

DORAY MINERALS LIMITED

Australia's new high-grade/low-cost gold producer



Andy Well Gold Project

Investor Update – May 2014

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Investment Highlights



Australia's new high-grade/low-cost gold producer and successful explorer

- Doray's Andy Well Gold Project is a new underground gold operation, currently amongst the highest grade and lowest cost gold operations in Australia
- Doray progressed Andy Well from discovery drill hole to first gold pour in 3.5 years, on budget and ahead of schedule
- Significant project upside exists at Andy Well with potential for resource extensions and multiple parallel high-grade gold lodes
- Doray is rapidly reducing its debt position, is well funded for future near-mine and regional exploration programmes and is poised to take advantage of current market conditions
- Doray has a strategic gold exploration project portfolio in WA and SA and an experienced Board and Management Team with a track record of successful discovery, development and production



Corporate Snapshot



ASX Code: DRM

| | |
|----------------------------|-----------------|
| Shares on issue | 163.3M |
| Options (\$0.20 - 2.08) | 11M |
| 12 month Share Price range | \$0.35 – \$1.10 |
| Market Cap (@ \$0.80) | \$130M |
| Cash ex DSRA (March 2014) | \$23M |
| Net Debt (March 2014) | \$28M |
| # of shareholders | 3,300 |

Substantial Shareholders

| | |
|----------------------------|------------|
| Directors/Management | 9.6% |
| Australian Institutions | 47% |
| •Renaissance Asset Mgt | |
| •Colonial | |
| •Paradise Investment Mgt | |
| •SG Hiscock | |
| Top 20 shareholders | 63% |



Doray has outperformed the ASX gold sector over the last 12 months

Analyst Coverage

Argonaut
Black Swan
Bell Potter
Commsec

Evans and Partners
GMP
Macquarie
Patersons
RFC Ambrian

Experienced Board/Management



Board

Peter Alexander - *Non-Executive Chairman* - Geologist

Allan Kelly - *Managing Director* - Geologist

Heath Hellewell - *Exec. Director, Exploration and New Business* - Geologist

Jay Stephenson - *Non Executive Director* - Accountant

Leigh Junk - *Non Executive Director* - Mining Engineer

Management Team

Peter Bamford - GM, Operations

• **Peter Sperring** - Operations Manager, Andy Well Gold Project

Mark Cossom - Business Development Manager

Brad Drabsch - Exploration Manager

Jon Latto - Chief Financial Officer

• **Iain Garrett** - Company Secretary/Financial Controller

Doray Minerals Ltd - Key Advantages



High-grade

- **Wilber Lode** underground gold mine currently amongst highest grade gold operations in Australia
 - Pre-mining Indicated Resource 297koz @ **17g/t***
 - BFS underground mining inventory 262koz @ **11.4g/t***
 - **Head grade YTD >11g/t**
- 2nd high-grade Resource at **Judy Zone (106koz @ 8.4g/t)***
- 3rd high-grade gold discovery at **Suzie Zone**

Low-cost/ high-margin

- Simple geology and very high gravity/total recoveries
- **Amongst lowest cash cost gold operations in Australia**
- Attractive cash margins further enhanced by hedging

Significant upside

- Strong positive grade reconciliation to date
- Potential near-term increase to mine life from Judy Zone and extensions to Wilber/Judy Resources
- Indications of additional high-grade lodes (Suzie/Margaret/Kirsty)
- Strategic exploration portfolio in WA and South Australia

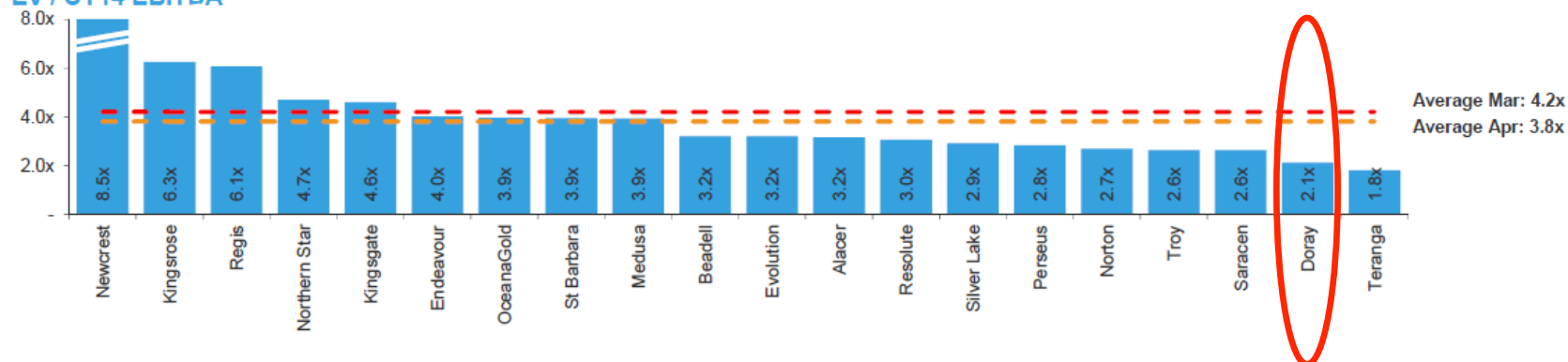
* See appendices

Undervalued relative to peers?

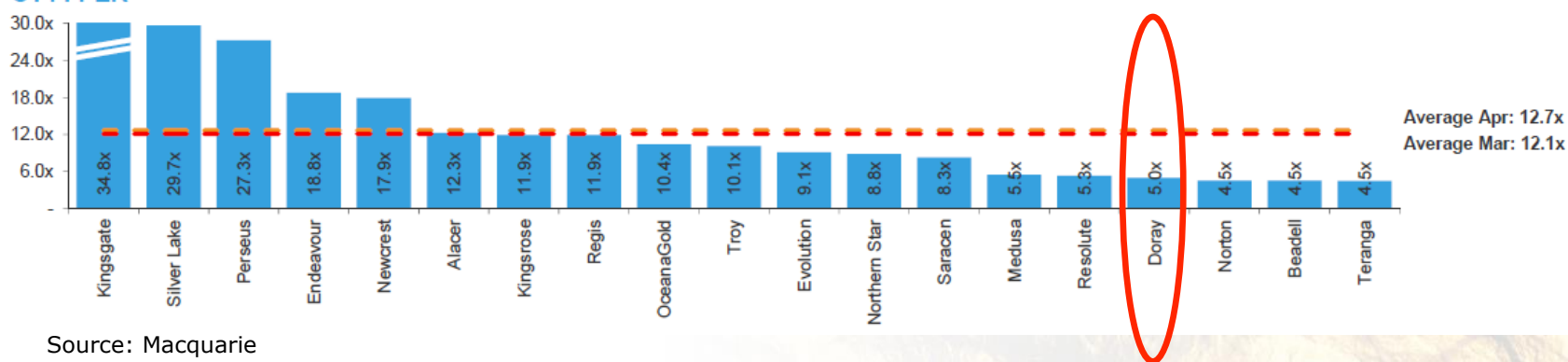


Doray is currently trading at a discount despite having high-grade, attractive operating margins and significant exploration upside

