

MINING AT ANDY WELL UNDERGROUND TO BE SUSPENDED ON 1 NOVEMBER 2017

Doray Minerals Limited (“Doray” or “the Company”) (ASX:DRM) has undertaken a number of studies to investigate the potential for combining the Andy Well underground mine and the Gnaweeda Project (located 15 kms to the East) as a single operation, in order to optimise cashflows and profitability. Unfortunately, as these studies have progressed, underground mining at Andy Well has revealed a reduction in strike length of both the Wilber and Judy ore bodies. As a result, gold production has been reduced and forecast unit costs of the operation remain high.

Consequently, the Board has made the decision to shorten the current mine plan for the Andy Well underground mine. On 1 November 2017, mining at the Andy Well operation will be suspended and the mine will be placed on care and maintenance. This decision is in no way a reflection on the enormous amount of hard work from the dedicated employees and contractors who work at Andy Well.

The Andy Well underground mine was not forecast to significantly contribute to Doray’s ongoing debt repayments under its existing facility with Westpac Banking Corporation. Doray is of the opinion that future debt repayment schedules will not be significantly affected by this event. Doray’s net debt has reduced to approximately \$23.4M. This includes total debt of \$50.0M with an estimated \$26.6M in cash and payable metal at 30 June 2017 (See ASX Announcement 5 July 2017).

A final investment decision on mining at Gnaweeda is not due from the Board until later in the 2017 calendar year. Current studies show ore could potentially be delivered from the Gnaweeda Project as early as June 2018. This could potentially include a re-commissioning of the Andy Well Processing Plant.

The Andy Well gold mine has produced over 300,000oz of gold since it commenced production in 2013. Despite the reduction in strike length of the Wilber ore body at current mining levels, drilling shows that the ore body does increase in strike length at lower levels, with a significant amount of gold remaining in the estimated Mineral Resource. Doray will continue to assess its options to best extract the value of this underground Resource.

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