

DORAY



MINERALS LIMITED

ACN: 138 978 631

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2010

Note:

The information contained herein should be read in conjunction with the most recent annual report.

INTERIM FINANCIAL REPORT
For the half year ended 31 December 2010

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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 Pty Ltd
Level 7, The Quadrant
1 William Street
GPO Box 2570
PERTH, Western Australia 6001

Telephone (08) 9463 2463
Facsimile (08) 9463 2499

COMPANY SECRETARY:

Jay Stephenson

PRINCIPAL OFFICE

Level 3, 41-43 Ord Street
West Perth WA 6005

Telephone: (08) 9226 0600
Facsimile: (08)9226 0633

REGISTERED OFFICE:

Unit 6, 34 York Rd
NORTH PERTH, WA 6006

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

HOME BRANCH:

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

ASX Code: DRM

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 of Doray Minerals Limited ("the Company") for the half year ended 31 December 2010.

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. Results of Operations

The loss of the Company for the period after tax amounted to \$623,290.

3. Review of operations

Exploration

The Company continued its exploration of its Andy Well project with drilling confirming the depth extent of Wilber Lode to over 200m.

Regional aircore drilling confirmed the prospectivity of Wilber Shear Zone and indicated the potential for a second Wilber-style lode.

The Company pegged a mining lease at Andy Well and preliminary mining studies commenced at Wilber.

Corporate

In late December 2010, the Company was acknowledged by a number of commentators to be the most successful IPO of 2010.

In December 2010, the Company announced a \$21million capital raising through a heavily oversubscribed placement to sophisticated and institutional investors and Share Purchase Plan for all eligible shareholders. On 14 December 2010, the Company announced a placement of 8,308,000 shares at a price of \$1.30 per share to raise \$10,800,400. The funds will be primarily used for accelerated development of the Andy Well project (Doray 80%) including delineation of the Wilber Lode and other potential deposits, as well as the systematic exploration of a number of other projects in Doray's highly prospective Murchison portfolio, general corporate purposes and potential future acquisitions.

In January 2011, the Company issued 7,845,846 shares at a price of \$1.30 per share and raised \$10,199,600 to complete the \$21 million capital raising.

On 31 August 2010, the Company issued 200,000 fully paid ordinary shares at a price of \$0.75 per share to Aspire Mining Limited as consideration for 100% purchase of the Black Tank Well and Tuckanarra gold projects in Western Australia. The Black Tank Well project is adjacent to Doray's existing Webbs Patch gold project and covers the southern continuation of the highly prospective Tuckabianna-Webbs Patch greenstone belt.

No other significant changes in the nature of the Company's activities have occurred during the period.

DIRECTORS' REPORT

4. Significant events after the reporting date

On 7 February 2011, the Company announced a maiden resource for the Wilber Lode, within the Andy Well Project (Doray 80%). The combined inferred and Indicated resource for the Wilber Lode totals 311,000t @ 17.5g/t for a total of 174,000 contained ounces. (See announcement of 7 February 2011 for details).

Other than as disclosed elsewhere in this report, there are no likely developments in the operations of the Company that were not finalised at the date of this report. Matters likely to result in unreasonable prejudice to the Company have not been included.

5. Auditors' Independence Declaration

The auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 13.

This report is signed in accordance with a resolution of the Board of Directors with pursuant to section 306.3 of the Corporations Act 2001.



Brett Fraser

Chairman of the Board of Directors
Perth, Western Australia
Dated this 9 March 2011