EV / CY14 EBITDA



CY14 PER

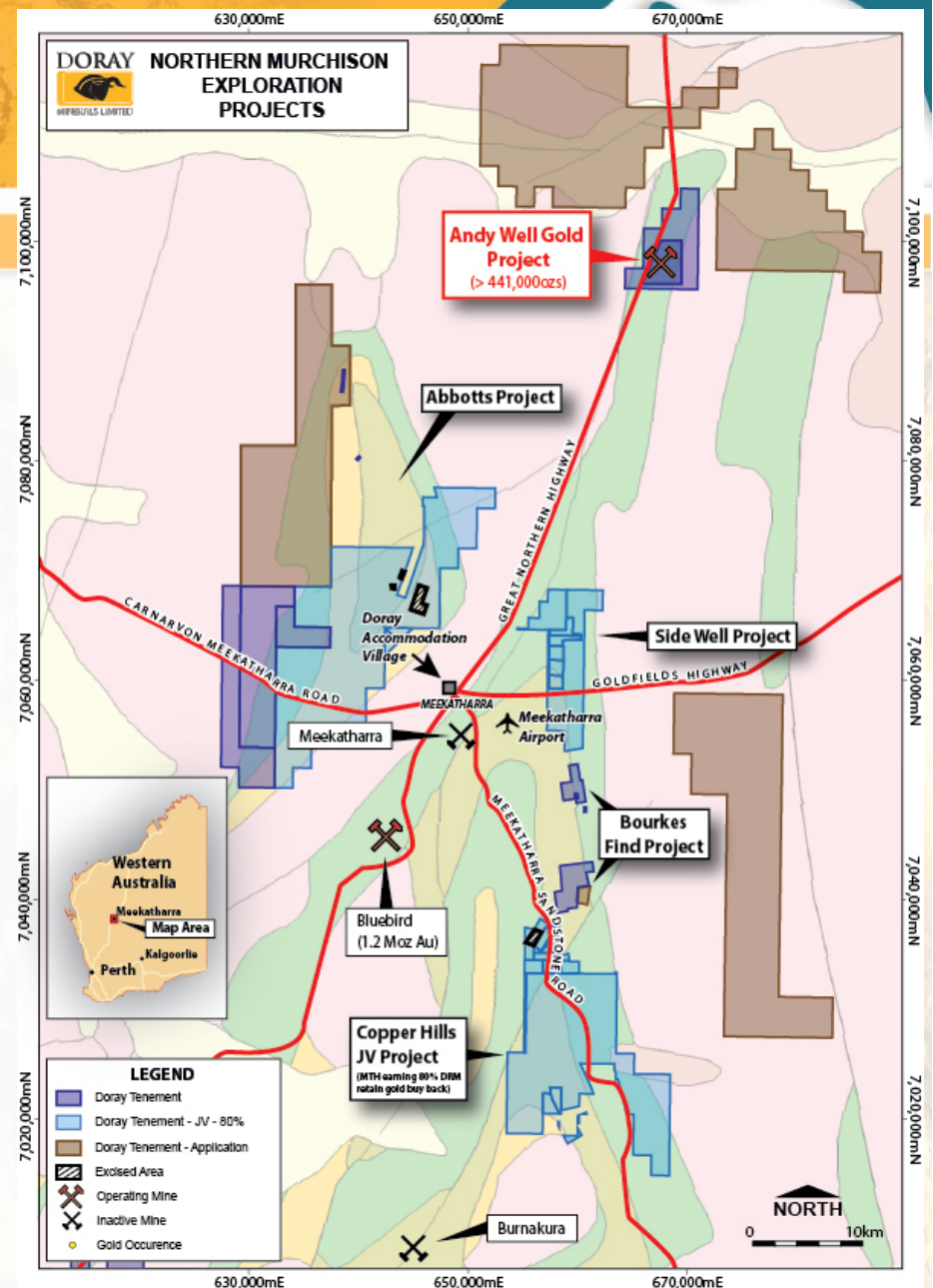


Source: Macquarie

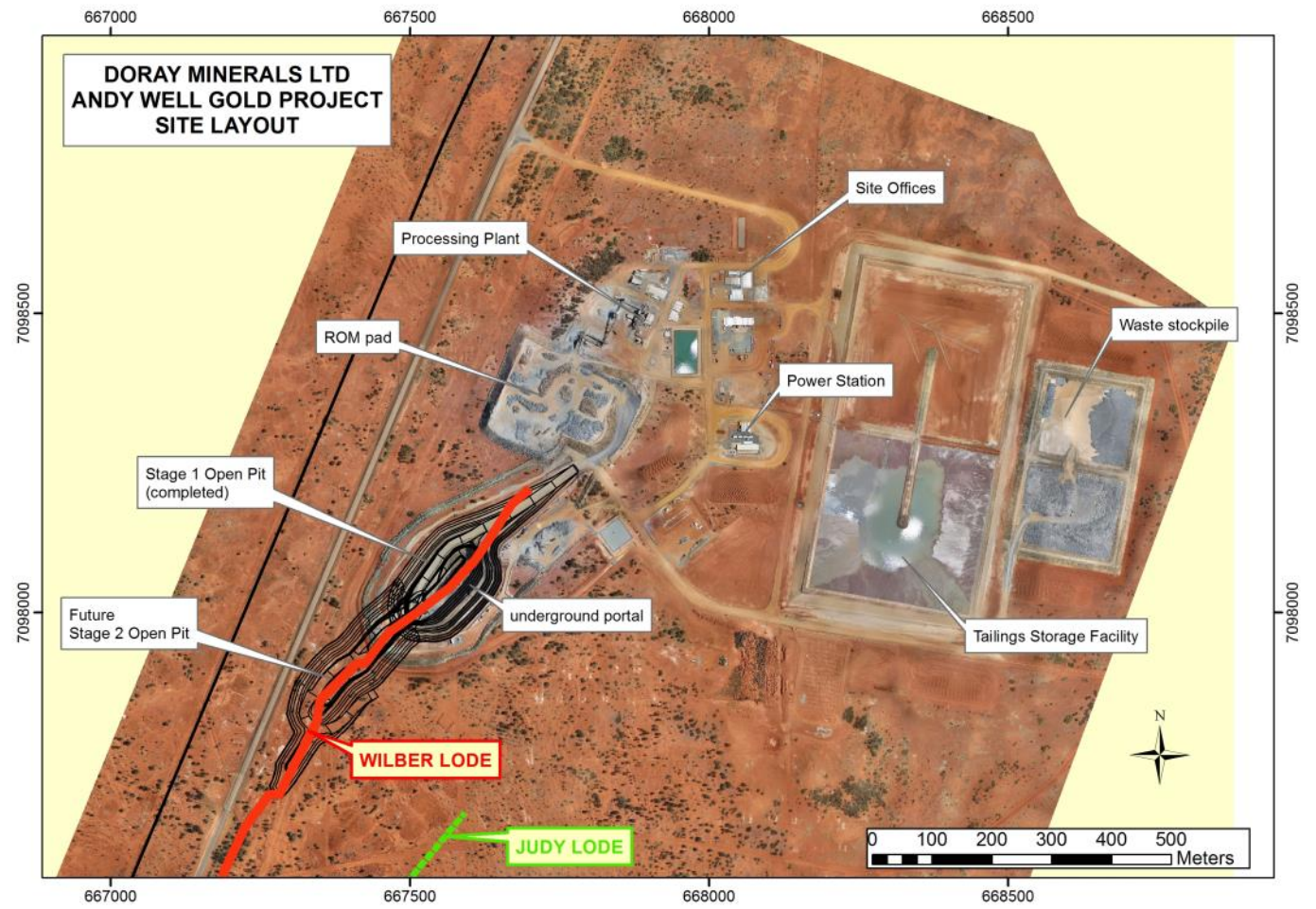
Andy Well Gold Project

Australia's new high-grade/low-cost gold operation

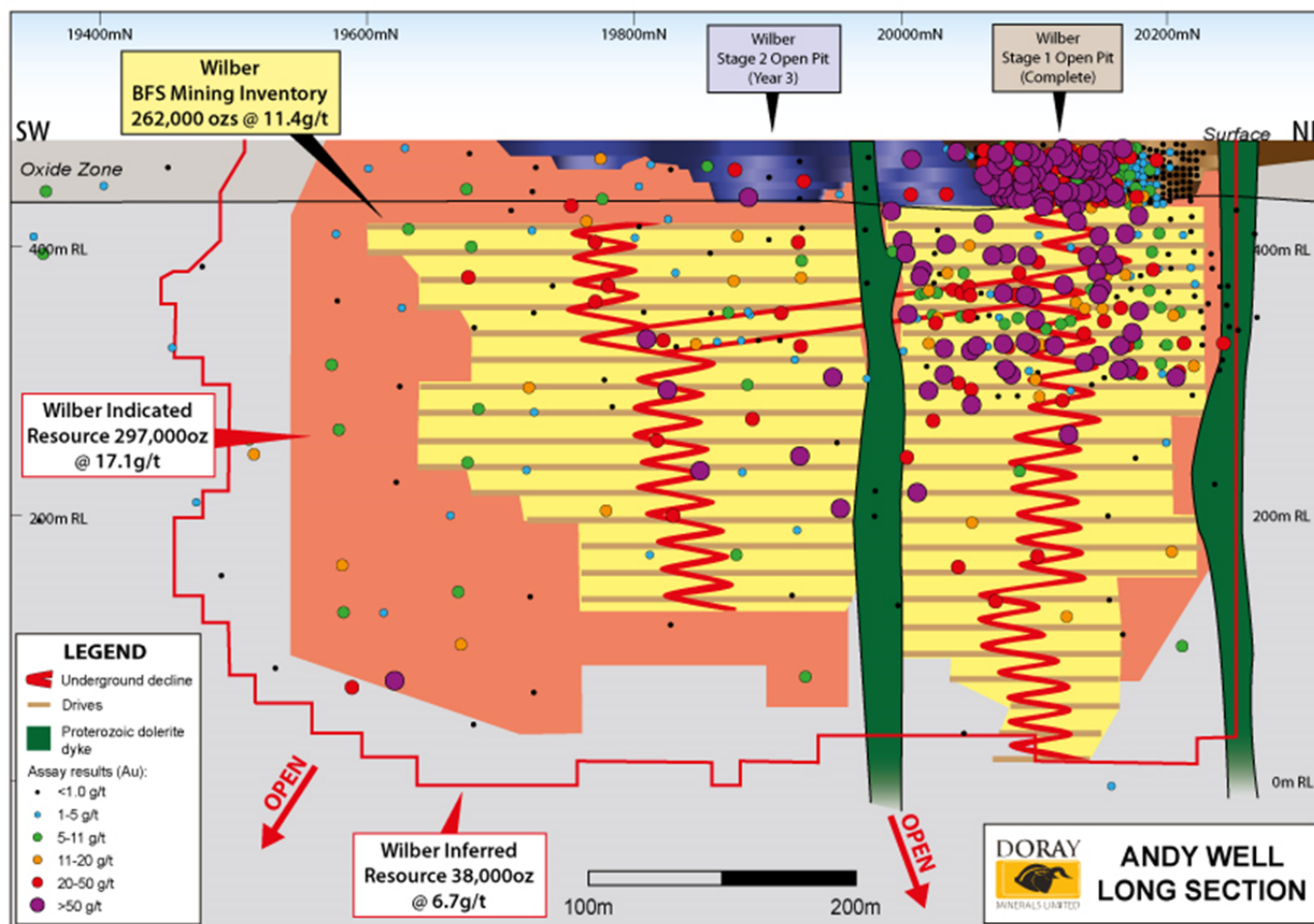
- Standalone, high-grade underground gold mine and processing plant
- First new gold operation in the Murchison region in over 10 years
 - Discovery - March 2010
 - Maiden Resource - Feb 2011
 - Decision to Mine - July 2012
 - Mining commenced - Nov 2012
 - First gold pour - Aug 2013
- Potential for multiple deposits and substantial exploration upside
- Flagship of Doray's Murchison region landholding



