

## ASX ANNOUNCEMENT

30 October 2018

Issued Capital as at  
30 September 2018  
446.7m shares outstanding

52 Week Share Price  
Range to 30 September 2018  
\$0.16 - \$0.385

Market Capitalisation as at  
30 September 2018  
\$154m (@\$0.345)

## BOARD

**Julius Matthys**  
Non-Executive Chairman

**Leigh Junk**  
Managing Director

**Peter Alexander**  
Non-Executive Director

**Jay Stephenson**  
Non-Executive Director

## SUBSTANTIAL SHAREHOLDERS

as at 30 September 2018

Perennial Value Mgt – 12%  
Ruffer Investment Mgt – 11%  
Paradice Investment Mgt – 8.5%  
Sun Valley Gold – 5.5%

## REGISTERED OFFICE

Level 1, 1292 Hay Street  
West Perth WA 6005

## DEFLECTOR DELIVERS RECORD PRODUCTION

Doray Minerals Limited (“Doray” or “the Company”) is pleased to announce its Quarterly Activities Report for the period ended 30 September 2018.

### HIGHLIGHTS

#### Deflector Gold Copper Mine

- Record Quarterly production of **19,683** ounces of gold and **635** tonnes of copper
- All-in Sustaining Cost (AISC) per ounce in line with budget at **\$1,251/oz** for the Quarter
- Processing also achieved record performance across plant availability, throughput and recoveries of both gold and copper
- Da Vinci Mineral Resource increased to **100,000** ounces at **12.5g/t** of gold with clear potential to bolster the Life of Mine plan
- Significant exploration investment of **\$10M** underway
- On target to achieve annual gold production guidance of **80,000 – 85,000** ounces at AISC of **\$1,050 – \$1,150/oz**

#### Corporate

- Cash and equivalents of **\$23M**
- Debt reduced by **\$5.5M** to **\$15M**, on track for full repayment this financial year
- Net cash position of **\$8M** after a one-off stamp duty repayment of **\$1.9M**

Reflecting on Deflector’s Quarterly results, Doray’s Managing Director, Leigh Junk said, “Deflector has again exceeded expectations, producing 19,683 ounces of gold and 635 tonnes of copper in the September quarter.

In addition to our improved production performance, our processing team also achieved record plant availability, record throughput and record recoveries of both gold and copper.

As a result of this continued strong performance, our balance sheet remains healthy and we are continuing on track towards our full year production guidance and period of substantial cash generation. Starting the year ahead of budget and with the recent agreement to divest Andy Well, we have established the foundations for a period of sustained growth at Doray.

I remain confident in delivering on Doray’s Target 1-5-1 strategic objectives, which outline our pathway towards annual production of 100,000 ounces of gold, extending Deflector’s mine life to at least five years, and reducing all-in sustaining costs to less than \$1,000 an ounce.”

| PHYSICALS                        | UNITS      | SEP-18 QTR  |
|----------------------------------|------------|-------------|
| <b>Gold Produced</b>             |            |             |
| Bullion                          | oz         | 15,045      |
| Concentrate                      | oz         | 4,637       |
| Sub Total                        | oz         | 19,683      |
| Concentrate Produced             | dmt        | 3,370       |
| Contained Copper                 | t          | 635         |
| Payable Copper*                  | t          | 605         |
| Gold Payable                     | oz         | 19,552      |
| <b>REVENUE</b>                   |            |             |
| Bullion sales                    | \$M        | 23.2        |
| Average Price Received - Bullion | \$/oz      | 1,618       |
| Concentrate sales                | \$M        | 15.1        |
| <b>Total</b>                     | <b>\$M</b> | <b>38.3</b> |

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

\*estimate of payability based on site sampling prior to contract finalisation

## DEFLECTOR GOLD COPPER MINE

### Safety

The Deflector site had zero Lost Time Injuries (LTI) for the Quarter, recording 296 LTI free days as at 30 September 2018. The 12-month rolling Lost Time Injury Frequency Rate (LTIFR) at the end of the Quarter was 1.8 (Gold Mining Industry average 2.1).

In August, the site emergency management systems were activated when an unmanned underground remote controlled loader caught fire whilst retrieving ore from an open stope. The loader's on-board fire suppression system failed to extinguish the fire and eleven workers in the vicinity made their way quickly to a nearby purpose-built emergency refuge chamber to await extrication by the site Emergency Response Team. Whilst the incident was unfortunate, Doray's underground emergency response plan was executed seamlessly, seeing all workers safely evacuated without harm. This successful and well-managed emergency response underscores the value of our significant skill level and investment in safety systems, equipment, training and contingency plans that Deflector integrates into all aspects of its operations.

