

ASX CODE DOM

ISSUED CAPITAL

103,520,259 fully paid ordinary shares

DIRECTORS

Peter Joseph – Chairman
Jonathan Shellabear – Managing Director
Ross Coyle – Exec Director
Peter Alexander – Non-Exec Director
John Gaskell – Non-Exec Director

KEY MANAGEMENT

Jonathan Shellabear – Managing Director
Peter Bamford – GM Operations
Ross Coyle – CFO & Company
 Secretary
Tony Poustie – GM Exploration

REGISTERED OFFICE

15 Outram Street
West Perth WA 6005
Australia

POSTAL ADDRESS

PO Box 465
West Perth WA 6872
Australia

WEB: www.dml.com.au

FOR FURTHER INFORMATION
CONTACT

Jonathan Shellabear
Managing Director
PH: +61 (0) 8 9426 6400



Dominion Mining Limited

ABN 37 000 660 864

QUARTERLY REPORT

31 DECEMBER 2010

SUMMARY

Challenger Mine Operations

- Quarterly production of **25,195 ounces** of gold at an operating cash cost of **A\$769/ounce**.
- Gold production for the 6 months ended 31 December 2010 of **51,097 ounces** at a cash operating cost of **A\$746/ounce**.
- The December quarter production continued the improvement achieved in the September quarter over each of the 2010 financial year quarters. It is expected the current level of production will continue over the March and June 2011 quarters with gold production estimated at around **105,000 ounces** for the 2011 financial year.
- Results from drilling into future lower development levels of the **M2 Shoot** continue to demonstrate the continuity of high grade structures with intersections including **5.3 metres grading 116.89 g/t, 14.3 metres grading 31.11 g/t, 6.0 metres grading 284.25 g/t, 1.5 metres grading 385.84 g/t, 4.4 metres grading 213.19 g/t, 12.6 metres grading 37.59 g/t** and **4.5 metres grading 162.96 g/t gold**. The deepest drilling to date on the **M3 Shoot** has also returned strong intersections, including **3.75 metres grading 132.20 g/t gold**.

Exploration**Challenger Mine**

- Underground exploration drilling confirms continuity of the **Challenger Shoot System below the 79 Fault** and depth extensions of the **Challenger West Shoot (3.0 metres grading 28.46 g/t gold)**.

Calingiri

- Project wide airborne magnetic and radiometric survey completed.
- Programmes of Induced Polarisation surveying commenced with initial results outlining a priority target at **Bartel North**.

Planned Exploration March Quarter 2011**Challenger**

- Exploration development drive and underground diamond drilling to evaluate the **Challenger Shoot System below the 79 fault**.

Calingiri

- Induced Polarisation surveying.
- Air Core and Reverse Circulation (RC) drilling including follow up at the **Bartel/Bartel North Prospect**.

Kukerin

- Air Core and RC drilling including follow up at the **Bottleneck Prospect**.

Blue Dam

- Air Core drilling to test **priority magnetic target** along the interpreted southern continuation of the **Kanowna Shear Zone**.

Bryah Basin

- Geochemical sampling.
- Air Core drilling of **copper-gold geochemical anomalies**.

Corporate

Agreement Announced with Kingsgate Consolidated Limited to form a Premier ASX-Listed Mid-Tier Gold Producer

- On 20 October, **Dominion and Kingsgate Consolidated Limited** ("Kingsgate") announced an agreed transaction by way of a **Scheme of Arrangement** whereby Dominion shareholders will receive 0.31 Kingsgate shares for every one Dominion share held.
- This will provide operational and growth diversification by way of exposure to Kingsgate's Chatree gold mine and exploration tenements in Thailand and create a premier ASX listed mid-tier gold producer with the potential to produce **300,000 ounces per annum**.
- The arrangement will provide a significantly enhanced financial platform to capture and deliver additional growth opportunities for shareholders from two production bases and a substantial, prospective exploration portfolio and an opportunity to share in the combined entity's improved scale and market presence.
- **Dominion Directors unanimously recommend, in the absence of a superior proposal, that Dominion Shareholders vote in favour of the Scheme.**
- **The Independent Expert has concluded that the Share Scheme, in the absence of a superior proposal, is in the best interest of Shareholders.**
- The Share Scheme Meeting is to be held at 10.00 am (Sydney time) on Wednesday, 2 February 2011 at the Metcalfe Auditorium, State Library of NSW, Macquarie Street, Sydney, New South Wales.

December Quarter Financial Position

- **Revenue** for the quarter of **A\$36.23 million** was generated from the sale of **26,409 ounces** of gold at an average price received of **A\$1,372/ounce** generating a gross cash margin of **A\$16.85 million** and a net operating cash surplus after development and all capital expenditure of **A\$9.41 million**.
- For the six months revenue totalled **A\$69.57 million** from the sale of **51,350 ounces** of gold at an average delivered price of **A\$1,355/ounce** generating a gross cash margin of **A\$31.87 million** and a net operating cash surplus after development and all capital expenditure of **A\$17.11 million**.
- **Cash and bullion** was **A\$26.76 million** at the end of December, comprising cash of **A\$22.43 million** and bullion of **A\$4.33 million**.

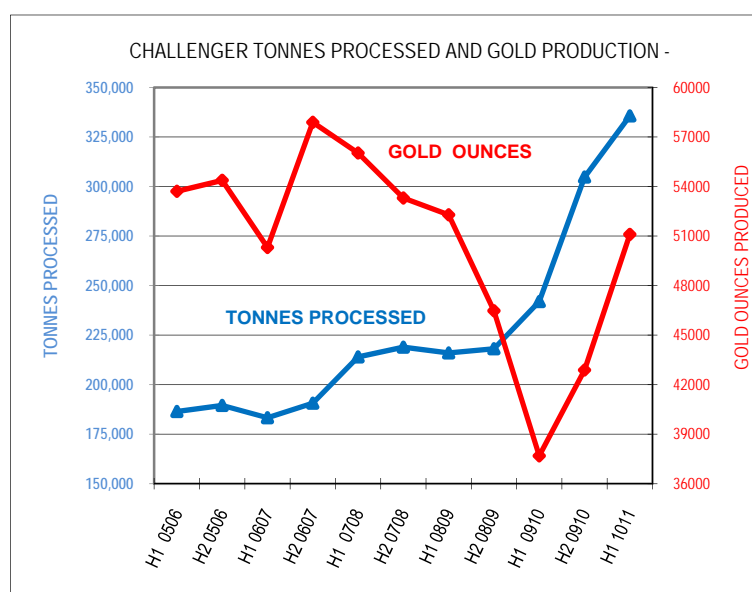
OPERATIONS (Challenger Gold Project – Dominion 100%)

Production

Gold production during the quarter was 25,195 ounces achieved from processing 174,180 tonnes of ore at a grade of 4.92 g/t. The grade was lower than the September quarter, a result of priority given for decline development to enable access to deeper high grade zones. The site cash operating cost was A\$769 per ounce.

For the 6 month period ending 31 December 2010 gold production totalled 51,097 ounces at a site cash operating cost of A\$746 per ounce. This was achieved from treating 335,605 tonnes of ore at a grade of 5.10 g/t.

The December quarter production continued the improvement achieved in the September quarter over each of the 2010 financial year quarters as illustrated in the graph below.



