

# DORAY



MINERALS LIMITED

ACN: 138 978 631

## **INTERIM FINANCIAL REPORT**

**FOR THE PERIOD ENDED 31 DECEMBER 2009**

**INTERIM FINANCIAL REPORT**  
**For the period 20 August 2009 to 31 December 2009**

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## CORPORATE DIRECTORY

### DIRECTORS:

Brett Fraser      Non-executive Chairman  
Allan Kelly      Managing Director  
Heath Hellewell      Technical Director  
Jay Stephenson      Non-executive Director

### AUDITORS:

MGI Perth Audit Services  
Level 7, The Quadrant  
1 William Street  
GPO Box 2570  
PERTH, Western Australia 6001

Telephone      (08) 9463 2463  
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### COMPANY SECRETARY:

Jay Stephenson

### HOME BRANCH:

Australian Stock Exchange Limited  
Exchange Plaza  
2 The Exchange  
PERTH WA 6000

ASX Code: DRM

### REGISTERED OFFICE:

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NORTH PERTH, WA 6006

Telephone:      (08) 6468 0388  
Facsimile:      (08) 9228 0704  
Website:      [www.dorayminerals.com.au](http://www.dorayminerals.com.au)

### SHARE REGISTRY:

Computershare Investor Services Pty Ltd  
Level 2, Reserve Bank Building  
45 St George's Terrace  
PERTH, WA 6000

Telephone      1300 787 272

## DIRECTORS' REPORT

Your Directors present their financial report on Doray Minerals Limited as at the period ended 31 December 2009 and during the period 20 August 2009 to 31 December 2009.

### 1. Directors

The following persons were directors of Doray Minerals Limited during the period and up to the date of this report:

Mr Brett Fraser	Non-executive Chairman
Mr Allan Kelly	Managing Director
Mr Heath Hellewell	Technical Director
Mr Jay Stephenson	Non-executive Director

### 2. Financial results

For the period ended 31 December 2009, the company reported a loss of \$46,255 and had a net working capital deficit of \$35,239. Included in current liabilities is an amount of \$295,000 received for share subscriptions which was classified as a current liability because the minimum subscription for the issue of shares had not been reached as at 31 December 2009. The minimum subscription was achieved subsequent to the year end and the amount has since been reclassified to equity.

In addition the company expressed the intention to spend approximately \$2,000,000 on its exploration programme in its prospectus for the issue of ordinary shares, subject to raising \$4,000,000. On 8 February 2010 the company successfully raised \$4,657,000 and expressed the intention to spend \$2,328,500 on its exploration programme.

Based on the above facts, the directors have prepared the interim financial report on a going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

### 3. Review of operations

The Company continued its explorations of its projects in South Australia and Western Australia.

### 4. Significant changes in the state of affairs

Mr Brett Fraser was appointed as Non-executive Chairman on 23 October 2009.

Mr Allan Kelly was appointed as Managing Director on 20 August 2009.

Mr Heath Hellewell was appointed as Technical Director on 20 August 2009.

Mr Jay Stephenson was appointed as Non-executive Director on 20 August 2009.

The Company lodged a prospectus on 20 November 2009 and the Company shares were listed on the Australian Securities Exchange on 8 February 2010.

There were no other significant changes in the state of affairs of the company.

### 5. Events subsequent to balance sheet date

The Company issued 23,285,000 shares at \$0.20 per share through an initial public offering to raise \$4,657,000 on 8 February 2010.

The Company has entered into the following agreements:

- a) an agreement with Scott Wilson and Murchison Resources Pty Ltd (together the **Vendors**) to purchase 80% of the Vendors' rights and interests in E51/1217, E51/1218, E51/2573, P51/2574, P51/2575, P51/2576, P51/2577, P51/2578 and P51/2579 and mining information associated with those tenements. Upon acquisition of the 80% interest in the tenements, the parties will immediately form a joint venture under that agreement, whereby the Company will have the opportunity to earn up to a further 20% interest in the tenements and therefore the opportunity to acquire 100% of the Vendors' rights and interests in the tenements;

The Company issued 625,000 shares to the Vendors at 1 cent each pursuant to the purchase of the Vendors' rights and interests (Scott Wilson 62,500, Murchison Resources Pty Ltd 562,500), and 500,000 options to purchase shares at nil value 12 months from the date of issue (Scott Wilson 50,000, Murchison Resources Pty Ltd 450,000).

