

ASX:MYG

29 January 2015

QUARTERLY ACTIVITIES REPORT – December 2014

Highlights

Corporate

- Doray Minerals to acquire Mutiny Gold via a unanimously recommended off-market takeover offer with 1 new Doray share offered for every 9.5 Mutiny shares held. By 31st December 2014 Doray had received 70.9% of acceptances in relation to the offer.

(Note – current progress of the transaction as of the date of release of this December quarterly report. Doray announced the offer was unconditional on the 15th January 2015 and by 27th of January Doray had received 88.15% acceptances for fully paid shares and 93.93% acceptances for all listed options in relation to the offer.)

- Mutiny and its JV partners agree to sell the White Well tenements in WA's Tuckabianna region to private consortium for \$1.3M.

Deflector Development

- Mutiny signs memorandum of understanding (MoU) with GR Engineering Services for the design and construction of a new processing facility for the Deflector gold-copper project in WA.

Doray Minerals and Mutiny Gold to Merge

On 28 October Doray Minerals Ltd (ASX: DRM, Doray) and Mutiny Gold Ltd (ASX: MYG, Mutiny) announced that they agreed to merge and had entered into a Bid Implementation Agreement (BIA) by which Doray 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.

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. All the directors of Mutiny have accepted into the offer.

Mutiny Chairman, Mr Allan Brown, has been invited to join the board of the combined group.

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 FY2016¹
- 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% Cu²
- 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

Transaction Details

- 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 was released to the ASX at the same time as the announcement. The Offer extended to any Mutiny shares, options and performance rights held by Mutiny executives.

Doray Minerals and Mutiny Gold separately lodged the "Bidders" and "Target" statements with the ASX on 18th November 2014.

¹ 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.

² For further information, refer to Appendix 1.

Doray Minerals commenced dispatch of the “Bidders statement and offers” on the 20th November 2014. The dispatch of the “Bidders statement and offers” were completed on 21st November.

Financial

As at the 31st of December 2014, the company had cash reserves of approximately \$564,000. Due to these low cash reserves and in consideration of the merger activities and the requirement for the company to continue limited activities, Doray Minerals agreed to provide Mutiny with an interim funding facility (described below). As at the date of this report, Mutiny has not drawn any funds from the facility.

Interim funding

The Interim funding agreement provided Mutiny with a \$3 million unsecured loan facility to assist Mutiny to fund limited continuing work 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 15 October 2015.

Current progress of the transaction

On 15 January 2015, Doray declared the Offers free from all defeating conditions. And by 27 January, Doray has secured an 88.15% relevant interest in the fully paid ordinary shares of Mutiny and 93.4% interest of the listed options.

Annual General Meeting

On 28 November the Company held its AGM of shareholders where all resolutions put to the meeting were passed.

Mutiny Signs MoU with GR Engineering Services

During the quarter the Company entered into a Memorandum of Understanding (MoU) with GR Engineering Services (ASX: GNG) in relation to the Engineering, Procurement and Construction (EPC) of a new processing facility for the Deflector gold-copper-silver project in WA.

The EPC contract is proposed to be a Guaranteed Maximum Price-style contract consistent with Australian Standard Conditions of Contract AS4902-2000 with provision for sharing cost under-runs. Either party can terminate the MoU at any time.

The current plant design and throughput rate were determined from the review work completed as part of the Mine Operators Review (see ASX release dated 4 August, 2014). The revised throughput rate is based on the underground production rate of 380,000tpa of primary ore. The plant has been relocated to be adjacent to the Deflector mine site, reducing haulage and power distribution costs.

Sale of White Well Tenement

On 14 November 2014 Mutiny announced that it, and its JV partners, have agreed to sell the White Well tenement in WA's Tuckabianna region to a private consortium for \$1.3 million. Mutiny's JV partners' entitlement is 15% of the proceeds. The agreement provides for the receipt of funds by instalments with a completion date of 23 November 2015.

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TENEMENTS HELD AS AT THE END OF THE DECEMBER 2014 QUARTER

Tenement	Registered Holder	Mutiny Group's Interest
White Well:		
M20/54	George Francis Lee/ Mutiny Gold Ltd	70%
P20/2190	George Francis Lee/ Mutiny Gold Ltd	70%
Widgie South:		
E15/1025	Mutiny Gold Ltd	100%
Gullewa:		
E59/1134	Gullewa Gold Project Pty Ltd	100%
E59/1240	Brandy Hill Iron Pty Ltd	100%
E59/1241	Gullewa Gold Project Pty Ltd	100%
E59/1242	Gullewa Gold Project Pty Ltd	100%
E59/1274	Brandy Hill Iron Pty Ltd	100%
L59/35	Central Infrastructure Pty Ltd	100%
L59/49	Deflector Gold Pty Ltd	100%
L59/50	Central Infrastructure Pty Ltd	100%
L59/70	Central Infrastructure Pty Ltd	100%
L59/71	Deflector Gold Pty Ltd	100%
L59/118	Deflector Gold Pty Ltd	Pending
L59/64	Deflector Gold Pty Ltd	100%
M59/49	Central Infrastructure Pty Ltd	100%
M59/68	Gullewa Gold Project Pty Ltd	100%
M59/132	Gullewa Gold Project Pty Ltd	100%
M59/133	Brandy Hill Iron Pty Ltd	100%
M59/224	Brandy Hill Iron Pty Ltd	100%
M59/294	Central Infrastructure Pty Ltd	100%
M59/335	Gullewa Gold Project Pty Ltd	100%
M59/336	Gullewa Gold Project Pty Ltd	100%
M59/356	Gullewa Gold Project Pty Ltd	100%
M59/391	Gullewa Gold Project Pty Ltd	100%
M59/392	Gullewa Gold Project Pty Ltd	100%
M59/442	Deflector Gold Pty Ltd	100%
M59/507	Central Infrastructure Pty Ltd	100%
M59/522	Central Infrastructure Pty Ltd	100%
M59/530	Gullewa Gold Project Pty Ltd	100%
M59/531	Gullewa Gold Project Pty Ltd	100%
P59/1737	Brandy Hill Iron Pty Ltd	100%

Mutiny has executed a sale agreement for the sale of the White Well tenements. The sale agreement contemplates the transfer of ownership to take place on or before the 23rd of November 2015 when the final instalment has been received.

There were no other tenement acquisitions or disposals during the December 2014 quarter.

There was no change in percentage of beneficial ownership under the farm-in agreement during the June 2014 quarter.

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

**Cautionary statement: there is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realized.*

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

The AuEq ounces are based on the following formula:

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

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

Ounces au eq * 31.1/t = 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.