Dominion Mining Limited

ABN 37 000 660 864

NOTICE OF ANNUAL GENERAL MEETING

AND

EXPLANATORY MEMORANDUM
TO SHAREHOLDERS

A PROXY FORM IS ENCLOSED

Date of Meeting
Wednesday, 24 November 2010

Time of Meeting
10.00 am (Australian Eastern Daylight Time)

Place of Meeting
Metcalfe Auditorium
State Library of NSW
Macquarie Street Sydney
NSW

Please read the Notice and Explanatory Memorandum carefully.

If you are unable to attend the meeting please complete and return the enclosed proxy form in accordance with the specified instructions.

Dominion Mining Limited
ABN 37 000 660 864

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of the Company will be held at Metcalfe Auditorium State Library of NSW, Macquarie Street, Sydney NSW on Wednesday, 24 November 2010 at 10.00 am (Australian Eastern Daylight Time).

Agenda

Ordinary Business

Financial Report

To receive and consider the Financial Report of the Company and the Reports of the Directors and Auditors for the year ended 30 June 2010.

Resolution 1 – Remuneration Report

To consider, and if thought fit, to pass the following non-binding resolution as an ordinary resolution:

“That the Remuneration Report for the year ended 30 June 2010 be adopted.”

Resolution 2 – Re-election of John Gaskell as a director

To consider, and if thought fit, to pass the following as an ordinary resolution:

“That John Gaskell, being a director of the company who retires by rotation under rule 7.1(e)(2) of the Company’s constitution, and being eligible, is re-elected as a director of the Company.”

Resolution 3 – Increase in total amount of directors’ fees payable to non-executive directors

To consider, and if thought fit, to pass the following as an ordinary resolution:

“That for the purposes of clause 7.3(a) of the Company’s Constitution, ASX Listing Rule 10.17 and for all other purposes, the total amount of directors’ fees payable per annum to non-executive directors of the Company be increased from $350,000 to $550,000 per annum.”

Other Business

To deal with any other business which may be brought forward in accordance with the Company’s constitution or the Corporations Act.

Resolutions are not inter-dependent

None of the resolutions are inter-dependent. This means that shareholders may pass a resolution notwithstanding that one or more of the other resolutions are not passed.

Explanatory Memorandum

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of Meeting.

Entitlement to vote

Snapshot date

It has been determined that in accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), for the purposes of the annual general meeting, Company Shares will be taken to be held by the persons who are the registered holders at 5.00 pm (Australia Eastern Daylight Time) on Monday, 22 November 2010 (***the Snap Shot Date***). Accordingly, Company Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Voting Exclusions

The Company will disregard any votes cast on Resolution 3 by a director and any of their associates, unless the vote is cast in the following circumstances:

(a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

(b) by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Proxies

A shareholder entitled to attend and vote has a right to appoint a proxy to attend and vote instead of the shareholder. A proxy need not be a shareholder and can be either an individual or a body corporate. If a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the Corporations Act; and
- provides satisfactory evidence of the appointment of its corporate representative.

If such evidence is not received, then the body corporate (through its representative) will not be permitted to act as a proxy.

A shareholder that is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the shareholder's votes.

A Proxy Form accompanies this Notice and to be effective must be received at the Company's Share Register:

Registries Limited
GPO Box 3993
SYDNEY NSW 2001

OR

By facsimile: (02) 9290 9655 (Australia) or + (612) 9290 9655 (International)

OR

Online at: www.registries.com.au/vote/dominionagm2010

by no later than **10.00 am (Australian Eastern Daylight Time) on Monday, 22 November 2010**.

By Order of the Board

Dated: 15 October 2010

Ross Coyle
Company Secretary

Explanatory Memorandum to Shareholders

1 Introduction

This Explanatory Memorandum has been prepared to assist shareholders to understand the business that is being put at the annual general meeting and should be read in conjunction with the accompanying Notice of Meeting.

2 Annual Report

The Corporations Act requires the following reports in respect of the year ended 30 June 2010 to be laid before the annual general meeting:

(a) the reports of the Directors and Auditors; and

(b) the Annual Financial Report, including the Company's Financial Statements.

Neither the Corporations Act nor the Company's constitution requires a vote of shareholders on the reports or statements. However, shareholders will be given ample opportunity to raise questions or comments of the Company's management.

The Financial Report for consideration at the meeting will be the full Financial Report.

A reasonable opportunity will be given to the Company's shareholders as a whole at the meeting to ask the Company's Auditor questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the Financial Statements and the independence of the Auditor in relation to the conduct of the audit.

3 Resolution 1 – Adoption of Remuneration Report

The Remuneration Report of the Company for the financial year ending 30 June 2010 is set out in the Directors' Report on pages 30 to 37 of the Company's 2010 Annual Report.

The Remuneration Report sets out the Company's remuneration arrangements for the executive and non-executive Directors and executive employees of the Company.

There will be an opportunity for the Company's shareholders at the meeting to comment on and ask questions about the Remuneration Report. The vote on Resolution 1 will be advisory only and will not bind the Company or the Directors. However, the Directors will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

The Directors recommend that the Company's shareholders vote in favour of Resolution 1.

4 Resolution 2 – Re-election of John Gaskell as a Company Director

John Gaskell retires by rotation in accordance with rule 7.1(e)(2) of the Company's constitution and the provisions of the Corporations Act and, being eligible, offers himself for re-election.

The experience, qualifications and other information about Mr Gaskell appear below:

Mr Gaskell was appointed to the board in December 2004. He is a geologist by profession and has over 30 years experience at the highest levels of management in the international minerals industry, including spending over 5 years as a corporate advisor to a major Australian investment group on resource opportunities. Mr Gaskell is also a director of Paradigm Metals Limited. Other than being on the board of Paradigm Metals Limited (a director since it was listed in November 2003) Mr Gaskell is not currently and has not over the past three years been on the board of any other listed entity.

The Directors (excluding Mr Gaskell) recommend that the Company's shareholders vote in favour of Resolution 2.

5. Resolution 3 – Increase in Total Amount of Directors' Fees Payable to Non-Executive Directors

Rule 7.3(a) of the Constitution provides that:

"Each director is entitled to such remuneration out of the funds of the company as the directors determine, but if the company in general meeting has fixed a limit on the amount of remuneration payable to the directors, the aggregate remuneration of the directors under this rule 7.3(a) must not exceed that limit."

Listing Rule 10.17 provides that the Company must not increase the total amount of directors' fees payable by it without the approval of shareholders. The rule does not apply to the salary of an executive director. Under the rule the total amount of director's fees payable includes superannuation contributions made by the Company or any of its child entities for the benefit of non-executive directors and any fees which a non-executive director agrees to sacrifice on a pre-tax basis.

Resolution 3 seeks approval to increase the total amount of directors' fees that may be paid to non-executive directors of the Company per annum from $350,000 to $550,000.

Clause 7.3(a) of the Company's Constitution and ASX Listing Rule 10.17 requires that the total amount of directors' fees that may be paid to non-executive directors of the Company be set by the Company in general meeting. The current limit of $350,000 per annum was approved by Shareholders in November 1990.

The Directors consider the revised maximum aggregate amount of directors' fees is reasonable and appropriate for the following reasons:

- It is important for the company to have the flexibility to attract and appoint new high quality non-executive directors and retain existing directors.
- Fees paid to non-executive directors may need to be increased in the future to provide appropriate remuneration due to the increased responsibilities of non-executive directors a result of both the growth in the Company's business activities and regulatory requirements.

Shareholders should note that it is not intended that the total amount be fully utilized in the immediate future.

Details of the remuneration paid to each of the non-executive directors for the year ended 30 June 2010 are provided in the Remuneration Report of the Company's 2010 Annual Report.

Dominion Mining Limited

Dominion Mining Limited
ABN 37 000 660 864

FOR ALL ENQUIRIES CALL:
(within Australia) 1300 737 760 (outside Australia)
+61 2 9290 9600

FACSIMILE
+61 2 9290 9655

ALL CORRESPONDENCE TO:
Registries Limited
GPO Box 3993
Sydney NSW 2001
Australia

Name and Address

☐ Your Address
This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction on the form. Securityholders sponsored by a broker should advise your broker of any changes. Please note, you cannot change ownership of your securities using this form.

YOUR VOTE IS IMPORTANT

FOR YOUR VOTE TO BE EFFECTIVE IT MUST BE RECORDED BEFORE 10.00 am (AEDT) MONDAY 22 NOVEMBER 2010

Reference Number: <HIN/SRN>
Please note it is important you keep this confidential

TO VOTE ONLINE

STEP 1 : VISIT www.registries.com.au/vote/dominionagm2010
STEP 2: Enter your holding/Investment type
STEP 3: Enter your Reference Number and VAC: <VAC NUMBER>

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 Appointment of Proxy

Indicate here who you want to appoint as your Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chairman of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's securities registry or you may copy this form.

To appoint a second proxy you must:

(a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

(b) return both forms together in the same envelope.

STEP 2 Voting Directions to your Proxy

You can tell your Proxy how to vote

To direct your proxy how to vote, place a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

STEP 3 Sign the Form

The form must be signed as follows:

Individual: This form is to be signed by the securityholder.
Joint Holding: Where the holding is in more than one name, all the securityholders must sign.
Power of Attorney: To sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies: This form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. Please indicate the office held by signing in the appropriate place.

STEP 4 Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below not later than 48 hours before the commencement of the meeting at 10.00 am (AEDT) Wednesday 24 November 2010. Any Proxy Form received after that time will not be valid for the scheduled meeting.
Proxies may be lodged using the reply paid envelope or:

BY MAIL - Share Registry – Registries Limited, GPO Box 3993, Sydney NSW 2001 Australia

BY FAX - + 61 2 9290 9655

IN PERSON - Share Registry – Registries Limited, Level 7, 207 Kent Street, Sydney NSW 2000 Australia

Vote online at:
www.registries.com.au/vote/dominionagm2010
or turnover to complete the Form ➔

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Dominion Mining Limited

<Co Name>
<Address 1>
<Address 2>
<Address 3>
<Address 4>
<Address 5>

<BARCODE>

STEP 1 - Appointment of Proxy

I/We being a member/s of Dominion Mining Limited and entitled to attend and vote hereby appoint

☐ the Chairman of the Meeting (mark with an 'X') OR ______________________

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy at the Annual General Meeting of Dominion Mining Limited to be held at the Metcalfe Auditorium, State Library of NSW, Macquarie Street, Sydney NSW 2000 on Wednesday, 24 November 2010 at 10.00 am (AEDT) and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

☐ If the Chairman of the Meeting is appointed as your proxy or may be appointed by default, and you do not wish to direct your proxy how to vote in respect of a resolution, please mark this box. By marking this box, you acknowledge that the Chairman of the Meeting may vote as your proxy even if he has an interest in the outcome of the resolution and votes cast by the Chairman of the Meeting for those resolutions, other than as proxy holder, will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called. The Chair intends to vote all undirected proxies in favour of the resolution.

STEP 2 - Voting directions to your Proxy – please mark ☒ to indicate your directions

Ordinary Business		For	Against	Abstain*
Resolution 1	Adoption of Remuneration Report	☐	☐	☐
Resolution 2	Re-election of John Gaskell as a director	☐	☐	☐
Resolution 3	Increase in total amount of directors' fees payable to non-executive directors	☐	☐	☐

In addition to the intentions advised above. The Chairman of the Meeting intends to vote undirected proxies in favour of each of the items of business.

*If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3 - PLEASE SIGN HERE This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name ……………………………………. Contact Daytime Telephone ………………………………… Date / / 2010

Dominion

Mining Limited

ABN 37 000 660 864

Annual Report 2010

CORPORATE DIRECTORY

Directors

Peter Joseph AM
Chairman

Jonathan Shellabear
Managing Director

Ross Coyle
Executive Director

John Gaskell
Non-Executive Director

Peter Alexander
Non-Executive Director

Company Secretary

Ross Coyle

Management

Jonathan Shellabear
Managing Director

Peter Bamford
General Manager Operations

Ross Coyle
Executive Director and Chief Financial Officer

Tony Poustie
General Manager Exploration

Principal Registered Office

15 Outram Street
West Perth WA 6005

Postal Address
PO Box 465
West Perth WA 6872

Telephone: (61-8) 9426 6400
Facsimile: (61-8) 9481 1378
Email: comsec@dml.com.au

Website

www.dml.com.au

Share Registry

Registries Limited
Level 7, 207 Kent St
Sydney NSW 2000

GPO Box 3993
Sydney NSW 2001

Telephone: (61-2) 9290 9600
Facsimile: (61-2) 9279 0664

Auditors

Ernst & Young
The Ernst & Young Building
11 Mounts Bay Rd
Perth WA 6000

Telephone: (61-8) 9429 2222
Facsimile: (61-8) 9429 2436

Stock Exchange

The Company's shares are listed
on the Australian Securities Exchange.
The home exchange is the
Australian Securities Exchange (Perth).

ASX code

DOM

Sponsored American Depositary Receipts representing the Company's shares are traded in the United States of America

Note: *All Dollar references in this report are Australian Dollars unless otherwise indicated.*

CONTENTS

SUMMARY

Financial:

- Gross profit for 12 months to 30 June 2010 of $15.1 million and a Net Profit After Tax of $2.8 million, equating to earnings per share of 2.7 cents. The net profit took into account non-cash charges of $4.9 million, with a normalised profit for the year before accounting adjustments of $7.7 million.
- Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of $29.1 million.
- Revenue from gold sales of $96.8 million from the sale of 81,530 ounces.
- Group cash and bullion at year end of $19.5 million, with a final unfranked dividend of 4 cents per share, lifting total dividend payout for the year to 6 cents per share.

Challenger Operations:

- Challenger plant expansion completed on time and on budget, increasing annual thoughput to around 630,000 tonnes with capability to support annualised production levels of around 120,000 ounces.
- Sinking of 4.5 metre diameter 730 metre deep ventilation shaft and ventilation upgrade completed.
- Gold production of 80,570 ounces for the year, with production for the first six months of the 2011 financial year forecast at 50,000 ounces.

Exploration:

- Maiden drilling program at the Calingiri copper-gold project in Western Australia intersected broad zones of copper sulphide mineralisation, with results demonstrating the potential for large mineralised systems within an area that has seen little previous exploration.
- Following an interpretation of a structural model for the Tropicana gold deposits several new targets have been identified.
- Dominion is reviewing opportunities for additional mid to long-term funding for selected assets within its South West Yilgarn regional exploration portfolio in Western Australia. This may be by way of farm out agreements and/or an IPO.
- Generative activity in Western Australia has resulted in an increasing involvement in the Bryah Basin District (Degrussa style copper-gold targets) and the West Musgrave District (gold and base metal targets).
- Application submitted for three exploration licences totalling 1500 square kilometres within the Lao People's Democratic Republic (Lao PDR) in areas prospective for a wide range of minerals including gold and copper.

CHAIRMAN'S REPORT

Dear Shareholders,

The 2010 financial year was in many ways a transition period for Dominion. It was a year in which the Company implemented a number of measures to enhance longer-term production at our Challenger Gold Mine in South Australia, which had a negative impact over the year on production levels and cash operating costs.

Operations

Gold production from Challenger for the year totalled 80,570 ounces at an average cash operating cost of A$697 per ounce. Monthly production for June 2010 was 9,947 ounces at a cash cost of A$545 per ounce – and, with the plant expansion and ventilation upgrade at Challenger now complete, future production is expected to return to more stable levels, with production in the first half of the 2011 financial year budgeted to exceed 50,000 ounces.

While our 2010 headline results were lower than in previous years, the expansion work and changes to the mine configuration completed at Challenger over the past 12 months have put the Company in a better position to deliver solid cash flow from Challenger while aggressively pursuing our regional exploration programs in Australia and elsewhere.

The Challenger plant expansion was completed on time and on budget, increasing annual throughput to around 630,000 tonnes with the capability to support annualised production levels of around 120,000 ounces. This was an outstanding achievement by the team at Challenger, and I would like to take this opportunity to thank our staff and contractors for their exemplary efforts in that regard.

For the 12 months to 30 June 2010, Dominion achieved a gross profit of $15.1 million and a net profit after tax of $2.8 million, equating to earnings per share of 2.7 cents. The net profit took into account non-cash charges of $4.9 million, with a normalised profit for the year before accounting adjustments of $7.7 million.

While this was a disappointing result compared to previous years, it was impacted by a number of factors that the Company believes are now resolved. The delay in completion of the ventilation upgrade due to matters beyond our control resulted in a lack of access to the higher grade zones of the M2 Shoot. This situation was compounded by lower than expected gold endowment in the M1 Shoot. In addition there was a significant focus placed on completing sufficient new underground access development to enable more areas to be mined.

Notwithstanding these difficulties, the financial result combined with a strong cash flow enabled Dominion's Board to declare a final unfranked dividend of 4 cents per share, lifting our total dividend payout for the year to 6 cents per share. The Company's balance sheet also remains strong, with Dominion having group cash and bullion on hand as at 30 June 2010 of $19.5 million and no debt.

Based on the lower-than-expected gold endowment encountered in the M1 shoot during the year, resources and reserves were downgraded with the total reserve inventory standing at 421,650 ounces and total resources of 950,220 ounces as at 30 June 2010. However, recent development of the lower levels is demonstrating an increase in the endowment of the M2 Shoot at depth, which may partially offset the change in the overall reserve position from the M1 Shoot.

In addition, further high grade intersections have been returned from future mining levels of the M1, M2 and M3 Shoots, providing additional confidence in the increase in endowment of the M2 Shoot, the continuity of the M3 Shoot and indicating that the endowment of the M1 Shoot may marginally improve. There is potential to upgrade the resources and reserves within the M1 Shoot if more positive results are sustained.

Our focus over the next six months will be on converting resources to reserves, which has historically been high for both the M1 and M2 Shoots (+90% conversion rate).

Exploration

Our regional exploration program has also continued to progress well, with particularly encouraging results from the Calingiri copper-gold project in the South West Yilgarn region of Western Australia, with broad zones of copper sulphide mineralisation returned from the RC drilling programs conducted over the year. In addition, due to the high sulphide mineralisation of Calingiri it may be possible to produce a quality high grade copper concentrate. It is intended to implement a program of metallurgical test work to assess this potential.

Due to exploration funding requirements at the Challenger Gold Operation and with the potential for new projects and opportunities in Australia and overseas, it has been decided to secure additional mid to longer term funding for some of the South West Yilgarn projects located in Western Australia by means of farm out agreements and/or an IPO.

In keeping with our commitment to identify new growth opportunities, the Company has implemented a strategy to target areas that are underexplored, possess significant mineral endowment and have sound fiscal and legal regimes. As a consequence, following 18 months of technical research, target generation and field investigations, we have applied for three exploration licences totalling 1500 square kilometres in the Lao People's Democratic Republic. The areas covered by these applications are considered to be prospective for epithermal gold mineralisation and porphyry related copper-gold mineralisation and they lie adjacent to copper/gold belts that contain several major copper and gold mining operations.

With the enhancement of the annual production profile at Challenger following the completion of the expansion and ventilation upgrade, a robust balance sheet and our continuing commitment to exploration with an impressive portfolio of prospects, I believe Dominion is well placed to deliver a positive outcome for shareholders well into the future.

In conclusion, I would like to thank my fellow Directors and the Dominion senior management team, as well as the Company's staff and contractors whose commitment, energy and persistence underwrite a prosperous future.

Peter Joseph
Chairman

CHALLENGER OPERATIONS REVIEW

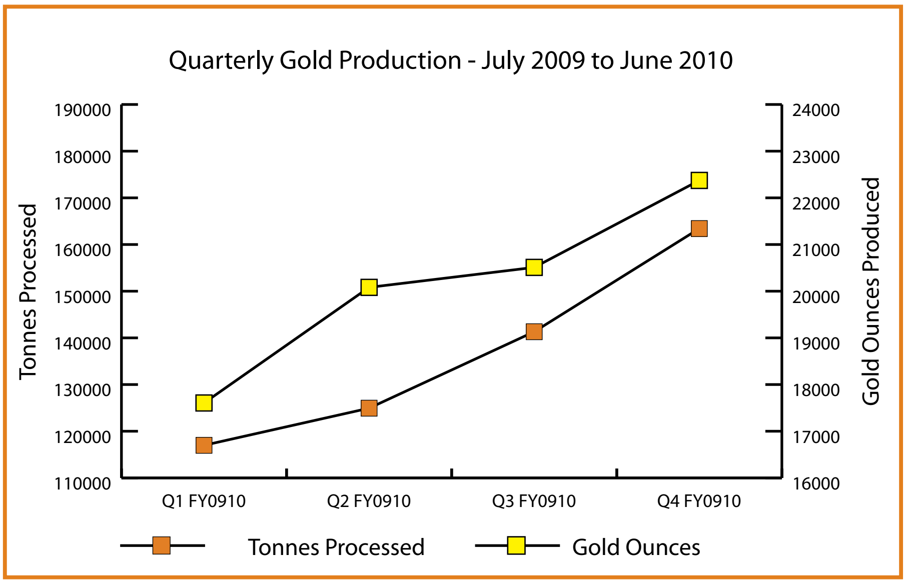
Overview

Gold production for the 2010 financial year (achieved from treating 546,649 tonnes of ore at an average grade of 5.00 grams per tonne) was 80,570 ounces, a decrease of 18% from the previous year.

Production was disrupted by two major unplanned events. During the first half of the year the M1 shoot incurred an unexpected decrease in the gold endowment below the 500 level and access to ore from the M2 shoot below the 460 level was severely restricted due to the late completion of the ventilation shaft. The decrease in both tonnes and grade of the M1 shoot and lack of access to the M2 shoot on the lower levels resulted in an ore shortage which necessitated the rescheduling of lower grade ore from stopes throughout the year.

The planned expansion of the treatment plant was completed in January 2010 (on schedule and on budget) and the plant is currently treating 75 tonnes per hour equivalent to about 630,000 tonnes of ore each year. The treatment plant has the capacity to treat up to around 720,000 tonnes per annum. In early March, the ventilation circuits were established at the base of the mine (4 months later than initially planned) which allowed access to the higher grade M2 stopes.

With the expansion and ventilation upgrade completed future annual production is anticipated to be over 100,000 ounces of gold.



		PERIOD ENDED	
		30-JUN-10	30-JUN-09
Tonnes Mined (incl low grade)	(tonnes)	572,139	430,798
Ore Processed	(tonnes)	546,649	434,087
Head Grade	(g/t)	5.00	7.54
Recovery	(%)	92.10%	94.00%
Gold produced	(oz)	80,570	97,755
Cash Operating Cost [1]	(A$/oz)	$697	$438
Mine Development & Capital Expenditure [2]	(A$/oz)	$446	$249

[1]Cash operating cost refers to the cost of gold poured and produced and includes all expenditures directly incurred on mining, crushing and processing net of all movements in deferred mining expenditure and stockpiles plus site overheads. These costs do not include royalties payable to the South Australian Government of 3.5% of revenue and a production royalty of A$4 per ounce to local indigenous groups.

[2]Excludes expenditure on all expansion and upgrade activities excluding the ventilation shaft with surface ventilation fan

CHALLENGER OPERATIONS REVIEW

CONTINUED

Since the start of operations at Challenger in October 2002, a total of 647,205 ounces of gold have been produced from open pit and underground sources. This has been achieved at an average grade of 6.4 grams per tonne with an average operating cost of $399 per ounce. Of this a total of 504,922 ounces have been produced from underground operations at an average grade of 7.8 grams per tonne with an average operating cost of $402 per ounce.

Pouring the 500,000oz bar from underground ore

At 30 June 2010 Resources totalled 950,220 ounces of gold containing Reserves of 421,650 ounces. The Resource position, as at June 30 2010, represents a downgrade from the previous year primarily due to the unexpected decrease in the endowment of the M1 shoot below the 500m RL.

Drilling over the year of Inferred Resources to convert these to Reserves was restricted as drill sites located at the base of the mine were inaccessible due to the late completion of the ventilation upgrade.

Resources that are outside of areas for which reserves have been estimated total 490,480 ounces. Of these the priority exploration target over the next financial year is the inferred resources of 364,000 ounces contained within the M1 and M2 Shoots below the 79 fault. Conversion of Inferred resources to reserves has historically been very high (+90% conversion rate) for both the M1 and M2 Shoots.

Capital and Development

A total of $22.83 million was spent on infrastructure and underground development during the year, with the decline extended down to the 320 level, approximately 875 metres below surface.

In addition, further capital expenditure of $22.80 million was incurred relating primarily to the plant expansion including a second ball mill and the installation of a thickener, completion of the underground ventilation upgrade, an additional tailings storage facility and increased underground power supply.

The second ball mill in series with the existing mill

The raisebore site during reaming of the ventilation shaft

CHALLENGER OPERATIONS REVIEW

CONTINUED

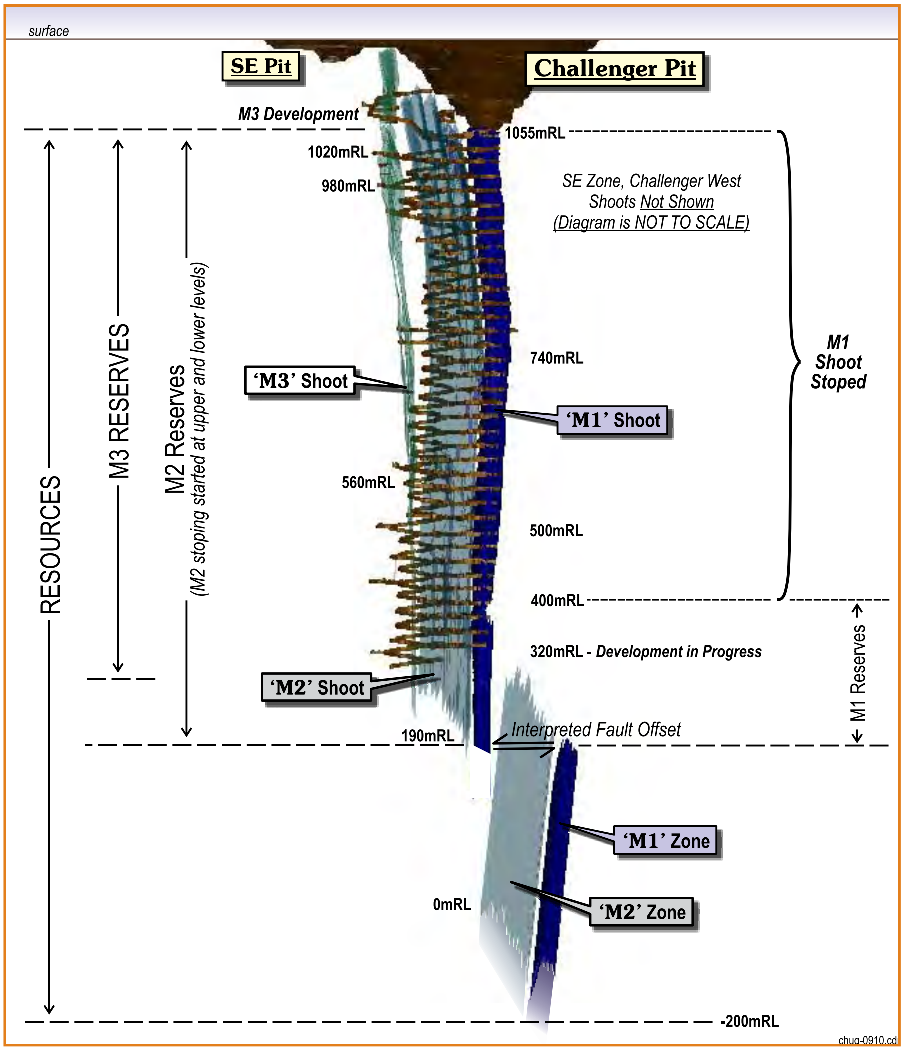
Underground Mining

Ore was stoped from the M1 shoot between the 460 and 380 levels. However the majority of ore (78%) was mined from the lower grade M2 shoot from various levels. Stoping of the M3 shoot commenced with a combination of hand-held and mechanized mining methods.

