

DORAY MINERALS

RESOURCESTOCKS

EARLY GAINS FOR HIGH-GRADE EXPLORER

Just eight months after listing on the ASX, Doray Minerals is proving that it has the Midas touch when it comes to targeting high-grade gold projects and creating early value for its shareholders.

WHEN DORAY Minerals managing director Allan Kelly purchased 80% of the Meekatharra North gold project from a local prospector in August 2009, he was confident it would be a good addition to his company's small portfolio of tenements in South Australia's Central Gawler gold province and Western Australia's Murchison region.

The acquisition gave Doray the rights to two prospects discovered but underexplored by WMC in the 1990s. It also provided the impetus for Kelly and technical director Heath Hellewell to officially list the company on the Australian Securities Exchange in February.

The most advanced of these – the Andy Well deposit, immediately adjacent to the Great Northern Highway and containing numerous two kilometre-long zones of mineralisation at the Wilber, Wendy and Bernie prospects – caught Kelly's eye as a potential moneymaker in an increasingly-strong gold price environment.

By March, he had steered Doray towards a maiden drilling campaign to confirm the continuity of high-grade gold mineralisation at Andy Well, focusing initially on Wilber, where the best historical intersections

had been obtained. The following month, Doray's world changed forever when an ASX announcement revealed "spectacular gold intersections" and a high-grade quartz vein lode over a 200m strike length from the campaign's first four holes.

The figures amazed the company's shareholders, impressed industry analysts and caused Doray's market capitalisation to increase eightfold virtually overnight.

"To go from \$8 million market cap [at listing] to \$50 million in eight weeks is such a massive jump, which caught us by surprise," Kelly said.

"We raised \$4.7 million through our initial public offering in February and to be honest, it was a bit of a struggle all round.

"Four weeks later, Heath was on the ground at Andy Well with a drill rig.

"The first hole hit 10m at an ounce per tonne basically at surface, and 5m at 2oz per tonne further down the hole.

"We then stepped out 50m to the north and hit 6m at 70 grams per tonne and 4m at 20gpt – quite incredible results for first pass drilling.

"When we announced those results on 30 March, our share price leapt from 22c to \$1.10 then drifted back to about 70c on the realisation that there

was no immediate follow-up drilling.

"In a matter of days, we had turned over our entire company eight times."

Operating at such a fast pace is not unusual for Kelly – it took him just three months to gather an asset portfolio with which to launch Doray Minerals, and another three to incorporate and list the company.

"In the early part of 2009, I had pegged some gold properties in South Australia and was looking to do a joint venture on those when Heath suggested it would be more profitable to launch a new company with the way the gold price was headed," Kelly recalled.

"In April, we started looking for some gold properties in WA to focus on because the infrastructure, particularly with respect to access roads and treatment plants, is so much better here than in SA that a project will ultimately cost less to develop."

"Then in August, I went to Diggers & Dealers in Kalgoorlie to try and progress our listing when I bumped into local prospector Scott Wilson, who has just regained 100 per cent of the Andy Well property and we ended up doing a deal on that over a couple of beers in the front bar of the Palace Hotel.

"By the end of August, I had all the properties I felt were needed to start the company.

"It all happened fairly quickly from there.

"From the time we shook hands on most of the projects and incorporated the company in August to getting our seed money in the bank by the end of September, we had appointed a board [of directors] and were well advanced on putting a prospectus together."

Kelly said much of the pace was

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ALLAN KELLY
DORAY MINERALS



spurred by the rising gold price.

"When we started the process in April, the price was around \$600 an ounce – two months later, it was \$800 per ounce," he said.

"We were pretty sure that if the trend continued, any reasonable gold properties would be snapped up pretty quickly so we needed to act fast to secure them.

"By the time we listed, the price was \$1100 per ounce – it was a fantastic launching pad for Doray Minerals.

"We will not see the benefit of that until we get into production but in the meantime, it does wonders for the potential of our projects."

If it is one thing Doray's portfolio has, it is heaps of potential.

Of particular interest at present are the company's tenements in the Murchison, namely the Wilber lode at Andy Well, where a preliminary schedule targeting production by the end of 2012 has been developed.

"Wilber is a 2.5m quartz lode with lots of visible gold in it and if you calculate the average of all the intersections from the lode to date, you end up with about 4m at 31gpt, which is quite an amazing grade," Kelly said.

"Importantly, the lode starts from around 5m below surface and continues to at least 170m, making it a fairly simple proposition to mine compared to other prospects being developed in the region.

"Our priority is to work on a maiden JORC resource at Wilber, which we hope to release to the market before our first anniversary – we think Wilber alone has the potential to host near 200,000oz at grades between 20-30gpt gold, which is 10 times the average open-pit grade."

Kelly said regional exploration would continue in tandem, funded by \$6 million cash at hand, and complement a likely open pit and/or underground development.

"The Wilber lode is one of seven parallel zones at Andy Well that we have defined from historic drilling and aeromagnetic data structures," he said.

"We tested one of those at Bernie South in May and discovered that it has the potential to host the same style of high-grade mineralisation that we see at Wilber.

"We are also drilling the highly-prospective Webbs Patch discovery that we acquired in March adjacent to Silver Lake Resources' 1 million ounce Tuckabianna project.



"We still have to test the remaining zones and if we find nothing else, Wilber will still be a very profitable mine, and that is not a bad position for a newcomer like Doray to be in.

"Even if we only come up with 500,000oz, it will have a massive effect on our value at today's gold price.

"That means we could go from a current \$50 million market cap to possibly as high as \$200 million in less than three years after listing, which is quite incredible."

Kelly puts Doray's early success down to the age-old industry motto that "grade is king".

"A lot of the intersections we have drilled at Andy Well are between 20-30gpt over several metres, with numerous sections as high as 200gpt over a metre.

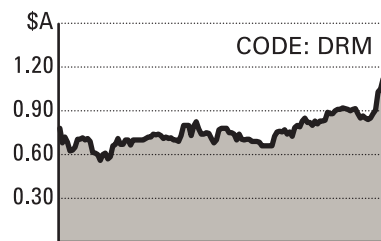
"That could make it one of the highest-grade open pit deposits in WA.

"When you are a small company, you have to try to pick the project with most potential to be developed quickly so you can put yourself on the map, start generating cash and then have the luxury of using that cash to develop other opportunities.

"For us, and in this gold price environment, that project is definitely Andy Well." – **Imelda Cotton**

Technical director Heath Hellewell examines historical drill samples prior to the maiden drilling campaign

DORAY MINERALS AT A GLANCE



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DIRECTORS

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MARKET CAPITALISATION

\$A44.9 million (at press time)

QUOTED SHARES ON ISSUE

32,101,667

MAJOR SHAREHOLDERS

Directors and Management 22%