DORAY
MINERALS LIMITED
ASX: DRM

APPENDIX 4D
HALF YEAR REPORT
PERIOD ENDED 31 DECEMBER 2017

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Current reporting period:	**6 months ended 31 December 2017**
Previous corresponding reporting period:	6 months ended 31 December 2016

CONSOLIDATED RESULTS

	31 Dec 2017 $'000	31 Dec 2016 $'000	Change %	
Revenues from ordinary activities	84,946	70,199	Up	21%
Results from operating and financing activities	(8,230)	881	Down	1,034%
(Loss)/profit from ordinary activities after tax attributable to members	(8,030)	(35,219)	Down	77%
Net (loss)/profit for the period attributable to members	(8,030)	(35,219)	Down	77%

BRIEF EXPLANATION OF THE RESULT

The Company recorded a loss after tax for the half year ended 31 December 2017 of $8.03 million. The result was largely impacted by low production at the Deflector Gold Copper Project in the months of July and August 2017 as the mine ramped up towards steady state production. The second half of the period saw the Deflector operation running at steady state levels well ahead of schedule and outperforming expectations in both gold and copper, resulting in the operation having a profitable second quarter.

DIVIDEND INFORMATION

The Directors do not propose to pay any dividend for the half year ended 31 December 2017.

NET TANGIBLE ASSETS

	31 Dec 2017 $	31 Dec 2016 $
Net tangible assets per security	0.34	0.47

CONTROL GAINED OR LOST OVER ENTITIES DURING THE PERIOD

During the current reporting period, the Group did not gain or lose control over any entities.

ASSOCIATE AND JOINT VENTURE ENTITIES

Joint Operation	Joint Operation Parties	Principal Activities	31 Dec 2017 Interest %
Horse Well JV	Doray/Alloy Resources Ltd	Exploration	60%
Hog Ranch Project	Doray/Cedar River USA Pty Ltd	Exploration	Farm-in (to 80%)
Gascoyne JV	Andy Well Mining Pty Ltd/ Gascoyne Resources (WA) Pty Ltd	Exploration	Farm-in (to 80%)

The joint venture operations are not separate legal entities. They are contractual arrangements between participants for the sharing of costs and outputs and do not in themselves generate revenue and profit. The joint operations are of the type where initially one party contributes tenements with the other party earning specified percentage by funding exploration activities; thereafter the parties often share exploration and development costs and output in proportion to their ownership of joint operation assets.

DORAY

MINERALS LIMITED

ACN: 138 978 631

CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2017

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 2017

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CORPORATE DIRECTORY

DIRECTORS:

Julius Matthys	Non-Executive Chairman
Leigh Junk	Managing Director
Peter Alexander	Non-Executive Director
Jay Stephenson	Non-Executive Director

COMPANY SECRETARY:

Iain Garrett

PRINCIPAL AND REGISTERED OFFICE:

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ASX Limited
Level 40, Central Park
152-158 St George's Terrace
PERTH, WA 6000

ASX Code: DRM

DIRECTORS' REPORT

Your directors present their financial report of Doray Minerals Limited ("Doray", "the Group" or "the Company") for the half year ended 31 December 2017. In order to comply with the provisions of the *Corporations Act 2001*, the directors present their report as follows:

1. DIRECTORS

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

Mr Julius Matthys	Non-Executive Chairman
Mr Leigh Junk	Managing Director
Mr Peter Alexander	Non-Executive Director
Mr Jay Stephenson	Non-Executive Director

2. FINANCIAL RESULT

The loss of the Group for the period after tax amounted to $8,030,000 (half year ended 31 December 2016 loss: $35,219,000).

The loss for the half year was largely impacted by low production at the Deflector Gold Copper Project in the months of July and August 2017 as the mine ramped up towards steady state production. The second half of the period saw the Deflector operation running at steady state levels well ahead of schedule and outperforming expectations in both gold and copper, resulting in the operation having a profitable second quarter.

During the period, the Group's Andy Well gold project transitioned into a Care and Maintenance phase as planned in early November 2017.

3. OVERVIEW

Doray Minerals Limited is an Australian gold and copper producer with the Deflector Gold Copper Mine ("Deflector").