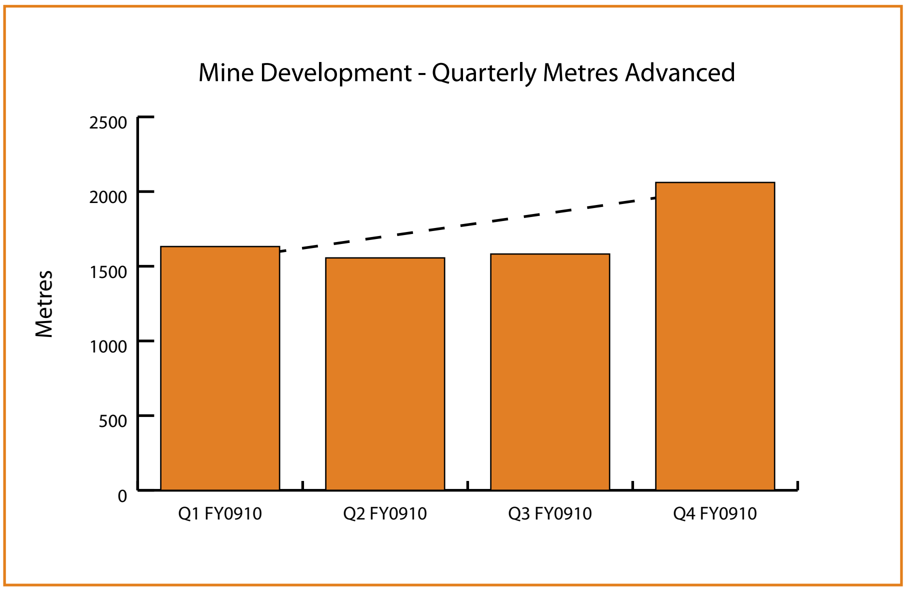
Surface fan over the ventilation shaft

As the mine deepens and with increased ground stress, rib pillars have been introduced into stoping designs to buttress the stope walls.

Narrow vein stoping underground



Current underground level development



CHALLENGER OPERATIONS REVIEW

CONTINUED

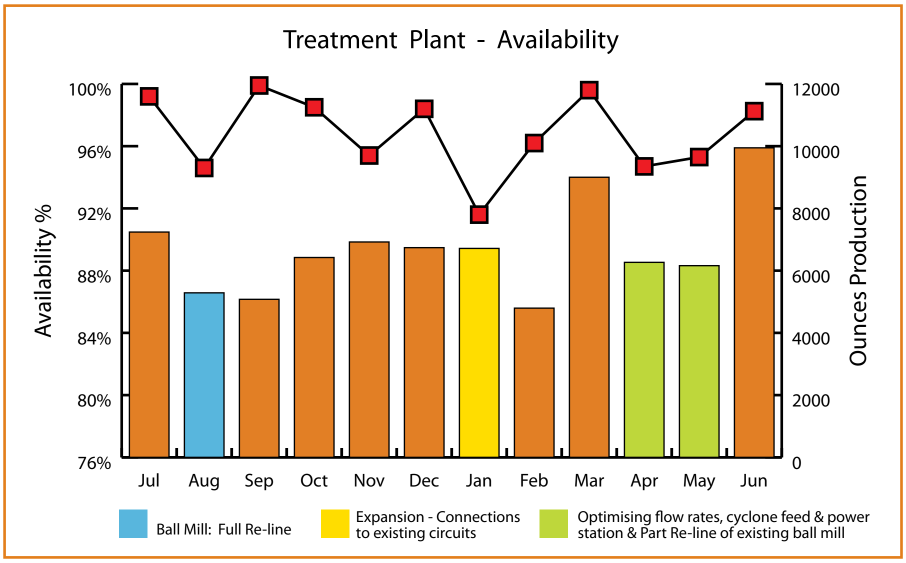
Treatment Plant

The expansion of the treatment plant was successfully commissioned during January 2010. A 750kW refurbished second hand Morgardshammer ball mill, 4.6 metres long by 3.4 metres diameter, similar to the existing mill was installed and a 12 metre diameter thickener introduced to reduce water usage and consumables. Upgrades to pumping capacity, cyclone towers, screens, control systems and the power station were all completed.

A second tailings storage facility to provide for increased tailings storage and designed to reach the level of the abutting existing facility 23 metres high was commissioned in September 2009. The existing tailings storage area also has further storage potential as it has approval for a further 13 metres vertical lift.

With the introduction of a thickener, significantly less water (36%) per tonne of ore processed is now used. Tailings deposits now have a minimum slurry density of 60% solids compared with 47% previously.

HWE Mining underground crew



Thickener with upgraded cyclone tower and control room

Processing plant operating and maintenance crew

CHALLENGER OPERATIONS REVIEW

CONTINUED

Occupational Health & Safety

By the end of the year a total of 190 days free of Lost Time Injury had been worked on site. A total of two Lost Time Injuries occurred during the year with both personnel returning to work.

The Royal Flying Doctor Service provided an invaluable service by providing advice and treatment consultations for on-site nursing staff as well as being available for medical emergencies.

The numbers of personnel on site increased throughout the year in line with the mine and plant expansion. By the end of the year a total of 203 people (the majority are South Australian residents) were employed by Dominion and its contractors at Challenger mine. The majority of these were associated with underground activities. The mining contractor HWE Mining employed 113 personnel, with the processing plant maintenance and service contractor Belminco Ltd employing 40 people. A total of 38 professional, administrative and casual personnel were employed directly by Dominion.

A comprehensive external safety audit was completed by Australian Risk Services, and involved the review of the Occupational Health & Safety Management System developed on site to achieve AS4801 compliance. The audit was supportive of the procedures and actions in use at Challenger.

Mines Rescue and Emergency Response training programs continued throughout the year.

Environment

Applicable independent environmental monitoring surveys continued to assess potential impacts of mining and processing activities. No adverse findings have been reported for the year.

Full details of the considerable monitoring around the mine and a detailed review of all environmental issues are contained within Dominion's Annual Environmental report available at PIRSA's (Primary Industry and Resources Department of the South Australian Government) website under www.pir.sa.gov.au and can be found using the search word "Challenger".

Some of the Dominion management team

Social and Community Relations

Challenger has maintained a very good relationship with the local indigenous group. Initiatives to encourage indigenous employment participation at the mine were progressed. By the end of the year 15% of the plant operating team were of indigenous origin.

Challenger's very remote location (310km by road from Coober Pedy) limits the amount of direct involvement with the local communities; however Dominion supports a variety of local community and sporting groups in Coober Pedy, Glendambo and Kingoonya.

Bursaries were provided for geology and mining engineering students from the University of Adelaide. Field trips for students organized by the University were hosted on site in addition to the vacation work experience opportunities offered to various students.

Successful interaction with local pastoral groups continued, allowing both pastoral and mining activities to coexist with a high degree of mutual cooperation.

The Future

The 2009-2010 financial year was one of transition where significant capital investment was incurred to transform the Challenger mine. Capital was invested in developing levels laterally for accessing the M2 shoot and to provide ventilation at the lower levels of the mine. In addition, the treatment plant was expanded and is now capable of treating up to 720,000 tonnes per annum. A focus on increased productivity to reduce unit costs and to enhance gold recovery will be carried out during the first half of the 2011 financial year.

Underground the pace of decline advance and level development will result in more productive use of mobile equipment particularly as development advances ahead of stoping areas at the base of the mine.

CHALLENGER OPERATIONS REVIEW

CONTINUED

Current mine plans schedule a blend of ore from various underground sources with the principal ore source being the M2 shoot supplemented by ore from the M1, M3, SEZ and M1 Shadow Zone shoots.

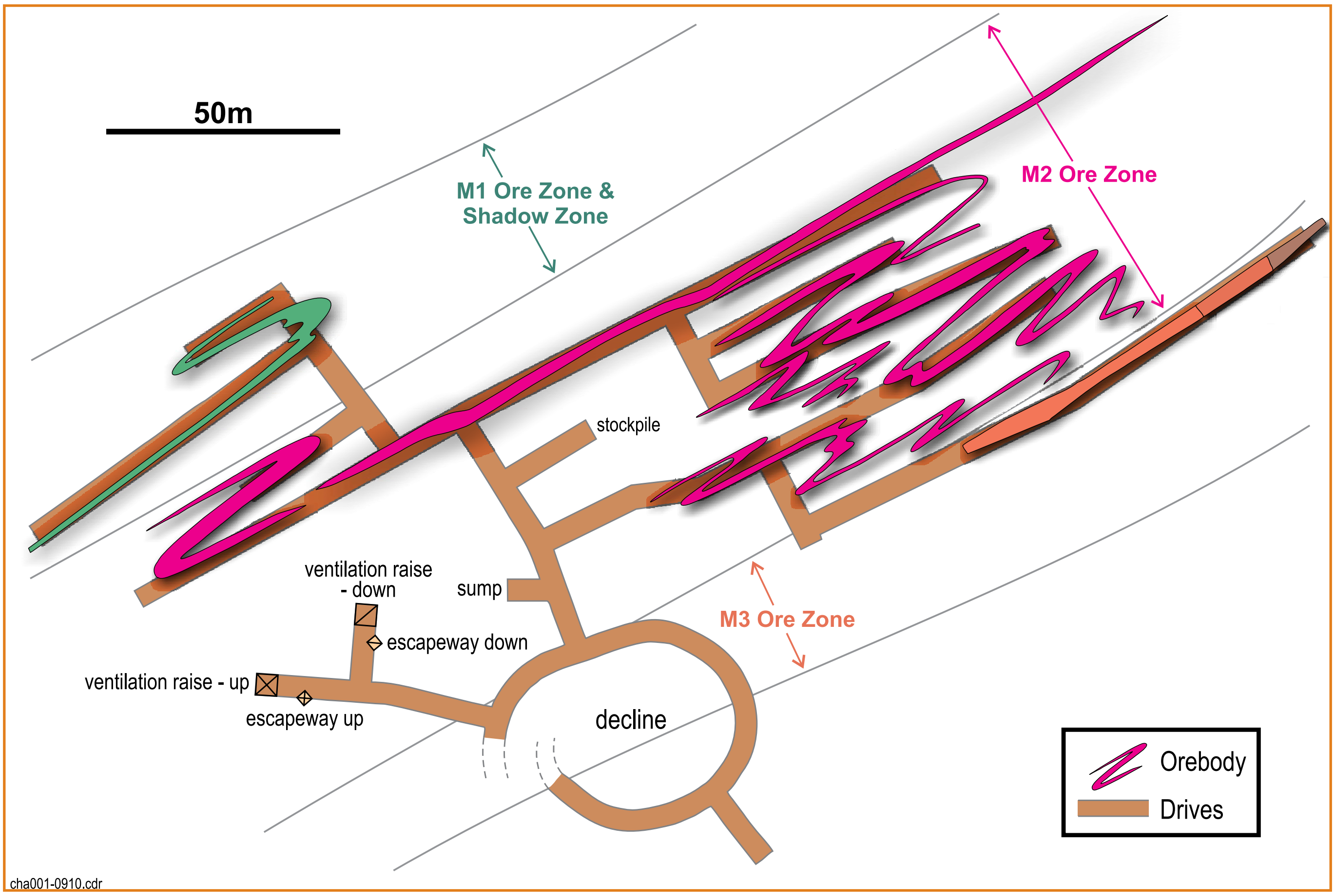
The M2 shoot, with a reserve grade of 5.7 g/t, requires a greater amount of throughput to achieve scheduled annual gold production between 100,000 and 120,000 ounces. Although it is unlikely that production will approach 120,000 ounces in the current financial year the objective is to reach that level as soon as possible.

Diamond drilling during the current year is scheduled to target the conversion of resources into reserves at the base of the mine. This drilling, which was delayed by the late completion of the ventilation shaft, has recently commenced and will continue for some time with drill sites located underground on the 320 and 280 levels.

On the surface, a series of mineralogical tests is planned to quantify slight differences in mineralogy between the shoots. The model of the revised treatment plant circuit now using two ball mills will be enhanced to further optimize grind size and reduce consumable usage.

Underground high grade mineralisation representing an opportunity to expand the reserve base and further extend the life of the mine has been identified within development distance from the main decline. In addition an area around the Challenger mine has been identified which contains lower grade mineralisation with the potential to be mined profitably by open pit methods.

Jumbo mechanized mining

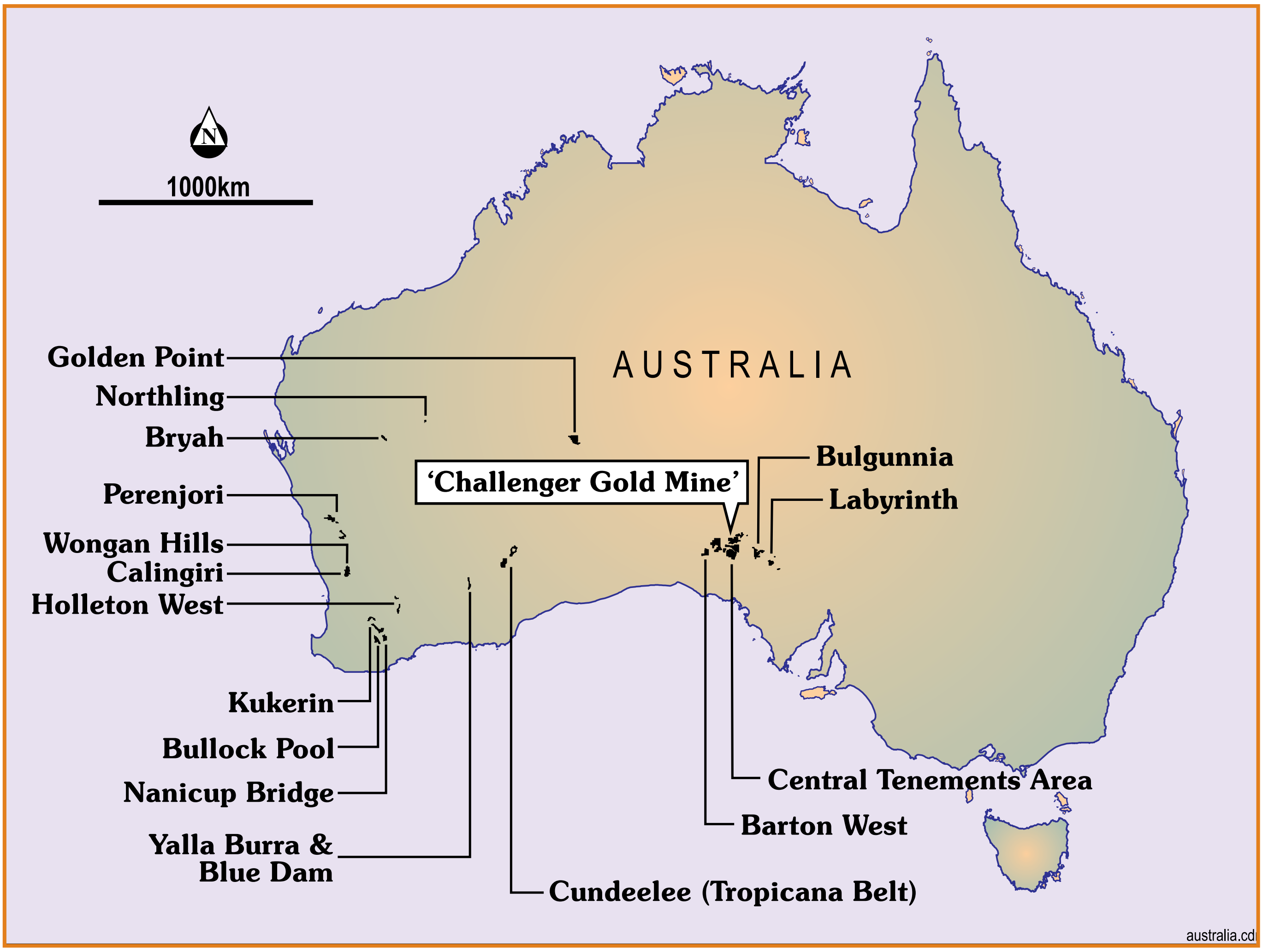


Typical level plan showing proposed drives and orelodes

EXPLORATION PROJECTS

Overview

Exploration expenditure during the year totalled $8 million and was evenly split between brownfields exploration at the Challenger Gold Project and regional exploration initiatives.



Following an internal review, it has been concluded that prioritisation of exploration funding requirements at the Challenger Gold Operation and the ongoing assessment of new projects and opportunities in Australia and overseas would limit the ability to effectively evaluate all of the existing exploration assets.

Therefore it has been decided to secure additional mid to long term funding for some of the South West Yilgarn Projects located in Western Australia, by means of farm out agreements and/ or an IPO. While each of these projects is considered prospective, the areas warrant a comprehensive exploration approach requiring a sizable funding budget.

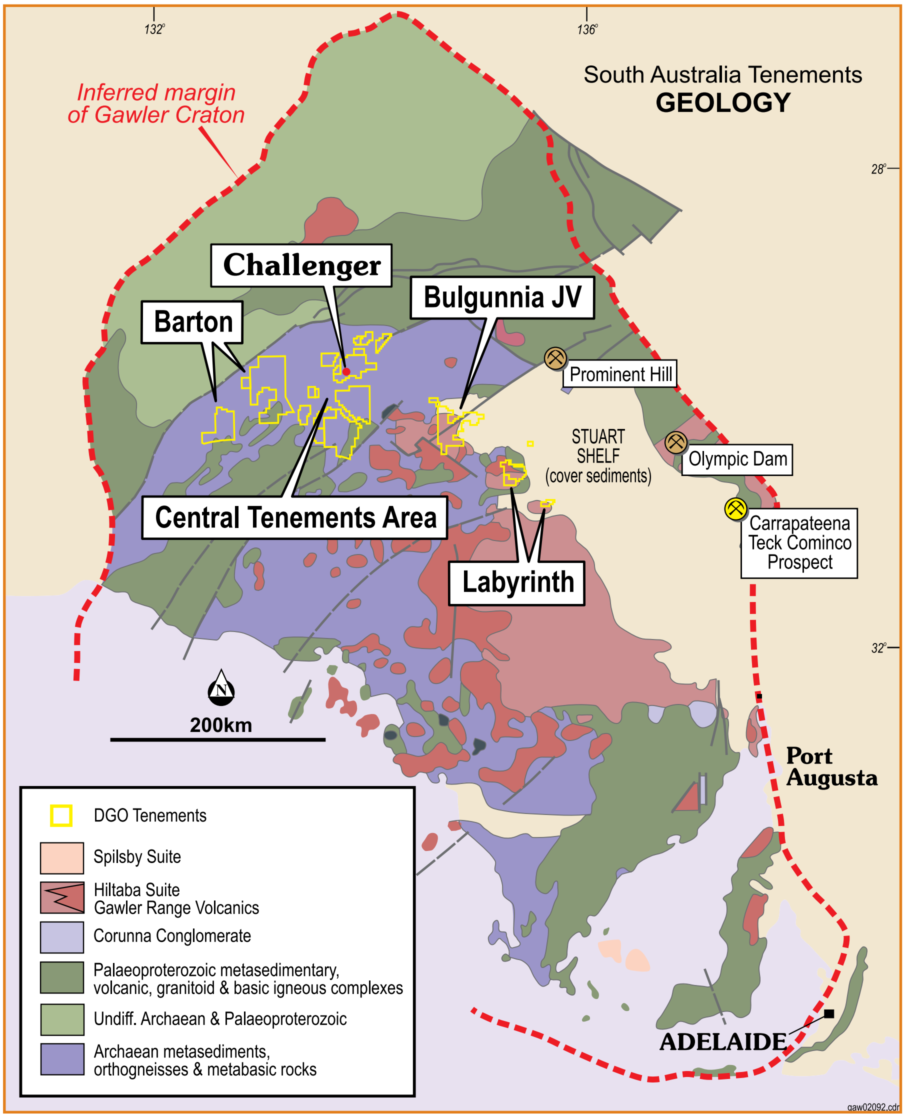
EXPLORATION PROJECTS

CONTINUED

SOUTH AUSTRALIA

The prospectivity of the eastern part of the Gawler Craton for Mesoproterozoic age Olympic Dam style copper-gold-uranium mineralisation has made it a major exploration target since the 1970s. Dominion commenced gold exploration in the western part of the Gawler Craton District in 1992, well ahead of subsequent industry interest in the area. The discovery of the Challenger gold deposit in 1995, using the then innovative calcrete geochemistry technique, demonstrated the prospectivity of the Archaean geology for gold mineralisation. More recently the prospectivity for world class heavy mineral sands (HMS) within the Eucla Basin sediments has also been demonstrated, in particular by Iluka's discovery of the Ambrosia and Jacinth deposits.

Most of the extensive tenement package, acquired by Dominion in the early-mid 1990s, has been retained. The current package, can be divided into three groups - the Central Tenements Area (CTA) which centres on the Challenger Gold Deposit, where the bedrock is of Archaean age; the Labyrinth and Bulgunnia Project tenements located in the eastern part of the Gawler Craton where Proterozoic age geology is dominant; and the Maralinga JV (Barton) tenements where the economic potential is related both to Archaean bedrock and also to the development of the overlying Eucla Basin sediments.



EXPLORATION PROJECTS

CONTINUED

Gold

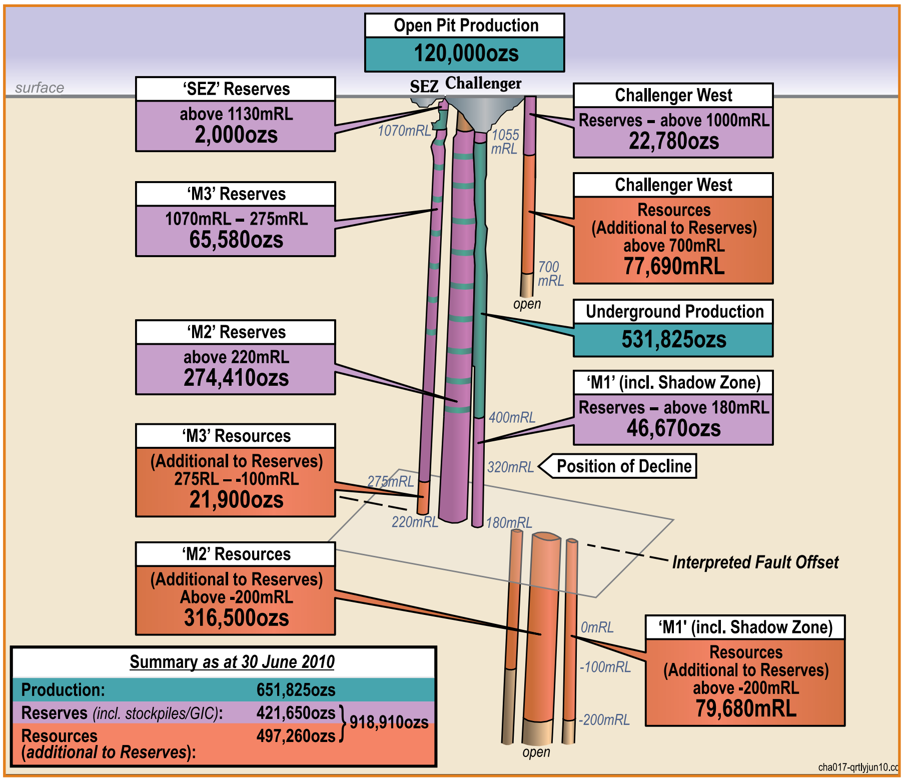
Challenger Mine Area

Resources and Reserves

Reserves as at 30 June 2010 were 421,650 ounces and resources totalled 950,220 ounces. These totals reflect a downgrade due to an unexpected decrease in the endowment of the M1 Shoot below the 500m RL. Recent development within the lower levels is, however, demonstrating an increase in the endowment of the adjacent M2 Shoot. Supported by the geological continuity of the combined shoots, there appears to be a trend of combined M1/M2 endowment that is more balanced than any changes within the individual shoots.

Reserves within the Challenger M1 and M2 Shoots have been estimated down to a fault (the 79 Fault) that offsets the shoot system at a vertical depth of about 1,000 metres. Surface drilling carried out during 2009 had demonstrated the continuity of the shoot system below this fault, with Inferred Resources within these shoots, estimated to a vertical depth of about 1,400 metres, totalling 364,000 ounces. Conversion of Inferred Resources to Reserves has historically been very high (+90% conversion rate) for both the M1 and M2 Shoots.

The shoots are offset laterally, but not vertically, by up to 150 metres. It is considered that the most effective way to further evaluate the shoots below the fault and facilitate the detailed mining studies needed to convert resources to reserves, is to undertake extensive drilling from underground. Because of the shallow plunge of the shoots this drilling can only be carried out from positions that are within about 150 – 200 vertical metres above the target depths. These positions are due to be accessed by underground decline development during the September 2010 quarter. This will be the major focus of exploration activity over the next year.



Historic Production, and Reserves and Resources as at 30 June 2010

Copper-Gold

Dominion also has projects within the eastern part of the Gawler Craton District, where the main prospectivity is for Olympic Dam/Prominent Hill style copper-gold mineralisation.

The **Labyrinth Project** comprises tenements that cover a large gravity high anomaly, and spatially related magnetic high anomalies. The 'basement' geology is extensively intruded and overlain by the Middle Proterozoic Hiltaba Suite granitoids and Gawler Range Volcanics that host the Olympic Dam/Prominent Hill (IOCG) style copper-gold-uranium mineralisation.

Geological and geophysical modelling has identified a number of residual gravity and magnetic targets, potentially reflecting the development of IOCG style alteration and mineralisation that have not previously been drill evaluated. Planned drilling of the priority **T1 Target**, a residual magnetic and gravity anomaly, has not been carried out due to heritage related access issues.

Dominion has a 78% interest in the **Bulgunnia Project** located to the south west of the Prominent Hill copper–gold mine. The ground covers part of a major NE-SW trending structure extending south westward from the Prominent Hill area. A technical review of the project has highlighted a number of Olympic Dam/ Prominent Hill (IOCG) type targets that merit further evaluation.

EXPLORATION PROJECTS

CONTINUED

Heavy Mineral Sands

Barton West Project (Dominion 90%)

The Barton West Project is located within the Eucla Basin District of South Australia, where a number of Heavy Mineral Sands deposits have been discovered, including the world class Ambrosia and Jacinth deposits currently being developed by Iluka Resources.

Dominion's exploration has defined resources totalling **171.8 million tonnes grading 2.8% heavy minerals** with significant potential to increase this total.

