production for the Quarter of 21,212oz gold and 833t copper
- Cash and equivalents increased to \$23.9M with net debt reduced to \$23.6M
- Group revenue for the Quarter of \$42.3M

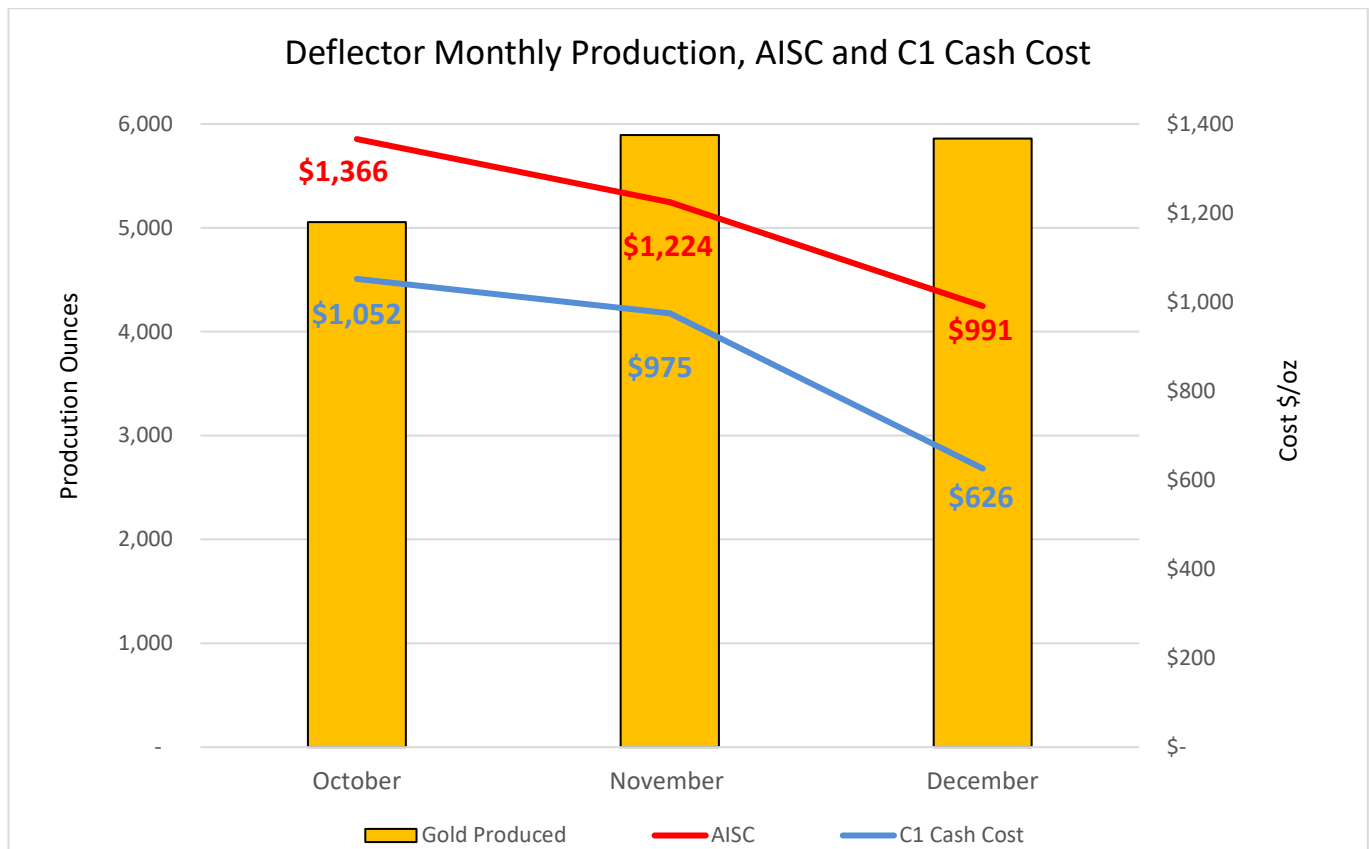
**Doray Minerals Limited (ASX:DRM)** (“Doray” or “the Company”) is pleased to present its Quarterly Activities Report for the period ended 31 December 2017.