It is expected the current level of production will continue over the March and June 2011 quarters with gold production estimated at around 105,000 ounces for the 2011 financial year.

| | | Quarter Ended | Quarter Ended | 6 Months Ended | 6 Months Ended |
|---|-----------------|----------------|----------------|-----------------|-----------------|
| | | 31-Dec-10 | 31-Dec-09 | 31-Dec-10 | 31-Dec-09 |
| <i>Tonnes Mined (including low grade)</i> | <i>(tonnes)</i> | 167,917 | 125,149 | 339,910 | 219,370 |
| <i>Ore Processed</i> | <i>(tonnes)</i> | 174,180 | 124,936 | 335,605 | 241,917 |
| <i>Head Grade</i> | <i>(g/t)</i> | 4.92 | 5.36 | 5.10 | 5.16 |
| <i>Recovery</i> | <i>(%)</i> | 92.4% | 92.6% | 92.2% | 92.8% |
| <i>Gold Produced</i> | <i>(ounces)</i> | 25,195 | 20,082 | 51,097 | 37,687 |
| <i>Cash Operating Cost*</i> | <i>(A\$/oz)</i> | \$769 | \$627 | \$746 | \$653 |
| <i>Mine Development</i> | | \$6.53 million | \$4.72 million | \$12.89 million | \$10.61 million |
| <i>Sustaining Capex</i> | | \$0.92 million | \$0.88 million | \$1.88 million | \$2.16 million |
| <i>New Tailings Storage Facility</i> | | \$0 | \$0 | \$0 | \$1.53million |
| <i>Ventilation Shaft</i> | | \$0 | \$1.62 million | \$0 | \$5.02 million |
| <i>Plant Expansion and Thickener</i> | | \$0 | \$5.61 million | \$0 | \$6.04 million |
| <i>Gold Sold</i> | <i>(ounces)</i> | 26,409 | 19,794 | 51,350 | 38,643 |
| <i>Average Price Received</i> | <i>(A\$/oz)</i> | \$1,372 | \$1,127 | \$1,355 | \$1,114 |

Gold production is actual gold poured during the period and does not reflect changes in the balance of gold in circuit. 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 royalty payable to the South Australian Government of 3.5% of revenue and a production royalty of A\$4 per ounce to local indigenous groups.

During the quarter expenditure of A\$6.53 million was incurred on mine development and A\$0.92 million on sustaining capital.

Processing

Of the ore processed for the quarter, 88% was sourced from the M2 shoot with the remaining 12% equally supplied from the M1 and M3 shoots.

The mill throughput rate averaged 78.9 tonnes per hour during the quarter and availability of the plant was 98.2%.

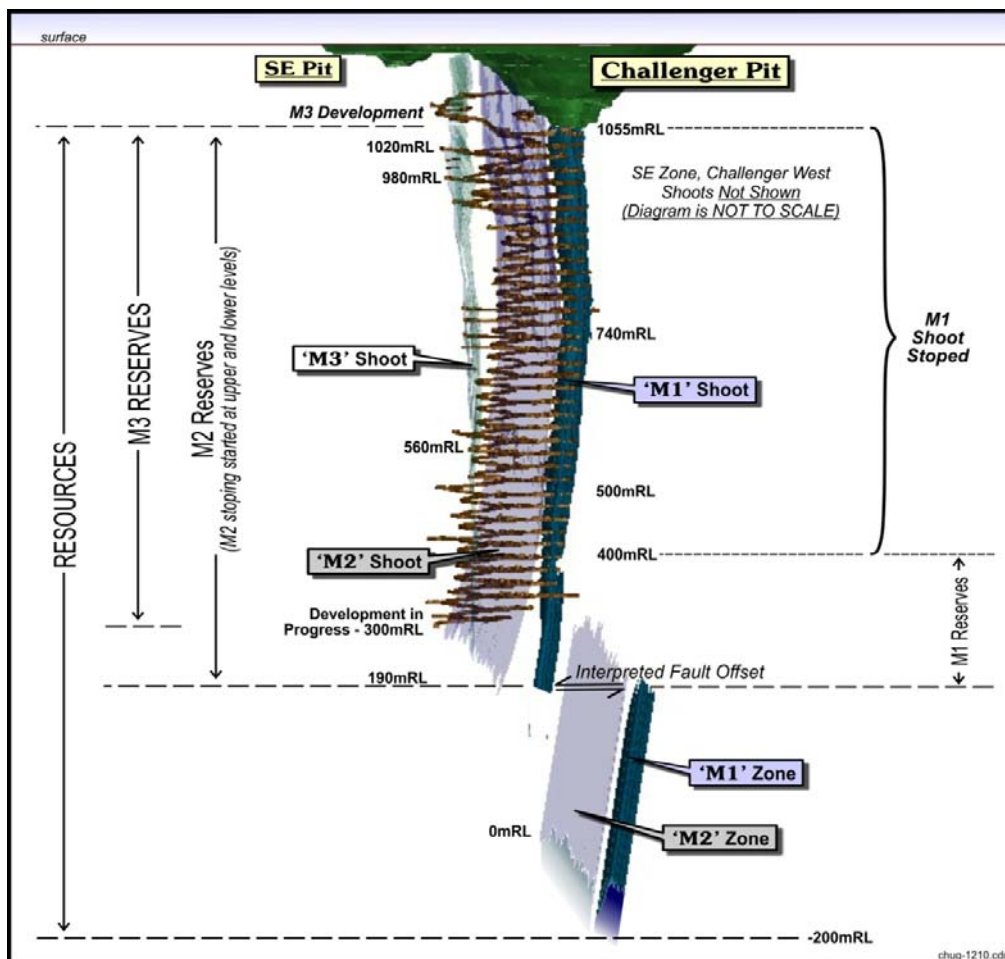
Various trials conducted over the quarter have demonstrated that with optimisation of the regrind ball mill and thickener the capacity of the treatment plant can be increased to in excess of 80 tonnes per hour.

Underground Development & Mining

Development of the decline advanced down to the 300 level. The priority for development is to advance the decline to allow further definition of the ore shoots at the base of the mine. This has resulted in some higher grade stopes at depth deferred and replaced with lower grade ore from upper levels. It is expected that deep diamond drill sites should be established and available by the end of March 2011.

Ore was mined from stopes on, the 760 and 780 levels from both the M2 and M3 shoots, the 520 and 500 levels and between the 420 and 340 levels from the M2 shoot and the 340 level from the M1 shoot.

The grades of both development and stope ore at the base of the mine are improving, with the grade of development ore from the M2 shoot on the lowest level averaging over 5.5 g/t.



Evaluation of the Continuity of the Challenger Shoots (currently defined reserves)

Underground drilling has continued to demonstrate the continuity of high grade mineralisation in future mining levels of the Challenger shoots as highlighted by the following intersections.

Underground Diamond Drilling Intersections

| Hole ID | Interval (m) | Au (g/t) | Level/RL | Shoot |
|-----------|--------------|----------|----------|-------|
| 10CUD0737 | 1.00 | 21.60 | 302 | M1 |
| 10CUD0753 | 3.00 | 15.78 | 267 | M1 |
| | | | | |
| 10CUD0736 | 4.77 | 31.31 | 320 | M2 |
| 10CUD0737 | 1.21 | 61.05 | 310 | M2 |

