Dominion Mining Limited
A.C.N. 000 660 864

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25 February 2010

DOMINION ACHIEVES A GROSS PROFIT FOR THE 6 MONTHS OF $4.21 MILLION, AN AFTER TAX PROFIT OF $2.29 MILLION AND DECLARES AN INTERIM DIVIDEND OF 2 CENTS PER SHARE

KEY POINTS

- **Gross Profit of $4.21 million and Net Profit After Tax of $2.29 million achieved from production of 37,687 ounces.**
- **EBITDA of $12.60 million.**
- **Revenue from gold sales of $43.05 million from the sale of 38,643 ounces at an average price received of A$1,114 per ounce.**
- **Plant expansion progressing on schedule and on budget with increased annual production rates building to around 120,000 ounces during March 2010 quarter.**
- **Sinking of the 4.5 metre diameter 730 metre deep Ventilation Shaft completed.**
- **Interim dividend of 2 cents per share declared.**

	December 2009	December 2008	Variation
Revenue (A$m)	$43.6	$57.9	-25%
Profit (A$m)	$4.2	$23.4	-82%
EBITDA (A$m)	$12.6	$29.3	-57%
NPAT (A$m)	$2.3	$12.8	-82%
EPS (c/share)	2.2	12.0	-82%
Dividend (c/share)	2.0	6.0	-67%
Production (ozs)	37,687	52,283	-28%
Cash & Bullion (A$m)	$22.1	$56.5	-61%

FINANCIAL RESULTS

Dominion Mining Limited (ASX: **DOM**) today announced a $2.29 million net profit after tax for the 6 months to 31 December 2009. (2008: $12.8 million).

The net profit was after taking into account a non-cash positive adjustment of $1.48 million relating to the mark to market value of financial derivatives and non-cash negative adjustments of $3.4 million that represent employee option expenses of $1.53 million and an income tax expense of $1.9 million resulting from utilisation of tax losses to offset taxable income. The normalised profit for the year before taking into account these accounting adjustments was $4.22 million (2008: $23.73 million).

The operating results were adversely impacted by a focus on developing sufficient underground accesses to enable more areas to be mined to facilitate the plant expansion, greater proportion of lower grade ore mined from the M2 Shoot, lower gold endowment encountered from the M1 Shoot and lack of access to some higher grade stopes at lower levels due to poor ventilation.

The result for the half year has enabled the Company to declare an unfranked interim dividend of 2 cents per share. The record date for the dividend is 17 March 2010 with the dividend to be paid on 31 March 2010. A Dividend Reinvestment Plan has been introduced which will enable eligible shareholders to reinvest their dividends in additional Dominion shares.

EBITDA of $12.6 million (2008: $29.3 million) was achieved after expensing exploration and evaluation expenditure of $2.2 million, administration costs of $1.8 million and $1.7 million in royalty payments. Depreciation and amortisation charges totalled $8.4 million.

Cash and bullion as at December 2009 totalled $22.1 million and comprised $18.5 million of cash and bullion sold (treated as a receivable in the balance sheet) of $3.6 million. This was after expenditure of $10.6 million on mine access and development, $3.4 million for Challenger resource and reserve evaluation drilling, $6.0 million on the plant expansion and other associated items, $5.0 million relating to the ventilation shaft and payment of the 2009 final dividend on 30 September 2009 of $8.2 million.

The Company remains debt free.

OUTLOOK

The plant expansion was completed during January 2010 which will allow throughput to increase to 75 tonnes per hour or up to 630,000 tonnes per annum over the next six months. The exhaust fan has been installed and is currently being commissioned which will facilitate increased mining activity underground at lower levels from early March 2010. All major capital expenditure has been completed and little further additional expenditure is anticipated apart from underground development and ongoing sustaining capital.

Production for the March 2010 quarter is estimated at around 22,500 ounces increasing to 28,500 ounces in the June quarter.

The lower endowment from the M1 shoot experienced in the period may necessitate a revision to reserves as at June 30. However, updated resource modelling of the lower levels indicates that the gold endowment of the M2 shoot is increasing with depth which may partially offset any change to the overall reserve position of the M1 shoot. Underground exploration during the period has highlighted the potential of the SEZ shoot and confirmed the continuity of the M3 Shoot outside of current reserves and resources. It is planned that further evaluation of these shoot systems will be undertaken from underground access in the June quarter.

Commenting on the financial results, Dominion's Managing Director, Mr Jonathan Shellabear, said:

"These results represent a difficult transitional phase for the Challenger operation in what has been a very demanding period for the Dominion team. I am pleased that the expansion is now complete and with increased ventilation underground we can now focus on increasing production to around 120,000 ounces per annum. We anticipate the operating result for the 6 months ended 30 June 2010 will be materially higher than the December half year result and further improvement is expected in the second half of this calendar year".