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 31 December 2010

	Note	31 December 2010 \$	4 months ended 31 December 2009 \$
Revenue		-	-
Accounting fees		(45,900)	-
Audit fees		(10,000)	-
Computer expenses		(60,550)	(2,294)
Consultant fees		(41,904)	(21,566)
Depreciation		(27,115)	-
Amortisation		(5,919)	-
Share-based payment expense		(69,300)	-
Directors fees		(45,000)	-
Employee benefits expenses		(177,985)	-
Insurance		(5,779)	(15,540)
Investor relations		(29,527)	-
Legal costs		(13,115)	-
Marketing expenses		(24,693)	-
Rent and utilities		(100,720)	-
Travel and accommodation		(36,882)	(4,638)
Other administration expenses		(84,522)	(2,217)
Results from operating activities		<u>(778,911)</u>	<u>(46,255)</u>
Financial income		155,621	-
Financial expense		-	-
Net financing income		<u>155,621</u>	<u>-</u>
Loss before income tax		(623,290)	(46,255)
Income tax expense		-	-
Net loss for the period		<u>(623,290)</u>	<u>(46,255)</u>
Other comprehensive income for the half year, net of income tax		-	-
Total comprehensive loss for the period		<u><u>(623,290)</u></u>	<u><u>(46,255)</u></u>
Loss per share attributable to ordinary equity holders		Cents	Cents
-basic and diluted	4	(1.1)	(0.4)

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

CONDENSED STATEMENT OF FINANCIAL POSITION
As at 31 December 2010

	Note	31 December 2010 \$	30 June 2010 \$
Current Assets			
Cash and cash equivalents		14,662,430	6,961,278
Trade and other receivables		289,302	171,477
Prepayments		54,603	8,415
Total Current Assets		<u>15,006,335</u>	<u>7,141,170</u>
Non-Current Assets			
Property, plant and equipment		264,997	112,631
Exploration and evaluation expenditure	5	3,274,003	1,246,950
Intangible assets		36,121	36,958
Total Non-Current Assets		<u>3,575,121</u>	<u>1,396,539</u>
Total Assets		18,581,456	8,537,709
Current Liabilities			
Trade and other payables		705,842	516,782
Total Current Liabilities		<u>705,842</u>	<u>516,782</u>
Total Liabilities		705,842	516,782
NET ASSETS		<u>17,875,614</u>	<u>8,020,927</u>
Equity			
Issued capital	6	18,699,110	8,290,433
Reserves		198,039	128,739
Accumulated losses		(1,021,535)	(398,245)
TOTAL EQUITY		<u>17,875,614</u>	<u>8,020,927</u>

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

CONDENSED STATEMENT OF CHANGES IN EQUITY
For the half year ended 31 December 2010

	Issued capital \$	Reserves \$	Accumulated losses \$	Total \$
Balance at 1 July 2010	8,290,433	128,739	(398,245)	8,020,927
Loss attributable to members of the Company	-	-	(623,290)	(623,290)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	(623,290)	(623,290)
Transactions with owners, directly in equity				
Shares issued during the period	10,950,400	-	-	10,950,400
Options exercised during the period	32,000	-	-	32,000
Capital raising costs	(573,723)	-	-	(573,723)
Share based payments	-	69,300	-	69,300
At 31 December 2010	18,699,110	198,039	(1,021,535)	17,875,614
	Issued capital \$	Reserves \$	Accumulated losses \$	Total \$
Balance 21 August 2009	-	-	-	-
Loss attributable to members of the Company	-	-	(46,255)	(46,255)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	(46,255)	(46,255)
Transactions with owners, directly in equity				
Shares issued during the period	319,000	-	-	319,000
Options issued during the period	-	2,000	-	2,000
Capital raising costs	(180,993)	-	-	(180,993)
At 31 December 2009	138,007	2,000	(46,255)	93,752

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

CONDENSED STATEMENT OF CASH FLOWS
For the half year ended 31 December 2010

	31 December 2010	4 months ended 31 December 2009
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(1,058,382)	(18,000)
Interest received	155,621	-
Net cash used in operating activities	<u>(902,761)</u>	<u>(18,000)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(179,481)	-
Payments for exploration and evaluation expenditure	(1,470,200)	(70,990)
Purchase of intangible assets	(5,083)	-
Net cash used in investing activities	<u>(1,654,764)</u>	<u>(70,990)</u>
Cash flows from financing activities		
Proceeds from the issue of shares	10,832,400	294,000
Proceeds from share subscriptions to IPO	-	295,000
Proceeds from the issue of options	-	2,000
Capital raising costs paid	(573,723)	(180,993)
Net cash provided from financing activities	<u>10,258,677</u>	<u>410,007</u>
Net increase in cash and cash equivalents	7,701,152	321,017
Cash and cash equivalent at 1 July / August 2009	<u>6,961,278</u>	-
Cash and cash equivalent at the end of the period	<u><u>14,662,430</u></u>	<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 half-year ended 31 December 2010