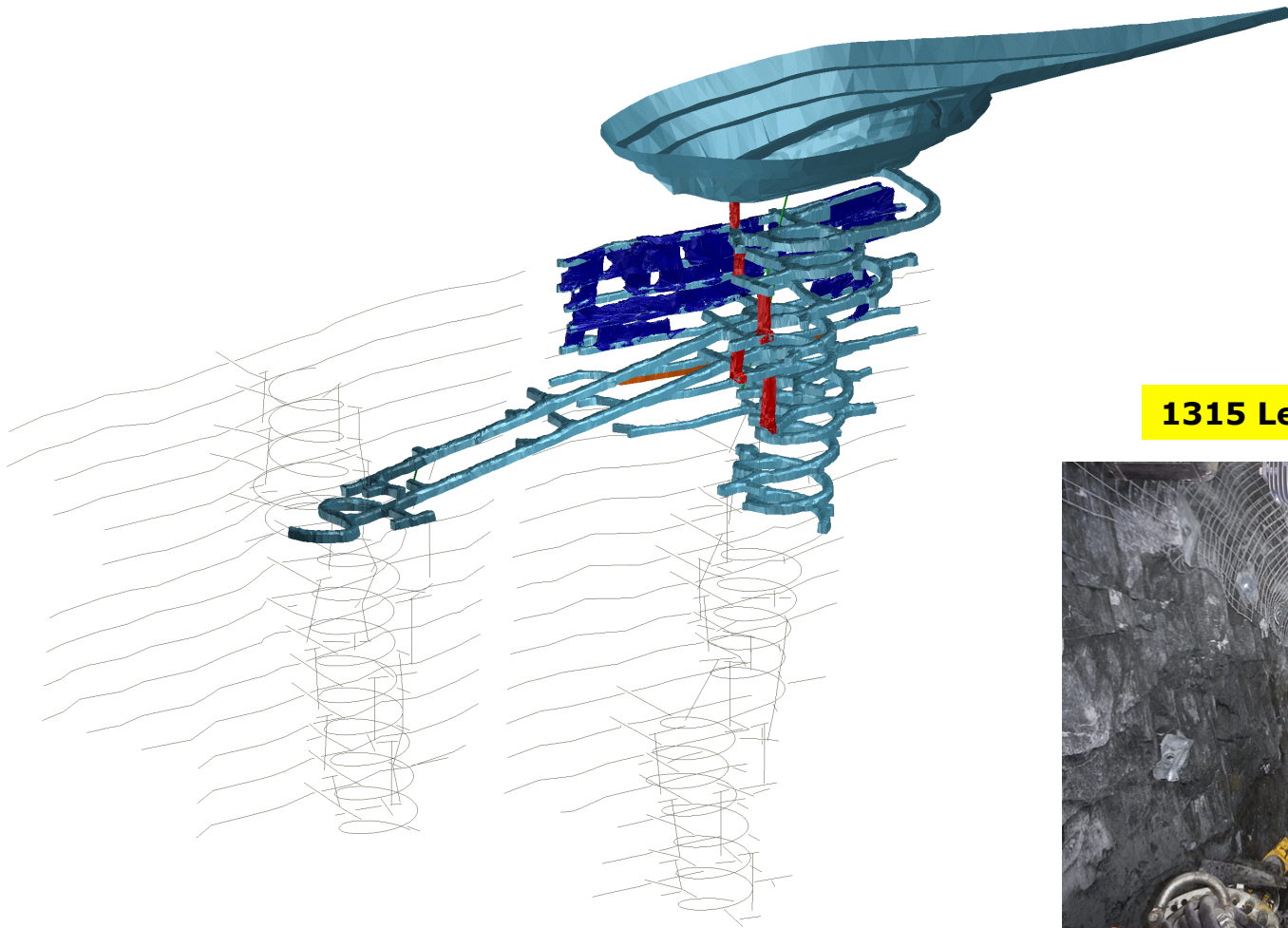
Andy Well - Site Layout



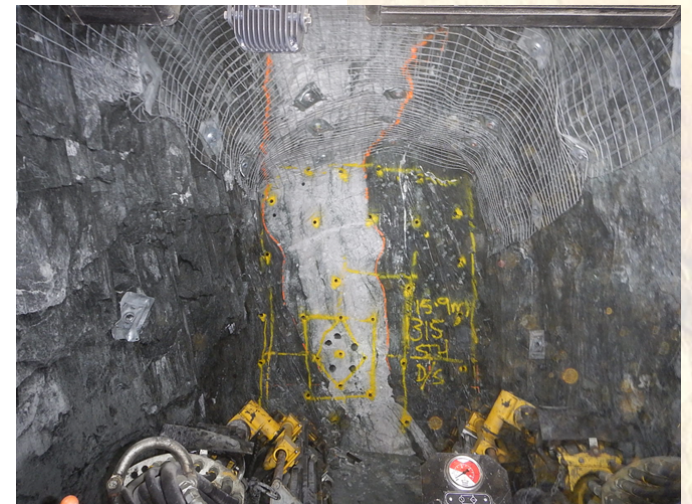
Wilber Lode - Resources/Reserves



Underground Progress (March 2014)



1315 Level - South Ore Drive



Wilber Lode - Mining



| Challenges | Opportunities |
|-------------------------------|--|
| Minimising unplanned dilution | <ul style="list-style-type: none">• positive grade reconciliation• Experienced operators• Excess milling capacity |
| Mine constrained production | <ul style="list-style-type: none">• Multiple development and production headings provide flexibility• Access to middle decline• Potential for parallel lodes |

2013/14 results to date...

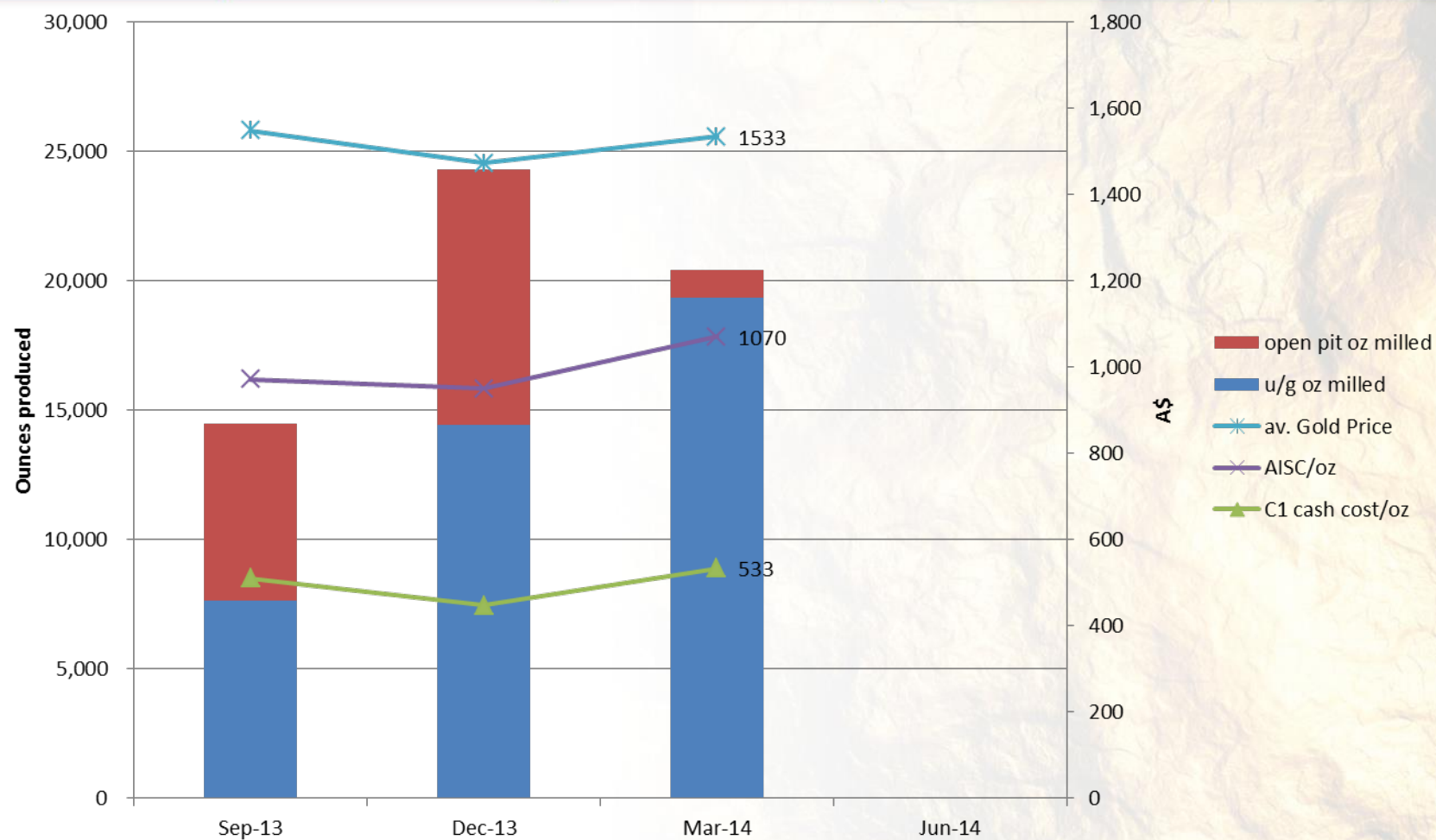


| | Units | Sept Qtr ¹ | Dec Qtr | Mar Qtr | YTD | FY Guidance |
|---|----------|--------------------------|---------------|---------------|---------------|----------------|
| Ore Mined | (t) | 21,316 | 39,374 | 57,621 | 118,311 | |
| Mined grade | (g/t) | 14.0 | 11.7 | 10.6 | 11.6 | |
| Ounces mined | (oz) | 9,604 | 14,783 | 19,706 | 44,093 | |
| | | | | | | |
| Ore processed | (t) | 35,391 | 57,663 | 61,514 | 154,568 | |
| Head grade | (g/t) | 12.30 | 13.09 | 10.32 | 11.65 | |
| Recovery | % | 98.0 | 99.0 | 98.9 | | |
| Gold recovered | (oz) | 13,718 | 24,026 | 20,193 | 57,934 | |
| GIC change | (oz) | 227 | -136 | 139 | | |
| Gold produced | (oz) | 13,802 | 24,162 | 20,054 | 57,707 | 75-80koz |
| Cash Operating Cost (C1)² | (A\$/oz) | 510 | 448 | 533 | 492 | 480 - 530 |
| "All-in Sustaining Cost"³ | (A\$/oz) | 971 | 949 | 1,078 | 999 | 970 - 1,050 |
| Gold sold | (oz) | 10,277 | 25,719 | 17,274 | 55,294 | |
| Revenue from gold sales | (A\$M) | 15.9 | 37.9 | 26.5 | 80.3 | |
| Average price received | (A\$/oz) | 1,548 | 1,472 | 1,533 | 1,507 | |

