

DORAY



MINERALS LIMITED

**Annual  
Report 2010**

ACN 138 978 631

[www.dorayminerals.com.au](http://www.dorayminerals.com.au)



## COMPANY INFORMATION

### DIRECTORS

Chairman (non-executive)	Brett Fraser - appointed 23 October 2009
Managing Director	Allan Kelly - appointed 20 August 2009
Technical Director	Heath Hellewell - appointed 20 August 2009
Director (non-executive)	Jay Stephenson - appointed 20 August 2009

### COMPANY SECRETARY

Jay Stephenson - appointed 20 August 2009

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### AUDITORS

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1 William Street  
Perth, Western Australia 6000  
Telephone: 08 9463 2463  
Facsimile: 08 9463 2499  
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### HOME EXCHANGE

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Perth, Western Australia 6000  
ASX Code: DRM

### SHARE REGISTRY

Computershare Investor Services Limited  
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45 St Georges Terrace  
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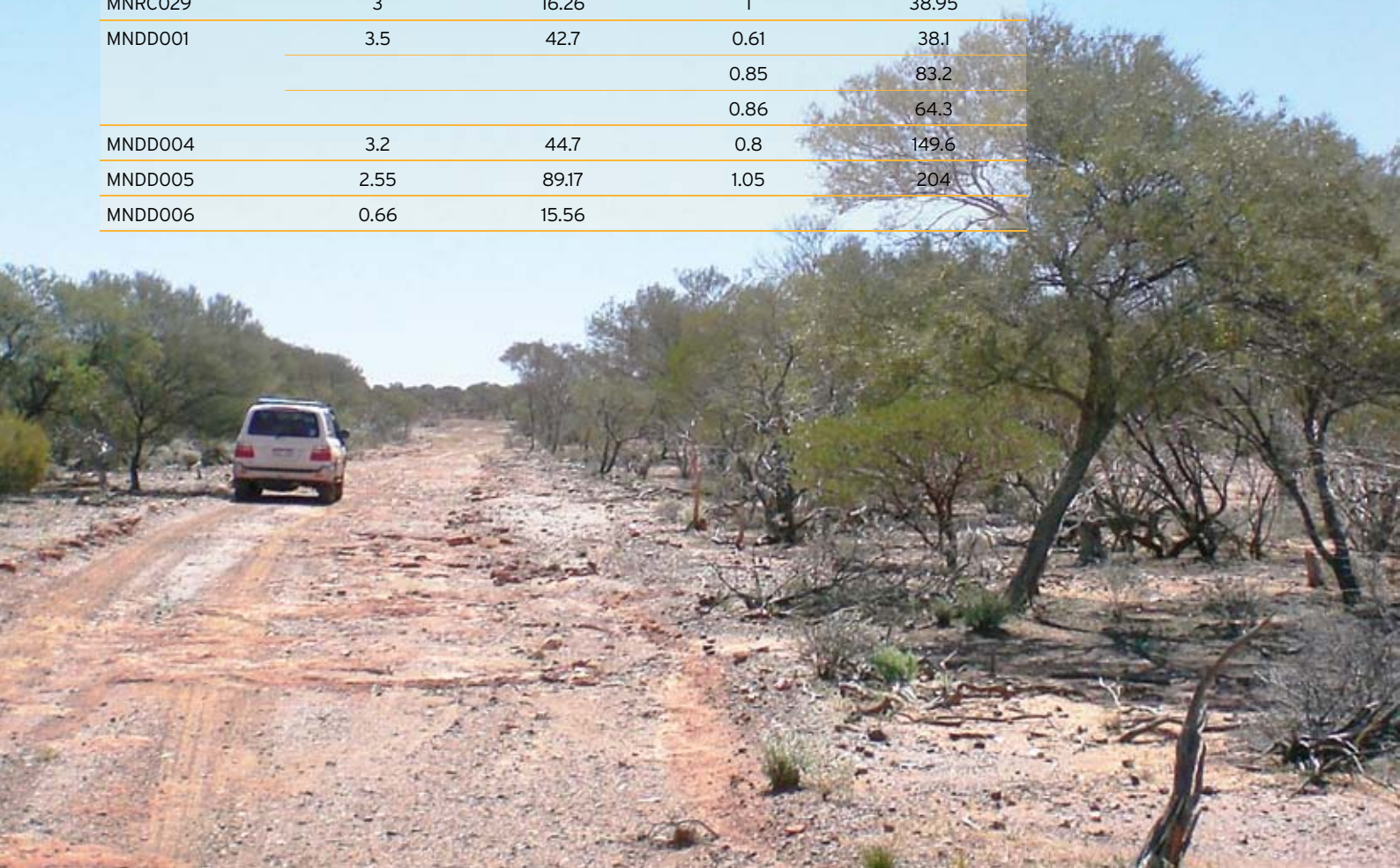
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# HIGHLIGHTS

- Doray commenced trading on ASX on 8 February 2010 after \$4.7 million IPO
- Discovered very high-grade Wilber Lode at Andy Well with maiden drilling programme
- Purchased strategic exploration property with several advanced drill targets at Webbs Patch, adjacent to Tuckabianna
- Identified shallow high-grade gold mineralisation at Lake prospect
- Completed share placement to raise \$4 million at 60 cents in April 2010
- Identified as one of the most successful IPO's of 2010

## WILBER DRILL INTERSECTIONS

Hole	Interval (m)	Grade (g/t)	Including	
			Interval (m)	Grade (g/t)
MNRC001	10	34.4	2	125
	5	58.73	2	131
MNRC003	7	67.77	2	217
MNRC004	2	28.5		
MNRC006	4	22.64	2	35.95
MNRC017	5	21.26	2	50.51
MNRC020	3	75.35	1	214
MNRC021	5	18.11	1	54.85
MNRC028	3	74.82	1	202
MNRC029	3	16.26	1	38.95
MNDD001	3.5	42.7	0.61	38.1
			0.85	83.2
			0.86	64.3
MNDD004	3.2	44.7	0.8	149.6
MNDD005	2.55	89.17	1.05	204
MNDD006	0.66	15.56		



# CHAIRMAN'S LETTER

## Dear Shareholders

On behalf of the Board of Directors, I am pleased to present the inaugural Annual Report for Doray Minerals Limited for the financial year ended 30 June 2010.

The months since the February Initial Public Offer (IPO) have seen tremendous success for our company.

It is a pleasure for the Board of Directors and myself to reflect on this period as a listed minerals explorer and to display the achievements in this Annual Report. Exciting opportunities lie ahead in coming years.

Over the first five months as a public company in the 2010 financial year, interest from the capital markets and from institutional investors in particular, grew significantly. The placement we completed in April 2010 to institutional and sophisticated investors raised a total of \$4 million through the issue of 6.6 million shares at 60 cents a share, reinforcing the strong support for our team, growth strategy and projects.

With a share price appreciation of approximately 350% from the IPO to current trading prices and a closing price of 72 cents on 30 June 2010, Doray has outperformed most of its peers and all major indices, making it one of the most successful IPOs in Australia in 2010.

Doray's public life is still in its infancy and more important than the short-term trends of our share price performance are the continued achievement of milestones outlined in our prospectus, the strengthening of our market positioning, and the development of our strategic land position within the Murchison goldfields region representing numerous opportunities.

Your management team remains focused on completing a substantial drilling program at the Murchison projects throughout the upcoming year, based around the strong drilling results at Andy Well, and achieving a maiden JORC resource within 12 months of listing.

As I write this letter, gold has surged to yet another record high - currently US\$1340. Gold's growth has been impressive to say the least, with economic turmoil in the US and other global regions pushing it to unprecedented levels.

While a strong gold price certainly works in our favour, the depth of Doray's investment potential extends beyond the current gold price to incorporate a highly experienced management team, a strong balance sheet, the move toward a resource base approaching 500Koz, among several other competitive advantages outlined in this Annual Report. Doray has a strong foundation in place to grow the business for many years to come.

I wish to acknowledge the outstanding efforts of our Managing Director Allan Kelly and Technical Director Heath Hellewell for delivering significant results for Doray. Their diligence to the work required has benefited all stakeholders and provided me with the support and confidence for effective stewardship.

## Looking Ahead

Doray's primary aim is to deliver increasing shareholder returns. We are well funded to complete our drilling program to test potential depth extensions at the Andy Well prospect - a prospect with an average grade of up to 30g/t gold and excellent development potential.

We are also excited by Doray's other prospects in the Murchison region, including the Lake Prospect, Webbs Patch and Magnet North where drilling is planned in coming months.

Finally, on behalf of the Board, I would like to acknowledge the hard work of the management and staff. Establishing a strong market position and reputation as a new float calls for strong leadership and real teamwork - Doray has both. The Board looks forward to an exciting year ahead as we work towards ensuring long-term growth for the company.



**Brett Fraser**  
Chairman



## Dear Fellow Shareholder

Doray was listed on the ASX earlier this year because my colleague, Heath Hellewell, and I believed the company's portfolio of gold projects had immense unrealised potential.

Our first drilling programme at Andy Well, which commenced a short four weeks after listing, proved our original concepts in spectacular fashion with very high-grade, visible gold mineralisation intersected in four out of ten holes testing the Wilber Zone.

Subsequent drilling campaigns have shown the potential of Wilber to host a significant high-grade open pit and underground gold resource and the company is now working towards development of this deposit within the near future.

Apart from Wilber, Andy Well hosts a number of other opportunities that could potentially contribute to a significant global resource.

Doray's other projects in both the Murchison and Central Gawler have multiple opportunities for discovery of economic gold deposits and the company will be systematically exploring each of these over the coming 12 months.

During the year, Doray made a number of strategic project acquisitions, notably at Webbs Patch and Black Tank Well. We continue to evaluate potential opportunities to create further shareholder value.

I would like to acknowledge the excellent work of Doray's Technical Director, Heath Hellewell, in his role in the discovery of the Wilber Lode. I would also like to thank our small, but dedicated staff for their efforts this year and to recognise the support of our modest, but growing shareholder base.

Heath and I look forward to keeping the market updated on the progress of the company over the upcoming year as we advance Wilber and Andy Well towards potential development.



**Allan Kelly**  
Managing Director

# BOARD AND MANAGEMENT

**Mr Brett Fraser**, B Bus FCPA F Fin

**non-executive Director and Chairman**

Mr Fraser was appointed as Non-Executive Director and Chairman on 23 October 2009. He has in excess of 25 years experience in the finance and securities industry in addition to resource, media, brewing, wine and health sectors. He has owned business enterprises or held director and senior management positions in these industries. Currently, Mr Fraser is the Chairman of Drake Resources Limited, Aura Energy Limited and Blina Diamonds NL.

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**Mr Allan Kelly**, BSc (Hons), Grad Cert Bus, FAAG MAIG

**Managing Director**

Mr Kelly was appointed as Managing Director on 20 August 2009. He has over 17 years experience in mineral exploration geology, geochemistry and project management throughout Australia and the Americas. Mr Kelly has previously held senior positions with WMC and Avoca Resources from its inception in 2002. He was directly involved in the targeting and early stage exploration of the Gunbarrel and Collurabbie nickel projects for WMC and the Port Julia, Glensea and Churchill Dam iron-oxide Cu-Au projects as well as a number of gold properties in Australia, Alaska and Canada. Mr Kelly is a Fellow and former Councilor of the Association of Applied Geochemistry.