Jonathan Shellabear
Managing Director
Tel: 08 9426 6400

Dominion Mining Limited

ABN 37 000 660 864

FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

CONTENTS **Page**

APPENDIX 4D
RESULTS FOR ANNOUNCEMENT TO THE MARKET

The result for the half year was a net profit of A$2,290,000 (December 2008: A$12,840,000) after taking into account:

- a non cash positive mark to market of financial derivatives of A$1.48 million;
- a non-cash share based payment expense of A$1.53 million; and
- a non-cash income tax expense of A$1.86 million.

In addition, expensed for the period was A$1.67 million of royalties payable to the South Australian Government and native title groups; A$2.24 million of exploration expenditure, A$1.76 million attributable to administration costs of the consolidated entity and depreciation and amortisation of A$8.38 million.

Production for the period totalled 37,687 ounces, with 38,643 ounces sold, generating revenue from gold sales of A$43.05 million. The average site cash operating cost of production for the period was A$653 per ounce and the average price received from gold sales was A$1,114 per ounce.

Cash and bullion at the end of the year totalled A$22.12 million with cash of A$18.54 million and bullion (treated as a receivable in the balance sheet) of A$3.58 million.

	31 December 2009 $'000	31 December 2008 $'000	
Revenue	43,566	57,872	down 25%
Gross Profit	8,219	27,859	down 71%
Profit before gain/(loss) on mark to market of derivatives and share based payments	4,213	23,368	down 82%
Net profit attributable to members of Dominion Mining Limited	2,290	12,840	down 82%

Net Tangible Assets Per Share

Net tangible assets per ordinary share as at 31 December 2009 is $1.03 (30 June 2009: $1.06).

Change in Control of Entities

There has been no change in control, either gained or lost, of entities during the period.

Associates and Joint Venture Entities

The Group did not have a holding in any associates or joint venture entities during the period.

Dividends

	31 December 2009		31 December 2008	
	Cents per share	Total $'000	Cents per share	Total $'000
Interim unfranked dividend for the half year	2.0	2,065	6.0	6,174

Dominion has introduced a Dividend Reinvestment Plan (DRP) details of which will be sent to shareholders and which is also available on the company web site at (www.dml.com.au). Shareholders that wish to participate in the DRP should ensure their participation notice is received by the company's share register manager by the record date of 17 March 2010

Refer to note 3 of the half-year financial statements for further details of dividends paid and proposed during the period.

DIRECTORS' REPORT

The directors of Dominion Mining Limited submit the consolidated financial statements for the half-year ended 31 December 2009 and the following report made out in accordance with a resolution of the directors.

DIRECTORS

Dominion Mining Limited's directors in office during the half year and until the date of this report are:

Peter C Joseph AM, OAM, BCom, MBA – Non Executive Director and Chairman.

Jonathan N Shellabear BSc (Hons) Geology, MBA – Managing Director and Chief Executive Officer.

Ross A Coyle BA, FCPA, FCIS – Executive Director, Chief Financial Officer and Company Secretary.

Peter Alexander Ass Appl Geol – Non-Executive Director.

John Gaskell BSc (Hons) II (i) Geology – Non-Executive Director.

RESULTS

The consolidated profit of the group for the half year after income tax amounted to A$2,290,000 (December 2008: A$12,840,000).

REVIEW OF OPERATIONS

Challenger Gold Project - South Australia (Dominion Gold Operations Pty Limited 100%)

For the half-year ended 31 December 2009, 37,687 ounces of gold was produced at an operating cost of A$653 per ounce. Production was achieved from processing 241,917 tonnes of ore at an average head grade of 5.16 grams per tonne. A total 38,643 ounces was sold at an average price received of A$1,114 per ounce generating revenue of A$43.05 million.

The operating results were adversely impacted by a focus on developing sufficient underground accesses to enable more areas to be mined to facilitate the plant expansion, greater proportion of lower grade ore mined from the M2 Shoot, lower gold endowment encountered from the M1 Shoot and lack of access to some higher grade stopes at lower levels due to poor ventilation.

The decline was developed down to the 360 level by the end of December. Development of the M1 and M2 Shoots progressed on the 400 and 380 levels. Development of the M2 Shoot also occurred on the 840, 820 and 760 levels and partial development between the 540 to 600 levels.

Ore was stoped from the M1 Shoot and a minor limb of the M2 Shoot on the 420 and 400 levels and from parts of the M2 Shoot between the 900 and 740 levels, as well as from the 600 and 480 levels.

