Doray Minerals Ltd
Level 3, 41-43 Ord St, WEST PERTH WA 6005
PO Box 284, WEST PERTH WA 6872
T +61 8 9226 0600 | F +61 8 9226 0633
info@dorayminerals.com.au | www.dorayminerals.com.au
ABN: 48 138 978 631

3 October 2012

Dear Ineligible Shareholder

Doray Minerals Limited - notice to ineligible shareholders – 1 for 5 non-renounceable entitlement issue

On 28 September 2012, Doray Minerals Limited ACN 138 978 631 ("Doray" or "Company") announced it has received firm commitments from institutional investors for a placement of approximately 41 million fully paid ordinary shares in the issued capital of the Company ("Shares") at 75 cents per Share to raise approximately $30.8 million (before costs) ("Placement"), and a fully underwritten one-for-five (1:5) non-renounceable pro rata entitlement issue to existing eligible Shareholders to raise up to approximately A$12.2 million (before costs) at an offer price of 75 cents per share ("Entitlement Issue").

The Placement is being made in two tranches: the first tranche of approximately 12,243,978 Shares under the Company's 15% annual issuing capacity for the purposes of ASX Listing Rule 7.1, and the second tranche of approximately 28,764,050 Shares, which will be subject to shareholder approval.

The Shares the subject of the first tranche are expected to be admitted to trading on the ASX on 11 October 2012 and the Shares the subject of the second tranche are expected to be admitted to trading on 1 November 2012. Shares issued pursuant to the Placement will not qualify for Entitlement Issue Shares.

Following the completion of the Placement and Entitlement Offer ("the capital raising"), the Company will be fully funded for all budgeted construction, mining, exploration and corporate expenses to be incurred prior to commencement of gold production from the Company's high grade Andy Well Gold Project, which is currently scheduled for mid 2013. The capital raising will also cover the first payment for the purchase of a 20% interest in the Andy Well Gold Project held by Murchison Resources Pty Ltd and provide the Company with working capital.

The Offer is fully underwritten by Blackswan Corporate Pty Ltd and Bell Potter Securities Limited ("Underwriters"). The Company must pay the Underwriters an underwriting fee of 3.85% of the total amount raised pursuant to the Entitlement Issue. The Company must also reimburse the Underwriters for costs incidental to the Entitlement Issue up to in aggregate $10,000.

Shares that are not subscribed for under the Entitlement Issue ("Shortfall Shares") may be issued to sophisticated or institutional investors at the discretion of the Directors of Doray in consultation with the Underwriters and in accordance with the underwriting agreement between the Company and the Underwriters. Shares will only be issued if the Entitlement Issue is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions.

Blackswan Equities Limited, Bell Potter Securities Limited and Casimir Capital L.P. are acting as Joint Lead Managers to the Placement and Entitlement Issue.

Entitlement Issue and Offer Document

The Entitlement Issue will be made to Eligible Shareholders without disclosure under Part 6D.2 of the Corporation Act 2001 (Cth) (**Corporation Act**) pursuant to section 708AA of the Corporations Act.

The Company released an Offer Document for the Entitlement Issue to ASX on 2 October 2012. A copy of the Offer Document will be available on ASX's website www.asx.com.au and Doray's website www.dorayminerals.com.au.

The Entitlement Issue is non-renounceable, which means that entitlements to participate in the Entitlement Issue cannot be sold. Therefore, to the extent that an Eligible Shareholder does not take up all or part of their entitlement under the Entitlement Issue, that entitlement (or the relevant proportion not taken up) will lapse and the Shares the subject of that entitlement (or relevant proportion not taken up), as well as those Shares which would have been offered to ineligible shareholders if they had been eligible to participate in the Entitlement Issue, will constitute Shortfall Shares that may be allotted at the discretion of the Underwriters.

Shares will rank equally with all fully paid ordinary shares in the capital of the Company already on issue. Following completion of the Entitlement Issue, the Company will have issued approximately 16,325,305 Shares (assuming no Doray options to acquire Shares ("Options") are exercised prior to the Record Date).

For the purposes of calculating each Eligible Shareholders' entitlement, fractions of entitlements have been rounded up to the nearest whole number of Shares.

Ineligible shareholders

A shareholder of Doray who has a registered address outside Australia and New Zealand ("Ineligible Shareholder") will not be eligible to participate in the Entitlement Offer.

You are not eligible to participate in the Entitlement Offer and you will not be sent a copy of the Offer Document. This decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration the costs of complying with legal and regulatory requirements in jurisdictions outside of Australia, its external territories and New Zealand compared with the small number of Ineligible Shareholders and the number and value of Shares to which they would otherwise be entitled.

If you have any queries concerning the Entitlement Issue, please contact the Share Registry on +61 (03) 9415 4000 (outside Australia) and 1300 850 505 (within Australia).

Yours sincerely

Allan Kelly
Managing Director