Managing Director Mr Leigh Junk said, “Deflector has delivered an outstanding Quarter with record gold production of 16,810 ounces at an AISC of \$1,185 per ounce. We now have the operation running at steady state levels well ahead of schedule and outperforming expectations in both gold and copper. This has been vital in executing the turnaround strategy for the Company and I thank our dedicated operations team for all their hard work.

December was our best month to date at Deflector with the AISC of \$991 per ounce and C1 cash costs of \$626 per ounce. The higher production levels have allowed us to take advantage of strong commodity prices for both gold and copper which has had a positive effect on our cash flows for the Quarter. We will maintain our focus on continuous operational improvements and look to build on this excellent result in the second half of the financial year.

The exciting additional high grade intersections drilled during the Quarter at Da Vinci such as the 11m at 56.3g/t Au and 0.9% Cu which included 2m @ 260g/t Au and 3.3% Cu clearly indicate the high grade potential of this deposit. We will continue to take a measured approach to development by extending an ore drive from Deflector through the dolerite dyke into Da Vinci in the March Quarter. Not only will this deliver additional metal but also valuable geological and geotechnical information”.

**Graph 1.** Deflector Monthly Production, AISC and C1 Cash Costs



**Table 1.** Key Production Physicals and Revenue Statistics

Physicals	Units	Andy Well	Deflector	Total
<b>Gold Produced</b>				
- Bullion	oz	4,402	13,059	17,461
- Concentrate	oz	-	3,751	3,751
<b>Sub Total</b>	<b>oz</b>	<b>4,402</b>	<b>16,810</b>	<b>21,212</b>
<b>Gold Payable<sup>1</sup></b>	<b>oz</b>	<b>4,397</b>	<b>16,703</b>	<b>21,100</b>
<b>Concentrate Produced</b>	<b>dmt</b>	-	4,061	4,061
- Contained Copper	t	-	833	833
- Payable Copper <sup>1</sup>	t	-	794	794
<b>Gold Sold (Bullion &amp; Concentrate)</b>	<b>oz</b>	<b>5,604</b>	<b>14,952</b>	<b>20,556</b>
<b>Revenue</b>				
<b>Bullion sales</b>	<b>\$M</b>	<b>9.1</b>	<b>19.0</b>	<b>28.1</b>
<b>Average Price Received - Bullion</b>	<b>\$/oz</b>	<b>1,629</b>	<b>1,637</b>	<b>1,634</b>
<b>Concentrate sales</b>	<b>\$M</b>	<b>-</b>	<b>14.2</b>	<b>14.2</b>
<b>Total</b>	<b>\$M</b>	<b>9.1</b>	<b>33.2</b>	<b>42.3</b>

<sup>1</sup> estimate of payability based on site sampling prior to finalisation of contract sales terms

## 1. DEFLECTOR GOLD COPPER PROJECT

### 1.1. Safety

Deflector site achieved 35 Lost Time Injury (LTI) free days at the end of the Quarter. A short-duration LTI was incurred during the Quarter with a hand injury to a staff member, who returned to work shortly after on restricted duties.

Doray continues to invest considerable effort into comprehensive site-wide risk assessments to proactively identify and mitigate risk events before they potentially manifest into actual incidents. An intensive block training session covering all site crews was also completed to ensure the operation has the distribution of skills necessary to provide robust emergency response capability.