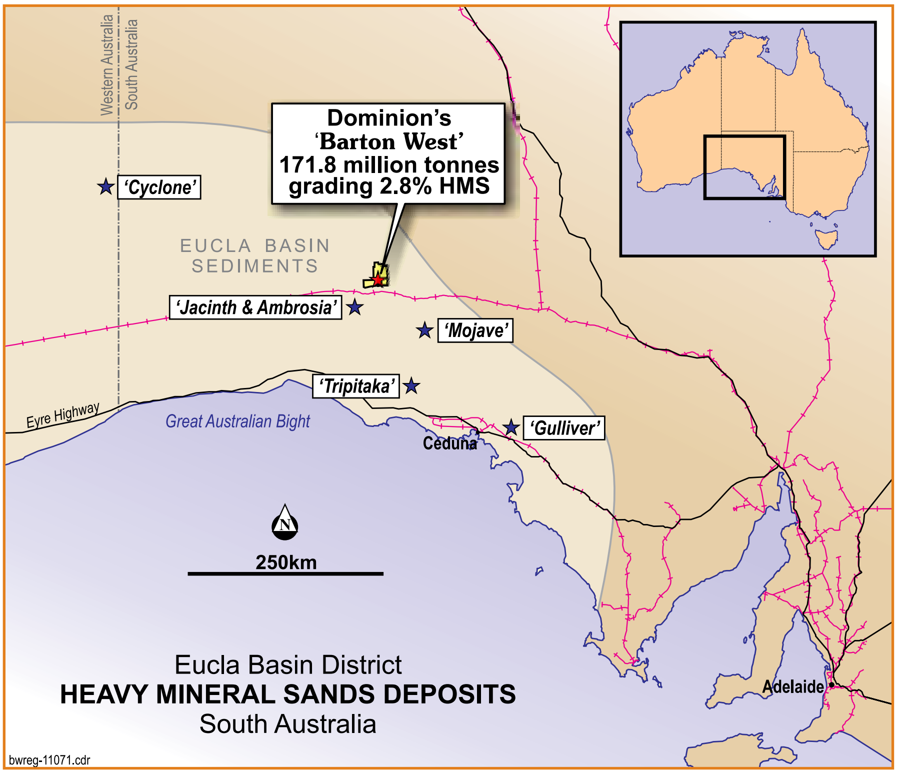
Strategies for further evaluation include bringing in a specialist mineral sands partner.

Iron Ore

Iron Road Limited (IRL) can earn a 90% interest in the iron ore rights within the Central Tenements Area (CTA) by both sole funding exploration and issuing $1 million worth of stock (or 2% of the company's equity, if a higher value). They are targeting magnetite mineralisation similar to that in their Eyre Peninsula, Warramboo Project area.

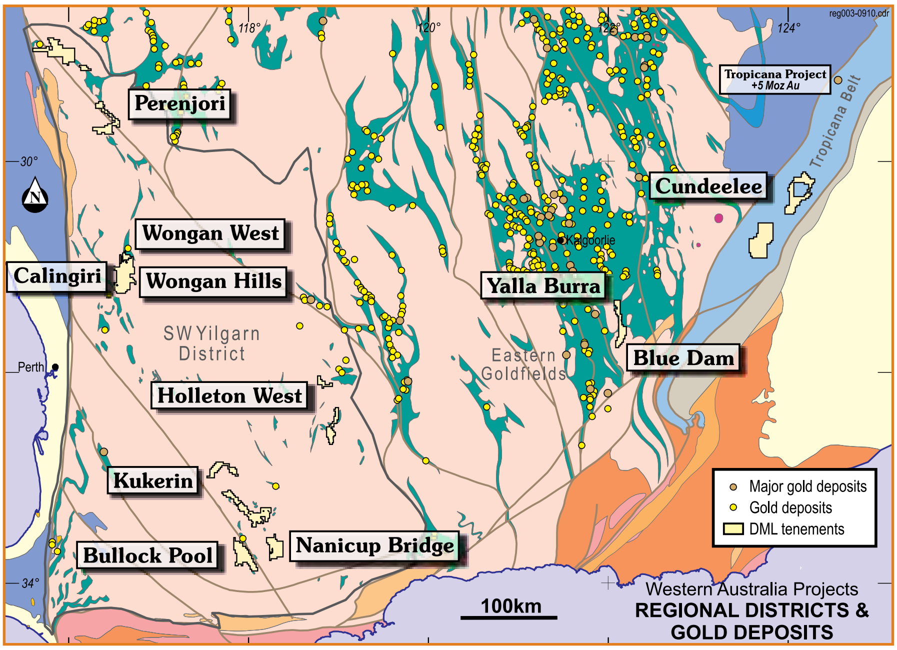
During the year IRL completed a 71 hole drilling programme testing nine target areas defined by extensive magnetic and gravity surveying. IRL has announced results confirming magnetite and hematite mineralisation at all nine targets with intersections of hematite mineralisation including 61 metres grading 43.5% Fe, 60 metres grading 43.4% Fe, 57 metres grading 39.6% Fe and 39 metres grading 42.5% Fe. In addition IRL identified high grade magnetite mineralisation including 42 metres grading 40.8% Fe and 31 metres grading 42.6 % Fe. Significantly, pilot metallurgical studies have produced magnetite concentrates in the range of 69-70% Fe at a relatively coarse grind size.

Follow up drilling and metallurgical studies are planned.



WESTERN AUSTRALIA

In Western Australia, Dominion is principally exploring for gold and copper-gold deposits in a number of geological districts.



EXPLORATION PROJECTS

CONTINUED

Tropicana Belt

Cundeelee Project

Dominion's Cundeelee Project comprises an area of approximately 1,260 square kilometres and lies within a distinctive NE-SW trending geological belt that hosts the relatively recently discovered +5 million ounce Tropicana Deposit, and a number of recently discovered gold prospects. Unlike other gold districts in WA, this belt had no historical gold mining and, until the last few years, very little exploration activity.

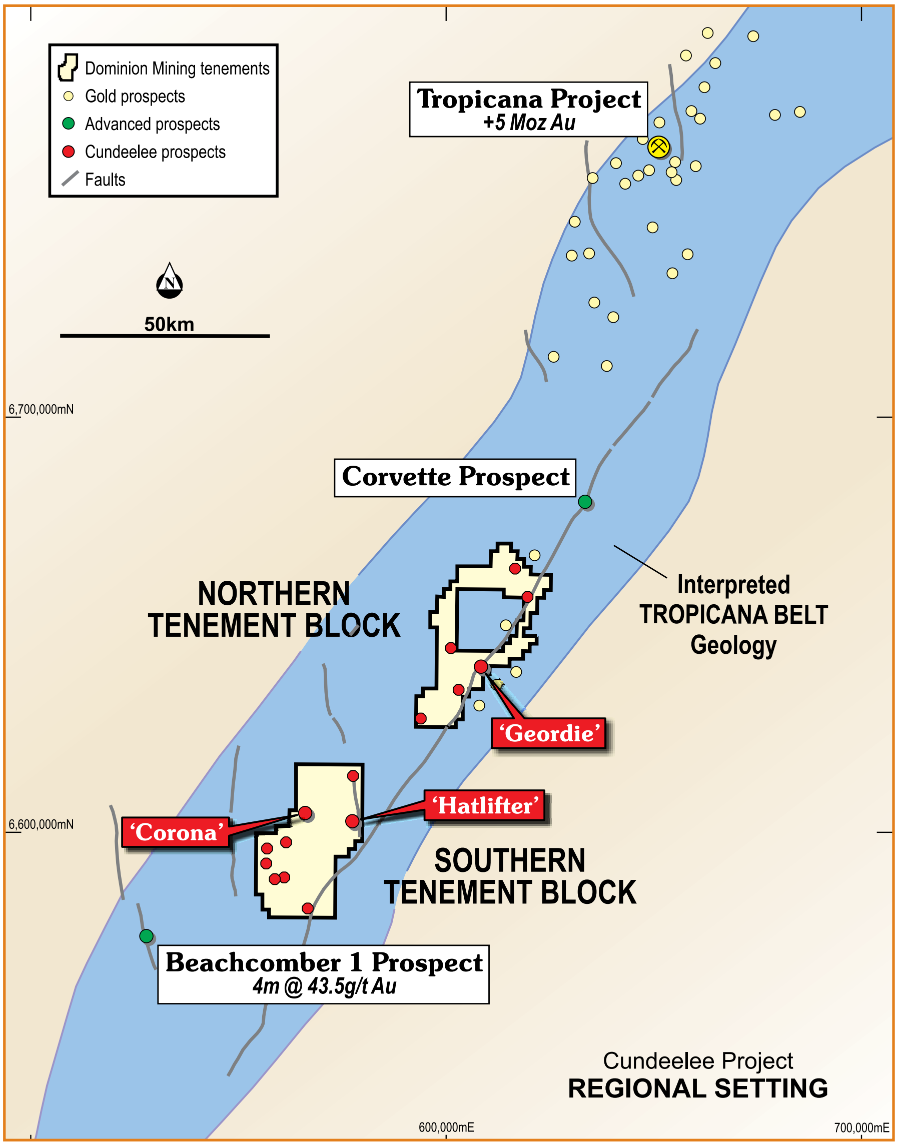
The main activity has been at the Tropicana/Havana Prospect, where Anglo Gold Ashanti (AGA), in joint venture with Independence Group, has discovered a +5 million ounce gold deposit. They have also announced a discovery at the Beachcomber Prospect where several significant intersections, including 4m @ 43.5 g/t Au, have been returned.

Tropicana and Beachcomber are about 220km apart, with Dominion's Cundeelee Project lying in between covering an 80km length of the target geology.

Dominion's initial strategy involved systematic geochemical sampling over the entire project area, which comprised the collection of over 31,000 samples. This resulted in the definition of 17 often large areas of anomalous geochemistry, including 15 gold anomalies and two base metal anomalies. An unusual feature is that there are no well-defined trends, as might usually be defined by peak values. While this is indicative of the development of underlying mineralised systems, there is relatively poor definition of targets for follow up drilling.

The follow up strategy has been to undertake broad spaced interface drilling over selected areas of the gold anomalies. This was designed to gain an understanding of the regolith profile, the geology of the bedrock and to demonstrate a link between the surface geochemical anomalism and regolith and/or bedrock gold mineralisation.

11 areas of anomalous gold geochemistry have been evaluated with interface drilling, with significant gold values (+100 ppb gold) being returned at seven of the areas. This level of gold anomalism is seen as significant and is comparable to the values returned from the early interface drilling at Tropicana. Limited RC drilling tested beneath two prospects.



Overall, the Cundeelee tenements remain significantly under explored. Geophysics has not been used in target definition and opportunities exist for further targets to be defined using a combination of geological datasets.

Following an interpretation of a structural model for the Tropicana gold deposits that highlights the importance of internal north-south controls to mineralisation within a broader north-east structural domain, Dominion has evaluated the major mineralised domain faults known to occur within the Cundeelee tenement package. Several structural positions where the north-east faults either turn or are offset by north-south structures have been identified. These include the Geordie and Hatlifter Prospects. Initial drilling to test these targets, and further drilling to evaluate the gold mineralisation encountered to date at the Corona Prospect, will be undertaken in the second half of calendar 2010.

EXPLORATION PROJECTS

CONTINUED

South West Yilgarn District

The South West Yilgarn (SWY) is a relatively poorly understood part of the larger Archaean Yilgarn craton that, further to the east, hosts the world class Southern Cross and Eastern Goldfields mining districts.

The majority of the projects lie within close proximity to the leading edge of a major Archaean tectonic subdivision termed the South West Seismic Zone (SWSZ). The SWSZ represents an east dipping thrust zone that has been postulated to be a demarcation of a major continent-continent collision zone which triggered the Yilgarn-wide gold metallogenic event (c 2640Ma). A series of north-north-west trending lineaments, interpreted as faults from geophysical data which lie parallel to the SWSZ, have been recognised within the SWY.

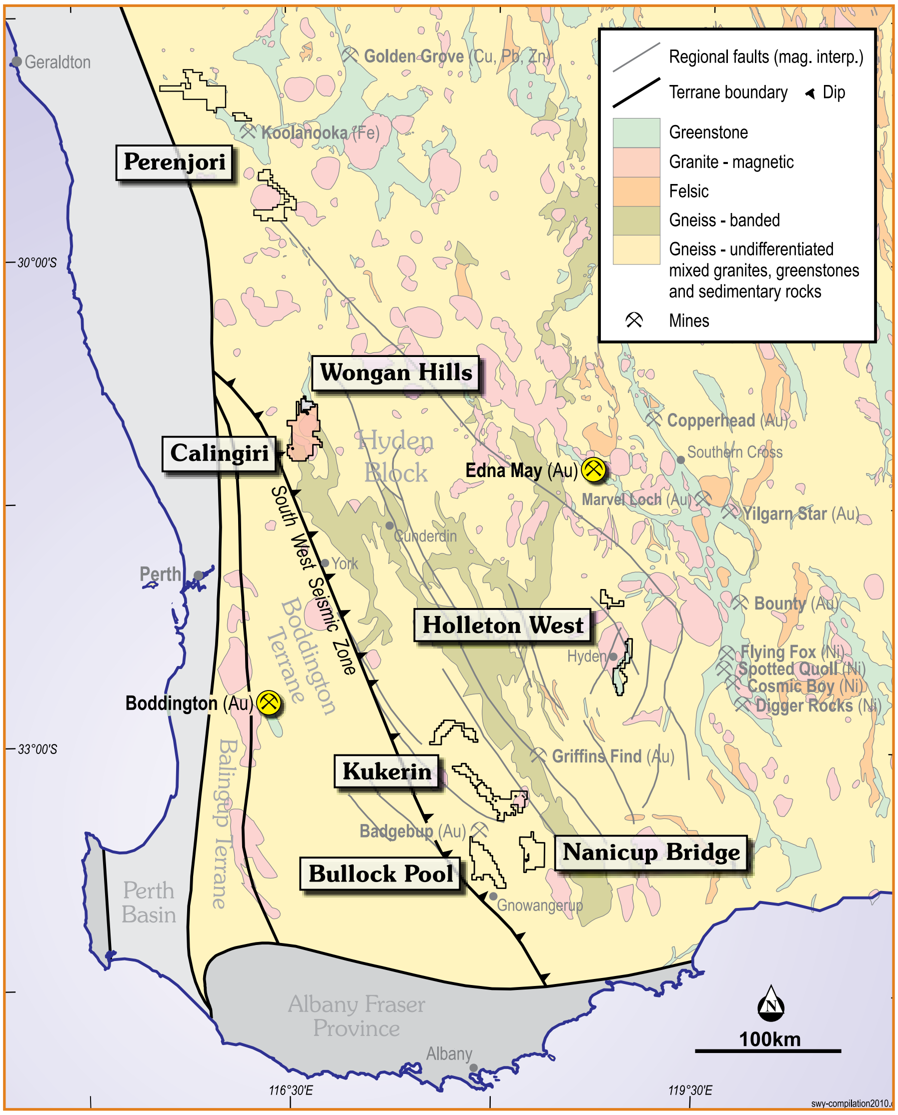
The majority of the Company's projects and also known gold deposits within the SWY such as Boddington, Westona (Edna May), Griffins Find and Badgebup, lie on or proximal to these lineaments. Other gold deposits, such as the recently-discovered Tropicana deposit in Western Australia, and the Renco deposit in Zimbabwe are considered as relevant exploration targets on account of their similar tectonic and metamorphic history and both being located close to the leading edge of a terrain bounding thrust.

Dominion has identified a number of targets that warrant immediate drilling, along with a series of early stage opportunities that require systematic exploration and evaluation.

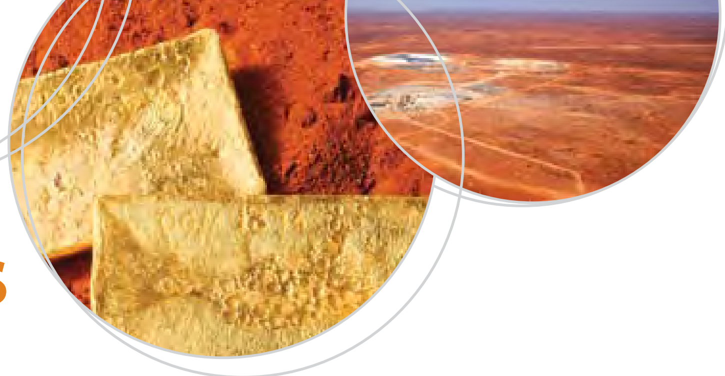
In addition to the projects' gold focus, the Company recognises that several of the projects are considered to be prospective for nickel and iron ore.

Dominion has developed a unique regional geochemical database, comprising over 175,000 samples within an area of 140,000 square kilometres, throughout this District.

While historically this database has been utilised mainly for targeting gold mineralisation, it constitutes an important asset for future targeting for gold and other commodities.



This geochemical database has indicated a number of significant regional trends. In particular, the northern part of the district shows a stronger copper-gold association than that seen further to the south.



EXPLORATION PROJECTS

CONTINUED

In recent years, exploration has defined an extensive copper-gold mineralised system at **Wongan Hills** and several newly-defined copper and copper-gold geochemical anomalies within the Calingiri Project area to the south of Wongan Hills. During the past year initial geophysical and drilling evaluation has demonstrated the potential for extensive copper mineralised systems at the Bartel and **Chapman Prospects**.

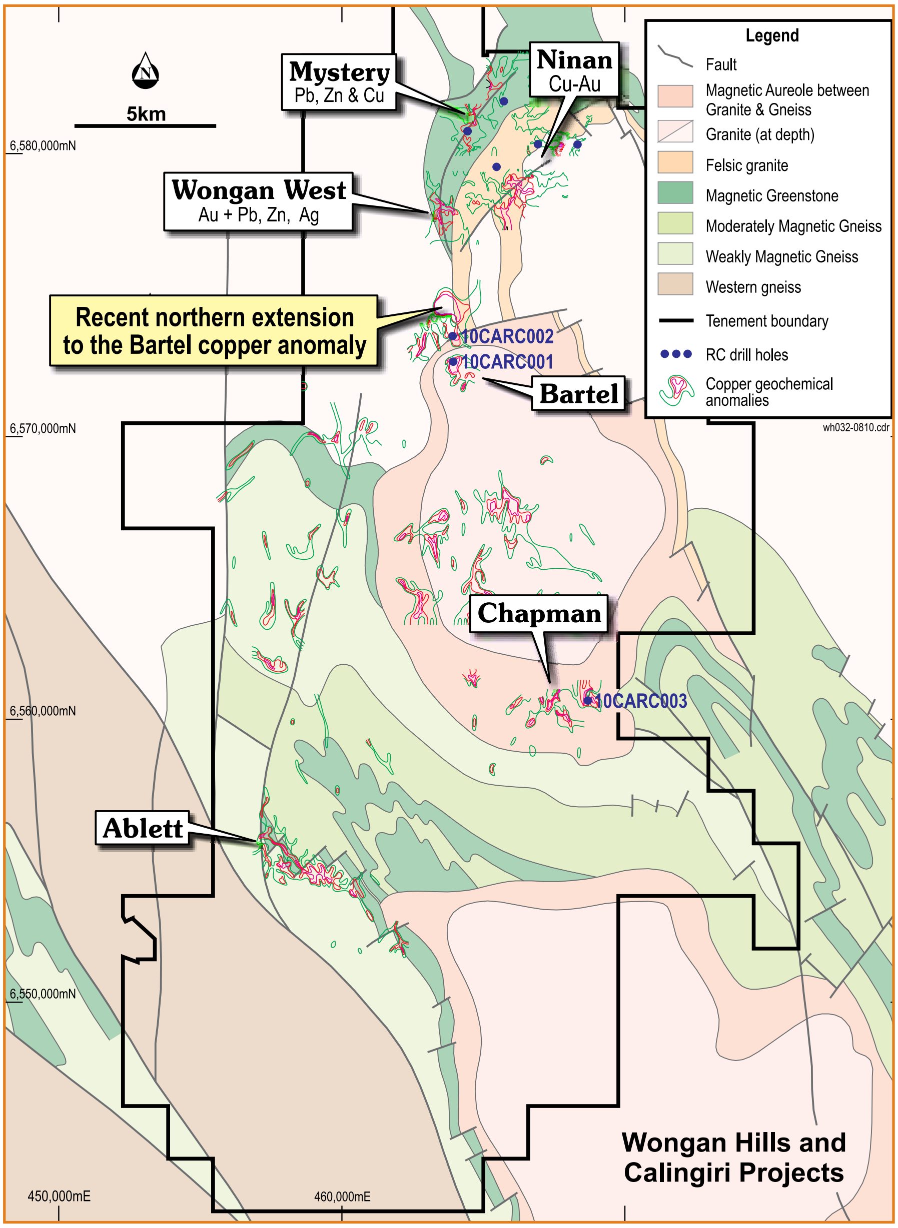
Initial reverse circulation (RC) drilling at the Bartel (two holes – 10CARC001 and 002) and Chapman Prospects (one hole – 10CARC003) located within Dominion's 100%-owned Calingiri Project has intersected broad zones of copper sulphide mineralisation in each of the three holes drilled (eg 124 metres grading 0.27% copper, including 75 metres grading 0.40% copper), with higher grade intersections including 5 metres grading 1.4%, 5 metres grading 1.0% and 12 metres grading 0.9% copper). The drill holes were designed to test chargeability anomalies outlined by reconnaissance Induced Polarisation (IP) surveys.

It should be noted that the copper mineralisation intersected in all three holes is open at depth. In addition, previous shallow 'interface' drilling at both the Bartel and Chapman Prospects indicates that the mineralisation intersected in the RC holes is potentially part of extensive mineralised systems.

Limited multi element assay results show an association of the copper mineralisation with gold and molybdenum at both prospects – eg 10CARC001 returned 5 metres grading 1.4% copper, 172 ppb gold and 1,100 ppm molybdenum from 33 to 38 metres downhole, and 10CARC003 returned 5 metres grading 1.0% copper and 180 ppb gold from 48 to 53 metres downhole.

The potential for further target definition using these and other potential 'pathfinder' elements is being evaluated.

At Bartel, the two holes (drilled 900 metres apart, respectively to 276m and 235m depth) were designed to test the southern and northern ends of the IP anomaly (as defined by the reconnaissance IP survey).

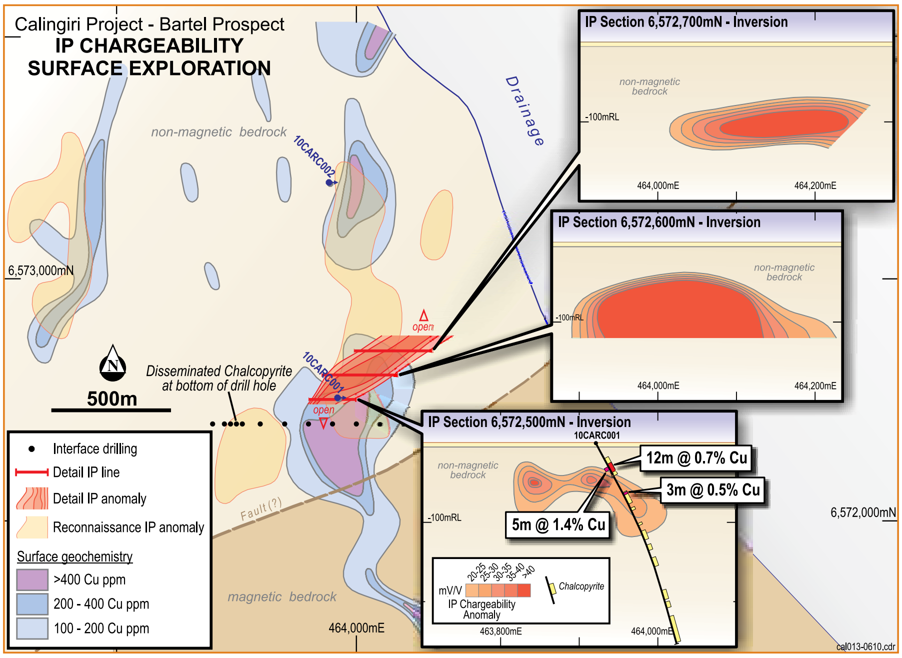


The generally disseminated style of the copper sulphide (chalcopyrite) mineralisation confirms that this mineralisation is the likely source of the IP (chargeability) anomaly. However, inconsistencies between the distribution of sulphides (as intersected in the drilling) and the previously modelled chargeability targets suggested that the reconnaissance IP data does not effectively define the full sulphide geometry.

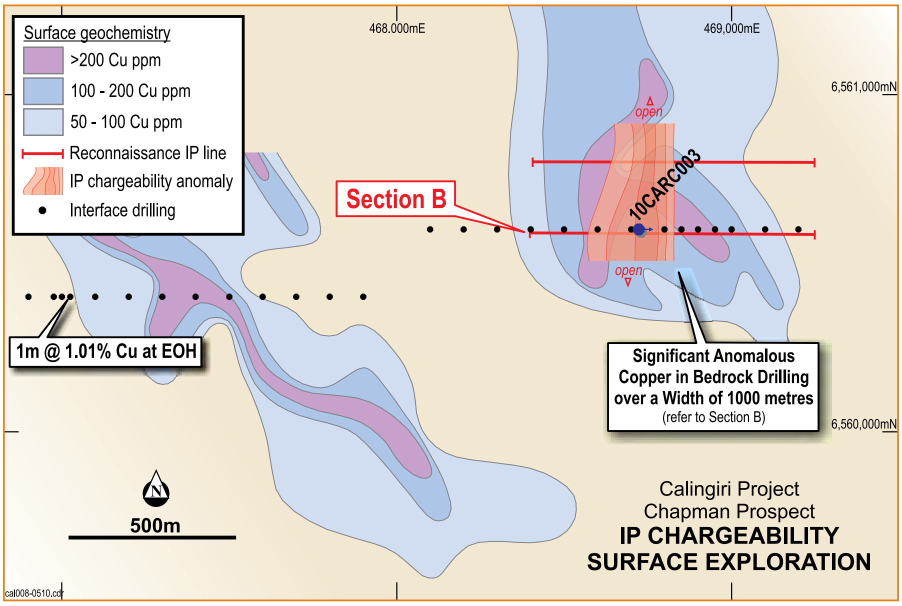
EXPLORATION PROJECTS

CONTINUED

Accordingly, more detailed IP surveying was trialled. Three detailed IP lines (at 100 metre spacing) positioned directly at and north of the section line of the southernmost hole (10CARC001) appear to significantly upgrade the chargeability target and suggest that the best part of the sulphide zone is located immediately west of hole 10CARC001 and is around 150m wide plunging gently to the north east. This better-defined IP anomaly, which is open in both directions, represents a priority target.



The RC hole at Chapman (10CARC003) targeted an interpreted shallow, flat lying IP (chargeability) anomaly and intersected disseminated copper sulphide mineralisation (5m @ 1.0% copper from 48 metres) at the same horizon as the modelled reconnaissance IP response. However continuing copper sulphide mineralisation in the hole, including the broad 75m @ 0.4% copper with an internal 12m @ 0.9% copper intercept at 99m, was not predicted from the reconnaissance IP survey. Further evaluation, involving both detailed IP and drilling, is again a high priority.



