



DORAY POSTS STRONG MAIDEN HALF-YEAR PROFIT

- Revenue from gold sales A\$53.9M, net cash flow from operations A\$30.5M
- Net profit before income tax expense A\$18M
- Debt reduced by 23.6% since commencement of production

Doray Minerals Limited (ASX: DRM, Doray, the Company) today announced its financial results for the six-month period ending 31 December 2013, the first half-year since commencement of gold production at the Company's 100%-owned high-grade Andy Well Gold Project in Western Australia.

Production commenced in August 2013 and the Project produced 37,964 ounces up until 31 December 2013. The cash operating cost (C1) was A\$470/oz and total production cost (C3), including depreciation and amortisation, government and private royalties, net bank charges and attributable head office costs was A\$859/oz for the period, compared with an average price received of A\$1,494/oz.

Table 1. Summary of half-year results for period ending 31 December 2013

	Units	6 months to 31 Dec 2013	6 months to 31 Dec 2012
Revenue from gold sales	A\$M	53.9	-
Gross profit	A\$M	21.8	(0.2)
Net profit/(loss) before tax	A\$M	18.0	(2.2)
Tax expense ¹	A\$M	5.5	-
Net profit/(loss) after tax	A\$M	12.5	(2.2)
Earnings per share	cents	8.8	(2.2)
Net cash flow from operations	A\$M	30.5	(1.3)

Doray Managing Director Allan Kelly said the results confirmed the Company's status as Australia newest high-grade and low-cost gold producer.

"The first six months of production have been very profitable for the Company and this has allowed us to reduce our debt position substantially," Mr Kelly said. "In the December Quarter, we were one of the highest grade and lowest cost gold producers in Australia and our operating margins were further enhanced with our hedging program."

"We are looking forward to bedding down production at Andy Well and conducting a substantial near-mine exploration program, which hopefully should translate into an increased resource and reserve base at Andy Well."

¹ No income tax was payable as at 31 December 2013 due to the Company's carried forward tax losses.

The Company has forecast production of 75,000-80,000 ounces from the Andy Well Gold Project for the period from August 2013 and ending 30 June 2014.

As a result of the strong cash flows generated from Andy Well, the Company was able to reduce the outstanding balance on the Project Finance Facility from \$55 million to a net position of \$42 million at 31 December 2013, a reduction of approximately 23.6% in less than 6 months.

Doray advises it is in the process of finalising a restructure of the project finance facility on more favourable terms. As part of this process, the Company has taken advantage of the recent rally in the gold price and entered into an additional hedging program to sell forward 39,651 ounces of gold at A\$1,505.50/oz from 1 October 2014 to 30 September 2015. This equates to approximately 45% of the forecast gold production over the corresponding period. The Company will advise the market on the new facility terms once finalised.

-ENDS-

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About Doray Minerals Limited

Doray Minerals Limited (**ASX: DRM**) is Western Australia's newest high-grade and low-cost gold producer. The Company began mining its high-grade Wilber Lode deposit at the Andy Well Gold Project in the northern Murchison region of Western Australia in November 2012 and commenced gold production in August 2013, approximately 3.5 years after the initial discovery.

Doray has a strategic portfolio of gold exploration properties within Western Australia and South Australia and each presents multiple discovery opportunities. The Company's Board and management team has expertise in discovery, development and production.

About the Andy Well Gold Project

Doray's 100%-owned Andy Well Gold Project is located approximately 45km north of Meekatharra, in Western Australia's northern Murchison region. In March 2010, Doray announced the discovery of the very high-grade "Wilber Lode" gold deposit, adjacent to the Great Northern Highway. Since announcing a maiden high-grade JORC-compliant gold Mineral Resource for the Wilber Lode in February 2011, the Company has announced subsequent increases to the Wilber Lode Resource in December 2011 and again in March 2012.

During 2012, Doray announced the maiden high-grade open pit and underground Mining Reserve for the project, completed a positive Bankable Feasibility Study, made a formal decision to mine, increased its ownership of the project to 100%, secured a project finance facility from the Commonwealth Bank of Australia and completed a capital raising to fund all operating, exploration and corporate costs prior to first gold production. Mining and site works commenced in November 2012 with first gold production in August 2013, approximately 3.5 years after the initial discovery.

In March 2013 Doray announced a maiden high-grade JORC-compliant gold Mineral Resource for the Judy Lode, a second high-grade gold deposit within the project, increasing the overall Andy Well Project resource inventory by 30%. In October 2013 the Company announced a third high-grade parallel zone, named the Suzie Lode, which has the potential to further add to the mine life of the Andy Well Gold Project.





ACN: 138 978 631

CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2013

Note:

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

INTERIM FINANCIAL REPORT
For the half year ended 31 December 2013

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CORPORATE DIRECTORY

DIRECTORS:

Peter Alexander	Non-Executive Chairman
Allan Kelly	Managing Director
Heath Hellewell	Executive Director – Exploration and New Business
Jay Stephenson	Non-Executive Director
Leigh Junk	Non-Executive Director

COMPANY SECRETARY:

Iain Garrett

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ASX Code: DRM

DIRECTORS' REPORT

Your directors present their financial report of Doray Minerals Limited ("Doray" or "the Group") for the half year ended 31st December 2013. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

1. Directors

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

Mr Peter Alexander	Non-Executive Chairman
Mr Allan Kelly	Managing Director
Mr Heath Hellewell	Executive Director – Exploration and New Business
Mr Jay Stephenson	Non-Executive Director
Mr Leigh Junk	Non-Executive Director

2. Results of Operations

The profit of the Group for the period after tax amounted to \$12,535,746 (half year ended 31 December 2012 loss: \$2,226,309).