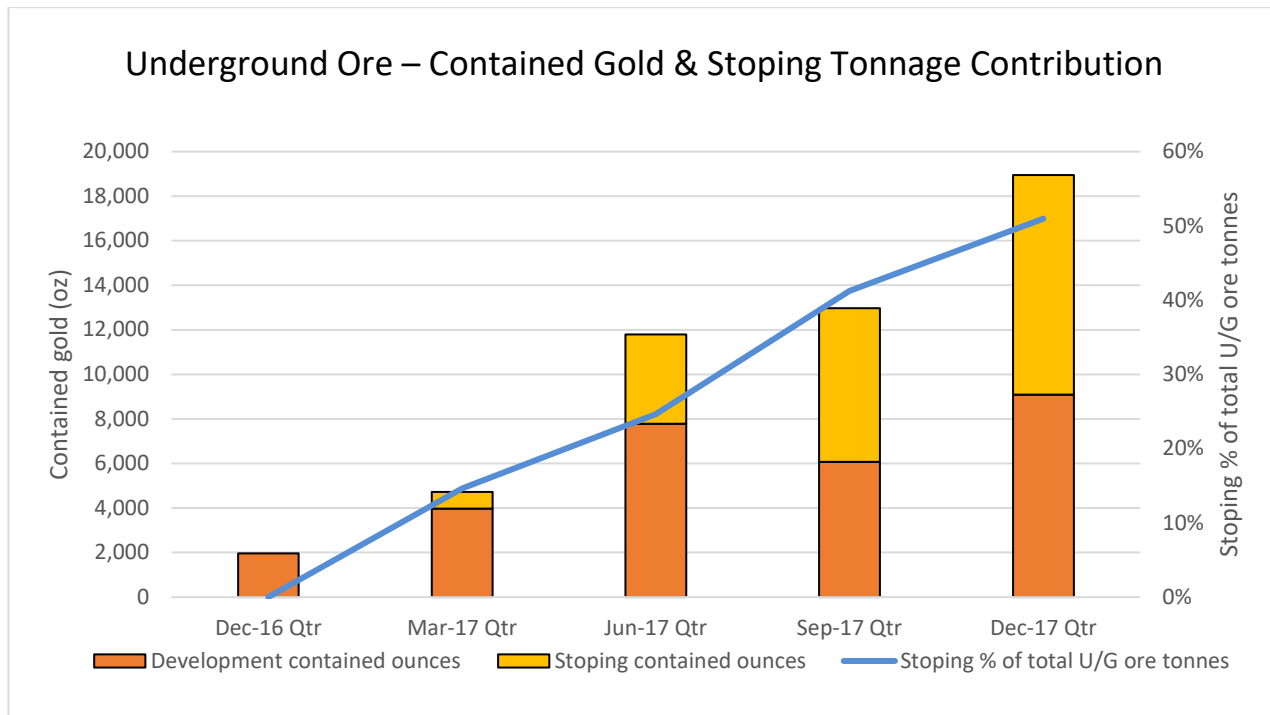
### 1.2. Mining

During the December Quarter the mine continued to increase the contribution of stoping ore to the overall underground mine output, reflecting a maturing operation that is running at steady-state (see Graph 2 below).

Several key items of underground infrastructure were installed during the Quarter including the 1140 level primary pump station and a major extension of the primary ventilation circuit, positioning the operation well for the future.

The layout of the decline was transitioned from a central location between the two main lode alignments to an eastern stand-off position due to the discovery of a persistent high-grade splay structure running through the area of planned capital infrastructure. The re-positioning of the decline and associated infrastructure will allow full exploitation of the contained metal in this material windfall discovery.

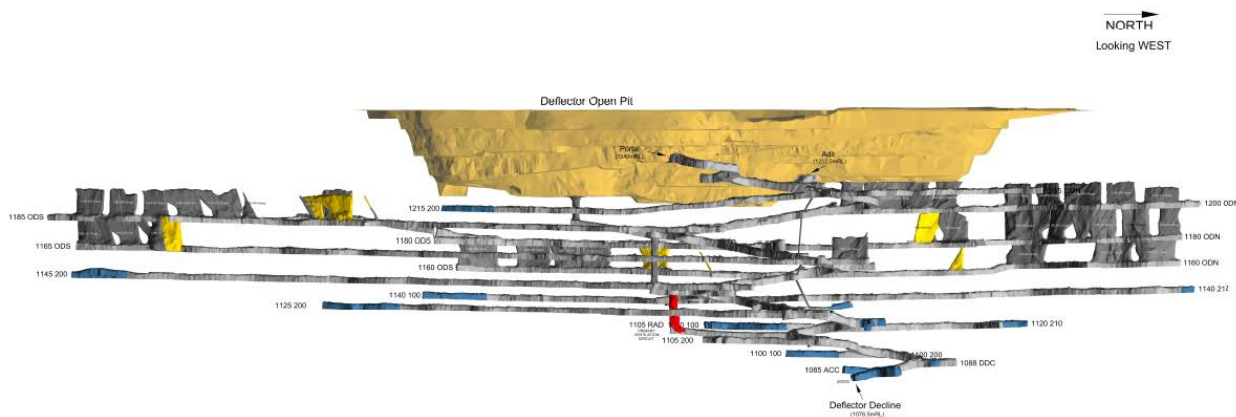
**Graph 2.** Underground Ore Contribution Chart



**Table 2.** Summary of mining physicals for December 2017 Quarter

Mining	Units	Total
Ore mined	t	122,567
Gold grade	g/t	4.8
Copper grade	%	0.9
Ounces mined	oz	18,952
Copper mined	t	1,042
Capital development	m	350
Operating development	m	1,202

Underground capital mine development advanced 350m with the decline face reaching 1,077mRL, 204m below surface and 164m below the portal by the end of the Quarter.