Underground Percussion Drilling Intersections

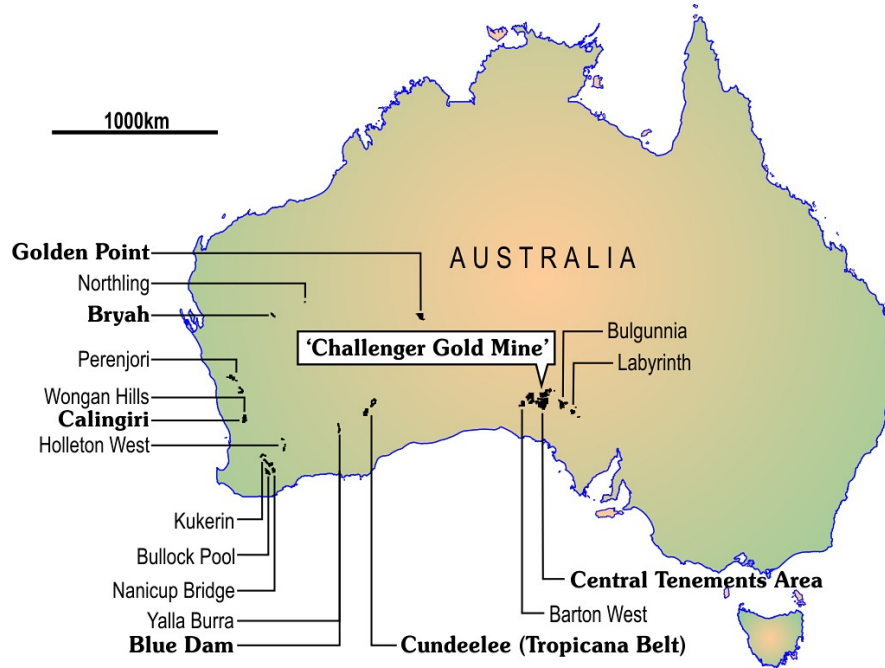
| Hole ID | Interval (m) | Au (g/t) | Level/RL | Shoot |
|-----------|--------------|----------|----------|-------|
| 10CUS8985 | 2.30 | 126.02 | 374 | M1 |
| 10CUS8988 | 2.25 | 34.41 | 350 | M1 |
| 10CUS9074 | 4.40 | 32.11 | 350 | M1 |
| | | | | |
| 10CUS9114 | 2.25 | 71.50 | 734 | M2 |
| 10CUS8837 | 6.75 | 37.33 | 729 | M2 |
| 10CUS8815 | 7.50 | 32.67 | 478 | M2 |
| 10CUS9176 | 3.75 | 55.32 | 474 | M2 |
| 10CUS8816 | 3.75 | 131.78 | 470 | M2 |
| 10CUS9013 | 0.75 | 200.96 | 386 | M2 |
| 10CUS9028 | 5.40 | 18.64 | 383 | M2 |
| 10CUS9015 | 3.00 | 77.33 | 380 | M2 |
| 10CUS9021 | 6.75 | 28.18 | 378 | M2 |
| 10CUS9026 | 5.40 | 19.94 | 375 | M2 |
| 10CUS9030 | 5.30 | 116.89 | 373 | M2 |
| 10CUS8766 | 6.75 | 67.92 | 370 | M2 |
| 10CUS8767 | 3.05 | 75.39 | 370 | M2 |
| 10CUS8773 | 5.25 | 28.40 | 370 | M2 |
| 10CUS8785 | 4.50 | 24.64 | 370 | M2 |
| 10CUS8775 | 7.50 | 21.75 | 368 | M2 |
| 10CUS8880 | 5.40 | 57.79 | 363 | M2 |
| 10CUS9141 | 4.50 | 88.66 | 363 | M2 |
| 10CUS9149 | 14.30 | 31.11 | 361 | M2 |
| 11CUS9137 | 0.75 | 177.88 | 355 | M2 |
| 11CUS9168 | 3.00 | 50.63 | 355 | M2 |
| 10CUS8917 | 4.50 | 37.74 | 353 | M2 |
| 10CUS8757 | 4.80 | 21.87 | 351 | M2 |
| 10CUS8753 | 2.70 | 150.87 | 350 | M2 |
| 10CUS8759 | 5.40 | 57.98 | 350 | M2 |
| 10CUS8890 | 2.25 | 52.93 | 350 | M2 |
| 10CUS8914 | 6.00 | 284.25 | 350 | M2 |
| 10CUS8947 | 1.80 | 158.04 | 350 | M2 |
| 10CUS9006 | 3.60 | 31.50 | 350 | M2 |
| 11CUS9148 | 1.50 | 140.05 | 350 | M2 |
| 11CUS9151 | 2.25 | 71.74 | 350 | M2 |
| 11CUS9151 | 1.50 | 385.84 | 350 | M2 |
| 11CUS9164 | 3.05 | 51.24 | 350 | M2 |
| 10CUS8742 | 3.00 | 55.95 | 348 | M2 |
| 10CUS9224 | 5.25 | 23.35 | 348 | M2 |
| 11CUS9154 | 0.75 | 152.43 | 348 | M2 |
| 10CUS9223 | 2.70 | 65.06 | 347 | M2 |
| 10CUS8890 | 1.50 | 282.36 | 345 | M2 |
| 10CUS8896 | 2.25 | 76.16 | 345 | M2 |
| 10CUS9220 | 5.40 | 23.29 | 345 | M2 |
| 10CUS9277 | 11.70 | 22.04 | 343 | M2 |

| Hole ID | Interval (m) | Au (g/t) | Level/RL | Shoot |
|-----------|--------------|----------|----------|-------|
| 10CUS9042 | 4.40 | 213.19 | 337 | M2 |
| 10CUS9271 | 12.60 | 37.59 | 337 | M2 |
| 10CUS9054 | 4.50 | 162.96 | 336 | M2 |
| 10CUS9252 | 4.50 | 53.95 | 330 | M2 |
| 10CUS9254 | 6.30 | 27.89 | 330 | M2 |
| 10CUS9305 | 1.80 | 76.86 | 330 | M2 |
| 11CUS9312 | 10.50 | 14.96 | 330 | M2 |
| 10CUS9040 | 2.70 | 51.82 | 329 | M2 |
| | | | | |
| 10CUS9235 | 6.00 | 16.79 | 750 | M3 |
| 10CUS9188 | 2.25 | 30.71 | 749 | M3 |
| 10CUS9188 | 2.50 | 32.58 | 748 | M3 |
| 10CUS9201 | 4.00 | 22.83 | 748 | M3 |
| 10CUS8800 | 3.75 | 132.20 | 385 | M3 |

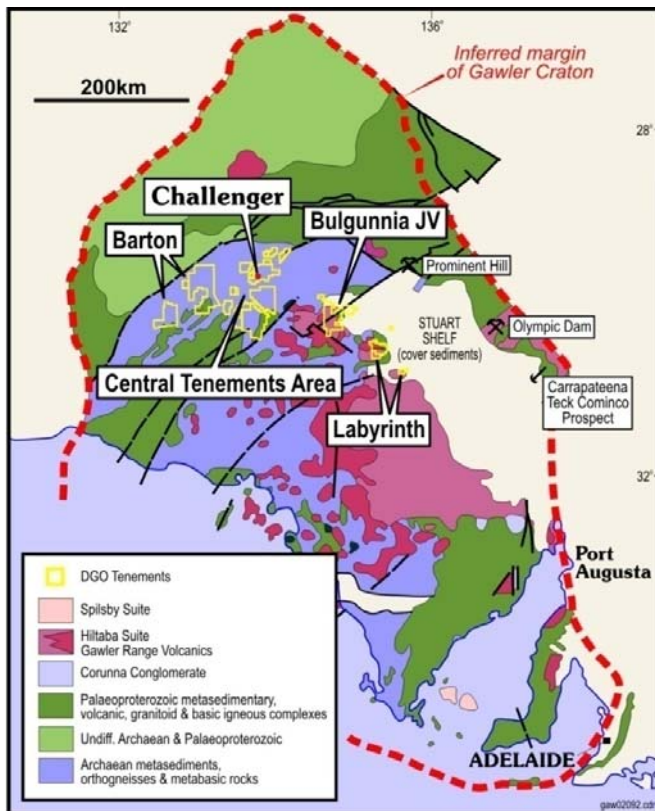
Occupational Health and Safety

There were no Lost Time Injuries during the quarter with the Challenger Operation 148 days free of a lost time injury at the end of December.

