FY2018 PRELIMINARY UNAUDITED FINANCIAL RESULTS

Doray Minerals Limited ("Doray" or "the Company") (ASX: DRM) is pleased to release its preliminary unaudited financial results for the year ended 30 June 2018.

HIGHLIGHTS

- Cash flow from operating activities of $38.3 million
- Cash and equivalents on hand increased to $30.7 million[1]
- Debt reduced to $20.5 million following repayments of $29.5 million in FY18, and forecast to be fully repaid during FY19
- EBITDA[2] of $34.9 million
- Group net loss of $14.8 million including $10.6 million of Andy Well suspension, care and maintenance and depreciation charges
- Deflector production forecast to increase by up to 30% in FY19 to between 80,000 – 85,000 ounces gold plus copper credits

Commenting on the Company's FY18 results, Doray Minerals Managing Director Leigh Junk said:

"An excellent second-half performance at Deflector has driven Doray's strong full-year cash flow from operating activities of $38.3 million. During the year, Doray generated revenue of $159.2 million on production of 79,631 ounces of gold and 3,413 tonnes of copper. This production included the final 15,038 ounces of gold produced at Andy Well prior to suspension of operations.

"While Doray recorded a full-year loss, the impressive achievement at Deflector confirms that the Company has successfully turned around its financial and operational performance. Looking forward, Deflector is forecast to achieve a substantial increase in gold production of up to 30% to between 80,000 – 85,000 ounces of gold in FY19, which should materially improve the profitability of the Company.

"This improvement in production extends across the recently updated Life of Mine plan, which shows Deflector producing 43% more gold than the previous plan outlined 12 months ago."

Mr Junk confirmed that the sizeable increase in Deflector's Mineral Resource of 34% during FY18 and the Company's increased exploration investment would provide the strategic foundation to deliver on Doray's "Target 1-5-1" goal of annual production of 100,000 ounces with a five-plus year mine life at all-in sustaining costs (AISC) of less than $1,000 per ounce.

During FY18, Doray generated cash flow from operating activities of $38.3 million and EBITDA[2] of $34.9 million. After net non-cash charges (other than depreciation and amortisation) of $3.1 million, Doray recorded a net loss of $14.8 million for the year ended 30 June 2018. The net non-cash charge relates to a non-cash pre-tax impairment in the carrying value of the mining assets of the Andy Well Gold Project amounting to $27.0 million, offset by an income tax benefit of $23.9 million relating to the significantly improved outlook at Deflector.

The Company has been actively exploring all options for Andy Well, including the sale of the assets. Proceeds from any sale will be applied to further strengthen Doray's balance sheet. Doray has adopted fair value less costs to sell as its valuation methodology for the purposes of the impairment calculation, following approaches from third parties regarding possible sale options.

This non-cash impairment charge is predominantly offset by the re-recognition of a deferred tax asset resulting in an income tax benefit in the Statement of Profit or Loss of $23.9 million. The re-recognition of this deferred tax asset has arisen because of Doray's significantly improved operating outlook.

The net impact of these two non-cash items is a charge to the Statement of Profit or Loss of $3.1 million.

Bank debt was reduced to $20.5 million as at 30 June 2018 (from $50.0 million at 30 June 2017) following debt repayments of $29.5 million to Westpac Banking Corporation in the period. The Company successfully raised $23.6 million (after fees) primarily to assist with this debt reduction. The Company has budgeted to repay all remaining debt by 30 June 2019.

The Company transitioned from a net debt position of $23.4 million to a net cash position of $10.2 million during FY18[1].

Doray will release its audited full-year financial results by 30 September 2018.

Footnotes

[1]Based on estimated receipt values (and not lower of cost or net realisable value) as contained in the Company's June 2018 Quarterly Report

[2]EBITDA (before significant items) is a non-IFRS measure and comprises net profit after tax, adjusted to exclude significant items such as income tax expense or benefit, finance costs, interest income, asset impairments, depreciation and amortisation

-ENDS-

For further information, please contact:

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APPENDIX 4E
PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2018

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Current reporting period:	**12 months ended 30 June 2018**
Previous corresponding reporting period:	12 months ended 30 June 2017

CONSOLIDATED RESULTS

	30 June 2018 $'000	**30 June 2017 $'000**	**Change %**
Revenue from ordinary activities	**159,237**	183,019	-13%
Loss from ordinary activities after tax attributable to members	**(14,768)**	(74,225)	-80%
Net loss for the period attributable to members	**(14,768)**	(74,225)	-80%

Doray Minerals Limited advises that an audit of its financial results for the full year ended 30 June 2018 has not yet been completed. Doray will release its audited full-year financial results by 30 September 2018.