The Group recorded strong half year production of 42,614 ounces of gold and 1,629 tonnes of copper, which included 15,039 ounces of gold from Andy Well for the period, prior to the mine transitioning to care and maintenance. Deflector reached steady state production in the latter half of the period and is on schedule to perform in line with expectations. Doray also has a strategic portfolio of gold exploration properties within Western Australia.

4. DEFLECTOR GOLD COPPER PROJECT

The Deflector Gold Copper Project is located approximately 170km east of Geraldton, in the Mid-West region of Western Australia. Doray acquired the Project through the takeover of Mutiny Gold Ltd in March 2015 and brought the Project into production in May 2016.

The Deflector Project currently has a 4 year mine life, is open at depth and along strike, and plans to produce approximately 60,000 ozs annually with significant copper and silver by-product credits.

4.1 Safety

Deflector achieved 35 Lost Time Injury (LTI) free days at the end of the half year period. A short-duration LTI was incurred towards the end of the period with a hand injury to a staff member, who returned to work shortly after on restricted duties.

Doray continues to invest considerable effort into comprehensive site-wide risk assessments to proactively identify and mitigate risk events before they could potentially manifest into incidents. An intensive block training session covering all site crews was recently completed to ensure the operation has the distribution and quality of skills necessary to provide robust emergency response capability.

4.2 Mining

During the period Deflector continued to increase the contribution of stoping ore to the overall underground mine output, reflecting a maturing operation that was running at steady-state by the end of the period.

Several key items of underground infrastructure were installed during the period including the 1140 level primary pump station and a major extension of the primary ventilation circuit, positioning the operation well for the future.

The layout of the decline was transitioned from a central location between the two main lode alignments to an eastern stand-off position due to the discovery of a persistent high-grade splay structure running through the area of planned capital infrastructure. The re-positioning of the decline and associated infrastructure will allow full exploitation of the contained metal in this new discovery from the existing capital development.

Table 1. Summary of Deflector Mining Physicals for December 2017 Half Year

Mining	Units	Sep-17 Qtr	Dec-17 Qtr	YTD
Ore mined	**t**	131,602	122,567	254,169
Gold grade	**g/t**	3.1	4.8	3.9
Copper grade	**%**	0.6	0.9	0.7
Ounces mined	**oz**	12,971	18,952	31,923
Copper mined	**t**	736	1,042	1,778
Capital development	**m**	501	350	851
Operating development	**m**	1,437	1,202	2,639

Underground capital mine development advanced 851m with the decline face reaching 1,077mRL, 204m below surface and 164m below the portal by the end of the period.

4.3 Processing and Production

The Deflector processing plant operated extremely well during the period with new records of availability and throughput set late in the period. It was pleasing to see both gold and copper recoveries remain constant even with the increased throughput rates. Fourteen shipments of gold copper concentrate were exported during the period in conjunction with offtake partner MRI Trading AG. Gold recovered into bullion increased to 75% of the total production with the remaining 25% of gold being captured in concentrate. Improved filter performance in the processing plant reduced the concentrate moisture over the course of the period, resulting in savings in transport costs and improved materials handling characteristics.

Key processing statistics are shown below in Table 2.

Table 2. Summary of Deflector Processing Physicals for December 2017 Half Year

Processing	Units	Sep-17 Qtr	Dec-17 Qtr	YTD
Ore Milled	**t**	125,054	141,939	266,993
Gold Grade	**g/t**	3.1	4.3	3.7
Copper Grade	**%**	0.7	0.7	0.7
Gold Produced				
- **Bullion**	**oz**	7,540	13,059	20,599
- **Concentrate**	**oz**	3,225	3,751	6,976
Total	**oz**	**10,765**	**16,810**	**27,575**
Gold Recovery	**%**	86.9	86.6	**86.7**
Copper Produced	**t**	796	833	1,629
Copper Recovery into Concentrate	**%**	87.1	84.6	85.8
Concentrate Shipped	**dmt**	3,712	3,728	7,440
- **Gold Grade**	**g/t**	29	25	27
- **Copper Grade**	**%**	22.6	20.1	21.3

