



**ASX RELEASE**

23 January 2015

**ASX Code: DRM**

**Issued Capital**

(22 January 2015)

221M outstanding Shares

7.4M listed Options

6.3M unlisted Options

**52Wk Share Price Range**

\$0.27 - \$1.10

**BOARD**

**Peter Alexander**

Non-Executive Chairman

**Allan Kelly**

Managing Director

**Jay Stephenson**

Non-Executive Director

**Leigh Junk**

Non-Executive Director

**Peter Lester**

Non-Executive Director

**HIGHLIGHTS:**

- **December Quarter gold production exceeds expectations**
  - Record quarterly gold production from underground
  - 20,963 ounces produced @ 9g/t (Sept Qtr 18,265oz @ 7.4g/t)
  - C1 cost reduced to \$633/oz and AISC reduced to A\$1,110/oz
  - Average margin against AISC increased to A\$340/oz
- **Upgraded 2015FY production and cost guidance**
  - Production guidance increased to 85,000-90,000 ounces
  - Forecast cash operating cost (C1) reduced to A\$600-700/oz
  - 67% increase in high-grade Stage 2 Open Pit Reserve
- **Excellent safety record continues**
  - 480 days LTI-free at Andy Well as at 31 December 2014
- **Takeover Offer for Mutiny Gold Ltd announced**
  - Recommended Takeover Offer for Mutiny Gold to create a leading mid-tier high-grade WA gold producer
  - Doray's annual production to double from commissioning of the high-grade Deflector Au-Cu-Ag project
  - 6 year initial mine life at Deflector with substantial upside
  - 70.9% acceptances received by 31 December 2014<sup>1</sup>
- **Successful exploration and business development programs**
  - Diamond drilling extends Wilber Lode by at least 250m and Judy Lode by at least 600m
  - Potential for additional high-grade Suzie open pit
  - Horse Well JV drilling intersects high-grade gold
  - Strategic exploration Farm-in Agreement signed with Iluka
- **Strengthening the Balance Sheet**
  - \$16.7M Cash and gold on hand (plus DSRA of \$5M)

<b><u>SUMMARY</u></b>	<b><u>Units</u></b>	<b><u>Dec Qtr</u></b>	<b><u>Sept Qtr</u></b>	<b><u>% change</u></b>
Gold produced	oz	20,963	18,265	+14.7
Cash Operating Cost (C1)	A\$/oz	633	773	-18.1
All-in Sustaining Cost (AISC)	A\$/oz	1,110 <sup>2</sup>	1,384	-19.8
Gold Sold	oz	21,584	18,962	+13.8
Revenue from gold sales	A\$M	31.3	28.6	+9.4
Average price received	A\$/oz	1,450	1,508	-3.8
Average margin against AISC	A\$/oz	340	124	+274

<sup>1</sup> Doray has achieved 86.8% acceptances at 22 January 2015.

<sup>2</sup> Includes a \$14/oz charge related to the issue of employee options in December 2013

**Doray Minerals Limited (ASX: DRM, “Doray”)** is pleased to announce its Quarterly Activities Report for the period ended 31 December 2014.

The December Quarter gold production of 20,963 ounces with C1 cost of A\$633/oz and All-In Sustaining Costs (AISC) of A\$1,110/oz, (including a \$14/oz charge relating to the issue of employee options in December 2013), exceeded the Company's expectations and generated cash flow of approximately \$7.4M for the Quarter.

Doray's Managing Director, Mr Allan Kelly, said the December Quarter gold production result saw a significant reduction in costs and meant the Company remained on track to meet its recently increased 2015 financial year production guidance of 85,000-90,000 ounces, and cash operating costs are expected to be in the range of A\$600-700/oz (previously A\$700-800/oz).

Doray achieved two significant milestones during the Quarter - producing its 100,000th ounce since commencement of production in August 2013 and passing 365 days without a Lost Time Injury (LTI) – with no mining or production related LTI since the commencement of construction in November 2012. This excellent safety performance demonstrates Doray's commitment to placing the safety of its employees and contractors foremost.

In the December Quarter, Doray announced it had entered into a Bid Implementation Agreement with Mutiny Gold Ltd (ASX: MYG) to acquire all of the issued ordinary Shares and listed Options in Mutiny via a unanimously recommended off-market Takeover Offer. The combination of the two companies will form a leading mid-tier, high-grade West Australian gold company with an attractive and complementary portfolio of production, development and exploration assets.

Mr Kelly said the acquisition would diversify Doray's existing production centre at Andy Well with a high quality, development ready asset in the high-grade Deflector Project which, once in production, will double Doray's annual production to approximately 160,000 ounces per annum (gold equivalent).

All Mutiny directors accepted Doray's Takeover Offer in respect to their own holdings and by the end of the December Quarter, more than 70% of acceptances had been received.

Following the completion of grade control drilling, the Company announced a 67% increase to the size of the high-grade Stage 2 open pit at Andy Well, to approximately 23,500 ounces @ 16.1g/t Au.

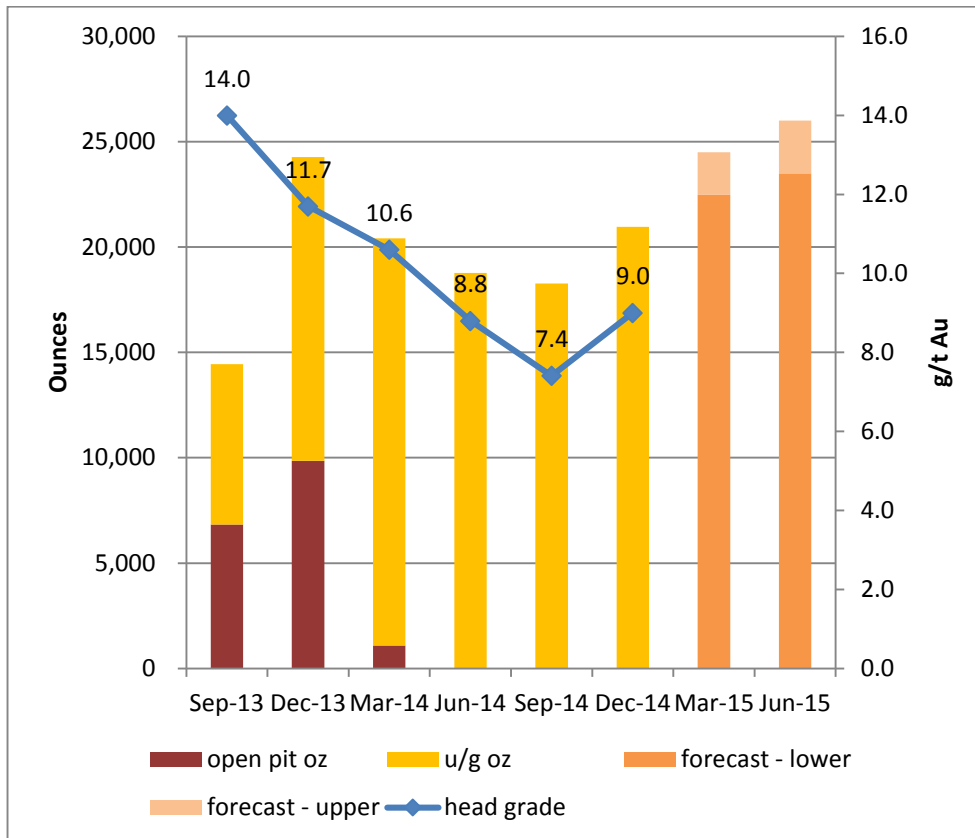
Recent drilling results from within the nearby Suzie Zone also indicated the potential for additional shallow high-grade material which could be exploited as part of the stage 2 open pit mining exercise – further proof of the upside potential of the Andy Well project.

Also at Andy Well, step-out diamond drilling has intersected mineralised quartz lode at depths beyond 600m below surface at both the Wilber and Judy Lodes. These deep intersections are significant in that they confirm that the Wilber and Judy Lode structures and, by inference, the other structures present at Andy Well, continue at significant depths below current drilling and hence provide clear potential for extensions to the mine life at Andy Well.

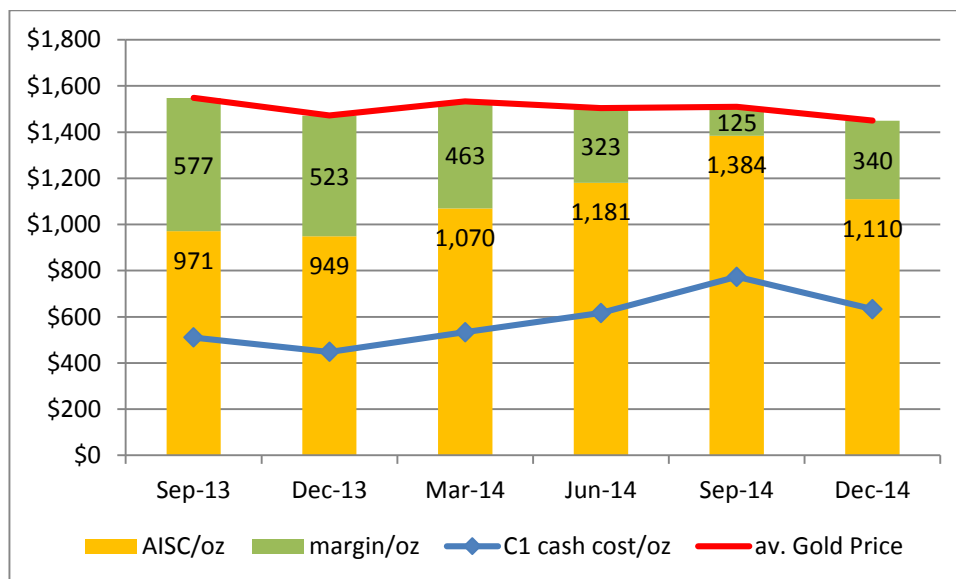
Doray had early exploration success at the Horse Well JV Project, where the presence of a major mineralised structure at “Dusk til Dawn” was confirmed. RC drilling intersected high-grade gold with 65m @ 2.6 g/t Au from 50m, including 13m @ 8.2g/t Au from 50m.