Note 1 BASIS OF PREPARATION

The half-year financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Doray Minerals Limited ("the Company"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2010 and any public announcements made by Doray Minerals Limited during the half-year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

Adoption of New and Revised Accounting Standards

The Company has reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2010. The Company has decided against early adoption of any new Standards and Interpretations except amendments resulting from AASB 2009-5. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

Note 2 OPERATING SEGMENT

The accounting policies used by the Company in reporting segments are in accordance with the measurement principles of Australian Accounting Standards.

The Company has identified its operating segments based on the internal reports that are provided to the Board of Directors. There are a number of exploration projects located in Western Australia and South Australia at various stages of development. According to AASB 8 *Operating Segments*, two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics and the segments are similar in each of the following respects:

- The nature of the products and services;
- The nature of the production processes;
- The type or class of customer for their products and services;
- The methods used to distribute their products or provide their services; and
- If applicable, the nature of the regulatory environment, for example; banking, insurance and public utilities.

NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2010

Note 2 OPERATING SEGMENT (continued)

Management has identified that all projects in Australia have similar economic characteristics and are similar in nature taking into account each of the abovementioned aspects. The principal activity for all projects or subsidiaries is exploration of gold. Each project has the same production services, class of customers, most likely the same methods to distribute the gold in future and the nature of the regulatory environment which is Australia, is the same for each project. Each project has similar aspects and hence Management has identified one operating segment based on the location of the projects, that being Australia.

As only one operating segment has been identified, no segmental information has been disclosed as the information presented in the financial statements represents the segmental information for Australia.

Note 3 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 4 EARNINGS PER SHARE

	2010	2009
Basic and diluted loss per share (cents)	(1.1)	(0.4)
The loss attributable to members of Doray Minerals Limited	\$623,290	\$46,255
Weighted average number of shares in issue	56,020,504	12,057,534

Note 5 EXPLORATION AND EVALUATION EXPENDITURE

	\$
Balance at the beginning of the period	1,246,950
Acquisition of tenements	150,000*
Exploration of tenements	1,877,053
Balance at the end of the period	<u>3,274,003</u>

* This represents 200,000 shares issued to Aspire Mining Limited on 31 August 2010 as consideration for the 100% purchase of Black Tank Well tenements (E21/138, E58/374, E58/383) and Tuckanarra tenements (E20/515, E51/919, P20/2057, E20/716, E20/725, P20/2075 and P51/2631).

\$144,895 (30 June 2010: \$113,324) of capitalised costs relate to permits where approval by the Department of Mines and Petroleum was pending as at 31 December 2010. In management's view, it is virtually certain that these licences will be granted.

NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2010

Note 6 ISSUED CAPITAL

<u>Movements in ordinary shares in 2010</u>	<u>Date</u>	<u>Number</u>	<u>\$</u>
Balance at beginning of the period	1/7/2010	55,076,667	8,290,433
Share issue at 0.75 **	31/8/2010	200,000	150,000
Exercise of options at \$0.20	29/11/2010	110,000	22,000
Exercise of options at \$0.20	9/12/2010	50,000	10,000
Share issue at \$1.30	14/12/2010	8,308,000	10,800,400
Capital raising costs		-	(573,723)
Balance at end of the period		63,744,667	18,699,110

<u>Movements in ordinary shares in 2009</u>	<u>Date</u>	<u>Number</u>	<u>\$</u>
Balance at beginning of the period	20/8/2009	-	-
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
Capital raising costs		-	(180,993)
Balance at end of the period		15,500,000	138,007

** Shares issued to Aspire Mining Limited as consideration for the 100% purchase of the Black Tank Well and Tuckanarra gold projects in Western Australia.