EXPLORATION PROJECTS

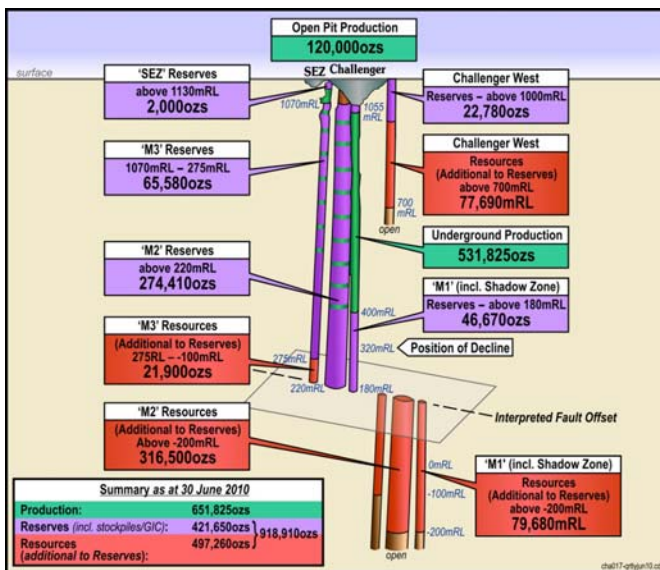
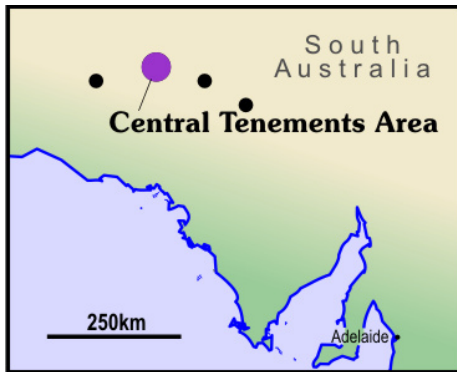


SOUTH AUSTRALIA



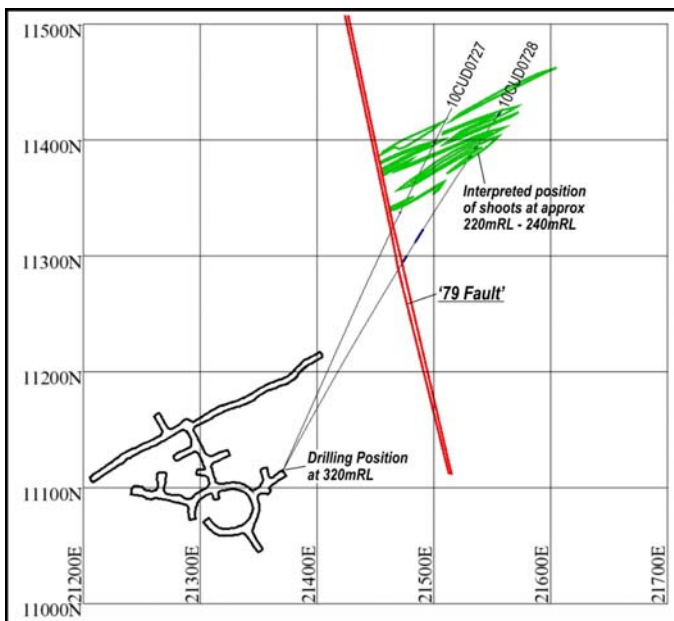
South Australia Projects

Challenger (100%)



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

A programme of underground diamond drilling to evaluate the continuity of the **Challenger Shoot System** immediately above and below the '79 Fault' commenced during the quarter. This drilling is being carried out from the 320m RL (currently the deepest development level). This position still presents difficulties in planning holes to intersect the target positions due to the flat plunge of the shoots and the offset across the fault.



Plan View showing holes 10CUD0727 and 0728

A number of holes have been successful in intersecting both the fault zone and the shoot system below the fault. The discreet, and geometrically complex, high grade structures within the shoot system are typically separated by larger zones of low grade (0.1 – 1.0 g/t gold) mineralisation. Results received to date from 2 holes (10CUD0726 and 0727) that have intersected the shoot system below the fault have confirmed development of this lower grade gold mineralisation and the current hole (10CUD0728) has intersected more extensive shoot style veining and sulphide mineralisation for which results are pending.

While further drilling from the 320m RL will be useful in providing more effective definition of the position of the shoots below the fault, more systematic close spaced drilling will be required to facilitate both the upgrading of the Inferred Resources and the estimation of

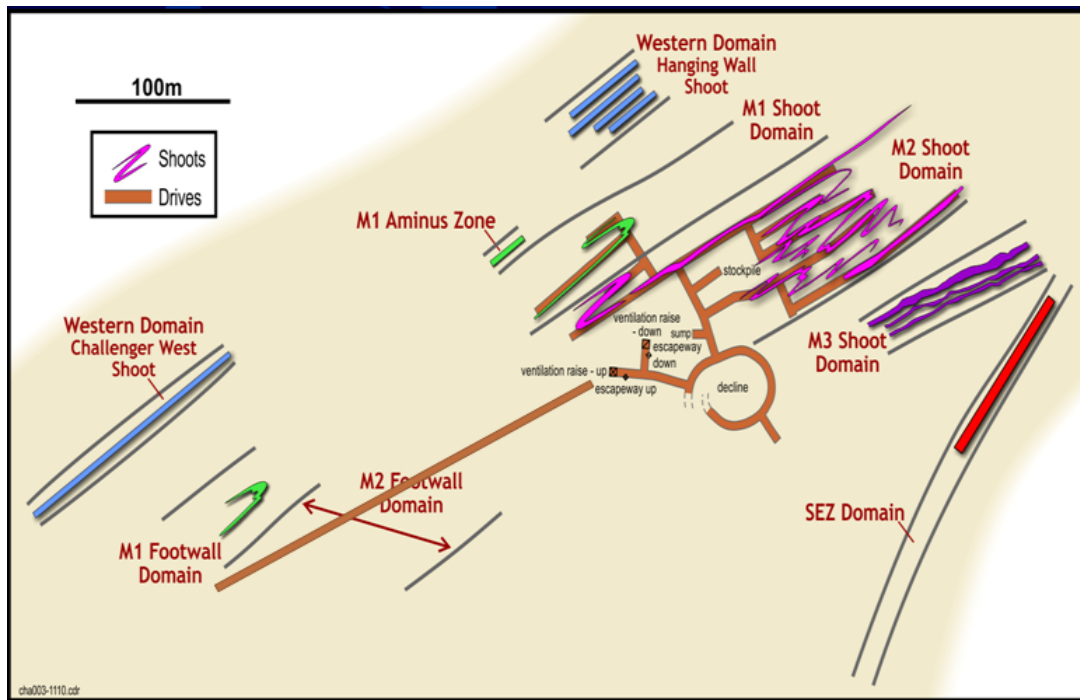
Reserves. To this effect, during the March quarter, it is planned to develop an exploration drive from the 280m RL to cross the fault and access more favourable positions to target the shoots.