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**Mr Heath Hellewell**, BSc(Hons), MAIG

**Technical Director**

Mr Hellewell was appointed as Technical Director on 20 August 2009. He has over 17 years experience in mineral exploration geology and project management in Australia, Africa, Philippines and Scandinavia including positions with De Beers and Resolute Limited before joining Independence Group NL in 2000. Mr Hellewell was part of the team at Independence prior to its initial public offering and was part of the exploration team that identified and pegged the Tropicana area, leading to the discovery of the Tropicana gold deposit. He rose to the position of Exploration Manager at Independence Group and more recently has been Exploration Manager at Goldsearch Limited.

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**Mr Jay Stephenson**, MBA, FCPA, CMA, FCIS, MAICD

**non-executive Director**

Mr Stephenson was appointed as Non-Executive Director and Company Secretary on 20 August 2009. His experience includes being involved in business development for over 20 years including approximately 16 years as Director, Chief Financial Officer and Company Secretary for various listed and unlisted entities in resources, manufacturing, wine, hotels and property. Mr Stephenson has been involved in business acquisitions, mergers, initial public offerings, capital raisings, business restructuring as well managing all areas of finance for companies. He is currently a non-executive Director of Drake Resources Limited, Strategic Minerals Corporation NL and Aura Energy Limited as well as Company Secretary for a number of ASX listed resource and industrial companies.

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**Mr Mark Cossom**, BSc (Hons), MSC, MAusIMM

**Geology Manager**

Mark has over 13 years experience in exploration, resource development and open pit and underground mine production and management in both Australia and Papua New Guinea. His most recent role was as Harmony's Principal Geologist SE Asia, part of the technical team overseeing exploration activities in PNG, including the start-up of Harmony Gold (PNG). Exploration Ltd, and the recent discovery of extensions to the world class Golpu deposit Prior to that Mark was involved in several operational and development roles, as well as leading feasibility teams in the development and start-up of several open pit gold mines at Harmony's South Kalgoorlie Mines, where he rose to the position of Geology Manager.

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# REVIEW OF OPERATIONS

During the period from 20 August 2009 to 30 June 2010, Doray Minerals Limited (Doray, the Company) successfully transitioned from an unlisted public entity to a publicly listed entity trading on the Australian Securities Exchange (ASX) under the trading symbol, DRM.

## CORPORATE

On 21 April 2010, following the success of drilling at Andy Well, Doray completed a placement to institutional and sophisticated investors raising \$4 million through the issue of 6,666,667 shares at 60 cents each.

## EXPLORATION

Doray's management team has assembled an enviable portfolio of mineral properties in two of Australia's underexplored gold provinces; the Murchison Goldfields Region of WA and the Central Gawler Gold Province of SA. The projects are characterised by large land positions on major mineralised structures and each presents Doray with multiple discovery opportunities.

### Murchison Goldfields Projects, WA

Doray's primary focus since listing early in 2010 has been on its substantial portfolio of projects in the Murchison goldfields region. Doray's projects cover an area of approximately 1,100 square kilometres on many of the most prospective and mineralised regional-scale structures in the district. The Murchison region is host to a number of major gold deposits including: Hill 50, Big Bell, Great Fingall/Golden Crown, Tuckabianna, Reedys, Bluebird and the Paddy's Flat/Meekatharra deposits. The region also affords excellent property access and various existing and proposed treatment plants.

Following its listing, Doray immediately commenced a maiden-drill program at the Meekatharra North property with spectacular results. In addition, Doray was able to secure the purchase of the strategic and highly prospective Webbs Patch property adjacent to the 1Moz Tuckabianna deposits and also identify a zone of shallow high-grade gold mineralisation within the Cuddingwarra Shear Zone at the Lake prospect through compilation of historic data. Doray also worked towards grant of several exploration licence applications purchased as part of the IPO.

### Meekatharra North (Doray 80%)

Doray's Meekatharra North project is located east and north of the town of Meekatharra towards the northern edge of the Archaean Yilgarn Craton. The project comprises two separate groups of tenements at Andy Well, 45km north of Meekatharra, and Side Well, to the east of the town.

Doray identified a number of significant historical drill results at Andy Well and recognised the potential for delineation of a high-grade gold deposit with the potential to be trucked to an existing treatment plant.

In March 2010, Doray announced that it had discovered spectacular gold grades within the Wilber Zone at Andy Well with its first drilling programme. Follow-up drilling in June 2010 has confirmed the existence of a very high-grade quartz lode (now named the Wilber Lode) over 200m of strike and open to a depth of at least 170m below surface.

The Wilber Lode deposit appears similar in many respects to the 1.2Moz Great Fingall deposit south of Cue, which extends to a depth of over 1km.

The Wilber Zone is one of at least seven highly prospective parallel northeast-trending zones of mineralisation within the Andy Well prospect. One other of the parallel zones, at Bernie South, has recently been drill tested producing similar high-grade results to Wilber and indicates the potential for Andy Well to host a significant global gold resource.

In the coming year, Doray will progress the Andy Well project via a substantial drilling campaign designed to outline a significant resource both at Wilber and the wider Andy Well area. Subsequent to the end of the financial year, in August 2010, Doray announced the appointment of Mr Mark Cossom as Geology Manager to advance the Andy Well project towards potential development as quickly as possible.

### Webbs Patch (Doray 100%)

In March this year, the Company announced it had purchased 100% of its Webbs Patch gold project, adjacent to and long strike from Silver Lake Resources' 1Moz Tuckabianna project.

The project contains a number of advanced exploration targets, including the 550m long Brilliant prospect, which contains a zone of coherent, westerly dipping gold mineralisation. The Brilliant prospect has not been tested below a depth of 40m and is located in a similar position to Silver Lake's Genesis discovery. Aside from the Brilliant prospect, drilling across the project is generally shallow.

Webbs Patch also contains a small combined oxide and primary gold resource containing 6,600 ounces.

Doray's plan for the next 12 months is to test for depth extensions to Brilliant and define a potential maiden resource as well as testing a number of other targets within the property.

### Magnet North - Austin (Doray 80%)

The Magnet North project is located immediately north of Mt Magnet, the oldest surviving gold settlement in the region, and covers a total area of 165km<sup>2</sup>. The project contains numerous exciting prospects, including the Lake Prospect, located on the north shore of Lake Austin (10km southeast of Cue).

Doray progressed the grant of the two exploration licence applications during the June 2010 quarter. Given the results of drilling on Silver Lake Resources' nearby Lena-Leviticus-Numbers prospects, immediately adjacent to Doray's Magnet North property, the Company views this project as a highly significant opportunity for discovery of further high-grade mineralisation.

### Central Gawler Projects, South Australia

Doray's portfolio of South Australian projects comprises a number of prospects located within the Central Gawler Gold Province, an arcuate zone of Proterozoic-aged gold deposits and prospects identified by various South Australian and Federal government geologists. The area is related to the Hiltaba Suite granites, which also host most of South Australia's Iron Oxide Copper-Gold (IOCG) deposits.

Doray progressed the grant of a number of Exploration Licence applications in South Australia (SA), including those covering the Nuckulla Hill and Hicks gold projects during the 2010 financial year. Doray also examined a number of acquisition and/or joint venture opportunities in the Central Gawler during the year.