DIVIDEND INFORMATION

The Directors do not propose to pay any dividends for the year ended 30 June 2018.

NET TANGIBLE ASSETS

	30 June 2018 $	**30 June 2017 $**
Net tangible assets per security	0.31	0.37

COMMENTARY ON RESULTS FOR THE PERIOD

Detailed commentary on the results for the full year is contained in the ASX announcement preceding this document and the unaudited preliminary accounts that follow.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018
UNAUDITED

	Notes	2018 $’000	2017 $’000
Revenue from sale of goods		159,237	183,019
Mining and processing costs		(107,872)	(104,256)
Depreciation and amortisation		(44,132)	(54,231)
Royalty expense		(5,951)	(7,719)
Gross profit		**1,282**	**16,813**
Exploration and evaluation expenditure written off		(3,457)	(4,367)
Corporate and other expenses		(7,026)	(7,799)
Results from operating activities		**(9,201)**	**4,647**
Financial income		269	406
Financial expense		(2,750)	(3,201)
Net financing expense		(2,481)	(2,795)
Results from operating and financing activities		**(11,682)**	**1,852**
Impairment charge	**3**	(27,043)	(72,041)
Loss before income tax	**4**	**(38,725)**	**(70,189)**
Income tax benefit/(expense)		23,957	(4,036)
Net loss for the year		**(14,768)**	**(74,225)**
Other comprehensive (loss)/income		**-**	**-**
Total comprehensive loss for the period		**(14,768)**	**(74,225)**

		Cents	**Cents**
Basic loss per share attributable to ordinary equity holders	**5**	(3.86)	(21.75)
Antidilutive loss per share attributable to ordinary equity holders	**5**	(3.86)	(21.75)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018
UNAUDITED

	Notes	2018 $'000	2017 $'000
ASSETS			
Current Assets			
Cash and cash equivalents		23,926	20,483
Trade and other receivables		2,111	3,753
Inventories		6,950	14,017
Prepayments		1,169	1,607
Assets classified as held for sale	3	13,422	-
Total Current Assets		**47,578**	**39,860**
Non-Current Assets			
Trade and other receivables		233	7
Property, plant and equipment		60,883	95,462
Exploration assets		35,737	51,582
Mine development asset		31,522	38,306
Deferred tax assets		23,707	-
Total Non-Current Assets		**152,082**	**185,357**
TOTAL ASSETS		**199,660**	**225,217**
LIABILITIES			
Current Liabilities			
Trade and other payables		14,507	18,052
Provisions		3,599	5,903
Borrowings		18,124	11,540
Liabilities directly associated with assets held for sale	3	3,642	-
Total Current Liabilities		**39,872**	**35,495**
Non-Current Liabilities			
Provisions		17,403	19,137
Borrowings		3,075	40,130
Total Non-Current Liabilities		**20,478**	**59,267**
TOTAL LIABILITIES		**60,350**	**94,762**
NET ASSETS		**139,310**	**130,455**
EQUITY			
Issued capital		207,234	183,876
Reserves		6,042	5,777
Accumulated losses		(73,966)	(59,198)
TOTAL EQUITY		**139,310**	**130,455**

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018
UNAUDITED

	Issued Capital $'000	Reserves $'000	Accumulated Losses $'000	Total $'000
At 1 July 2016	159,015	6,138	15,027	180,180
Comprehensive profit				
Net loss for the year	-	-	(74,225)	(74,225)
Other comprehensive income	-	-	-	-
Total comprehensive profit	-	-	(74,225)	(74,225)
Transactions with owners recorded directly in equity				
Issue of shares	26,087	-	-	26,087
Share issue costs	(1,226)	-	-	(1,226)
Share based payments	-	(361)	-	(361)
Total contributions by and distributions to owners	24,861	(361)	-	24,500
At 30 June 2017	**183,876**	**5,777**	**(59,198)**	**130,455**
At 1 July 2018	183,876	5,777	(59,198)	130,455
Comprehensive profit				
Net loss for the year	-	-	(14,768)	(14,768)
Other comprehensive income	-	-	-	-
Total comprehensive profit	-	-	(14,768)	(14,768)
Transactions with owners recorded directly in equity				
Issue of shares	25,000	-	-	25,000
Share issue costs	(1,642)	-	-	(1,642)
Share based payments	-	265	-	265
Total contributions by and distributions to owners	23,358	265	-	23,623
At 30 June 2018	**207,234**	**6,042**	**(73,966)**	**139,310**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018
UNAUDITED