Table 3. Summary of Deflector Cost Performance for December 2017 Half Year

	A$000	A$/t	A$/oz
Mining	24,709	97	902
Processing & Refining	10,145	40	370
Site Services	3,449	14	126
By-Product Credits	(11,460)	(45)	(418)
C1 – Net Direct Cash Cost	**26,843**	**106**	**980**
Depreciation	4,305	17	157
Amortisation	10,686	42	390
C2 – Production Cost	**41,834**	**165**	**1,527**
Royalties	2,224	9	81
Net Interest	1,311	5	48
Allocated Costs	101	0	4
C3 – Fully Allocated Cost	**45,470**	**179**	**1,659**
All-In Sustaining Costs			
Mining	24,709	97	902
Processing and Refining	10,145	40	370
Site Services	3,449	14	126
Mining Operating Costs	**38,303**	**151**	**1,398**
By-Product Credits	(11,461)	(45)	(418)
Royalties	2,224	9	81
Corporate G&A	1,817	7	66
Sustaining Exploration	1,138	4	42
Sustaining Capital Expenditure	4,261	17	156
All-In-Sustaining Cost (AISC)	**36,282**	**143**	**1,324**

N.B. All Deflector AISC and C1 numbers in this report are inclusive of copper credits

4.4 Deflector Extensional Exploration

During the period, Doray commenced an extensive Resource extensional and infill diamond drilling programme. As part of this programme, a series of outstanding intercepts were returned from a potential new zone of mineralisation (*see ASX release dated 7 August 2017*). This new zone, which is located at depth and in the hanging wall to the Western Lode, has returned two intercepts from DEDD058, with **2.7m @ 13.0g/t Au** (with no significant copper assay) from 302.1m, and **18.1m @ 65.3g/t Au and 0.4% Cu** from 332.0m (including **1.6m @ 283.5g/t Au and 3.4% Cu**, as well as **1.2m @ 435.3g/t Au and 1.4% Cu**).

Structural data from drilling indicates that these zones have been intercepted slightly down-dip, but still represent true widths of approximately 1.5m and 10.0m respectively. At present, the context of this new intercept with regard to the existing mineralisation at Deflector is still to be determined. However, it provides a clear exploration target in proximity to future mine infrastructure at Deflector, and highlights the exploration upside present in the Deflector system outside of the recently announced Mineral Resource (*see ASX release dated 3 August 2017*).

4.5 Da Vinci Zone Exploration

During the period, Doray continued exploration on the Da Vinci zone, immediately north of the existing Western Zone currently being mined at Deflector. Drilling consisted of both diamond and reverse circulation (RC) conducted from surface (*see ASX releases dated 1 August 2017, 24 August 2017 and 25 October 2017*). This drilling intersected several outstanding intercepts, including:

- DEDD052 – **1.6m @ 142.6g/t Au and 0.1% Cu** from 234.8m
- DEDD049 – **7.5m @ 29.7g/t Au and 0.2% Cu** from 235.5m
- DEDD051 – **1.4m @ 8.5g/t Au and 0.7% Cu** from 143.5m
- DVRC004 – **7m @ 19.8g/t Au and 0.8% Cu** from 121m
- DVRC003 – **7m @ 2.9g/t Au and 0.3% Cu** from 130m
- DVRC005 – **4m @ 1.8g/t Au** (NSA* Cu) from 38m, and **2m @ 11.3g/t Au** (NSA Cu) from 103m (footwall splay)
- DVRC013 – **1m @ 2.4g/t Au** (NSA Cu) from 87m

Following this extensional drilling programme, Doray commenced an infill drill programme with the aim of increasing data density and understanding within the initial discovery area (*see ASX release dated 12 January 2018*). An RC programme was commenced on nominal 40m x 20m drill spacing, with initial results released subsequent to the end of the period. The majority of holes completed by the end of the period had intersected mineralisation geologically consistent with previous drilling results. Several significant intersections have been returned, including:

- DVRC021 – **11m @ 56.3g/t Au and 0.9% Cu** from 191m, incl. **2m @ 260g/t Au and 3.3% Cu**
- DVRC022 – **5m @ 10.9g/t Au** (NSA Cu) from 153m, incl. **2m @ 21.6g/t Au** (NSA Cu) (splay lode)
- DVRC019 – **2m @ 25.5g/t Au and 1.0% Cu** from 157m
- DVRC023 – **2m @ 25.0g/t Au** (NSA Cu) from 275m
- DVRC025 – **11m @ 4.0g/t Au and 0.1% Cu** from 57m, incl. **2m @ 15.5g/t Au and 2.0% Cu**