3. Review of operations

Activity during the period focused on completion of the open pit mining operation, commissioning of the processing plant and commencement of gold production in August 2013, approximately 3.5 years after the initial discovery of the very high-grade "Wilber Lode" gold deposit at the Andy Well Gold Project ("Andy Well") in the northern Murchison region of Western Australia.

Doray is targeting production in the order of 75,000 ounces per annum from Wilber and the discovery of two additional high-grade lodes (Judy and Suzie) provides confidence that the Project will surpass the initial 3.7 year mine life indicated in the Bankable Feasibility Study ("BFS").

The Andy Well Gold Project was officially opened by the Mines Minister, Hon. Bill Marmion MLA, on 27 November 2013.

3.1.1 Safety

No serious work-related injuries were experienced during construction of the processing plant and infrastructure or open pit mining since commencing work on site on 15 November 2012. Unfortunately, the project incurred its first and only Lost Time Injury ("LTI") on 8 September 2013 when a surface exploration diamond driller damaged his ankle while unscrewing a drill rod. A renewed focus on safety risk analysis was introduced and at 31 December 2013 the Company had reached 115 days LTI-free.

A number of personnel participated in Mines Rescue Team training and the Department of Minerals and Petroleum ("DMP") carried out a Safety and Inspection Audit to complement safety procedures put in place at the start of the Project.

3.1.2 Wilber Lode Underground Gold Mine

Mining and Development

Table 1. Summary of mine physicals for the half year:

	Units	Sept Qtr	Dec Qtr	YTD
Ore Mined	t	21,316	39,374	60,690
Grade	g/t	14.0	11.7	12.5
Contained gold	oz	9,604	14,783	24,387

Capital development advanced ahead of the budgeted schedule with the decline reaching the 1305 level (approximately 135m below the portal and 175m below surface) by 31 December. This accelerated vertical advance allowed access to development drives on multiple sub-levels at 15 metre vertical centres (Figure 1).