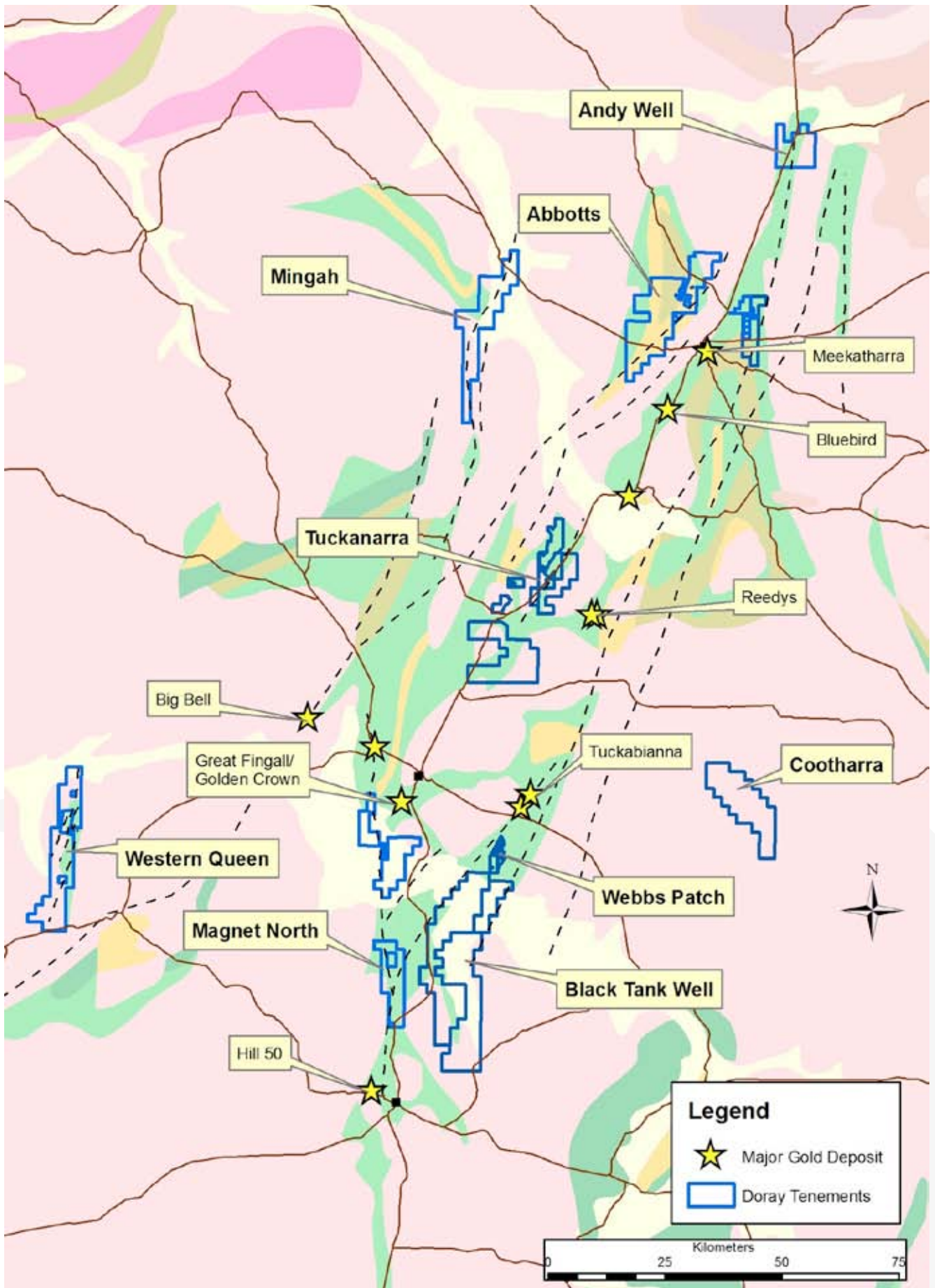


Figure 1. Doray's Murchison region projects showing major gold deposits

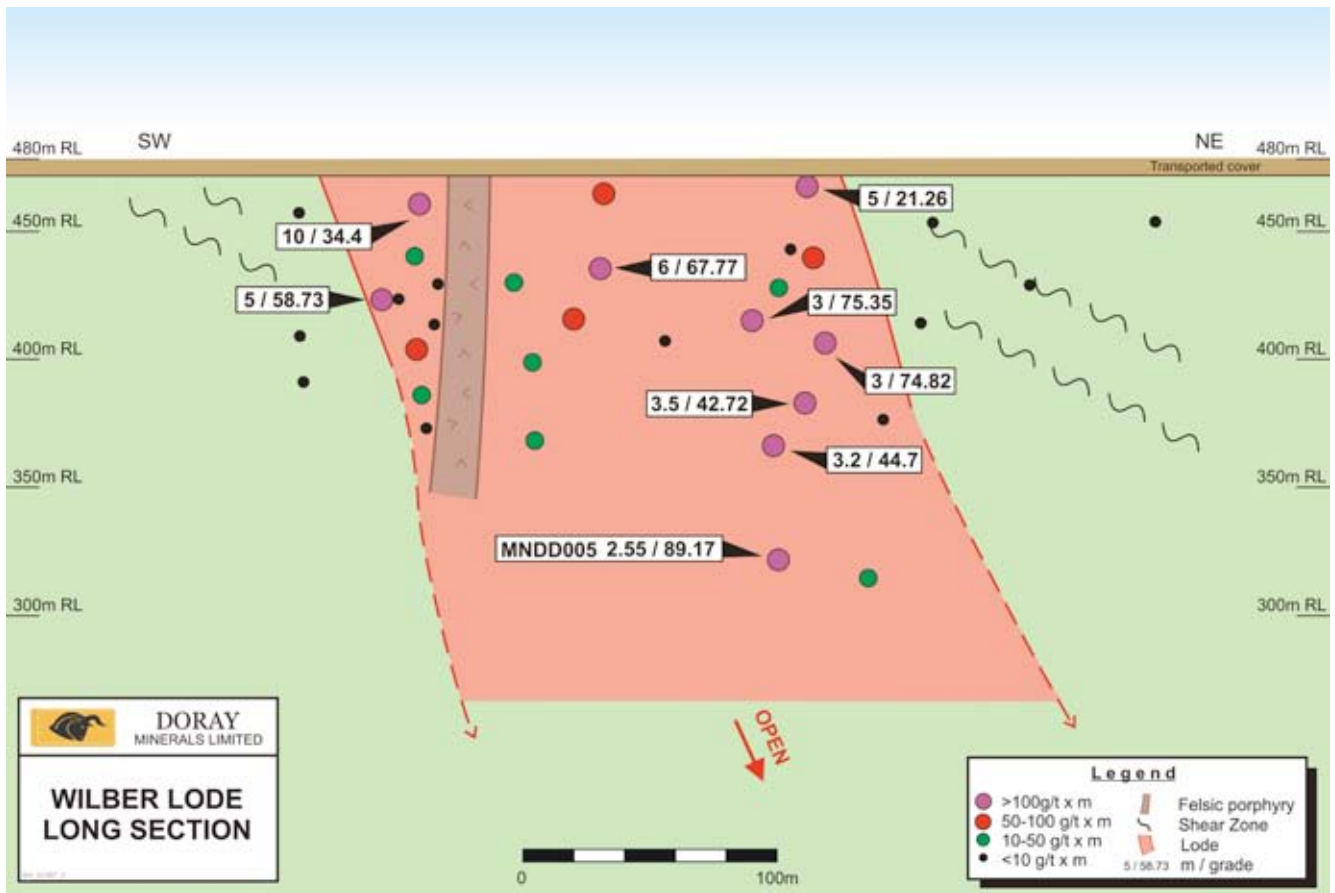


Figure 2. Wilber Lode schematic long section

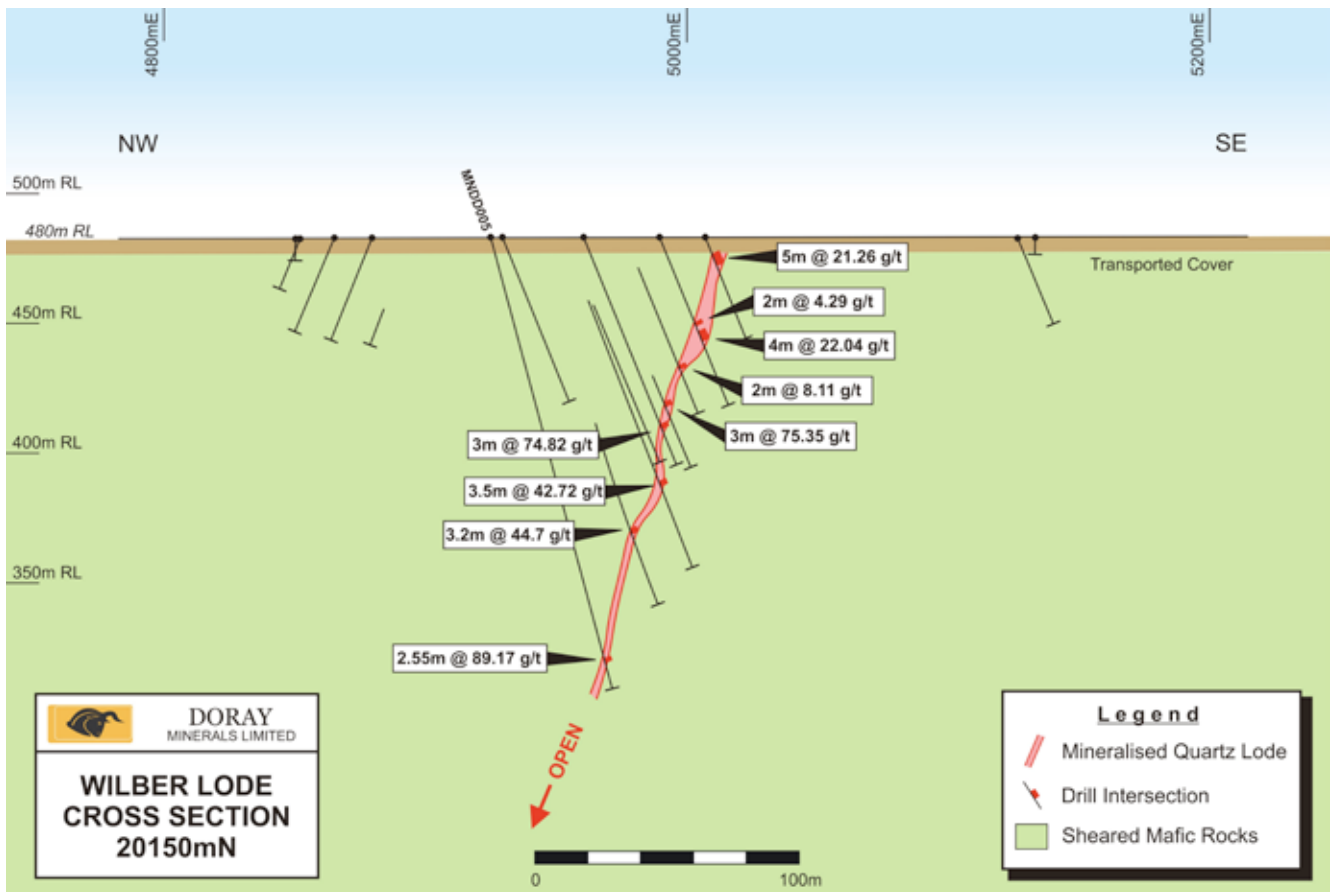


Figure 3. Schematic cross section through the Wilber Lode



**Figure 4. Visible gold in core from Wilber Lode diamond drilling**

#### **Nuckulla Hill (Doray 100%)**

Nuckulla Hill is located 50km south of the Tunkillia deposit (0.8Moz Au, 1.6M oz Ag), within the mineralised Yarlbrinda Shear Zone. Previous exploration has been limited to calcrete sampling and sporadic drilling and the project has received no systematic gold exploration since 1997, despite its location adjacent to such a large undeveloped gold deposit.

During 2010, Doray completed a detailed 100m-spaced aeromagnetic survey covering the entire 60km of Yarlbrinda Shear Zone within the Company's leases. The survey highlighted a number of structural targets not effectively tested either by calcrete geochemistry or historic drilling. In the upcoming year, Doray will examine this data with a view to defining untested targets along the shear zone and conduct infill and deeper drilling of these targets.

#### **Hicks (Doray 100%)**

Located within the Labyrinth Shear Zone, halfway between Kingoonya and Tarcoola the Hicks project has returned some encouraging gold results from limited historic drilling. A 150m wide zone of gold anomalism has been identified which is yet to be followed up.

#### **Kingoonya and Harris Bluff (Doray 49%)**

Two of Doray's South Australian projects, Harris Bluff and Kingoonya, are in a joint venture with Venture Minerals Ltd (VMS) and Mega Hindmarsh Pty Ltd (Mega) whereby VMS and Mega are funding all exploration on these projects for non-uranium and uranium respectively.

### **MINERAL RESOURCE INVENTORY**

RESOURCES	DRM Share %	Inferred			Indicated			Total		
		Tonnes	Grade (g/t)	Contained Ounces	Tonnes	Grade (g/t)	Contained Ounces	Tonnes	Grade (g/t)	Contained Ounces
Property										
Webbs Patch	100	11,000	2.30	800	33,000	5.40	5,800	44,000	4.7	6,600
<b>TOTAL</b>		<b>11,000</b>	<b>2.30</b>	<b>800</b>	<b>33,000</b>	<b>5.40</b>	<b>5,800</b>	<b>44,000</b>	<b>4.7</b>	<b>6,600</b>



# Financial Report 2010





# CORPORATE GOVERNANCE STATEMENT

As the framework of how the Board of Directors of Doray Minerals Limited (Company) carries out its duties and obligations, the Board has considered the eight principles of corporate governance as set out in the ASX Good Corporate Governance and Best Practice Recommendations.

The essential corporate governance principles are:

1. Lay solid foundations for management and oversight;
2. Structure the Board to add value;
3. Promote ethical and responsible decision-making;
4. Safeguard integrity in financial reporting;
5. Make timely and balanced disclosure;
6. Respect the rights of shareholders;
7. Recognise and manage risk;
8. Remunerate fairly and responsibly.

## 1. Lay solid foundations for management and oversight.

**Recommendation 1.1:** *Formalise and disclose the functions reserved to the Board and those delegated to management.*

### Roles and Responsibilities:

The roles and responsibilities of the Board are to:

- Oversee control and accountability of the Company;
- Set the broad targets, objectives, and strategies;
- Monitor financial performance;
- Assess and review risk exposure and management;
- Oversee compliance, corporate governance, and legal obligations;
- Approve all major purchases, disposals, acquisitions, and issue of new shares;
- Approve the annual and half-year financial statements;
- Appoint and remove the Company's Auditor;
- Appoint and assess the performance of the Managing Director and members of the senior management team;
- Report to shareholders.

**Recommendation 1.2:** *Companies should disclose the process for evaluating the performance of senior executives.*

The Board regularly reviews the performance of senior executives.

**Recommendation 1.3:** *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 1.*

The evaluation of performance of senior executives takes place throughout the year.

## 2. Structure the Board to add value.

**Recommendation 2.1:** *A majority of the Board should be independent Directors.*

**Recommendation 2.2:** *The Chairperson should be an independent Director.*

**Recommendation 2.3:** *The roles of the Chairperson and Chief Executive should not be exercised by the same individual.*

**Recommendation 2.4:** *The Board should establish a nomination committee.*

**Recommendation 2.5:** *Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.*

**Recommendation 2.6:** *Companies should provide the information indicated in the Guide to reporting on Principle 2.*

### Membership

The Board's membership and structure is selected to provide the Company with the most appropriate direction in the areas of business controlled by the Company. The Board currently consists of four members: a non-executive Chairman, a Managing Director, an Executive Director and a non-executive Director.