In addition to the RC drilling, four underground diamond drill holes were extended from the Deflector underground operations to intersect the Da Vinci mineralisation. One of these holes failed to reach the zone of interest due to the geometry of the dolerite dyke, however the other three holes were successful in intersecting Da Vinci mineralisation. Significant intersections returned from these underground holes include:

- DFGC0128 – **10.7m @ 34.5g/t Au** (Cu pending) from 67.6m (est. true width 2.9m)
- DFGC0013 – **0.3m @ 14.4g/t Au** (NSA Cu) from 320.0m (est. true width 0.2m)

- DFGC0129 – **0.5m @ 47.2g/t Au** (Cu pending) from 62m (est. true width 0.3m) and;
  4.0m @ 14.2g/t Au (Cu pending) from 79m (hanging wall splay - est. true width 2.1m)

The drill programme was ongoing at the end of the period.

5. ANNUAL MINERAL RESOURCE AND ORE RESERVE STATEMENT

In September 2017, the Company announced an updated Resource and Reserve Statement for the Andy Well and Deflector Projects as at 30 June 2017 (*see ASX release dated 29 September 2017*). This statement showed Group Mineral Resources as 1.41Moz Au and 18,400t Cu whilst Group Ore Reserves totalled 260,000oz Au and 9,200t Cu.

6. ANDY WELL GOLD PROJECT

The Company announced on 6 July 2017 that the Board had made the decision to transition the Andy Well mine from commercial production into a Care and Maintenance phase. This decision was made due to a reduction in strike length of the main Wilber orebody producing fewer ounces per vertical metre. This resulted in uneconomic mining conditions which the Company could not sustain. Although the ore body appears to increase in strike length at depth it requires additional drilling and development to access.

A significant Mineral Resource of approximately 500,000 ounces of gold will remain defined underground at Andy Well. The Care and Maintenance plan will keep the underground workings dewatered and the major infrastructure maintained while the Company assesses its options to realise maximum value for the Project. There is also a Mineral Resource of 322,000 ounces of gold at the nearby Gnaweeda Project.

6.1 Safety

The Company is extremely proud and appreciative of the Andy Well employees who safely delivered the project from construction, through production of 317,930oz of gold (21% above initial Bankable Feasibility Study), and into Care and Maintenance without incurring a single Lost Time Injury (1,538 days LTI-free).

6.2 Mining

Andy Well produced 15,038oz of gold for the period July 2017 to November 2017. Mining physicals for the December Quarter are in Table 4 below. The last truck of ore was brought to the surface on 29 October 2017 and the mill was shut down on 8 November 2017.

Table 4. Summary of Andy Well Mining Physicals for December 2017 Half Year

Mine Physicals	Units	Sep-17 Qtr	Dec-17 Qtr	YTD
Underground ore tonnes mined	t	55,918	23,061	78,979
Underground grade	g/t	5.2	3.9	4.83
Underground contained ounces	**oz**	**9,361**	**2,894**	**12,255**

Table 5. Summary of Andy Well Processing Physicals for December 2017 Half Year

Processing	Units	Sep-17 Qtr	Dec-17 Qtr	YTD
Ore Tonnes Milled (dry)	t	72,727	32,355	105,082
Mill Grade	g/t	4.7	4.3	4.6
Recovery	%	96.8	96.5	96.6
Gold Recovered	oz	10,627	4,250	14,877
Change in Gold in Circuit	oz	(10)	(152)	(162)
Gold Produced	**oz**	**10,637**	**4,402**	**15,039**

6.3 Andy Well Near-Mine Exploration

6.3.1 Gnaweeda Project

During the period, Doray announced the results from first-pass RC drilling at the St Anne's Prospect, a new target within the Gnaweeda Project. St Anne's is located approximately 3.5km to the south along strike from Turnberry. This RC drilling was designed to test the bedrock potential of the prospective host geology defined from previous aircore drilling, which also highlighted significant Au anomalism within the weathered zone.

Drilling was successful in intersecting a similar geological package to that observed at Turnberry. Several encouraging mineralised results were returned, with the best being **20m @ 2.4g/t Au** from 57m in SARC005, including **8m @ 5.0g/t Au**. Full details of the drilling is contained in the ASX release dated 19 September 2017.