<u>Movements in options issued in 2010</u>	<u>Date</u>	<u>Number</u>	<u>\$</u>
Balance at beginning of the period	1/7/2010	14,328,500	128,739
Options issued *	30/11/2010	3,300,000	69,300
Exercise of options at \$0.20	29/11/2010	(110,000)	-
Exercise of options at \$0.20	9/12/2010	(50,000)	-
Balance at end of the period		17,468,500	198,039

<u>Movements in options issued in 2009</u>	<u>Date</u>	<u>Number</u>	<u>\$</u>
Balance at beginning of the period	1/7/2009	-	-
Options issued	20/8/2009	4,000,000	-
Options issued at \$0.001	30/9/2009	2,000,000	2,000
Options issued	30/9/2009	1,250,000	-
Options issued	10/11/2009	1,000,000	-
Balance at end of the period		8,250,000	2,000

*These options were issued to the Directors on 30 November 2010 for no consideration to provide a market-linked incentive package in their capacity as directors of the Company and for future performance by them in their roles.

NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2010

Note 6 ISSUED CAPITAL (continued)

The values of Director Options issued were calculated using the Black-Scholes option pricing model applying the following inputs:

Number of options issued	1,650,000	1,650,000
Exercise price	\$1.12	\$1.38
Valuation date	15 December 2010	15 December 2010
Expiry date	15 December 2012	15 December 2012
Market price of shares at grant date	\$0.865	\$0.865
Expected share price volatility	68%	68%
Risk-free interest rate	4.843%	4.843%
Valuation per option	\$0.278	\$0.226

The Directors options will vest 12 months after the issue date.

At the end of the reporting period, there were 17,468,500 options over unissued shares as follows:

- 500,000 unlisted options exercisable at \$0.20 on or before 4 February 2012
- 8,418,500 unlisted options exercisable at \$0.20 on or before 3 September 2014
- 5,250,000 unlisted options exercisable at \$0.20 on or before 4 February 2015
- 1,650,000 unlisted options exercisable at \$2.56 on or before 31 December 2012
- 1,650,000 unlisted options exercisable at \$2.08 on or before 31 December 2012

Note 7 CONTINGENT ASSETS

Exploration and evaluation expenditure includes \$144,895 (30 June 2010: \$113,324) of capitalised costs relate to permits where approval by the Department of Mines and Petroleum was pending as at 31 December 2010. In management's view, it is virtually certain that these licences will be granted.

Note 8 CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

Note 9 EVENTS SUBSEQUENT TO REPORTING DATE

On 20 January 2011, the Company allotted 5,538,154 shares at \$1.30 to raise \$7,199,600. This was the second tranche of an \$18,000,000 to institutional and sophisticated investors that was approved by Shareholders on 20 January 2011.

On 24 January 2011, the Company completed its Share Purchase Plan to retail investors with the allotment of 2,307,692 Shares at \$1.30 per Share to raise \$3,000,000.

On 7 February 2011, the Company announced a maiden resource for the Wilber Lode, within the Andy Well Project (Doray 80%). The combined inferred and indicated resource for the Wilber Lode totals 311,000t @ 17.5g/t for a total of 174,000 contained ounces. (See announcement of 7 February 2011 for details).

There are no other significant events after the reporting date.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes set out on pages 4 to 11:
 - (a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001, and
 - (b) give a true and fair view of the Company's financial position as at 31 December 2010 and of its performance for the half year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe 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.

A handwritten signature in black ink, appearing to read 'B Fraser'.

Brett Fraser
Chairman of the Board of Directors
Perth, Western Australia
Dated this 9 March 2011

Lead auditor's independent declaration under section 307C of the Corporations Act 2001

To the directors of Doray Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2010 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.

MGIPAS

MGI Perth Audit Services Pty Ltd

Amar Nathwani

Amar Nathwani B.Eng, CA
Director

Perth
9 March 2011

Independent Auditor's Review Report to the members of Doray Minerals Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Doray Minerals Limited ('the Company'), which comprises the condensed statement of financial position as at 31 December 2010, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report 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 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 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the 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 a half-year 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 half-year 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 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and *Corporations Regulations 2001*.

MGIPAS

MGI Perth Audit Services Pty Ltd

Amar Nathwani

Amar Nathwani CA, B.Eng

Director

Perth

Date 9 March 2011