	2018 $'000	2017 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from gold and other metal sales	160,708	192,986
Payments to suppliers and employees (incl royalties)	(119,944)	(130,328)
Interest paid	(2,749)	(3,934)
Interest received	268	406
Net cash inflow from operating activities	**38,283**	**59,130**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(2,251)	(1,721)
Payments for exploration and evaluation assets	(9,253)	(16,917)
Payments for mine development asset, including construction	(17,723)	(48,675)
Payments for tenements	-	(40)
Proceeds from sale of tenement	300	-
Net cash outflow from investing activities	**(28,927)**	**(67,353)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issue	23,587	23,559
Repayments of borrowings	(29,500)	(30,500)
Proceeds from exercise of options	-	613
Net cash outflow from financing activities	**(5,913)**	**(6,328)**
Net increase/(decrease) in cash and cash equivalents	**3,443**	**(14,551)**
Cash and cash equivalents at the beginning of the year	20,483	35,034
Cash and cash equivalents at the end of the year	**23,926**	**20,483**

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018
UNAUDITED

1. BASIS OF PREPARATION

The financial information included in this document for the year ended 30 June 2018 is unaudited. The financial information does not constitute Doray Minerals Limited's full financial statements for the year ended 30 June 2018, which will be approved by the Board, reported on by the auditors, and filed with the Australian Securities and Investments Commission. The full financial statements will be prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial information has been prepared on the basis of accounting policies consistent with those applied in the 30 June 2017 Annual Report. As required, comparative statutory financial information has been presented for the 2017 financial year.

All amounts are expressed in Australian dollars, rounded to the nearest thousand dollars, unless otherwise indicated.

Comparative figures have been prepared on the same basis as the current year figures.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Non-current assets held for sale

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary or the disposal of the assets of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

3. ASSETS CLASSIFIED AS HELD FOR SALE

	2018 $'000	2017 $'000
Mining assets (net of estimated sale costs)	13,422	-
Liabilities directly associated with assets held for sale	(3,642)	-

The Andy Well Gold Mine is located approximately 45km north of Meekatharra, in the northern Murchison region of Western Australia. First gold production at Andy Well was in August 2013. The Project was placed on care and maintenance in November 2017. The Company has been actively exploring all options for the Project, including the sale of the assets.

An impairment is recognised when the carrying value of an asset exceeds the likely recoverable amount from a sale or continued operation. In accordance with Doray's accounting policy, recoverable amount is assessed as the lower of fair value less costs to sell, and value in use. The Company has adopted fair value less costs to sell as its valuation methodology following approaches from third parties regarding possible sale options. Accordingly, the Andy Well assets have been written down by $27.0 million. This non-cash impairment charge is predominently offset by the re-recognition of the deferred tax asset resulting in an income tax benefit of $24.0 million, arising from Doray's significantly improved operating outlook. The net impact of these two non-cash items is a charge to the Statement of Profit or Loss of $3.0 million.

Upon completion of any potential sale transaction, Doray would no longer incur ongoing costs associated with Andy Well care and maintenance of approximately $4 million per annum. In addition, the rehabilitation liability would be transferred with the tenements.

The net realisable value of the Andy Well assets, excluding Gnaweeda, following impairment has been re-classified as held for sale in line with the Accounting Standard AASB 5 Non-current Assets Held for Sale and Discontinued Operations, which requires reporting entities to "classify a non-current asset (or disposal group) as held for sale if its carrying amount would be recovered principally through a sales transaction rather than continuing use" and if the sale is "highly probable".