The non-executive Chairman and non-executive Director are considered independent.

### Chairman and Managing Director

The Company has a non-executive Chairman and a Managing Director.

### Nomination Committee

The Company has a formal charter for the Nomination Committee, however, no Committee has been appointed to date. The Board as a whole deals with areas that would normally fall under the charter of the Nomination Committee. These include matters relating to the renewal of Board members and Board performance. Refer to the table of departure from best practice recommendations.

### Skills

The Directors bring a range of skills and backgrounds to the Board including, geological, accountancy, finance, marketing, and stockbroking.

### Experience

The Directors have considerable experience in business at both operational and corporate levels.

### Meetings

The Board meets when it considers it necessary to meet.

### Independent professional advice

Each Director has the right to seek independent professional advice at the Company's expense for which the prior approval of the Chairman is required, and is not unreasonably withheld.

## 3. Promote ethical and responsible decision-making.

**Recommendation 3.1:** *Establish a code of conduct to guide the Directors, the Chief Executive Officer (or equivalent), and any other key executives as to:*

- 3.1.1 *The practices necessary to maintain confidence in the Company's integrity;*
- 3.1.2 *The practices necessary to take into account legal obligations and the reasonable expectations of shareholders;*
- 3.1.3 *The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.*

**Recommendation 3.2:** *Disclose the policy concerning trading in Company securities by Directors, officers, and employees.*

### Standards

The Company is committed to its Directors and employees maintaining high standards of integrity, and ensuring that activities are in compliance with the letter and spirit of both the law and Company policies. Each staff member will be issued with the Company's Policies and Procedures manual at the beginning of their employment with the Company.

**Recommendation 3.3:** *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 3.*  
A summary of both the Company's Code of Conduct and its Share Trading Policy is included on the Company's website.

## 4. Safeguard integrity in financial reporting.

**Recommendation 4.1:** *The Board should establish an audit committee.*

**Recommendation 4.2:** *Structure the audit committee so that it consists of:*

- *Only non-executive Directors;*
- *A majority of independent Directors;*
- *An independent Chairperson, who is not Chairperson of the Board;*
- *At least three members.*

**Recommendation 4.3:** *The audit committee should have a formal charter - Refer to Recommendation 4.1.*

**Recommendation 4.4:** *Companies should provide the information indicated in the Guide to reporting on Principle 4.*

### Integrity of Company's Financial Condition

The Company's Chief Financial Officer will report in writing to the Board that the financial statements of the Company for the half and full financial year present a true and fair view, in all material respects, of the Company's financial condition and operational results in accordance with relevant accounting standards.

### Audit Committee

The Company has a formal charter for an Audit and Governance Committee, however, no Committee has been appointed to date. The Board as a whole deals with areas that would normally fall under the charter of the Audit and Governance Committee.

Refer to the table of departure from best practice recommendations.

## 5. Make timely and balanced disclosure.

**Recommendation 5.1:** *Establish written policies and procedures designed to ensure compliance with ASX Listing rules disclosure requirements, and to ensure accountability at a senior management level for that compliance.*

Being a listed entity on the Australian Stock Exchange (ASX), the Company has an obligation under the ASX Listing Rules to maintain an informed market with respect to its securities. Accordingly, the Company advises the market of all information required to be disclosed under the Rules, which the Board believes would have a material affect on the price of the Company's securities.

The Company Secretary has been appointed as the person responsible for communication with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules, and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media, and the public.

All shareholders have access to the annual report on the Company's website. Shareholders who have elected to receive a hardcopy will do so.

**Recommendation 5.2:** *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 5.* Disclosure is reviewed as a standard and routine agenda item at each Board meeting.

## 6. Respect the rights of shareholders.

**Recommendation 6.1:** *Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.*

**Recommendation 6.2:** *Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.*

The Company is committed to keeping shareholders fully informed of significant developments at the Company. In addition to public announcements of its financial statements and significant matters, the Company will provide the opportunity for shareholders to question the Board and management about its activities at the Company's annual general meeting.

The Company's auditor will be in attendance at the annual general meeting, and will also be available to answer questions from shareholders about the conduct of the audit and the preparation and content of the auditor's report.

## 7. Recognise and manage risk

**Recommendation 7.1:** *The Board or appropriate Board committee should establish policies on risk oversight and management.*

**Recommendation 7.2:** *The chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the Board that:*

7.2.1 *The statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.*

7.2.2 *The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.*

**Recommendation 7.3:** *The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a system of risk management and internal control and that the system is operating effectively in all material respects in relation to the financial reporting risks.*

**Recommendation 7.4:** *Provide the information indicated in the ASX Corporate Governance Council's Guide to reporting on Principle 7.*

The Board oversees the Company's risk profile. The financial position of the Company and matters of risk are considered by the Board on a regular basis. The Board is responsible for ensuring that controls and procedures to identify, analyse, assess, prioritise, monitor, and manage risk are in place, being maintained and adhered to.

The Chief Financial Officer and Chief Executive Officer have stated in writing to the Board that:

- The statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board.
- The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

## 8. Remunerate fairly and responsibly

**Recommendation 8.1:** *The Board should establish a Remuneration Committee.*

**Recommendation 8.2:** *Clearly distinguish the structure of non-executive Directors' remuneration from that of executives.*

**Recommendation 8.3:** *Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.*

### Principles used to determine the nature and amount of remuneration

The objective of the Company's remuneration framework is to ensure reward for performance is competitive and appropriate to the results delivered. The framework aligns executive reward with the creation of value for shareholders, and conforms to market best practice.

### Remuneration Committee

The Company has a formal charter for the Remuneration Committee, however, no Committee has been appointed to date. The entire Board act as the Remuneration and Nomination Committee. The Board as a whole deals with areas that would normally fall under the charter of the Remuneration Committee. Refer to the table of departure from best practice recommendations.

### Directors' Remuneration

Further information on Directors' and executives' remuneration is set out in the Directors' Report.

### Departure from Best Practice Recommendations

From the Company's incorporation, the Company has complied with each of the Eight Essential Corporate Governance Principles and Best Practice Recommendations published by the ASX Corporate Governance Council, other than those items in the departure table below.

Recommendation Reference - ASX Guidelines	Notification of Departure	Explanation for Departure
2.4	A separate Nomination Committee has not been formed	The Board considers that the Company is not currently of a size to justify the formation of a nomination committee. The Board as a whole undertakes the process of reviewing the skill base and experience of existing Directors to enable identification or attributes required in Directors.
4.2, 4.3, 4.4	A separate Audit Committee has not been formed.	The Board considers that the Company is not of a size, nor is its financial affairs of such complexity to justify the formation of an audit committee. The Board as a whole undertakes the selection and proper application of accounting policies, the integrity of financial reporting, the identification and management of risk and review of operation of the internal control systems.
8.1, 8.2, 8.3	A separate Remuneration Committee has not been formed.	The Board considers that the Company is not currently of a size to justify the formation of a nomination committee. The Board as a whole undertakes the process of reviewing the remuneration levels of the Board, and where required, outside advice is sought.



# DIRECTORS' REPORT

Your Directors present their report on Doray Minerals Limited (the Company) for the period from 20 August 2009 (the Company's date of incorporation) to 30 June 2010.

## DIRECTORS

The following persons were Directors of the Company and were in office for the entire period, and up to the date of this report, unless otherwise stated:

Mr Brett Fraser (non-executive Director and Chairman, Appointed on 23 October 2009)

Mr Allan Kelly (Managing Director, Appointed on 20 August 2009)

Mr Heath Hellewell (Technical Director, Appointed on 20 August 2009)

Mr Jay Stephenson (non-executive Director, Appointed on 20 August 2009)

## COMPANY SECRETARY

Mr Jay Stephenson (non-executive Director, Appointed on 20 August 2009)

## PRINCIPAL ACTIVITY

The principal activity of the Company during the period was to acquire, explore and develop properties that are highly prospective and underexplored for gold.

## RESULTS OF OPERATIONS

The loss of the Company for the period after tax amounted to \$398,245.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Company lodged a prospectus on 20 November 2009 and the Company's shares were listed on the ASX on 8 February 2010.

The Company issued 23,285,000 shares to the public and raised \$4,657,000 as a result.

On 30 April 2010, the Company issued 6,666,667 shares to the public and raised \$4,000,000.

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

## DIVIDENDS

No dividends were declared or paid during the period and the directors do not recommend the payment of a dividend.

## INDEMNITIES

The Company, for a premium of \$16,940 has taken out an insurance policy to cover its Directors and Officers to indemnify them against any claims and negligence. The Company has agreed to indemnify the current Directors and Officers for all liabilities to another person, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company shall meet the full amount of any such liabilities, including costs and expenses.

## SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On 26 August 2010 Doray Minerals announced that it has reached agreement with Aspire Mining Ltd (Aspire) to purchase its Black Tank Well and Tuckanarra gold projects in the Southern-Central Murchison region. 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. In consideration for 100% purchase of the Black Tank Well and Tuckanarra properties, Doray issued Aspire 200,000 fully paid Doray shares.

Except for the above, no other matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

## PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings.

The Company was not a party to any such proceedings during the period.

## INFORMATION ON DIRECTORS

<b>Mr Brett Fraser</b>	<b>Non-Executive Director and Chairman from 23 October 2009</b>		
Qualifications	B.Bus, FCPA, FFin		
Interest in shares and options	Shares	Direct holding	Nil
		Indirect holding	95,000
	Options	Direct holding	1,000,000
		Indirect holding	Nil
Special Responsibilities	None		
Directorships held in other listed entities	Currently Mr Fraser is the Chairman of Drake Resources Limited, Aura Energy Limited and Blina Diamonds NL.		

<b>Mr Allan Kelly</b>	<b>Managing Director from 20 August 2009</b>		
Qualifications	BSc (Hons), Grad Cert Bus, FAAG MAIG		
Interest in shares and options	Shares	Direct holding	6,520,000
		Indirect holding	2,520,000
	Options	Direct holding	3,000,000
		Indirect holding	1,250,000
Special Responsibilities	None		
Directorships held in other listed entities	None		

<b>Mr Heath Hellewell</b>	<b>Technical Director from 20 August 2009</b>		
Qualifications	BSc (Hons), MAIG		
Interest in shares and options	Shares	Direct holding	21,829
		Indirect holding	4,025,000
	Options	Direct holding	Nil
		Indirect holding	2,000,000
Special Responsibilities	None		
Directorships held in listed entities	None		

<b>Mr Jay Stephenson</b>	<b>Non-Executive Director from 20 August 2009</b>		
Qualifications	MBA, FCPA, CMA, FCIS, MAICD		
Interest in shares and options	Shares	Direct holding	Nil
		Indirect holding	55,000
	Options	Direct holding	1,000,000
		Indirect holding	Nil
Special Responsibilities	None		
Directorships held in listed entities	Mr Stephenson is currently a non-executive Director of Drake Resources Limited, Strategic Minerals Corporation NL and Aura Energy Limited as well as Company Secretary for a number of ASX listed resource and industrial companies.		