EXPLORATION PROJECTS

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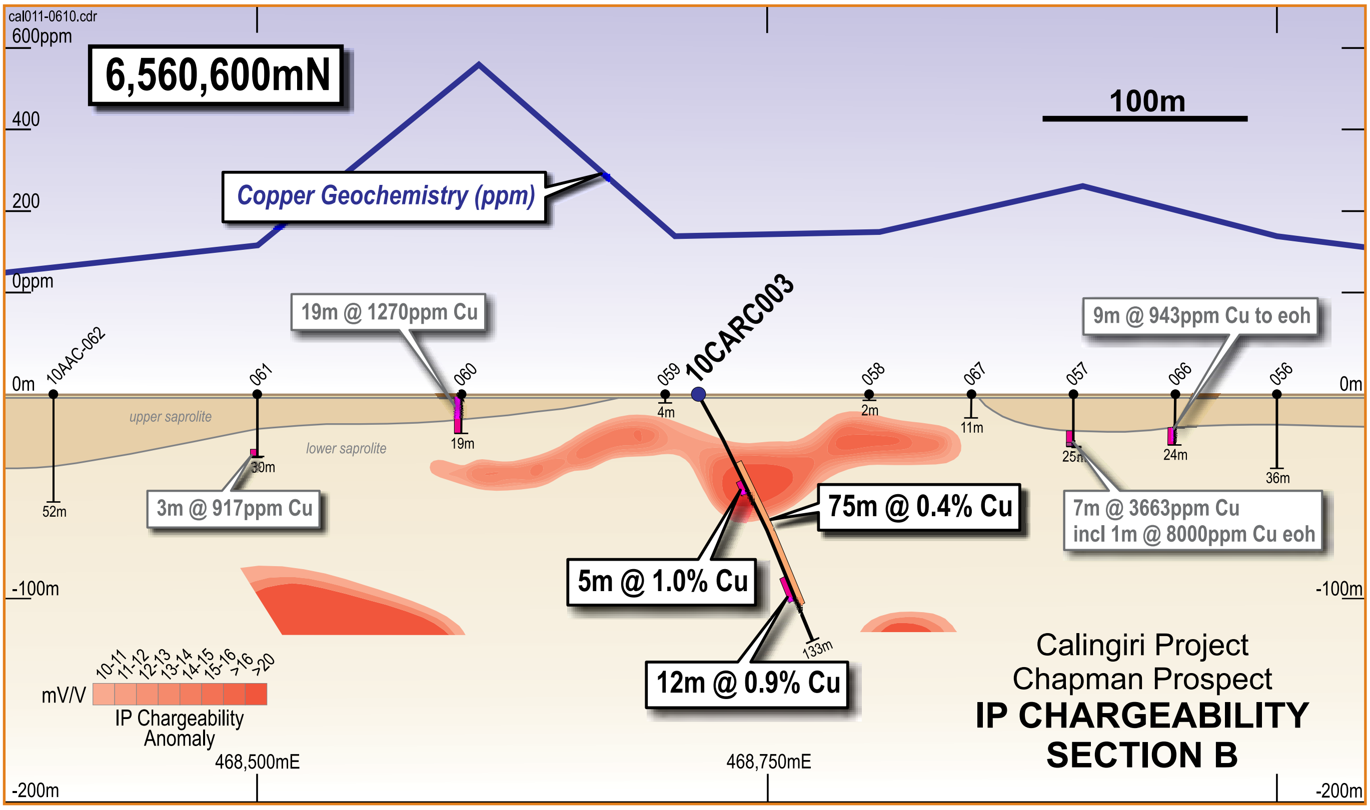


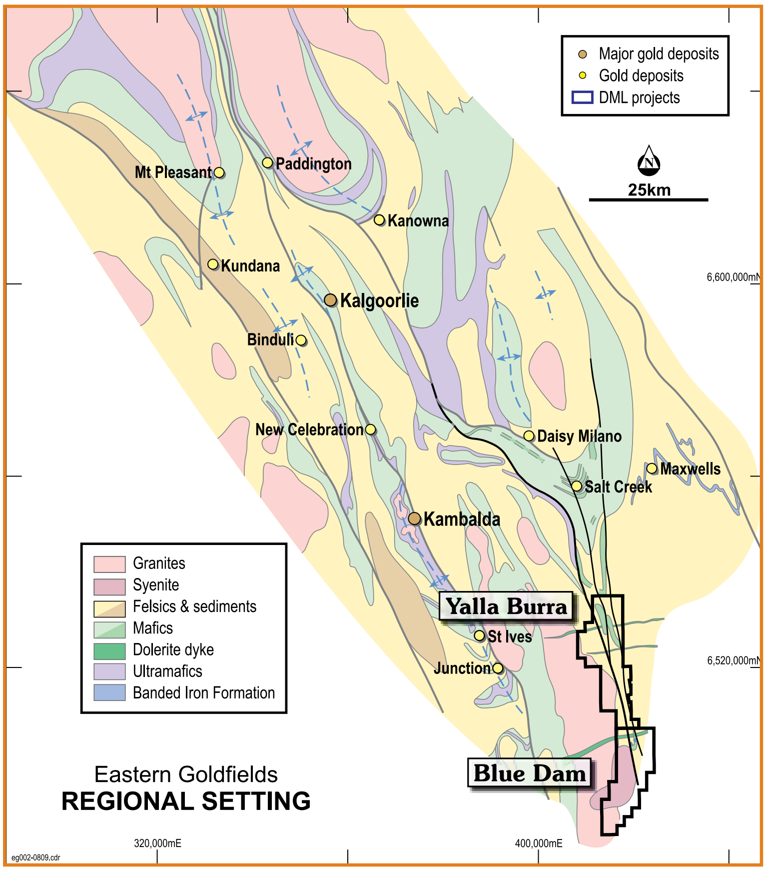
These results at Bartel and Chapman are believed to significantly upgrade the prospectivity, not only of these prospects, but also of the extensive project area (30km x 20km). The prospects are 15 kilometres apart and there are well defined copper geochemical anomalies, both between the prospects and elsewhere within the project, that have not been evaluated by either IP surveying or drilling. In addition geochemical coverage over much of the area has still to be carried out.

Follow up at these and other prospects will be a priority focus during the coming year.

Eastern Goldfields District

Dominion has entered into two farm in agreements (the Yalla Burra and Blue Dam Projects) on tenements that cover a 30km length of an emerging gold corridor adjacent to the interpreted position of the Kanowna Shear Zone, south of Integra Mining's Salt Creek discovery. There has been relatively limited previous exploration within this area.

Planned drilling of a well defined target at Blue Dam has been delayed pending the resolution of heritage related access issues.

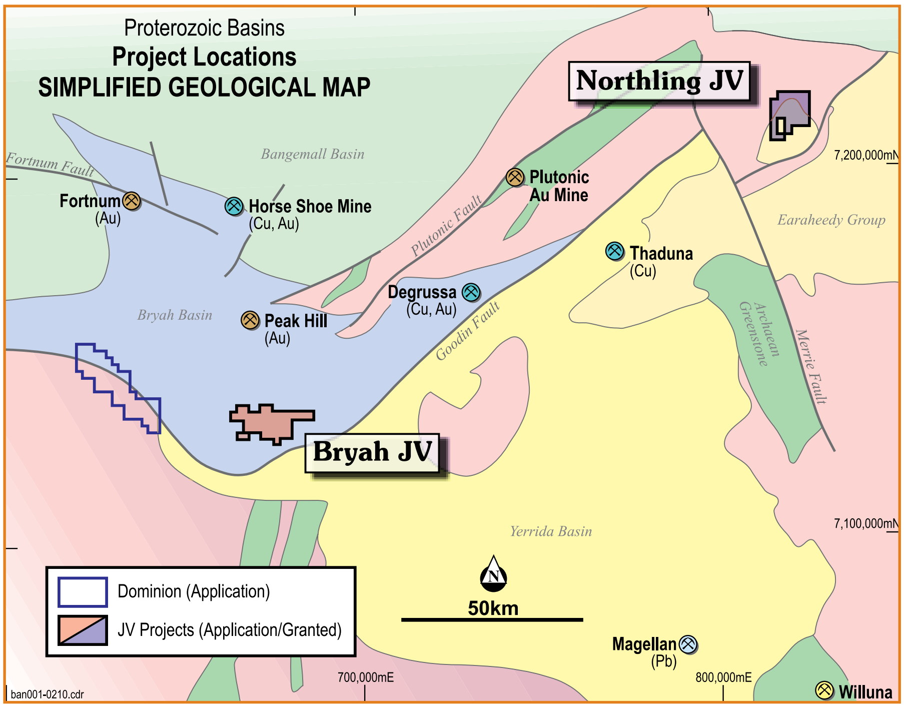


EXPLORATION PROJECTS

CONTINUED

Bryah Basin

The high grade copper gold discovery at Sandfire Resources NL's DeGrussa Prospect in the Bryah Basin has significantly changed the perceived copper-gold exploration potential in the district. At an early stage, Dominion recognised the potential within other parts of the Bryah Basin and has focused on identifying quality exploration ground prospective for copper-gold mineralisation. Currently the Company has a farm in agreement (option to earn a 70% interest) with Cazaly Resources **(Bryah JV)** on ground that has a series of untested copper geochemical anomalies. On ground evaluation is due to commence in the September 2010 quarter. There are also a number of pending applications.



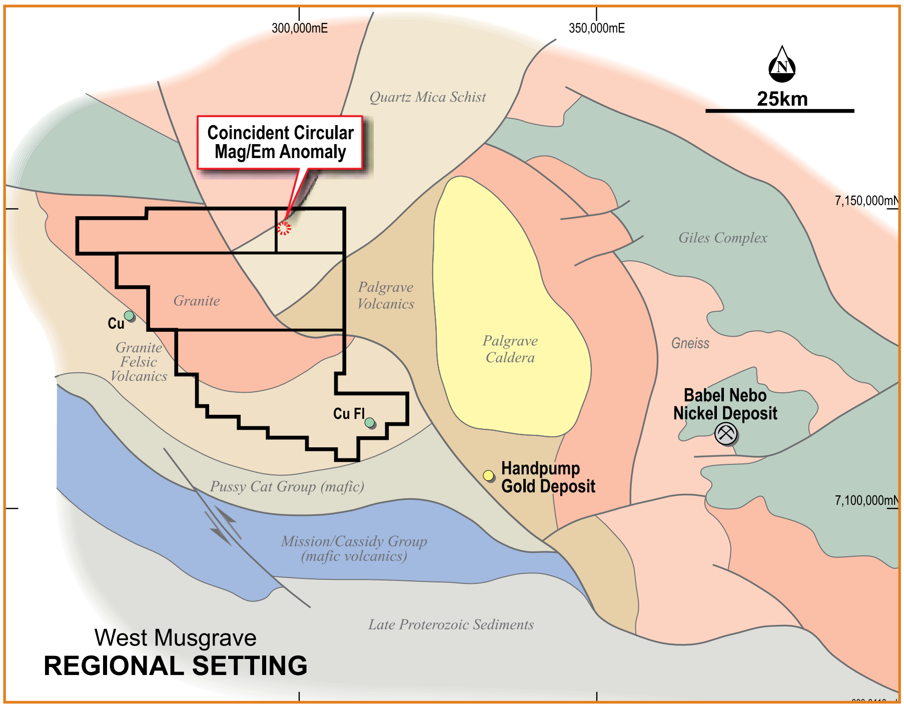
West Musgrave

New gold intercepts announced by Beadell Resources Limited (Beadell) in December 2009 at their Handpump Prospect in the West Musgrave Province herald the first significant gold intercepts from the West Musgrave District and may point to a new Mesoproterozoic gold province.

Dominion has applied for four exploration licences north-west of the Handpump Prospect. These tenements overlay a regional north-west domain fault that is evident in the regional gravity and magnetics and lies adjacent to the Handpump Prospect and separates the western Mission and Cassidy Group (volcanics and sediments) from the eastern Giles Complex.

A detailed technical review has identified several areas that warrant first pass exploration. Of particular interest is a coincident circular magnetic and airborne electromagnetic anomaly which has never been drill tested.

Dominion intends to progress these tenements to grant as soon as possible.



EXPLORATION PROJECTS

CONTINUED

Lao PDR

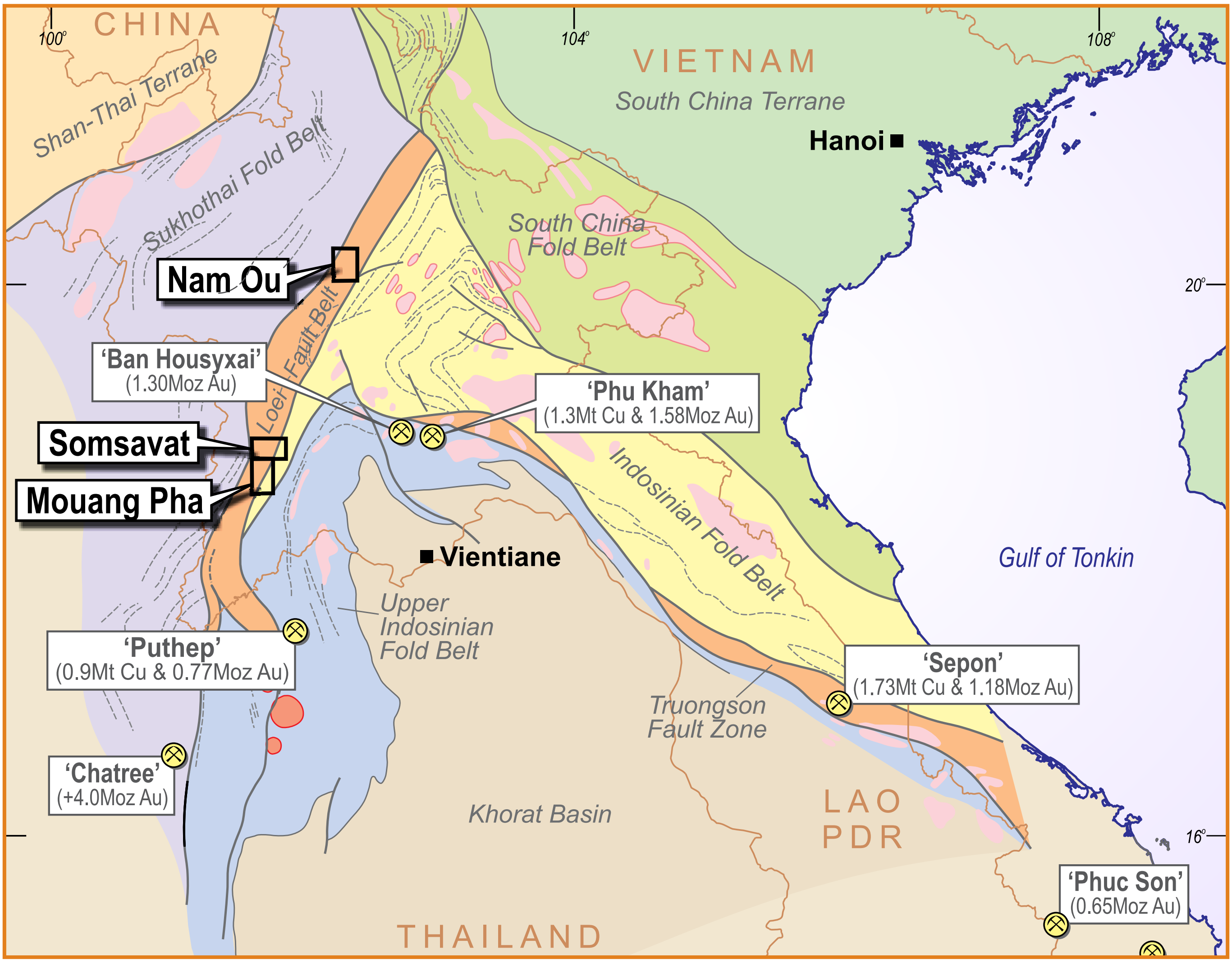
Dominion has applied for three exploration licences totalling 1,500 square kilometres which cover the junction between the prospective Loei Fold Belt and the Truongson Fold Belt within the Lao People's Democratic Republic (Lao PDR). Several major gold and copper gold mines are located on or adjacent to these belts, including Kingsgate's Chatree gold operations in Thailand, and Pan Australian's copper/gold operations at Phu Kham and Ban Houayxai and Minmetals' copper/gold operations at Sepon.

The Lao PDR represents an emerging under explored region of Asia that is highly prospective for a wide range of commodities including gold and copper.

The applications are a culmination of 18 months of technical research, target generation and field investigations, including the collection of regional stream sediment samples and more focused soil geochemistry and geological mapping.

Dominion has been working closely with an established private exploration service company in the Lao PDR that has provided geological and logistical support in these endeavours.

Once the exploration licences are granted, it is intended to immediately commence an exploration program on the licence areas.



STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The board of directors endorses the need for and continued maintenance of the highest standards of corporate governance practices and ethical conduct by all directors and employees of Dominion Mining Limited and its controlled entities. This statement outlines the corporate governance practices currently in place which comply with Corporate Governance Principles and Recommendations as required under Rule 4.10.3 of the ASX Listing Rules.

The board recognises that it is the responsibility of both the directors and management to carry out their functions with a view to maximising the long-term financial performance of Dominion Mining Limited for the benefit of shareholders.

The board will continue to review and develop its corporate governance practices and the corporate governance section of the website will be updated with policies and procedures as they are formally adopted by the company.

The Role of the Board

The board is ultimately accountable to shareholders for the overall management and performance of Dominion Mining Limited and is responsible for a continuing high standard of governance within Dominion Mining Limited with a clear responsibility for:

- providing direction for and approving and reviewing strategic plans and objectives;
- establishing goals for senior executives and regularly review their performance against these goals;
- overseeing and monitoring financial performance, the integrity of internal controls and reporting on a regular and timely basis to shareholders to ensure trading in Dominion shares takes place in an informed market;
- monitoring regulatory compliance and ensure the company acts legally, ethically and responsibly;
- the appointment, performance assessment, remuneration and if necessary removal of directors and senior executives including the managing director, chief financial officer and company secretary.

The board has established a formal charter setting out its main responsibilities and code of conduct.

Matters necessary for the day-to-day management of the company are delegated to senior executives who have the authority and responsibility for planning, directing and controlling designated business units within the company consistent with plans and budgets approved by the board. The board has approved delegated authority limits for senior executives which are reviewed on a regular basis.

The board has also delegated specific responsibilities to board committees to deal with particular matters.

The board meets on a regular basis throughout each year and schedules a number of meetings at the Challenger mine site.

At each board meeting the board reviews in detail all aspects of the company's business. This process also includes presentations from senior executives on results of their designated business units and the company's overall performance.

Non executive directors are encouraged to have direct dialogue with the company's executives and the chairman and managing director also confer on a regular basis.

Composition of the Board

The board represents a broad range of skills and experience and currently consists of five people, three non-executive directors (including the chairman, who has the casting vote) and two executive directors.

New directors have formal agreements governing their employment. These agreements outline:

- remuneration;
- term of appointment;
- expectations in relation to attendance at meetings;

- expectations and procedures in relation to other directorships;
- procedures in relation to conflicts of interest;
- insurance and indemnity arrangements;
- compliance with governance policies; and
- confidentiality and access to information.

Directors have an appropriate range of expertise and technical and commercial skills relevant to the business and have the commitment to adequately discharge their duties and responsibilities associated with the position.

One third of directors other than the managing director, are required to retire and stand for re-election by shareholders every year. Any director appointed to fill a casual vacancy must submit themselves to shareholders for election at the next Annual General Meeting.

Details of the qualifications and experience of each director are disclosed in the Directors' Report.

To assist in their deliberations on issues arising in the course of their duties, any director of the board with the chairman's approval may seek at the company's expense, professional external advice as considered necessary.

When considering any matters that may have a potential conflict of interest, involved directors withdraw from all deliberations concerning the matter.

Executive directors are prohibited from holding external directorships except with the prior approval of the board.

A policy has been adopted by the board establishing guidelines under which directors, executives and employees may trade in the shares of the company. These guidelines restrict the times as to when directors, executives and employees may purchase or sell shares and also prohibits short term speculative trading.

The company has in place a Code of Conduct that establishes the guidelines for the conduct of directors, senior executives and employees. The Code of Conduct provides a benchmark for ethical behaviour to assist the company to maintain the trust and confidence of all of its stakeholders.

The Code of Conduct deals with:

- ethical behaviour;
- conflicts of interest;
- prohibition on insider trading;
- prohibition on making unauthorised gains;
- non-disclosure of confidential information;
- equal opportunity;
- fair dealing;
- health and safety;
- protection and use of company assets;
- prohibition on making unauthorised public statements.

Remuneration Policy

The remuneration of directors and executives is set with the overall objective for the retention of a high quality board and executive team, to maximise value of the shareholders' investment. The full detail of directors' and executives' remuneration is set out in the Director's Report contained in this Annual Report.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit of $350,000 approved by shareholders in 1990. Non-executive directors are entitled to a retirement benefit which is calculated on years of service and capped at three times the director's annual fee after nine years of service.

Non-executive directors receive fees which reflect their skills, responsibility and time commitment in the discharge of their duties.

The chairman of the board is responsible for determining the process for evaluating board performance. Evaluations are normally conducted annually and include self assessment by each director and peer review of their performance during the year. In addition, the performance of the board as a whole and each of its committees are reviewed annually against the requirements of their respective charters and the overall performance of the company. In the year ended 30 June 2010 the board, through the remuneration committee, undertook an evaluation of its performance with the review conducted internally in accordance with the principles outlined above.

The executive salary can be packaged and includes cash component and other remuneration including superannuation and other benefits such as motor vehicles.

Other than for the incumbent managing director, Jonathan Shellabear, no component of the other executive's salary is at risk as the company has not set specific performance targets which alter the executive remuneration. Whilst the company does not have a formal cash incentive or bonus scheme for the other executives, discretionary cash bonuses, retention bonuses and options may be issued from time to time, to reflect the performance of the consolidated entity.

Directors and senior executives are not permitted to trade in financial products associated with the company's shares that limit the risk of a fall in value of any unvested equity entitlement awarded to them.

External remuneration consultants provide analysis and advice to ensure executive remuneration packages reflect relevant employment market conditions.

All senior executives have formal agreements governing their employment. These agreements outline:

- job description;
- remuneration;
- compliance with governance policies;
- notice and rights on termination.

Further details on these are set out in the remuneration section of the directors' report.

The board through the remuneration committee reviews the performance of senior executives including the managing director on an annual basis. The senior executive is evaluated against the performance of the business unit they have responsibility for and the overall performance of the company. The performance criteria include technical, financial and corporate responsibilities including health and safety components. Performance reviews were carried out in December 2009 taking into account the performance criteria outlined above.

Risk Management and Internal Controls

Policies, procedures and systems of internal controls which outline and monitor, amongst other things, workplace health and safety standards, environmental standards, employee and community relations, insurance and risk management decisions are in place. The board is of the view that it is crucial for all directors and executives to be a part of this process, and as such the board has not established a separate risk management committee.

So that the board is aware of the current status of Dominion Mining Limited and its controlled entities and to enable informed decisions to be made, the board regularly reviews operating and financial information. The board also visits the company's operations at the Challenger mine site on a regular basis.

Where appropriate, competent external advice is obtained by management to audit proposals prior to presentation to and decision by the board.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Implementation of board approved operating plans and budgets and board monitoring of the progress both of a financial and non-financial nature against these budgets.

- The establishment of a committee to report on and monitor environmental and occupational health and safety matters.

- The establishment of a gold hedge risk management policy which establishes the criteria for selling forward against future gold production.

- The requirement for the managing director and finance director to certify the integrity of the financial statements and the effectiveness of the risk management and internal control systems.

- Reporting by senior executives to the board on a regular basis on material business risks including such matters as:

  - occupational health and safety;
  - environmental and rehabilitation;
  - mine operational parameters including the monitoring and independent audit of ground conditions;
  - cash investment criteria and cash flow management; and
  - relevant internal control systems and the effectiveness of these.

Management have reported on relevant matters to the board on a monthly basis during the financial year.

The board has received written assurance from the chief executive officer and chief financial officer that the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and control and that the system is operating effectively in relation to financial reporting risks.

Committees of the Board

The board has four committees, established to consider issues and strategies, in order to make recommendations to and guide the board. Recommendations from these committees are submitted for consideration to the board at the earliest opportunity. Sub-committees are also established as the need arises.

Members of the committees comprise the non executive directors with, Mr J Gaskell chairing the audit, remuneration and occupational health and safety committees and Mr P C Joseph chairing the nomination committee. Details of the number of committee meetings held during the year and the directors who attended each meeting are shown in the Directors' Report.

The managing director and chief financial officer also regularly attend the audit committee meetings by invitation and the committee also confers with the external auditors at each meeting.

Committees that have been established are:

Audit Committee

By virtue of their qualifications and commercial experience the board consider that members of the audit committee are appropriately qualified to hold these positions. The audit committee has the following responsibilities as per the established charter.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Charter

- Assist the board of directors in fulfilling its corporate governance responsibilities by ensuring compliance with accounting and financial reporting obligations, reviewing and monitoring internal financial controls, risk management activities and external audit functions and reviewing the ongoing independence of the auditors.
- Responsible for the selection and appointment of external auditors and ensuring the rotation of the audit partner at least every five years.
- The committee shall be members of, and be appointed by, the board of directors and shall comprise at least three directors that have diverse, complementary backgrounds, and are independent of management of the company.
- The committee chair shall have some relevant commercial experience with a business background and the committee members shall be financially literate, with at least one member having reasonable financial management expertise and qualifications.
- The committee shall meet at least twice each year before completion and release to the market of the half yearly and annual financial statements. The external auditors and managing director and chief financial officer shall be in attendance at each of these meetings. In addition if appropriate, the committee shall meet in private as and when required to assess other matters that may arise including management's effectiveness.
- No non-audit work is carried out by the auditor.

Remuneration Committee

Reviews the remuneration of directors, executives and employees and assesses remuneration matters in general including the issue of options to employees under the Dominion Mining Limited employee share option plan and implementation and evaluation of the equity-based plan, including performance hurdles introduced for the managing director.

Occupational Health and Safety Committee

Ensures appropriate policies and procedures are in place for work place health and safety including adequate training programs and reviews the effectiveness of these.

Nomination Committee

Formulates policy and criteria for assessment of candidates to the board and identifies potential candidates.

Shareholder Communication and the Rights of Shareholders

The company is aware of the importance of keeping the market fully informed and of its continuous disclosure obligations of all material matters. Key information and communication including quarterly and annual reports, press releases and broker reports are placed on the company website immediately after release. The company's continuous disclosure policy is available on the company website.

The company secretary has the ultimate responsibility in ensuring the timely release of all material matters and statutory information to the market. The chairman and managing director approve releases to the market relevant to the company's business and activities.

In addition the company's auditors attend the annual general meeting and are available to answer questions by shareholders on matters concerning the financial statements, the audit process and the content of the audit report.

Directors Independence

The test of independence of a director, as recommended by the ASX Guidelines, is that they should not be a substantial shareholder of the company, should not be a member of management and should be free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of the directors unfettered and independent judgement.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Not with standing Mr Joseph's shareholding in the company the board considers it is appropriate for Mr Joseph to hold the position of chairman having regard to his overall commercial experience, his knowledge of the mining and resources industry and other than his shareholding and status of non executive director he has no other relationship or business dealings with the company.

Mr Alexander was employed as an executive by the company within the last three years (resigned as an executive 31 January 2008), however the board considers it is appropriate for Mr Alexander to hold the position of non executive director having regard to his technical experience, knowledge of the mining and resources industry and has no material contractual relationship with the company other than as a non executive director.

By open and transparent discussion at board meetings, with directors encouraged to have independent views and judgement and with a mixture of skills and experience the board believes it is of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

At the date of this report the board includes three non-executive directors.

	Non-Executive	**Independent**
P Joseph	Yes	No
J Shellabear	No	No
R Coyle	No	No
J Gaskell	Yes	Yes
P Alexander	Yes	No

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The table below contains each of the ASX Best Practice Recommendations. A tick (✓) in the “Complied” column indicates the company has complied with the recommendation during the reporting period.

