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King Wilber hots up Doray

While Australian gold companies continued to prosper off-shore and attract much market attention, Doray Minerals Ltd applied itself in the Murchison region of Western Australia to make its mark on the ASX in 2010.

Doray's foray into the Murchison could pay handsome dividends for its shareholders in quicker than expected time, according to managing director Allan Kelly.

Listing in February last year on the back of a \$4.8 million IPO, the company debuted at 20c and was worth \$1.34c a share at time of print.

The reason why Doray has put on over a dollar a share in fewer than 12 months is because of its Andy Well project, 45km north of Meekatharra.

In particular the Wilber lode has delivered eye-catching results, enough for the company to start thinking about mining Wilber in 2012.

Should that occur the company may well have a high-grade 500,000oz gold deposit from several resources at Andy Well to contend with.

If those numbers prevail the company will consider building its own mill to treat its ore. However being fewer than 70km trucking distance from mills at Hill 50, Bluebird and Silver Lake Resources Ltd's proposed Tuckabianna mill, Doray has a host of options to explore.

In the meantime the company is concentrating on releasing its first resource from Andy Well this month, on the way to starting a feasibility study by mid-year.

"We've started some mining studies and have already looked at doing some metallurgy work to see what gravity and cyanide recoveries could be like, plus we're also looking at some desktop environmental studies," Doray managing director Kelly said.

"We also plan to drill some other projects like Side Well and Webbs Patch, where we think we could have a second resource next to Tuckabianna. We want to drill that out (drilling



Doray managing director Allan Kelly

scheduled to start late January) and get to a decision point where we would talk to Silver Lake or Ramelius about doing some sort of deal there."

Doray will hold back discussions with Silver Lake and Ramelius Resources Ltd until it can prove the potential of its projects such as Magnet North, Lake Austin and Webbs Patch in the southern Murchison region.

"It makes sense to work these projects to a point so a toll treatment deal or some sort of sale or JV agreement can be made so there is cash coming in. We would still be able to use our exposure in the area while placing our money where it may be better invested," Kelly said.

For the moment money should not be a problem for Doray, which boasts a market cap of \$100 million.

A share placement delivered \$21 million to its coffers at Christmas for a total bank of \$25 million.

The money should be sufficient for the company's planned activities in the next couple of years, which includes a \$1 million exploration budget set for South Australia.

Kelly said the company had a host of technically good projects in SA but infrastructure hurdles made them riskier bets, so the bulk of Doray's effort would be steered towards the Murchison.

The company has set aside \$6 million for exploration purposes and assessing other gold opportunities in addition to spending \$15 million to develop Andy Well (where the Wilber zone is one of seven highly prospective north-east-trending zones of mineralisation) in the next two years.

Straight off the bat Andy Well has been the company's prime target and initially the strategy was to find a 5-7 g/t gold orebody it could generate cash flow from by trucking ore to a nearby mill.

However the Wilber lode is shaping up to

be a 20-30 g/t gold deposit and early signs from drilling at Bernie South (8m @ 13 g/t and 2m @ 50 g/t gold) suggests a 100,000 ozpa @ 8-10 g/t gold operation over five years may be possible.

Kelly said the company is in a position to systematically work through the drill targets at Andy Well, enhancing its prospects of a 1m gold discovery.

"The hits at Bernie South show there is potential for more out there. We think it is going to be a pretty significant camp and by the end of the year we think we'll have about 500,000oz gold at about 8 g/t. With Wilber being such high grade, even if we find something lower grade you might end up with a five-year project at 100,000 ozpa."

In January aircore assays confirmed the potential for a new high-grade lode south of Wilber from its current aircore drilling programme. Results included 5m @ 8.9 g/t from 13-18m including 1m @ 43.4 g/t from 14-15m, 2m @ 18.7 g/t from 35-37m and 4m @ 3.32 g/t from 24-28m.

Kelly compared Wilber to Aragon Resources Ltd's 1.2 moz @ 20 g/t Great Fingall deposit. Both are high-grade quartz lodes with about 200m strike that is 2m thick. He said the mineralisation is similar to Avoca Resources Ltd's Higginsville mine and Red Lake in Canada.

Being compared in the same vein to such fruitful mines, some may ask why Andy Well has flown under the radar for so long.

According to Kelly, it's because little drilling has taken place on its tenements in the Murchison since South African gold companies such as Harmony Gold Ltd and Gold Fields Ltd swooped on big tenement packages in the late 1990s.

Now that those tenements packages are being split up, companies have the chance to explore ground the bigger companies never got around to, Kelly said.

Luck and the Palace Hotel, Kalgoorlie, would also have a part to play in Doray securing Andy Well.

- Mark Andrews