“These results vindicate the Company's decision to enter into a JV with Alloy Resources over the Horse Well Project, highlight the significant potential of the Project and confirm our belief that it could host economic, high-grade gold mineralisation,” Mr Kelly said.

During the Quarter, Doray also signed a strategic Farm-in Agreement with Iluka Resources Ltd (Iluka) to explore its Central and Western Gawler Craton tenement portfolio in South Australia. Doray will have the right to earn up to 80% of any ‘gold resources’ discovered within the project area with Iluka retaining rights to discoveries of other commodities made by the Company, unless it elects not to do so.



**Figure 1a.** Quarterly Gold Production (actual and forecast).



**Figure 1b.** Quarterly gold production costs and margin.

## 1. ANDY WELL GOLD PROJECT

The Andy Well Gold Project is located approximately 45km north of Meekatharra, in the northern Murchison region of Western Australia and is the first new gold operation in the Murchison in over 10 years. Doray commenced mining and site works in November 2012 with first gold production in August 2013, approximately 3.5 years after the initial discovery of the high-grade Wilber Lode gold deposit by Doray in March 2010.

### 1.1. Safety Performance

The Andy Well Gold Project incurred no Lost Time Injuries ("LTI") during the Quarter, and had achieved 480 consecutive days without an LTI to 31 December 2014. The Project has had no mining-related LTI's since the commencement of construction and mining in November 2012.

### 1.2. Upgraded Production and Cost Guidance for FY2015

During the Quarter, the Company provided an update of its production and cost guidance for the 2015 financial year following a significant increase in the size of the high-grade Wilber Stage 2 open pit mining inventory and improved operating results since August 2014.

Gold production from Andy Well is now expected to be in the range of 85,000 to 90,000 ounces for the 2015 financial year (previously 77,000 to 85,000 ounces).

A number of one-off expenses are anticipated in December and January in relation to the realignment of the Great Northern Highway and initial pre-stripping of the stage 2 open pit however, based on the improved results to date, full year cash operating costs (C1) expected to be in the range of A\$600-700/oz (previously A\$700-800/oz).

### 1.3. Wilber Lode Underground Gold Mine

During the Quarter, ore was hauled and processed exclusively from the high-grade Wilber Lode underground gold mine. The Company continued with underground development and stoping to both northern and southern panels of the Wilber Lode, as well as preparing for mining of the Stage 2 Open Pit cut-back during the 2015 financial year.

#### Mining and Development

Gold production came from stoping of ore from multiple levels within the northern panel of the Wilber Lode down to 1235RL and from the first stope on 1317RL south of the central dyke. Development continued mostly within the southern panel on various levels from 1337RL down to 1237RL.

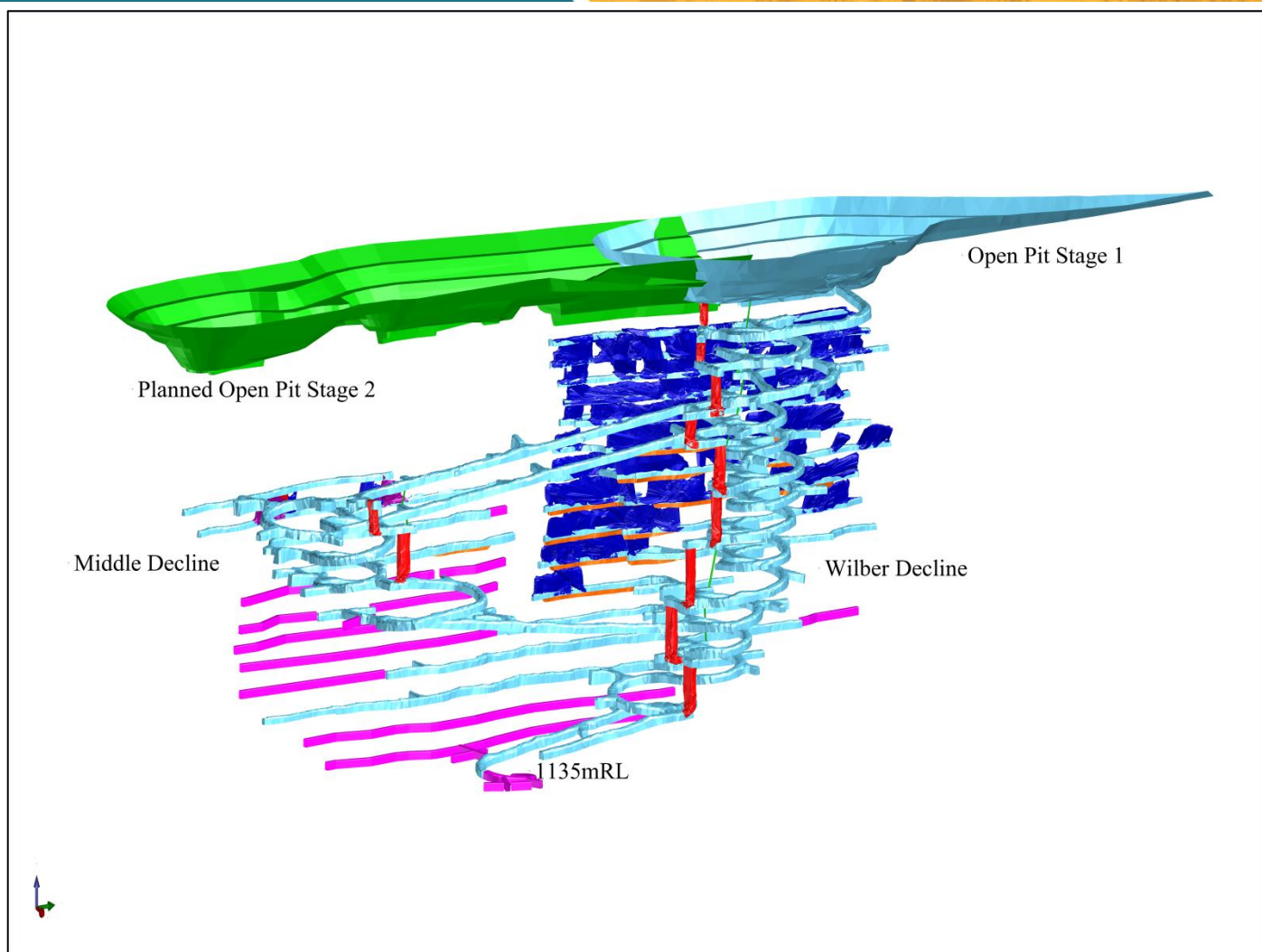
Methods to minimise stoping dilution successfully established alternatives to suit local ground conditions using either sublevel benching with cemented rockfill sill pillars or progressive backfill using the "Avoca" method.

Development of the Wilber decline to deeper reserves was prioritised to ensure that diamond drilling could start in January 2015 to drill out the next 200 metres below the current base of Wilber reserves.

**Table 1.** Summary of mine physicals for December Quarter.

	Units	Dec 14 Qtr	Sept 14 Qtr	2015 FYTD
Underground Ore Mined	t	80,459	77,735	
Underground Ore Grade	g/t	8.21	7.41	
Contained gold	oz	21,245	18,531	39,776





**Figure 2.** Wilber Lode deposit showing underground progress at 31 December 2014.

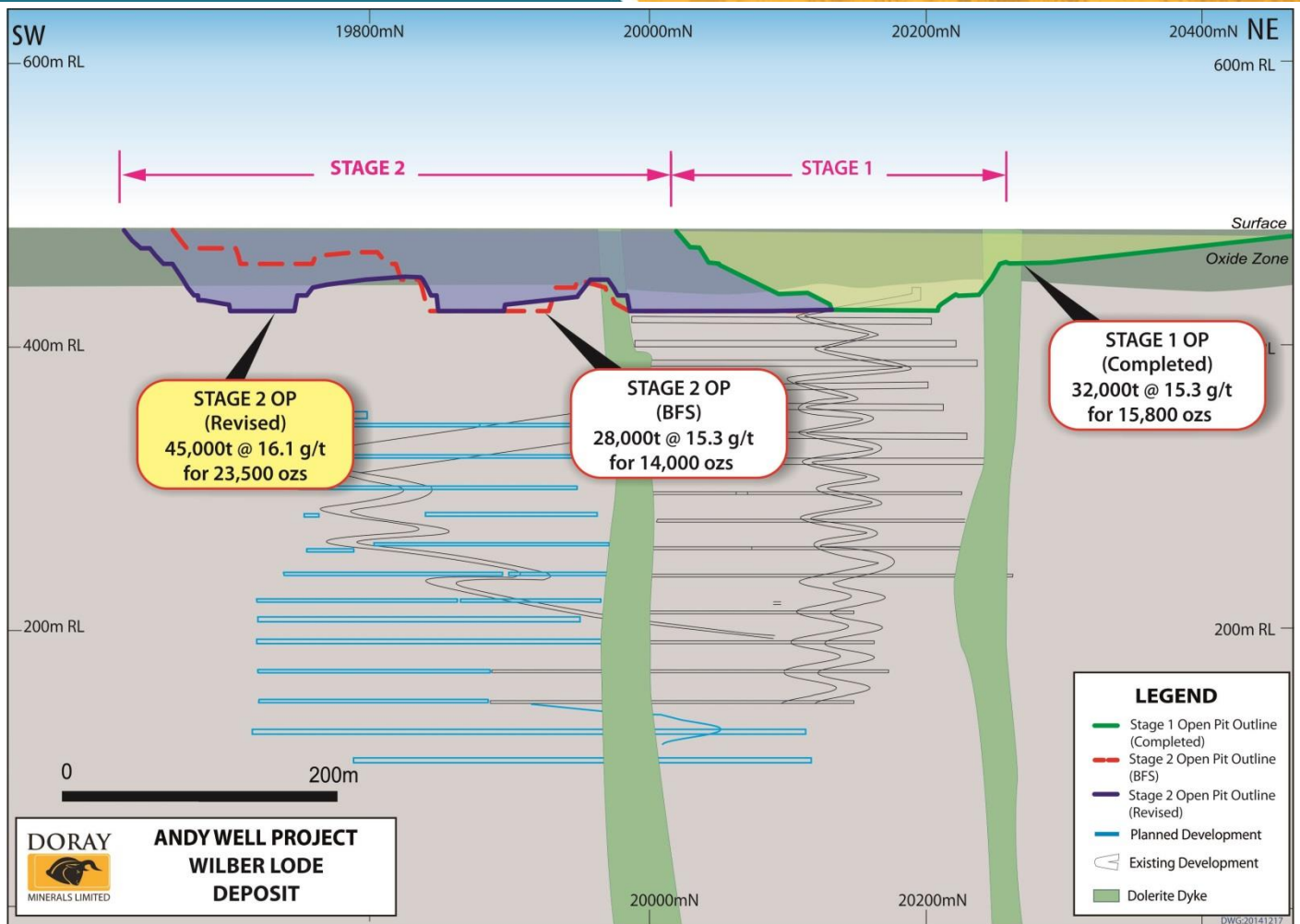
#### 1.4. Stage 2 Open Pit

The Company announced a significant increase in the size of the high-grade Stage 2 open pit following the completion of grade control drilling and compilation of results.