		Complied
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	✓
1.2	Disclose the process for evaluating the performance of senior executives.	✓
1.3	Provide the information indicated in the guide to reporting on principle 1.	✓
2.1	A majority of the board should be independent directors.	
2.2	The chair should be an independent director.	
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	✓
2.4	The board should establish a nomination committee.	✓
2.5	Disclose the process for evaluating performance of the board, its committees and individual directors.	✓
2.6	Provide the information indicated in the guide to reporting on principle 2.	✓
3.1	Establish a code of conduct and disclose details of the code as to:	✓
	▪ The practices necessary to maintain confidence in the company’s integrity.	✓
	▪ The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders.	✓
	▪ The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	✓
3.2	Establish and disclose a policy concerning trading in company securities by directors, executives and employees.	✓
3.3	Provide the information indicated in the guide to reporting on principle 3.	✓
4.1	The board should establish an audit committee.	✓
4.2	The audit committee should be structured so that it:	✓
	▪ Consists only of non-executive directors.	
	▪ Consists of a majority of independent directors.	
	▪ Is chaired by an independent chair who is not chair of the board.	✓
	▪ Has at least three members.	✓
4.3	The audit committee should have an independent charter.	✓
4.4	Provide the information indicated in the guide to reporting on principle 4.	✓
5.1	Establish written policies designed and disclosed to ensure compliance with ASX listing rules and ensure accountability of senior executives for that compliance.	✓
5.2	Provide the information indicated in the guide to reporting on principle 5.	✓
6.1	Design and disclose a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings.	✓
6.2	Provide the information indicated in the guide to reporting on principle 6.	✓
7.1	Establish and disclose policies for the oversight and management of material business risks.	✓
7.2	Provide a statement that the board has required management to design and implement a risk management and internal control system to manage the company’s material business risks and to report to it on whether those risks are being managed effectively and that management has provided such a report to the board during the reporting period.	✓
7.3	The board should disclose whether it has received assurance from the managing director and the finance director that the declaration provided in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	✓
7.4	Provide the information indicated in the guide to reporting on principle 7.	✓
8.1	The board should establish a remuneration committee.	✓
8.2	Clearly distinguish the structure of non-executive directors’ remuneration from that of executive directors and senior executives.	✓
8.3	Provide the information indicated in the guide to reporting on principle 8.	✓

The directors of Dominion Mining Limited submit the consolidated financial statements for the year ended 30 June 2010 and the following report made out in accordance with a resolution of the directors.

Directors

The names and details of the directors of Dominion Mining Limited in office during the financial year and until the date of this report are as follows:

The directors were in office for the entire period.

Peter C Joseph, AM BCom, MBA – Non-Executive Director

Mr Joseph has been chairman of the board of directors since June 1980. His professional experience includes 30 years as an investment banker. Mr Joseph is chairman of the St James Ethics Centre, the Black Dog Institute and was until May 2009 chairman of the GPT Group (General Property Trust). Other than being on the board of GPT Management Ltd (appointed in April 2003, retired May 2009) Mr Joseph is not currently and has not over the past three years been on the board of any other listed entity.

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

Mr Shellabear who was appointed managing director on 1 February 2008 has extensive experience in the Australian and international mining industries, having held senior corporate roles with Portman Limited and in investment banking with NM Rothschild, Deutsche Bank and Resource Finance Corporation where he advised resource companies on a range of initiatives and transactions. Mr Shellabear is not currently and has not over the past three years been on the board of any other listed entity.

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

Mr Coyle a qualified accountant has been with the Dominion group for over 20 years and has over 25 years experience in finance and accounting within the resources industry. He was appointed to the board on 30 April 1996 and was previously Dominion Mining Limited's general manager, finance and administration. Mr Coyle is a director of Dominion Gold Operations Pty Ltd, the operator of the Challenger Gold Mine, and is a director of all of the other Dominion Mining Limited subsidiaries. Mr Coyle is not currently and has not over the past three years been on the board of any other listed entity.

Peter Alexander Ass Appl Geol – Non-Executive Director

Mr Alexander a geologist by profession was managing director and chief executive officer of Dominion Mining Limited until his retirement on 31 January 2008. He was appointed as a non-executive director on 1 February 2008. Mr Alexander is a director of Dominion Gold Operations Pty Ltd, the operator of the Challenger Gold Mine, and is a director of all of the other Dominion Mining Limited subsidiaries. Mr Alexander is not currently and has not over the past three years been on the board of any other listed entity.

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

Mr Gaskell was appointed to the board in December 2004. He is a geologist by profession and has over 30 years experience at the highest levels of management in the international minerals industry, including spending over 5 years as a corporate advisor to a major Australian investment group on resource opportunities. Mr Gaskell is also a director of Paradigm Metals Limited. Other than being on the board of Paradigm Metals Limited (a director since it was listed in November 2003) Mr Gaskell is not currently and has not over the past three years been on the board of any other listed entity.

Key Management Personnel - Interests in the Shares, Options and Performance Rights of the Company

The number of shares, options and performance rights in the company held at the date of this report by each director of Dominion Mining Limited and each of the two executive officers of the consolidated entity, including their personally-related entities are set out below:

	Number of Ordinary Shares	Number of Options over Ordinary Shares	Number of Performance Rights
Specified Directors			
P C Joseph	9,485,727	-	-
J Gaskell	65,482	-	-
P Alexander	115,852	-	-
J N Shellabear	55,408	1,050,000	500,000
R A Coyle	120,282	-	-
Specified Executives			
A Poustie	25,186	600,000	-
P Bamford	257,285	600,000	-

Directors' Meetings

As at the date of this report, Dominion Mining Limited has an audit committee, a remuneration committee, an occupational health and safety committee - (members of these committees are Mr J Gaskell – chairman, Mr P C Joseph and Mr P Alexander) and a nomination committee (members are Mr P C Joseph - chairman, Mr J Gaskell and Mr P Alexander).

During the year, there were 12 directors' meetings, 3 audit committee meetings, 2 remuneration committee meetings, 4 occupational health and safety committee meetings and no nomination committee meetings of Dominion Mining Limited held, in respect of which each director attended the following number:

	Directors' Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Occupational Health and Safety Meetings
P C Joseph	12	3	2	4
J N Shellabear	12	-	-	-
P Alexander	12	3	2	4
R A Coyle	12	-	-	-
J Gaskell	12	3	2	4

Remuneration Report (Audited)

This Remuneration Report outlines the director and executive remuneration arrangements of the company and the consolidated entity in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the company and the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the two executives in the parent and the consolidated entity receiving the highest remuneration.

Details of Key Management Personnel

Specified Directors

Peter C Joseph	Non-executive chairman
Jonathan N Shellabear	Managing director
Ross A Coyle	Finance director and company secretary
Peter Alexander	Non-executive director
John Gaskell	Non-executive director

Specified Executives

Tony Poustie	General manager exploration
Peter Bamford	General manager operations

There were no changes to key management personnel between the reporting date and the date the financial report was authorised for issue.

Share Holdings of Key Management Personnel

2010	Held at 1 July 2009	Fully Paid Ordinary Shares Received during the year on the exercise of options	Other changes during the year	Held at 30 June 2010
Specified Directors				
P C Joseph	9,485,727	-	-	9,485,727
J Gaskell	65,000	-	482	65,482
P Alexander	365,000	-	(249,148)	115,852
R A Coyle	45,739	250,000	(175,457)	120,282
J N Shellabear	55,000	-	408	55,408
Specified Executives				
A Poustie	25,000	-	186	25,186
P Bamford	257,285	-	-	257,285

All equity transactions with key management personnel, other than those arising from the exercise of remuneration options, have been entered into under terms and conditions no more favourable than those the group would have adopted if dealing at arm's length.

Remuneration Report (Audited) (continued)

There were no loans to key management personnel during the period and there were no transactions or balances with key management personnel other than those disclosed in this report.

Remuneration Committee

The remuneration committee of the board of directors is responsible for determining, reviewing and making recommendations to the board on compensation arrangements for the directors, the chief executive officer and the executive team. The remuneration committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant market conditions. The committee also engages external consultants specialising in remuneration of executives and personnel in the mining industry.

Remuneration Philosophy

The overall objective is the retention of a high quality board and executive team, to maximise value of the shareholders' investment.

Share options and performance rights may also be issued as an added inducement to executives to maximise their efforts in achieving the highest possible return for shareholders. Options are issued either at the prevailing market price at the time of issue or at a premium to the market price so that the future benefit received by the recipients of the options will be in line with the increase in value received by shareholders. Details regarding the issue of share options and performance rights are provided in this report.

Non Executive Director Remuneration

Fees and payments to non-executive directors reflect the demands made on, and the responsibilities of, the directors. Non-executive directors' fees are determined within an aggregate directors' fee pool limit of $350,000 approved by shareholders in 1990. Non-executive directors are entitled to a retirement benefit calculated on years of service and capped at three times the director's annual fee after nine years of service. Non-executive director remuneration is reviewed annually with the review taking into consideration the performance of the company and fees paid to non-executive directors of comparable companies.

The total fee which is paid to each non-executive director represents a base fee for being a director of the company plus an additional fee in recognition of the extra time commitment required for serving on board committees.

Executive Remuneration

Objective

The aim is to reward executives with a level and mix of remuneration commensurate with their position that reflects the performance of the company, align the interests of executives with those of the shareholders and ensure total remuneration is competitive by market standards.

Structure

Share options and performance rights may be issued as an inducement to executives to maximise their efforts in achieving the highest possible return for shareholders. Options are issued either at the prevailing market price at the time of issue or at a premium to the market price so that the future benefit received by the recipients of the options will be in line with the increase in value received by shareholders. Details regarding the issue of share options and performance rights are provided in this report.

The remuneration of executives, including the managing director, is generally reviewed annually with the review taking into consideration the contribution of the individual commensurate with the performance of the business unit they have responsibility for, the overall performance of the company and comparable employment market conditions. Though there are no set specific performance targets other than for the incumbent managing director the performance criteria may include technical, financial and corporate responsibilities including health and safety components.

As appropriate, external remuneration consultants provide analysis and advice to ensure executive remuneration packages reflect relevant employment market conditions. Performance reviews were carried out in December 2009. The operating result for the past five years of the consolidated entity and earnings per share, which are indicators of the consolidated entity's performance and shareholders wealth, are set out below.

Remuneration Report (Audited) (continued)

	30 June 2006	30 June 2007	30 June 2008	30 June 2009	30 June 2010
Operating Profit	$8,995,000	$51,746,000	$33,378,000	$31,132,000	$2,774,000
Earnings Per Share	9.11 cents	51.67 cents	32.73 cents	30.38 cents	2.69 cents
Revenue From Gold Sales	$67.879 million	$80.732 million	$95.076 million	$109.943 million	$96.817 million
Dividend Per Share	4 cents	10 cents	12 cents	14 cents	6 cents
Closing Share Price	$1.18	$2.30	$3.35	$4.61	$2.73
Cash and Bullion Sold	$21.288 million	$35.835 million	$55.674 million	$45.346 million	$19.476 million

Executives are given the opportunity to receive their emoluments in a variety of forms, including cash and fringe benefits, such as motor vehicles and expense payments. It is intended that the manner of payment chosen will be the most beneficial for the recipient without creating additional cost to the company.

Other than for the incumbent managing director Jonathan Shellabear no component of the other executive's salary is at risk as the company has not set specific performance targets which alter the executive remuneration. Whilst the company does not have a formal cash incentive or bonus scheme for the other executives, discretionary cash bonuses, retention bonuses and options may be issued from time to time, although not specifically aligned to performance targets. Payment of retention bonuses will only be made if the key management personnel is employed by the company at a predetermined date. Refer to the section employment contracts contained in this report.

Remuneration for Jonathan Shellabear consists of the following key elements:

- Fixed remuneration made up of base salary and superannuation (cash component) and non monetary benefits.
- Variable remuneration:
  - Short term incentive (STI)
  - Long term incentive (LTI)

The company policy is that no arrangements should be entered into to protect the value of unvested LTI's. This policy will be monitored on an annual basis and if considered necessary will involve an independent audit.

Variable Remuneration - Short Term Incentive (STI)

Objective

Short term incentives are designed to link the relative component of Jonathan Shellabear's remuneration to the overall performance of the company. The total potential STI is set at a level to provide the incentive to achieve established targets.

Structure

STI's will be based on a combination of internal and external targets with the targets consisting of a number of key performance indicators (KPI's). These cover both financial (80%) and non financial (20%), including corporate and individual measures of performance. On an annual basis based on performance against KPI's the remuneration committee will determine and recommend to the board the amount to be paid to Jonathan Shellabear. The STI can total 100% of his cash component of fixed remuneration.

As a result of achieving targets as determined by the board an $85,000 cash bonus (20% of possible bonus that could be paid) was granted to Jonathan Shellabear following a remuneration committee recommendation on 16 December 2009 and paid as at 31 December 2009.

Variable Remuneration - Long Term Incentive (LTI)

Objective

Long term incentives are designed to reward and incentivise Jonathan Shellabear dependent on the performance of the company aligned to the creation of shareholder wealth.

Structure

LTI's were granted to Jonathan Shellabear during the 2008 financial year by way of share options and performance rights and approved at a meeting of shareholders held on 24 April 2008.

Remuneration Report (Audited) (continued)

The 1,050,000 share options granted during 2008 will vest in three equal tranches over a 3 year period. The exercise price of tranche 1 is 10% above the weighted average price of the company's shares on the ASX for the 5 trading day period immediately prior to the meeting held on 24 April 2008. The exercise price of tranche 2 is 10% above the exercise price of tranche 1 and the exercise price of tranche 3 is 10% above the exercise price of tranche 2.

Jonathan Shellabear will only derive a benefit from the issue of the share options if there is an increase in the price of the company' shares. If he ceases employment for reasons other than retrenchment or because of death prior to the vesting of the share options, the share options are forfeited.

The 500,000 performance rights were granted during 2008, and exercise of which are subject to the achievement of performance hurdles. The performance rights were granted for no consideration and may only be exercised if the performance hurdles are met. The maturity date of the performance rights is 1 February 2011. Shares will be issued for nil consideration on exercise of performance rights.

Performance Hurdles

The company uses a relative total shareholder return (TSR) as the performance hurdle for the LTI plan measured against a group of selected peers (comparator group). The comparator group will comprise companies within the S&P/ASX Gold Index and selected by the board at the time it meets to consider the final entitlement. Relative TSR was selected as the LTI performance hurdle as it ensures an alignment between comparative shareholder return and reward for Jonathan Shellabear.

Performance rights will become exercisable as at 1 February 2011 so long as the performance hurdles are satisfied by the company's TSR over the period (24 April 2008-1 February 2011) exceeding a growth rate of 5% per annum compounded and the ranking of the company is at or above the 50th percentile of the comparator group. At the 50th percentile Jonathan Shellabear will be entitled to 50% of the total shares available under the performance rights, increasing proportionately to 100% at the 75th percentile.

Employment Contracts

Remuneration and other terms of employment for the executive directors and the two executive officers are formalised in service agreements. These do not have a fixed term and do not have guaranteed salary increases.

The agreements allow the company to terminate the employment with 12 months notice for Jonathan Shellabear, managing director and Ross Coyle, executive director or provide payment (based on annual salary package) in lieu of notice. In the case of redundancy both are entitled to 24 months payment of annual salary package and both may resign by giving six months notice. Ross Coyle is entitled to a retirement benefit equal to two years of salary.

The agreements allow the company to terminate the employment with 12 months notice for both of the executive officers Tony Poustie and Peter Bamford or provide payment (based on annual salary package) in lieu of notice. In the case of redundancy both are entitled to 12 months payment of annual salary package and both may resign by giving three months notice.

On termination the executive directors and executive officers are entitled to payment of accrued annual and long service leave.

Ross Coyle, Tony Poustie and Peter Bamford were entitled to a retention bonus of 15-25% of annual salary as at 1 January 2009 and a further retention bonus of 20-30% of annual salary as at 1 January 2010.

Remuneration of Key Management Personnel

Details of the nature and amount of each element of the emoluments of each director of Dominion Mining Limited and each of the two executive officers of the company and the consolidated entity receiving the highest emoluments for the years ended 30 June 2010 and 30 June 2009 are set out in the following tables.

Remuneration Report (Audited) (continued)

Directors of the consolidated entity

2010	Short Term			Post Employment		Share Based Payments		
	Cash Salaries and Fees $	Other[1] $	Bonus Payments[2] $	Superannuation $	Retirement Benefit[3] $	Share Options/ Performance Rights[4] $	Total $	% Performance Related
P C Joseph	102,560	-	-	9,229	25,725	-	137,514	-
J Gaskell	22,563	-	-	50,100	28,138	-	100,801	-
P Alexander	66,663	-	-	6,000	25,465	-	98,128	-
J N Shellabear	415,646	37,135	85,000	25,000	-	615,389	1,178,170	35%
R A Coyle	280,442	23,429	38,525	50,000	10,884	-	403,280	0%
TOTAL	**887,874**	**60,564**	**123,525**	**140,329**	**90,212**	**615,389**	**1,917,893**	17%

1 The estimated cost relating to the utilisation from time to time of company owned motor vehicle.

2 Bonus payments relates to short term incentive of $85,000 paid to Jonathan Shellabear as at 31 December 2009 for achieving pre set targets established by the board and a payment to Ross Coyle of $38,525 consisting of a discretionary cash payment of $2,000 paid in December 2009 and a retention bonus of $36,525 paid in January 2010 as per his contract of employment.

3 Retirement benefit relates to accruals for the year as non-executive directors are entitled to a retirement benefit calculated on years of service and capped at three times the director's annual fee after nine years of service. Refer to Note 13 of the financial statements. Ross Coyle is entitled to a retirement benefit equal to two years of salary.

4 Refers to 1,050,000 share options at $289,020 and 500,000 performance rights at $326,369 (52% of total remuneration) relating to the current years amortisation of the fair value at grant date determined under the binomial option pricing model for option valuation and Monte-Carlo simulation model for performance rights valuation. Grant date for the options was 24 April 2008 and for the performance rights the vesting period as required by Australian Accounting Standard for the purpose of valuation commenced on 1 February 2008.

2009	Short Term			Post Employment		Share Based Payments		
	Cash Salaries and Fees $	Other $	Bonus Payments[7] $	Superannuation $	Retirement Benefit[1] $	Share Options/ Performance Rights[3] $	Total $	% Performance Related
P C Joseph	96,331	-	-	8,669	15,000	-	120,000	-
J Gaskell*	-	-	-	68,250	31,613	-	99,863	-
P Alexander	46,215	-	-	22,035	24,449	-	92,699	-
J N Shellabear	350,161	37,134[2]	75,000	50,014	-	939,381	1,451,690	28%
R A Coyle	206,701	89,881[4]	53,250	99,988	650,000[5]	6,366[6]	1,106,186	0%
TOTAL	**699,408**	**127,015**	**128,250**	**248,956**	**721,062**	**945,747**	**2,870,438**	14%

*John Gaskell elected to have the total of his director's fees paid into his superannuation fund.

1 Retirement benefits of $15,000, $31,613 and $24,449 relates to accrual for the year as non-executive directors are entitled to a retirement benefit calculated on years of service and capped at three times the director's annual fee after nine years of service. Refer to Note 13 of the financial statements.

2 The estimated cost relating to the utilisation from time to time of company owned motor vehicle.

3 For 1,050,000 share options at $613,012 and 500,000 performance rights at $326,369 (65% of total remuneration) relating to the current years amortisation of the fair value at grant date determined under the binomial option pricing model for option valuation and Monte-Carlo simulation model for performance rights valuation. Grant date for the options was 24 April 2008 and for the performance rights the vesting period as required by Australian Accounting Standard for the purpose of valuation commenced on 1 February 2008.

4 The estimated cost relating to the utilisation from time to time of company owned motor vehicle ($25,756) and estimated accrued portion of retention bonus ($64,125).

5 Relates to benefit payable on retirement in recognition of the years of service and contribution to the company as a full time employee including over 13 years as an executive director.

6 Value of share options (1% of remuneration net of retirement benefit) relating to the current years amortisation of the fair value at grant date of 1 December 2005 determined under binomial option pricing model.

7 Bonus payments relates to short term incentive of $75,000 paid to Jonathan Shellabear as at 31 December 2008 for achieving pre set targets established by the board and a payment to Ross Coyle of $53,250 consisting of a discretionary cash payment of $5,000 paid in December 2008, which was in recognition of the ongoing financial performance of the company and a retention bonus of $48,250 paid in January 2009 as per his contract of employment.

Remuneration Report (Audited) (continued)

Executives of the consolidated entity

2010	Short Term			Post Employment	Share Based Payments		
	Cash Salaries $	Other $	Bonus Payments $	Superannuation $	Share Options $	Total $	% Performance Related
A Poustie	193,692	39,399[1]	22,500[3]	50,000	162,640[5]	468,231	0%
P Bamford	280,534	27,789[2]	24,350[4]	50,000	162,640[6]	545,313	0%
TOTAL	**474,226**	**67,188**	**46,850**	**100,000**	**325,280**	**1,013,544**	**0%**

1 Salary sacrifice for purchase of motor vehicle under a novated lease ($26,478) and the estimated cost relating to the utilisation from time to time of company owned motor vehicle ($12,921).
2 The estimated cost relating to the utilisation from time to time of company owned motor vehicle.
3 Payment consisting of a discretionary cash payment of $2,000 paid in December 2009 and a retention bonus of $20,500 paid in January 2010 as per his contract of employment.
4 Payment consisting of a discretionary cash payment of $3,000 paid in December 2009 and a retention bonus of $21,350 paid in January 2010 as per his contract of employment.
5 The current years amortisation of the fair value at grant date of unlisted share options of $162,640 (35% of total remuneration) determined under binomial option pricing model. This consisted of, 330,000 options with grant date of 18 January 2008 (fair value $60,677) 120,000 options with grant date 4 June 2008 (fair value of $23,844) and 150,000 options with grant date 1 January 2009 (fair value of $78,119).
6 The current years amortisation of the fair value at grant date of unlisted share options of $162,640 (30% of total remuneration) determined under binomial option pricing model. This consisted of, 330,000 options with grant date of 18 January 2008 (fair value $60,677) 120,000 options with grant date 4 June 2008 (fair value of $23,844) and 150,000 options with grant date 1 January 2009 (fair value of $78,119).

2009	Short Term			Post Employment	Share Based Payments		
	Cash Salaries $	Other $	Bonus Payments[5] $	Superannuation $	Share Options $	Total $	% Performance Related
A Poustie	120,738	85,681[1]	27,500	100,000	326,641[2]	660,560	0%
P Bamford	205,685	61,297[3]	36,250	100,000	326,641[4]	729,873	0%
TOTAL	**326,423**	**146,978**	**63,750**	**200,000**	**653,282**	**1,390,433**	**0%**

1 Salary sacrifice for purchase of motor vehicle under a novated lease ($26,478), the estimated cost relating to the utilisation from time to time of company owned motor vehicle ($24,703) and estimated accrued portion of retention bonus ($34,500).
2 Fair value at grant date of unlisted share options $326,641 (49% of total remuneration) determined under binomial option pricing model. This consisted of, 330,000 options with grant date of 18 January 2008 (fair value $186,877) 120,000 options with grant date 4 June 2008 (fair value of $72,683) and 150,000 options with grant date 1 January 2009 (fair value of $67,081.).
3 Estimated cost relating to the utilisation from time to time of company owned motor vehicle ($18,547) and estimated accrued portion of retention bonus ($42,750).
4 Fair value at grant date of unlisted share options $326,641 (45% of total remuneration) determined under binomial option pricing model. This consisted of, 330,000 options with grant date of 18 January 2008 (fair value $186,877) 120,000 options with grant date 4 June 2008 (fair value of $72,683) and 150,000 options with grant date 1 January 2009 (fair value of $67,081).
5 Bonus payments were discretionary cash payments granted and paid in December 2008 and were in recognition of the ongoing financial performance of the company and retention bonuses paid in January 2009 as per employment contracts.

Options and Performance Rights Provided as Remuneration

When exercisable, each option and performance right is convertible into one ordinary share of Dominion Mining Limited.

Remuneration Report (Audited) (continued)

Directors of the consolidated entity

No director was granted options or performance rights during the 2010 financial year.

1,050,000 options and 500,000 performance rights were granted to the managing director during the 2008 financial year. The grant of the options and performance rights was approved at a meeting of shareholders held on 24 April 2008.

June 2010

Name	Number of options on issue at year end	Grant Date	Fair value per option at grant date	Exercise price	Vesting date	Expiry date
J N Shellabear	350,000	24 April 2008	$1.27	$3.60	4 June 2009	5 June 2012
J N Shellabear	350,000	24 April 2008	$1.22	$3.96	4 June 2010	5 June 2012
J N Shellabear	350,000	24 April 2008	$1.16	$4.36	4 June 2011	5 June 2012

The options comprise three equal tranches and were issued for nil consideration. One third will vest and be capable of being exercised on each anniversary of the issue date, until all the options have vested. The expiry date for the options is 4 years after the date of their issue.

The exercise price of tranche 1 is 10% above the weighted average price of the company's shares on the ASX for the 5 trading day period immediately prior to the meeting held on 24 April 2008. The exercise price of tranche 2 is 10% above the exercise price of tranche 1 and the exercise price of tranche 3 is 10% above the exercise price of tranche 2. Options were issued at this price so that the future benefit received by the recipients of the options will be in line with the increase in value received by shareholders.

Performance Rights

The 500,000 performance rights issued for nil consideration and subject to the achievement of the performance hurdles, are exercisable after 1 February 2011. Performance rights will lapse if the performance hurdles are not met. The fair value of the performance rights at grant date was $980,000 ($1.96 per performance right).

The performance rights will become exercisable in tranches if the board resolves that the following performance hurdles are satisfied as at 1 February 2011 and provided that the company's TSR grows in each year between grant of the performance rights and 1 February 2011 by more than five percent (5%) compounded each year. The base TSR approved by the board equates to $3.83 per share:

(1) if the company's TSR is equal to or exceeds the TSR of 50% or more of the comparator group, the holder will be entitled to exercise 250,000 performance rights; and

(2) if the company's TSR exceeds the TSR of more than 50% or more but less than 75% of the comparator group, the holder will be entitled to exercise 10,000 performance rights for every additional one percent (1%) of comparator group whose TSR is exceeded by the company; and

(3) if the company's TSR is equal to or exceeds the TSR of 75% or more of the comparator group, the holder will be entitled to exercise an additional 250,000 performance rights.

Executives of the consolidated entity

No executive was granted options during the 2010 financial year.

During the 2009 financial year 150,000 options were granted to each of the executives as disclosed below. The options were issued for nil consideration with the exercise price being the weighted average of the prices at which Dominion Mining Limited ordinary shares were traded on the Australian Stock Exchange (**ASX**) during the 5 day period prior to 1 January 2009. Options were not issued at a discount so that the future benefit received by the recipients of the options will be in line with the increase in value received by shareholders. This is consistent with the executive remuneration structure outlined in this report.

Remuneration Report (Audited) (continued)

June 2009

Name	Number of options granted during the year	Grant Date	Fair value per option at grant date	Exercise price	Vesting date	Expiry date
A Poustie	150,000	1 January 2009	$0.97	$3.58	1 January 2010	1 January 2011
P Bamford	150,000	1 January 2009	$0.97	$3.58	1 January 2010	1 January 2011

Option Holdings of Key Management Personnel at Balance Date

June 2010

Key Management Personnel	Held at 1 July 2009	Granted during the year as remuneration	Exercised	Held at 30 June 2010	Vested and exercisable at 30 June 2010	% of options vested
Specified Directors						
P C Joseph	-	-	-	-	-	-
J Gaskell	-	-	-	-	-	-
J N Shellabear	1,050,000	-	-	1,050,000	700,000	66%
P Alexander	-	-	-	-	-	-
R A Coyle	250,000	-	(250,000)	-	-	-
Specified Executives						
A Poustie	600,000	-	-	600,000	450,000	75%
P Bamford	600,000	-	-	600,000	450,000	75%
TOTAL	2,500,000	-	(250,000)	2,250,000	1,600,000	71%

June 2010

Key Management Personnel	Value of Options Granted During The Year	Value of Options Exercised During The Year
Specified Directors		
P C Joseph	-	-
J Gaskell	-	-
J N Shellabear	-	-
P Alexander	-	-
R A Coyle	-	$729,100
Specified Executives		
A Poustie	-	-
P Bamford	-	-
TOTAL	**-**	**$729,100**

End of Remuneration Report (Audited)

Share Options

As at the date of this report there were 7,905,000 and at balance date, 8,280,000 unissued ordinary shares under options. (2009: 8,550,000 at the date of the report and 8,563,000 at balance date). No options have been issued, 375,000 options were cancelled and no options exercised since balance date. The unlisted options have been granted to various employees of the consolidated entity under the Dominion employee share option plan. No options were issued, 30,000 options were cancelled and 253,000 options were exercised during the current financial year.