## DIRECTORS' MEETINGS

The number of Directors' meetings and meetings of committees of Directors held in the period and the number of meetings attended by each of the Directors of the Company during the period are:

Name	Board of Directors' Meetings	
	Number attended	Number eligible to attend
Mr Brett Fraser	7	7
Mr Allan Kelly	7	7
Mr Heath Hellewell	7	7
Mr Jay Stephenson	7	7

### Directors' Shareholdings, Contracts, and Benefits

The interest of each Director in the share capital of the Company at the date of this report and as contained in the register of Directors' shareholdings of the Company is shown in Note 19 of this annual report.

Since the end of the period, no Director of the Company has received, or become entitled to receive, a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the accounts) by reason of a contract made by the Company with the Director or with a firm of which the Director is a member, or a Company in which the Director has a substantial financial interest, other than as disclosed in Note 19 of the accounts.

## REMUNERATION REPORT (AUDITED)

### (a) Principles used to determine the nature and amount of remuneration

The following report determines the principles used to determine the nature and amount of remuneration. The Board is responsible for determining and reviewing compensation arrangements for the Directors and key management personnel. The role also includes responsibility for share option schemes, superannuation entitlements, retirement and termination entitlements, fringe benefit policies, liability insurance policies and other terms of employment.

The Board will review the arrangements having regard to performance, relevant comparative information and at its discretion may obtain independent expert advice on the appropriateness of remuneration packages. Remuneration packages are set at levels intended to attract and retain key management personnel capable of managing the Company's activities.

The practices of negotiation and annual review of executive directors' performance and remuneration are carried out, in an informal way by the Managing Director who makes recommendations to the Board. The Chairman of the Board who makes recommendations to the full board undertakes, in an informal way, the review of the Managing Director's performance and remuneration. There is no formal relationship between remuneration and performance.

The Board will meet at least annually or as required, usually on the anniversary date of each service agreement for the particular Director and/or key management personnel. At these meetings, the particular Director and/or key management personnel will declare his/her interest and not vote, and he/she will depart from the meeting, so as not to be present whilst the issue is being discussed.

The executive pay and reward framework has three components:

- base pay and benefits;
- long-term incentives through Directors options (refer Note 19); and
- other remuneration such as superannuation.

The combination of these comprises the key management personnel total remuneration.

## (b) Details of remuneration

Details of the nature and amount of each element of the emoluments of each of the key management personnel of the Company (the Directors) for the period from 20 August 2009 to 30 June 2010 are set out in the following tables.

Name	Short-term benefits		Post-employment benefits			Total	Percent of Remuneration that is Performance Based
	Cash Salary and fees	Provision of a motor vehicle	Super-annuation	Share-based Payment Options	Other Payments		
	\$	\$	\$	\$	\$	\$	%
<i>Directors</i>							
Mr Brett Fraser	-	-	-	-	20,834*	20,834	-
Mr Allan Kelly	62,500	-	5,625	-	57,757**	125,882	-
Mr Heath Hellewell	-	-	-	-	92,764***	92,764	-
Mr Jay Stephenson	16,155	-	1,454	-	115,104****	132,713	-
<i>Company Secretary:</i>							
Mr Jay Stephenson	-	-	-	-	37,500****	37,500	-
	78,655	-	7,079	-	323,959	409,693	-

\* This was paid to Wolfstar Group Pty Ltd for Mr Brett Fraser's non-executive Director fees, as agreed between the Company and Mr Brett Fraser.

\*\* This was paid to XGS Exploration Geochemistry Services Pty Ltd for Allan Kelly's geological consulting services, as per its service agreement.

\*\*\* This was paid to NeoGold Enterprises Pty Ltd for Heath Hellewell's geological consulting services, as per its service agreement.

\*\*\*\* This was paid to Wolfstar Group Pty Ltd for Jay Stephenson's corporate secretarial services. These fees included basic corporate secretarial work (\$37,500), accounting services (\$18,000) and capital raising expenses (\$97,104), as per its service agreement.

The above schedule does not include expenses and other payments reimbursed to directors. For details of all agreements refer to the following note.

## (c) Service agreements and deeds of employment

### **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.

The Service Agreement continues for a period of three 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 three 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 2001* or the Company's constitution, then Mr Kelly is only entitled to unpaid remuneration and entitlements.

### **Directors' fees**

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

Mr Brett Fraser's directors' fees are paid to Wolfstar Group on his behalf. As at 30 June 2010, there was \$6,989 owing with regards to these directors' fees.

### **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 three years, unless otherwise extended or terminated in accordance with its terms.

The Company incurred an expense of \$57,757 (some of which has been capitalised to exploration assets) during the reporting period and the balance owing at 30 June 2010 is \$9,442.

**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 three years, unless otherwise extended or terminated in accordance with its terms.

The Company incurred an expense of \$92,764 during the reporting period and the balance owing at 30 June 2010 is \$22,964.

**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 fees of \$152,604 (excluding Mr Brett Fraser's director fees, and some of which are included in Share Issue Costs) during the reporting period and the balance owing at 30 June 2010 is \$8,250 (excluding Mr Brett Fraser's directors fees)

**Service Agreement with Debnal Pty Ltd**

The Company entered to an agreement on 10 November 2009 with Debnal Pty Ltd (Debnal) for the purchase of Debnal's 100% interest in each of EL4407, EL4473 and EL4432 and all the mining information in connection with those tenements. The consideration for the tenements received was 2,500,000 shares to Debnal at 1 cent each and 1,000,000 options to purchase shares exercisable at 20 cents each on or before 3 September 2014.

The Company also entered into an agreement on 10 November 2009 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. The consideration for the tenements received was 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.

Debnal is a related party to Mr Alan Kelly (Managing Director).

There are no other service agreements in place for executive or non-executive Directors.

**(d) Share-based compensation**

There were no share-based compensation events during the period.

**(e) Equity instruments issued on exercise of remuneration options**

There were no equity instruments issued during the period to Directors or other key management personnel as a result of options exercised that had previously been granted as compensation.

**This concludes the audited Remuneration Report.**

**ENVIRONMENTAL REGULATION**

The Company holds various exploration licences to regulate its exploration activities in Australia. These licences include conditions and regulations with respect to rehabilitation of areas disturbed during the course of exploration activities. However, the Board believes that it has adequate systems in place for the management of its environmental requirements and is not aware of any breach of environmental requirements as they apply to the Company.

**LOANS TO DIRECTORS**

As at 30 June 2010, there is an outstanding loan to Mr Allan Kelly of \$2,933, and an outstanding loan to Mr Heath Hellewell of \$1,980. No other loans have been made to Directors of the Company and the specified executives of the Company, including their personally related entities.

## SHARES UNDER OPTION

Unissued ordinary shares of Doray Minerals Limited under option at the date of this report are as follows:

Expiry date	Exercise Price	Number under option
4 February 2012	\$0.20	500,000
3 September 2014	\$0.20	8,578,500
4 February 2015	\$0.20	5,250,000
		14,328,500

No optionholder has any right under the options to participate in any other share issue of the Company or of any other entity.

## SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no ordinary shares of the Company issued during or since the end of the period from 20 August 2009 to 30 June 2010 on the exercise of options.

## NON-AUDIT SERVICES

The board of directors is satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. Non-audit service fees related to the period amounted to \$6,000 for the assistance with the preparation of financial statements for the period from 20 August 2009 to 30 June 2010.

## AUDITORS' INDEPENDENCE DECLARATION

The auditor's independence declaration for the period from 20 August 2009 to 30 June 2010 has been received and can be found on page 45 of the annual report.

Signed in accordance with a resolution of the Board of Directors.



**Brett Fraser**

Chairman of the Board of Directors

Dated this 30<sup>th</sup> day of September 2010

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 20 AUGUST 2009 TO 30 JUNE 2010

	Note	\$
<b>Revenue</b>		-
Accountancy expenses		(55,500)
Computer expenses		(30,608)
Consultants fees		(25,316)
Depreciation	<b>6</b>	(5,907)
Amortisation	<b>8</b>	(3,542)
Directors' fees		(36,989)
Employee benefits expenses		(102,135)
Insurance		(24,983)
Investor relations		(30,513)
Legal costs		(17,111)
Marketing expenses		(25,852)
Rent and utilities		(29,936)
Travel and accommodation		(13,890)
Other administration expenses		(85,549)
<b>Results from operating activities</b>		<b>(487,831)</b>
Financial income		89,586
Financial expense		-
Net financing income		89,586
Loss before income tax		(398,245)
Income tax expense	<b>10</b>	-
<b>Net loss for the period</b>		<b>(398,245)</b>
Other comprehensive income for the year, net of income tax		-
<b>Total comprehensive loss for the period</b>		<b>(398,245)</b>
		Cents
Loss per share attributable to ordinary equity holders - basic and diluted	<b>16</b>	(1.3187)

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

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

	Note	\$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	4	6,961,278
Trade and other receivables	5	171,477
Prepayments		8,415
<b>Total Current Assets</b>		<b>7,141,170</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	6	112,631
Exploration costs	7	1,246,950
Intangible assets	8	36,958
<b>Total Non-Current Assets</b>		<b>1,396,539</b>
<b>TOTAL ASSETS</b>		<b>8,537,709</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	9	516,782
<b>Total Current Liabilities</b>		<b>516,782</b>
<b>TOTAL LIABILITIES</b>		<b>516,782</b>
<b>NET ASSETS</b>		<b>8,020,927</b>
<b>EQUITY</b>		
Issued capital	11	8,290,433
Reserves	12	128,739
Accumulated losses		(398,245)
<b>TOTAL EQUITY</b>		<b>8,020,927</b>

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

# STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 20 AUGUST 2009 TO 30 JUNE 2010

	Ordinary Share Capital	Reserves	Retained Losses	Total
	\$	\$	\$	\$
<b>At 20 August 2009</b>	-	-	-	-
<b>Comprehensive losses</b>				
Net loss for the period	-	-	(398,245)	(398,245)
<b>Total comprehensive losses</b>	-	-	(398,245)	(398,245)
<b>Transactions with owners recorded directly in equity</b>				
Issue of shares	9,167,250	-	-	9,167,250
Issue of options		2,000	-	2,000
Share issue costs	(876,817)	-	-	(876,817)
Share based payments - value of options provided for brokerage services	-	126,739	-	126,739
<b>Total contributions by and distributions to owners</b>	8,290,433	128,739	-	8,419,172
<b>At 30 June 2010</b>	<b>8,290,433</b>	<b>128,739</b>	<b>(398,245)</b>	<b>8,020,927</b>

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

# STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 20 AUGUST 2009 TO 30 JUNE 2010

	Note	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers		-
Payments to suppliers and employees		(461,002)
Interest received		89,586
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>17</b>	<b>(371,416)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	<b>6</b>	(118,538)
Payments for exploration and evaluation assets		(711,190)
Payments for other intangible assets	<b>8</b>	(40,500)
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>		<b>(870,228)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from share issue		8,951,000
Proceeds from option issue		2,000
Capital raising costs paid		(750,078)
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>		<b>8,202,922</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>6,961,278</b>
Cash and cash equivalents at the beginning of the period		-
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>4</b>	<b>6,961,278</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 20 AUGUST 2009 TO 30 JUNE 2010

## NOTE: 1. REPORTING ENTITY

Doray Minerals Limited (the Company) is a company limited by shares, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

## NOTE: 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation

#### Statement of Compliance

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report of the Company complies with International Financial Reporting Standards and Interpretations adopted by the International Accounting Standards Board. The financial statements were authorised for issue by the Board of Directors on 30 September 2010.