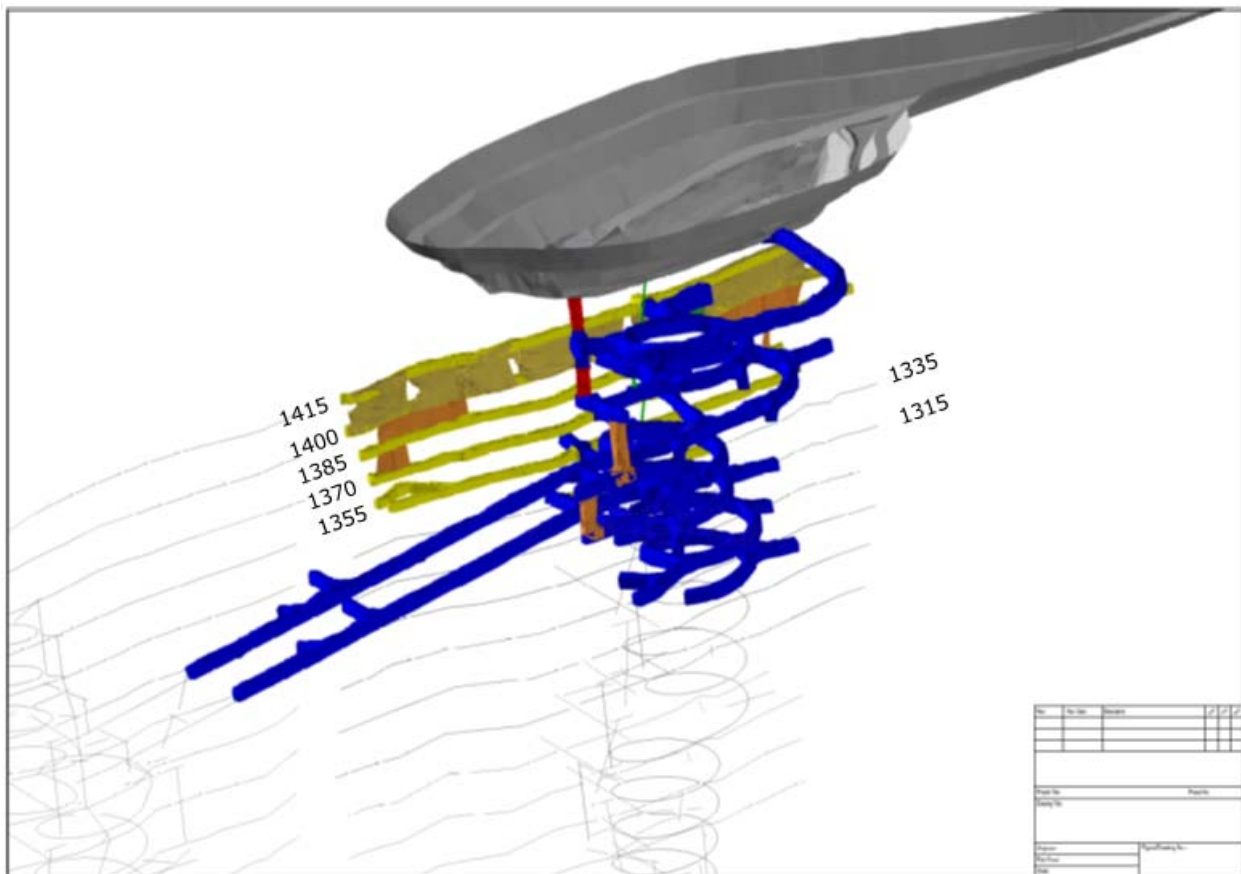


Figure 1. Wilber Lode underground progress as of end of December 2013.

Horizontal ore drives in the northern area were completed down to the 1355 level and were in progress on the 1335 level and ready to start on the 1315 level.

In addition to mining in the northern area, the access and ventilation drives designed to link with the future southern decline were advanced in preparation to access ore development and stoping later in 2014.

Stoping of the 1400-1415 level was completed in this period. This stope was prioritised in order to establish optimal stope drilling and blasting parameters. Importantly, this initial stope confirmed the mining costs and reserve tonnes and ounces. At the end of the period, stoping of the 1385-1400 level was in progress with the 1370-1385 level commenced.

Underground Drilling

Underground grade control diamond drilling commenced during the December Quarter, with the aim of refining the ore body geometry between development levels. The drilling targeted the 1385, 1370, 1355 and 1335 level stopes at 7.5 - 15m intervals. The lode geometry was generally confirmed with this drilling, which totalled 6,168m for the period.

3.1.3 Construction and Commissioning

The construction and commission of the gravity and CIP/CIL processing plant was completed with practical completion achieved on 29 July 2013. This milestone was achieved by the Engineering, Procurement and Construction ("EPC") contractor, GR Engineering Services Limited, under budget and ahead of schedule.

3.1.4 Processing and Gold Production

Gold production commenced with the first gold pour on 4 August 2013, following the completion of construction and commissioning of the gravity and CIP/CIL processing plant.

The processing plant had treated approximately 100,000 tonnes by the end of December 2013, including the commissioning period. The capacity of the plant was tested and operated at up to 31t/hr, but to maximise ore recovery, the throughput rate averaged 27.3t/hr with an availability of 95.1% during the period.

Gold recovered was 38,131oz with gravity recoveries of approximately 74% and total recovery averaging 99.0%. In total, the Project produced 37,964oz of gold in the 5 months since the first gold pour in August 2013. Gold sales during the period totalled 35,997 ounces.

The average cash operating cost (C1) for the year to date was A\$470/oz (including silver credits) and the total production cost (C3), including depreciation and amortisation, government and private royalties, net bank charges and attributable head office costs was A\$859/oz, compared with an average price received of A\$1,494/oz.

3.1 EXPLORATION

Doray has an exploration tenement portfolio covering a total of approximately 4,000km² in both Western Australia and South Australia.

In the northern Murchison Region of WA, Doray is actively exploring for gold mineralisation which has the potential to provide additional near-term development opportunities for its Andy Well Gold Project.

Concurrent with its programs in the northern Murchison, Doray continues to explore for large, stand-alone development opportunities, over its entire exploration portfolio focusing on the discovery of economic gold deposits.

3.2.1 Andy Well

The completion of construction and commencement of mining operations during the early part of the period saw the recommencement of near-mine exploration drilling at Andy Well. During the construction

period drilling hiatus, all exploration datasets were compiled and re-interpreted in light of observations made from mining of the Wilber Lode in the open pit. This exercise resulted in the identification of a series of sub-parallel target zones (Figure 2). Drilling during the period was primarily focussed on the Judy target zone at depth beneath the existing high-grade resource area along with its potential southern extension. First pass Reverse Circulation ("RC") drill testing of the Suzie Zone was also undertaken with positive results. Drilling of a stratigraphic underground diamond drillhole also commenced during the period, returning encouraging results.

Judy Zone

A total of 1,856m of RC drilling was undertaken to test the interpreted southern extension of the Judy Zone, targeting the strike potential on the southern side of the dolerite dyke that truncates the Judy resource area (Figure 2). While this drilling was successful in intersecting the Judy structure, along with occasional quartz veining, assay results were generally disappointing.

RC and diamond drilling testing the depth extensions to the high grade Judy South Resource was also undertaken during the period along with a single hole drilled within the existing resource area to provide geotechnical and metallurgical data for future mining studies. Drilling beneath the resource area was designed to test mineralisation to a depth of approximately 400 metres below surface, and consisted of RC pre-collars to a total depth of around 200 metres, with HQ diamond tails to intersect the target zone. A total of 6,153m was drilled.

While the grade tenor returned from the depth extension drilling was generally disappointing compared with mineralisation intercepted in shallower holes, the mineralised intercepts returned do point to grade "zoning" within the lode, which is similar to that noted at the adjacent Wilber deposit.