The updated Stage 2 open pit Probable Reserve has increased by 67% to approximately 23,500 ounces @ 16.1g/t Au, compared with that previously quoted in the July 2012 BFS (approximately 14,000 ounces @ 15.3g/t). Details regarding the increase in Resources and Reserves, and relevant Competent Persons Statement are contained in the ASX Release dated 7<sup>th</sup> January 2015. Figure 3.

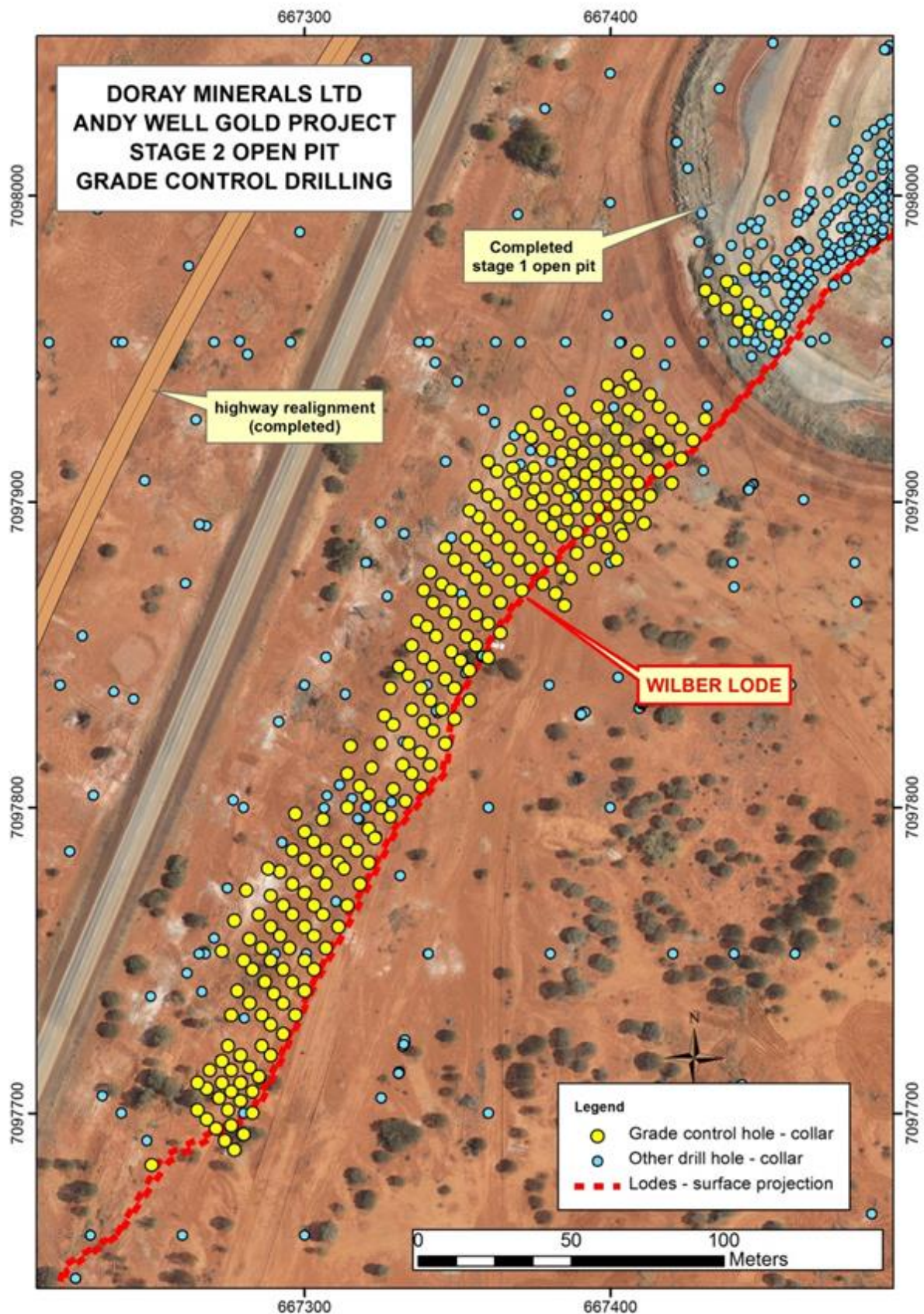
Realignment of a portion of the Great Northern Highway commenced in November with mining of the stage 2 open pit scheduled to commence in January 2015 and be completed by July 2015. In addition, as previously announced during the quarter, recent drilling results from within the nearby Suzie Zone have indicated the potential for additional shallow high-grade material which could be exploited as part of the stage 2 open pit mining exercise.

Given the increase in size of the Reserve, it is expected processing of ore from the stage 2 open pit will extend from late in the March Quarter into the September Quarter.



**Figure 3.** Long Section of Wilber Lode showing increased stage 2 open pit.





**Figure 4.** Location of Stage 2 open pit grade control drilling in relation the completed stage 1 open pit and realigned portion of Great Northern Highway.

## 1.5. Processing and Gold Production

A total of 76,141 wet tonnes were crushed at a rate of 66.2 tonnes/hr and a total of 74,517 tonnes were milled during the Quarter at a rate of 33.9 tonnes/hr with availability of 99.4% and a reconciled mill head grade of 8.98g/t.

Recoveries continued to be very high with 69.4% recovered from the gravity circuit out of a total gold recovery of 97.9%. Reagent consumptions continued generally at or below budgeted rates.

Cash operating cost (C1) for the Quarter was A\$633/oz, a reduction of 19% from the previous Quarter, whilst the All-In Sustaining Cost (AISC) was reduced to A\$1,110/oz, a 20% reduction from the previous Quarter.

The AISC for the December Quarter included a A\$14/oz charge relating to the issue of employee options in December 2013.

**Table 2.** Summary of Production for December Quarter and year to date

	Units	Dec 14 Qtr	Sept 14 Qtr	2015 FYTD
Ore processed	tonnes	74,517	73,835	
<b>Head grade</b>	<b>g/t</b>	<b>8.98</b>	7.82	
Recovery	%	97.9	98.1	
Gold recovered	oz	21,054	18,203	
GIC change	oz	89	-62	
<b>Gold produced</b>	<b>oz</b>	<b>20,963</b>	<b>18,265</b>	<b>39,228</b>
Cash Operating Costs	A\$M	13.3	14.1	
<b>Cash Operating Cost (C1)<sup>3</sup></b>	<b>A\$/oz</b>	<b>633</b>	<b>773</b>	<b>698</b>
Royalties	A\$M	0.9	1.2	
C1 plus royalties	A\$/oz	675	840	
Depreciation/Amortisation	A\$M	10.1	9.2	
C2 Cost	A\$/oz	1,115	1,276	
Total Production Costs	A\$M	24.4	24.9	
<b>Total Cost (C3)<sup>4</sup></b>	<b>A\$/oz</b>	<b>1,166</b>	1,366	
<b>All-in Sustaining Cost (AISC)<sup>5</sup></b>	<b>A\$/oz</b>	<b>1,110<sup>6</sup></b>	<b>1,384</b>	<b>1,238</b>
Gold sold	oz	21,584	18,962	40,545
<b>Revenue from gold sales</b>	<b>A\$M</b>	<b>31.3</b>	28.6	<b>59.9</b>
<b>Average price received</b>	<b>A\$/oz</b>	<b>1,450</b>	<b>1,508</b>	<b>1,477</b>
<b>Average margin</b>	<b>A\$/oz</b>	<b>340</b>	124	<b>243</b>

<sup>3</sup> Includes mining, processing, site admin and refining costs less silver credits

<sup>4</sup> Includes depreciation and amortisation of mining development, royalties, net bank charges and attributable corporate costs

<sup>5</sup> As per World Gold Council guidelines

<sup>6</sup> Includes a A\$14/oz charge related to the issue of employee options in December 2013.



## 1.6. Near-mine exploration

### Wilber Lode Depth Extension Drilling

As outlined in the previous quarter, Doray undertook a programme of six diamond drill holes targeting significant depth extensions to the Wilber Lode at Andy Well (see Figure 5).

Five of the six holes drilled were successful in intersecting the Wilber Lode quartz vein, with the sixth intersecting a late stage dolerite dyke (MNDD156W1). Of the five holes that intersected the lode, three had coarse gold visible in the core (MNDD154, MNDD157 and MNDD159). Relevant drillhole details and Competent Person Statements are contained in the announcement dated 12<sup>th</sup> November 2014. Assays from these holes include:

- **0.9m @ 57.0 g/t Au** from 762.9mdh (MNDD159)
- **0.5m @ 10.1 g/t Au** from 760.2mdh (MNDD157)
- **0.8m @ 6.4 g/t Au** from 828.8mdh (MNDD154)

The remaining two holes intersected the target structure but had minimal quartz veining present (MNDD153 and MNDD158). These observations are consistent with geological mapping underground at Wilber, whereby the lode frequently has gold visible in the quartz, but occasionally pinches out along the host shear zone. All holes intersected host geology and structures as predicted from mining and previous drilling information.