The M3 Shoot has been developed using hand-held mining methods which has enabled better spatial and geological understanding of the shoot characteristics. Mining took place between the 980 level and the 1020 level.

Underground drilling continued to demonstrate the continuity of high grade mineralisation in future mining levels of the Challenger Shoots.

The plant expansion progressed on schedule and on budget with increased annual production rates building to around 120,000 ounces from February 2010.

Sinking of the 4.5 metre diameter 730 metre deep Ventilation Shaft has been completed and is scheduled to be in full operation by early February 2010.

Exploration

At Challenger surface diamond drilling has demonstrated continuity of the Challenger Shoot system to a vertical depth of at least 1,350 metres. Several other targets, including the M3 Shoot and the SEZ, Aminus and Lower M1 targets have been evaluated from underground access.

In Western Australia shallow drilling programmes have intersected further high grade gold mineralisation at the Bottleneck Prospect (Kukerin Project). Shallow drilling has also intersected copper and gold mineralisation at newly defined targets within the Wongan West and Calingiri Projects.

Also in Western Australia, targets for copper – gold mineralisation have been generated within the newly acquired Northling and Bryah projects.

ROUNDING OF AMOUNTS

Dominion Mining Limited is an entity to which Australian Securities and Investments Commission Class Order 98/100 applies. Pursuant to this Class Order, amounts reported in this report and the financial statements have been rounded to the nearest thousand dollars, except where not permitted to be rounded under the Corporations Act 2001.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained the following independence declaration from our auditors, Ernst and Young.

ERNST & YOUNG

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Auditor's Independence Declaration to the Directors of Dominion Mining Limited

In relation to our review of the financial report of Dominion Mining Limited for the half year ended 31 December 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Gavin Buckingham

G A Buckingham
Partner
Perth
25 February 2010

Signed in accordance with a resolution of the directors.

Jonathan N Shellabear
Managing Director
25 February 2010

Peter C Joseph
Chairman
25 February 2010

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	NOTES	CONSOLIDATED 31 December 2009 $'000	CONSOLIDATED 30 June 2009 $'000
CURRENT ASSETS			
Cash and cash equivalents	6	18,544	42,354
Trade and other receivables		6,258	5,356
Inventory		3,496	3,523
Other		54	181
TOTAL CURRENT ASSETS		28,352	51,414
NON-CURRENT ASSETS			
Plant and equipment		19,275	17,900
Mine development		78,354	59,160
Deferred tax asset		16,204	18,069
TOTAL NON-CURRENT ASSETS		113,833	95,129
TOTAL ASSETS		142,185	146,543
CURRENT LIABILITIES			
Trade and other payables		12,169	11,052
Interest bearing loans and borrowings		147	140
Provisions		2,878	2,692
Derivative financial instruments	7	3,112	4,588
TOTAL CURRENT LIABILITIES		18,306	18,472
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings		-	75
Provisions		1,039	1,039
TOTAL NON-CURRENT LIABILITIES		1,039	1,114
TOTAL LIABILITIES		19,345	19,586
NET ASSETS		122,840	126,957
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	4	53,320	53,020
Retained earnings		59,126	65,077
Employee equity benefits reserve		10,394	8,860
TOTAL EQUITY		122,840	126,957

STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	NOTES	CONSOLIDATED 31 December 2009 $'000	CONSOLIDATED 31 December 2008 $'000
CONTINUING OPERATIONS			
REVENUE	2	43,566	57,872
Cost of goods sold	2	(35,347)	(30,013)
GROSS PROFIT		8,219	27,859
Exploration and evaluation expenditure		(2,243)	(2,857)
Administration costs		(1,757)	(1,704)
Finance costs		(6)	(19)
Gain on sale of mineral rights and other assets		-	89
Gain (Loss) on mark to market of financial derivatives		1,476	(8,920)
Share-based payments		(1,534)	(2,843)
PROFIT BEFORE INCOME TAX (EXPENSE)/BENEFIT		4,155	11,605
Income tax (expense)/benefit		(1,865)	1,235
NET PROFIT ATTRIBUTABLE TO MEMBERS OF DOMINION MINING LIMITED		2,290	12,840
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR NET OF TAX		2,290	12,840
Earnings per share for profit attributable to the ordinary equity holders of the parent:			
Basic earnings per share (cents per share)		2.2	12.5
Diluted earnings per share (cents per share)		2.2	12.0