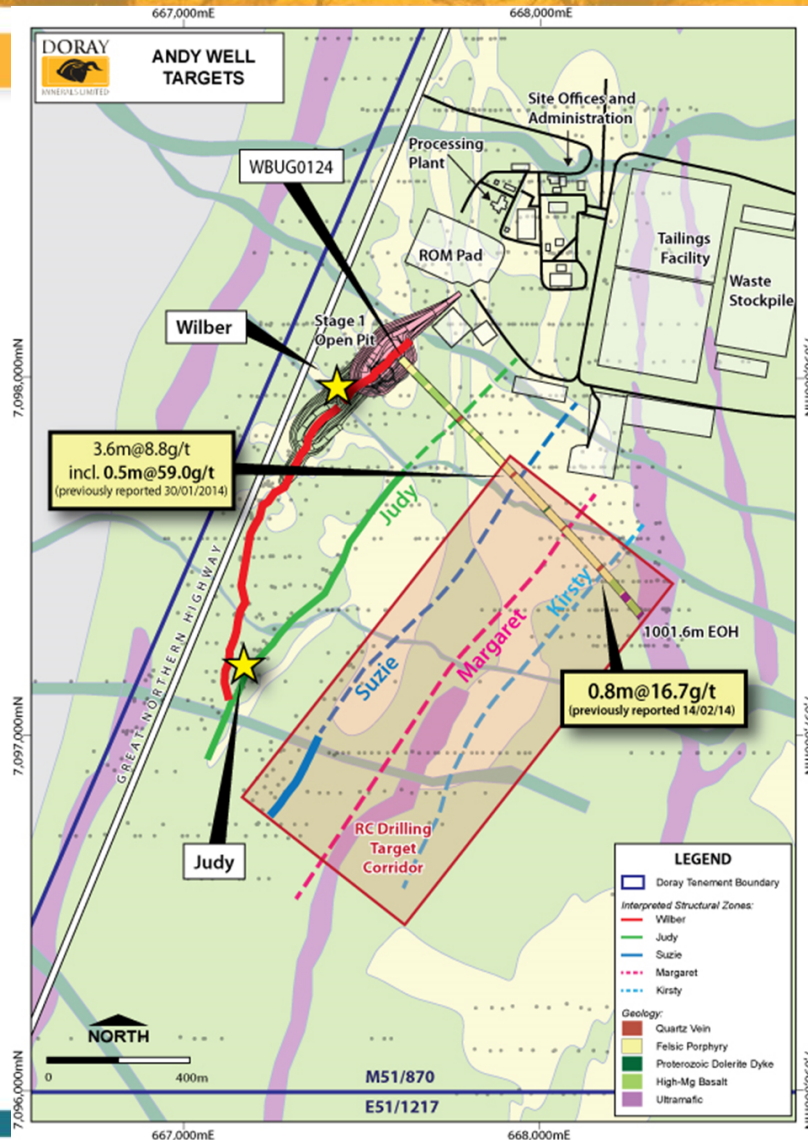
Notes

1. Aug-Sept only
2. Includes mining, processing, site admin and refining costs less silver credits
3. As per WGC guidelines

2013/14 results to date...



Andy Well - Exploration Upside



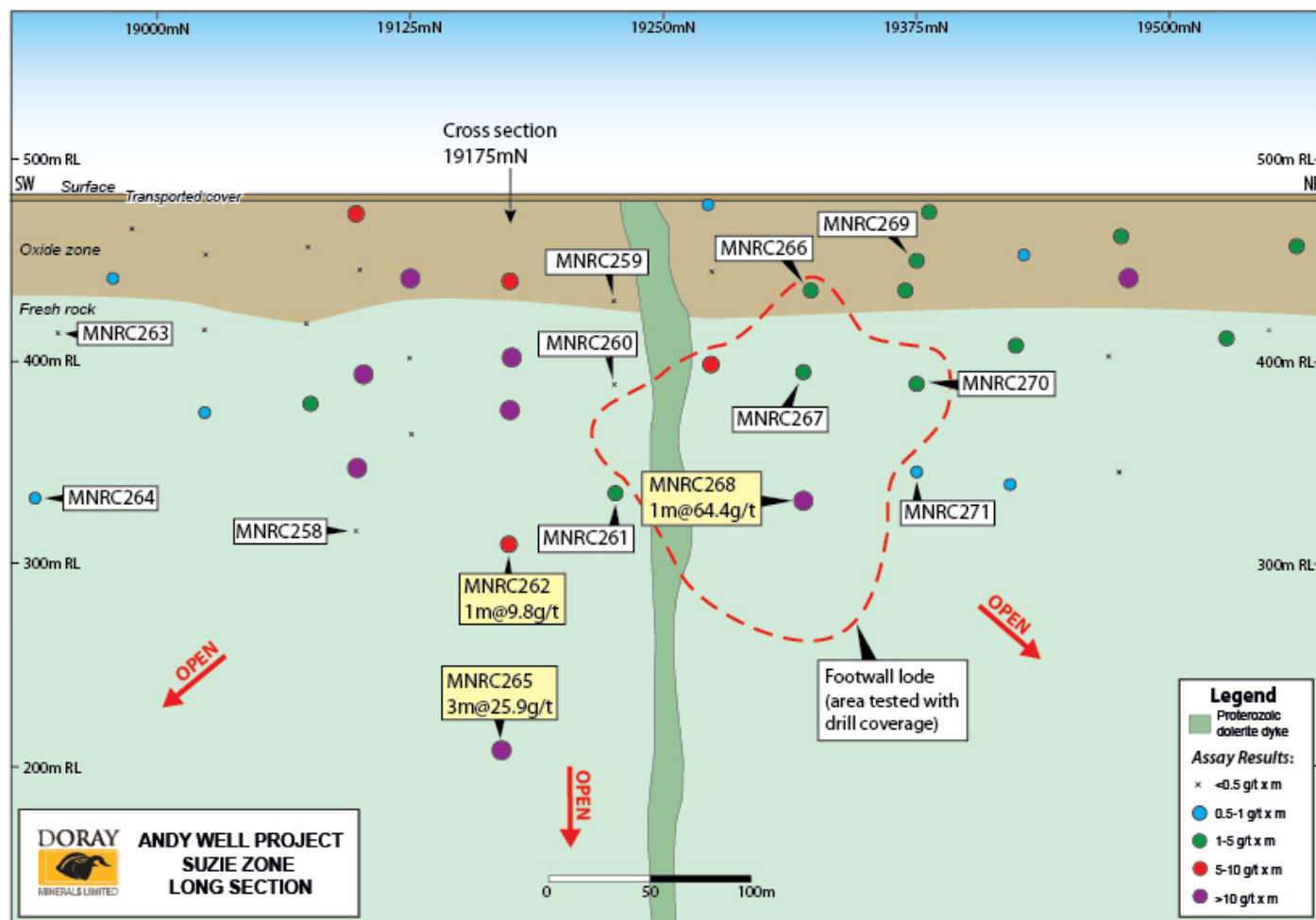
Potential for a significant new high-grade gold camp

- Numerous mineralised structures identified beneath shallow cover
- Lack of deep drilling pre-Doray
- Key targets:
 - Wilber Lode resource extensions
 - Judy Lode resource extensions
 - Suzie Zone
 - Margaret Zone
 - Kirsty Zone
- \$17M capital raising to accelerate near-mine drill testing
- Drilling commenced Feb 2014