**Figure 1.** Deflector mining progress as at the end of the December 2017 Quarter

**1.3. Processing**

The Deflector processing plant operated extremely well during the Quarter with record availability and throughput. The December Quarter exceeded the previous record throughput (September 2017 Quarter) by approximately 14%. It was pleasing to see both gold and copper recoveries remain constant even with the increased throughput rates.

Seven shipments of gold copper concentrate were exported during the Quarter in conjunction with offtake partner MRI Trading AG. Gold recovered into bullion increased to 78% of the total production from 70% in the September Quarter. The remaining 22% of gold was captured in concentrate. Improved filter performance in the processing plant reduced the concentrate moisture over the course of the Quarter, resulting in savings in transport costs and improved materials handling characteristics. Key processing statistics are shown below in Table 3.

**Table 3.** Summary of processing physicals for December 2017 Quarter

Processing	Units	Total
<b>Ore Milled</b>	<b>t</b>	141,939
<b>Gold Grade</b>	<b>g/t</b>	4.3
<b>Copper Grade</b>	<b>%</b>	0.7
<b>Gold Produced</b>		
- Bullion	oz	13,059
- Concentrate	oz	3,751
<b>Total</b>	<b>oz</b>	<b>16,810</b>
<b>Gold Recovery</b>	<b>%</b>	86.6
<b>Copper Produced</b>	<b>t</b>	833
<b>Copper Recovery into Concentrate</b>	<b>%</b>	84.6
<b>Concentrate Shipped</b>	<b>dmt</b>	3,728
- Gold Grade	g/t	25
- Copper Grade	%	20.1

**Table 4.** Summary of Cost Performance for December 2017 Quarter

	A\$000	A\$/t	A\$/oz
Mining	13,486	110	807
Processing & Refining	5,504	45	329
Site Services	1,823	15	109
By-Product Credits	(6,171)	(50)	(369)
<b>C1 – Net Direct Cash Cost</b>	<b>14,642</b>	<b>119</b>	<b>876</b>
Depreciation	2,155	18	129
Amortisation	5,153	42	308
<b>C2 – Production Cost</b>	<b>21,950</b>	<b>179</b>	<b>1,313</b>
Royalties	1,350	11	81
Net Bank Interest	426	3	25
Allocated Costs	50	0	3
<b>C3 – Fully Allocated Cost</b>	<b>23,777</b>	<b>194</b>	<b>1,422</b>
<b>All-In Sustaining Costs</b>			
Mining	13,486	110	807
Processing and Refining	5,504	45	329
Site Services	1,823	15	109
<b>Mining Operating Costs</b>	<b>20,813</b>	<b>170</b>	<b>1,245</b>
By-Product Credits	(6,171)	(50)	(369)
Royalties	1,350	11	81
Corporate G&A	679	6	40
Sustaining Exploration	998	8	60
Sustaining Capital Expenditure	2,147	18	128
<b>All-In-Sustaining Cost (AISC)</b>	<b>19,815</b>	<b>162</b>	<b>1,185</b>

N.B. All Deflector AISC and C1 numbers in this report are inclusive of copper credits

#### 1.4. Da Vinci Gold Copper Exploration

During the Quarter exploration continued on the Da Vinci zone with the focus on understanding this new discovery as well as developing suitable data for initial mining evaluation.

In order to understand the geological controls on mineralisation, a programme of Reverse Circulation (RC) drill holes was drilled up-dip (near surface) of previous deeper intercepts. This programme successfully intersected Da Vinci mineralisation. As a follow-up, a short programme of diamond drilling was also conducted to confirm the overall geometry of the zone. In addition, an east-west RC traverse across the northern extents of the discovery was also successful in intersecting similar mineralisation a further 80m north of previous diamond drilling.