### Mining

Mining operations were minimally impacted by the August loader fire incident. Total development advance, ore tonnes, ore grade and ounces mined are essentially in line with the underlying plan and on track for forecast gold production to grow 30% on the previous year as advised in our FY19 guidance (refer to [ASX Release 20 June 2018](#)).

Stoping ore contributed 69,839t @ 3.6g/t gold and 0.5% copper during the Quarter, comprising approximately 45% of the total underground ore supply. Ore development delivered a strong result, producing 83,878t @ 4.7g/t of gold and 0.4% of copper. The Link Lode again delivered high-grade development ore, which augurs well for the commencement of its stope extraction planned to occur during the December 2018 Quarter. This will underpin an increase in gold output during the second half of FY19 and beyond.

| MINING                | UNITS | SEP-18 QTR |
|-----------------------|-------|------------|
| Ore mined             | t     | 153,717    |
| Gold grade            | g/t   | 4.2        |
| Copper grade          | %     | 0.4        |
| Gold mined            | oz    | 20,750     |
| Copper mined          | t     | 609        |
| Capital development   | m     | 366        |
| Operating development | m     | 1,431      |

At the end of the Quarter, underground capital mine development had advanced 366m with the decline face reaching 1034mRL, 246m below surface and 206m below the portal (refer Figure 1, as-built long section of the mine).



The Quarterly AISC of \$1,251/oz was in line with budget. The operating cost base was also in line with expectations, with the positive benefit of higher production offset by adverse stockpile adjustments, adverse copper by-product price and accelerated underground exploration expenditure.

## Processing

The Deflector processing plant continued to operate at high levels of throughput, setting a new project record of 159,056 tonnes, some 12% above the previous Quarterly record and also outperforming the annualised run-rate budgeted for FY19. Mill availability also reached an all-time high of 96.7% reflecting the significant efforts being made to improve maintenance effectiveness. Most pleasingly, both gold (88.3%) and copper (90.0%) recoveries also exceeded project-to-date records.

Spiral gravity concentration of several intermediate and final tails streams from the flotation plant were undertaken during the Quarter as part of further recovery improvement initiatives. The mineralogy and deportment of gold and copper not currently being recovered via current processing methods are being reviewed to devise supplementary techniques to extract more metal into a saleable product.

Quarterly gold production set a new project record of 19,683 ounces. Of the total gold recovered, 76% was extracted via the gravity circuit and reported to bullion with the remaining 24% recovered in concentrate.

Key Deflector processing statistics for the Quarter are shown in Table 3.

| PROCESSING               | UNITS | SEP-18 QTR |
|--------------------------|-------|------------|
| Ore Milled               | t     | 159,056    |
| Gold Grade               | g/t   | 4.4        |
| Copper Grade             | %     | 0.4        |
| Gold Recovery            | %     | 88.3       |
| Copper Recovery          | %     | 90.0       |
| Gold Produced            | oz    | 19,683     |
| Copper Produced          | t     | 635        |
| Concentrate Shipped      | dmt   | 4,243      |
| Concentrate Gold Grade   | g/t   | 29.8       |
| Concentrate Copper Grade | %     | 19.8       |

**Table 3. Summary of Deflector processing physicals for the September 2018 Quarter**

|   | A\$000        | A\$/t      | A\$/oz       |
|---|---------------|------------|--------------|
| Mining                                      | 15,645        | 102        | 800          |
| Processing & Refining                       | 5,693         | 37         | 291          |
| Site Services                               | 1,789         | 12         | 92           |
| Net By-Product Credits                      | (4,335)       | (28)       | (222)        |
| <b>C1 - NET DIRECT CASH COST</b>            | <b>18,792</b> | <b>123</b> | <b>961</b>   |
| Royalties                                   | 1,426         | 9          | 73           |
| Corporate General & Administrative          | 1,049         | 7          | 54           |
| Sustaining Exploration                      | 1,283         | 8          | 66           |
| Sustaining Capital Expenditure              | 1,811         | 12         | 92           |
| Rehabilitation - Accretion and Amortisation | 98            | 1          | 5            |
| <b>ALL-IN-SUSTAINING COST (AISC)</b>        | <b>24,459</b> | <b>160</b> | <b>1,251</b> |

*Table 4. Summary of cost performance for September 2018 Quarter*

- Notes: All Deflector AISC and C1 numbers in this report are inclusive of copper credits

## Deflector In-Mine Exploration

During the Quarter, the Company announced results from underground drilling on the Da Vinci Lode (refer to [ASX Release 15 August 2018](#)). This diamond drilling campaign was systematically completed from underground positions and provided suitable data density for increased confidence in the Da Vinci Mineral Resource and its re-estimation during the Quarter.