The options granted under the plan are for no consideration and are exercisable at a fixed price at the vesting dates over a 2 or 4 year period from the grant date. The options will lapse if not exercised by the exercise date.

The options cannot be transferred and will not be quoted on the Australian Stock Exchange. Option holders do not have any right, by virtue of the option, to participate in any share issue of the company or any related body corporate or in the interest issue of any other registered scheme.

Refer to Note 21 of the financial statements for further details of the options outstanding.

Shares issued as a result of the exercise of options

During the financial year, 253,000 shares were issued following the exercise of:

200,000 options at an exercise price of $1.19;

50,000 options at an exercise price of $1.04; and

3,000 options at an exercise price of $3.60.

Shares on issue

As at the balance date there were 103,327,059 ordinary fully paid shares on issue with the same amount on issue at the date of this report.

Nature of Operations and Principal Activities

The principal activities of the consolidated entity during the year involved the operation of the Challenger Gold Project and mineral exploration in Western Australia and the Gawler Craton region of South Australia.

Review of Operations

Results

The consolidated operating profit for the year ended 30 June 2010 after provision for income tax was $2,774,000 (2009: profit of $31,132,000).

The result was after taking into account: $4,531,000 of exploration expenditure, $2,857,000 attributable to administration costs of the consolidated entity and non cash adjustments consisting of $1,010,000 relating to the negative mark to market of gold forward sale contracts, $2,160,000 which represents the notional value as determined by a binomial option pricing valuation model, of options and Monte-Carlo simulation model, of options and performance rights issued to employees and expensed through the profit and loss as required by Australian Accounting Standards and an income tax expense of $1,741,000.

Financial Position

Sales revenue decreased by 13% to $97,699,000 with $96,817,000 attributable to gold sales (2009: $112,608,000 with $109,943,000 attributable to gold sales). Revenue from gold sales was achieved from the sale of 81,530 ounces of gold reflecting an average price received of $1,187 per ounce.

As at 30 June 2010, the consolidated entity had cash and bullion sold of $19,476,000 (2009: $45,346,000) comprising cash of $15,875,000 and bullion sold (treated as a receivable in the statement of financial position) of $3,601,000.

The weighted average share price over the financial year was $3.45 with a closing high at the end of July 2009 of $4.12 and a closing low of $2.58 at the end of March 2010. The trend of the company's share price generally reflects market conditions, movements in the USD gold price and the operating performance of the Challenger mine. The closing share price at the end of June 2010 was $2.73.

Challenger Gold Project (Dominion Gold Operations Pty Limited 100%)

The expansion of the treatment plant which included the installation of a second ball mill identical to the existing mill and installation of a thickener to more efficiently and economically utilise the increased volumes of process water that will be required was completed and commissioned during January 2010. This has resulted in throughput increasing to 75 tonnes per hour equivalent to around 650,000 tonnes per annum.

The ventilation upgrade which provides ventilation for mining to at least 1.2 km below surface was commissioned in March 2010 (three months later than initially scheduled) enabling from April, development access to the lower level high grade M2 stopes. Development had reached the 320RL by the end of the financial year.

The late commissioning of the ventilation circuits also delayed development and access for further diamond drilling at depth designed to drill out additional reserves of the M1 and M2 shoots.

Production for the financial year ended 30 June 2010 was 80,570 ounces at an average site cash operating cost of $697 per ounce.

The operating results were adversely impacted over the year 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
- delayed access to higher grade stopes at lower levels of the mine due to the late completion of the ventilation shaft.

Resources and reserves at Challenger have been downgraded. This is due to an unexpected decrease in the endowment of the M1 shoot below the 500m RL. However updated resource modelling of the lower levels indicates that the gold endowment of the adjacent M2 shoot is increasing with depth which may partially offset the change to the overall reserve position of the M1 shoot.

In addition, further high grade intersections have been returned from future mining levels of the M1, M2 and M3 shoots. This gives confidence for the increase in the endowment of the M2 shoot as well as an indication that the endowment of the M1 shoot has stabilised and also confirms the continuity of the M3 shoot.

Exploration

Exploration at Challenger was limited to underground drilling to evaluate the M3, SEZ and aminus shoots. Planned drilling to evaluate the depth extensions of the M1 and M2 shoots was not able to be carried out due to delays in reaching access positions at the base of the mine.

Elsewhere in South Australia, Iron Road Limited (who are earning an initial 51% interest in the rights to iron ore) have outlined a potential for economic iron ore mineralisation within the Mulgathing area. Dominion's plans to drill an IOCG target at Labyrinth have been put on hold due to heritage related access issues.

In Western Australia initial drilling to evaluate copper geochemical anomalies at the Bartel and Chapman Prospects within the Calingiri Project has demonstrated the potential for extensive copper mineralised systems with intersections including 75 metres grading 0.4% copper. Further intensive exploration is planned.

Several other projects within the South West Yilgarn District, which have particular prospectivity for gold mineralisation, including the Kukerin and Nanicup Bridge Projects, have been packaged for possible farm out or IPO strategies.

Within the Bryah Basin District Dominion has acquired a significant tenement position with prospectivity for Degrussa style copper – gold mineralisation and new applications have been made for ground that is believed to be prospective for gold and base metal mineralisation in the West Musgraves District.

Generative activity has also resulted in application for exploration licences, totalling 1500 square kilometres, in the Lao PDR. These areas are believed to be prospective for both base and precious metals.

Likely Developments and Expected Results

Challenger Gold Project (Dominion Gold Operations Pty Limited 100%)

With the plant expansion and ventilation upgrade completed and access now available for further diamond drilling at depth, the focus over the coming year will be on Challenger surface and underground exploration drilling which will target further conversion of resources to reserves and evaluation of other defined targets. There is also potential to upgrade the resources and reserves within the M1 shoot.

The mining schedule over the next 12 months reflects a blend of ore from various underground sources with the principal ore source being from the M2 shoot supplemented by ore from the M1, M3, SEZ and M1 shadow shoots. Development is on track to sustain access to the higher grade M2 stopes with production for the 12 months ended 30 June 2011 expected to exceed 100,000 ounces.

Exploration

The major focus of Challenger exploration activity will concentrate on drilling programs aimed at the conversion of resources to reserves which historically has been high for both the M1 and M2 shoots (+90% conversion rate). The priority exploration target is the inferred resources of 364,000 ounces contained within the M1 and M2 shoots, below the 79 fault.

The company's objective is to maintain current mine life of around 4 years by replacing annual production through continued exploration activities.

Drilling programs will be a priority at the Chapman Prospect at the Calingiri Project located in Western Australia to follow up a previous RC hole intersection which included 75 metres at 0.4% copper. Ten RC holes are planned, both to extend the drilling on the intersection and to test the northern continuation of the Chapman IP and copper geochemical anomaly on 4 additional sections.

In addition, due to the nature of the sulphide mineralisation of both the Bartel and Chapman Prospects it is planned to carry out preliminary metallurgical test work to evaluate the potential to produce a quality high grade copper concentrate.

Risk Management and Internal Controls

Procedures and systems of internal control which outline and monitor, amongst other things, workplace health and safety standards, environmental standards, employee and community relations and risk management decisions are in place.

So that the board is aware of the current status of Dominion Mining Limited and its controlled entities and to enable informed decisions to be made, the board regularly reviews operating and financial information.

The board is of the view that it is crucial for all directors and executives to be a part of this process, and as such the board has not established a separate risk management committee.

Where appropriate, competent external advice is obtained by management to audit proposals prior to presentation to and decision by the board.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Implementation of board approved operating plans and budgets and board monitoring of the progress both of a financial and non-financial nature against these budgets.
- Regular reporting on specific business risks, including such matters as occupational health and safety, mine operational parameters including monitoring and independent audit of ground conditions, cash investment criteria and cash flow management.
- The establishment of a gold hedge risk management policy which establishes the criteria for selling forward against future gold production.
- The requirement for the managing director and finance director to certify the integrity of the financial statements and the effectiveness of internal control systems.

Significant Changes in the State of Affairs

Total assets have decreased by $2,088,000 over the year to $144,455,000. The decrease is mainly attributable to a decrease in cash of $26,479,000 offset by a net increase (after depreciation and amortisation) in plant and equipment and mine properties of $24,373,000, a result of expenditure on the ventilation shaft, mill expansion, new tailings storage facility, ongoing mine development and resource/reserve evaluation drilling.

Total liabilities increased by $2,721,000 over the year to $22,307,000. This was due to an increase in trade and other payables of $1,574,000 (principally reflecting the increase of the mining contractor's charges) and derivatives of $1,010,000 which relates to the unrealised mark to market value of gold forward sale contracts.

In the opinion of the directors, there were no other significant changes in the state of affairs of Dominion Mining Limited and its controlled entities that occurred during the year not otherwise disclosed in this report or the consolidated financial statements.

Dividends

On 19 February 2010 the directors declared an interim unfranked dividend of 2 cents per share. The record date for the dividend was 17 March 2010 with the payment date 31 March 2010. Total amount paid was $2,013,000.

On 27 August 2010 directors declared a final unfranked dividend of 4 cents per share. The record date for the dividend was 17 September 2010 with the dividend to be paid on 30 September 2010. Total payment will be $4,132,000.

Events Subsequent to Balance Date

No matter or circumstance has arisen 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 not otherwise disclosed in this report or the consolidated financial statements.

Directors' and Officers' Indemnity and Insurance

During the year, Dominion Mining Limited has paid premiums in respect of directors' and executive officers' liability insurance contracts.

These policies indemnify persons who are directors or executive officers of Dominion Mining Limited and its controlled entities against certain losses, which could arise if a claim was made against them. There have been no claims made at the date of this report. The premium has not been determined on an individual entity, director or officer basis. Dominion Mining Limited is prohibited by a confidentiality agreement within the contract for insurance from disclosing any further details of the insurance.

No other agreements to indemnify directors, executive officers or auditors have been entered into, nor have any payments in relation to indemnification been made, during or since the year by Dominion Mining Limited.

Environmental Regulation and Performance

The consolidated entity from time to time is required to enter into rehabilitation performance bonds over its mining and exploration tenements. The bonds are in favour of the departments in the various states and territories of Australia responsible for overseeing the rehabilitation of areas in which mining and exploration work is conducted. The bonds require that at the conclusion of the mining and/or exploration activities specific rehabilitation work be performed to minimise the environmental impact of those activities. The liability for the rehabilitation work is generally transferred with any change in ownership.

There have been no known breaches by the consolidated entity of any bond conditions.

In addition rehabilitation work is carried out on an ongoing basis during the course of the operations to an extremely high standard.

Corporate Structure

Dominion Mining Limited is a company limited by shares that is incorporated and domiciled in Australia. Dominion Mining Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year.

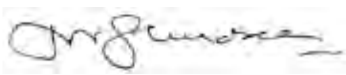
Auditor Independence and Non Audit Services

During the year the auditors of the consolidated entity Ernst & Young preserved their independence as required under Section 307C of the Corporations Act 2001 and did not perform any services other than that as required under statutory regulations.

The directors received the Auditors' Independent Declaration from the auditor of Dominion Mining Limited as disclosed on page 90 of this report.

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.



Jonathan N Shellabear
Managing Director
29 September 2010

Peter C Joseph
Chairman
29 September 2010

FINANCIAL STATEMENTS

DOMINION MINING LIMITED
AND ITS CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

		CONSOLIDATED	
	Note	30 June 2010 $'000	30 June 2009 $'000
CURRENT ASSETS			
Cash	19(a)	15,875	42,354
Trade and other receivables	6	6,329	5,356
Inventory	7	4,214	3,523
Other	8	277	181
TOTAL CURRENT ASSETS		26,695	51,414
NON-CURRENT ASSETS			
Plant and equipment	9	30,097	17,900
Mine properties	10	71,336	59,160
Deferred tax asset	5	16,327	18,069
TOTAL NON-CURRENT ASSETS		117,760	95,129
TOTAL ASSETS		144,455	146,543
CURRENT LIABILITIES			
Trade and other payables	11	12,619	11,045
Interest bearing loans and borrowings	12	75	140
Provisions	13	2,945	2,699
Derivatives Held For Trading	22(d)	5,598	4,588
TOTAL CURRENT LIABILITIES		21,237	18,472
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	14	-	75
Provisions	15	1,070	1,039
TOTAL NON-CURRENT LIABILITIES		1,070	1,114
TOTAL LIABILITIES		22,307	19,586
NET ASSETS		122,148	126,957
EQUITY			
Issued capital	16(a)	53,530	53,020
Retained earnings		57,598	65,077
Employee equity benefits reserve	17	11,020	8,860
TOTAL EQUITY		122,148	126,957

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

DOMINION MINING LIMITED
AND ITS CONTROLLED ENTITIES
STATEMENT OF COMPREHENSIVE INCOME

AS AT 30 JUNE 2010

		CONSOLIDATED	
	Note	30 June 2010 $'000	30 June 2009 $'000
Continuing Operations			
Sale of gold		96,817	109,943
Other revenue		882	2,665
Revenue	4(a)	97,699	112,608
Cost of goods sold	4(b)	(82,585)	(61,132)
Gross Profit		**15,114**	**51,476**
Gain on sale of financial asset held for trading		-	77
Gain on sale of mineral rights and other assets		-	59
Gain on sale of plant and equipment		8	-
Exploration and evaluation expenditure		(4,531)	(5,050)
Administration costs	4(c)	(2,857)	(3,963)
Share-based payments to employees	4(d)	(2,160)	(4,939)
Change in fair value of undesignated gold contracts held for trading		(1,010)	(1,952)
Finance costs	4(e)	(49)	(29)
PROFIT/(LOSS) BEFORE INCOME TAX		**4,515**	**35,679**
Income tax expense	5	(1,741)	(4,547)
NET PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF DOMINION MINING LIMITED		**2,774**	**31,132**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR NET OF TAX		**2,774**	**31,132**
Basic earnings per share (cents per share)	18	2.69	30.38
Diluted earnings per share (cents per share)	18	2.68	30.33

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

DOMINION MINING LIMITED
AND ITS CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

CONSOLIDATED	*Issued Capital* *$'000*	*Retained Profits / (Accumulated Losses)* *$'000*	*Employee Equity Benefits Reserve* *$'000*	*Total* *$'000*
At 1 July 2008	52,358	48,326	3,921	104,605
Profit for the period	-	31,132	-	31,132
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	31,132	-	31,132
Equity transactions:				
Cost of share based payment	-	-	4,939	4,939
Issue of share capital	662	-	-	662
Payment of dividends	-	(14,381)	-	(14,381)
30 June 2009	53,020	65,077	8,860	126,957
Profit for the period	-	2,774	-	2,774
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	2,774	-	2,774
Equity transactions:				
Cost of share based payment	-	-	2,160	2,160
Issue of share capital	510	-	-	510
Payment of dividends	-	(10,253)	-	(10,253)
30 June 2010	53,530	57,598	11,020	122,148

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

DOMINION MINING LIMITED
AND ITS CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS

AS AT 30 JUNE 2010

	Note	CONSOLIDATED 30 June 2010 $'000	30 June 2009 $'000
CASH FROM OPERATING ACTIVITIES			
Receipts from gold sales		96,208	112,739
Payments to suppliers and employees		(63,353)	(54,199)
Exploration and evaluation expenditure		(4,281)	(5,052)
Interest received		882	2,665
Interest paid		(18)	(29)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	19(b)	29,438	56,124
CASH FROM INVESTING ACTIVITIES			
Resource evaluation and mine development expenditure		(40,656)	(28,904)
Acquisition of plant and equipment		(5,406)	(10,311)
Proceeds from sale of plant and equipment		28	73
Proceeds from sale of financial assets held for trading		-	77
Acquisition of Resolute Royalty		-	(10,623)
NET CASH (USED IN)/FROM INVESTING ACTIVITIES		(46,034)	(49,688)
CASH FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares and conversion of options		300	662
Repayment of finance lease principal		(140)	(249)
Payment of dividends		(10,043)	(14,381)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES		(9,883)	(13,968)
NET (DECREASE)/INCREASE IN CASH HELD		(26,479)	(7,532)
OPENING CASH BALANCE		42,354	49,886
CLOSING CASH BALANCE	19(a)	15,875	42,354

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

1. Summary of Significant Accounting Policies

(a) Basis of preparation

The financial report of Dominion Mining Limited and its Controlled Entities (the "Consolidated Entity") for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on 29 September 2010.

The company is limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The principal activities of the consolidated entity during the year involved the operation of the Challenger Gold Project and mineral exploration in Western Australia and the Gawler Craton region of South Australia.

The financial report is a general-purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis except for derivative financial instruments classified as held for trading which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ("$'000"), unless otherwise stated, under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the class order applies.

(b) Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) New accounting standards and interpretations

From 1 July 2009 the consolidated entity has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2009. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the consolidated entity.

<u>AASB 3 Business Combinations (revised 2008) and AASB 127 Consolidated and Separate Financial Statements (revised 2008)</u>

The group elected to early adopt the revised standards from 1 January 2009 (instead of 1 July 2009). AASB 3 (revised 2008) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interests (previously "minority interests"), the accounting for transaction costs, the initial recognition and subsequent measurement of contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period when an acquisition occurs and future reported results.

AASB 127 (revised 2008) requires that a change in the ownership interest of a subsidiary (without a change in control) is to be accounted for as a transaction with owners in their capacity as owners. Therefore such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss in the statement of comprehensive income. Furthermore the revised standard changes the accounting for losses incurred by a partially owned subsidiary as well as the loss of control of a subsidiary. The changes in AASB 3 (revised 2008) and AASB 127 (revised 2008) will affect future acquisitions, changes in, and loss of control of, subsidiaries and transactions with non-controlling interests.

The change in accounting policy was applied prospectively and had no material impact on earnings per share.

1. Summary of Significant Accounting Policies (continued)

(c) New accounting standards and interpretations (continued)

AASB 7 Financial Instruments: Disclosures

The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to all financial instruments recognised and measured at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in note 22. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in note 22.

AASB 8 Operating Segments

AASB 8 replaced AASB 114 *Segment Reporting* upon its effective date. The group concluded that the operating segments determined in accordance with AASB 8 are the same as the business segments previously identified under AASB 114. AASB 8 disclosures are shown in note 5, including the related revised comparative information.

AASB 101 Presentation of Financial Statements

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The group has elected to present one statement.

The consolidated entity has not elected to early adopt any new standards or amendments.

1. Summary of Significant Accounting Policies (continued)

(c) New accounting standards and interpretations (continued)

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the consolidated entity for the period ended 30 June 2010. These are outlined in the table below:

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting except for the following: The amendment to AASB 117 removes the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible vs property, plant and equipment) needs to be determined. The amendment to AASB 101 stipulates that the terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification. The amendment to AASB 107 explicitly states that only expenditure that results in a recognised asset can be classified as a cash flow from investing activities. The amendment to AASB 118 provides additional guidance to determine whether an entity is acting as a principal or as an agent. The features indicating an entity is acting as a principal are whether the entity: ► has primary responsibility for providing the goods or service; ► has inventory risk; ► has discretion in establishing prices; ► bears the credit risk.	1 January 2010	1 July 2010

1. Summary of Significant Accounting Policies (continued)

(c) New accounting standards and interpretations (continued)

AASB 2009-5 (con't)	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	The amendment to AASB 136 clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment, as defined in IFRS 8 before aggregation for reporting purposes. The main change to AASB 139 clarifies that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract. The other changes clarify the scope exemption for business combination contracts and provide clarification in relation to accounting for cash flow hedges.		
AASB 2009-8	Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]	This Standard makes amendments to Australian Accounting Standard AASB 2 *Share-based Payment* and supersedes Interpretation 8 *Scope of AASB 2* and Interpretation 11 *AASB 2 – Group and Treasury Share Transactions*. The amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments clarify the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.	1 January 2010	1 July 2010
AASB 2009-10	Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]	The amendment provides relief to entities that issue rights in a currency other than their functional currency, from treating the rights as derivatives with fair value changes recorded in profit or loss. Such rights will now be classified as equity instruments when certain conditions are met.	1 February 2010	1 July 2010

1. Summary of Significant Accounting Policies (continued)

(c) New accounting standards and interpretations (continued)

AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below. (a) Financial assets are classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria. (b) AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.	1 January 2013	1 July 2013

1. Summary of Significant Accounting Policies (continued)

(c) New accounting standards and interpretations (continued)

AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes: ► two categories for financial assets being amortised cost or fair value; ► removal of the requirement to separate embedded derivatives in financial assets; ► strict requirements to determine which financial assets can be classified as amortised cost or fair value, Financial assets can only be classified as amortised cost if (a) the contractual cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows; ► an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition; ► reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes; ► changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income.	1 January 2013	1 July 2013

1. Summary of Significant Accounting Policies (continued)

(c) New accounting standards and interpretations (continued)

AASB 124 (Revised)	Related Party Disclosures (December 2009)	The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including: (a) the definition now identifies a subsidiary and an associate with the same investor as related parties of each other; (b) entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and (c) the definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other. A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.	1 January 2011	1 July 2011
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. In particular, it amends AASB 8 *Operating Segments* to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. It also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB.	1 January 2011	1 July 2011

1. Summary of Significant Accounting Policies (continued)

(c) New accounting standards and interpretations (continued)

AASB 2010-3	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139]	Limits the scope of the measurement choices of non-controlling interest at proportionate share of net assets in the event of liquidation. Other components of NCI are measured at fair value. Requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration and post combination expenses. Clarifies that contingent consideration from a business combination that occurred before the effective date of AASB 3 Revised is not restated. Eliminates the requirement to restate financial statements for a reporting period when significant influence or joint control is lost and the reporting entity accounts for the remaining investment under AASB 139. This includes the effect on accumulated foreign exchange differences on such investments.	1 July 2010	1 July 2010
AASB 2010-4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]	Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions. Clarify that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.	1 January 2011	1 July 2011

1. **Summary of Significant Accounting Policies (continued)**

(c) New accounting standards and interpretations (continued)

Interpretation 19	Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	This interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability. The interpretation states that equity instruments issued in a debt for equity swap should be measured at the fair value of the equity instruments issued, if this can be determined reliably. If the fair value of the equity instruments issued is not reliably determinable, the equity instruments should be measured by reference to the fair value of the financial liability extinguished as of the date of extinguishment.	1 July 2010	1 July 2010

The impact of the adoption of these new and revised standards and interpretations has not been determined by the company.

1. Summary of Significant Accounting Policies (continued)

(d) Principles of Consolidation

The consolidated financial statements comprise a consolidation of the financial statements of Dominion Mining Limited and all entities controlled by Dominion Mining Limited at the end of the year.

Where there is a gain/loss of control of a controlled entity, the consolidated financial statements include the results for that part of the reporting period during which Dominion Mining Limited had control.

The financial statements of controlled entities are prepared for the same reporting period as Dominion Mining Limited, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist. All inter-entity balances and transactions, and unrealised profits or losses arising from inter-entity transactions, have been eliminated in full.

(e) Revenue Recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Sale of gold

Revenue from sales of gold is recognised when there has been a passing of the significant risks and rewards of ownership, which means the following:

- The product is in a form suitable for delivery and no further processing is required by or on behalf of the consolidated entity;
- The quantity and quality (grade) of the product can be determined with reasonable accuracy;
- The product has been despatched to the customer and is no longer under the physical control of the consolidated entity;
- The selling price can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the consolidated entity; and
- The costs incurred, or expected to be incurred, in respect of the transaction can be measured reliably.

Interest

Revenue is recognised as the interest accrues using the effective interest rate method (which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

(f) Foreign Currency Translation

Both the functional and presentation currency of Dominion Mining Limited and its controlled entities is Australian Dollars.

Foreign currency transactions during the year are converted to Australian dollars at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at period end.

(g) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring and bringing the inventories to their existing condition and location but excludes overheads. Cost is accounted for as follows:

Bullion

Lower of average cost and net realisable value. Cost included fixed direct costs and variable direct costs.

1. Summary of Significant Accounting Policies (continued)

(g) Inventories (continued)

Gold in circuit

Lower of cost and net realisable value. The average cash cost of production for the month is used and allocated to gold that is in the circuit at period end.

Stores

Purchase cost on a weighted average cost method.

Ore stockpiles

Contractor cost of mining on an average cost method.

Work in progress

Contractor cost of mining and processing at an average cost method.

(h) Plant and Equipment

Plant and equipment located on the mine site is included at cost less depreciation and any impairment in value. All such assets are depreciated over the estimated remaining economic life of the mine, using a units of production basis and based on proven and probable reserves.

All other plant and equipment is included at cost less provision for depreciation and any impairment in value and depreciated on a straight-line basis commencing from the time the asset is held ready for use. The depreciation periods are from 3 to 12 years (2009: 3 to 12 years).

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

(i) Mine Properties

Mine development expenditure represents the costs incurred in preparing mines for production. These costs are capitalised to the extent they are expected to be recouped through successful exploitation of the related mining leases. Once production commences, these costs are amortised using the units-of-production method based on the estimated economically recoverable reserves proven and probable to which they relate or are written off if the mine property is abandoned.

Impairment

The carrying value of capitalised mine development expenditure is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

The recoverable amount of capitalised mine development expenditure is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

(j) Exploration and Evaluation Costs

Exploration and evaluation expenditure is charged against earnings as incurred, unless it relates to an area of interest in production.

Exploration and evaluation expenditure is allocated separately to specific areas of interest. Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure directly related to activities in the area of interest.

1. Summary of Significant Accounting Policies (continued)

(j) Exploration and Evaluation Costs (continued)

Costs related to the acquisition of properties that contain mineral resources are allocated separately to specific areas of interest. These costs are capitalised until the viability of the area of interest is determined. If no mineable ore body is discovered, capitalised acquisition costs are expensed in the period in which it is determined that the area of interest has no future economic value.

When a decision to proceed to development is made the exploration and evaluation capitalised to that area is transferred to mine development within property, plant and equipment. All costs subsequently incurred to develop a mine prior to the start of mining operations within the area of interest are capitalised and carried at cost. These costs include expenditure incurred to develop new ore bodies within the area of interest, to define further mineralisation in existing areas of interest, to expand the capacity of a mine and to maintain production.

Capitalised amounts for an area of interest may be written down if discounted future cash flows related to the area of interest are projected to be less than its carrying value.

(k) Impairment of Assets other than Goodwill

At each reporting date, the company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(l) Taxation

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the balance sheet date.

Deferred Income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

i. Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of transaction, affects neither the accounting profit nor taxable profit or loss; and

ii. In respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

(a) When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

1. Summary of Significant Accounting Policies (continued)

(l) Taxation (continued)

(b) When the deductible temporary difference is associated with investments in subsidiaries, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(m) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(n) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the balance date. These benefits include wages, salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits due to be settled within twelve months of the balance date are measured at their nominal amounts based on remuneration rates which are due to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the balance date.