On 27 October 2017, the Company announced that it had entered into a Memorandum of Understanding ("MOU") with Westgold Resources Limited (ASX: WGX) to assess the development of the 100% Doray owned Gnaweeda Project for mutual benefit. Doray announced on 1 December 2017 that although the MOU had expired it would continue informal, non-exclusive discussions with Westgold whilst continuing to assess all other options to maximise value for the Project. At the end of the period no decision point had been reached regarding the development of Gnaweeda and the Company was continuing to assess its options.

Competent Person's Statement

The information in this report regarding Exploration Results, Mineral Resources or Ore Reserves has been extracted from various Doray ASX announcements and are available on the Doray website at www.dorayminerals.com.au or through the ASX website at www.asx.com.au (using ticker code "DRM").

Doray confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in that market announcement continue to apply and have not materially changed. Doray confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

7. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 22 February 2018, the Company announced that it had successfully raised $25 million through a two tranche placement to reduce its debt and accelerate exploration activities and underground development at its Deflector mine. The first tranche of approximately $15 million (before costs) is expected to be received on 28 February 2018. The second tranche of approximately $10 million (before costs) is subject to shareholder approval.

There are no other significant events after the reporting date.

8. 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.

9. ROUNDING OFF OF AMOUNTS

The company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, and in accordance with that legislative instrument amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

For and on behalf of the Board

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JULIUS MATTHYS
CHAIRMAN
Perth, Western Australia
Dated this 27th day of February 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half year ended 31 December 2017

		CONSOLIDATED	
		31 December 2017	**31 December 2016**
	Note	**$'000**	**$'000**
Revenue from operations		84,946	70,199
Mining and processing costs		(59,756)	(35,840)
Depreciation and amortisation		(23,476)	(24,344)
Royalty expense		(3,119)	(3,370)
Exploration and evaluation expenditure write off		(1,588)	(422)
Gross (loss)/profit		**(2,993)**	**6,223**
Corporate and other expenses		(3,760)	(4,267)
Results from operating activities		**(6,753)**	**1,956**
Financial income		113	247
Financial expense		(1,590)	(1,322)
Net financing expense		(1,477)	(1,075)
Results from operating and financing activities		**(8,230)**	**881**
Impairment charge		-	(46,895)
Loss before income tax		**(8,230)**	**(46,014)**
Income tax benefit		200	10,795
Net loss for the period		**(8,030)**	**(35,219)**
Other comprehensive income		**-**	**-**
Total comprehensive loss for the period		**(8,030)**	**(35,219)**
Loss per share attributable to ordinary equity holders		**Cents**	**Cents**
- basic and diluted	**3**	(2.25)	(10.81)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Note	CONSOLIDATED 31 December 2017 $'000	30 June 2017 $'000
ASSETS			
Current Assets			
Cash and cash equivalents		16,907	20,483
Trade and other receivables		3,552	3,753
Inventories		9,902	14,017
Prepayments		1,665	1,607
Total Current Assets		**32,026**	**39,860**
Non-Current Assets			
Trade and other receivables		7	7
Property, plant and equipment	**4**	86,681	95,462
Exploration assets	**5**	56,808	51,582
Mining asset	**6**	33,193	38,306
Total Non-Current Assets		**176,689**	**185,357**
TOTAL ASSETS		**208,715**	**225,217**
LIABILITIES			
Current Liabilities			
Trade and other payables		12,150	18,052
Provisions		5,421	5,903
Borrowings		16,803	11,540
Total Current Liabilities		**34,374**	**35,495**
Non-Current Liabilities			
Provisions		19,674	19,137
Borrowings		32,282	40,130
Total Non-Current Liabilities		**51,956**	**59,267**
TOTAL LIABILITIES		**86,330**	**94,762**
NET ASSETS		**122,385**	**130,455**
EQUITY			
Issued capital		183,876	183,876
Reserves		5,737	5,777
Accumulated profit/(losses)		(67,228)	(59,198)
TOTAL EQUITY		**122,385**	**130,455**

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 2017

CONSOLIDATED	Issued capital $'000	Reserves $'000	Accumulated profit/(losses) $'000	Total $'000
Balance at 1 July 2017	183,876	5,777	(59,198)	130,455
Comprehensive profit/(loss)				
Net loss for the period	-	-	(8,030)	(8,030)
Other comprehensive income	-	-	-	-
Total comprehensive profit/(loss)	-	-	(8,030)	(8,030)
Transactions with owners, directly in equity				
Issue of shares	-	-	-	-
Options exercised during the period	-	-	-	-
Share based payments	-	(40)	-	(40)
Share issue costs	-	-	-	-
Total contributions by and distributions to owners	-	(40)	-	(40)
At 31 December 2017	**183,876**	**5,737**	**(67,228)**	**122,385**