- b) an agreement with JML Resources (**JML**) to purchase 80% of JML's rights and interests in EL21/140, E58/382, E59/1643, E70/3619, E51/1334, E51/1335 and all mining information in connection with the tenements. Upon acquisition of the 80% interest in the tenements, the parties will immediately form a joint venture under that agreement, whereby the Company will have the opportunity to earn up to a further 20% interest in the tenements and therefore the opportunity to acquire 100% of JML's rights and interests in the tenements;

The Company issued 6,000,000 shares to JML at 1 cent each pursuant to the purchase of JML's rights and interests, and 3,000,000 options to purchase shares at nil value 12 months from the date of issue.

- c) an agreement with Debnal Pty Ltd (**Debnal**) for the purchase of Debnal's 49% interest in each of EL3529, EL3580, and Debnal's 100% interest in EL4302 and all mining information in connection with those tenements; and

The Company issued 2,500,000 shares to Debnal at 1 cent each pursuant to the purchase of Debnal's rights and interests, and 1,000,000 options to purchase shares at nil value 24 months from the date of quotation on the Australian Securities Exchange.

#### 6. Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 21.

This report is made in accordance with a resolution of the Board of Directors.

For and on behalf of the Board.



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JAY STEPHENSON

**DIRECTOR**

Perth, Western Australia

Dated this 10<sup>th</sup> day of March 2010

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**For the period 20 August 2009 to 31 December 2009**

	<b>Note</b>	<b>2009</b> <b>\$</b>
Revenue from continuing operations		-
Other income for the period		-
Administration expenses		(4,511)
Consulting / legal expenses		(21,566)
Insurance costs		(15,540)
Travel expenses		(4,638)
(Loss) before income tax		<u>(46,255)</u>
Income tax expense	4	-
<b>Total comprehensive (loss) for the period</b>		<b><u>(46,255)</u></b>

Earnings per share for profit / (loss) from continuing operations attributable to the ordinary equity holders of the Company	5	Cents
Basic loss per share		(0.4)

Diluted loss per share has not been calculated as it is not considered dilutive.

The above statement should be read in conjunction with the accompanying notes.

**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2009**

	Note	2009 \$
<b>Current Assets</b>		
Cash and cash equivalents		321,017
Trade and other receivables		34,761
Total Current Assets		<u>355,778</u>
<b>Non-Current Assets</b>		
Exploration and evaluation expenditure		128,990
Total Non-Current Assets		<u>128,990</u>
<b>Total Assets</b>		<u><u>484,768</u></u>
<b>Current Liabilities</b>		
Trade and other payables		96,016
Funds received for share subscriptions	6	295,000
Provisions		-
Total Current Liabilities		<u>391,016</u>
<b>Total Liabilities</b>		<u><u>391,016</u></u>
<b>NET ASSETS</b>		<u><u>93,752</u></u>
<b>Equity</b>		
Contributed equity	7	138,007
Reserves		2,000
Accumulated losses		<u>(46,255)</u>
<b>TOTAL EQUITY</b>		<u><u>93,752</u></u>

The above statement should be read in conjunction with the accompanying notes.

**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**For the period 20 August 2009 to 31 December 2009**

	<b>Note</b>	<b>2009</b> <b>\$</b>
Total equity at the beginning of the period		-
Loss for the period		(46,255)
<b>Total recognised income and expense for the period</b>		<u>(46,255)</u>
Contributed equity for the period (net of issue costs)		138,007
Issue of options		<u>2,000</u>
<b>Total equity at the end of the period</b>		<u><u>93,752</u></u>

The above statement should be read in conjunction with the accompanying notes.