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

CONSOLIDATED	***Attributable to equity holders of the parent***			
	Contributed Equity	***Retained Earnings / Accumulated Losses***	***Employee Equity Benefits Reserve***	***Total***
	$'000	***$'000***	***$'000***	***$'000***
At 1 July 2008	52,358	48,326	3,921	104,605
Profit for the period	-	12,840	-	12,840
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	12,840	-	12,840
Equity transactions:				
Cost of share based payment	-	-	2,843	2,843
Payment of dividend	-	(8,201)	-	(8,201)
Issue of share capital	558	-	-	558
31 December 2008	52,916	52,965	6,764	112,645
At 1 July 2009	53,020	65,077	8,860	126,957
Profit for the period	-	2,290	-	2,290
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	2,290	-	2,290
Equity transactions:				
Cost of share based payment	-	-	1,534	1,534
Payment of dividend	-	(8,241)	-	(8,241)
Issue of share capital	300	-	-	300
31 December 2009	53,320	59,126	10,394	122,840

Dominion Mining Limited

CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	NOTES	CONSOLIDATED 31 December 2009 $'000	CONSOLIDATED 31 December 2008 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from gold sales		42,454	57,206
Payments to suppliers and employees		(27,401)	(28,628)
Interest received		516	1,437
Interest paid		(6)	(19)
NET CASH FLOWS FROM OPERATING ACTIVITIES		15,563	29,994
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of plant and equipment		(2,971)	(5,029)
Proceeds from sale of plant and equipment		-	21
Proceeds from sale of mineral rights		-	80
Exploration and evaluation expenditure		(2,243)	(2,857)
Payment for mine development		(26,149)	(12,890)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(31,363)	(20,675)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares on conversion of options		300	558
Payment of dividend		(8,241)	(8,201)
Repayment of finance lease principal		(69)	(125)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(8,010)	(7,768)
Net (decrease) increase in cash and cash equivalents		(23,810)	1,552
Cash and cash equivalents at beginning of period		42,354	49,886
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	18,544	51,438

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
This general purpose condensed financial report for the half-year ended 31 December 2009 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2009 and considered together with any public announcements made by Dominion Mining Limited during the half-year ended 31 December 2009 in accordance with the continuous disclosure obligations of the ASX listing rules.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Changes in accounting policies
From 1 July 2009 the Consolidated Entity has adopted all Australian Accounting Standards and Interpretations mandatory for annual periods beginning on or after 1 July 2009, including:

AASB 8 Operating Segments
This standard requires the disclosure of information about the Consolidated Entity's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Consolidated Entity. Adoption of this standard did not have any effect on the financial position or performance of the Consolidated Entity.

AASB 101 Revised Presentation of Financial Statements
The revised standard separates owner and non-owner changes in equity and requires a statement of comprehensive income to be prepared which discloses all changes in equity during a period resulting from non-owner transactions. The Consolidated Entity has elected to present comprehensive income using one statement.

AASB 2008-1 Amendments to Australian Accounting Standard Share-based Payments: Vesting Conditions and Cancellations
The amendments clarify the definition of "vesting conditions", introducing the term "non-vesting conditions" and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

AASB 3 (Revised) Business Combinations
The revised Standard introduces a number of changes to the accounting for business combinations, the most significant of which includes the requirement to have to expense transaction costs and a choice (for each business combination entered into) to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired. The changes apply prospectively.

AASB 127 (Revised) Consolidated and Separate Financial Statements
There are a number of changes arising from the revision to AASB 127 relating to changes in ownership interest in a subsidiary without loss of control, allocation of losses of a subsidiary and accounting for the loss of control of a subsidiary. Specifically in relation to a change in the ownership interest of a subsidiary (that does not result in loss of control) – such a transaction will be accounted for as an equity transaction.

The Consolidated Entity has not elected to early adopt any new standards or amendments.

		CONSOLIDATED	
		31 December 2009 $'000	***31 December 2008 $'000***
2.	**REVENUE AND EXPENSES**		
	(i) Revenue		
	Sale of gold	43,050	56,435
	Finance revenue - interest	516	1,437
		43,566	57,872
	(ii) Cost of goods sold		
	Production costs	25,302	22,088
	Royalties – government mining royalties	1,507	683
	Royalties – other corporations	160	1,267
	Depreciation and amortisation	8,378	5,976
		35,347	30,013

3. DIVIDENDS

	Half-year ended 31 December 2009		***Half-year ended 31 December 2008***	
	Cents per share	**Total $'000**	**Cents per share**	**Total $'000**
(a) Dividends declared and paid during the half year on ordinary shares:				
Final unfranked dividend for the financial year ended 30 June 2009	8.0	8,240	8.0	8,201
Record Date	16 September 2009		15 September 2008	
Payment Date	30 September 2009		30 September 2008	
(b) Dividends proposed and not yet recognised as a liability:				
Interim unfranked dividend for the half year ended 31 December 2009:	2.0	2,065	6.0	6,174
Record Date	17 March 2010		16 March 2009	
Payment Date	31 March 2010		31 March 2009	

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4. CONTRIBUTED EQUITY

Shares

During the period 253,000 shares were issued on the conversion of options issued under the employee share option plan, raising A$300,800 (Dec 2008: 425,000 shares issued for A$558,000). There were no other movements in contributed equity during the period.