The drilling from the 320m RL was also planned to provide better definition within future planned mining levels of the M2 Shoot above the 79 Fault, and a number of high grade intersections confirm excellent continuity of high grade structures. One very high grade intersection (0.34 metres grading 637.78 g/t gold) is interpreted as representing the **Aminus** target (for which there are no currently estimated resources). Significant intersections are tabulated below:

Underground Diamond Drilling Intersections

| Hole ID | Interval (m) | Au (g/t) | Level/RL | Shoot |
|-----------|--------------|----------|----------|--------|
| 10CUD0726 | 1.84 | 21.75 | 309 | M2 |
| 10CUD0724 | 5.26 | 16.07 | 305 | M2 |
| 10CUD0725 | 0.40 | 106.36 | 300 | M2 |
| 10CUD0726 | 1.87 | 103.56 | 300 | M2 |
| 10CUD0752 | 0.60 | 68.11 | 277 | M2 |
| 10CUD0738 | 0.34 | 637.78 | 293 | Aminus |
| 10CUD0584 | 3.00 | 28.46 | 800 | CW |

A separate programme of underground diamond drilling, to evaluate depth continuity of the **Challenger West Shoot**, utilising existing access from the 800m RL exploration drive, has recently commenced.

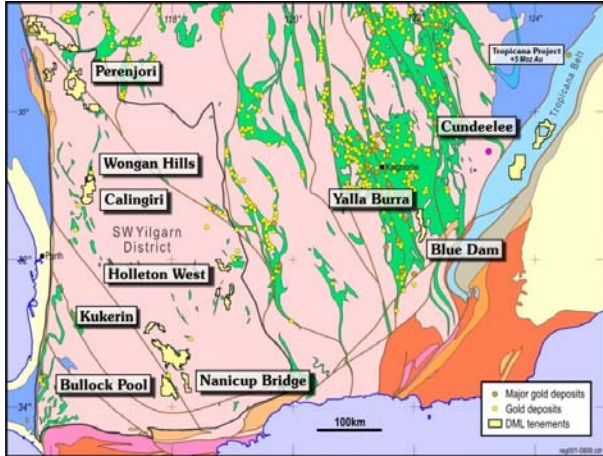


Plan of shoots, targets and the 800m RL exploration drive

The initial hole of this programme, 10CUD0584, confirmed the continuity of this high grade shoot with an intersection of 3.0 metres grading 28.46 g/t gold. A further 4 holes are planned to evaluate the strike continuity of the structure. Future planned drilling from this position will also evaluate the **M1 and M2 Footwall Domain** targets.

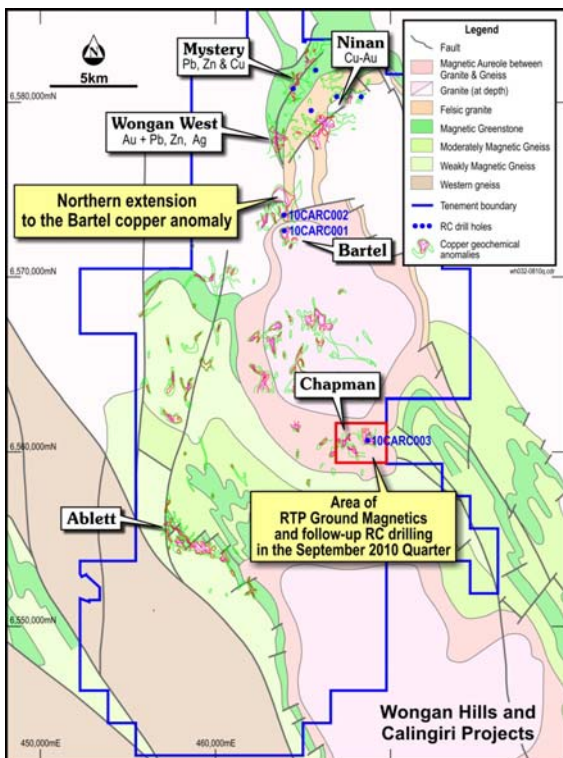
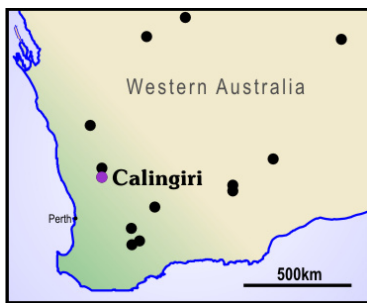
WESTERN AUSTRALIA

Yilgarn and Tropicana Belt Districts



Western Australia Projects - Geological districts and gold deposits

Calingiri Project (100%)



Calingiri and Wongan Hills Projects - Compilation

Access to follow up the discoveries of extensive copper-gold systems at the **Chapman** and **Bartel Prospects** during the Quarter was restricted due to the cropping season. However, it was possible to complete an airborne magnetic and radiometric survey and, from the middle of December, access was available for ground Induced Polarisation (IP) surveying. Metallurgical testwork was also undertaken.

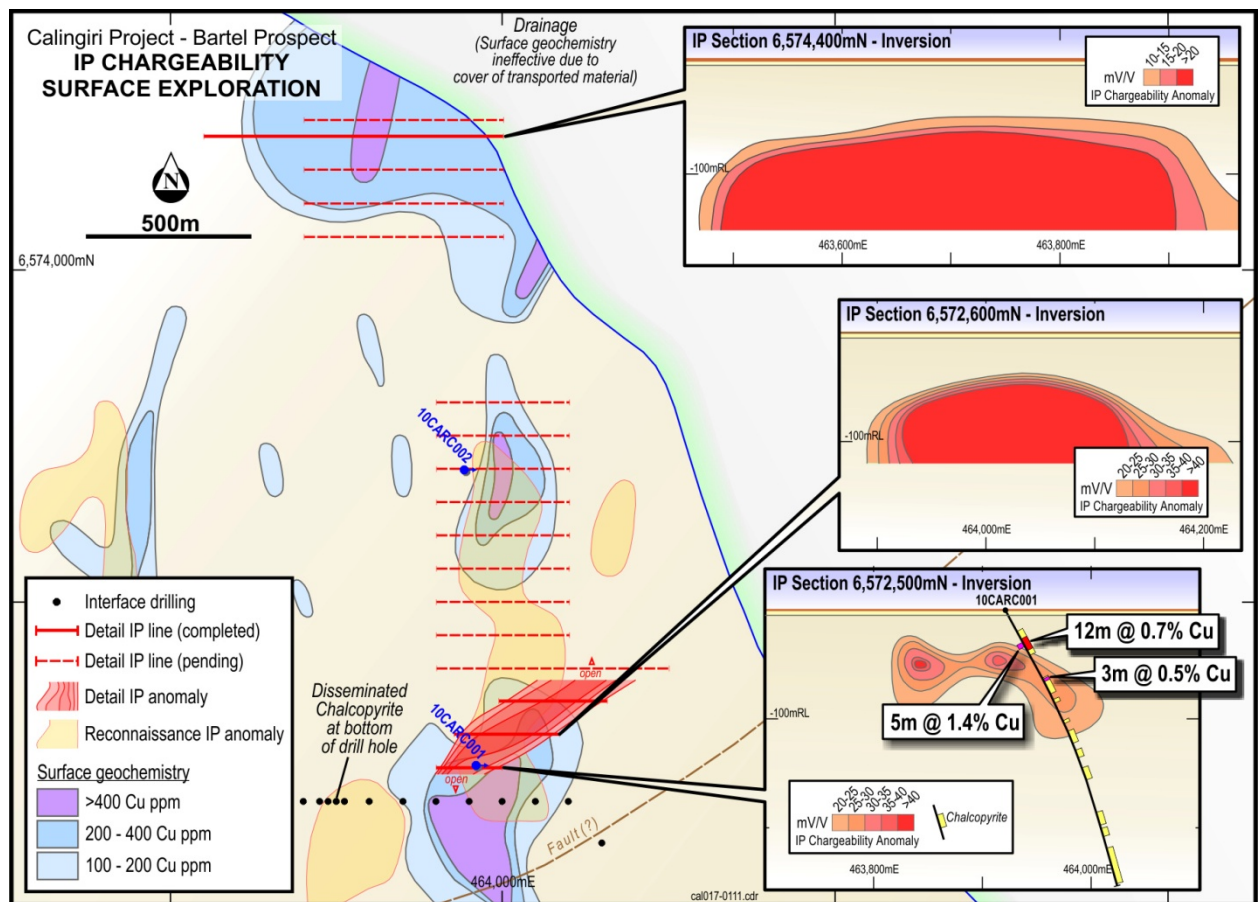
Regional Airborne Magnetic and Radiometric Survey

An airborne magnetic and radiometric survey totalling 11,152 line kms has been completed by Fugro Airborne Surveys. This survey covers the entire Calingiri Project area at a line spacing of 50 – 100 metres. It is hoped that this survey will enable both a much more detailed geological interpretation and, more significantly, given the known association of magnetite and the copper mineralisation intersected to date, will facilitate target definition. The data is currently being processed.