A total of 30 holes for 3,871m were drilled from four different locations underground. Drilling targeted both the east and west lodes at Da Vinci, which are one continuous zone of mineralisation offset by a structure known as the Karai Fault (see Figure 2). Drilling successfully intersected the interpreted ore zones, confirming the plunging high-grade nature of mineralisation. Some spectacular visual intersections were returned, with mineralisation characterised by quartz veining and massive sulphides (pyrite-chalcopyrite – see Figure 3). Significant assays returned from drilling include:

- DFUG0021 – **1.6m @ 143.8g/t Au and 17.8% Cu** from 76.8mdh
- DFUG0018 – **1.3m @ 79.2g/t Au and 1.8% Cu** from 41.9mdh
- DFUG0001 – **2.9m @ 45.1g/t Au and 2.9% Cu** from 48.8mdh
- DFUG0003 – **2.0m @ 43.0g/t Au** and NSA Cu from 102mdh
- DFUG0017 – **3.7m @ 27.6g/t Au and 0.3% Cu** from 62.3mdh, including **1.1m @ 89.0g/t Au and 0.8% Cu**
- DFUG0022 – **0.4m @ 222g/t Au and 0.6% Cu** from 126.6mdh
- DFUG0012 – **4.4m @ 19.1g/t Au and 0.6% Cu** from 71.4mdh
- DFUG0019 – **1.5m @ 17.2g/t Au and 3.2% Cu** from 62.1mdh
- DFUG0016 – **5.3m @ 16.3g/t Au and 0.3% Cu** from 59.5mdh, including **1.4m @ 54.3g/t Au and 1.0% Cu**



The consistent high-grade nature of mineralisation encountered to date at Da Vinci, coupled with the fact that it is close to existing and planned underground activities, bodes well for future commercial extraction of the deposit. Importantly, the recognition of the faulted offset of the lode, and limitations in obtaining optimal drill orientations on the extreme northern end of Da Vinci, means that mineralisation remains open along strike. The northern extension of Da Vinci is a priority near-mine exploration target for the Project, with surface drilling commenced during the Quarter to test the structural trend. This work is part of an overall exploration investment at Deflector in FY19 of \$10M.