All data from this drilling programme will be incorporated in a re-estimation of the Judy Mineral Resource, and evaluation studies for incorporation of this zone into the Andy Well mine plan. Mineralisation at the Judy South Resource area remains open at depth and represents a future near mine exploration target.

Suzie Zone

At the Suzie target, a total of 17 holes for 2,907 metres of RC drilling were completed. This drilling was successful in defining a zone of discrete shearing within high-magnesium basalts and intrusive porphyries, and mineralised quartz vein similar to the nearby Wilber and Judy Zones. The Suzie Zone represents a new discovery at Andy Well (Figure 2).

Drilling was successful in defining the structure and quartz vein over a strike length of approximately 250 metres, and to a depth of 150 metres below surface. A number of very encouraging drill intercepts were returned from this program. The drilling completed to date has not closed off the mineralised zone to the north nor at depth, and the Suzie target remains a very high priority exploration target.

Underground Stratigraphic Diamond Drillhole

During the period, Doray commenced drilling of a horizontal stratigraphic diamond drillhole from the 1395 level of the Wilber Lode underground mine. This hole will have an anticipated 1km total length at completion, and is designed to provide information about both the stratigraphy of the footwall sequence to the Wilber deposit, as well as the structural framework that is interpreted to host other already identified parallel lodes – Judy and Suzie – and further near-mine exploration targets. The hole is part funded by the WA State Government through the Exploration Incentive Scheme.

At the end of the period, the hole had progressed 719.4m, with geology intersected largely confirming the existing geological interpretation. Importantly, the hole has been successful in intersecting several

structural deformation zones, with associated quartz veining, that correspond very well with previously interpreted target zones. The interpreted northern extensions to the Judy, Suzie and Margaret zones were successfully intersected by the end of the period and the interpreted position of the Kirsty Target was intersected subsequent to the end of the period.

Assay results returned from this hole both during and subsequent to the end of the period, returned high grade gold intercepts from both the Suzie and Kirsty Targets. The confirmation of these multiple mineralised structures is considered highly significant in that they appear to validate the structural framework interpretation for the Andy Well Gold Project, and will facilitate future aggressive and targeted surface exploration drilling along these zones in future campaigns.

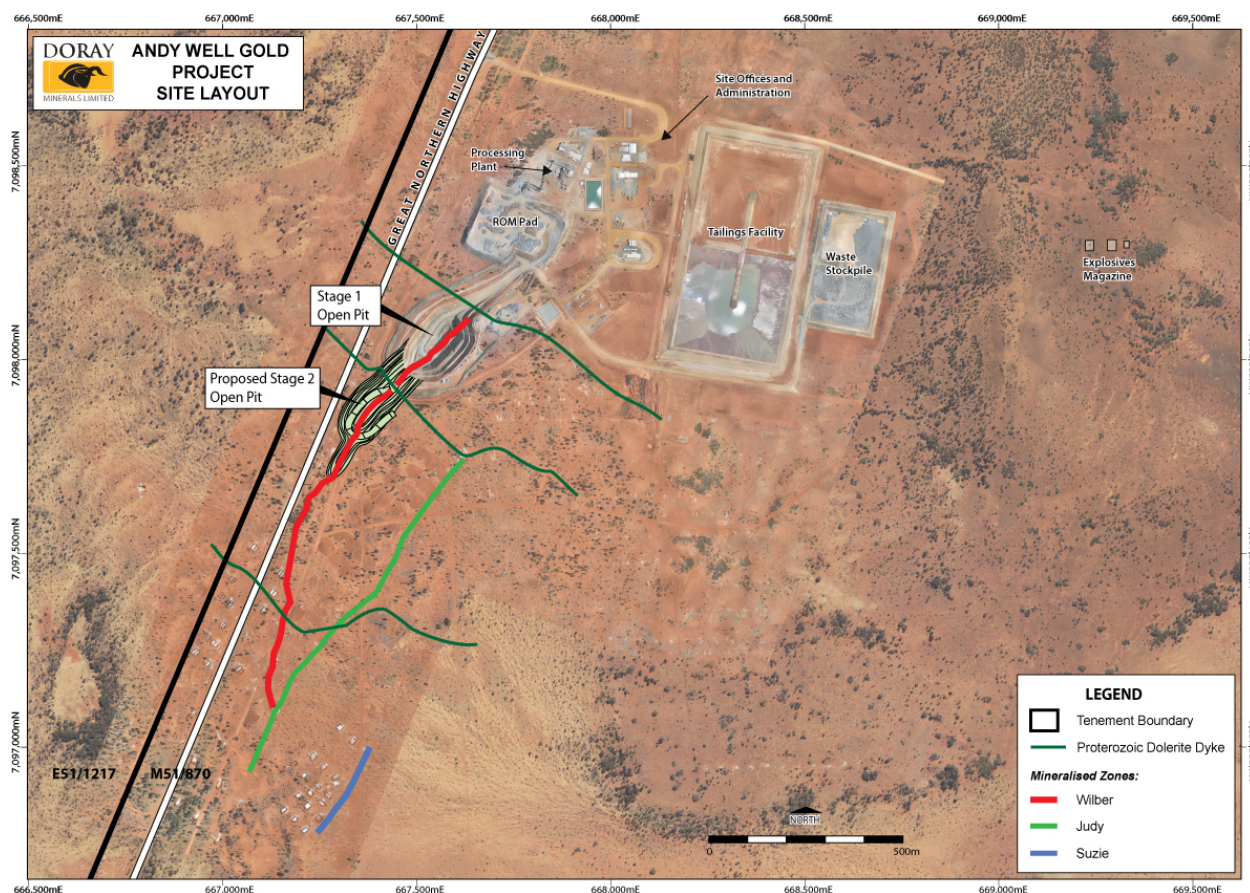


Figure 2. Plan view of Andy Well, showing the Judy Zone and the newly discovered Suzie Zone in relation to the Wilber Lodes, and mining infrastructure