Induced Polarisation Surveys

Previously completed IP surveying, at both the **Bartel** and **Chapman Prospects** has clearly outlined zones of disseminated copper sulphide mineralisation. A programme of further IP surveying commenced in mid December and is currently ongoing. In addition to follow up surveying at the Bartel and Chapman Prospects reconnaissance surveying of priority copper geochemical anomalies is planned.

Initial results from a survey line to test the very strong northern extension to the Bartel copper geochemical anomaly has outlined a strong chargeability anomaly. Follow up surveying is underway but this represents a high priority drill target.

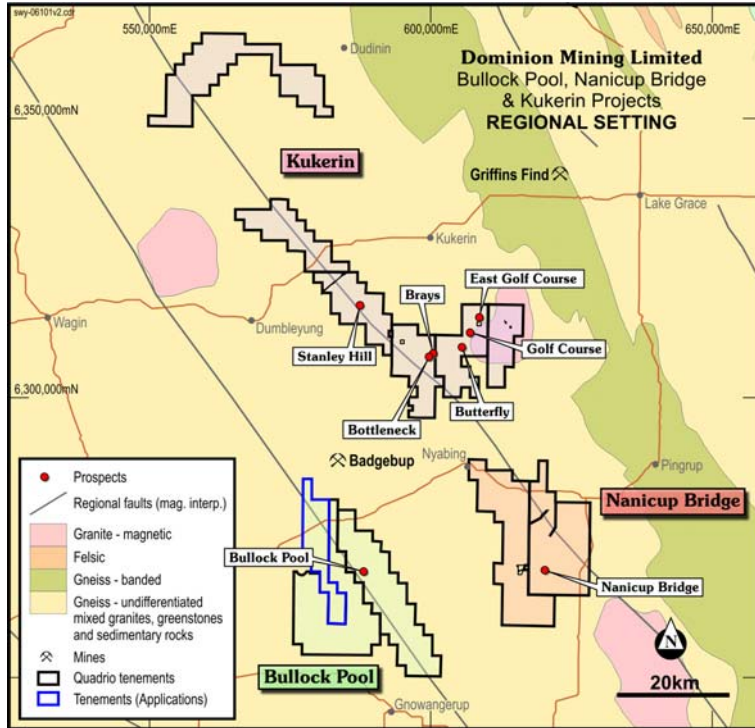


Metallurgical Testwork

One positive aspect of the mineralisation intersected to date at both Bartel and Chapman is that chalcopyrite is the dominant sulphide within the mineralised zones. This is important in that in any development scenario involving sulphide flotation the concentrate has the potential to be of relatively high value in relation to both copper content and lack of deleterious elements. If positive results are confirmed it would effectively decrease the target economic grades for a bulk mineable deposit, if discovered.

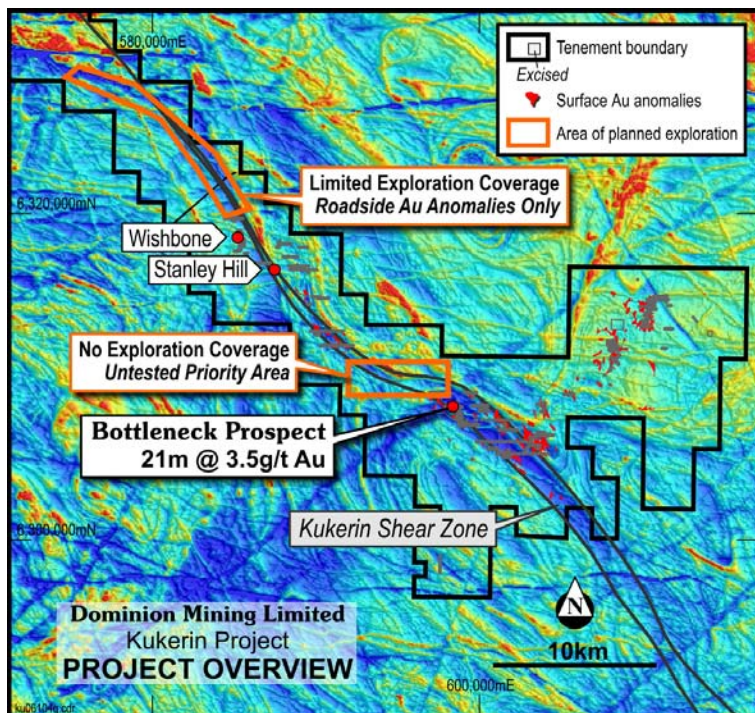
Preliminary metallurgical test work on representative reverse circulation drilling bulk samples from the Bartel and Chapman Prospects carried out by SGS Laboratories in Perth has indicated good liberation of copper sulphide minerals at a 106 micron grind size. Potential copper grades of concentrates will be determined following mineralogical investigations which are currently underway.

Kukerin Project



The Kukerin Project is considered to be a significant exploration opportunity. A discovery at the **Bottleneck Prospect** has not been followed up due to land access issues (securing landowner agreements) and a discontinued IPO process. This prospect was discovered as a result of testing the interpreted regional Kukerin Shear Zone with aircore drilling. The discovery hole of **21 metres grading 3.5 g/t gold** from 24 metres was followed up with drilling which confirmed significant shallow gold mineralization with intersections of **15 metres grading 5.3 g/t** from 30 metres and **6 metres grading 10.0 g/t gold** from 24 metres. Further close spaced drilling produced **12 metres grading 7.5 g/t** from 14 metres and **7 metres grading 6.3 g/t gold** from 24 metres, along strike of the discovery hole.

These shallow aircore gold intercepts have not been followed up with deeper reverse circulation drilling, and also remain unconstrained to the north west for several kilometres.

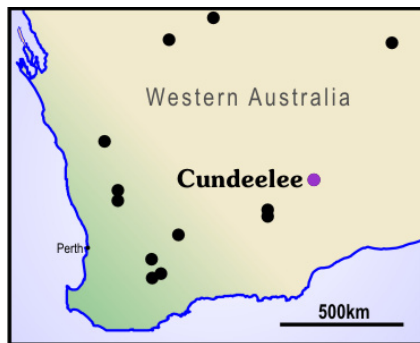


Kukerin Project – Prospects and areas of planned exploration

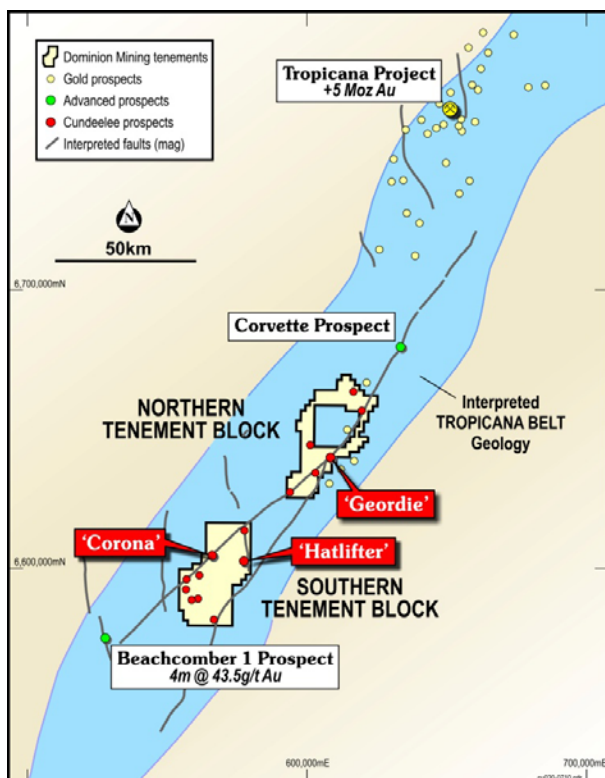
Exploration planned for the March Quarter will focus on several areas along the Kukerin Shear Zone (KSZ), in areas where access, in many cases, has not previously been available, including:

- Aircore drilling targeting extensions in the immediate vicinity of the **Bottleneck Prospect** (both north west and south east).
- Aircore drilling targeting a previously unexplored **area between the Bottleneck and Stanley Hill Prospects** where a favourable structural kink (dilation) is clearly evident on the regional magnetic image.
- Aircore drilling at **Stanley Hill Prospect**, where previous Dominion drilling encountered a broad interface anomaly open to the north and south.
- Surface geochemistry (paddock auger) where previously unexplored areas **along the KSZ north west of Wishbone Prospect** where roadside geochemistry identified several gold in soil anomalies.
- Reverse circulation drilling at **Bottleneck** and additional targets as identified in the aircore drilling programmes.

Cundeelee Project (Tropicana Belt) (100%)



Interface Drilling



Interface drilling to test several favourable structural positions underlying gold in soil anomalism has been carried out at the **Geordie** and **Hatlifter Prospects** and follow up drilling has been completed at the **Corona Prospect**.

At the **Geordie Prospect**, broad spaced interface drilling (on 800 metres spaced traverses) tested a coincident gold in soil anomaly (which peaks at 49ppb gold with numerous supporting +20ppb gold values) overlying a flexure in a north east trending lineament, interpreted from the magnetics to pass through Corvette Resources Limited's 'Corvette Prospect'. Elevated gold values (50 – 170 ppb) were encountered within basement rocks at depths of 24 – 45 metres. This confirms the potential for a bedrock mineralised system and infill drilling is warranted. Results are tabulated below:

The **Hatlifter Prospect** represented a previously undrilled gold in soil anomaly (which peaks at 55ppb gold with numerous supporting +20ppb gold values) that overlies structurally complex basement stratigraphy, tightly folded and offset by a regional north-south fault (as interpreted from magnetic data). This north-south fault bears similarities with

the north-south fault that lies adjacent to AngloGold's Beachcomber Prospect, and to the west of the magnetic structure that appears to control gold mineralisation within the Corvette Prospect. Results are tabulated below.

Broad spaced drilling encountered elevated gold (50 – 440 ppb) in several areas that lie at, or near, the in situ bedrock interface. A possible nearby association has been noted between the gold intercepts and a logged convergence of 'red rock' and chlorite alteration identified in the drill chips. Further drilling is warranted.

At the **Corona Prospect**, previous drilling had outlined a gold-bearing palaeochannel (at the base of the transported profile) that is becoming shallower to the south. Recent drilling south west of this palaeochannel has defined a thin secondary gold blanket in bedrock clays.

The shallowing of the gold bearing palaeochannel to the south combined with the presence of gold being chemically precipitated within marcasite, and a change from a gold bearing conglomerate channel (at the base of the transported profile) to a flat gold bearing clay horizon may be pointing to a proximal bedrock source.

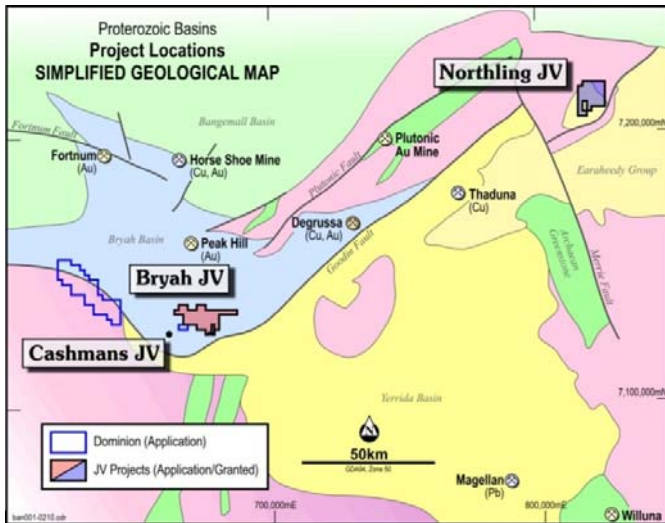
Additional interface drilling has intersected further gold mineralisation at the base of the transported profile (including intersections of 13 metres @ 154 ppb and 11 metres @ 293 ppb Au).

The extent of this gold mineralisation at Corona is impressive and is believed to reflect a local bedrock source. Further evaluation is planned.

Cundeelee Interface Drilling +50ppb Au intercepts

| Hole ID | Coordinates (GDA 94) | Dip/Azi | Interval (m) | Width (m) | Au ppb | Prospect |
|-----------|----------------------|---------|--------------|-----------|--------|-----------|
| 10CUAC597 | 610800E / 6642740N | -90/0 | 25 - 29 | 4 | 53 | Geordie |
| 10CUAC613 | 610000E / 6641960N | -90/0 | 35 - 36 | 1 | 90 | |
| 10CUAC615 | 610200E / 6641960N | -90/0 | 42 - 45 | 3 | 83 | |
| 10CUAC627 | 609400E / 6641140N | -90/0 | 34 - 35 | 1 | 50 | |
| 10CUAC631 | 609800E / 6641140N | -90/0 | 36 - 37 | 1 | 170 | |
| 10CUAC650 | 608500E / 6639350N | -90/0 | 21 - 22 | 1 | 60 | |
| 10CUAC835 | 610900E / 6642740N | -90/0 | 24 - 27 | 3 | 90 | |
| 10CUAC680 | 563700E / 6602550N | -90/0 | 45 - 48 | 3 | 210 | Corona |
| 10CUAC682 | 562000E / 6600550N | -90/0 | 63 - 66 | 3 | 50 | |
| 10CUAC683 | 562100E / 6600550N | -90/0 | 51 - 54 | 3 | 70 | |
| 10CUAC684 | 562200E / 6600550N | -90/0 | 48 - 51 | 3 | 50 | |
| 10CUAC691 | 562900E / 6600550N | -90/0 | 63 - 66 | 3 | 80 | |
| 10CUAC692 | 563000E / 6600550N | -90/0 | 66 - 69 | 3 | 50 | |
| 10CUAC696 | 561900E / 6600150N | -90/0 | 81 - 100 | 19 | 124 | |
| 10CUAC697 | 562000E / 6600150N | -90/0 | 87 - 99 | 12 | 118 | |
| 10CUAC698 | 562100E / 6600150N | -90/0 | 87 - 101 | 14 | 96 | |
| 10CUAC700 | 562300E / 6600150N | -90/0 | 63 - 66 | 3 | 50 | |
| | | | 87 - 99 | 12 | 130 | |
| 10CUAC701 | 562400E / 6600150N | -90/0 | 90 - 99 | 9 | 277 | |
| 10CUAC702 | 562500E / 6600150N | -90/0 | 90 - 99 | 9 | 107 | |
| 10CUAC703 | 562600E / 6600150N | -90/0 | 90 - 105 | 15 | 164 | |
| 10CUAC704 | 562700E / 6600150N | -90/0 | 93 - 104 | 11 | 293 | |
| 10CUAC729 | 576800E / 6605000N | -90/0 | 38 - 39 | 1 | 80 | Hatlifter |
| 10CUAC740 | 576900E / 6605000N | -90/0 | 35 - 36 | 1 | 440 | |
| 10CUAC783 | 578200E / 6602340N | -90/0 | 29 - 30 | 1 | 90 | |
| 10CUAC801 | 578050E / 6603140N | -90/0 | 18 - 21 | 3 | 50 | |
| 10CUAC805 | 578650E / 6604180N | -90/0 | 36 - 39 | 3 | 50 | |