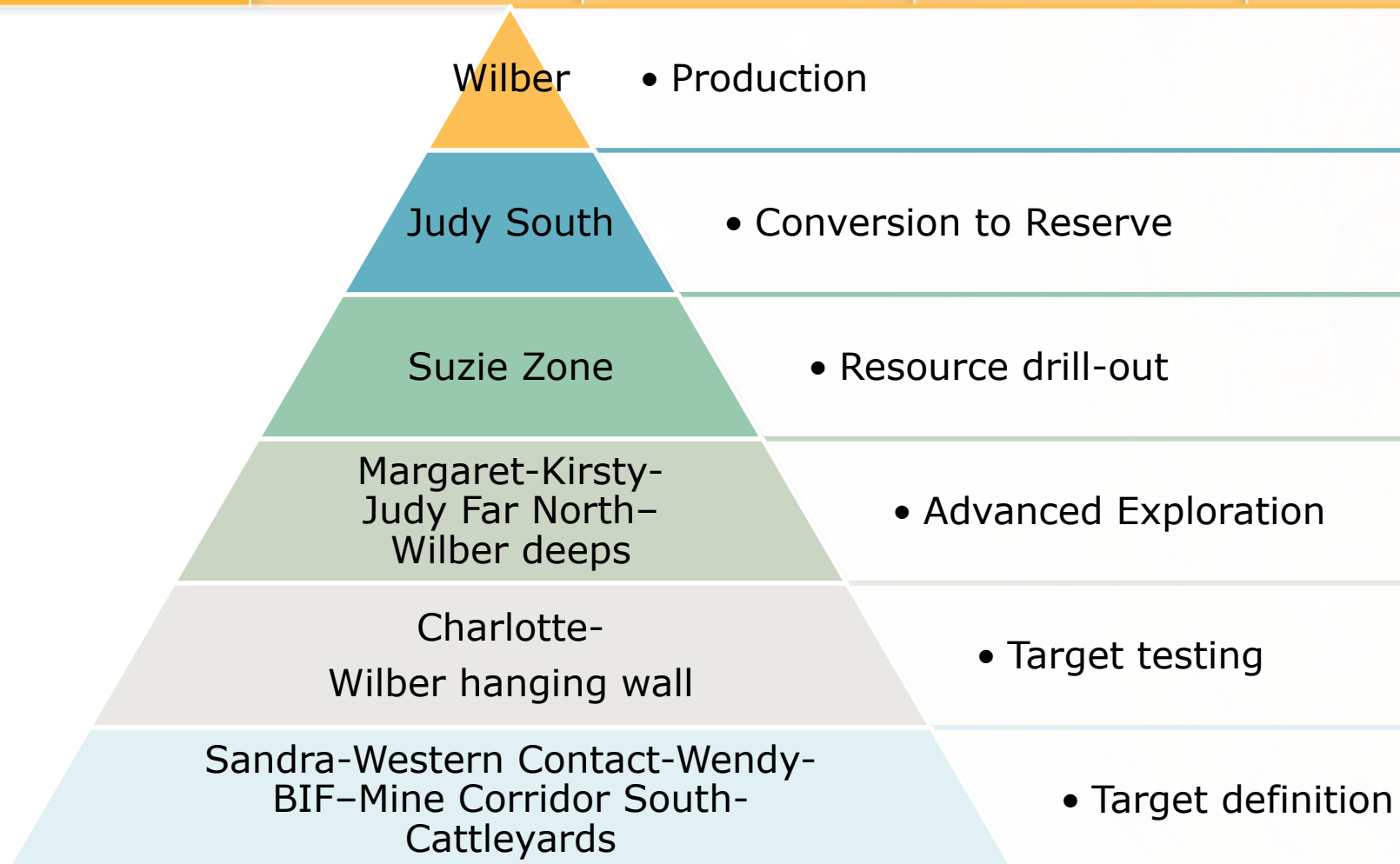
Suzie Zone - 3rd high-grade deposit



~150m
depth
extension
From
previous
drilling



Andy Well - prospect pipeline



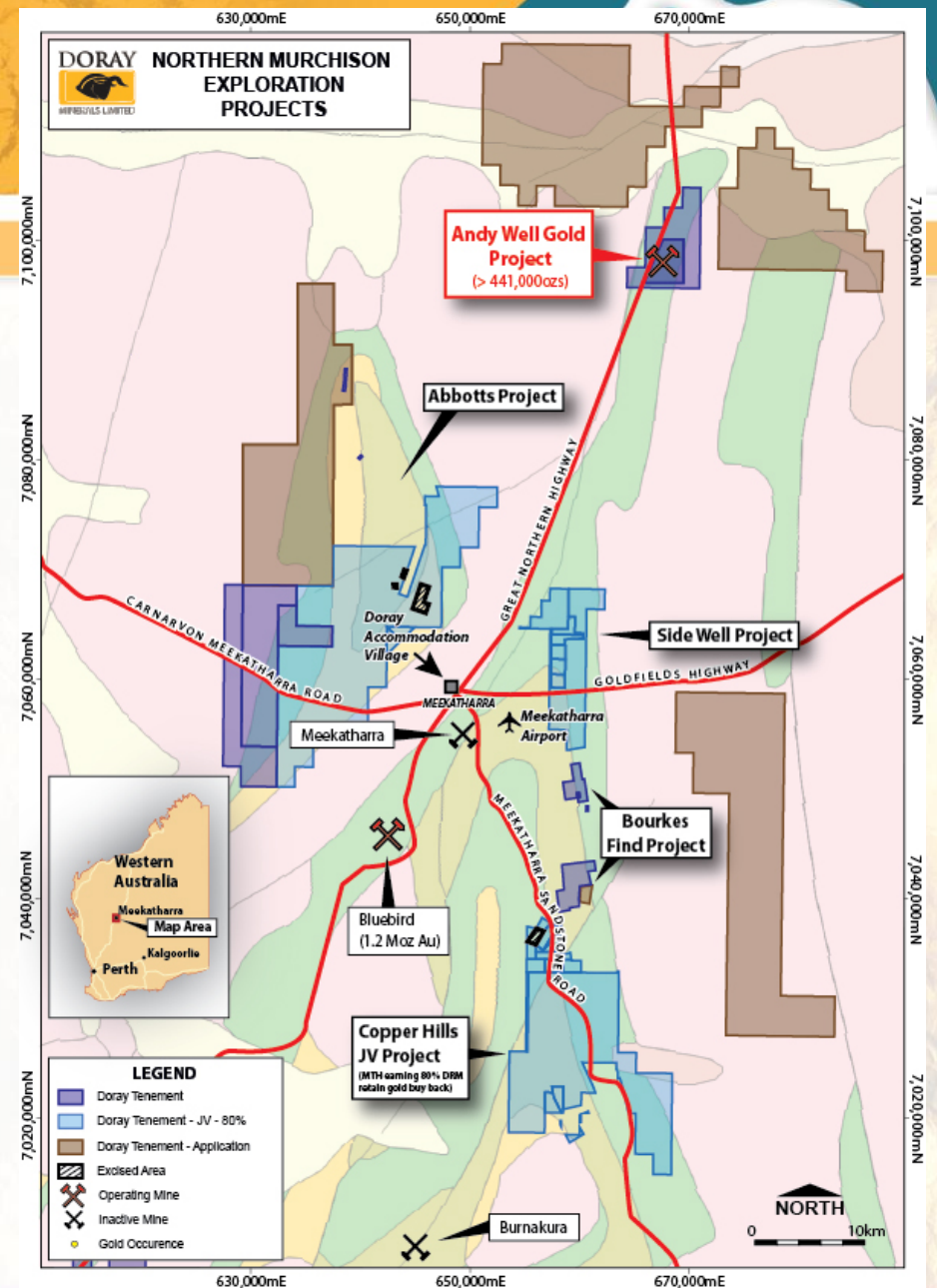
Growth Strategy

1. Andy Well

- Near-mine exploration upside currently provides best return on investment
- Extensive drilling campaign commenced