CSIRO research project

During the period, a 12-month, co-funded CSIRO research project was commenced on the Andy Well Gold Project. This study will include an integrated 3-dimensional analysis of both the litho-geochemical associations of host rocks and alteration and their relationship to gold mineralisation at Andy Well, as well as the overarching structural framework and positioning of mineralisation. The aim of this project is to provide an increased understanding of the existing ore bodies as well as providing refined targeting for further exploration in the Andy Well system.

3.2.2 North Murchison Region

In the northern Murchison Region of Western Australia, Doray is actively exploring for gold mineralisation which has the potential to provide additional near-term development opportunities for its Andy Well gold operations.

Regional Targeting

Doray is currently undertaking a regional targeting exercise across its broader Northern Murchison Project tenure, focussing on those areas that have had little previous exploration, particularly those beneath relatively shallow cover. It is anticipated that regional scale, shallow drilling will commence in the second quarter of the 2014 calendar year.

Copper Hills JV (Mithril Resources earning 80%)

During the period, Doray signed an agreement with Minex (West) Pty Ltd ("Minex") (a subsidiary of Mithril Resources Ltd (ASX: MTH)) over the Copper Hills project, southeast of Meekatharra (part of the recently acquired tenure from Caravel Limited). Under the Agreement, Minex can earn up to an 80% interest in the project by completing expenditure of \$1 million over four years. Minex will explore the project primarily for Volcanic Massive Sulphide mineralisation and Doray retains the right to buy back a 100% interest in any new gold-only JORC Resource by reimbursing Minex three times its expenditure in discovering and delineating that Resource.

3.2.3 South Australia

Nuckulla Hill

A programme of RC and aircore drilling was completed at Nuckulla Hill. The drilling was designed to follow up a number of historic drill results at the Bimba Prospect, and was partially funded by the South Australian Government (DMITRE) under the PACE 2012 discovery drilling initiative.

The aircore drilling provided valuable information on regolith depth and characteristics and tested extensions (and possible major splays) to the main Yarlbirinda Shear Zone immediately north of Bimba. RC drilling to test for possible extensions to previously identified mineralisation at Bimba, confirmed the continuity of a mineralised structure, however gold grades were sub-economic with a best intercept in BIRC006 of 28m @ 0.58 g/t Au from 144m.

Orientation soil geochemistry, trialling new techniques not previously used in the area has been ongoing with some encouraging results being returned from new target areas.

Competent Person Statement

The information in this report that relates to Ore Reserves is based on information compiled by Peter Bamford. Mr Bamford is a full-time employee of Doray Minerals Ltd and is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Bamford has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activities, which he is undertaking. This qualifies Mr Bamford as a "Competent Person" as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Bamford consents to the inclusion of information in this announcement in the form and context in which it appears.

The information in this report that relates to Mineral Resources is based on information compiled by Mark Cossom. Mr Cossom is a full time employee of Doray Minerals Ltd and is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Cossom has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activities, which he is undertaking. This qualifies Mr Cossom as a "Competent Person" as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Cossom consents to the inclusion of information in this announcement in the form and context in which it appears.

The information that refers to Ore Reserves and Mineral Resources in this announcement was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since last reported.

The information in this report that relates to Exploration Results is based on information compiled by Mark Cossom. Mr Cossom is a full time employee of Doray Minerals Ltd and is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Cossom has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activities, which he is undertaking. This qualifies Mr Cossom as a "Competent Person" as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Cossom consents to the inclusion of information in this announcement in the form and context in which it appears.

4. Corporate

4.1 Financial

On 6 August 2013, the Group announced the completion of the first gold pour at the Group's Andy Well Gold Project.

On 19 August 2013, the Group announced the appointment of Mr Jon Latto as Chief Financial Officer.

On 27 September 2013, the Group announced an updated Resource and Reserve Statement for the Andy Well Project as at 30 June 2013. This updated statement was essentially unchanged from previous reported totals for both the Wilber and Judy Lodes. However, at Wilber, the in-situ Resource and Reserve was depleted due to mining of the Stage 1 open pit. The updated Resource and Reserve Statement was included in the 30 June 2013 Annual Report lodged on the same date.

On 17 October 2013, the Group announced the identification of a third high-grade gold zone, the Suzie Zone, located parallel to the high-grade Wilber and Judy gold deposits at Andy Well.

On 27 November 2013, the Andy Well Gold Project was officially opened by the Mines Minister, Hon. Bill Marmion MLA. The Minister made special mention of the speed at which Doray had taken the project from discovery to production, in just over 3.5 years and the Company's decision to locate the 130 person accommodation village in Meekatharra.