In addition, the presence of a higher grade southern shoot on the Wilber Lode appears to be confirmed by MNDD157. This southern area has never previously been evaluated for mining from the existing underground infrastructure. Following these results, a systematic underground diamond drilling programme is being designed to increase the drill density and enable the extension of the Wilber Mineral Resource model down to these levels, and subsequent evaluation for conversion to Ore Reserve.

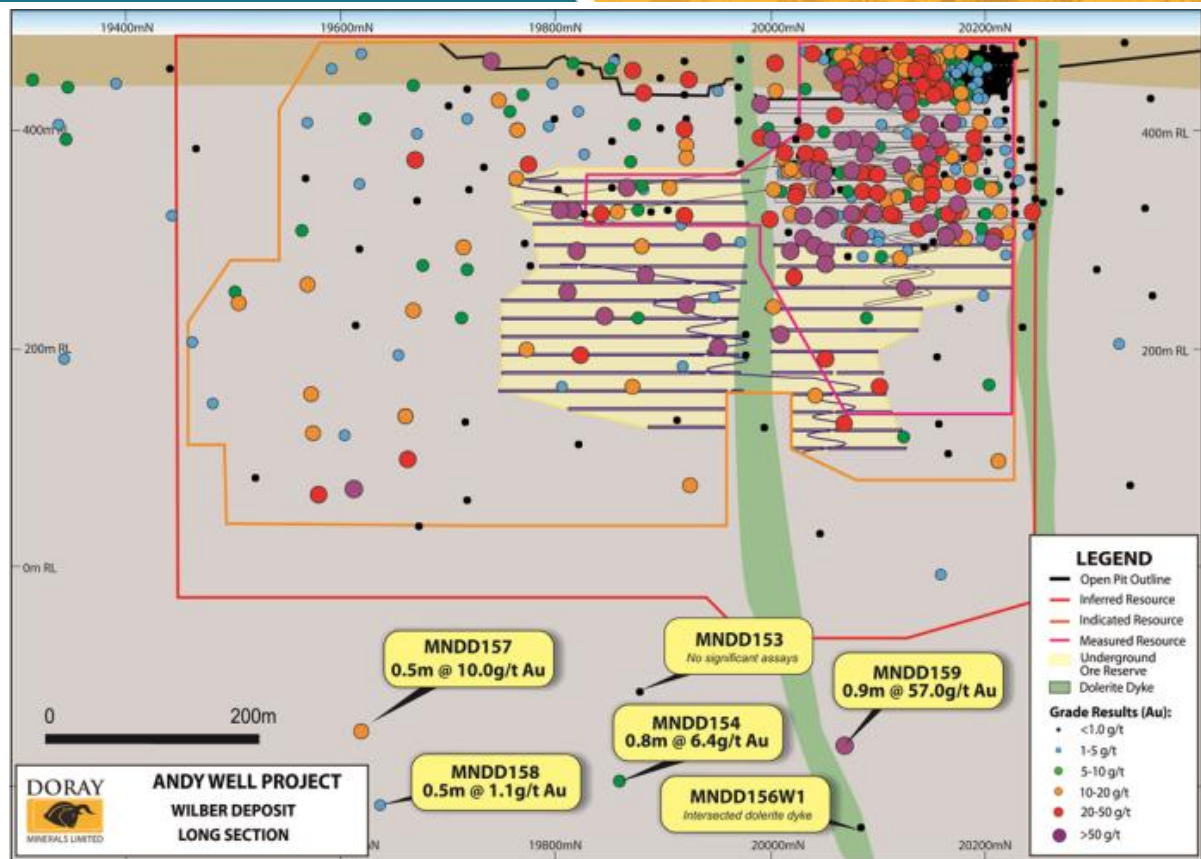
### Judy Lode Depth Extension Drilling

Following the successful drilling of the six step-out diamond holes deep beneath the Wilber Lode as detailed above, the Company took the opportunity to extend one of the holes (MNDD158) a further 300 metres to intersect the Judy Lode at approximately 800 metres below surface. This intersection is a step-out of approximately 600 metres below the previous extent of drilling within the Judy North area (Figure 6).

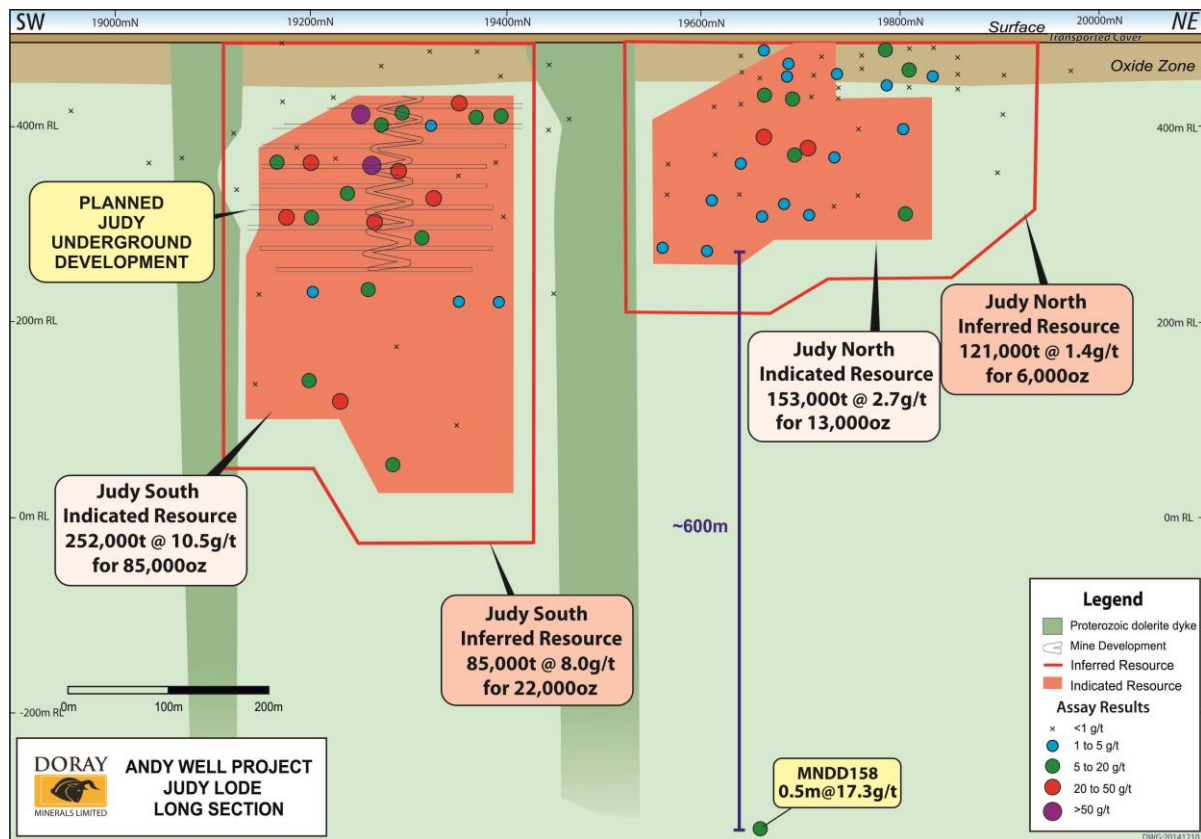
The hole was successful in intersecting the Judy Lode at the interpreted position and encountered a bifurcated quartz vein with abundant visible gold hosted in high-magnesium basalt. Assays of the Judy Lode vein returned gold results including **0.5m @ 17.3g/t Au** from 1104.95mdh. Relevant drillhole details and Competent Person Statements are contained in the ASX announcement dated 11 December 2014).

Importantly, at this depth, the Judy Lode is contained in high-magnesium basalt which is the dominant host rock for the high-grade Wilber Lode and Judy South deposits. This is in contrast to the overlying lower-grade Judy North Resource, which is hosted in altered porphyry. The change in geology at depth indicates the potential below some of the previously drilled porphyry-hosted structures which host lower and/or variable grade gold mineralisation.





**Figure 5.** Long section view of the Wilber Lode illustrating the recently completed Wilber extensional diamond drilling, with existing Mineral Resource boundaries, previous drilling and current mine design and Ore Reserve.



**Figure 6.** Long Section of the Judy Lode, highlighting the MNDD158 intersection with previous drilling and current Mineral Resource outlines