2. Murchison

- Building a project footprint within trucking distance of Andy Well
- Regional drilling commenced
- Project rationalisation occurring - e.g. Copper Hills base metals JV

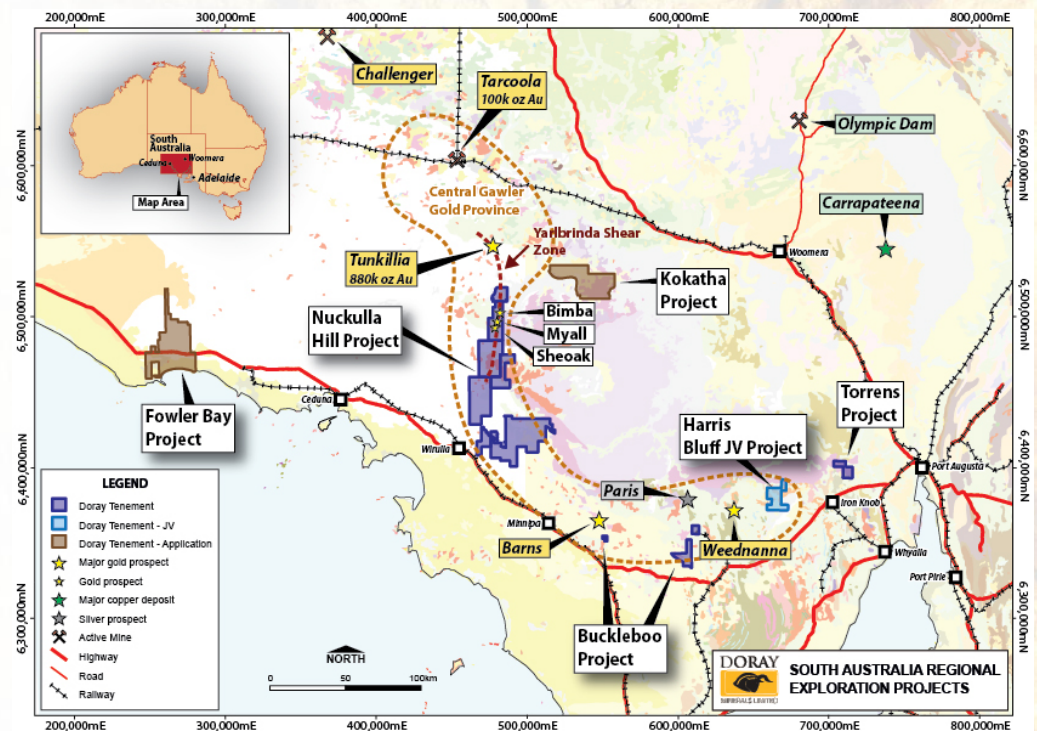


Growth Strategy - cont'd



3. Regional

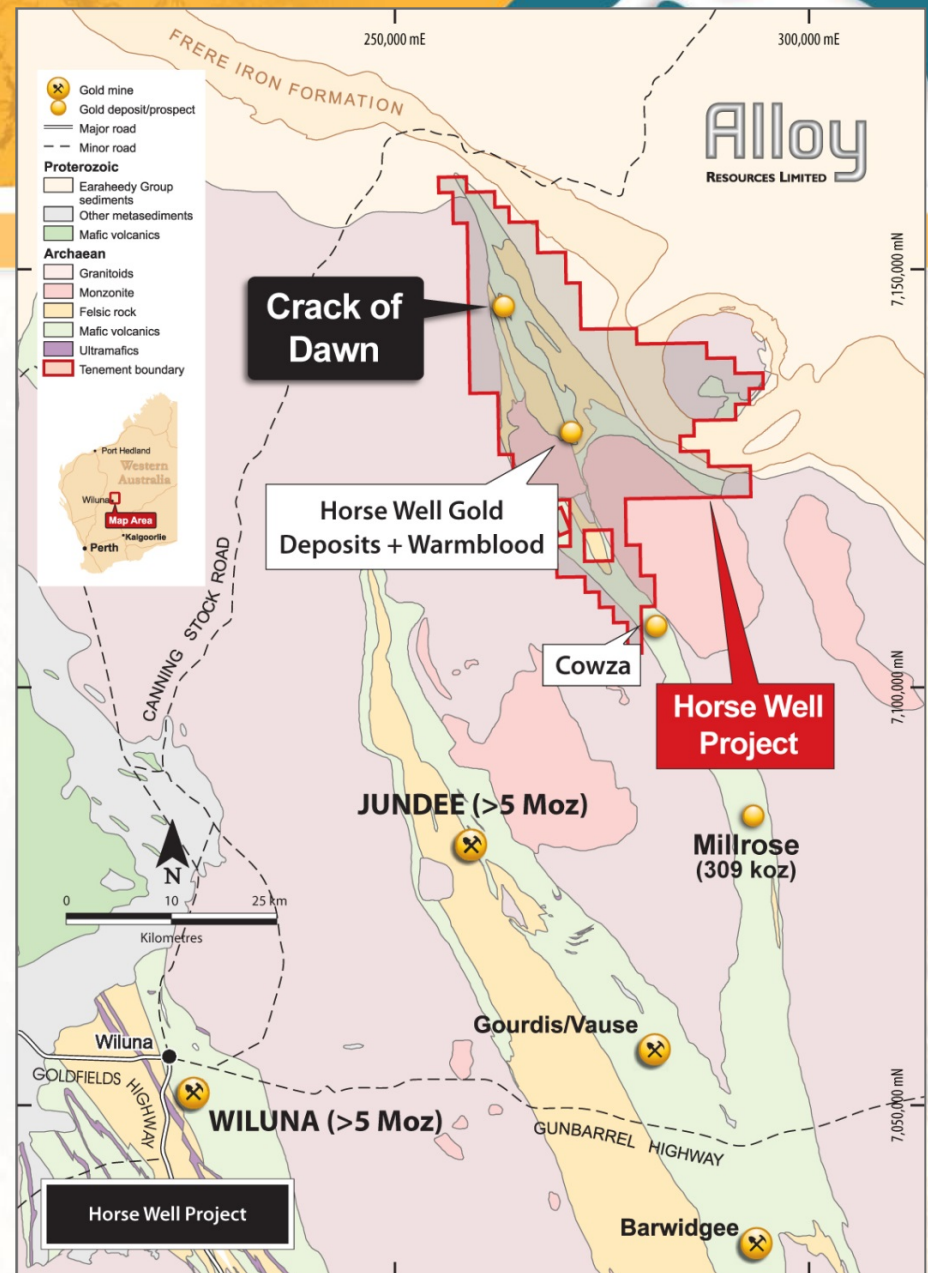
- Strategic landholding in Central Gawler Gold Province
- Current market conditions providing opportunities for well-funded companies
- Regional exploration ramping up following commencement of production and recent capital raising



