DEFLECTOR PROJECT UPDATE AND PRODUCTION GUIDANCE

- Open pit mining progressing on schedule with potential for additional oxide ore
- Underground development continues with ore drive development expected to commence by end Sept 16
- Gold and concentrate production ramping up with concentrate shipments from oxide ore within specifications
- Interim 2017FY combined production guidance of 105,000 - 120,000oz to be reviewed once Deflector achieves steady state production in primary underground ore

Doray Minerals Ltd (ASX: DRM, Doray, the Company), is pleased to provide a further update in regards to progress at the Company’s Deflector Gold Project (“Deflector”) in Western Australia. Production of gold bullion and gold-copper-silver concentrate recently commenced at Deflector, approximately 14 months after the acquisition of the project by Doray.

Open Pit Mining

Mining of the West and Central Lode open pit is continuing with the current open pit now approaching 70% complete with an increasing build-up of ore hauled to the ROM pad. Significant stockpiles of both oxide and transitional ores estimated to contain over 10,000oz of gold have now been accumulated on the ROM.

Grade control drilling is in progress to establish the potential for additional oxide ore at the southern end of the pit. Depending on the size of the extension, this material could be mined and processed in the short term or stockpiled for processing at a later date.

Underground Development

Underground development is progressing on schedule with the decline and lateral access advanced 428m at the end of August. The decline has now advanced to the 1197mRL, approximately 83m vertically below surface.

Development in underground primary sulphide ore, which represents 83% of total mine inventory, is expected to commence by the end of the September Quarter. This material will be stockpiled for treatment following completion of processing of oxide and transition ore.

Processing and Production

Ramp-up of the purpose-built processing plant is continuing with treatment of oxide and now some transitional material from the open pit. The gradual change from oxide to transitional ores has resulted in a reduction in the proportion of clay material in the crushing and mill feed. This material had previously restricted mill throughput during June and July.

Mill throughput is now approaching nameplate levels (Figure 1.) with optimisation of recoveries and grades between gravity and flotation circuits ongoing.
Doray’s Managing Director, Mr Allan Kelly, said that production of concentrate was ramping up with Au and Cu grades achieving required specifications to date whilst other initiatives had resulted in increased gold recoveries from the gravity circuit.

“The focus at the moment is on maximising the amount of gold being recovered from the gravity circuit, in preference to that from the flotation circuit, whilst optimising the overall copper recoveries from the oxide ore before we move on to the transition ore,” Mr Kelly said.

Mr Kelly said the significant build-up of ROM stockpiles had allowed laboratory testing of transition ore to enable optimisation of flotation circuit conditions ahead of this material being introduced to the plant.
Figure 3. Monthly gold production showing increasing gravity gold recovery (“bullion outturns”).

Two shipments of concentrate produced from oxide ore have been shipped so far with a summary of provisional specifications shown in Table 2. The Company is forecasting 2-3 more shipments of this material before shipping of concentrate from transition ore commences.

Table 2. Summary of provisional specifications for concentrate shipments to date.

<table>
<thead>
<tr>
<th></th>
<th>Units</th>
<th>July</th>
<th>August</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ore type</td>
<td></td>
<td>Oxide</td>
<td>Oxide</td>
</tr>
<tr>
<td>Dry tonnes</td>
<td>t</td>
<td>499</td>
<td>487</td>
</tr>
<tr>
<td>Au grade</td>
<td>g/t</td>
<td>81</td>
<td>84</td>
</tr>
<tr>
<td>Cu grade</td>
<td>%</td>
<td>31.2</td>
<td>29.3</td>
</tr>
<tr>
<td>Contained Au</td>
<td>oz</td>
<td>1,299</td>
<td>1,316</td>
</tr>
<tr>
<td>Contained Cu</td>
<td>t</td>
<td>156</td>
<td>143</td>
</tr>
</tbody>
</table>
**Production guidance for 2017FY**

Based on production to date and budgeted production from the transition and then primary ore in the first half of the 2017 calendar year, the Company is forecasting gold production from Deflector in the range of 40,000-50,000oz (plus 3,000 - 4,000t Cu) for the 2017 financial year, and increasing to ~60,000oz (plus approximately 2,500t Cu) in subsequent years.

The Company is expecting recoveries and costs to vary considerably whilst establishing optimal processing plant parameters for each of the oxide, transition and primary ores. Once the Project reaches steady state production from the primary underground ore, which makes up approximately 83% of the orebody, the Company will update the market in regards to cost guidance for Deflector.

Doray’s Managing Director, Mr Allan Kelly said that, with the completion of production from open pits at Andy Well, the Company was expecting the 2017FY production at Andy Well to revert back towards levels predicted in the 2012 Bankable Feasibility Study (BFS).

“When we started production at Andy Well back in mid-2013, we had an inventory of about 256,000 ounces, which included approximately 30,000 ounces from the two high-grade open pits, and forecast production of approximately 74,000 ounces per annum,” Mr Kelly said.

“Over the last 3 years, we have consistently averaged around 17,500 ounces per quarter from underground, which equates to about 70,000 ounces per year excluding the open pits,” he said.

“We are therefore forecasting similar production from underground this year and we will also be working towards a potential development decision on the Gnaweeda prospect, which could have a significant positive impact on the production profile at Andy Well beyond the next 12 months,” he added.

Mr Kelly said the Company was also starting to see results from the cost reduction programme recently implemented at Andy Well.

Current production guidance between Deflector and Andy Well for 2017FY is shown in the following table and will be reviewed following commencement and ramp-up of processing of primary underground ore from Deflector in early 2017.

<table>
<thead>
<tr>
<th></th>
<th>Production</th>
<th>Cash operating (C1) costs</th>
<th>All-in sustaining costs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Au oz</td>
<td>Cu t</td>
<td>A$/oz</td>
</tr>
<tr>
<td>Andy Well</td>
<td>65,000 - 70,000</td>
<td>n/a</td>
<td>750 - 850</td>
</tr>
<tr>
<td>Deflector</td>
<td>40,000 - 50,000</td>
<td>3,000 – 4,000</td>
<td>tba</td>
</tr>
<tr>
<td>Total</td>
<td>105,000 - 120,000</td>
<td>3,000 – 4,000</td>
<td></td>
</tr>
</tbody>
</table>

-ENDS-
For further information, please contact:

Cameron Peacock
Investor Relations
Doray Minerals Ltd
+61 (0)439 908 732
investorrelations@dorayminerals.com.au

Margie Livingston
Media Relations
AMN Corporate
+61 (0)438 661 131
margie@amncorporate.com

About Doray Minerals Limited

Doray Minerals Limited is an Australian gold producer, developer and explorer with two new high-grade Western Australian gold assets: the Andy Well Gold Project, which commenced production in August 2013; and the Deflector Gold Project, which commenced production in May 2016.

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 a proven track record in discovery, development, and production.