## Suzie Zone RC Drilling

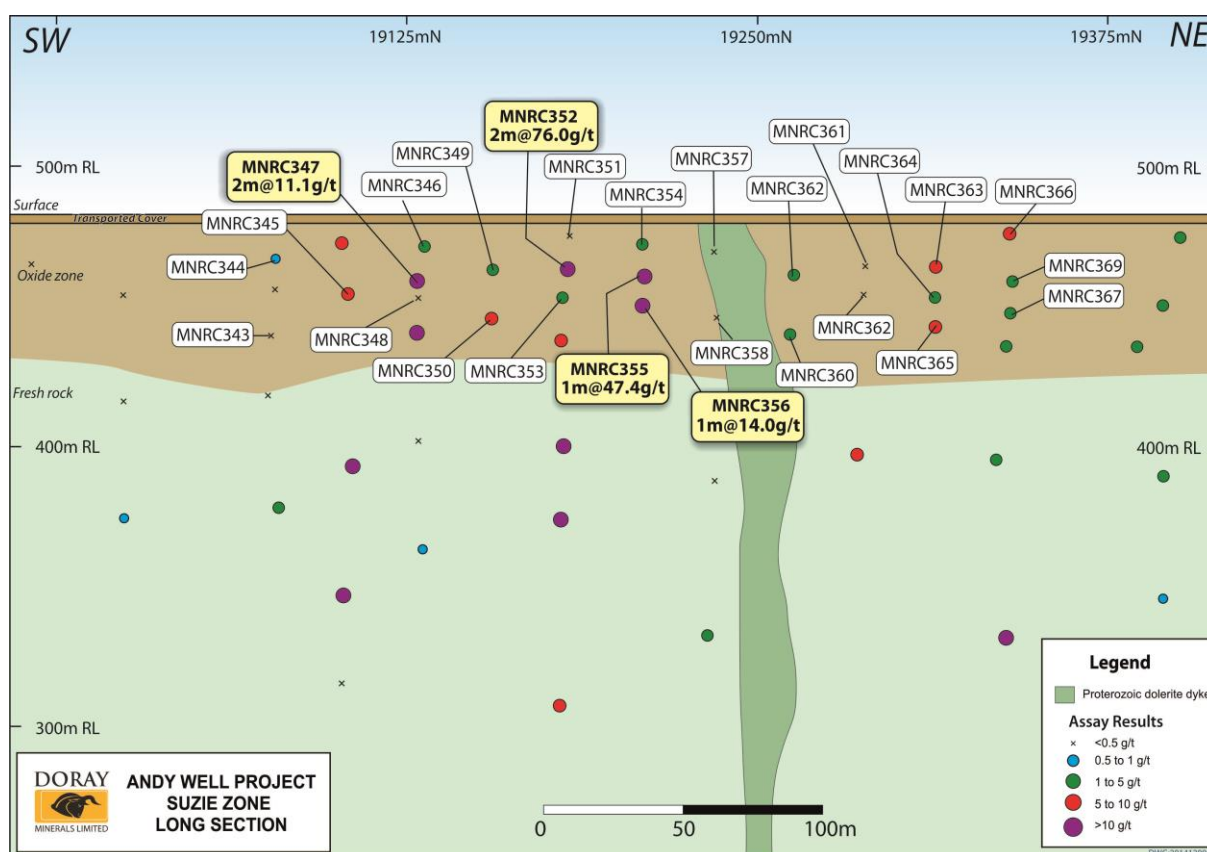
During the Quarter, a programme of shallow RC drilling was undertaken at Suzie to test for mineralisation amenable to small-scale open pit mining. This style of mineralisation has the potential to be exploited as part of the upcoming stage 2 open pit mining campaign at the Wilber Lode.

A total of 26 RC holes were drilled for 1,275m on approximately 25m spaced sections. The RC programme was successful in highlighting several zones of shallow high-grade gold mineralisation hosted in oxidised bedrock (see Figure 7). Drillhole details and relevant Competent Person Statements are contained in the ASX release dated 11<sup>th</sup> December 2014).

Significant results received include:

- **2m @ 76.0g/t Au** from 22mdh (MNRC352)
- **1m @ 47.4g/t Au** from 26mdh (MNRC355)
- 1m @ 14.0g/t Au from 38mdh (MNRC356)
- 2m @ 11.1g/t Au from 27mdh (MNRC347)

This recent drilling will now be compiled to allow evaluation of the potential for open pit mining. Should this prove positive, further grade control activities will be undertaken and relevant regulatory approvals sought, to allow mining to proceed following completion of the Wilber stage 2 open pit.



**Figure 7.** Long Section of the Suzie Zone, highlighting the recently completed shallow RC drilling along with all previous drilling.

## 2. TAKEOVER OFFER FOR MUTINY GOLD LTD

During the Quarter, the Company announced it had reached agreement with the Board of Mutiny Gold Ltd (ASX:MYG, "Mutiny") to merge the two companies via a unanimously recommended off-market Takeover Offer for Mutiny by Doray.

The combination of the two companies will create a leading, mid-tier high-grade West Australian gold producer and explorer with an existing production asset at Andy Well and a development-ready asset at the high-grade Deflector gold-copper-silver project in the southern Murchison (Figure 8)

Mutiny shareholders are being offered one Doray Share for every 9.5 Mutiny shares, giving Mutiny shareholders between 30% and 33% of the merged entity<sup>7</sup> and retaining exposure to the development of the Deflector project whilst gaining exposure to Doray's existing assets, including the high-grade Andy Well Gold Project. (A similar Offer has been made for Mutiny's listed Options). The offer opened on 20 November 2014, with a closing date of 23 December 2014, but was extended so that it is currently scheduled to close on 23 January 2015, (unless otherwise extended or cancelled).

Following development of the Deflector Gold Project, Doray's annualised production is expected to double to approximately 160,000 ounces per annum (gold equivalent).

Doray believes, given the similarities in nature and scale between the proposed Deflector operations and those at Andy Well, that it has the skills, recent experience and track record to secure the required funding and bring the Deflector project into production expeditiously as possible.

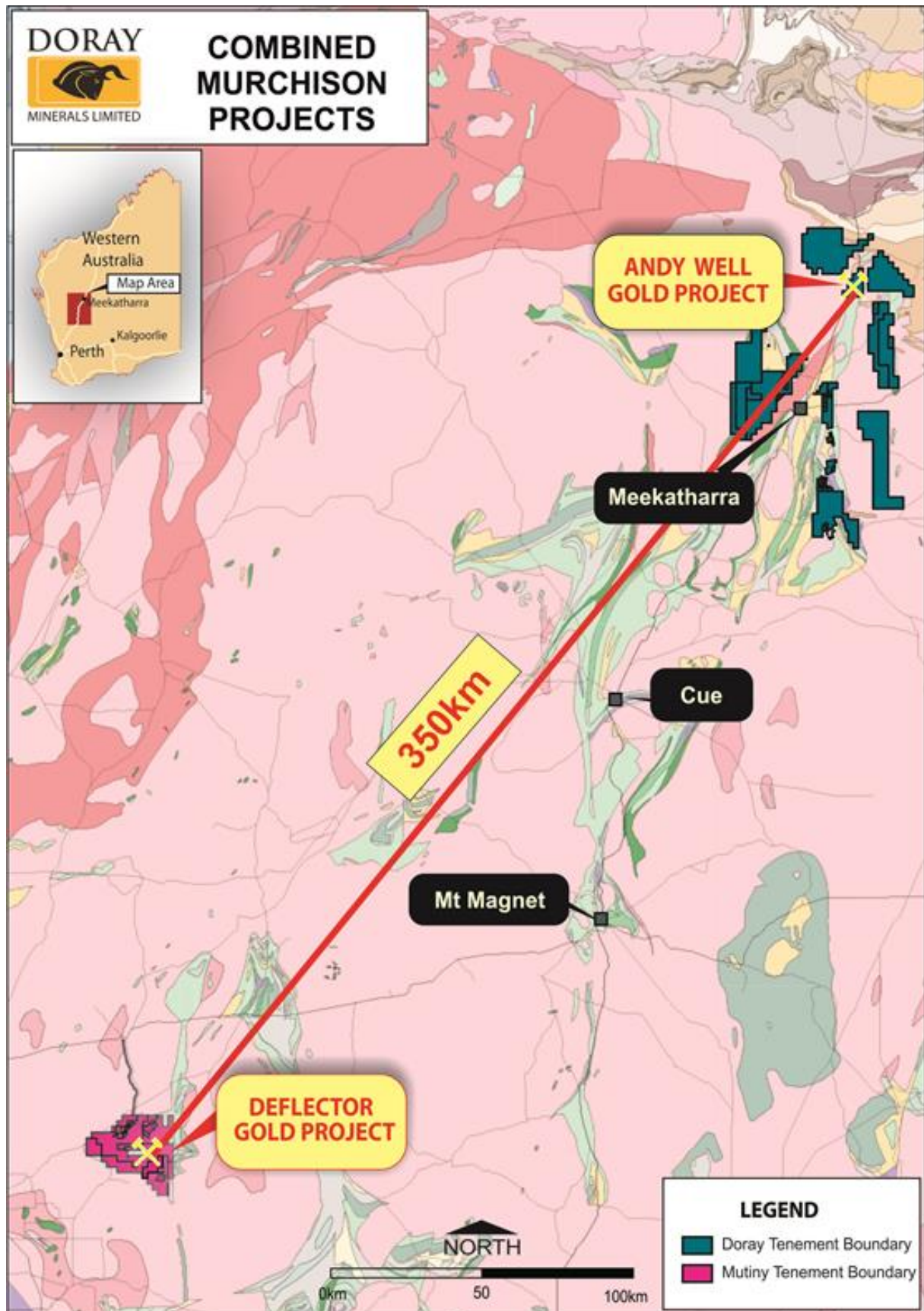
As at 31 December 2014, the Company had received acceptances for 70.1% of the Shares on issue and 78% of the listed Options.

Subsequent to the end of the Quarter, Doray continued to increase the acceptance level of Shares and listed Options and declared the Offers unconditional on 15 January 2015.

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<sup>7</sup> Final ownership is dependent on how many MYG Options are exercised.





**Figure 8.** Murchison region geology showing location of Deflector in relation to existing Doray projects, including the Andy Well Gold Project.

### 3. EXPLORATION AND NEW BUSINESS

Doray has an exploration tenement portfolio covering a total of approximately 25,000km<sup>2</sup> in both Western Australia (WA) and South Australia (SA). In the northern Murchison Region of WA, Doray is actively exploring for gold mineralisation which has the potential to provide additional near-term development opportunities for the Andy Well Gold Project. The Company continues to explore for large, stand-alone development opportunities over its entire exploration portfolio in WA and SA.

#### 3.1. Northern Murchison Exploration

##### 3.1.1. Abbotts and Bourkes Find Projects

Work has continued on interpreting the results from the regional and prospect scale aircore drilling programs conducted during 2014. Follow-up drilling is expected to commence during the second half of 2015.

#### 3.2. Regional Exploration

##### 3.2.1. Horse Well JV (Doray earning up to 80%)

During the Quarter, the Company announced that RC drilling recently completed at the Horse Well Project JV, following a round of aircore drilling, had intersected high-grade gold mineralisation within the Dusk til Dawn Prospect (see ASX announcement 10 December 2014).

##### **Dusk til Dawn Aircore drilling**

Three lines were drilled immediately northwest of ACDD001 at approximately 200m intervals with holes collared “top to tail” along the lines in order to achieve 100% drill coverage (Figure 9). A total of 64 holes were drilled for 2908m.

Many of the holes intersected strongly foliated intermediate volcanics adjacent to the granite contact, with significant pyrite, biotite and silica alteration observed. An intersection of **8m @ 7.99 g/t Au** was returned from hole DDAC054 (60m – 68m) from within weathered intermediate volcanics adjacent to a granite contact. Bottom of hole chips from DDAC054 and adjacent holes indicated a zone of strong shearing. This mineralisation is consistent with other observations from Dusk til Dawn and occurs immediately along strike to the northwest from the significant interval in ACDD001 (see announcement from 10/09/2014 for details).