	Issued capital $'000	Reserves $'000	Accumulated profit/(losses $'000	Total $'000
Balance at 1 July 2016	159,015	6,138	15,027	180,180
Comprehensive profit/(loss)				
Net loss for the period	-	-	(35,219)	(35,219)
Other comprehensive income	-	-	-	-
Total comprehensive profit/(loss)	-	-	(35,219)	(35,219)
Transactions with owners, directly in equity				
Issue of shares	24,921	-	-	24,921
Options exercised during the period	733	-	-	733
Share based payments	-	55	-	55
Share issue costs	(1,246)	-	-	(1,246)
Total contributions by and distributions to owners	24,408	55	-	24,463
At 31 December 2016	**183,423**	**6,193**	**(20,192)**	**169,424**

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 2017

	CONSOLIDATED	
	31 December 2017 $'000	**31 December 2016 $'000**
Cash flows from operating activities		
Receipts from gold and other metal sales	84,832	82,367
Payments to suppliers and employees (incl royalties)	(67,708)	(68,013)
Net interest paid	(1,477)	(1,807)
Net cash from operating activities	**15,647**	**12,547**
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,071)	(1,165)
Payments for exploration and evaluation expenditure	(6,814)	(9,969)
Payments for mining asset, incl construction	(8,838)	(28,252)
Net cash used in investing activities	**(16,723)**	**(39,386)**
Cash flows from financing activities		
Repayment of borrowings	(2,500)	(11,000)
Proceeds from the issue of shares, options	-	24,121
Net cash inflow/(outflow) from financing activities	**(2,500)**	**13,121**
Net (decrease)/increase in cash and cash equivalents	(3,576)	(13,718)
Cash and cash equivalents at 1 July	20,483	35,034
Cash and cash equivalents at the end of the period	**16,907**	**21,316**

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

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2017

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 AASB 134 ensures that the financial statements and notes also comply with Accounting Standard 134: *Interim Financial Reporting*.

This half year 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 2017 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.

Rounding off of amounts
The company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, and in accordance with that legislative instrument amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

(b) Significant Accounting Policies

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

(c) Financial Position

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

Based on the Company's operational plans and forecast cash flows, the Directors are satisfied that the going concern basis of preparation is appropriate. Management continually monitors the Company's funding needs and should operational issues or market forces adversely affect the Company then it may need to reschedule debt repayments and/or raise funding as required to meet its commitments – both of which the Company has a demonstrated capacity to successfully achieve.

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2017

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.

Management has determined the operating segments of the Group, based on the reports reviewed by the Board in its decision making.

The Group has three reportable operating segments, namely:

i) Andy Well Gold Mine
ii) Deflector Gold Copper Mine
iii) Doray Minerals Limited

During the period, the Group had two predominantly-gold projects, both located in Western Australia, from which the Group's revenues are derived. The Andy Well Gold Mine produces primarily gold bullion. The Deflector Gold Copper Mine produces gold bullion and gold copper concentrate.

The Company announced on 6 July 2017 that the Board had made the decision to transition the Andy Well mine from commercial production into a Care and Maintenance phase. The transition happened as planned in early November 2017.

Revenue derived from bullion sales at both the Andy Well Mine and Deflector Mine is sold either through the Perth Mint or to Westpac Banking Corporation. Revenue derived from the sale of Deflector's gold copper concentrate is predominantly received from MRI Trading AG who are responsible for marketing the product.

Budgeting is managed at a project level with the respective Registered Manager being responsible for the budgets and expenditure at a site level. Corporate expenditure is reported under the Doray Minerals Ltd segment.

The Group's General Manager – Geology and Exploration is responsible for the budgets and expenditure relating to the Group's exploration targets. Capitalised expenditure on exploration tenements within the gold project's exploration and mining leases are reported under the respective project's segment. Capitalised regional exploration costs are reported under the Doray Minerals Ltd segment.

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2017

The Group operates in one principal geographic area, Australia.