**CASH FLOW STATEMENT**

**For the period 20 August 2009 to 31 December 2009**

	Note	2009 \$
<b>Cash flows from operating activities</b>		
Receipts from customers		-
Payments to suppliers and employees		(18,000)
Net cash used in operating activities		<u>(18,000)</u>
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation expenditure		(70,990)
Net cash used in investing activities		<u>(70,990)</u>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of shares (net of issue costs)		113,007
Proceeds from share subscriptions to IPO		295,000
Proceeds from the issue of options		2,000
Net cash provided from financing activities		<u>410,007</u>
Net increase in cash and cash equivalents		321,017
Cash and cash equivalent at the beginning of the period		-
<b>Cash and cash equivalent at the end of the period</b>		<u><u>321,017</u></u>

The above statement should be read in conjunction with the accompanying notes.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the period 20 August 2009 to 31 December 2009**

**Note 1 GENERAL INFORMATION**

Doray Minerals Limited (the Company) is a limited company incorporated and domiciled in Australia. The addresses of its registered office and principal place of business are disclosed on page 3 of this report. The principal activities of the Company are the exploration and evaluation of mineral wealth in various areas of interest.

**Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Statement of compliance**

The condensed interim financial statements have been prepared in accordance with AASB 134; Interim Financial Reporting. They do not include all of the information required for full annual financial statements. The condensed interim financial statements were approved by the board of Directors on 10 March 2010.

**Financial position**

For the period ended 31 December 2009, the Company reported a loss of \$46,255 and had a net working capital deficit of \$35,239. Included in current liabilities is an amount of \$295,000 received for share subscriptions which was classified as a current liability because the minimum subscription for the issue of shares had not been reached as at 31 December 2009. The minimum subscription was achieved subsequent to the year end and the amount has since been reclassified to equity.

In addition the company expressed the intention to spend approximately \$2,000,000 on its exploration programme in its prospectus for the issue of ordinary shares, subject to raising \$4,000,000. On 8 February 2010 the Company successfully raised \$4,657,000 and expressed the intention to spend \$2,328,500 on its exploration programme

Based on the above facts, the directors have prepared the interim financial report on a going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

**Basis of preparation**

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies which have been adopted in the preparation of the financial statements are set out below. The policies have been applied consistently throughout the year.

**a) Revenue recognition**

*Interest revenue*

Interest is recognised as it accrues.

## NOTES TO THE FINANCIAL STATEMENTS

For the period 20 August 2009 to 31 December 2009

### Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### b) Financial instruments

##### *Non-derivative financial instruments*

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the company becomes party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining the control or substantially all the risks and rewards of the asset. Financial liabilities are derecognised if the company's obligations specified on the contract expire or are discharged or cancelled.

##### *Cash or cash equivalents*

Cash or cash equivalents comprise cash balances and call deposits with maturity less than 12 months.

##### *Trade and other receivables*

Trade and other receivables are stated at the amount due. The collectability of debts is assessed throughout the year and a specific provision is made for any doubtful accounts. At the end of each reporting period the receivables are stated at amortised cost using the effective interest rate method.

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

##### *Trade and other payables*

Trade and other payables represent liabilities for goods and services provided to the Company. The liabilities are initially measured at fair value, net of transaction costs and are stated at amortised cost using the effective interest rate method.

##### *Equity*

Equity instruments issued by the Company are recognised at the proceeds received, net of costs directly attributable to the issue of the ordinary shares and share options.

#### c) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the period 20 August 2009 to 31 December 2009**

**Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**d) Exploration evaluation and development expenditure**

Exploration and evaluation costs, including costs of acquiring licenses, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Company has obtained the legal rights to explore an area are recognised in the Income statement.

Exploration and evaluation assets are only recognised if the rights of tenure to the area of interest are current and either, the expenditures are expected to be recouped through successful development and exploitation of the area of interest, or activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence, or otherwise, of economically recoverable reserves, and active and significant operations in the area of interest or in relation to the area of interest, are continuing.

Exploration and evaluation assets are assessed for impairment when sufficient data exists to determine the technical feasibility and commercial viability of an area of interest and facts and circumstances suggest that the carrying amount of the exploration and evaluation asset may exceed its recoverable amount. (See also policy note (f), recoverable amount of non-current assets).

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

## NOTES TO THE FINANCIAL STATEMENTS

For the period 20 August 2009 to 31 December 2009

### Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of a cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, that are recoverable from, or payable to, the ATO, are classified as operating cash flows.