The anomalous interval from DDAC054 was re-assayed at 1m intervals and returned **4m @ 12.7 g/t Au** from 62m, including (see ASX announcement 10 December 2014):

- **1m @ 10g/t Au** from 62m and **2m @ 20.37g/t Au** from 64m.

DDAC054 terminated in sheared intermediate volcanic rocks with a bottom of hole interval of **7m @ 0.44 g/t Au** returned.

Two other holes intersected what appears to be a parallel zone approximately 250m west of the main zone. DDAC044 and DDAC062 returned intervals of **8m @ 1.11 g/t Au** and **8m @ 1.29 g/t Au** respectively (from 36m – 44m and from 44m – 52m).



## Dusk til Dawn RC drilling

Follow-up RC drilling targeted the structure between holes ACDD001 and DDAC054 with two holes drilled towards the south west (azimuth 225 degrees), aiming to intersect the interpreted Dusk til Dawn mineralised shear structure at right angles for the first time (Figure 10.).

**DDRC001** intersected a wide zone of alteration and mineralisation and returned **65m @ 2.6g/t Au** from 50m, including a zone of high-grade gold in oxide material which returned **13m @ 8.17g/t Au** from 50m (Figure 11.).

**DDRC002**, collared approximately 50m to the NE of DDRC001, intersected the Dusk til Dawn shear approximately 55m down dip and returned **21m @ 0.7 g/t Au** from 140m.

High-grade gold mineralisation has so far been confirmed from DDAC054, at the northern end, towards **ACDD001, ACDR002 and 003** at the southern end with the NW-SE trending mineralised structure interpreted to continue further along strike in both directions and at depth.

Follow-up drilling commenced before Christmas and will resume after the Christmas/New Year break.

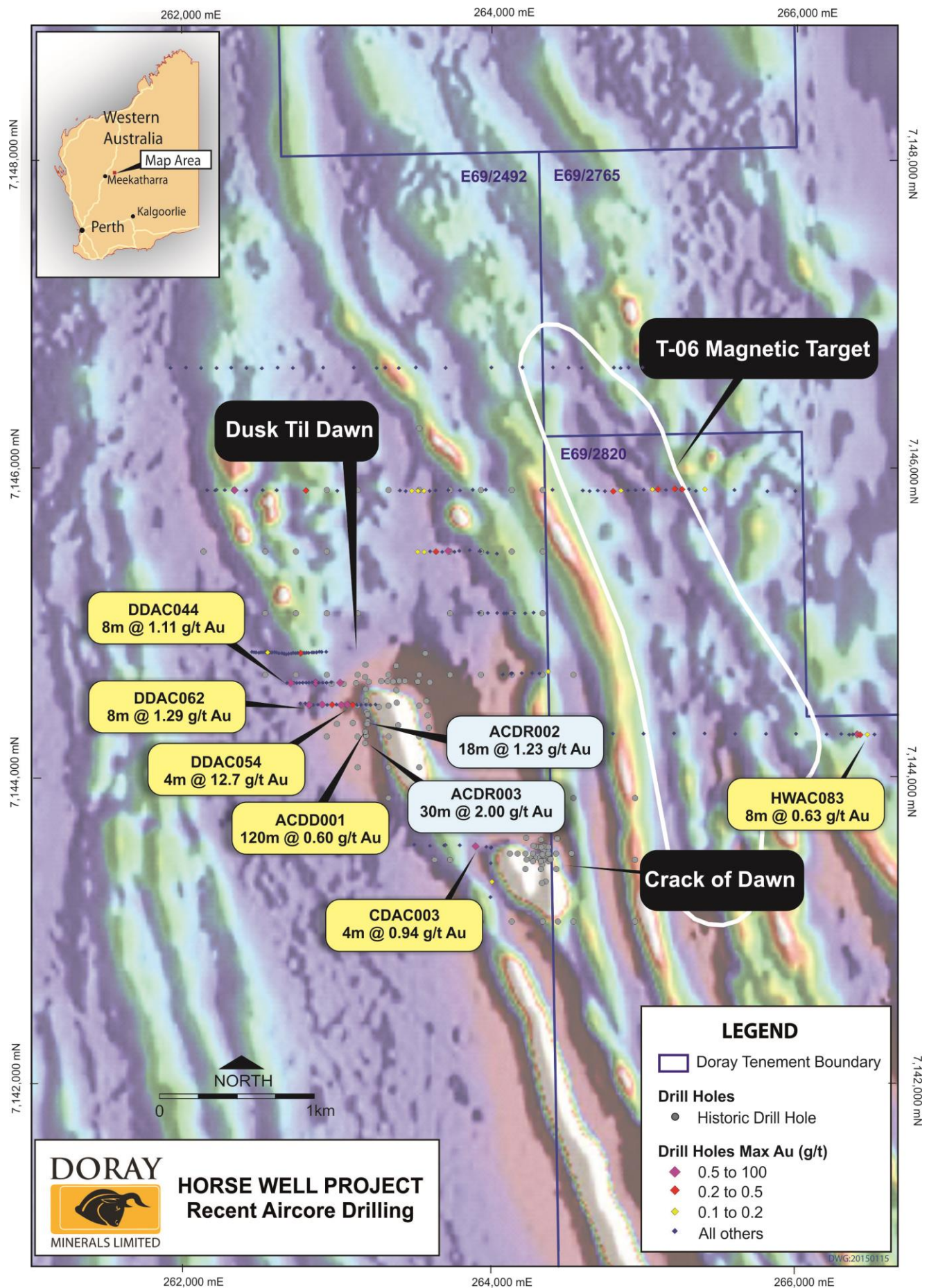
## Regional Targets

In addition to the drilling completed at the Dusk til Dawn prospect, a number of aircore traverses were drilled more regionally to the north and east of the interpreted granite body and also at the Crack of Dawn prospect to the southeast.

Numerous intersections greater than 0.1 g/t Au were returned from within the "T-06" magnetic target, to the east, and along the north eastern margin of the main granite body. These results indicate that numerous gold bearing systems may be present within the project area and provides confidence that, given the right geological conditions, a significant gold bearing mineralised system may be discovered at Horse Well.