#### Historical cost convention

These financial statements have been prepared under the historical cost convention.

#### Functional and presentation currency

Both the functional and presentation currency of the Company is in Australian Dollars.

#### Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with AASBs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 7 - Capitalisation of Exploration and Evaluation Assets.

### (b) Income Tax

The charge for current income tax expenses is based on the profit for the period adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

### (c) Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings. The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

### (d) Depreciation

Land is not depreciated. Depreciation on other assets is calculated on a straight-line basis at rates calculated to allocate the cost less the estimated residual value over the estimated useful life of each asset.

<b>Class of Fixed Asset</b>	<b>Useful Life</b>
Motor Vehicles	4 years
Plant and Equipment	3 - 4 years

The assets' carrying values are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Profit and loss on disposal are determined by comparing proceeds with the carrying amount. These amounts are included in the income statement.

### (e) Financial Instruments

#### ***Non-Derivative Financial Instruments***

#### **Recognition**

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Loans and receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(f) Impairment

**Non-financial assets**

The carrying amounts of the Company's non-financial assets, other than 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 that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit or CGU).

Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs 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 CGUs that are expected to benefit from the synergies of the combination.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs 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 unit (group of units) on a pro rata basis.

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.

**Financial assets (including receivables)**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

**Financial assets (including receivables)**

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for receivables at a specific asset level. All receivables are individually assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

## (g) Employee Benefits

### Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### Other long-term employee benefits

Provision is made for the liability due to employee benefits arising from services rendered by employees to the reporting date.

Employee benefits expected to be settled within one year together with benefits arising out of wages and salaries, sick leave and annual leave, which will be settled after one year, have been measured at their nominal amount. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions made to defined employee superannuation funds are charged as expenses when incurred.

## (h) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

## (i) Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less plus bank overdrafts. Bank overdrafts are shown on the statement of financial position as current liabilities under borrowings.

## (j) Finance Income and Finance Costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

## (k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax, except:

- (i) Where the amount of GST incurred is not recoverable from the Australian Tax Office, it is recognised as part of the cost of the acquisition of an asset or as part of an item of expenditure.
- (ii) Receivables and payables are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

## (l) Exploration and Evaluation Assets

Exploration and evaluation costs, including costs of acquiring licenses, are capitalised as exploration and evaluation assets on an area of interest basis. Costs of acquiring licences which are pending the approval of the Department of Mines and Petroleum as at the date of reporting are capitalised as exploration and evaluation cost if in the opinion of the Directors it is virtually certain the Company will be granted the licences.

Exploration and evaluation assets are only recognised if the rights of tenure to the area of interest are current and either:

- (i) The expenditures are expected to be recouped through successful development and exploitation of the area of interest, or
- (ii) 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, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment when:

- (i) Sufficient data exists to determine technical feasibility and commercial viability, and

Facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy in Note 2(f)). For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which 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

(m) Intangibles

**IT Software**

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 5 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the group has an intention and ability to use the asset.

(n) Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

**Share-based Payment Transactions**

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

(o) New Accounting Standards and Interpretations

The following standards, amendments to standards and interpretations have been identified as those, which may impact the Company in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing this financial report.

- *AASB 2009-5 Further amendments to Australian Accounting Standards arising from the Annual Improvements Process* affects various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Company's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.

(p) New Accounting Standards and Interpretations (Continued)

- *AASB 2009-10 Amendments to Australian Accounting Standards - Classification of Rights Issues [AASB 132] (effective from 1 February 2010)*

In October 2009 the AASB issued an amendment to AASB 132 *Financial Instruments: Presentation* which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The Company will apply the amended standard from 1 July 2010. As the Company has not made any such rights issues, the amendment will not have any effect on the Company's financial statements.

- *AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)* AASB 9 Financial Instruments addresses the classification and measurement of financial assets and is likely to affect the Company's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Company is yet to assess its full impact.

**NOTE: 3. DETERMINATION OF FAIR VALUES**

**Trade and other receivables**

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

**Non-derivative financial liabilities**

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

**Share-based payment transactions**

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company, based on the value of goods and services provided, unless the value of the goods and services cannot be determined an options price model is used to determine value. There were no share-based payments in return for employment services in the period.

#### NOTE: 4. CASH AND CASH EQUIVALENTS

	\$
Cash at bank and in hand	6,961,278
Total cash and cash equivalents in the statement of cash flows.	<b>6,961,278</b>

#### NOTE: 5. TRADE AND OTHER RECEIVABLES

##### Current

Trade and other receivables	14,998
Amounts deposited against bank guarantees	10,106
Loans to directors*	4,913
GST receivable	141,460
Total Current Trade and Other Receivables	<b>171,477</b>

\* The loans to directors consist of \$2,933 to Mr Allan Kelly and \$1,980 to Mr Heath Hellewell. The loans relate to reimbursements of expense claims for travelling, car hire, fuel, accommodation and meals

#### NOTE: 6. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and equipment	Motor vehicles	Total
	\$	\$	\$	\$
At cost	33,419	22,349	62,770	118,538
Accumulated depreciation	-	(1,984)	(3,923)	(5,907)
Net book amount	<b>33,419</b>	<b>20,365</b>	<b>58,847</b>	<b>112,631</b>

##### Movements in carrying amounts during the period

	Land and buildings	Plant and equipment	Motor vehicles	Total
	\$	\$	\$	\$
Opening net book amount	-	-	-	-
Additions	33,419	22,349	62,770	118,538
Depreciation charge	-	(1,984)	(3,923)	(5,907)
Closing net book amount	<b>33,419</b>	<b>20,365</b>	<b>58,847</b>	<b>112,631</b>

**NOTE: 7. EXPLORATION COSTS**

	\$
<b>Exploration at cost</b>	
Balance at the beginning of the period	-
Acquisition of tenements	474,580*
Exploration of tenements	772,037
Holding costs of tenements	333
Balance at the end of the period	<b>1,246,950</b>

\* \$216,150 of the tenements acquired was paid for through the issuing of shares and options in the Company. This was pursuant to the purchase of rights and interests described in the following agreements entered by the Company during the period:

- (i) 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;
- (ii) 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;
- (iii) 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;
- (iv) an agreement with Hayjae Enterprise Pty Ltd (Hayjae) for the purchase of Hayjae's 100% interest in its Webbs Patch project in the Murchison Region of Western Australia; and
- (v) an agreement with Debnal Pty Ltd (Debnal) for the purchase of Debnal's 100% interest in each of EL4407, EL4473 and EL4432 and all the mining information in connection with those tenements.

The issue of equity instruments in the Company for the above purchase of rights and interests in tenements were as follows:

- 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.
- 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.
- 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.
- 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.
- 500,000 shares to Hayjae at 20 cents each (in addition to a cash payment of \$100,000 for the project).
- 2,500,000 shares to Debnal at 1 cent each and 1,000,000 options to purchase shares exercisable at 20 cents each cent each on or before 3 September 2014.

\$113,324 of capitalised costs related to permits where approval by the Department of Mines and Petroleum was pending as at 30 June 2010. In management's view, it is virtually certain that these licences will be granted. Therefore, no impairment loss was recognised during the period on exploration and evaluation assets.

## NOTE: 8. INTANGIBLE ASSETS

	Software	Setup costs	Total
At cost	39,825	675	40,500
Accumulated amortisation and impairment	(3,542)	-	(3,542)
<b>Net book amount</b>	<b>36,283</b>	<b>675</b>	<b>36,958</b>

### Movements in carrying amounts during the period

	Software	Setup costs	Total
Opening net book amount	-	-	-
Additions	39,825	675	40,500
Amortisation charge	(3,542)	-	(3,542)
<b>Closing net book amount</b>	<b>36,283</b>	<b>675</b>	<b>36,958</b>

## NOTE: 9. TRADE AND OTHER PAYABLES

	\$
<b>Current</b>	
Creditors	127,387
Accruals	349,502
Other payables	39,893
<b>Total Current Trade and Other Payables</b>	<b>516,782</b>

**NOTE: 10. INCOME TAX**

Current tax expense	
Current period	-
Deferred tax expense recognised in the income statement	
Origination and reversal of temporary differences	-
<b>Total income tax expense in statement of comprehensive income</b>	<b>-</b>
<b>(i) Numerical reconciliation between tax expense and pre-tax net loss:</b>	
Loss before income tax	(398,245)
Income tax benefit using the domestic corporation tax rate of 30%	(119,474)
Increase/(decrease) in income tax expense due to:	
Non deductible expenses	551
Tax deductible equity raising costs	(52,609)
Effect of current tax losses not recognised	163,718
Effect of other unrecognised temporary differences	7,814
<b>Income tax expense reported in the statement of comprehensive income</b>	<b>-</b>
<b>(ii) Tax Assets and Liabilities</b>	
<i>Unrecognised deferred tax assets</i>	
Deferred tax assets have not been recognised in respect of the following items:	
Deductible temporary differences	218,250
Tax income losses	163,718
	<b>381,968</b>

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits from.

This benefit (which has been calculated as 30% of losses and deductions available) will only be obtained if:

- (i) The Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- (ii) The Company continues to comply with the conditions for deductibility imposed by the tax legislation; and
- (iii) No changes in tax legislation adversely affect the Company in realising the benefit from the deduction for the losses.

*Recognised deferred tax assets and liabilities*

	Assets	Liabilities	Net
Exploration and evaluation assets	-	(231,611)	(231,611)
Tax value of losses	231,611	-	231,611
Net recognised deferred tax assets and liabilities	231,611	(231,611)	-

*Movement in temporary differences during the year*

	Balance at 20 August 2009	Recognised in income	Balance at 30 June 2010
Exploration and evaluation assets	-	(231,611)	(231,611)
Tax value of losses	-	231,611	231,611
Net recognised deferred tax assets and liabilities	-	-	-

## NOTE: 11. ISSUED CAPITAL

	Shares	\$
<b>Issued and paid up capital</b>		
<i>Ordinary shares</i>		
- Fully paid	55,076,667	9,167,250
- Capital raising costs		(876,817)
<b>Total issued and paid up capital</b>	<b>55,076,667</b>	<b>8,290,433</b>

### **Movements in ordinary shares issued**

	Number of Shares	Issue Price \$	Total \$
<b>Balance at the beginning of the period</b>	-		-
20 Aug 2009    Shares issued at 0.1 cent	4,000,000	0.0010	4,000
3 Sep 2009    Shares issued at 1 cent	4,000,000	0.01	40,000
30 Sep 2009    Shares issued at 5 cents	5,000,000	0.05	250,000
10 Nov 2009    Shares issued at 1 cent*	2,500,000	0.01	25,000
8 Feb 2010    Placement funds	23,285,000	0.20	4,657,000
8 Feb 2010    Shares issued at 1 cent*	9,125,000	0.01	91,250
26 Mar 2010    Shares issued at 20 cents*	500,000	0.20	100,000
30 April 2010    Placement funds	6,666,667	0.60	4,000,000
	55,076,667		9,167,250
Less: Capital raising costs during the period			(876,817)
<b>Balance at the end of the period</b>	<b>55,076,667</b>		<b>8,290,433</b>

\* These shares were pursuant to the purchase of the rights and interests in various exploration tenements as described in Note 7 on the acquisition of tenements during the period.

Ordinary shareholders are entitled to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. Every ordinary shareholder present at a meeting in person or by proxy is entitled to one vote on a show of hands or by poll.