#### f) Recoverable amount of non-current assets

The carrying amounts of the Company's non-current assets, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets or cash-generating unit that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount and the impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the period 20 August 2009 to 31 December 2009**

**Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**Note 3 SEGMENT INFORMATION**

As at 31 December 2009 the Company did not report financial information on units smaller than the Company itself nor did the Company manage units smaller than the Company itself. Accordingly there are no operating segments other than the Company at 31 December 2009.

**Note 4 INCOME TAX**

No deferred tax assets have been recognised at reporting date in respect of the loss for the period because management consider it unlikely that future taxable profits would be available against which they could be utilised.

**Note 5 EARNINGS PER SHARE**

	<b>31 December 2009</b>
Basic loss per share (cents)	0.4
The loss attributable to members of Doray Minerals Limited	\$46,255
Weighted average number of shares in issue	12,057,534

**Note 6 CURRENT LIABILITIES**

Included in current liabilities is an amount of \$295,000 received for share subscriptions which were classified as a current liability because the minimum subscription for the issue of shares had not been reached as at 31 December 2009. The minimum subscription was achieved subsequent to the year end and the amount has been reclassified to equity.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the period 20 August 2009 to 31 December 2009**

**Note 7 EQUITY SECURITIES ISSUED**

<u>Issues of ordinary shares during the period</u>	<u>Date</u>	<u>Number</u>	<u>\$</u>
Share issue at 0.1 cent	20/8/2009	4,000,000	4,000
Share issue at 1 cent	3/9/2009	4,000,000	40,000
Share issue at 5 cents	30/9/2009	5,000,000	250,000
Share issue at 1 cent	10/11/2009	2,500,000	25,000
Costs of share issue			(180,993)
		<u>15,500,000</u>	<u>138,007</u>

**Note 8 DIVIDENDS**

There were no dividends declared or paid to shareholders during the period.

**Note 9 SHARE BASED PAYMENTS**

There were no share based payments made during the period.

**Note 10 RELATED PARTY TRANSACTIONS**

The aggregate number of shares and options held by Directors and other key management personnel of the Company, including their personally related parties, as at 31 December 2009 are set out below.

<u>Directors:</u>	<u>Shares purchased during the year</u>	<u>Options purchased during the year</u>	<u>Option conditions</u>
Brett Fraser	-	1,000,000	Purchased at 0.1 cents per option
Allan Kelly	6,500,000	3,000,000	Issued as part of purchase of shares
Heath Hellewell	4,000,000	2,000,000	Issued as part of purchase of shares
Jay Stephenson	-	1,000,000	Purchased at 0.1 cents per option
Total	<u>10,500,000</u>	<u>7,000,000</u>	

7,000,000 options are exercisable at 20 cents each on or before 3 September 2014.

The Company entered into the following agreements with related parties:

**a) Deed of Employment with Managing Director**

On 10 November 2009, the Company entered into a service agreement with Allan Kelly (**Service Agreement**) effective from the date of official quotation of the Shares on ASX. Under the Service Agreement, Mr Kelly is engaged by the Company to provide services to the Company in the capacity of Managing Director. Mr Kelly is to be paid an annual salary of \$150,000 per annum plus superannuation. Mr Kelly will also be reimbursed reasonable expenses.

**NOTES TO THE FINANCIAL STATEMENTS**

**For the period 20 August 2009 to 31 December 2009**

**Note 10 RELATED PARTY TRANSACTIONS (continued)**

The Service Agreement continues for a period of 3 years, unless otherwise extended or terminated in accordance with its terms. Mr Kelly will have an annual pay review. If the service agreement is terminated Mr Kelly will be given 3 months notice. If the Service Agreement is terminated due to specified misconduct, for reasons of bankruptcy, death or if otherwise removed from office under the Corporations Act or the Company's Constitution, then Mr Kelly is only entitled to unpaid remuneration and entitlements.

**b) Director's fees**

On 10 November 2009, the Company agreed to pay director's fee of \$50,000 per annum to Mr Brett Fraser for his services as Chairman and of \$40,000 per annum to Mr Jay Stephenson for his services as a non-executive director.

**c) Service Agreement with XGS Exploration Geochemistry Services**

On 10 November 2009, the Company entered into a service agreement with XGS Exploration Geochemistry Services (**XGS**), a company related to Mr Allan Kelly, (**Service Agreement**) effective from the date of official quotation of the Shares on ASX. Under the Service Agreement XGS, is engaged by the company to provide specialist exploration geochemical services. XGS will be paid \$3,000 per month plus GST and will be reimbursed reasonable expenses.