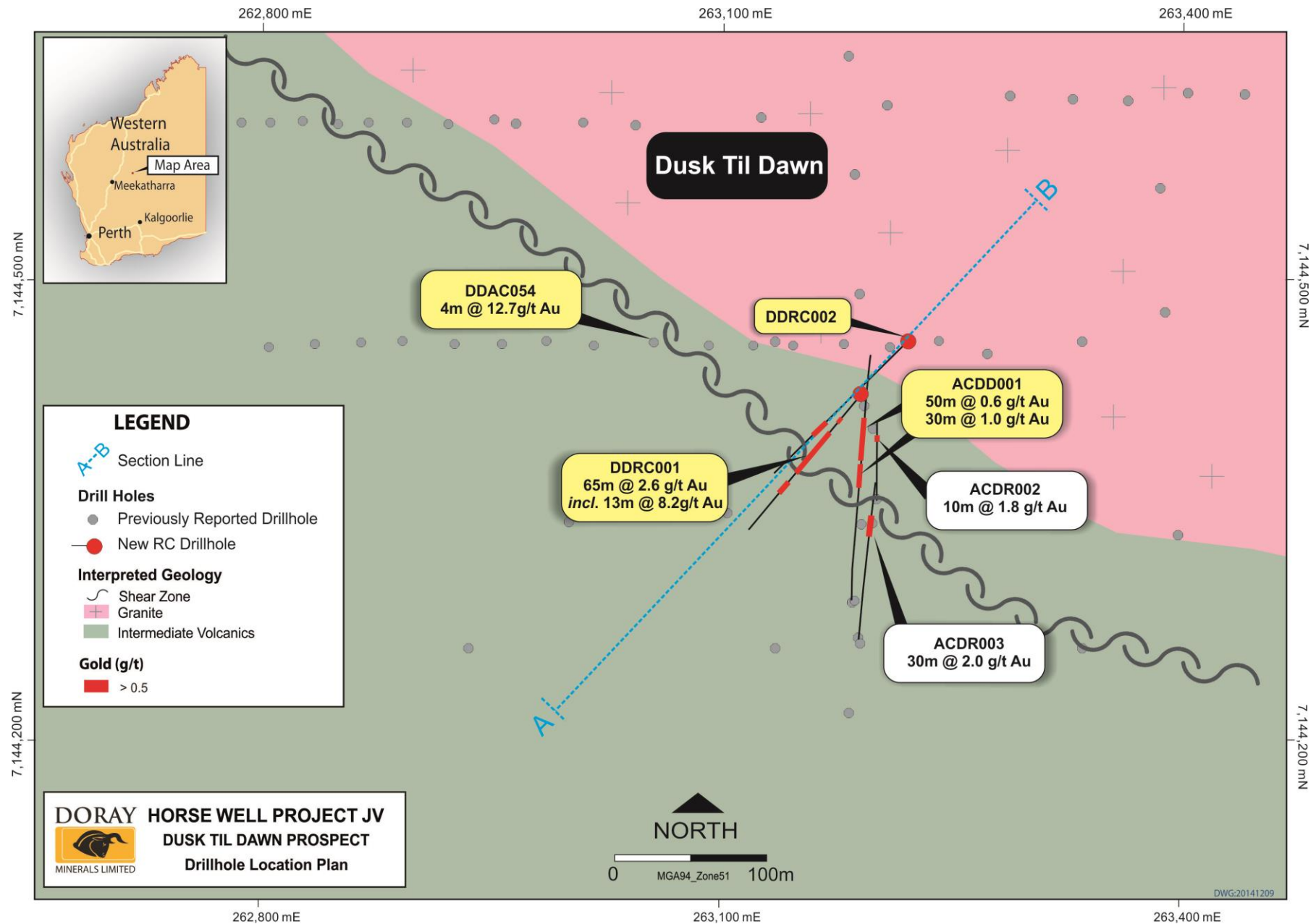






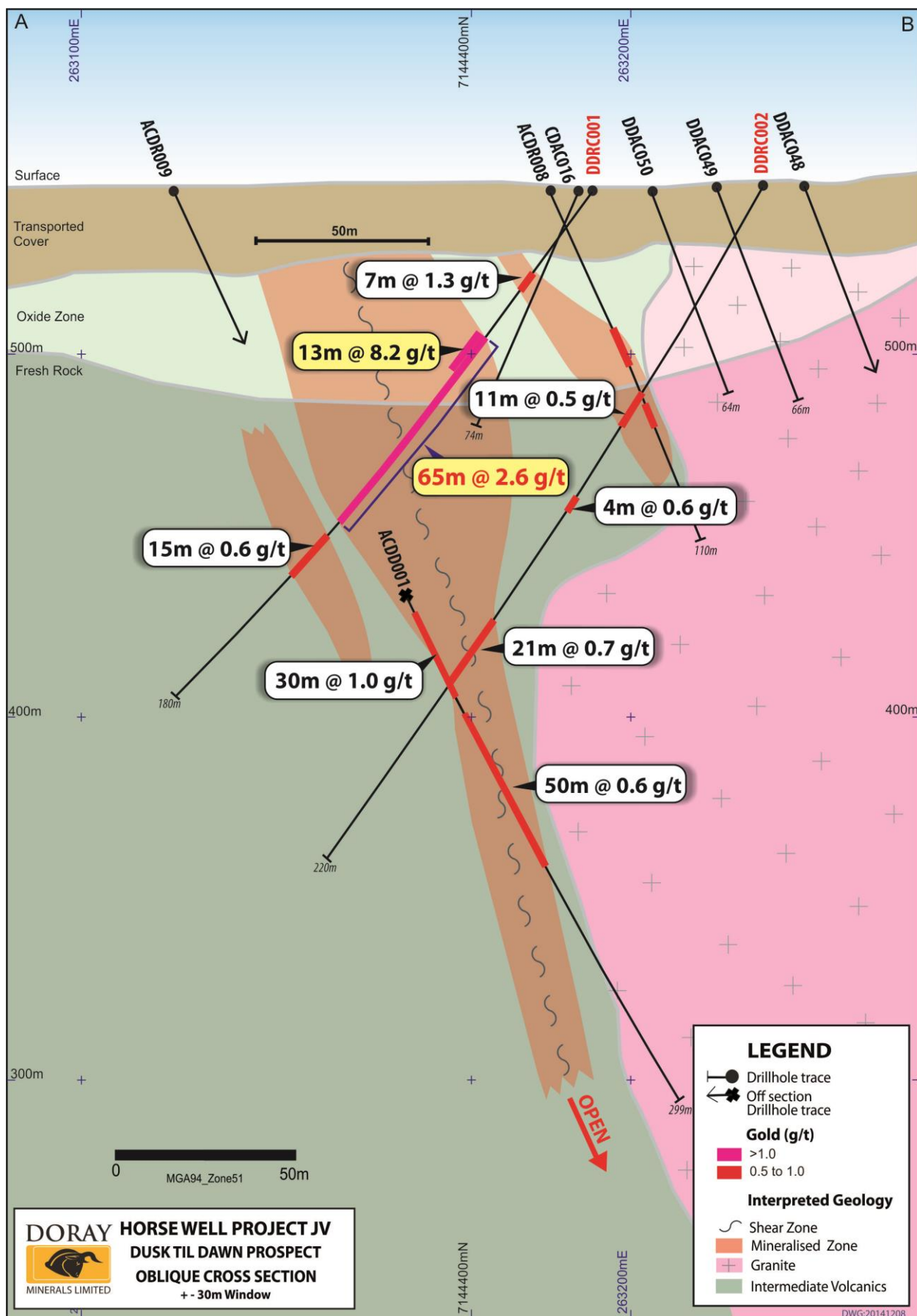
**Figure 9.** Significant intervals from the aircore drilling programme at the Horse Well JV Project shown over magnetic image.





**Figure 10.** Dusk til Dawn prospect, showing plan view of recent drilling.

*Note: Interval in ACDD001 differs from previously released interval (see ASX release 13/11/2014) due to re-interpretation at a lower cut-off of 0.2 g/t Au.*



### 3.2.2. Iluka Farm-in Agreement (Doray earning up to 80%)

During the Quarter, the Company announced that it had signed a strategic Farm-in Agreement with Iluka Resources Ltd (“Iluka”) to explore its highly prospective and virtually unexplored (for precious metals) Central and Western Gawler Craton tenement portfolio in South Australia (Figure 12.).

Doray will explore the Farm-in Project area for large-scale, granite-hosted and/or shear-hosted gold mineralisation and will have the right to earn up to 80% of any “Gold Resources”<sup>8</sup> discovered within the project area. Iluka retains the rights to discoveries of other commodities made by the Company, unless it elects not to do so.

The Farm-in Project area comprises approximately 21,000 square kilometres of exploration licences and applications overlying the Central and Western Gawler Craton and incorporates one of the last underexplored Archaean/Proterozoic boundaries in Australia, with similarities to the Yilgarn Craton/Albany-Fraser Province boundary on the western side of the Eucla Basin in Western Australia, which hosts the Tropicana Gold Project and the recent Nova-Bollinger nickel discovery.

Iluka had previously drilled a number of shallow holes intersecting basement geology below the prospective heavy mineral sands stratigraphy. The end of hole samples from these holes have never been assayed, however the dataset gives useful information about cover depth across the project area (Figure 13.).

Doray’s first task will be to identify a number of priority holes overlying structural targets and assay the end of hole samples for gold and pathfinder elements.

### 3.2.3. Nuckulla Hill

Regulatory and Native Title approvals have now been received to allow drill testing of the Bluebush and Mulga soil anomalies. This drilling will be completed during the first half of 2015.

## 3.3. Business Development

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

The program has so far resulted in the purchase of the majority interest in the Gnaweeda Gold Project, negotiation of the Horse Well and Iluka JV’s and the recommended Takeover Offer for Mutiny Gold Ltd.

<sup>8</sup> “Gold Resource” is defined as a Resource where the economic value of the Gold in the Resource is greater than 80% of the total economic value of the Resource.



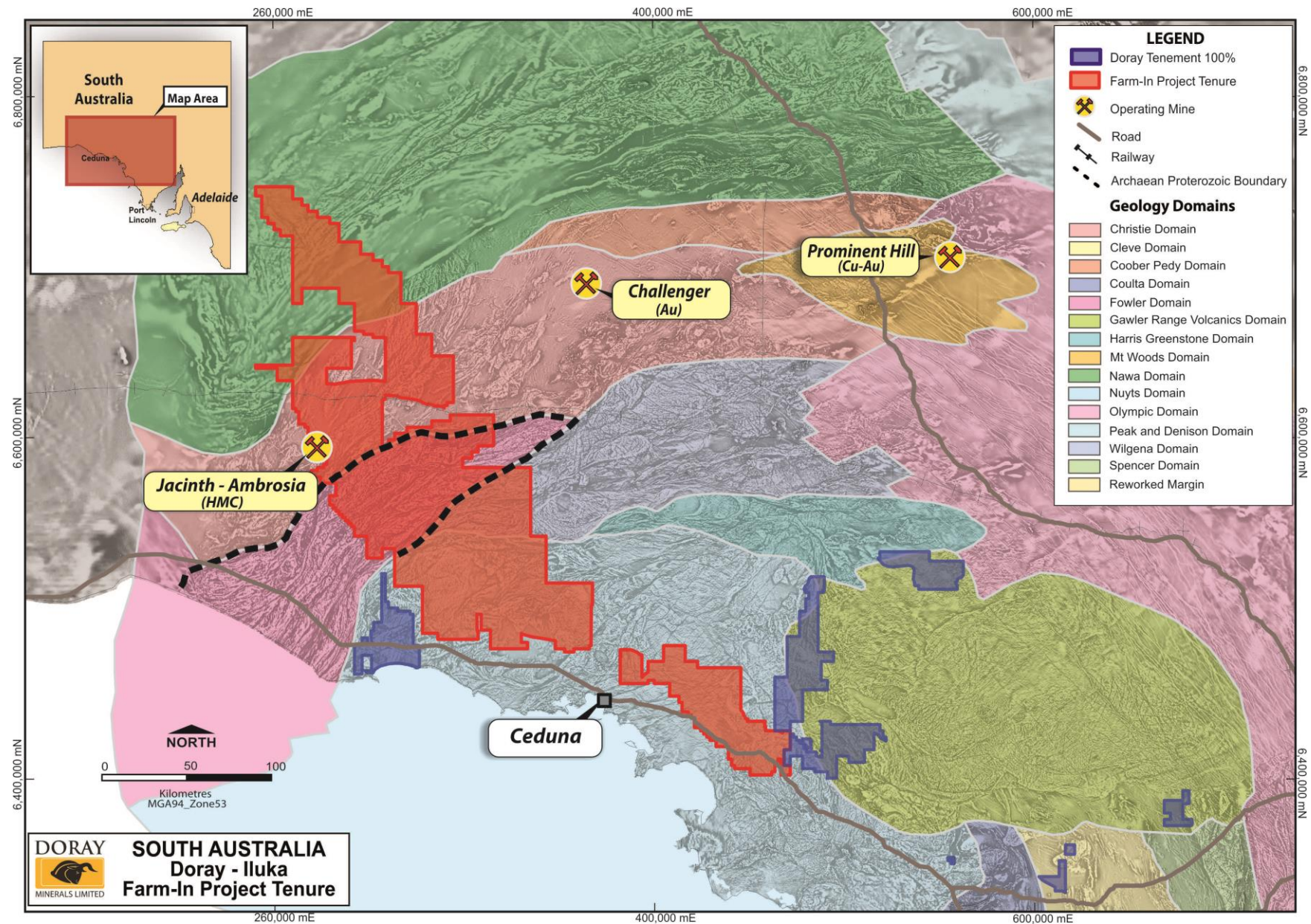
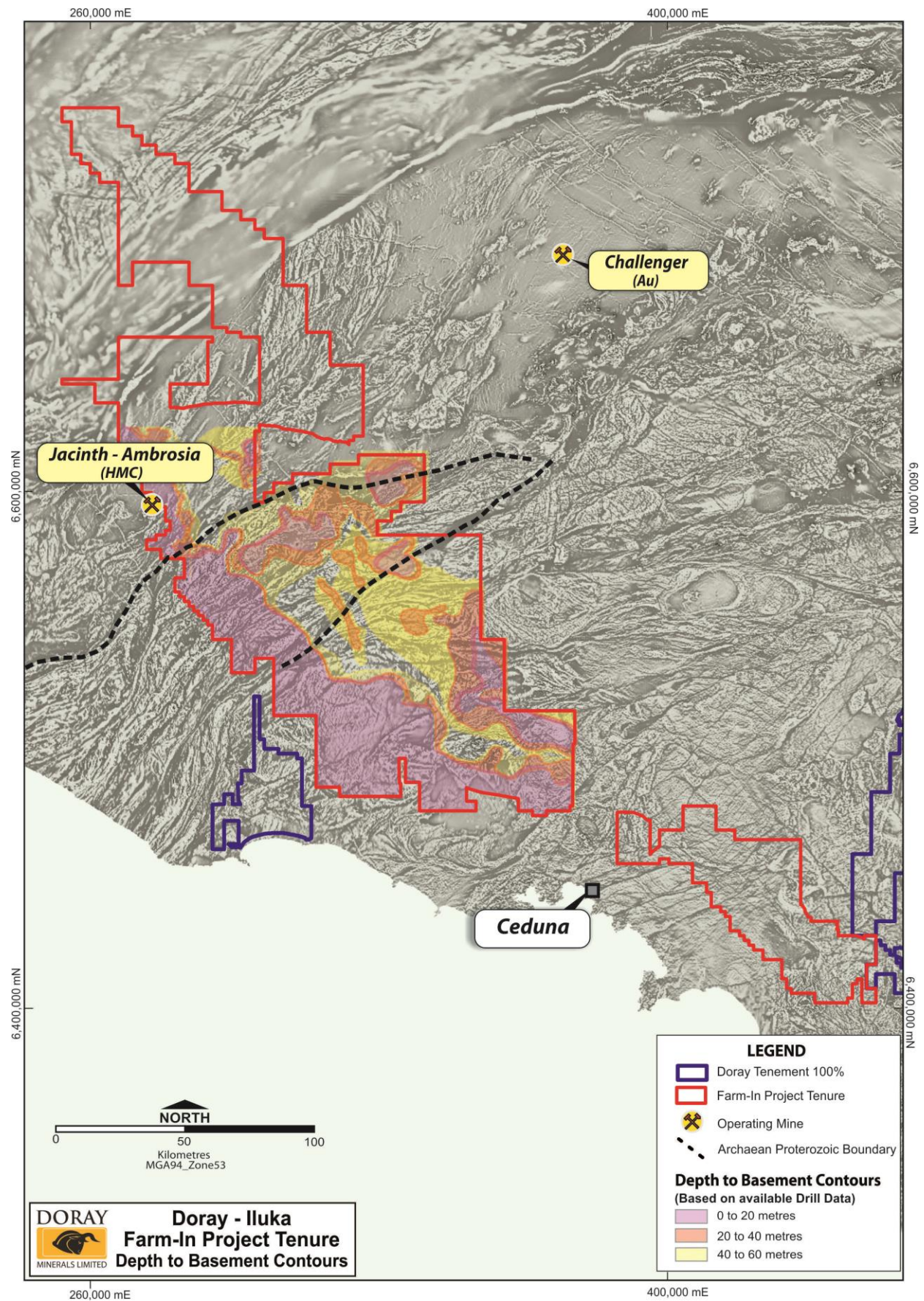