Significant intersections returned include:

- DVRC004 – **7m @ 19.8g/t Au and 0.8% Cu** from 121m
- DVRC003 – **7m @ 2.9g/t Au and 0.3% Cu** from 130m
- DVRC005 – **4m @ 1.8g/t Au (NSA\* Cu)** from 38m, and **2m @ 11.3g/t Au (NSA Cu)** from 103m (footwall splay)
- DVRC013 – **1m @ 2.4g/t Au (NSA Cu)** from 87m

Following this extensional drilling programme, Doray commenced an infill drill programme with the aim of increasing data density and understanding within the initial discovery area. An RC programme was commenced on nominal 40m x 20m drill spacing, with initial results released subsequent to the end of the Quarter. The majority of holes completed by the end of the Quarter had intersected mineralisation geologically consistent with previous drilling results. Several significant intersections have been returned, including:

- DVRC021 – **11m @ 56.3g/t Au and 0.9% Cu** from 191m, incl. **2m @ 260g/t Au and 3.3% Cu**
- DVRC022 – **5m @ 10.9g/t Au (NSA Cu)** from 153m, incl. **2m @ 21.6g/t Au (NSA Cu)** (splay lode)
- DVRC019 – **2m @ 25.5g/t Au and 1.0% Cu** from 157m
- DVRC023 – **2m @ 25.0g/t Au (NSA Cu)** from 275m
- DVRC025 – **11m @ 4.0g/t Au and 0.1% Cu** from 57m, incl. **2m @ 15.5g/t Au and 2.0% Cu**

In particular, holes DVRC021 and DVRC019 have confirmed the strong mineralisation previously intersected in holes DEDD049 and DEDD045 (see ASX release 1 August 2017). Figure 2 highlights the position and attitude of this mineralisation.

In addition to the RC drilling, four underground diamond drill holes were extended from the Deflector underground operations to intersect the Da Vinci mineralisation. The flat orientation of these drill holes provide for a more complete intersection across the steeply dipping zone of interest. One of these holes failed to reach the zone of interest due to the geometry of the dolerite dyke, however the other three holes were successful in intersecting Da Vinci mineralisation. Significant intersections returned from these underground holes include:

- DFGC0128 – **10.7m @ 34.5g/t Au** (Cu pending) from 67.6m (est. true width 2.9m)
- DFGC0013 – **0.3m @ 14.4g/t Au (NSA Cu)** from 320.0m (est. true width 0.2m)
- DFGC0129 – **0.5m @ 47.2g/t Au** (Cu pending) from 62m (est. true width 0.3m) and; **4.0m @ 14.2g/t Au** (Cu pending) from 79m (hanging wall splay - est. true width 2.1m)

Results of holes drilled within Da Vinci to date are summarised in the long section in Figure 3. The drill programme is ongoing at the end of the Quarter.