Share options

During the period 253,000 employee share options were converted to ordinary shares. The exercise price of these options ranged from A$1.04 to A$3.60.

During the period 30,000 employee share options were forfeited due to employee resignations prior to the vesting date. The exercise price of these options ranged from A$3.96 to A$4.36.

5. SEGMENT REPORTING

The group has identified its operating segment based on the internal reports that are reviewed and used by the executive management team in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based upon the entities key business activities.

The group has only one operating segment being the continued operation of the Challenger Gold Mine in South Australia, given that this is the sole revenue producing business activity. Other business activities include exploration for recoverable mineral deposits in West Australia and South Australia. Given these activities do not produce revenue and are incidental to the mining activities they are not considered to be separate operating segments under the standard.

	CONSOLIDATED	
	31 December 2009 **$'000**	***31 December 2008*** **$'000**
6. CASH		
For the purpose of the half-year cash flow statement, cash and cash equivalents is comprised of the following:		
Cash at bank and in hand *	5,302	10,042
Short term deposits	13,242	41,396
	18,544	51,438

* Includes A$1,430,000 (Dec 2008: A$1,101,000) of restricted cash to support bank guarantees lodged as security to various statutory bodies.

7. DERIVATIVE FINANCIAL INSTRUMENTS

The Group's future revenues are exposed to movements in the gold price. The Group enters into commodity price derivative instruments to manage this exposure.

The derivative contracts are entered into in accordance with the Group's gold hedge risk management policy which establishes the criteria for entering into forward gold contracts.

At 30 June 2009 the group had forward sold 26,138 ounces of gold at an average price of A$944 per ounce. This resulted in a mark to market derivative financial liability of A$4.59 million being recognised. At 31 December 2009 the group had forward sold 19,000 ounces of gold at an average price of A$1,072 per ounce. The spot price at 31 December 2009 was A$1,224 per ounce. This resulted in a mark to market derivative financial liability of A$3.04 million being recognised.

As the Group does not satisfy the requirements of AASB 139, the movement in the mark to market of the financial liability was recognised through the profit and loss resulting in a non-cash gain of A$1.55 million in the December 2009 period.

On 20 July 2009 a zero cost collar diesel hedge based on Singapore gas oil 0.5% sulphur was entered into. The call option strike is A$0.7550 per litre with a put option strike of A$0.6224per litre. The hedge which covers a 23 month period commencing August 2009 is for 3,500 barrels (556,500 litres) per month, approximately 74% of monthly diesel usage at the Challenger mine site.

The spot price at 31 December 2009 was A$0.5920 per litre which resulted in the mark to market of the financial instrument being recognised through the profit and loss as a non cash loss of A$0.08 million in the December 2009 reporting period.

8. CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no material change in any contingent liabilities or contingent assets.

9. EVENTS AFTER THE BALANCE SHEET DATE

On 19 February 2010 the directors declared an interim unfranked dividend of 2.0 cents per share. The record date for the dividend is 17 March 2010 and the dividend will be paid on 31 March 2010.

No other matters or circumstances have arisen since 31 December 2009 that has significantly affected, or may significantly affect, the operations of Dominion Mining Limited and its controlled entities, the results of those operations or the state of affairs of Dominion Mining Limited and its controlled entities in subsequent years.

DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

In accordance with a resolution of the directors of Dominion Mining Limited, we declare that:

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the financial position as at 31 December 2009 and the performance for the half-year ended on that date of the consolidated entity; and

  (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Jonathan N Shellabear
Managing Director
25 February 2010

Peter C Joseph
Chairman
25 February 2010

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Report on the Half-Year Financial Report

We have reviewed the accompanying half year financial report of Dominion Mining Limited which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the half year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity 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 company are responsible for the preparation and fair presentation of the half year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal 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 Interim and Other Financial Reports 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 consolidated entity's financial position as at 31 December 2009 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 Dominion Mining Limited and the entities it controlled during the half year, 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*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

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 Dominion Mining Limited is not in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half year ended on that date; and

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

Ernst & Young

Ernst & Young

Gavin Buckingham

G A Buckingham
Partner Perth 25
February 2010

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