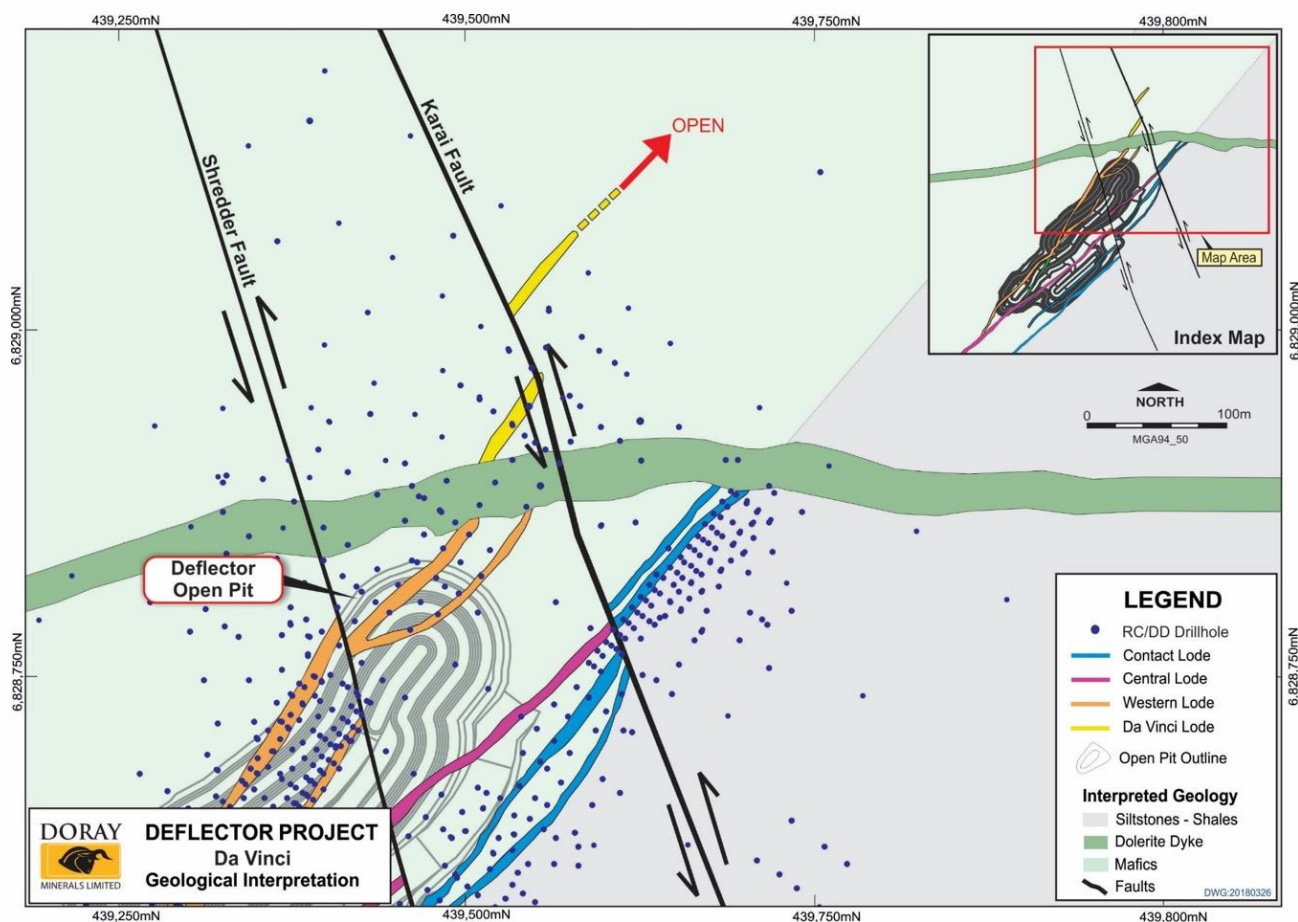


Figure 2. Deflector geological interpretation diagram, highlighting Da Vinci - Note the Karai Fault, displacing the main zones of mineralisation



Figure 3. Da Vinci intersection, DFUG0021 - 1.6m @ 143.8g/t Au and 17.8% Cu from 76.8mdh