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

5. Significant events after the reporting date

On 13 February 2014, the Company announced plans to accelerate drill testing of a number of high-quality, near-mine exploration targets at the Company's 100% owned high-grade Andy Well Gold Project following a heavily oversubscribed \$17 million capital raising (before costs).

Funds received from the raising will be used primarily to advance the high-grade Judy and Suzie target zones and to carry out first-pass drilling of the Margaret and Kirsty structures. In addition, the raising will provide funds for regional exploration, project generation and business development activities.

On 5 March 2014, the Company entered into an additional hedging program to sell forward 39,651 ounces of gold at A\$1,505.50/oz.

There are no other significant events after the reporting date.

6. Auditors' Independence Declaration

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

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

For and on behalf of the Board



PETER ALEXANDER
CHAIRMAN

Perth, Western Australia

Dated this 14th day of March 2014

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half year ended 31 December 2013

	Note	CONSOLIDATED	
		31 December 2013 \$	31 December 2012 \$
Revenue from operations		53,940,054	-
Mining and processing costs		(17,547,797)	-
Depreciation and amortisation		(12,684,528)	(213,522)
Royalty expense		(1,944,777)	-
Gross profit/(loss)		21,762,952	(213,522)
Corporate and other expenses		(2,349,844)	(2,290,214)
Results from operating activities		19,413,108	(2,503,736)
Financial income		204,477	279,782
Financial expense		(1,647,108)	(2,355)
Net financing (expense)/ income		(1,442,631)	277,427
Profit/(loss) before income tax		17,970,477	(2,226,309)
Income tax expense		(5,434,731)	-
Net profit/(loss) for the period		12,535,746	(2,226,309)
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss			
Effective portion of changes in fair value of cash flow hedges		(2,514,544)	-
Total items that may subsequently be reclassified to profit or loss		(2,514,544)	-
Other comprehensive income for the half year, net of income tax		(2,514,544)	-
Total comprehensive profit/(loss) for the period		10,021,202	(2,226,309)
Profit/(loss) per share attributable to ordinary equity holders		Cents	Cents
-basic and diluted	3	8.8	(2.2)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2013

		CONSOLIDATED	
		31 December	30 June
		2013	2013
	Note	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	9	23,733,590	25,699,568
Trade and other receivables		311,423	451,339
Inventories		3,548,497	3,171,748
Financial asset – gold hedge	4	7,526,281	11,118,486
Prepayments		352,668	-
Total Current Assets		35,472,459	40,441,141
Non-Current Assets			
Property, plant and equipment	5	61,139,928	3,324,016
Exploration assets	6	7,351,706	4,848,322
Mine development asset	7	46,978,920	97,503,994
Deferred tax assets		-	938,735
Total Non-Current Assets		115,470,554	106,615,067
TOTAL ASSETS		150,943,013	147,056,208
LIABILITIES			
Current Liabilities			
Trade and other payables		15,515,901	15,621,891
Provisions		388,719	260,024
Borrowings	8	49,893,769	20,563,100
Total Current Liabilities		65,798,389	36,445,015
Non-Current Liabilities			
Trade and other payables		-	4,000,000
Provisions		1,236,771	1,186,353
Borrowings		380,442	35,487,259
Deferred Tax Liabilities		3,418,335	-
Total Non-Current Liabilities		5,035,548	40,673,612
TOTAL LIABILITIES		70,833,937	77,118,627
NET ASSETS		80,109,076	69,937,581
EQUITY			
Issued capital		73,951,414	73,946,414
Reserves		8,468,905	10,838,156
Accumulated profit/(losses)		(2,311,243)	(14,846,989)
TOTAL EQUITY		80,109,076	69,937,581

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half year ended 31 December 2013

CONSOLIDATED	Issued capital \$	Reserves \$	Accumulated profit/(losses) \$	Total \$
Balance at 1 July 2013	73,946,414	10,838,156	(14,846,989)	69,937,581
Profit attributable to members of the Group	-	-	12,535,746	12,535,746
Other comprehensive income		(2,514,544)	-	(2,514,544)
Total	73,946,414	8,323,612	(2,311,243)	79,958,783
Transactions with owners, directly in equity				
Options exercised during the period	5,000	-	-	5,000
Share based payments	-	145,293	-	145,293
At 31 December 2013	73,951,414	8,468,905	(2,311,243)	80,109,076
	Issued capital \$	Reserves \$	Accumulated losses \$	Total \$
Balance at 1 July 2012	30,398,264	2,673,554	(6,453,428)	26,618,390
Loss attributable to members of the Group	-	-	(2,226,309)	(2,226,309)
Total	30,398,264	2,673,554	(8,679,737)	24,392,081
Transactions with owners, directly in equity				
Shares issued during the period	43,030,182	-	-	43,030,182
Options exercised during the period	102,850	-	-	102,850
Capital raising costs	(2,272,338)	-	-	(2,272,338)
Share based payments	-	172,793	-	172,793
At 31 December 2012	71,258,958	2,846,347	(8,679,737)	65,425,568