Contributions are made to employee superannuation plans and are charged as expenses when incurred. Dominion Mining Limited and its controlled entities have no legal obligation to cover any shortfall in the plan's obligation to provide benefits to employees on retirement.

The value of options issued under the employee share option scheme are recognised as an expense as detailed in note 1(o) "Share-based payments".

1. Summary of Significant Accounting Policies (continued)

(o) Share-based payments

The consolidated entity provides benefits to employees (including directors) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (“equity settled transactions”).

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date they are granted. The value is determined using a binomial model. The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“vesting date”).

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects:

- The extent to which the vesting period has expired; and
- The number of awards that, in the opinion of the directors, will ultimately vest. The opinion is formed based on the best available information at balance date.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(p) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis.

Finance leases

Leases which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item to the company are capitalised at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and charged directly to the income statement.

1. Summary of Significant Accounting Policies (continued)

(q) Jointly Controlled Assets

The interest in unincorporated business undertakings, including joint ventures, is brought to account by including in the respective classification categories:

i. the share in each of the individual assets employed in the business undertakings;

ii. liabilities incurred in relation to business undertakings including the share of any liabilities for which the entities are jointly and/or severally liable; and

iii. the share of expenses of the business undertakings.

(r) Cash and Cash Equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(s) Derivative Financial Instruments

Derivative financial instruments are used by the group to provide an economic hedge of exposures to gold prices and exchange rates. The consolidated entity does not apply hedge accounting and accordingly all fair value movements on derivative financial instruments are recognised in the income statement.

Derivative financial instruments are stated at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the statement of comprehensive income immediately.

(t) Interest Bearing Liabilities

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised and as well as through the amortisation process.

(u) Financial assets

Financial assets in the scope of AASB 139 “Financial Instruments – Recognition and Measurement” are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments or available for sale investments as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The consolidated entity determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates the designation at each financial year end.

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category “financial assets at fair value through profit or loss”. Financial assets are classified as held for trading if they are acquired for the purposes of selling them in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains and losses on investments held for trading are recognised in profit or loss.

1. Summary of Significant Accounting Policies (continued)

(v) Restoration Costs

The provision for restoration represents the cost of restoring site damage after the commencement of production. The group records the present value of the estimated cost of legal and constructive obligations to restore the site, and any associated environmental obligations, in the period in which the obligation arises.

The provision for restoration costs is based on the net present value of estimated future costs, and does not include any additional obligations which are expected to arise from future production. The estimated costs are determined separately for each operation and are updated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated life of the operation.

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provision is charged to the income statement in each accounting period, and is disclosed as a financing cost.

Other changes in the measurement of an existing restoration obligation that result from changes in the estimated timing or amount of future costs, or a change in the discount rate, are recognised as an adjustment to mine development costs.

(w) Non-Executive Directors' Retirement Benefits

Retirement benefits for non-executive directors are calculated on the following basis. After three years of service, the directors become entitled to a payment of one year's fees on retirement, benefits then continue to accrue on a pro rata basis up to nine years of service where the maximum benefit is three years' fees on retirement. The resulting liability is measured as the present value of expected future payments to be made. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the future cash outflows.

(x) Trade & Other Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the group prior to the end of the financial year that are unpaid and arise when the group becomes obliged to make future payments in respect of the purchase of these goods and services.

(y) Trade & Other Receivables

Trade receivables, which generally have 30 to 90 day terms, are carried at nominal amounts due less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the group will not be able to collect the debts. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. Bad debts are written off when identified.

(z) Borrowing costs

Borrowing costs are expensed as incurred except where they relate to the financing of projects under construction where they are capitalised up to the date of commissioning or sale.

(aa) Earnings per Share

Basic EPS is calculated as net profit attributable to ordinary equity holders, adjusted to exclude costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated as net profit attributable to ordinary equity holders, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and

1. Summary of Significant Accounting Policies (continued)

(aa) Earnings per Share (continued)

- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares adjusted for any bonus element.

(bb) Contributed equity

Ordinary share capital is recognised at the fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

2. Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty

(a) Significant accounting judgements

In the process of applying the group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

<u>Determination of mineral resources and ore reserves</u>

The group's policy for estimating its mineral resources and ore reserves requires that the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 (the 'JORC code') be used as a minimum standard. The information on mineral resources and ore reserves were prepared by or under the supervision of Competent Persons as defined in the JORC code. The amounts presented are based on the mineral resources and ore reserves determined under the JORC code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated. Such changes in reserves could impact on depreciation and amortisation rates, asset carrying values and provisions for decommissioning and restoration.

<u>Capitalisation of exploration and evaluation expenditure</u>

Under AASB 6 *Exploration for and Evaluation of Mineral Resources*, the group has the option to either expense exploration and evaluation expenditure as incurred, or to capitalise such expenditure (provided certain conditions are satisfied). The group has elected, when the conditions in AASB 6 are met, to expense these costs as incurred, except for expenditure in relation to areas in production when such expenditure is capitalised.

(b) *Significant accounting estimates and assumptions*

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

<u>Impairment of capitalised mine development expenditure</u>

The future recoverability of capitalised mine development expenditure is dependent on a number of factors, including the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

2. Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty (continued)

(b) Significant accounting estimates and assumptions (continued)

To the extent that capitalised mine development expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

Share-based payment transactions

The group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the assumptions detailed in Note 23. The accounting estimates and assumptions relating to equity-settled transactions will have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Impairment of property, plant and equipment

Property, plant and equipment is reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Where a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of “value in use” (being the net present value of expected future cash flows of the relevant cash generating unit) and “fair value less costs to sell”.

In determining value in use, future cash flows are based on:

- Estimates of the quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- Future production levels;
- Future commodity prices; and
- Future cash costs of production and capital expenditure.

Variations to the expected future cash flows, and the timing thereof, could result in significant changes to any impairment losses recognised, if any, which could in turn impact future financial results.

Provisions for decommissioning and restoration costs

Decommissioning and restoration costs are a normal consequence of mining and the majority of this expenditure is incurred at the end of a mine’s life. In determining an appropriate level of provision consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the mine), and the estimated future level of inflation.

The ultimate cost of decommissioning and restoration is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in reserves or to production rates.

Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

Recoverability of potential deferred income tax assets

The group recognises deferred income tax assets in respect of tax losses to the extent that the future utilisation of these losses is considered probable. Assessing the future utilisation of these losses requires the consolidated entity to make significant estimates related to expectations of future taxable income. To the extent that future cash flows and taxable income differ significantly from estimates, this could result in significant changes to the deferred income tax assets recognised, which would in turn impact future financial results.

3. Dividends Paid or Proposed

	30 June 2010 Cents per share	30 June 2010 Total $'000	30 June 2009 Cents per share	30 June 2009 Total $'000
Fully paid ordinary shares				
Final dividend for the financial year ended 30 June 2008 (unfranked) (record date 15/09/08)			8.0	8,201
Interim dividend for the financial year ended 30 June 2009 (unfranked) (record date 16/03/09)			6.0	6,180
				14,381
Final dividend for the financial year ended 30 June 2009 (unfranked) (record date 16/09/2009)	8.0	8,240		
Interim dividend for the financial year ended 30 June 2010 (unfranked) (record date 17/03/10)	2.0	2,013		
		10,253		
Dividend declared subsequent to year end				
Final dividend for the financial year ended 30 June 2010 (unfranked) (record date 17/09/10/) (refer to note 28)	4.0	4,132		

The company has a Dividend Reinvestment Plan (**DRP**) to enable eligible shareholders to re-invest dividends in additional Dominion shares. Participation in the plan is entirely optional and shareholders may join the plan for some or all of their shareholding subject to a minimum participation of 1,000 shares. The issue price for DRP shares will be based on a 5% discount to the average market price of Dominion's shares calculated in accordance with the rules of the DRP. The rules of the DRP are available on the company web site at (www.dml.com.au).

4. Revenues and Expenses

		CONSOLIDATED	
		30 June 2010 $'000	**30 June 2009 $'000**
(a)	**Revenue**		
	Sale of gold	96,817	109,943
	Other revenue		
	Finance income - interest	882	2,665
	Dividend received – related party	-	-
		97,699	112,608
(b)	**Cost of goods sold**		
	Production costs	57,520	43,830
	Royalties – government mining	3,389	2,554
	Royalties – other corporations	336	1,613
	Depreciation and amortisation*	21,340	13,135
		82,585	61,132
	**Depreciation and amortisation included in cost of goods sold*		
	Plant and equipment	4,085	3,140
	Mine properties	17,255	9,995
		21,340	13,135
(c)	**Administration costs**		
	Corporate administration	2,487	3,612
	Operating lease rental	291	275
	Depreciation	79	76
		2,857	3,963
(d)	**Share-based payments to employees**	2,160	4,939
(e)	**Finance costs**		
	Interest expense	18	29
	Provision discount adjustment - restoration	31	-
		49	29
(f)	**Employee benefits**		
	Included in cost of goods sold	2,951	2,745
	Included in exploration and evaluation expenditure	1,979	2,039
	Included in administration costs	1,075	1,691
	Share-based payments	2,160	4,939
		8,165	11,414

5. Income Tax

	CONSOLIDATED	
	30 June 2010 $'000	30 June 2009 $'000
The major components of income tax expense/(benefit) are:		
Income Statement		
Current income tax		
Current year	(290)	7,469
Prior year losses recognised and recouped	-	(7,469)
	(290)	-
Deferred income tax		
Relating to recognition of previously unrecognised tax losses	-	(8,986)
Relating to origination and reversal of temporary differences	2,297	13,533
Adjustment for prior periods	(266)	-
	1,741	4,547
Income tax expense/(benefit) reported in the income statement	1,741	4,547

A reconciliation between tax expense and the product of accounting profit/(loss) before income tax multiplied by the group's applicable income tax rate is as follows:

	30 June 2010 $'000	30 June 2009 $'000
Accounting profit/(loss) before income tax	4,515	35,679
At the group's statutory income tax rate of 30% (2009: 30%)	1,354	10,704
Expenditure not allowable for income tax purposes	653	1,484
Losses (recognised)/not recognised	-	(7,641)
Adjustment for prior periods	(266)	-
Income tax expense (benefit) reported in the income statement	1,741	4,547

Deferred income tax

Deferred income tax at 30 June relates to the following:

5. **Income Tax (continued)**

	BALANCE SHEET		INCOME STATEMENT	
	30 June 2010 $'000	30 June 2009 $'000	30 June 2010 $'000	30 June 2009 $'000
CONSOLIDATED				
Deferred tax liabilities				
Capitalised costs in inventory	(284)	(258)	(26)	(24)
Property, plant and equipment	(257)	-	(257)	-
Mine development	(11,110)	(8,698)	(2,412)	(8,698)
Resolute royalty	(2,651)	(3,015)	364	(3,015)
Other	(376)	(362)	(14)	(198)
Deferred tax assets				
Property, plant and equipment	-	739	(739)	(86)
Mine development	-	-	-	(2,571)
Fair value change of undesignated gold contracts	1,679	1,376	303	585
Other	1,329	1,273	56	474
Losses available for offset against future taxable income	27,997	27,014	984	8,986
Gross deferred income tax assets	16,327	18,069		
Deferred tax (expense) benefit			(1,741)	(4,547)

The Dominion Mining Limited tax consolidated group has estimated unrecouped tax losses of $93,323,318 (2009: $90,046,002) and estimated unrecouped net capital losses of $202,355,090 (2009: $203,167,028) available to be offset against future taxable income. A deferred tax asset of $27,996,995 ($93,323,318 at 30%) has been recognised by the group on the basis that it is probable that there will be future taxable income available against which the tax losses can be utilised (refer note 1 (l)). The deferred tax asset on tax losses is reduced by the net deferred tax liability of $11,669,584 arising on temporary differences which relate primarily to the deferred tax liability of $11,110,147 on mine development.

6. **Trade and Other Receivables (Current)**

	CONSOLIDATED	
	30 June 2010 $'000	30 June 2009 $'000
Sundry debtors	2,727	2,364
Trade receivables on gold sales	3,602	2,992
	6,329	5,356

Terms and conditions of the above financial instruments:

(i) Sundry debtors are primarily comprised of GST receivables and diesel fuel tax credits and are non-interest bearing and have repayment terms between 15 and 60 days.

(ii) Trade receivables have payment terms between 2 and 7 days. No amounts are past due.

Trade receivables and other receivables are carried at nominal amounts due less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the group will not be able to collect the debts. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. Bad debts are written off when identified.

7. Inventory

	CONSOLIDATED	
	30 June 2010 $'000	30 June 2009 $'000
Stores inventory	2,482	1,896
Ore stockpiles	446	587
Work in progress	611	297
Gold bullion	675	743
	4,214	3,523

Inventory is shown at cost.

8. Other Current Assets

	CONSOLIDATED	
	30 June 2010 $'000	30 June 2009 $'000
Prepayments	277	181

9. Plant and Equipment

	CONSOLIDATED	
	30 June 2010 $'000	30 June 2009 $'000
Plant and equipment – mine site		
At cost	53,395	36,585
Less accumulated depreciation	(23,603)	(19,279)
	29,792	17,306
Plant and equipment – under finance lease[1]		
At cost	307	1,166
Less accumulated depreciation	(265)	(1,038)
	42	128
[1] Finance Leases are secured against the assets to which they relate.		
Plant and equipment – other		
At cost	1,328	1,200
Less accumulated depreciation	(1,065)	(734)
	263	466
Total plant and equipment	30,097	17,900

Reconciliation

Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current financial year:

	30 June 2010 $'000	30 June 2009 $'000
Plant and equipment – mine site		
Carrying amount at beginning	17,306	9,988
Additions	5,314	10,048
Depreciation expense	(3,572)	(2,725)
Transfer*	10,744	-
Disposals	-	(5)
	29,792	17,306

* Work in Progress relates to the ventilation shaft and mill expansion assets. These assets were disclosed as *Mine Properties - Work in Progress* until each was commissioned in March 2010. At this point the ventilation shaft assets ($9,712,000) were transferred to *Mine Properties – Mine Development Costs* and the mill expansion assets ($10,739,000) were transferred to *Plant and Equipment - Mine Site*. Refer to note 10.

9. Plant and Equipment (continued)

	CONSOLIDATED	
	30 June 2010 $'000	30 June 2009 $'000
Plant and equipment – under finance lease		
Carrying amount at beginning	128	234
Additions	-	-
Disposals	-	(1)
Depreciation expense	(63)	(233)
Transfer	(23)	128
	42	128
Plant and equipment – other		
Carrying amount at beginning	466	603
Additions	92	260
Disposals	(20)	(11)
Depreciation expense	(294)	(258)
Transfer	19	(128)
	263	466

10. Mine Properties

	CONSOLIDATED	
	30 June 2010 $'000	30 June 2009 $'000
Mine development costs		
At cost	138,886	103,977
Less accumulated depreciation	(67,550)	(49,810)
	71,336	54,167
Work in progress		
At cost	-	4,993
Total mine properties	71,336	59,160

Reconciliation

Reconciliation of the carrying amount of mine properties at the beginning and end of the current financial year.

	30 June 2010 $'000	30 June 2009 $'000
Mine development costs		
Carrying amount at beginning	54,167	29,628
Additions	25,197	34,546
Amortisation for the year	(17,740)	(9,995)
Transfers	9,712	(12)
	71,336	54,167
*Work in progress**		
Carrying amount at beginning	4,993	-
Additions	15,459	4,981
Amortisation for the year	-	-
Transfers	(20,452)	12
	-	4,993

* Work in Progress relates to the ventilation shaft and mill expansion assets. These assets were disclosed as *Mine Properties - Work in Progress* until each was commissioned in March 2010. At this point the ventilation shaft assets ($9,712,000) were transferred to *Mine Properties – Mine Development Costs* and the mill expansion assets ($10,739,000) were transferred to *Plant and Equipment - Mine Site*. Refer to note 9.

11. Trade and Other Payables (Current)

	CONSOLIDATED 30 June 2010 $'000	CONSOLIDATED 30 June 2009 $'000
Trade creditors	12,619	11,045

Terms and conditions of the above financial instruments:

(i) Trade creditors are non-interest bearing and are normally settled on 30 day terms.

12. Interest Bearing Loans and Borrowings (Current)

	CONSOLIDATED 30 June 2010 $'000	CONSOLIDATED 30 June 2009 $'000
Hire purchase liability	75	140

Certain motor vehicles and light equipment have been purchased under hire purchase arrangements. The term of the hire purchase arrangements varies from 12 to 36 months with an average annual interest rate of 8.7% (2009: 7.9%).

13. Provisions (Current)

	CONSOLIDATED 30 June 2010 $'000	CONSOLIDATED 30 June 2009 $'000
Employee entitlements		
Annual leave	989	966
Long service leave	702	622
Retirement benefits for directors*	1,254	1,111
	2,945	2,699

**Non executive directors are entitled to a retirement benefit which is calculated on years of service and capped at three times the director's annual fee after nine years of service.*

14. Interest Bearing Liabilities (Non Current)

	CONSOLIDATED 30 June 2010 $'000	CONSOLIDATED 30 June 2009 $'000
Hire purchase liability	-	75

15. Provisions (Non-Current)

	CONSOLIDATED 30 June 2010 $'000	CONSOLIDATED 30 June 2009 $'000
Restoration	1,070	1,039
Reconciliation		
Opening balance	1,039	686
Additional provision	-	353
Fair value change	31	-
Closing balance	1,070	1,039

16. Issued Capital

	CONSOLIDATED 30 June 2010 $'000	CONSOLIDATED 30 June 2009 $'000
(a) Issued and paid up capital		
Ordinary shares fully paid	53,530	53,020

16. Issued Capital (continued)

	CONSOLIDATED			
	30 June 2010		30 June 2009	
	Shares	$'000	Shares	$'000
(b) Movements in shares on issue				
Beginning of the financial year	102,996,351	53,020	102,471,351	52,358
Issued during the year				
- Exercise of employee options	253,000	300	525,000	662
- Dividend re-investment	77,708	210	-	-
End of the financial year	103,327,059	53,530	102,996,351	53,020

(c) Share options

The company has a share-based payment option scheme under which options to subscribe for the company's shares have been granted to certain executives and other employees (refer note 21).

(d) Terms and conditions

Ordinary shares
Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

As per the Corporations Act 2001 the company does not have authorised capital and ordinary shares do not have a par value.

Options
Option holders do not have any right, by virtue of the option, to participate in any share issue of the company or any related body corporate or in the interest issue of any other registered scheme.

(e) Capital management

Capital is defined as shares on issue. The objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders. Other than the issue of shares following the exercise of unlisted employee options no shares were issued during the current financial year. The company has no current plans to issue further shares other than those resulting from the exercise of unlisted employee options.

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

17. Employee Equity Benefits Reserve

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Movements in this reserve are set out in the statement of changes in equity.

18. Earnings Per Share

	CONSOLIDATED	
	2010 $'000	2009 $'000
Earnings used in calculating basic and diluted earnings per share	2,774	31,132
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	103,194,466	102,459,401
Effect of dilution:		
share options	122,784	178,522
Weighted average number of ordinary shares adjusted for the effect of dilution	103,317,250	102,637,923

18. Earnings Per Share (continued)

No options have been exercised since 30 June 2010 and there have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

19. Statement of Cash Flows

	CONSOLIDATED	
	30 June 2010 $'000	30 June 2009 $'000
(a) Reconciliation of cash		
Cash balances comprise:		
Cash at bank	15,875	42,354

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Included in cash at bank is $1,490,000 of restricted cash against bank guarantees supporting various rehabilitation and performance bonds.

	CONSOLIDATED	
	30 June 2010 $'000	30 June 2009 $'000
(b) Reconciliation of profit after income tax to the net cash used in operating activities		
Profit after tax	2,774	31,132
Non cash items		
Depreciation and amortisation	21,669	13,211
Movement in fair value of derivatives	1,010	1,952
Share-based payment	2,160	4,939
Net (gain) loss on sale of non-current assets	(8)	(136)
Unwinding of discount on rehabilitation	31	-
Changes in assets and liabilities (increase)/ decrease:		
Trade and other receivables	(973)	2,965
Inventories	(691)	(1,338)
Prepayments	(96)	221
Deferred tax	1,741	4,547
Provisions	253	1,687
Trade and other payables	1,568	(3,056)
Net cash from/(used in) operating activities	29,438	56,124

(c) Bank guarantees

ANZ provides bank guarantees supporting the South Australian government rehabilitation bond requirements against the Challenger Gold Project and various exploration projects.

NAB provides bank guarantees supporting certain activities associated with the Challenger Gold Project.

19. Statement of Cash Flows (continued)

(c) Bank guarantees (continued)

The underlying securities for these bank guarantees is cash.

	CONSOLIDATED	
	30 June 2010 $'000	30 June 2009 $'000
At balance date, the following financing facilities had been negotiated and were available:		
Total facilities:		
Bank guarantee facilities	1,530	1,100
Facilities used at balance date:		
Bank guarantee facilities	1,490	1,010
Facilities unused at balance date:		
Bank guarantee facilities	40	90

(d) Non cash financing and investing activities

i) Dividend Re-investment Plan

The company has a dividend reinvestment plan. For details of the plan refer to note 4.

During the year the company issued 77,708 ordinary shares in lieu of cash as consideration for dividends which had a value of $209,812.

20. Expenditure Commitments

	CONSOLIDATED	
	30 June 2010 $'000	30 June 2009 $'000
(a) Operating leases (non-cancellable):		
Minimum lease payments		
- not later than one year	371	339
- later than one year but not later than five years	391	360
- later than five years	-	-
	762	699

The leases are for premises from which the group operates.

(b) Hire purchases

The group has hire purchase contracts for various items of plant and machinery. These contracts have terms of renewal but no purchase terms or escalation clauses. Renewals are at the option of the specific entity that holds the lease.

20. Expenditure Commitments (continued)

Future minimum lease payments under hire purchase contracts together with the present value of the net minimum lease payments are as follows:

	2010		2009	
	Minimum Lease Payments $'000s	Present Value of Lease Payments $'000s	Minimum Lease Payments $'000s	Present Value of Lease Payments $'000s
CONSOLIDATED				
Within one year	78	75	150	140
After one year but not more than five years	-	-	78	75
Total minimum lease payments	78	75	228	215
Less amounts representing future finance charges	(3)	-	(13)	-
Present value of minimum lease payments	75	75	215	215

The weighted average interest rate impact in the hire purchase contracts for the Group is 8.7% (2009: 7.9%).

(c) Exploration tenement expenditure

In order to maintain current rights of tenure to exploration tenements, Dominion Mining Limited and its controlled entities are required to meet the expenditure requirements of the various Mines Departments. Based on the current tenement holdings, expenditure commitments over the financial year ended 30 June 2011 is estimated to be $7,410,000. These expenditure commitments can be reduced by selective relinquishment of interests in the exploration tenements or by renegotiation.

21. Employee Entitlements

	CONSOLIDATED	
	30 June 2010 $'000	30 June 2009 $'000
(a) Employee benefit liability		
The aggregate employee entitlement liability is comprised of:		
- Provisions (current)	2,945	2,699
- Provisions (non-current)	-	-
	2,945	2,699

(b) Employee share option plan

The unlisted options detailed below have been granted to various employees of the consolidated entity under the Dominion employee share option plan. The options granted under the plan are for no consideration and are exercisable at a fixed price after the vesting dates. The options will lapse if not exercised by the exercise date. The options cannot be transferred and will not be quoted on the Australian Stock Exchange.

21. Employee Entitlements (continued)

(b) Employee share option plan (continued)

The following table details the number (No) and weighted average exercise prices (WAEP) of and movements in share options issued during the year:

	2010		2009	
	No	WAEP $	No	WAEP $
Outstanding at the beginning of the year	8,563,000	4.64	8,773,000	4.54
Granted during the year	-	-	600,000	3.58
Forfeited during the year	(30,000)	4.16	(285,000)	5.01
Exercised during the year	(253,000)	1.19	(525,000)	1.26
Expired during the year	-	-	-	-
Outstanding at the end of the year	8,280,000	4.76	8,563,000	4.64
Exercisable at the end of the year	5,724,000	4.50	2,821,000	4.10

The outstanding balance at 30 June 2010 is represented by:

- 1,118,000 options over ordinary shares with an exercise price of $3.60 each, exercisable until 5 June 2012.
- 1,106,000 options over ordinary shares with an exercise price of $3.96 each, exercisable until 5 June 2012.
- 1,106,000 options over ordinary shares with an exercise price of $4.36 each, exercisable until 5 June 2012.
- 1,450,000 options over ordinary shares with an exercise price of $5.00 each, exercisable until 19 December 2011.
- 1,450,000 options over ordinary shares with an exercise price of $5.50 each, exercisable until 19 December 2011.
- 1,450,000 options over ordinary shares with an exercise price of $6.05 each, exercisable until 19 December 2011.
- 600,000 options over ordinary shares with an exercise price of $3.58 each, exercisable until 1 January 2011.

The weighted average share price during the year was $3.45 (2009: $3.77).

The weighted average remaining contractual life for the share options outstanding at 30 June 2010 is between 0.5 and 2.0 years (2009: 0.5 to 3.0 years).

The range of exercise prices for options outstanding at the end of the year was $3.60 to $6.05 (2009: $1.04 to $6.05).

The fair value of the equity-settled share options granted under the option plan is estimated at the date of grant using a binomial model taking into account the terms and conditions upon which the options were granted.

The following table lists the weighted average inputs to the model used to fair value the employee options for the years ended 30 June 2010 and 30 June 2009:

21. Employee Entitlements (continued)

(b) Employee share option plan (continued)

	5 Jan '09	5 Jun '08			26 May '08			21 Jan '08		
		Tranche 1	*Tranche 2*	*Tranche 3*	*Tranche 1*	*Tranche 2*	*Tranche 3*	*Tranche 1*	*Tranche 2*	*Tranche 3*
Dividend yield (%)	4.01	2.86	2.86	2.86	3	3	3	2.13	2.13	2.13
Expected volatility (%)	65	59	61	60	60	60	59	62	61	60
Risk-free interest rate (%)	2.7	6.7	6.6	6.6	6.3	6.3	6.3	6.4	6.4	6.4
Expected life of option (years)	1.5	2.5	3	3.5	3.4	3.6	3.9	2.4	2.9	3.4
Option exercise price ($)	3.58	3.60	3.96	4.36	3.60	3.96	4.36	5	5.5	6.05
Weighted average share price at grant date ($)	3.49	3.47	3.47	3.47	3.85	3.85	3.85	4.32	4.32	4.32

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

(c) Performance rights

No performance rights were granted during the current financial year.

	2010 No	2009 No
Outstanding at the beginning of the year	500,000	500,000
Granted during the year	-	-
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at the end of the year	500,000	500,000
Exercisable at the end of the year	-	-

On the 24 April 2008 the managing director was granted 500,000 performance rights the exercise of which is subject to the achievement of performance hurdles. (The company uses a relative total shareholder return (TSR) as the performance hurdle for the LTI plan measured against a group of selected peers (Comparator Group). The comparator group will comprise companies within the S&P/ASX Gold Index and selected by the Board at the time it meets to consider the final entitlement. Relative TSR was selected as the LTI performance hurdle as it ensures an alignment between comparative shareholder return and reward for Jonathan Shellabear. Performance rights will become exercisable as at 1 February 2011 so long as the performance hurdles are satisfied by the company's TSR over the period (24 April 2008-1 February 2011) exceeding a growth rate of 5% per annum compounded and the ranking of the company is at or above the 50th percentile of the comparator group. At the 50th percentile Jonathan Shellabear will be entitled to 50% of the total shares available under the performance rights, increasing proportionately to 100% at the 75th percentile.