### **Capital risk management**

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

The capital structure of the Company consists of equity comprising issued capital and accumulated losses.

Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is to maintain sufficient current working capital position to meet the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Company at 30 June 2010 is as follows:

	\$
Cash and cash equivalents	6,961,278
Trade and other receivables	171,477
Trade and other payables	(516,782)
Provisions	-
<b>Working capital position</b>	<b>6,615,973</b>

The Company is not subject to any externally imposed capital requirements.

## NOTE: 12.RESERVES

### Movements in options issued

		Number of Options	Option Price (\$)	Total \$
<b>Balance at the beginning of the period</b>				
		-		-
20 Aug 2009	Options issued *	4,000,000	-	-
30 Sep 2009	Options issued at 0.1 cent	2,000,000	0.001	2,000
30 Sep 2009	Options issued **	1,250,000	-	-
10 Nov 2009	Options issued ***	1,000,000	-	-
8 Feb 2010	Options issued ***	1,250,000	-	-
8 Feb 2010	Options issued at 9.54 cents****	1,328,500	0.0954	126,739
8 Feb 2010	Options issued *****	3,500,000	-	-
<b>Balance at the end of the period</b>				
		14,328,500		128,739

\* The Directors purchased 4 million shares and under the same agreement received one free option for every share purchased. The options were not issued for rendering of employment services.

\*\* Unrelated seed capitalists purchased 5 million shares and under the same agreement received 1 free option for every four shares purchased. The options are not issued for the rendering of services.

\*\*\* These options were issued to both Allan Kelly and Debnal Pty Ltd ATF Kelly Family Trust, which is a related party of Allan Kelly. These options were issued under the same agreement as the shares issued on the same dates. The options and shares were issued in consideration for tenements received. The fair value of the options and shares were based on the value of the tenements received. The fair value of the options and shares was credited to share capital. Refer to Note 7 for further details.

\*\*\*\* These options were issued to unrelated vendors (Scott Wilson 50,000 options, JML 3,000,000 options and Murchison Resources Pty Ltd 450,000 options). These options were issued under the same agreement as the shares issued on the same dates. The options and shares were issued in consideration for tenements received. The fair value of the options and shares were based on the value of the tenements received. The fair value of the options and shares was credited to share capital. Refer to Note 7 for further details.

\*\*\*\*\* These were issued to Shaw Stockbroking as part of the consideration of their services in raising funds through a placement of shares on the same date. The fair value of the 1,328,500 options issued to Shaw Corporate Finance was calculated using a Black and Scholes options pricing model using a volatility factor of 70% and a risk free rate of 5%. The exercise price of the options is 20 cents and the options are exercisable on or before 3 September 2014. The options are escrowed for a 24-month period.

At the end of the reporting period, there were 14,328,500 options over unissued shares as follows:

- 500,000 unlisted options exercisable at \$0.20 on or before 4 February 2012
- 8,578,500 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.

## NOTE: 13.SEGMENT REPORTING

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.

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. Hence, Management has identified one operating segments 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 represent the segmental information for Australia.

## NOTE: 14. CONTINGENT ASSETS AND LIABILITIES

\$113,324 of capitalised exploration and evaluation costs related to permits where approval by the Department of Mines and Petroleum was pending at the reporting date. In management's view, it is virtually certain that these licences will be granted. Refer to Exploration Note 7 for further detail.

There are no other contingent assets or liabilities at year-end.

## NOTE: 15. COMMITMENTS FOR EXPENDITURE

### Exploration Expenditure Commitments

In order to maintain the current rights of tenure to mining tenements, the Company has the following exploration expenditure requirements up until the expiry of the leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable as follows.

	\$
Not longer than one year	92,232
Longer than one year, but not longer than five years	238,844
Longer than five years	7,151
<b>Total</b>	<b>338,227</b>

If the Company decides to relinquish certain leases and/or does not meet the obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of carrying values. The sale, transfers or farm-out of exploration rights to third parties will reduce or extinguish the above obligations.

## NOTE: 16. EARNINGS PER SHARE (EPS)

### (i) Basic earnings per share

Basic earnings per share are calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average of ordinary shares outstanding during the period.

### (ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with the dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. The diluted earnings per share are the same as the basic earnings per share, as the exercise price of the options outstanding is higher than the average market price of the Company's ordinary shares since listing.

### (a) Reconciliation of earnings to loss

Net loss attributable to ordinary equity holders	(398,245)
Earnings used to calculate basic and diluted EPS	(398,245)

### (b) Weighted average number of ordinary shares outstanding during the

period used to calculate basic EPS	
Weighted average number of ordinary shares outstanding during the period used in calculating basic and diluted EPS	30,199,884

## NOTE: 17. CASH FLOW INFORMATION

	\$
Reconciliation of cash flows from operating activities to loss after income tax:	
Loss after income tax	(398,245)
Non-cash flows in loss	
- Depreciation	5,907
- Amortisation	3,542
	(388,796)
Changes in assets and liabilities:	
- (Increase)/decrease in trade and other receivables	(171,477)
- (Increase)/decrease in prepayments	(8,415)
- Increase/(decrease) in trade and other payables	197,272
<b>Cash Flow from Operating Activities</b>	<b>(371,416)</b>

## NOTE: 18. RELATED PARTY TRANSACTIONS

Other than transactions with Directors and their related entities (see Note 19 on the following page), there were no other related party transactions during the period.

## NOTE: 19. KEY MANAGEMENT PERSONNEL DISCLOSURES

### (a) Directors

Names and positions held of directors in office at any time during the period are:

Mr Brett Fraser	Chairman, non-executive - appointed 23 October 2009
Mr Allan Kelly	Managing Director - appointed 20 August 2009
Mr Heath Hellewell	Technical Director - appointed 20 August 2009
Mr Jay Stephenson	Director, non-executive and Company Secretary - appointed 20 August 2009

### (b) Key Management Personnel Compensation

Short term employee benefits (including termination payments)	2009 \$
Post employment benefits	78,655
Other payments	7,079
	323,959
	<b>409,693</b>

#### Other transactions with directors

There were loans to directors of \$4,913. The loans to directors consist of \$2,933 to Mr Allan Kelly and \$1,980 to Mr Heath Hellewell. The loans relate to reimbursements of expense claims for travelling, car hire, fuel, accommodation and meals

### (c) Equity Instruments Disclosure Relating to Key Management Personnel:

Number of shares and options held by Directors of the Company, including their personally related parties, are set out below

#### Shares

Name	Balance at 20 August 2009	Granted as compensation	Options Exercised	Bought & (Sold)	Balance at 30 June 2010
Mr Brett Fraser					
<i>Direct</i>	-	-	-	-	-
<i>Indirect<sup>1</sup></i>	-	-	-	95,000	95,000
Mr Allan Kelly					
<i>Direct</i>	-	-	-	6,520,000*	6,520,000
<i>Indirect<sup>2</sup></i>	-	-	-	2,520,000**	2,520,000
Mr Heath Hellewell					
<i>Direct</i>	-	-	-	21,829	21,829
<i>Indirect<sup>3</sup></i>	-	-	-	4,025,000	4,025,000
Mr Jay Stephenson					
<i>Direct</i>	-	-	-	-	-
<i>Indirect<sup>4</sup></i>	-	-	-	55,000	55,000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,236,829</b>	<b>13,236,829</b>

<sup>1</sup> These shares are held by the following personally related parties of Mr Brett Fraser:

- Pinewood Asset Pty Ltd
- Tyler Street Holdings Pty Ltd
- Wolfstar Group Pty Ltd

<sup>2</sup> These shares are held by the following personally related parties of Mr Allan Kelly:

- XGS Exploration Geochemistry Services
- Debnal Pty Ltd

<sup>3</sup> These shares are held by the following personally related parties of Mr Heath Hellewell:

- Nedlands Nominees Pty Ltd
- Neogold Enterprises Pty Ltd

<sup>4</sup> These shares are held by the following personally related parties of Mr Jay Stephenson:

- Almameter Pty Ltd
- Pazzia Pty Ltd
- Wolfstar Group Pty Ltd

\*2,500,000 of these shares were issued Debnal Pty Ltd (Debnal) in lieu of tenements acquired (see Note 7 for further information).

\*\*2,500,000 of these shares were issued to Debnal Pty Ltd as part of the issue of shares and options for tenements (see Note 7 for further information).

#### Options

Name	Balance at 20 August 2009	Granted as compensation	Received during the period	Bought & (Sold)	Balance at 30 June 2010
Mr Brett Fraser					
<i>Direct</i>	-	-	-	1,000,000	1,000,000
<i>Indirect</i>	-	-	-	-	-
Mr Allan Kelly					
<i>Direct<sup>1</sup></i>	-	-	-	3,000,000*	3,000,000
<i>Indirect<sup>1</sup></i>	-	-	-	1,250,000**	1,250,000
Mr Heath Hellewell					
<i>Direct</i>	-	-	-	-	-
<i>Indirect<sup>2</sup></i>	-	-	-	2,000,000*	2,000,000
Mr Jay Stephenson					
<i>Direct</i>	-	-	-	1,000,000	1,000,000
<i>Indirect</i>	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,250,000</b>	<b>8,250,000</b>

<sup>1</sup> These options are held by Debnal Pty Ltd, one of Mr. Allan Kelly's personally related parties.

<sup>2</sup> These options are held by Nedlands Nominees Pty Ltd, one of Mr. Heath Hellewell's personally related parties.

\*2,000,000 of these options were issued as part of purchase of shares by the director, and the other 1,000,000 options were issued to Debnal Pty Ltd as part of the issue of shares and options for tenements (see Note 7 for further information).

\*\* These options were issued to Debnal Pty Ltd as part of the issue of shares for tenement acquisition (see Note 7 for further information).

All options are exercisable at 20 cents each on or before 3 September 2014.

#### (e) Agreements with key management personnel

The Company entered into the following agreements with related parties:

##### (i) 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.

The Service Agreement continues for a period of three 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 three 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 2001* or the Company's constitution, then Mr Kelly is only entitled to unpaid remuneration and entitlements.

##### (ii) Directors' fees

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

Mr Brett Fraser's directors fees are paid to Wolfstar Group on his behalf. As at 30 June 2010, there was \$6,989 owing with regards to these directors fees.

**(iii) 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 three years, unless otherwise extended or terminated in accordance with its terms.

The Company incurred an expense of \$57,757 (some of which has been capitalised to exploration assets) during the reporting period and the balance owing at 30 June 2010 is \$9,442.

**(iv) 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 three years, unless otherwise extended or terminated in accordance with its terms.

The Company incurred an expense of \$92,764 during the reporting period and the balance owing at 30 June 2010 is \$22,964.

**(v) 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 fees of \$152,604 (excluding Mr Brett Fraser's director fees, and some of which are included in Share Issue Costs) during the reporting period and the balance owing at 30 June 2010 is \$8,250.

**Service Agreement with Debnal Pty Ltd**

The Company entered to an agreement on 10 November 2009 with Debnal Pty Ltd (Debnal) for the purchase of Debnal's 100% interest in each of EL4407, EL4473 and EL4432 and all the mining information in connection with those tenements. The consideration for the tenements received was 2,500,000 shares to Debnal at 1 cent each and 1,000,000 options to purchase shares exercisable at 20 cents each on or before 3 September 2014.

The Company also entered into an agreement on 10 November 2009 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. The consideration for the tenements received was 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.