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 31 December 2013

	CONSOLIDATED	
	31 December 2013	31 December 2012
	\$	\$
Cash flows from operating activities		
Receipts from gold and other metal sales	53,940,054	-
Payments to suppliers and employees (incl royalties)	(22,495,739)	(1,563,914)
Net interest (paid)/received	(942,166)	279,782
Net cash from operating activities	30,502,149	(1,284,132)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,008,706)	(753,270)
Payments for exploration and evaluation expenditure	(2,695,456)	(1,701,426)
Payments for mine development assets	(18,625,113)	(18,112,008)
Purchase of minority JV partner interest	(4,000,000)	-
Net cash used in investing activities	(26,329,275)	(20,566,704)
Cash flows from financing activities		
Proceeds from the issue of shares	-	43,030,182
Proceeds from borrowings	-	14,145,000
Repayment of borrowings	(6,143,852)	-
Proceeds from the issue of options	5,000	102,850
Capital raising costs paid	-	(2,272,338)
Net cash provided from financing activities	(6,138,852)	55,005,694
Net (decrease)/increase in cash and cash equivalents	(1,965,978)	33,154,858
Cash and cash equivalents at 1 July	25,699,568	5,178,198
Cash and cash equivalents at the end of the period	23,733,590	38,333,056

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

NOTES TO THE FINANCIAL STATEMENTS For the half-year ended 31 December 2013

Note 1

(a) BASIS OF PREPARATION

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

This interim financial report is intended to provide users with an update on the latest consolidated annual financial statements of Doray Minerals Limited and its subsidiaries ("the Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2013 and any public announcements made by Doray Minerals Limited during the half-year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001.

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

Application of new accounting standards

The Group has adopted all of the new and revised Standards issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof effective for the current half-year that are relevant to the Group include:

- AASB 10 Consolidated Financial Statements and AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards
- AASB 11 Joint Arrangements and AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards
- AASB 12 Disclosure of Interests in Other Entities and AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards
- AASB 127 Separate Financial Statements (2011) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards
- AASB 128 Investments in Associates and Joint Ventures (2011) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards
- AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13
- AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures – Offsetting Financial Assets and Financial Liabilities

The effects of applying these standards are described below.

NOTES TO THE FINANCIAL STATEMENTS For the half-year ended 31 December 2013

Note 1 (continued)

AASB 10 Consolidated Financial Statements

AASB 10 supersedes AASB 127 Consolidated and Separate Financial Statements and Interpretation 112 Consolidation – Special Purpose Entities. AASB 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

AASB 11 Joint Arrangements

AASB 11 replaces AASB 131 Interests in Joint Ventures and the guidance contained in a related interpretation, Interpretation 113 Jointly Controlled Entities – Non-Monetary Contributions by Venturers, has been incorporated in AASB 128 (as revised in 2011). AASB 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under AASB 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under AASB 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement.

Previously, AASB 131 Interests in Joint Ventures contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under AASB 131 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expense incurred jointly). Each joint operation accounts for the assets and, liabilities, as well as revenue and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

During the period, the Company did not hold investments in joint arrangements and consequently, the new standard did not have any impact in the interim financial report.

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2013

Note 1 (continued)

AASB 12 Disclosure of Interests in Other Entities

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 will result in more extensive disclosures in the consolidated financial statements. However, this has not resulted in any changes to the interim financial report.

AASB 13 Fair Value Measurement

AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. AASB 13 applies prospectively for annual periods beginning on or after 1 January 2013. AASB 134 requires particular AASB 13 disclosures in the interim financial statements which are provided in Note 4 of this half year financial report.

AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures – Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to AASB 7 “Disclosures – Offsetting Financial Assets and Financial Liabilities” for the first time in the current year. The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments have been applied retrospectively. As the Group does not have any offsetting arrangements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in the consolidated financial statements.

Financial Position

The Andy Well Gold Project commenced production in August 2013 and delivered significant positive cash flow for the period ended 31 December 2013. In addition to its positive cash flow from operations, Doray has demonstrated historically (and with its recently completed \$17 million (before costs) placement to sophisticated and institutional investors) that it can access debt and/or equity markets if required.

The Company has had to reclassify the total debt owing to the Commonwealth Bank of Australia (“CBA”) as a current liability in accordance with AASB 101 (Presentation of Financial Statements) due to a breach of the Long Life Cover Ratio and the Project Life Cover Ratio as at 31 December 2013. Neither of these ratios are forecast to be in breach beyond this date and it is expected that the relevant portion of the debt owing to the CBA will be reclassified as a non-current liability by 30 June 2014.

The Directors consider that the going concern basis of preparation is appropriate given the strong historic and forecast operating cash flows from the Andy Well Gold Project, the Company’s demonstrated ability to access debt and/or equity markets and the likely temporary nature of the reclassification of the Company’s debt with the CBA to a current liability.

NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2013

Note 2 OPERATING SEGMENT

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

The financial information presented to the directors are organised to show financial information for the Group and are not further disaggregated. Hence management consider the Group as a whole to be one operating segment.