\*NSA – No significant assay

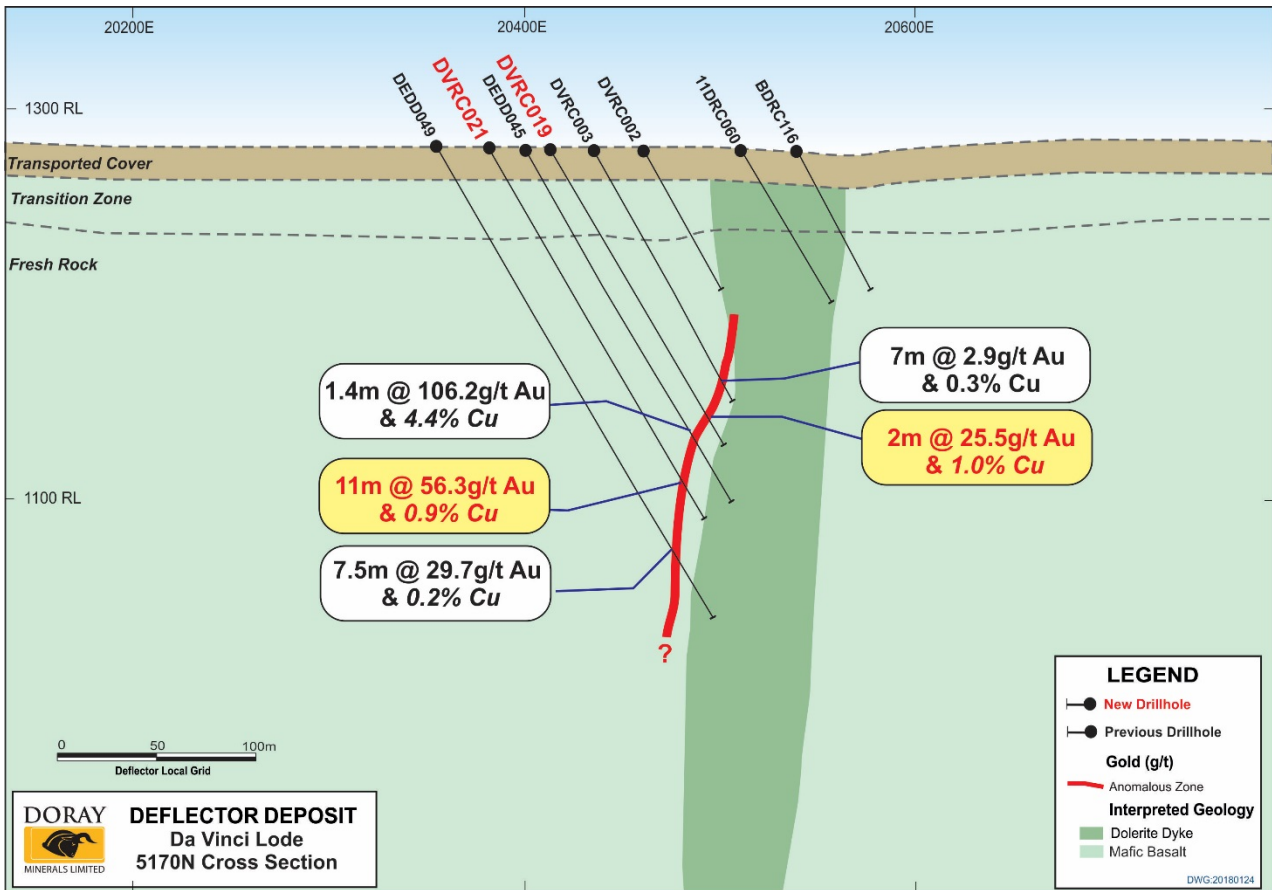


Figure 2. Da Vinci drill section 5170mN with new and previously released results

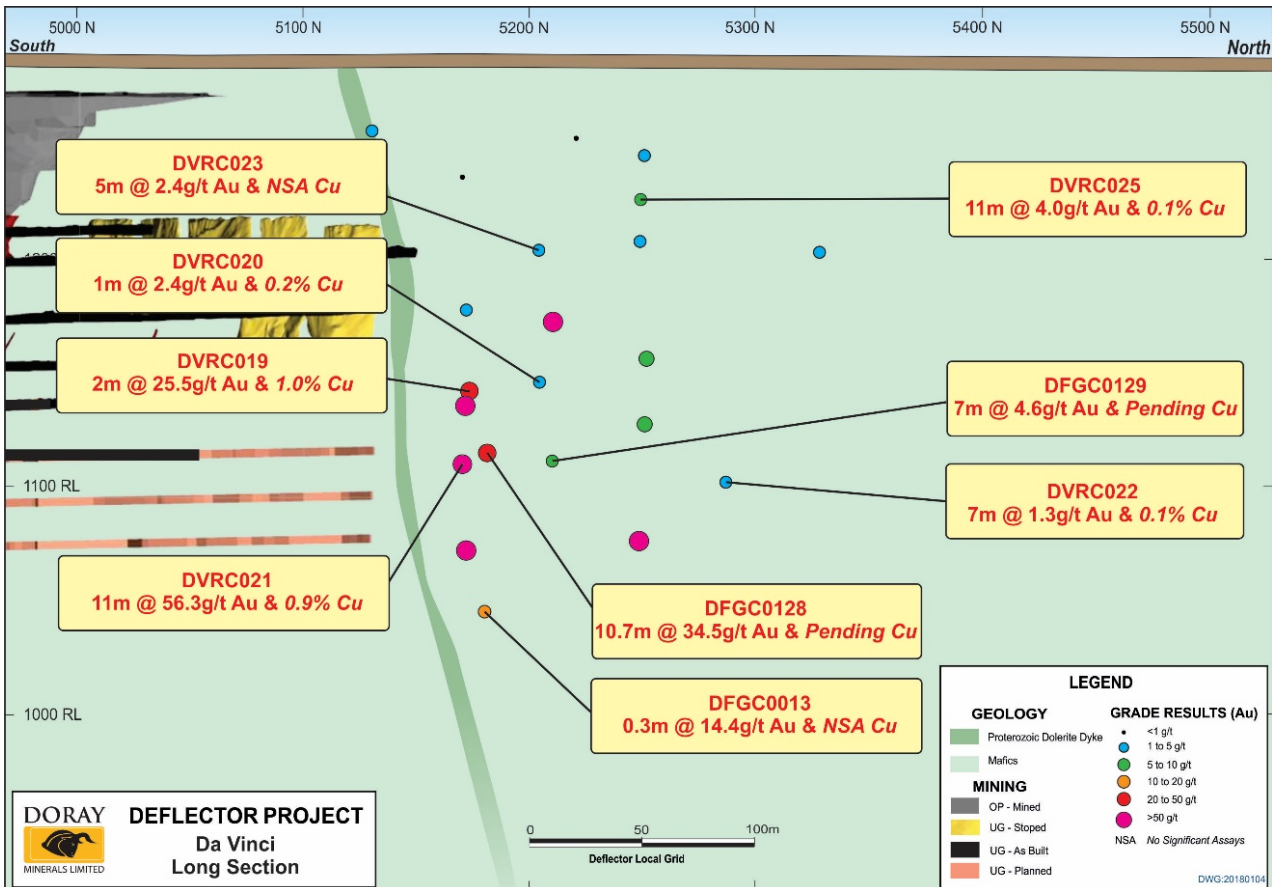


Figure 3. Da Vinci long section with new results

## 2. ANDY WELL GOLD PROJECT

The Andy Well mine transitioned into a Care and Maintenance (C&M) phase as planned in early November 2017. A significant Mineral Resource of approximately 500,000oz of gold remains defined underground at Andy Well. The C&M plan will keep the underground workings dewatered and the major infrastructure intact to preserve the value of the Project.

The Company is extremely proud and appreciative of the Andy Well employees who safely delivered the project from construction, through production of 317,930oz of gold (21% above initial BFS), and into C&M without incurring a single Lost Time Injury (1,538 days LTI-free).

Andy Well produced 15,038oz of gold for the period July 2017 to November 2017. Mining physicals for the December Quarter are in Table 5 below. The last truck of ore was brought to the surface on 29 October 2017 and the mill was shut down on 8 November 2017.

**Table 5.** Summary of mining physicals for December 2017 Quarter

Mining	Units	Total
Ore mined	t	23,061
Gold grade	g/t	3.9
Ounces mined	oz	2,894
Capital development	m	nil
Operating Development	m	nil

### 2.1. Processing and Production

The Andy Well plant continued its outstanding operational record into the C&M phase. Ore was sourced from underground activities as well as low grade surface stocks.