Figure 12. Location of Iluka Farm-In Project area and existing Doray tenements in South Australia.





**Figure 13.** Iluka farm-in project showing depth to basement contours from shallow drill data.

#### 4. TENEMENT HOLDINGS

**Table 4.1** Tenement Summary

	Tenement	Doray Interest
<b>Tenements Granted</b>	E51/1577	100%
	E51/1596	100%
	EL5511	100%
	P51/2832	100%
	E80/4821 (Meehan Minerals)	100%
	E80/4822 (Meehan Minerals)	100%
	E80/4823 (Meehan Minerals)	100%
<b>Tenements Acquired /Applied for</b>	ELA2014/250	0%
	ELA2014/254	0%
	ELA2014/271 (Re-application EL4473)	0%
<b>Tenements Relinquished</b>	E51/1607	0%
	EL4294	0%
	EL5405	0%
	EL5364	0%

#### 5. CORPORATE

##### 5.1. Financial

- Doray sold 21,584 ounces during the Quarter, at an average price received of A\$1,450/oz, producing revenue of A\$31.3 million.
- Doray's cash position at 31 December 2014 was approximately \$19.6 million; including \$5 million restricted cash in the Debt Service Reserve Account ("DSRA") associated with the existing project finance facility. Gold on hand totalled approximately A\$2.1 million.
- During the Quarter, Doray made a payment of \$4 million to the former Andy Well joint venture partner. This is the final payment in relation to the purchase of the 20% interest. The remaining obligation is a 1% NSR for gold production in excess of the initial mining inventory as per the BFS (ie 262,246 ounces).
- During the Quarter, Doray commenced discussions with a number of banks regarding conversion of the remaining project finance facility balance to a more flexible debt package enabling the Company to better access cash flow from Andy Well. The outstanding debt balance as at 31 December 2014 was \$17 million with \$5 million in the DSRA, resulting in a "Net Debt" position of approximately A\$12 million. Under the existing facility, the \$12 million remaining debt is repayable by September 2015 and the Company is not required to make any further transfers to the DSRA.

**Table 5.1** Significant non-production cash payments for the Quarter

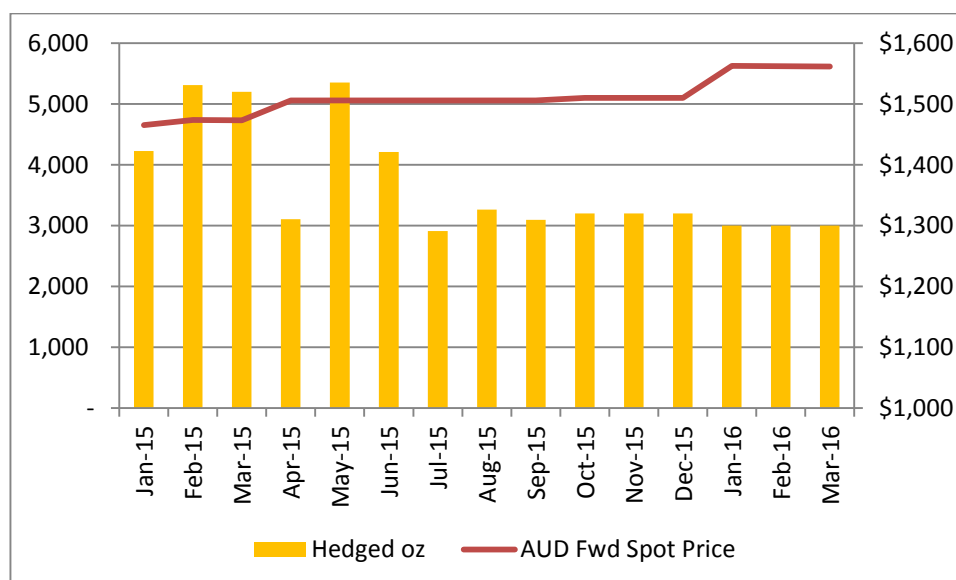
Item	A\$M
Payment to former JV partner	4.0
Exploration Expenditure	1.4
Payments for realignment of Great Northern Highway	2.1
<b>TOTAL</b>	<b>7.5</b>

**Table 5.2** Summary of cash, gold on hand and debt at 31 December 2014

Item	A\$M
Unrestricted Cash	14.6
Inventories (gold on hand)	2.1
<b>Total cash and gold on hand</b>	<b>16.7</b>
Debt Balance	17.0
Restricted Cash (DSRA)	5.0
<b>“Net Debt” (Debt Balance – DSRA Balance)</b>	<b>12.0</b>

## 5.2. Hedging

- During the Quarter, the Company delivered 8,988 ounces into the hedge book at approximately A\$1,503/oz and hedged an additional 2,000 ounces per month for each of January, February and March 2015 at A\$1,420/oz.
- As at 31 December 2014, Doray’s hedge book had 30,663 ounces remaining at A\$1,505/oz and 6,000 ounces @ A\$1,420/oz. The mark to market value of this hedge book at 31 December 2014 was approximately A\$1 million.
- Subsequent to the end of the Quarter, the Company hedged an additional 9,600 ounces across October, November and December 2015 at a weighted average price of A\$1,510/oz and 9,000 ounces across January, February and March 2016 @ A\$1,562/oz
- Doray has approximately 55,263 ounces hedged from January 2015 until March 2016 and forward sold at a weighted average price of approximately A\$1,506/oz.
- The Company continues to evaluate opportunities to hedge future gold production as appropriate in order to reduce the impact of the current volatility in the spot gold price on the Company’s earnings.

**Figure 14.** Current Hedging position, showing ounces and forward price



### 5.3. Marketing and Investor Relations

- The Company conducted a number of investor presentations in relation to the Takeover Offer for Mutiny Gold Ltd, and presented at Mining 2014, in Brisbane, and Mines and Money in London.



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#### About Doray Minerals Limited

**Doray Minerals Limited (ASX: DRM)** is a Western Australian high-grade gold producer, developer and explorer. The Company began mining at its Andy Well Gold Project in the northern Murchison region of Western Australia in August 2013 and recently announced a recommended Takeover Offer for ASX-listed Mutiny Gold Ltd.

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





## Competent Person Statements

The information in this announcement regarding Doray's Exploration Results, Mineral Resources or Ore Reserves has been extracted from Doray ASX announcements dated 10 September 2014, 25 September 2014, 12 November 2014, 13 November 2014, 10 December 2014, 11 December 2014 and 7 January 2015 and is available on the Doray 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.

