



DEFLECTOR PROJECT UPDATE

- **Open pit mining nearing completion with first underground ore drives well underway**
- **Gold and concentrate production continues to ramp up with improved recoveries**
- **Final shipments of concentrate from oxide ore expected during October**

Doray Minerals Ltd (ASX: DRM, “Doray” or “the Company”), is pleased to provide an 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 and Underground Development

Mining of the West and Central Lode open pit is progressing with approximately 85% complete at the end of September.

Underground development is progressing on schedule with the decline and lateral access advanced 428m at the end of September. The decline has now advanced to the 1187mRL, approximately 93m vertically below surface (Figure 1).

Development of underground ore has begun with the first ore drives into the West Lode commenced on the 1200RL level during September. This material will be stockpiled for treatment following completion of processing of oxide and transition ore from the open pit.

Processing and Production

Mill throughput is now routinely near nameplate levels. Optimisation of recoveries and grades between gravity and flotation circuits for the oxide and transition ore is ongoing.

Concentrate production from oxide material is continuing to ramp up with production of 1,737 dry metric tonnes during September with average grades of 36g/t Au and 28% Cu (Figure 2). Copper recovery to concentrate is improving, and was approximately 50.5% during September, compared with the 65% target from oxide material.

Three consignments of concentrate produced from oxide ore were shipped during September for a total of 1,096 dry metric tonnes averaging approximately 44g/t Au and 30.5% Cu. The Company is forecasting the final consignment of oxide material in early October before shipping of concentrate from transition ore commences.

Gold production increased during September with a combined total of 3,735 ounces produced from the gravity and flotation circuits (Figure 3).

Analysis of the native copper “middlings” produced from the Wilfley table has been ongoing. This native copper concentrate, totalling approximately 70 tonnes at the end of September, has been shown to contain a significant amount of gold, in the order of 5,000 contained ounces. When this material is included, the combined gold recovery from the gravity and flotation circuits during September was approximately 75%, compared with a targeted 78% from oxide material. Discussions with potential customers are underway to realise the value of this additional product.

Further information will be provided in the Quarterly Activities Report for the 3 months ended 30 September 2016, which will be released during October 2016.

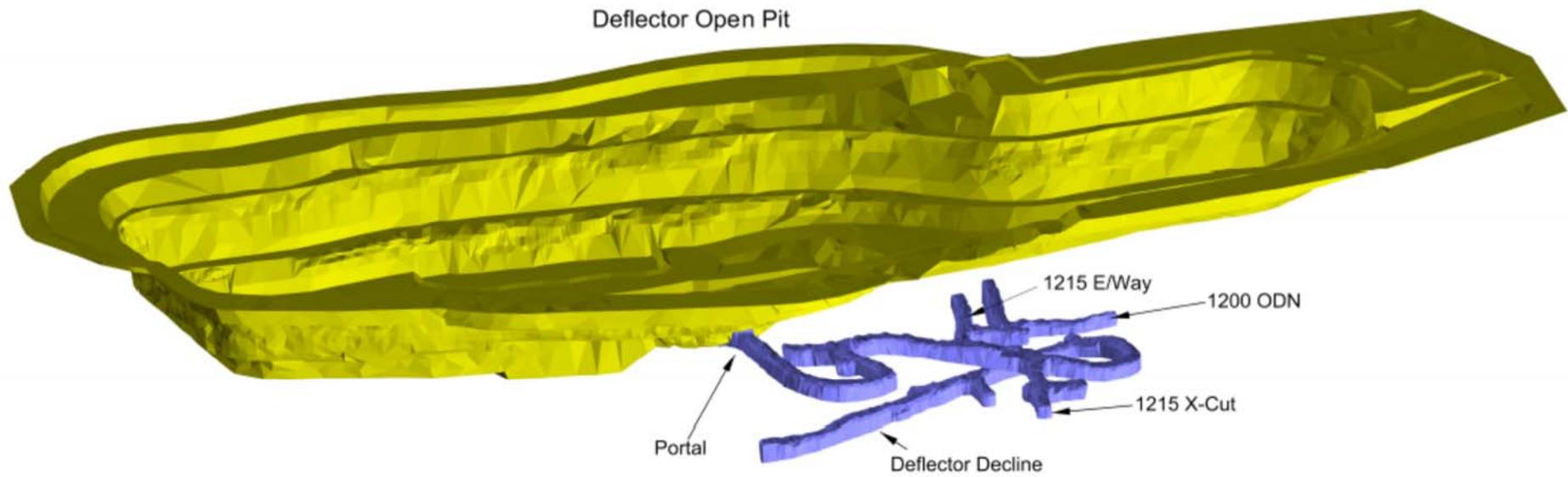


Figure 1. Mining Progress at Deflector as at end of September, showing underground development to date.