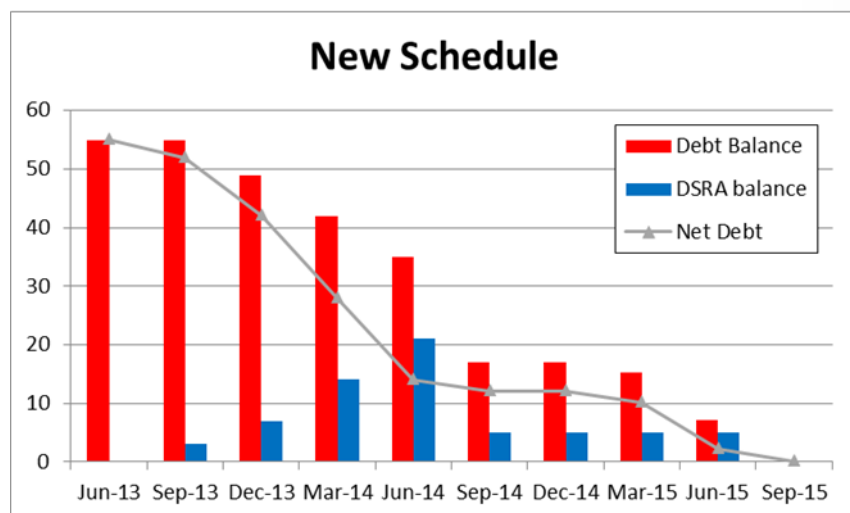
Horse Well JV

The next Yandal Belt?

- New JV farm-in agreement with Alloy Resources Ltd (ASX:AYR)
- Similar geology and structural settings to multi-million ounce Yandal Belt
- Primary-Jundee and Granny Smith deposit analogues
- Limited exploration history
- Extensive shallow cover
- Significant drill intercepts at Crack of Dawn and Dusk til Dawn prospects
- Drilling to commence in 2nd half of CY2014



Strengthening the Balance Sheet



Debt rescheduling recognises strong performance of project to date

- No increase in debt or term of loan
- Improved access to restricted cash (DSRA) and project cash flows
- Increased repayment flexibility
- Reduced interest rate margin and reduction in security
- Debt reduced by 50% to date

Hedging Programme

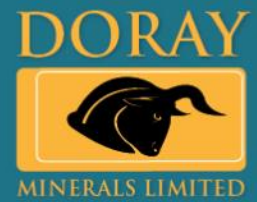
- 45koz to Sept 14 @ A\$1,620/oz
- 39koz Oct 14 - Sept 15 @ A\$1,505/oz
- Equates to approximately 45% of production Jul 14 - Sept 15 hedged @ A\$1,547/oz

Summary



Doray Minerals Limited is Australia's new high-grade/low cost gold producer and explorer

- The Andy Well Gold Project is the first new gold mining operation in the Murchison in over 10 years and is currently amongst the highest grade and lowest cost gold projects in Australia
- The project has substantial upside and should easily surpass the initial 3.7 year mine life indicated by the BFS
- Doray has an experienced Board and Management Team and a highly prospective strategic exploration portfolio within WA and South Australia.
- Doray is rapidly reducing its debt position, is well funded for future exploration programmes and is poised to take advantage of current market conditions
- Doray offers unmatched leverage to further rerating as a high-grade/low-cost gold producer, increasing gold price, extensions to mine life and further exploration success.



www.dorayminerals.com.au

ASX:DRM



Appendices



Andy Well Ore Reserve Inventory - 30 June 2013

| Reserve | Proven | | | Probable | | | Total | | |
|--|----------|-------------|----------|----------------|-------------|----------------|----------------|-------------|----------------|
| | Tonnes | Grade (g/t) | Ounces | Tonnes | Grade (g/t) | Ounces | Tonnes | Grade (g/t) | Ounces |
| Open Pit Stage 2 | - | - | - | 28,000 | 15.3 | 13,000 | 28,000 | 15.3 | 13,000 |
| Wilber Underground | - | - | - | 600,000 | 11.4 | 220,000 | 600,000 | 11.4 | 220,000 |
| HG stockpiles | 36,000 | 12.0 | 14,000 | | | | 36,000 | 12.0 | 14,000 |
| MG stockpiles | 12,000 | 2.0 | 1,000 | | | | 12,000 | 2.0 | 1,000 |
| LG stockpiles | 35,000 | 0.7 | 1,000 | | | | 35,000 | 0.7 | 1,000 |
| TOTAL ANDY WELL RESERVE | - | - | - | 733,000 | 10.6 | 250,000 | 733,000 | 10.6 | 250,000 |

Note: Open Pit Reserves are based on a nominal 1.4g/t Au lower cut-off grade. Stockpiles are based on grade control claimed grade and survey pickup. Rounding errors may occur.

Appendices



Andy Well Mineral Resource Inventory - 30 June 2013

| | Measured | | | Indicated | | | Inferred | | | Total | | |
|------------------------|---------------|------------|---------------|----------------|-------------|----------------|----------------|------------|---------------|------------------|-------------|----------------|
| | Tonnes | Grade g/t | Ounces | Tonnes | Grade g/t | Ounces | Tonnes | Grade g/t | Ounces | Tonnes | Grade g/t | Ounces |
| Wilber Lode | - | - | - | 569,000 | 15.4 | 281,000 | 174,000 | 6.7 | 38,000 | 743,000 | 13.3 | 318,000 |
| Judy Lode | - | - | - | 225,000 | 9.7 | 70,000 | 168,000 | 6.7 | 36,000 | 393,000 | 8.4 | 106,000 |
| HG stockpiles | 36,000 | 12.0 | 14,000 | - | - | - | - | - | - | 36,000 | 12.0 | 14,000 |
| MG stockpiles | 12,000 | 2.0 | 1,000 | - | - | - | - | - | - | 12,000 | 2.0 | 1,000 |
| LG stockpiles | 35,000 | 0.7 | 1,000 | - | - | - | - | - | - | 35,000 | 0.7 | 1,000 |
| TOTAL ANDY WELL | 83,000 | 5.8 | 16,000 | 794,000 | 13.7 | 351,000 | 342,000 | 6.7 | 74,000 | 1,219,000 | 11.2 | 441,000 |

Note: No lower cut-off applied to Wilber and Judy lodes, 0.5g/t lower cut-off applied to "Shear Zone". Upper cut-off applied as follows: Shear Zone - 3g/t, Wilber Lodes - 10g/t and 75g/t, Judy Lode 75g/t. Rounding errors may occur. All Mineral Resources are inclusive of those used to determine Ore Reserves.

Appendices



COMPETENT PERSONS STATEMENT

The information in this announcement that relates to Exploration Results is based on information compiled by Mark Cossom. Mr Cossom is a full-time employee of Doray Minerals Ltd and is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Cossom has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activities which he is undertaking. This qualifies Mr Cossom as a “Competent Person” as defined in the 2012 edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Cossom consents to the inclusion of information in this announcement in the form and context in which it appears.

The information in this announcement that relates to Mineral Resources is based on information compiled by Mark Cossom. The information in this announcement that relates to Ore Reserves is based on information compiled by Peter Bamford. Mr Cossom and Mr Bamford are full-time employees of Doray Minerals Ltd and are a Member and Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) respectively. Both Mr Cossom and Mr Bamford have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activities which they are undertaking. This qualifies Mr Cossom and Mr Bamford as “Competent Persons” as defined in the 2004 edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Cossom and Mr Bamford both consent to the inclusion of information in this announcement in the form and context in which it appears.

The information that refers to Ore Reserves and Mineral Resources in this announcement was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since last reported.