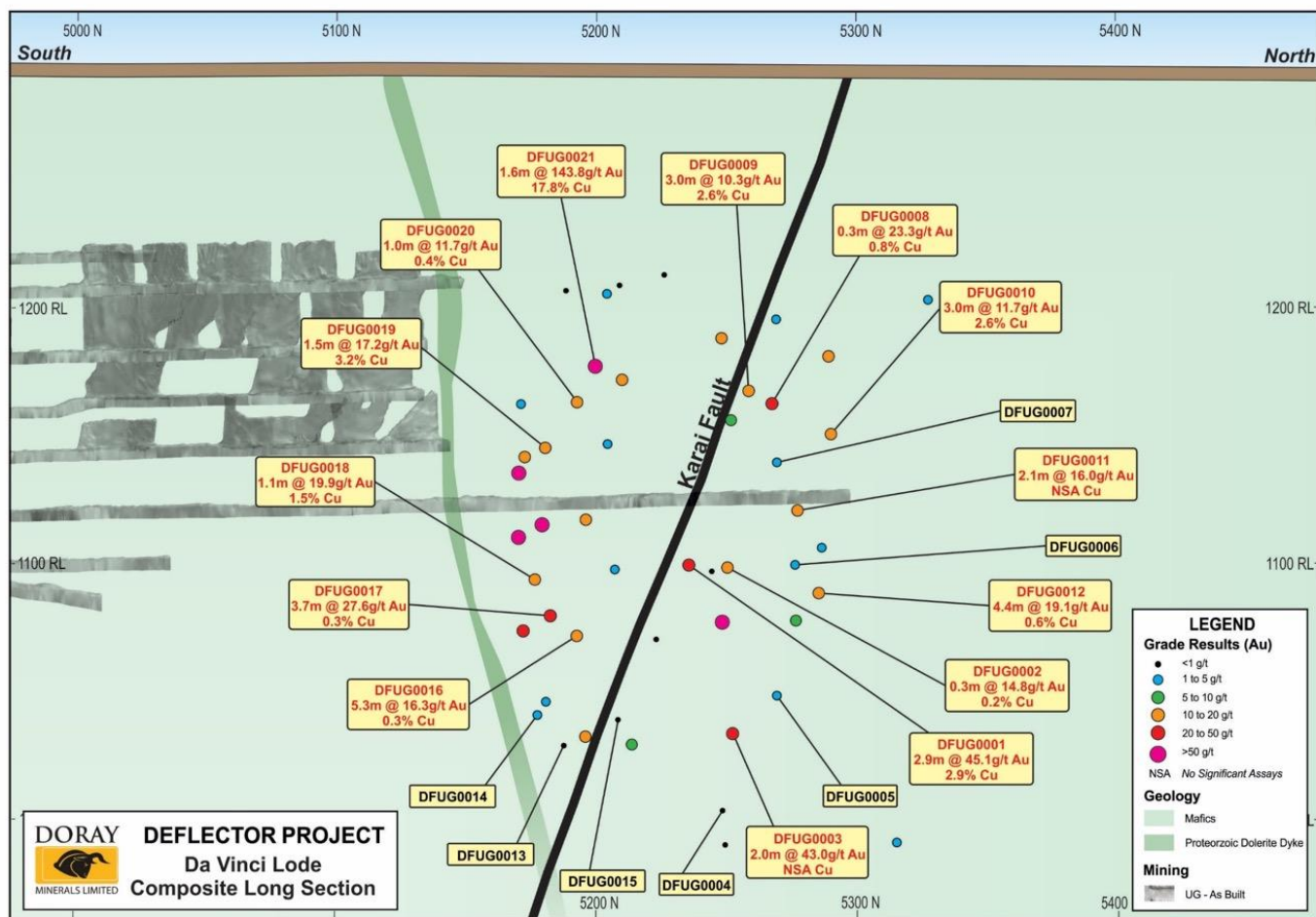


Figure 4. Da Vinci long section, illustrating recent underground diamond drill hole locations and significant intersections

## Da Vinci Mineral Resource Update

Following the receipt of the infill diamond drill results from Da Vinci during the Quarter, Doray released an updated Mineral Resource for the deposit (refer to [ASX Release 20 September 2018](#)) of 248,000 tonnes @ 12.5 g/t Au and 0.5% Cu for 100,000 ounces Au and 1,200 tonnes Cu (see Tables 5 and 6). The Mineral Resource was classified as Indicated and Inferred in accordance with the JORC Code (2012), with the classification of the main ore zones with respect to drilling illustrated in Figure 5.

Drilling was extremely successful in intersecting high-grade mineralisation consistent with the previously interpreted lodes. The majority of the previous Inferred Mineral Resource has now been upgraded to Indicated. Importantly, the head grade of the Indicated Mineral Resource has increased 18% to 14.8g/t Au (and 0.8% Cu). In addition, a series of high-grade east dipping splays were defined, both in the hanging wall and footwall of the main structures. The majority of these splays are classified as Inferred and provide potential for future additions to the Mineral Resource.

The Da Vinci mining study has commenced and is due for completion by the end of December 2018, with the intent to introduce high-grade Da Vinci ore into the Deflector mine plan as early as possible.

The Da Vinci Mineral Resource upgrade increases Deflector's overall Mineral Resource to 2.85 million tonnes @ 8.7 g/t Au and 0.6% Cu for 800,000 ounces Au and 16,600 tonnes Cu (see Tables 7 and 8).

| GOLD                  | MEASURED    |                |           | INDICATED   |                |               | INFERRED    |                |               | TOTAL       |                |                |
|-----------------------|-------------|----------------|-----------|-------------|----------------|---------------|-------------|----------------|---------------|-------------|----------------|----------------|
|                       | Tonnes (kt) | Au Grade (g/t) | Au Ounces | Tonnes (kt) | Au Grade (g/t) | Au Ounces     | Tonnes (kt) | Au Grade (g/t) | Au Ounces     | Tonnes (kt) | Au Grade (g/t) | Au Ounces      |
| Da Vinci              | -           | -              | -         | 142         | 14.8           | 68,000        | 106         | 9.6            | 33,000        | 248         | 12.5           | 100,000        |
| <b>TOTAL RESOURCE</b> | -           | -              | -         | <b>142</b>  | <b>14.8</b>    | <b>68,000</b> | <b>106</b>  | <b>9.6</b>     | <b>33,000</b> | <b>248</b>  | <b>12.5</b>    | <b>100,000</b> |

*Table 5. Da Vinci Gold Mineral Resource estimate as at 31 July 2018*

**Notes:**

- Rounding errors may occur
- Ore tonnes and ounce data is rounded to the nearest thousand
- Mineral Resources reported above 1.0g/t Au lower cut-off

| COPPER                | MEASURED    |              |           | INDICATED   |              |              | INFERRED    |              |            | TOTAL       |              |              |
|-----------------------|-------------|--------------|-----------|-------------|--------------|--------------|-------------|--------------|------------|-------------|--------------|--------------|
|                       | Tonnes (kt) | Cu Grade (%) | Cu Tonnes | Tonnes (kt) | Cu Grade (%) | Cu Tonnes    | Tonnes (kt) | Cu Grade (%) | Cu Tonnes  | Tonnes (kt) | Cu Grade (%) | Cu Tonnes    |
| Da Vinci              | -           | -            | -         | 142         | 0.8          | 1,100        | 106         | 0.1          | 100        | 248         | 0.5          | 1,200        |
| <b>TOTAL RESOURCE</b> | -           | -            | -         | <b>142</b>  | <b>0.8</b>   | <b>1,100</b> | <b>106</b>  | <b>0.1</b>   | <b>100</b> | <b>248</b>  | <b>0.5</b>   | <b>1,200</b> |