The Service Agreement continues for a period of 3 years, unless otherwise extended or terminated in accordance with its terms.

The Company incurred an expense of \$30,000 during the reporting period and the balance owing at 31 December 2009 is \$1,500.

**d) Service Agreement with Neogold Enterprises Pty Ltd**

On 10 November 2009, the Company entered into a service agreement with Neogold Enterprises Pty Ltd ("**Neogold**"), a company related to Mr Heath Hellewell, (**Service Agreement**) effective from the date of official quotation of the Shares on ASX. Under the Service Agreement Neogold is engaged by the Company to provide services to the Company in the capacity of Technical Director. Neogold is to be paid a daily rate of \$800 per day for a minimum of 100 days work per year and maximum of 200 days per year. Neogold will also be reimbursed reasonable expenses.

The Service Agreement continues for a period of 3 years, unless otherwise extended or terminated in accordance with its terms.

The Company incurred an expense of \$3,975 during the reporting period and there is no amount owing at 31 December 2009.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the period 20 August 2009 to 31 December 2009**

**Note 10 RELATED PARTY TRANSACTIONS (continued)**

**e) Service Agreement with Wolfstar Group Pty Ltd**

On 12 August 2009, the Company engaged Wolfstar Group Pty Ltd (“**Wolfstar Group**”) for the period of six months (or such longer period as the parties may agree) from 12 August 2009 to act as manager of its initial public offering, and to provide financial and corporate advice and assistance in connection with the Offer. Wolfstar Group is a related party of the Company by virtue of it being controlled by Brett Fraser and Jay Stephenson (both Directors of the Company).

In consideration for the services provided, Wolfstar Group is entitled to the following fees:

- a monthly retainer of \$6,000 (plus GST) for a maximum of four months prior to the Offer;
- work fees of 1.5% of the total capital raised under the Offer payable on admission of the Company to the Official List; and
- ongoing Company Secretarial and CFO fees of \$7,500 per month for the first 12 months following the admission to the Official List.

The Company will reimburse Wolfstar Group for all reasonable out-of-pocket expenses incurred including, but not limited to, printing, courier and travel, and of any other advisers and consultants which may be required.

The Company incurred an expense of \$30,422 during the reporting period and the balance owing at 31 December 2009 is \$13,664.

**Note 11 COMMITMENTS**

*Tenement commitments*

The following minimum expenditure is required to maintain the exploration tenements over which the Company has an interest:

	<b>31 December 2009</b>
	<b>\$</b>
Not later than one year	315,000
Later than one year but not later than five years	84,520
Later than five years	-
	<u>399,520</u>

The calculation of commitments assumes that all tenements are renewed at the end of each term. If a tenement is not renewed, the level of commitments will decrease.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the period 20 August 2009 to 31 December 2009**

**Note 11      COMMITMENTS (continued)**

*Capital commitments*

Prior to 31 December 2009, the Company has entered into the following agreements subject to the Company's successful listing on the Australian Securities Exchange before 30 June 2010:

- a) an agreement with Scott Wilson and Murchison Resources Pty Ltd (together the **Vendors**) to purchase 80% of the Vendors' rights and interests in E51/1217, E51/1218, E51/2573, P51/2574, P51/2575, P51/2576, P51/2577, P51/2578 and P51/2579 and mining information associated with those tenements. Upon acquisition of the 80% interest in the tenements, the parties will immediately form a joint venture under that agreement, whereby the Company will have the opportunity to earn up to a further 20% interest in the tenements and therefore the opportunity to acquire 100% of the Vendors' rights and interests in the tenements;
- b) an agreement with JML Resources (**JML**) to purchase 80% of JML's rights and interests in EL21/140, E58/382, E59/1643, E70/3619, E51/1334, E51/1335 and all mining information in connection with the tenements. Upon acquisition of the 80% interest in the tenements, the parties will immediately form a joint venture under that agreement, whereby the Company will have the opportunity to earn up to a further 20% interest in the tenements and therefore the opportunity to acquire 100% of JML's rights and interests in the tenements;
- c) an agreement with Debnal Pty Ltd (**Debnal**) for the purchase of Debnal's 49% interest in each of EL3529, EL3580, and Debnal's 100% interest in EL4302 and all mining information in connection with those tenements; and