The performance rights were granted for no consideration and will only vest if the performance hurdles are met. The maturity date of the performance rights is 1 February 2011. Shares will be issued for nil consideration on exercise of performance rights.

Unvested performance rights are forfeited upon cessation of employment with the company except in limited circumstances including death, incapacity, redundancy or retirement in which case the board has the discretion to allow some or all of the performance rights to be exercised or retained.

The fair value of $1.96 per performance right was calculated using a Monte-Carlo simulation model taking into account the terms and conditions under which the rights were granted and using the below key assumptions:

(c) Performance rights (continued)

- Valuation date 24 April 2008 (Date issue of performance rights was approved by shareholders).
- Dominion share price at date of valuation $3.28.
- Risk free rate 6.73%.
- Dividend yield 2.7%.
- Volatility 62%.

22. Financial Risk Management Objectives and Policies

The group's principal financial instruments, other than derivatives, comprise hire purchase contracts and cash.

The main purpose of these financial instruments is to raise finance for the group's operations.

The group has various other financial instruments such as trade debtors and trade creditors which arise directly from its operations.

The derivative transactions entered into by the group are forward gold sales. The purpose of the transactions is to manage the commodity price risk which arises from movements in the spot price of gold.

It is, and has been throughout the period under review, group policy that no speculative trading in financial instruments be undertaken.

The main risks arising from the group's financial instruments is credit risk, commodity price risk, interest rate risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Credit Risk

Credit risk is the risk that a contracting entity will not complete its obligation under a financial instrument that will result in a financial loss to the group. The carrying amount of financial assets represents the maximum credit exposure.

Financial instruments that potentially subject the consolidated entity to concentrations of credit risk consist principally of cash deposits, derivatives and receivables.

The group places its cash deposits and derivatives with high credit-quality financial institutions. The cash deposits all mature within three months and attract a rate of interest at normal short-term money market rates. Receivables balances are monitored on an ongoing basis with the results that the parent's and group's exposure to bad debts is not significant. There is no history of default despite receivables being primarily from two counterparties.

There are no significant concentrations of credit risk within the group and financial instruments are held in financial institutions with good credit ratings to minimise the risk of default of counterparties.

(b) Commodity Price Risk - Forward Gold Contracts and Diesel Hedging

i) Forward Gold Contracts

The group's future revenues are exposed to movements in the gold price. The group may from time to time enter 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 2010 the group has forward sold 15,000 ounces of gold at an average price of $1,090 per ounce (2009: 26,138 ounces of gold at an average price of $994 per ounce). This represents approximately 3% of current gold reserves (2009: 4%).

The following table displays fluctuations in the fair value of the group's gold forward contracts due to movements in the spot price of gold with all other variables held constant. The 10% sensitivity is based on reasonably possible changes, over a financial year, using the observed range of actual historical prices for the preceding five year period.

22. Financial Risk Management Objectives and Policies (continued)

(b) Commodity Price Risk - Forward Gold Contracts and Diesel Hedging (continued)

	IMPACT ON PROFIT	
	CONSOLIDATED	
	30 June 2010 $'000	*30 June 2009* $'000
Post-tax gain (loss)		
10% increase in the spot price of gold		
Mark to market movement of the fair value of gold forward contracts	(3,254)	(4,982)
10% decrease in the spot price of gold		
Mark to market movement of the fair value of gold forward contracts	1,268	1,078

The below table summarises the group's obligations under gold derivative contracts:

30-Jun-10

	Contract maturity			
	2011	2012	2013	Total
$Value	$16,350,000	-	-	$16,350,000
Ounces	15,000	-	-	15,000
Av Sale Price/Ounce	$1,090	-	-	$1,090

The mark to market value of the gold derivative contracts at balance date was $5,580,533.

30-Jun-09

	Contract maturity			
	2010	2011	2012	Total
$Value	$25,982,488	-	-	$25,982,488
Ounces	26,138	-	-	26,138
Av Sale Price/Ounce	$994	-	-	$994

The mark to market value of the gold derivative contracts at balance date was $4,588,148.

ii) Diesel Hedging

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/litre with a put option strike of A$0.6224/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 mark to market value of the zero cost collar diesel hedge at balance date was $17,359.

(c) Interest Rate Risk

The group's exposure to market interest rates relate to hire purchase agreements with interest rates fixed, the investment of surplus funds into the short term money market on 30 to 60 day terms with interest rates fixed and operating bank accounts with variable interest rates.

The following sensitivity analysis is based on the variable interest rate risk exposures in existence at balance date. It is assumed that the balance at the reporting date is representative for the year as a whole.

At 30 June 2010, with an interest rate movement based on management's expectations as illustrated in the table below, with all other variables held constant, post tax profit would have been affected as follows:

22. Financial Risk Management Objectives and Policies (continued)

(c) Interest Rate Risk (continued)

	Post Tax Profit Higher/(Lower) CONSOLIDATED	
	30 June 10 $'000	*30 June 09* $'000
+0.5% (50 basis points)	79	54
-0.5% (50 basis points)	(79)	(54)

At balance date the group and company's exposure to interest rate risks on financial assets and liabilities are as follows:

	CONSOLIDATED	
	30 June 10 $'000	*30 June 09* $'000
Financial Assets		
Cash	15,875	42,354
	15,875	42,354
Net exposure	15,875	42,354

(d) Liquidity Risk

The group's liquidity position is managed to ensure that sufficient funds are available to meet its financial commitments in a timely and cost effective manner.

Management monitors rolling forecasts of the group's liquidity reserve on the basis of expected cash flow. The table below reflects a balanced view of cash inflows and outflows and shows the implied risk based on those values. Trade payables and other financial liabilities originate from the financing of assets used in the group's ongoing operations. These assets are considered in the group's overall liquidity risk.

Management continually reviews the groups liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

The table below analyses the groups and company's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date.

30 June 2010	Maturity			
CONSOLIDATED	< 1 year	>1 to <2 Years	>2 to 5 Years	Total
	$'000	$'000	$'000	$'000
Financial Liabilities				
Trade and other payables	12,619	-	-	12,619
Interest bearing loans and borrowings	78	-	-	78
Derivatives	5,598	-	-	5,598
	18,295	-	-	18,295

30 June 2009	Maturity			
CONSOLIDATED	< 1 year	>1 to <2 Years	>2 to 5 Years	Total
	$'000	$'000	$'000	$'000
Financial Liabilities				
Trade and other payables	11,045	-	-	11,045
Interest bearing loans and borrowings	150	78	-	228
Derivatives	4,588	-	-	4,588
	15,783	78	-	15,861

22. Financial Risk Management Objectives and Policies (continued)

(e) Fair values

The directors have performed a review of the financial assets and liabilities as at 30 June 2010 and have concluded that the fair value of those assets and liabilities are not materially different to book values. The methods and assumptions used to estimate the fair value of financial instruments were:

- Cash - The carrying amount is fair value due to the liquid nature of these assets.
- Receivables/payables - Due to the short term nature of these financial rights and obligations, their carrying values are estimated to represent their fair values.
- Gold forward contracts - Fair value is established by using market accepted valuation techniques.
- Finance lease liability – The fair value is the present value of minimum lease payments.

23. Parent Entity Information

	2010	2009
Information relating to Dominion Mining Limited:	**$'000**	**$'000**
Current assets	8,632	34,707
Total assets	**72,047**	**73,592**
Current liabilities	2,446	2,081
Total liabilities	**2,446**	**2,081**
Net Assets	**69,601**	**71,511**
Issued capital	53,530	53,020
Retained earnings	5,051	9,631
Employee equity benefits reserve	11,020	8,860
Total shareholders' equity	**69,601**	**71,511**
Profit or (loss) of the parent entity	5,673	19,177
Total comprehensive income of the parent entity	-	-

A deed of cross guarantee was entered into by all companies on 14 December 1999. The companies which entered into the deed of cross guarantee are collectively referred to as the closed group. The effect of the deed is that Dominion Mining Limited has guaranteed to pay all debts and liabilities of each of the participating controlled entities. The controlled entities have given a similar guarantee to Dominion Mining Limited. Pursuant to Class Order 98/1418 these controlled entities have been given relief from the Corporations Act 2001 requirements to prepare and lodge audited financial reports. The consolidated income statement and consolidated balance sheet represent the "Closed Group" accounts.

Tax consolidation

The financial statements for Dominion Mining Limited and its controlled entities have been prepared on the basis that the group has consolidated for tax purposes from 1 July 2003. Dominion Mining Limited is the head entity of the tax consolidated group. The financial statements have been prepared on the basis that, under UIG Interpretation 1052 "Tax Consolidation Accounting", the group has used a group allocation approach and allocated the current and deferred tax amounts for the group to each entity in the group.

Nature of the tax funding agreement

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement requires tax payable by the head entity attributed to the subsidiary operations to be recognised via an intercompany receivable which is at call.

23. Parent Entity Information (continued)

Tax consolidation contributions

Dominion Mining Limited has recognised the following amounts as tax-consolidation contribution adjustments:

	Parent	
	30 June 2010 $'000	30 June 2009 $'000
Total increase to intercompany assets	2,097	5,104

The following are controlled entities at 30 June and have been included in the consolidated financial statements. The financial year of the controlled entities is the same as that of Dominion Mining Limited.

			Beneficial Percentage held by The Consolidated Entity		Book Value of Investment	
Controlled Entity	Entity Holding Investment	Principal Activity	30 June 2010 %	30 June 2009 %	30 June 2010 $'000	30 June 2009 $'000
Incorporated in Australia:						
Dominion Copper Pty Limited	Dominion Mining Limited	Dormant	100	100	-	-
Dominion Metals Pty Limited	Dominion Mining Limited	Dormant	100	100	-	-
Gawler Gold Mining Pty Limited	Dominion Mining Limited	Investment	100	100	-	-
Dominion Gold Operations Pty Limited	Gawler Gold Mining Pty Limited	Mining and exploration	100	100	-	-
Quadrio Resources Pty Limited	Dominion Mining Limited	Exploration	100	100	-	-

Investments in controlled entities are in ordinary shares.

24. Director and Executive Disclosures

Compensation of Key Management Personnel

	Consolidated	
	2010 $	2009 $
Key Management Personnel		
Short-term	1,660,227	1,491,824
Post-employment	330,541	1,170,018
Share Based Payments	940,669	1,599,029
	2,931,437	4,260,871

Options held by key management personnel

June 2010

Key Management Personnel	Held at 1 July 2009	Granted during the year as remuneration	Exercised	Held at 30 June 2010	Vested and exercisable at 30 June 2010	% of options vested
Specified Directors						
P C Joseph	-	-	-	-	-	-
J Gaskell	-	-	-	-	-	-
J N Shellabear	1,050,000	-	-	1,050,000	700,000	66%
P Alexander	-	-	-	-	-	-
R A Coyle	250,000	-	250,000	-	-	-
Specified Executives						
A Poustie	600,000	-	-	600,000	450,000	75%
P Bamford	600,000	-	-	600,000	450,000	75%
TOTAL	2,500,000	-	250,000	2,250,000	1,600,000	71%

24. Director and Executive Disclosures (continued)

June 2009

Key Management Personnel	Held at 1 July 2008	Granted during the year as remuneration	Exercised	Held at 30 June 2009	Vested and exercisable at 30 June 2009	% of options vested
Specified Directors						
P C Joseph	-	-	-	-	-	-
J Gaskell	-	-	-	-	-	-
J N Shellabear	1,050,000	-	-	1,050,000	350,000	33%
P Alexander	300,000	-	300,000	-	-	-
R A Coyle	400,000	-	150,000	250,000	250,000	100%
Specified Executives						
A Poustie	450,000	150,000	-	600,000	150,000	25%
P Bamford	450,000	150,000	-	600,000	150,000	25%
TOTAL	2,650,000	300,000	450,000	2,500,000	900,000	36%

Performance Rights held by key management personnel

June 2010

Key Management Personnel	Held at 1 July 2009	Granted during the year as remuneration	Exercised	Held at 30 June 2010	Vested and exercisable at 30 June 2010	% of performance rights vested
Specified Directors						
P C Joseph	-	-	-	-	-	-
J Gaskell	-	-	-	-	-	-
J N Shellabear	500,000	-	-	500,000	-	-
P Alexander	-	-	-	-	-	-
R A Coyle	-	-	-	-	-	-
				-	-	-
Specified Executives						
A Poustie	-	-	-	-	-	-
P Bamford	-	-	-	-	-	-
TOTAL	500,000	-	-	500,000	-	-

June 2009

Key Management Personnel	Held at 1 July 2008	Granted during the year as remuneration	Exercised	Held at 30 June 2009	Vested and exercisable at 30 June 2009	% of performance rights vested
Specified Directors						
P C Joseph	-	-	-	-	-	-
J Gaskell	-	-	-	-	-	-
J N Shellabear	500,000	-	-	500,000	-	-
P Alexander	-	-	-	-	-	-
R A Coyle	-	-	-	-	-	-
				-	-	-
Specified Executives						
A Poustie	-	-	-	-	-	-
P Bamford	-	-	-	-	-	-
TOTAL	500,000	-	-	500,000	-	-

24. Director and Executive Disclosures (continued)

Share holdings of key management personnel

2010	Fully Paid Ordinary Shares Held at 1 July 2009	Received during the year on the exercise of options	Other changes during the year	Held at 30 June 2010
Specified Directors				
P C Joseph	9,485,727	-	-	9,485,727
J Gaskell	65,000	-	482	65,482
P Alexander	365,000	-	(249,148)	115,852
R A Coyle	45,739	250,000	(175,457)	120,282
J N Shellabear	55,000	-	408	55,408
Specified Executives				
A Poustie	25,000	-	186	25,186
P Bamford	257,285	-	-	257,285
TOTAL	10,298,751	250,000	(423,529)	10,125,222

2009	Fully Paid Ordinary Shares Held at 1 July 2008	Received during the year on the exercise of options	Other changes during the year	Held at 30 June 2009
Specified Directors				
P C Joseph	11,195,014	-	(1,709,287)	9,485,727
J Gaskell	65,000	-	-	65,000
P Alexander	326,428	300,000	(261,428)	365,000
R A Coyle	49,397	150,000	(153,658)	45,739
J N Shellabear	55,000	-	-	55,000
Specified Executives				
A Poustie	25,000	-	-	25,000
P Bamford	259,285	-	(2,000)	257,285
TOTAL	11,975,124	450,000	(2,126,373)	10,298,751

All equity transactions with key management personnel, other than those arising from the exercise of remuneration options, have been entered into under terms and conditions no more favourable than those the group would have adopted if dealing at arm's length.

Loans to key management personnel

There were no loans to key management personnel during the period.

Other transactions and balances with key management personnel

There were no transactions or balances with key management personnel other than those disclosed in the remuneration report of the Director's Report.

25. Auditor's Remuneration

	CONSOLIDATED 30 June 2010 $	CONSOLIDATED 30 June 2009 $
The auditor of Dominion Mining Limited is Ernst & Young		
Amounts received or due and receivable by Ernst & Young for:		
- auditing the accounts	136,810	130,295
- other services	-	-
	136,810	130,295

Ernst & Young received no other benefits.

26. Segment Information

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

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of the financial statements.

Dominion Mining Limited and its controlled entities operate in one operating segment, being the mining industry in Australia.

During the year Dominion Mining Limited produced gold from one operation being the Challenger Gold Mine. The group sold the gold produced from the Challenger Gold Mine to two separate counter parties on a 83/17 percent basis. (2009: Gold produced was sold to one counter party).

27. Contingent Liabilities

Native title claims have been made with respect to areas which include tenements in which controlled entities of Dominion Mining Limited have interests. These controlled entities are unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect them or their projects.

28. Events after the Balance Sheet Date

On 27 August 2010 the directors declared a final unfranked dividend of 4 cents per share. The record date for the dividend was17 September 2010 to be paid on 30 September 2010 (refer to note 3).

Except for the events noted above, no matter or circumstance has arisen 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 that is not otherwise disclosed in the consolidated financial statements.

29. Interests In Joint Ventures

The consolidated entity has the following interests in exploration joint venture arrangements:

NAME	BALANCE DATE	OWNERSHIP INTEREST HELD BY CONSOLIDATED ENTITY	
		2010	2009
Sandstone joint venture	30 June	90%	90%
Maralinga joint venture	30 June	90%	90%

Principal Activities

As the minority parties are free carried during the exploration phase the joint ventures have zero assets and liabilities.

DOMINION MINING LIMITED
AND ITS CONTROLLED ENTITIES
DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2010

In accordance with a resolution of the directors of Dominion Mining Limited, I state that:

1) in the opinion of the directors:

   (a) the financial report and the additional disclosures included in the directors' report designated as audited, of Dominion Mining Limited and of the consolidated entity are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of Dominion Mining Limited's and the consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date;

      (ii) complying with Accounting Standards and the Corporations Regulations 2001;

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

   (c) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1.

2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2010.

3) In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the closed group identified in note 12 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the deed of cross guarantee.

On behalf of the Board:

P C JOSEPH
Director

Date: 29 September 2010

ERNST & YOUNG

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Independent audit report to the members of Dominion Mining Limited

Report on the Financial Report

We have audited the accompanying financial report of Dominion Mining Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the 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 financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(b), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met 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.

ERNST & YOUNG

Auditor's Opinion

In our opinion:

1. the financial report of Dominion Mining Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position at 30 June 2010 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 3 to 10 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Dominion Mining Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin A Buckingham
Partner
Perth
29 September 2010

ERNST & YOUNG

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

In relation to our audit of the financial report of Dominion Mining Limited for the financial year ended 30 June 2010, 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

Gavin A Buckingham
Partner
Perth
29 September 2010

SECURITIES INFORMATION
DISTRIBUTION OF SECURITY HOLDERS & SECURITIES HELD

AS AT 27 SEPTEMBER 2010

Distribution of Security Holders and Securities held as at 27 September 2010

Fully Paid Ordinary Shares

Size of Holdings	Number of Holders	Number of Shares	%
1 - 1,000	2,008	1,106,719	1.07
1,001 - 5,000	3,045	7,538,444	7.29
5,001 - 10,000	815	6,301,753	6.10
10,001 - 100,000	620	16,583,796	16.15
100,001 - and over	55	71,796,347	69.49
Totals	**6,543**	**103,327,059**	**100.000**

Shareholders holding less than an unmarketable parcel of shares	441

Issued Shares

There are 103,327,059 fully paid ordinary shares on issue as at 27 September 2010 held by 6,543 shareholders.

Voting Rights

Each fully paid ordinary share's voting rights are on a show of hands or on a poll - one vote for every share held.

There are no voting rights attached to options.

Substantial Shareholders as at 27 September 2010

Yandal Investments Pty Ltd	11,300,000	10.9%
Lujeta Pty Ltd	10,000,000	9.7%
P C Joseph	9,485,727	9.2%
GAM International Growth Fund	7,000,000	6.8%

Employee Options (unlisted) as at 27 September 2010

Number of Options	Exercise Price	Expiry Date
1,053,000	$3.60	5 June 2012
1,041,000	$3.96	5 June 2012
1,041,000	$4.36	5 June 2012
1,390,000	$5.00	19 December 2011
1,390,000	$5.50	19 December 2011
1,390,000	$6.05	19 December 2011
600,000	$3.58	1 January 2011

SECURITIES INFORMATION

DISTRIBUTION OF SECURITY HOLDERS & SECURITIES HELD

AS AT 27 SEPTEMBER 2010

Top 20 Holdings as at 27 September 2010	Number of Shares	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	15,234,443	14.74%
J P MORGAN NOMINEES AUSTRALIA LIMITED	12,328,776	11.93%
LUJETA PTY LTD <THE MARGARET ACCOUNT>	11,400,000	11.03%
YANDAL INVESTMENTS PTY LTD	11,159,718	10.80%
NATIONAL NOMINEES LIMITED	4,918,943	4.76%
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	2,782,006	2.69%
CITICORP NOMINEES PTY LIMITED	2,111,474	2.04%
MR GEOFFREY JOHN PAUL <G & J SUPER FUND A/C>	1,062,434	1.03%
MASEPI SUPERANNUATION PTY LTD	750,000	0.73%
MR BORIS SHERBAN <SHERBAN SUPER FUND A/C>	609,000	0.59%
ANZ NOMINEES LIMITED <CASH INCOME A/C>	555,609	0.54%
THE AUSTRALIAN NATIONAL UNIVERSITY	554,075	0.54%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	551,263	0.53%
MR ROBERT CROPLEY PAUL	457,942	0.44%
MR MALCOLM THOMAS PRICE& MRS MAYUMI PRICE <M & M SUPERFUND A/C>	450,000	0.44%
BERNE NO 21 PTY LTD	425,000	0.41%
DR KWOK CHING CHOW & MRS CHAN PIK YUN PEGGY CHOW <EST CHO-POON CHOW A/C>	383,683	0.37%
MR MAXWELL ALFRED KIPPE <KIPPE SUPER FUND A/C>	346,010	0.33%
DR JOHN LARKING <LARKING FAMILY FUND A/C>	300,000	0.29%
ROSS SUTHERLAND PROPERTIES PTY LTD <SUTHERLAND FAMILY S/F A/C>	292,000	0.28%
	66,672,376	**64.51%**

RESOURCES & RESERVE STATEMENT
CHALLENGER GOLD PROJECT (DOMINION 100%)

30 JUNE 2010

SHOOT/LEVEL	RESOURCES				RESERVES				NOTES
	CATEGORY	TONNES	GRADE (g/t Au)	CONTAINED OUNCES	CATEGORY	TONNES	GRADE (g/t Au)	CONTAINED OUNCES	
Underground Development									
M1 1065 Crown Pillar	Measured	21,000	9.6	6,480	Proven	23,000	7.6	5,620	2
M1 below 400m RL (inc broken stocks) to 360m RL	Measured	19,450	7.0	4,370	Proven	23,000	5.7	4,220	2/3
M1 360m RL – 180m RL	Indicated	166,300	6.5	34,510	Probable	198,000	5.2	33,230	3
SUB-TOTAL		**206,750**	**6.8**	**45,360**		**244,000**	**5.5**	**43,070**	
M1 180m RL – -200m RL	Inferred	351,000	6.5	72,900					3
M1 Shadow Zone 760m RL - 740m RL	Measured	3,300	10.1	1,070	Proven	4,240	6.9	940	3
M1 Shadow Zone 800m RL - 760, 680 - 660m RL	Indicated	15,100	8.4	4,070	Probable	12,000	6.9	2,660	3
SUB-TOTAL		**18,400**	**8.7**	**5,140**		**16,240**	**6.9**	**3,600**	
M1 Shadow Zone 900m RL – 800m RL	Inferred	25,000	8.4	6,780					3
M2 1000 - 940, 840 - 800, 440 - 400m RL	Measured	241,500	6.0	46,760	Proven	239,320	5.8	44,540	2
M2 1120 - 1000, 940 - 840, 780 - 440, 400 - 220m RL	Indicated	1,403,000	5.7	256,140	Probable	1,248,900	5.7	229,870	2/3
SUB-TOTAL		**1,644,500**	**5.7**	**302,900**		**1,488,220**	**5.7**	**274,410**	
M2 220m RL – -200m RL	Inferred	1,119,000	8.1	291,500					3
M3 Above (1135m RL)	Measured	16,000	8.5	4,370	Probable	12,000	7.3	2,820	1
M3 1070m RL - 990m RL, 805mRL – 770m RL	Measured	24,400	5.2	4,060	Proven	28,810	4.3	3,940	4
M3 980 – 800, 780 – 600, 560 – 400m RL	Indicated	250,100	7.7	61,560	Probable	264,740	6.9	58,820	4
M3 1072 - 980m RL400 – 275m RL	Indicated	82,400	4.5	11,910					4
SUB-TOTAL		**372,900**	**6.8**	**81,900**		**305,550**	**6.7**	**65,580**	
M3 275m RL - -100m RL	Inferred	153,500	4.4	21,900				0	4
Challenger West Surface to 1000m RL	Indicated	63,300	11.1	22,540	Probable	85,500	8.3	22,780	5*
Challenger West 1000 - 800m RL	Indicated	87,300	18.8	52,690		0	0.0	0	5
SUB-TOTAL		**150,600**	**15.5**	**75,230**		**85,500**	**8.3**	**22,780**	
Challenger West 1000 - 700m RL	Inferred	23,000	34.1	25,000		0	0.0	0	5
Open Pit Development									
SEZ Shoot	Indicated	133,000	2.6	11,120	Probable	13,000	4.8	2,000	4
Challenger Area "shallow" deposits									
Challenger 3 above 1120m RL	Indicated	16,000	2.9	1,490					5
SUB-TOTAL		**16,000**		1,490					
TOTAL	**Measured**	**309,650**	**6.3**	**62,740**	**Proven**	**318,370**	**5.8**	**59,260**	
	Indicated	**2,232,500**	**6.4**	**460,400**	**Probable**	**1,834,140**	**6.0**	**352,180**	
	Inferred	**1,671,500**	**7.8**	**418,080**					
Stockpiles									
ROM	Measured	5,300	5.2	890	Proven	5,340	6.5	890	
Low grade ROM	Measured	3,500	2.3	250	Proven	3,500	1.5	250	
Low Grade Stockpile	Measured	148,200	1.7	7,860	Proven	148,200	1.7	7,860	
SUB-TOTAL		**157,000**	**1.8**	**9,000**		**157,040**	**2.1**	**9,000**	
OVERALL TOTALS	**Measured**	**315,000**	**6.3**	**63,630**	**Proven**	**323,710**	**5.8**	**60,150**	
	Indicated	**2,232,500**	**6.4**	**460,400**	**Probable**	**1,834,140**	**6.0**	**352,180**	
	Inferred	**1,671,500**	**7.8**	**418,080**					
	Measured LG	**151,700**	**1.7**	**8,110**	**Proven LG**	**151,700**	**1.7**	**8,110**	
	TOTAL	**4,370,700**	**6.8**	**950,220**	**TOTAL**	**2,309,550**	**5.7**	**420,440**	6
Gold in plant circuit								1,210	
TOTAL RESERVES								**421,650**	

CHALLENGER GOLD PROJECT (DOMINION 100%)

30 JUNE 2010

Notes

1. *Based on a 3D Block Model by Dominion Gold Operations (DGO). A top cut of 180 g/t Au has been applied.*
2. *Based on close spaced grade control data and detailed stope designs carried out by DGO.*
3. *Based on a 'generic' approach which takes into account both historic reconciled data from underground mining, using a 180 g/t Au top cut, and continuity of orebody geometry as interpreted from both drilling and underground development. This approach, developed by DGO, to deal with the unusual, but very consistent, folded geometry of the ore shoots, is considered to be a more accurate basis for estimation than traditional block modelling.*
4. *Based on 3D Block Models by DGO. Underground M3 Shoot reserve estimated applying a 2 g/t cut off grade and a 180 g/t top cut. SEZ Shoot open pit optimisation based on a resource using a 0.5 g/t cut off grade and a 5 g/t top cut.*
5. *Based on 3D Block Models by DGO. Top cut of 80 g/t Au has been applied.*

5* *Mining width is greater than ore width – no ore loss expected.*

6. *Resources are inclusive of Reserves.*

ATTRIBUTION

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Peter Bamford, Tony Poustie and Paul Androvic who are full-time employees of the Company, members of the Australasian Institute of Mining and Metallurgy. Peter Bamford, Tony Poustie and Paul Androvic have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Peter Bamford, Tony Poustie and Paul Androvic, consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

NOTES

NOTES

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