*Table 6. Da Vinci Copper Mineral Resource estimate as at 31 July 2018*

**Notes:**

- Rounding errors may occur
- Ore tonnes data is rounded to the nearest thousand and copper tonnes to the nearest hundred
- Mineral Resource reported above 1.0g/t Au lower cut-off



| GOLD                  | MEASURED    |                |                | INDICATED    |                |                | INFERRED     |                |                | TOTAL        |                |                |
|-----------------------|-------------|----------------|----------------|--------------|----------------|----------------|--------------|----------------|----------------|--------------|----------------|----------------|
| PROJECT               | Tonnes (kt) | Au Grade (g/t) | Au Ounces      | Tonnes (kt)  | Au Grade (g/t) | Au Ounces      | Tonnes (kt)  | Au Grade (g/t) | Au Ounces      | Tonnes (kt)  | Au Grade (g/t) | Au Ounces      |
| Western Zone          | 195         | 8.7            | 55,000         | 329          | 11.2           | 119,000        | 31           | 7.5            | 7,000          | 555          | 10.1           | 181,000        |
| Central Lode          | 177         | 7.2            | 41,000         | 169          | 8.6            | 47,000         | 154          | 10.4           | 52,000         | 500          | 8.7            | 139,000        |
| Link Lode             | 32          | 21.9           | 23,000         | 93           | 29.1           | 87,000         | 64           | 5.8            | 12,000         | 190          | 20.0           | 122,000        |
| Contact Lodes         | 35          | 5.8            | 6,000          | 445          | 4.6            | 66,000         | 278          | 3.8            | 34,000         | 758          | 4.4            | 107,000        |
| Western Zone Splays   | -           | -              | -              | -            | -              | -              | 587          | 7.9            | 149,000        | 587          | 7.9            | 149,000        |
| Da Vinci              | -           | -              | -              | 142          | 14.8           | 68,000         | 106          | 9.6            | 33,000         | 248          | 12.5           | 100,000        |
| Stockpiles            | 13          | 5.0            | 2,000          | -            | -              | -              | -            | -              | -              | 13           | 5.0            | 2,000          |
| <b>TOTAL RESOURCE</b> | <b>453</b>  | <b>8.7</b>     | <b>127,000</b> | <b>1,179</b> | <b>10.2</b>    | <b>387,000</b> | <b>1,220</b> | <b>7.3</b>     | <b>287,000</b> | <b>2,851</b> | <b>8.7</b>     | <b>800,000</b> |

**Table 7. Deflector Gold Mineral Resource**

**Notes:**

- Mineral Resources stated as at 30 June 2018, except Da Vinci which is as at 31 July 2018
- Mineral Resources are inclusive of those modified to estimate Ore Reserves. Rounding errors may occur
- Ore tonnes and ounce data is rounded to the nearest thousand
- Mineral Resources reported above 1.0g/t Au lower cut-off

| COPPER                | MEASURED    |              |              | INDICATED    |              |              | INFERRED     |              |              | TOTAL        |              |               |
|-----------------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| PROJECT               | Tonnes (kt) | Cu Grade (%) | Cu Tonnes    | Tonnes (kt)  | Cu Grade (%) | Cu Tonnes    | Tonnes (kt)  | Cu Grade (%) | Cu Tonnes    | Tonnes (kt)  | Cu Grade (%) | Cu Tonnes     |
| Western Zone          | 195         | 1.6          | 3,100        | 329          | 0.6          | 2,000        | 31           | 0.3          | 100          | 555          | 0.9          | 5,200         |
| Central Lode          | 177         | 0.8          | 1,300        | 169          | 0.6          | 1,000        | 154          | 0.2          | 400          | 500          | 0.6          | 2,800         |
| Link Lode             | 32          | 2.5          | 800          | 93           | 1.1          | 1,000        | 64           | 0.8          | 500          | 190          | 1.2          | 2,300         |
| Contact Lodes         | 35          | 0.6          | 200          | 445          | 0.2          | 900          | 278          | 0.2          | 400          | 758          | 0.2          | 1,500         |
| Western Zone Splays   | -           | -            | -            | -            | -            | -            | 587          | 0.6          | 3,500        | 587          | 0.6          | 3,500         |
| Da Vinci              | -           | -            | -            | 142          | 0.8          | 1,100        | 106          | 0.1          | 100          | 248          | 0.5          | 1,200         |
| Stockpiles            | 13          | 0.7          | 100          | -            | -            | -            | -            | -            | -            | 13           | 0.7          | 100           |
| <b>TOTAL RESOURCE</b> | <b>453</b>  | <b>1.2</b>   | <b>5,500</b> | <b>1,179</b> | <b>0.5</b>   | <b>6,000</b> | <b>1,220</b> | <b>0.4</b>   | <b>5,000</b> | <b>2,851</b> | <b>0.6</b>   | <b>16,600</b> |