Upon listing, pursuant to the purchase of the rights and interests described in the agreements above, the Company will issue:

- a) 62,500 shares to Scott Wilson at 1 cent each and 50,000 options to purchase shares free of cost, exercisable at 20 cents each on or before 2 years after the date of listing.
- b) 562,500 shares to Murchison Resources Pty Ltd at 1 cent each and 450,000 options to purchase shares free of cost, exercisable at 20 cents each on or before 2 years after the date of listing.
- c) 6,000,000 shares to JML at 1 cent each and 3,000,000 options to purchase shares free of cost, exercisable at 20 cents each on or before 3 September 2014.
- d) 2,500,000 shares to Debnal at 1 cent each and 1,250,000 options to purchase shares free of cost, exercisable at 20 cents each on or before 3 September 2014.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the period 20 August 2009 to 31 December 2009**

**Note 12      CONTINGENT LIABILITIES**

There are no contingent liabilities other than those described in Note 11 on capital commitments.

**Note 13      EVENTS SUBSEQUENT TO REPORTING DATE**

The Company issued 23,285,000 shares at \$0.20 per share through an initial public offering to raise \$4,657,000 on 8 February 2010.

Pursuant to the purchase of the rights and interests in various exploration tenements as described in Note 11 on capital commitments, the Company issued the following shares at 1 cent each:

<u>Issues of ordinary shares for purchase of tenements</u>	<u>Date</u>	<u>Number</u>	<u>\$</u>
Scott Wilson	8/2/2010	62,500	625
Murchison Resources Pty Ltd	8/2/2010	562,500	5,625
JML Resources	8/2/2010	6,000,000	60,000
Debnal Pty Ltd	8/2/2010	2,500,000	25,000
		<u>9,125,000</u>	<u>91,250</u>

**Note 14      APPROVAL OF INTERIM FINANCIAL STATEMENTS**

The condensed interim financial statements were approved by the board of Directors and authorised for issue on 10 March 2010.

## DIRECTORS' DECLARATION

In the opinion of the Directors of Doray Minerals Ltd:

1. The financial statements and notes set out on pages 6 to 19 are in accordance with the Corporations Act 2001, including:
  - (a) Complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001, and other mandatory professional reporting requirements; and
  - (b) Giving a true and fair view of the company's financial position as at 31 December 2009 and of its performance for the period 20 August 2009 to 31 December 2009.
2. There are reasonable grounds to believe that Doray Minerals Limited will continue as a going concern as described in note 2 of the notes to the financial statements, and that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors and is signed for and on behalf of the directors by:



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JAY STEPHENSON

**DIRECTOR**

Perth, Western Australia

Dated this 10<sup>th</sup> day of March 2010

**Auditor's Independence Declaration Under Section 307C Of The Corporations Act 2001**

**To: the directors of Doray Minerals Ltd.**

I declare that, to the best of my knowledge and belief, in relation to the review for the period ended 31 December 2009 there have been:

- i no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii no contraventions of any applicable code of professional conduct in relation to the review.

MGI PAS  
**MGI Perth Audit Services**

Amar Nathwani  
**Amar Nathwani B.Eng & CA**

Partner

Perth

Date

10 March 2010

## **Independent auditor's review report to the members of Doray Minerals Limited Report on the financial report**

We have reviewed the accompanying interim financial report of Doray Minerals Limited ('the Company') which comprises the condensed interim statement of financial position as at 31 December 2009, condensed statement of comprehensive income, condensed statement of changes in equity and condensed cash flow statement for the interim period ended on that date, a summary of accounting policies and other explanatory notes and the directors' declaration.

### *Directors' responsibility for the interim financial report*

The directors of the Company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's responsibility*

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2009 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Doray Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Doray Minerals Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 31 December 2009 and of its performance for the interim period ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

MG | PAS

MGI Perth Audit Services

Amar Nathwani

Amar Nathwani B.Eng, CA  
*Partner*

Perth

Date 10 March 2010