**Table 6.** Summary of processing physicals for December 2017 Quarter

Processing	Units	Total
Ore tonnes milled	t	32,355
Mill grade	g/t	4.3
Recovery	%	96.5
Gold recovered	oz	4,250
Change in gold in circuit	oz	(152)
Gold produced	oz	4,402

## 3. CORPORATE/FINANCE

### 3.1. Quarterly Cash and Equivalents Balances

Doray's cash position at 31 December 2017 was \$16.9 million, with an additional \$4.2 million of gold-on-hand and \$2.8 million of concentrate-on-hand.

During the Quarter the Company repaid \$0.5 million under its corporate finance facility with Westpac.

**Table 7.** Summary of cash, metals on hand and debt at 31 December 2017

Item	A\$M
Cash	16.9
Gold on Hand	4.2*
Concentrate on Hand	2.8*
<b>Total Cash and Metals on Hand</b>	<b>23.9</b>
Debt Balance	(47.5)
<b>Net Cash/(Debt)</b>	<b>(23.6)</b>

\*Based on estimated receipt values



### 3.2. Hedging

As at 31 December 2017 the Company had 51,355oz gold sold forward at an average price of A\$1,584/oz.

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.

### 3.3. Marketing and Investor Relations

During the Quarter, the Company presented to brokers and investors following up on meetings from the extensive roadshow conducted in late September 2017.



**Leigh Junk**  
Managing Director  
Doray Minerals Ltd

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#### **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 Company's website at [www.dorayminerals.com.au](http://www.dorayminerals.com.au) or through the ASX website at [www.asx.com.au](http://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.