31 December 2017	**Andy Well Gold Mine A$'000**	**Deflector Gold Copper Mine A$'000**	**Doray Minerals Ltd A$'000**	**Total A$'000**
Revenues from external customers	27,125	57,821	-	84,946
Segment net operating profit/(loss) before income tax	(3,816)	573	(4,987)	(8,230)
Segment assets	47,063	130,194	31,458	208,715
Segment liabilities	(4,458)	(28,295)	(53,577)	(86,330)
Financial income/(expense)	(491)	(1,091)	105	(1,477)
Income tax benefit/(expense)	1,141	(895)	(46)	200
Significant non-cash expenses				
Impairment charge				
Depreciation & amortisation	(10,245)	(13,105)	(126)	(23,476)
Exploration written-off	-	(297)	(1,291)	(1,588)

31 December 2016	**Andy Well Gold Mine A$'000**	**Deflector Gold Copper Mine A$'000**	**Doray Minerals Ltd A$'000**	**Total A$'000**
Revenues from external customers	46,433	23,766	-	70,199
Segment net operating profit/(loss) before income tax	(30,221)	(11,737)	(4,056)	(46,014)
Segment assets	103,634	139,351	29,753	272,738
Segment liabilities	(12,839)	(16,057)	(74,418)	(103,314)
Financial expense	(636)	(660)	(26)	(1,322)
Income tax benefit/(expense)	1,614	(1,816)	10,997	10,795
Significant non-cash expenses				
Impairment charge	(24,220)	(22,675)	-	(46,895)
Depreciation & amortisation	(21,778)	(2,425)	(141)	(24,344)
Exploration written-off	(167)	(2)	(253)	(422)

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2017

Note 3 EARNINGS PER SHARE	**December 2017**	**December 2016**
Net loss attributable to ordinary equity shareholders ($'000)	(8,030)	(35,219)
Weighted average number of ordinary shares used in calculating:		
- Basic EPS	357,089,610	325,855,317
- Weighted average number of options and performance rights	5,666,771	3,737,004
Diluted EPS*	362,756,381	329,592,321

*As the Group has incurred a loss in the period, any exercise of options and performance rights will be antidilutive, therefore the diluted and basic earnings per share are equal

Note 4 PROPERTY PLANT AND EQUIPMENT

Property, Plant and Equipment	**$'000**
Balance at the beginning of the period	95,462
Additions	1,454
Depreciation	(9,525)
Transfer to Mining Assets	(710)
Balance at the end of the period	86,681

Note 5 EXPLORATION AND EVALUATION ASSETS

Exploration and Evaluation Assets	**$'000**
Balance at the beginning of the period	51,582
Exploration of tenements	6,814
Exploration expenditure written off	(1,588)
Balance at the end of the period	56,808

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 $1,588,000 on exploration and evaluation assets for the period ended 31 December 2017 (2016: $422,000).

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2017

Note 6 MINING ASSETS

Mining Assets	**$'000**
Balance at the beginning of the period	38,306
Additions	8,128
Amortisation	(13,951)
Transfer from Property, Plant and Equipment	710
Balance at the end of the period	33,193

Note 7 CAPITAL EXPENDITURE COMMITMENTS

	December 2017 $'000	**December 2016 $'000**
Plant and equipment	773	1,100

Note 8 EVENTS SUBSEQUENT TO REPORTING DATE

On 22 February 2018, the Company announced that it had successfully raised $25 million through a two tranche placement to reduce its debt and accelerate exploration activities and underground development at its Deflector mine. The first tranche of approximately $15 million (before costs) is expected to be received on 28 February 2018. The second tranche of approximately $10 million (before costs) is subject to shareholder approval.

There are no other significant events after the reporting date.

DIRECTORS' DECLARATION

The Directors of the Group declare that:

1. The financial statements and notes set out on pages 11 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 2017 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:

____

JULIUS MATTHYS
CHAIRMAN
Perth, Western Australia
Dated this 27th day of February 2018

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 2017 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.

Nexia Perth Audit Services Pty Ltd

TJ Spooner
Director

Perth
27 February 2018

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

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying interim 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 2017, 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 period ended on that date, notes comprising a summary of accounting policies, other explanatory notes 1 to 8, 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 interim period.

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the period ended on that date; and

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

Directors' Responsibility for the Interim Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim 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 2017 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.* We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

Nexia Perth Audit Services Pty Ltd

TJ Spooner
Director

Perth
27 February 2018