Debnal is a related party to Mr Alan Kelly (Managing Director).

There are no other service agreements in place for executive or non-executive Directors.

## NOTE: 20. FINANCIAL RISK MANAGEMENT

Risk management has focused on limiting liabilities to a level, which could be extinguished by sale of assets if necessary.

The Company's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company is engaged in mineral exploration and evaluation, and does not currently sell product and derives only limited revenue from interest earned.

The Board as a whole carries out risk management and no formal risk management policy has been adopted but is in the process of development.

The Company holds the following financial instruments:

	\$
<b>Financial assets</b>	
Cash and cash equivalents	6,961,278
Trade and other receivables	30,017
	<b>6,991,295</b>
<b>Financial liabilities</b>	
Trade and other payables	516,782
	<b>516,782</b>

The fair value of the Company's financial assets and liabilities approximate their fair value.

### (a) Market risk

#### (i) Price risk

The Company's financial assets are not currently exposed to commodity price risk.

#### (ii) Fair value interest rate risk

Refer to (d) below.

### (b) Credit risk

Credit exposure represents the extent of credit related losses that the Company may be subject to on amounts to be received from financial assets. Credit risk arises principally from trade and other receivables including related party loans. The objective of the Company is to minimise the risk of loss from credit risk. Although revenue from operations is minimal, the Company trades only with creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is insignificant. The Company's maximum credit risk exposure is limited to the carrying value of its financial assets as indicated on the statement of financial position.

The credit quality of the financial assets was high during the period. The table below details the credit quality of the financial assets at the end of the period:

	Credit Quality	\$
<b>Financial assets</b>		
Cash and cash equivalents		
- held at Westpac Bank	high	6,961,278
Trade and other receivables		
- Amounts deposited against bank guarantees	high	10,106
- Loans to directors	high	4,913
- Loans to other third parties	high	14,998

No impairment losses have been recorded on the loans to directors or on loans to other third parties at 30 June 2010.

(c) **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The objective of the Company is to maintain sufficient liquidity to meet commitments under normal and stressed conditions.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. Due to the lack of material revenue, the Company aims at maintaining flexibility in funding by maintaining adequate reserves of liquidity.

The Company did not have access to any undrawn borrowing facilities at the reporting date.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements.

	Carrying Amount	Contractual Cash flows	< 3 months	3 -6 months	6-24 months
Trade and Other Payables	516,782	516,782	516,782	-	-

(d) **Cash flow and fair value interest rate risk**

From time to time the Company has significant interest bearing assets, but they are as a result of the timing of equity raising and capital expenditure rather than a reliance on interest income. The interest rate risk arises on the rise and fall of interest rates. The Company's income and operating cash flows are not expected to be materially exposed to changes in market interest rates in the future and the exposure to interest rates is limited to the cash and cash equivalents balances.

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is below.

	Floating interest rate	Fixed interest maturing in 1 year or less	Non-bearing interest	Total
	\$A	\$A	\$A	\$A
<b>Financial Assets</b>				
Cash and cash equivalents	6,961,278	-	-	6,961,278
Receivables	-	-	30,017	30,017
	<b>6,961,278</b>	<b>-</b>	<b>30,017</b>	<b>6,991,295</b>
Weighted average interest rate	2.95%	-	-	-
<b>Financial Liabilities</b>				
Trade and other creditors	-	-	516,782	516,782
	-	-	516,782	516,782
Weighted average interest rate	-	-	-	-

*Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points in interest rates at the reporting date would have increased or decreased the Company's equity and profit or loss by \$69,613.

(e) **Financial risk management**

The Company's financial instruments consist mainly of deposits with banks and accounts receivable and payable. The main purpose of non-derivative financial instruments is to provide finance for the Company's operations.

(f) **Net fair value of financial assets and liabilities**

The net fair value of cash and cash equivalents and short-term non-interest bearing monetary assets and financial liabilities approximates their carrying values.

## NOTE: 21. AUDITOR'S REMUNERATION

Details of the amounts paid to the auditor of the Company, MGI Perth Audit Services, and its related practices for audit and non-audit services provided during the period are set out below.

	\$
<b>Auditors Services</b>	
Audit and review of financial reports (MGI Perth Audit Services)	20,000
<b>Other Services</b>	
Financial statement preparation assistance (MGI Perth)	6,000

## NOTE: 22. EVENTS AFTER THE BALANCE SHEET DATE

On 26 August 2010 Doray Minerals announced that it has reached agreement with Aspire Mining Ltd (Aspire) to purchase its Black Tank Well and Tuckanarra gold projects in the Southern-Central Murchison region. 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. In consideration for 100% purchase of the Black Tank Well and Tuckanarra properties, Doray will issue Aspire 200,000 fully paid Doray shares.

Except for the above, no other matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.



# DIRECTORS' DECLARATION

- 1 In the opinion of the Directors of Doray Minerals Limited (the Company):
  - (a) the financial statements and notes as set out on pages 20 to 47, and the Remuneration Report in the Directors' Report as set out on pages 15 to 18, are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the Company's financial position as at 30 June 2010 and of their performance for the period ended on that date; and
    - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
  - (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a);
  - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
  - (d) the remuneration disclosures that are set out on pages 15 to 18 of the Director's Report comply with the Australian Accounting Standard AASB 124 *Related Party Disclosures*.
- 2 The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the period from 20 August 2009 to 30 June 2010.

Signed in accordance with a resolution of the Directors:

Dated at Perth on 30<sup>th</sup> of September 2010.



**Brett Fraser**

Chairman of the Board of Directors

# AUDITOR'S INDEPENDENCE DECLARATION



MGI Perth Audit Services  
ABN 14 105 426 064  
Level 7, The Quadrant,  
1 William Street,  
GPO Box 2570,  
Perth, Western Australia 6001  
T: +61 8 9463 2463  
F: +61 8 9463 2499  
E: audit@mgiperth.com.au

## 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 audit for the financial year ended 30 June 2010 there have been:

- (i) no contraventions of the auditors independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

MGI PAS

MGI Perth Audit Services

Amar Nathwani

Amar Nathwani B.Eng, CA  
Director

Perth  
30 September 2010

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- Corporate governance



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## Independent auditor's report to the members of Doray Minerals Limited

We have audited the accompanying financial report of Doray Minerals Limited (the Company), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, a description of significant accounting policies and other explanatory notes and the directors' declaration of the Company.

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

The directors of the Company are responsible for the preparation and fair presentation of the 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 control relevant to the preparation and fair presentation of the 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. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's financial position and of their performance. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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*Independence*

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

*Auditor's opinion*

In our opinion:

- (a) the financial report of Doray Minerals Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Company's financial position as at 30 June 2010 and of their performance for the period ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a)

**Report on the remuneration report**

We have audited the Remuneration Report included on pages 15 to 18 of the directors' report for the period ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

*Auditor's opinion*

In our opinion, the remuneration report of Doray Minerals Limited for the period ended 30 June 2010, complies with Section 300A of the *Corporations Act 2001*.

*MGI IPAS*

**MGI Perth Audit Services**

*Amar Nathwani*

**Amar Nathwani B.Eng, CA**  
*Director*

**Perth**  
**30 September 2010**

# ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information is required by the Australian Stock Exchange Ltd in respect of listed public companies only.

## Shareholding as at 29 September 2010

### Distribution of Shareholders

Category (size of holding)	Number Ordinary
1 - 1,000	45
1,001 - 5,000	279
5,001 - 10,000	228
10,001 - 100,000	67
100,001 - and over	12
	631

The number of shareholdings held in less than marketable parcels is 15.

### Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

## 20 Largest Shareholders – Ordinary Shares as at 29 September 2010.

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. MR ALLAN KELLY <KELLY FAMILY A/C>	6,390,000	11.56
2. NEDLANDS NOMINEES PTY LTD <WINDANDSEA INVESTMENTS A/C>	4,000,000	7.24
3. DEBNAL PTY LTD	2,500,000	4.52
4. MR MICHAEL ASHLEY GILES	1,730,000	3.13
5. ALPHA BOXER LIMITED	1,580,000	2.86
6. RANGUTA LIMITED	1,580,000	2.86
7. BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE NO 1 A/C>	1,450,000	2.62
8. GASMERE PTY LTD	1,315,000	2.38
9. RON MEDICH PROPERTIES PTY LTD <CAPTAIN COOK A/C>	1,100,000	1.99
10. MR MICHAEL BUSHELL	1,090,000	1.97
11. YARANDI INVESTMENTS PTY LTD <GRIFFITH FAMILY NO 2 A/C>	1,070,000	1.94
12. RON MEDICH PROPERTIES PTY LTD <THE RON MEDICH S/FUND A/C>	1,021,000	1.85
13. JML RESOURCES PTY LTD	1,010,526	1.83
14. ALTINOVA NOMINEES PTY LTD	1,000,000	1.81
15. FINANCE ASSOCIATES PTY LTD <SUPER FUND A/C>	950,000	1.72
16. PERMGOLD PTY LTD <SECKOLD FAMILY S/FUND A/C>	725,000	1.31
17. SUVALE NOMINEES PTY LTD	700,000	1.27
18. MR EDWARD ROBERT HELLEWELL	600,000	1.09
19. MURCHISON RESOURCES PTY LTD	562,500	1.02
20. MR ANTHONY HELOS	516,415	0.93
	30,890,441	55.88

The name of the Company Secretary is *Jay Richard Stephenson*.

The address of the principal registered office in Australia is 6/34 York Street NORTH PERTH WA 6006. Telephone (08) 9228 0711.

### Registers of securities are held at the following addresses

Western Australia      Computershare Registry Services  
 Level 2, 45 St Georges Terrace  
 PERTH WA 6000

### Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Stock Exchange Limited.

### Unquoted Securities

#### Options over Unissued Shares

A total of 14,328,500 options are on issue of which 8,250,000 options are on issue to the three Directors.

### Use of Funds

The Company has used its funds in accordance with its initial business objectives.

# TENEMENT SCHEDULE

Project	Lease	Status	Ownership
Hicks	EL4432	Granted	Doray 100%
Nuckulla Hill	EL4473	Granted	Doray 100%
	EL4302	Granted	Doray 100%
	EL4407	Granted	Doray 100%
Venture JV	EL3580	Granted	Doray 49%
	EL3529	Granted	Doray 49%
Abbotts	E51/1334	Granted	Doray 80%
	P51/2578	Granted	Doray 80%
	P51/2579	Granted	Doray 80%
Cootharra	E20/747	Application	Doray 100%
Lake Magenta	E70/3619	Granted	Doray 80%
Magnet North	E21/140	Application	Doray 80%
	E58/382	Application	Doray 80%
Meeka North	E51/1217	Granted	Doray 80%
	E51/1407	Application	Doray 80%
	E51/1409	Application	Doray 80%
	E51/1218	Granted	Doray 80%
	P51/2573	Granted	Doray 80%
	P51/2574	Granted	Doray 80%
	P51/2575	Granted	Doray 80%
	P51/2576	Granted	Doray 80%
P51/2577	Granted	Doray 80%	
Mingah	E51/1335	Application	Doray 80%
Webbs Patch	E21/135	Granted	Doray 100%
	E21/139	Application	Doray 100%
	P21/696	Granted	Doray 100%
	P21/697	Granted	Doray 100%
	P21/698	Granted	Doray 100%
	P21/699	Granted	Doray 100%
	P21/700	Granted	Doray 100%
Western Queen	E59/1643	Application	Doray 80%