BRYAH BASIN



Cashmans JV Project (option to acquire 90%)

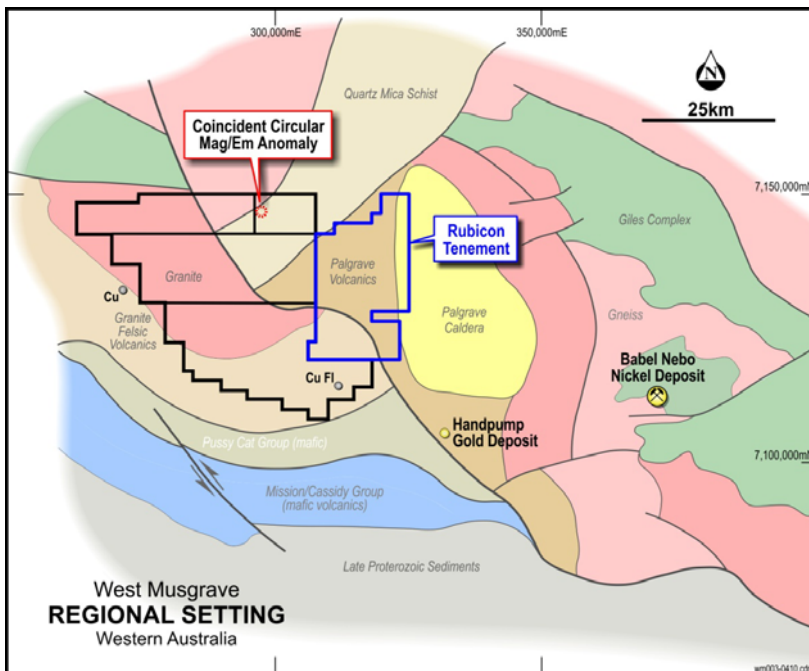
A ground electromagnetic survey covering a small area around the **Cashman’s gold and copper Prospects** has been carried out by Newexco Services. No priority targets were outlined.

Bryah JV (earning 70%)

This tenement application was granted during the quarter and detailed surface geochemical sampling and field investigations, initially to evaluate previously outlined copper – gold anomalism, commenced in December. Results are pending.

WEST MUSGRAVES

Dominion recently signed a letter agreement with Rubicon Resources Limited (Rubicon) to enter into a joint venture on Exploration Licence 69/2578 (the Bentley tenement) which lies adjacent to Dominion’s Golden Point Project.



Dominion’s Golden Point and Rubicon’s Bentley Tenements

Both Dominion’s Golden Point Project and the new Bentley tenement overlie a favourable structural position along strike from the recent discovery of the Handpump gold mineralisation by a third party.

The basic terms of the joint venture agreement include:

- Dominion has the right to earn a 70% interest in the Bentley tenement through expenditure of \$750,000 over a 5 year period, commencing from the later date of signing of a formal joint venture agreement, granting of the Bentley tenement, or signing a Land Access Agreement.
- Dominion will spend a minimum of \$140,000 (net of Land Access Agreement costs) within 12 months of the commencement date (Minimum Commitment).
- The joint venture is contingent on signing an acceptable Land Access Agreement with the relevant Land Council and its Traditional Owners on terms acceptable to Dominion.

EXPLORATION/EVALUATION EXPENDITURE

Group regional exploration (A\$1.46 million) and Challenger resource/reserve evaluation expenditure (A\$0.29 million) totalled A\$1.75 million for the quarter.

CORPORATE

Agreement Announced with Kingsgate Consolidated Limited to form a Premier ASX-Listed Mid-Tier Gold Producer

On October 20, Dominion announced it had entered into a Scheme Implementation Agreement with Kingsgate Consolidated Limited ("Kingsgate"), under which Kingsgate would acquire all of Dominion's ordinary shares through a Scheme of Arrangement ("Scheme") and all outstanding Dominion Mining Limited options will be cancelled in return for ordinary shares in Kingsgate.

Under the proposal, Dominion shareholders will receive 0.31 Kingsgate shares for every one Dominion share held. This represents a premium of 33% over the closing price of Dominion shares on 19 October 2010, a 28% premium to Dominion's 5-day VWAP and a premium of 35% based on Dominion's 30-day VWAP up to 19 October 2010.

Under the Option Scheme, each Dominion Optionholder will receive between 0.023 and 0.085 Kingsgate Shares per Dominion Option depending on the exercise price and expiry date of the options held.

Following successful completion of the Schemes, Dominion Shareholders and Optionholders will hold approximately 24% of Kingsgate.

The combination with Kingsgate will provide operational and growth diversification by way of exposure to Kingsgate's Chatree gold mine and exploration tenements in Thailand and create a premier ASX listed mid-tier gold producer with the potential to produce 300,000 ounces of per annum.

In addition, it will provide a significantly enhanced financial platform to capture and deliver additional growth opportunities for shareholders from two production bases and a substantial, prospective exploration portfolio and an opportunity to share in the combined entity's improved scale and market presence.

Dominion Directors unanimously recommend, in the absence of a superior proposal, that Dominion Shareholders and Optionholders vote in favour of the Schemes.

The Independent Expert KPMG Corporate Finance (Aust) Pty Ltd has concluded that the Schemes are, in the absence of a superior proposal, in the best interests of Dominion Shareholders and Optionholders.

The Scheme Booklet has been dispatched to all Dominion Shareholders and Dominion Optionholders, together with the relevant Notice of Meeting and proxy form. The Scheme Booklet and Notices of Meeting are also available on the Dominion website (www.dml.com.au).

The Share Scheme and Option Scheme Meetings will be held on Wednesday, 2 February 2011 at the Metcalfe Auditorium, State Library of NSW, Macquarie Street, Sydney, New South Wales.

December Quarter Financial Position

Attributable revenue for the quarter was A\$36.23 million, generated from the sale of 26,409 ounces of gold at an average price received of A\$1,372 per ounce. For the six months revenue totalled A\$69.57 million from the sale of 51,350 ounces of gold at an average delivered price of A\$1,355/ounce.

Group cash (A\$22.43 million including A\$1.43 million of restricted cash to support bank guarantees lodged as security to various statutory bodies) and bullion on hand accounted as revenue (A\$4.33 million) totalled A\$26.76 million at 31 December 2010. The group cash includes \$542,000 received on the 9th December from Iron Road Limited following their decision to continue with the farm-in agreement with Dominion on the rights to iron ore within certain Dominion Gawler tenements.

At the end of the quarter, 13,000 ounces (representing less than 3% of current reserves) with an average delivered price of A\$1,108 per ounce were sold under forward sales contracts. The mark to market of these positions at the end of December based on the spot gold price prevailing at that time of A\$1,387/ounce was a negative A\$3.68 million.



Jonathan Shellabear
Managing Director

For further information please contact:
Jonathan Shellabear, Managing Director
Tel: +61 8 9426 6400

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.