

## DORAY SIGNS DEAL TO DIVEST ANDY WELL

Doray Minerals Limited (“Doray” or “the Company”) (ASX: DRM) is pleased to announce that it has signed a binding Sale and Purchase Agreement (SPA) to divest the Andy Well Gold Project (Andy Well) to Galane Australia Pty Ltd (Galane), a subsidiary of Canadian gold miner Galane Gold Ltd (TSX-V: GG). In conjunction with the SPA, Doray has also reached a non-binding agreement in principle for the Gnaweeda Project to be farmed out and joint ventured with Galane. A binding farm-in and JV Agreement (Gnaweeda JV) is in the process of being negotiated and finalised.

### HIGHLIGHTS

- **Galane to pay A\$10 million for Andy Well including:**
  - **A\$3 million cash up front and A\$1 million worth of Galane Gold Ltd shares**
  - **A\$3 million cash within 12 months of execution of the SPA**
  - **A\$3 million cash within 24 months of execution of the SPA**
- **The SPA eliminates Doray’s care and maintenance costs at Andy Well and Galane to assume the rehabilitation liability**
- **Under the proposed Gnaweeda farm-in agreement, Galane will have the right to earn into the Gnaweeda Project through staged expenditure commitments**
- **These transactions leave Doray with a clear focus on its Target 1-5-1 strategy to deliver additional value at the strongly performing Deflector gold copper mine as well as potential corporate growth options**

The signing of the SPA with Galane concludes a successful divestment process that will eliminate Doray’s financial obligations at Andy Well and allow the Company to focus on extracting further value from the high-performing Deflector gold copper mine. Doray expects completion under the SPA will occur on or around 31 January 2019, when the first instalment of A\$3 million cash and A\$1 million of Galane Gold Ltd shares are due.

Commenting on the SPA with Galane, Doray Minerals’ Managing Director Leigh Junk said:

“Andy Well has been a terrific asset for Doray and its shareholders and the key reason Doray was the ASX’s best-performing IPO of 2010. The successful discovery, start-up and operation of Andy Well delivered significant value to Doray.

“With the Company’s successful establishment of Deflector as a profitable foundation from which to drive shareholder value, this transaction with Galane provides us with a well-structured exit from Andy Well and the opportunity for the Project to prosper once again under new ownership.

“In addition to the upfront and milestone payments and assumption of the Andy Well rehabilitation liabilities by Galane, Doray shareholders will benefit from any upside through the proposed farm-in agreement over the prospective Gnaweeda area.”

Andy Well produced more than 300,000 ounces of gold for Doray since first production in 2013 and was the Company's first operating mine. The decision to suspend operations at Andy Well was driven by a declining production profile and profit margin, with a requirement for new capital investment to underpin future production. The nearby Gnaweeda Project has a current Mineral Resource of 322,000oz at 1.8g/t Au with upside exploration potential to which Doray retains exposure.

Under the terms of the SPA, Galane has paid a A\$0.5 million deposit to Doray with a further A\$2.5 million cash and A\$1 million worth of Galane Gold Ltd shares due on completion. Galane will pay a further A\$3 million cash on the earlier of recommencement of operations at Andy Well or 29 September 2019. The final instalment of A\$3 million is due on the earlier of 12 months after the recommencement of operations at Andy Well or 29 September 2020.

The SPA is conditional on obtaining various regulatory approvals and third party consents, completion of a technical report required under Canadian regulations, execution of the Gnaweeda JV agreement and updating the mine closure plan for the Andy Well Project within agreed parameters.

Doray was advised through this process by PCF Capital Group.

-ENDS-

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**Competent Person Statements**

The information in this announcement regarding Exploration Results, Mineral Resources or Ore Reserves has been extracted from various Doray ASX announcements and are available on the Company's website at [www.dorayminerals.com.au](http://www.dorayminerals.com.au) or through the ASX website at [www.asx.com.au](http://www.asx.com.au) (using ticker code "DRM").

Doray confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in that market announcement continue to apply and have not materially changed. Doray confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.