The major classes of assets and liabilities of the Andy Well Gold Mine classified as held for sale are as follows:

	2018 $'000	2017 $'000
Inventories	1,380	4,183
Property, plant and equipment	12,042	28,124
Assets classified as held for sale	13,422	32,307
Rehabilitation liability	(3,642)	(3,456)
Liabilities classified as held for sale	(3,642)	(3,456)

4. LOSS BEFORE INCOME TAX

	2018 $'000	2017 $'000
Loss before income tax	(38,725)	(70,189)

Significant Expenses
The following significant items are relevant in explaining the financial performance:

Depreciation	18,840	16,535
Amortisation	25,292	37,696
Exploration expenditure written-off	3,457	4,367
Impairment charge	27,043	72,041
Employee benefits expense	34,480	35,234
Rent and utilities	1,201	1,497

5. BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE

(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.

a. Reconciliation of earnings to profit

	2018 $'000	2017 $'000
Net loss attributable to ordinary equity holders	(14,768)	(74,225)
Earnings used to calculate basic and diluted EPS	**(14,768)**	**(74,225)**

b. Weighted average number of ordinary shares outstanding during the period used to calculate basic and diluted EPS

	2018	2017
Weighted average number of ordinary shares outstanding during the period used in calculating:		
Basic EPS	382,849,124	341,229,846
Weighted average number of options and performance rights	5,601,924	5,221,765
Diluted EPS*	388,451,048	346,451,611

*As the Group has incurred a loss in 2018, any exercise of options and performance rights would be antidilutive, therefore the diluted and basic earnings per share are equal.

6. SEGMENT REPORTING

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 reporting period, the Group had two predominantly-gold projects, both located in Western Australia, from which the Group's revenues are derived. The Deflector Gold-Copper Mine produces gold bullion and gold-copper concentrate and operated during the entire reporting period. The Andy Well Gold Mine which produces primarily gold bullion was placed on care and maintenance in November 2017.

Revenue derived from bullion sales at both the Andy Well Gold Mine and Deflector Gold Copper 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 Chief Operating Officer and 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 the exploration and mining leases is reported under the respective project's segment. Capitalised regional exploration costs are reported under the Doray Minerals Ltd segment.

The Group operates in one principal geographic area, Australia.

30 June 2018	**Deflector Gold-Copper Mine A$'000**	**Andy Well Gold Mine A$'000**	**Doray Minerals Ltd A$'000**	**Total A$'000**
Revenues from external customers	132,105	27,132	-	159,237
Segment net operating profit/(loss) before income tax	9,229	(37,841)	(10,113)	(38,725)
Segment assets	56,539	14,552	128,570	199,661
Segment liabilities	(29,857)	(3,962)	(26,532)	(60,351)
Financial (expense)/income	(1,886)	(846)	251	(2,481)
Income tax (expense)/benefit	(4,396)	3,859	24,494	23,957
Significant non-cash expenses				
Impairment charge	-	27,043	-	27,043
Depreciation & amortisation	28,772	15,116	244	44,132
Exploration written-off	297	-	3,160	3,457

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018
UNAUDITED

6. SEGMENT REPORTING (CONTINUED)

30 June 2017	Deflector Gold-Copper Mine A$'000	Andy Well Gold Mine A$'000	Doray Minerals Ltd A$'000	Total A$'000
Revenues from external customers	97,297	85,722	-	183,019
Segment net operating loss before income tax	(17,947)	(40,505)	(11,737)	(70,189)
Segment assets	46,051	39,564	139,602	225,217
Segment liabilities	(27,222)	(34,670)	(32,870)	(94,762)
Financial (expense)/income	(1,951)	(1,209)	365	(2,795)
Income tax (expense)/benefit	3,905	11,535	(19,476)	(4,036)
Significant non-cash expenses				
Impairment charge	(44,426)	(27,615)	-	(72,041)
Depreciation & amortisation	(11,526)	(42,412)	(293)	(54,231)
Exploration written-off	(10)	(167)	(4,190)	(4,367)

7. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial year 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.

8. 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.

9. ASSOCIATE AND JOINT VENTURE ENTITIES

Joint Operation	Joint Operation Parties	Principal Activities	30 June 2018 Interest %
Horse Well JV	Doray/Alloy Resources Ltd	Exploration	49%
Andy Well North JV	Andy Well Mining Pty Ltd /Gascoyne Resources 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 a 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.