**Table 8. Deflector Copper Mineral Resource**

**Notes:**

- Mineral Resources stated as at 30 June 2018, except Da Vinci which is as at 31 July 2018
- Mineral Resources are inclusive of those modified to estimate Ore Reserves. Rounding errors may occur
- Ore tonnes data is rounded to the nearest thousand and copper tonnes to the nearest hundred
- Mineral Resources reported above 1.0g/t Au lower cut-off

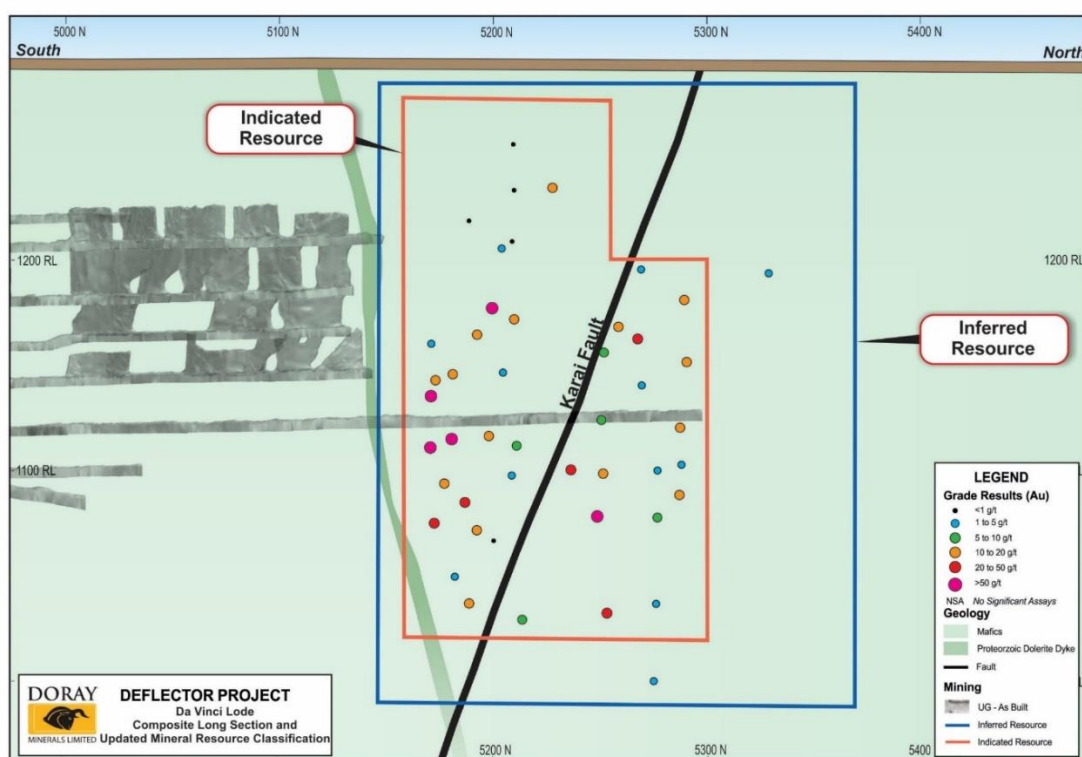


Figure 5. Da Vinci deposit composite long section of the main lodes with Mineral Resource classification boundaries