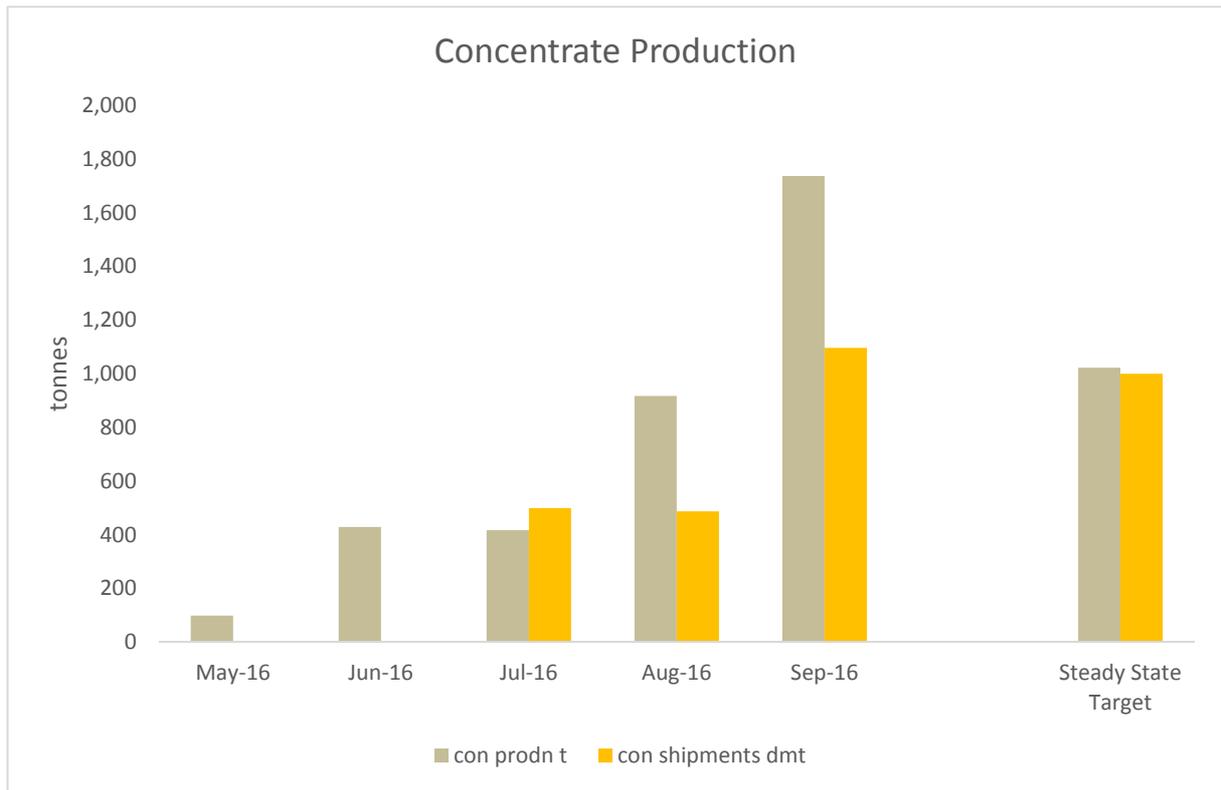


Figure 2. Concentrate production and shipments.

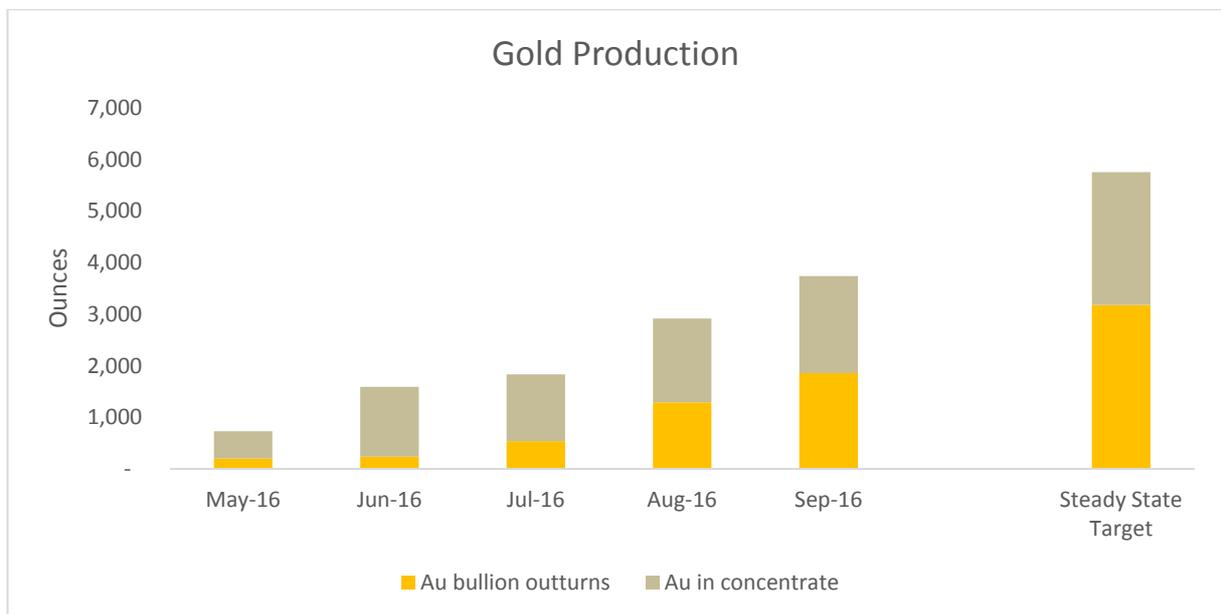


Figure 3. Gold production to date (not including gold contained in native copper “middlings”).

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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.