Note 3 EARNINGS PER SHARE

	December 2013	December 2012
Basic and diluted profit/(loss) per share (cents)	8.8	(2.2)
The profit/(loss) attributable to members of Doray Minerals Limited	\$12,535,746	(\$2,226,309)
Weighted average number of shares in issue	141,867,867	100,101,849

Note 4 FINANCIAL ASSET – GOLD HEDGE

	December 2013	June 2013
Derivative financial instrument	<u>7,526,281</u>	<u>11,118,486</u>

In January 2013, Doray undertook a gold hedging programme comprising the forward sale of 45,000 ounces at an average price of A\$1,620 per ounce over the first 14 months of production, comprising approximately 50% of total production from the Andy Well Gold Project over this period.

Fair Value of Financial Assets

The methods and valuation techniques used for the purpose of measuring fair value of the company's financial assets are unchanged compared to the previous reporting period.

The methods and valuation techniques used for the purpose of measuring fair value of the company's financial assets are unchanged compared to the previous reporting period. Due to the application of AASB 13 this half-year, however, the Group needs to disclose the fair value measurements by level of the fair value hierarchy for financial instruments that are measured at fair value on a recurring basis. The levels of the hierarchy are as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2013

	Level 1	Level 2	Level 3	Total
Derivative Financial Asset	-	7,526,281	-	7,526,281
Total	-	7,526,281	-	7,526,281

Valuation Techniques and Key Inputs: Future cash flows are estimated based on forward gold prices (from observable forward gold prices at the end of the reporting period) and the contract gold price, and discounted at a rate that reflects the credit risk of the various counterparties.

NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2013

Note 5 PROPERTY PLANT AND EQUIPMENT

Property, Plant and Equipment	\$
Balance at the beginning of the period	3,324,016
Additions	1,376,410
Depreciation	(4,916,637)
Transfer from mine development assets	61,382,296
Disposals	(26,157)
Balance at the end of the period	<u>61,139,928</u>

Note 6 EXPLORATION AND EVALUATION ASSETS

Exploration and Evaluation Assets	\$
Balance at the beginning of the period	4,848,322
Exploration of tenements	2,695,456
Exploration expenditure written off	(192,072)
Balance at the end of the period	<u>7,351,706</u>

The ultimate recoupment of deferred exploration and evaluation expenditure carried forward is dependent upon the successful development and exploitation, or alternatively, sale of the respective areas of interest at an amount greater than or equal to the carrying value.

A regular review is undertaken of each area of interest within exploration and evaluation to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Exploration and evaluation assets are assessed for write down if facts and circumstances suggest that the carrying value exceeds the recoverable amount which resulted in a write off of \$192,072 on exploration and evaluation assets for the period ended 31 December 2013 (2012: \$nil).

Note 7 MINE DEVELOPMENT ASSETS

Mine Development Assets	\$
Balance at the beginning of the period	97,503,994
Additions	18,625,113
Amortisation	(7,767,891)
Transfer to property, plant and equipment	(61,382,296)
Balance at the end of the period	<u>46,978,920</u>

Note 8 BORROWINGS

Borrowings classified as current liabilities include \$28,000,000 in loans repayable to the CBA by 31 December 2014 and \$21,000,000 repayable by 30 September 2015. The reasons for the reclassification between current and non-current liabilities have been documented in Note 1 (Financial Position).

Note 9 CASH AND CASH EQUIVALENTS

\$7,016,475 of the cash and cash equivalents balance at 31 December 2013 were held in a Debt Service Reserve account. Under the terms of the Group's finance facility, these funds of the Group are not available to the Group for any other purpose.

NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2013

Note 10 CAPITAL EXPENDITURE COMMITMENTS

	2013	2012
	\$	\$
Plant and equipment	-	25,850,000
Communications infrastructure	-	440,000

Note 11 EVENTS SUBSEQUENT TO REPORTING DATE

On 13 February 2014, the Company announced plans to accelerate drill testing of a number of high-quality, near-mine exploration targets at the Company's 100% owned high-grade Andy Well Gold Project following a heavily oversubscribed \$17 million capital raising (before costs).

Funds received from the raising will be used primarily to advance the high-grade Judy and Suzie target zones and to carry out first-pass drilling of the Margaret and Kirsty structures. In addition, the raising will provide funds for regional exploration, project generation and business development activities.

On 5 March 2014, the Company entered into an additional hedging program to sell forward 39,651 ounces of gold at A\$1,505.50/oz.

DIRECTORS' DECLARATION

The Directors of the Group declare that:

1. The financial statements and notes set out on pages 10 to 19:
 - (a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001, and
 - (b) give a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the half year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



PETER ALEXANDER

CHAIRMAN

Perth, Western Australia

Dated this 14th day of March 2014

Auditor's independence declaration under section 307C of the Corporations Act 2001

To the directors of Doray Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half year ended 31 December 2013, there have been:

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

NPAS

Nexia Perth Audit Services Pty Ltd

Amar Nathwani

Amar Nathwani
Director

Perth 14 March 2014

Nexia Perth Audit Services Pty Ltd

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Doray Minerals Limited and its controlled entities (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2013, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes: establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Doray Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Nexia Perth Audit Services Pty Ltd

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Conclusion

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

NPAS

Nexia Perth Audit Services Pty Ltd

Amar Nathwani

Amar Nathwani

Director

Perth

14 March 2014