## Corporate/Finance

### Quarterly Cash and Equivalents Balances

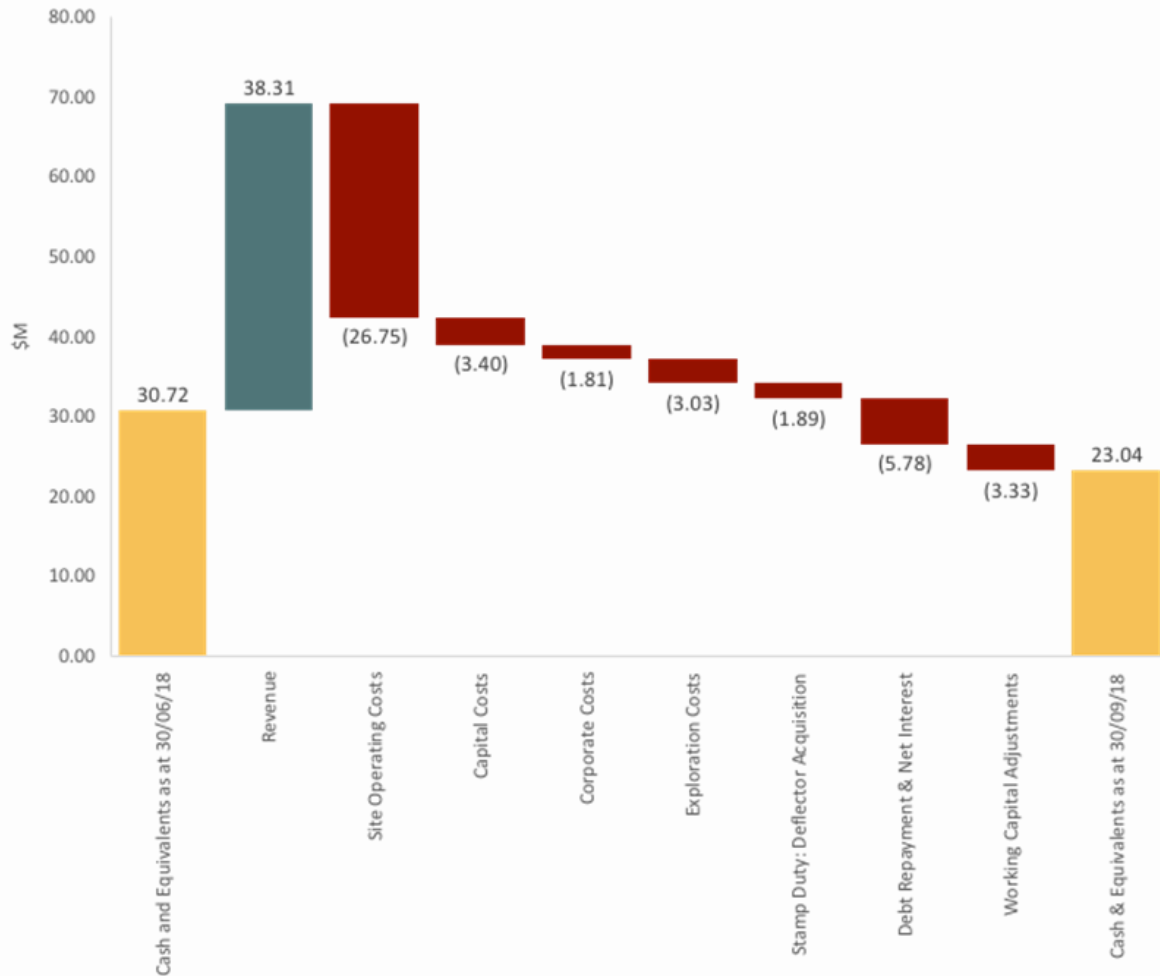
During the Quarter the Company repaid \$5.5M under its finance facility with Westpac Banking Corporation, reducing the remaining debt balance as at 30 September 2018 to \$15M.

Doray is on track to repay all debt this financial year, with the cash and equivalents position shown in Table 9.

| Item                              | A\$M        |
|-----------------------------------|-------------|
| Cash                              | 18.9        |
| Gold on Hand and in Circuit       | 2.9*        |
| Concentrate on Hand               | 1.1*        |
| Listed Investments                | 0.1         |
| <b>Total Cash and Equivalents</b> | <b>23.0</b> |
| Debt Balance                      | (15.0)      |
| <b>Net Cash/(Debt)</b>            | <b>8.0</b>  |

Table 9. Summary of cash, equivalents and debt at 30 September 2018

○ NOTES: \*Based on estimated receipt values



**Graph 4. Quarterly Cash Flow Waterfall Chart**

In addition to \$5.8M of debt repayments during the Quarter, Doray also paid \$1.9M in stamp duty associated with the acquisition of Deflector.

During the Quarter, the realised Australian dollar copper price was lower for a number of shipments that were finalised between July 2018 and September 2018. This decrease in the Australian dollar copper price resulted in an \$820,000 repayment to Doray's offtake partner (MRI Trading AG) during the Quarter, which is captured within the revenue column in Graph 4. In addition, timing adjustments related to copper shipments and sales resulted in a higher than normal working capital adjustment.

#### **Sale and Purchase Agreement to Divest Andy Well**

Subsequent to the end of the Quarter, Doray announced that it has signed a binding Sale and Purchase Agreement (SPA) to divest the Andy Well Gold Project to Galane Australia Pty Ltd (Galane), a subsidiary of Canadian gold miner Galane Gold Ltd (TSX-V: GG) (refer to [ASX Release 5 October 2018](#)). Galane will pay Doray A\$10M for Andy Well over three staged payments, which will be completed within 24 months of the execution of the SPA.

In conjunction with the SPA, Doray has also reached a non-binding agreement in principle for the Gnaweeda Project to be farmed out and joint ventured with Galane. A binding farm-in and JV Agreement (Gnaweeda JV) is in the process of being negotiated and finalised.

## **Hedging**

As at 30 September 2018, the Company had 26,743 ounces of gold hedged at an average price of A\$1,606/oz to September 2019.

-ENDS-

## **For further information, please contact:**

### **Leigh Junk**

Managing Director  
Doray Minerals Ltd

## **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.