

ASX CODE

DOM

ISSUED CAPITAL

103,009,351 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

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Managing Director

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# Dominion Mining Limited

ABN 37 000 660 864

## QUARTERLY REPORT

**31 DECEMBER 2009**

## SUMMARY

## Challenger Mine Operations

- Quarterly gold production of **20,082 ounces** of gold at an operating cash cost of **A\$627/ounce** and production for the 6 months of **37,687 ounces** of gold at an operating cash cost of **A\$653/ounce**. These results were primarily due to:
  - a focus on developing sufficient underground accesses to enable more areas to be mined to facilitate the plant expansion;
  - greater proportion of lower grade ore mined from the M2 shoot;
  - lower gold endowment encountered from the M1 Shoot; and
  - lack of access to some higher grade stopes at lower levels due to poor ventilation.
- Plant expansion progressing on schedule and on budget with increased annual production rates building to around 120,000 ounces from February 2010.
- Sinking of the 4.5 metre diameter 730 metre deep Ventilation Shaft recently completed and is scheduled to be in full operation by early February.
- Underground percussion drilling continues to support the continuity of high grade mineralisation within future mining levels. Results include **21.7 metres grading 13.6 g/t**, **7.55 metres grading 41.1 g/t**, **2.25 metres grading 221.4 g/t**, **2.60 metres grading 321.3 g/t**, **14.25 metres grading 136.0 g/t**, **3.75 metres grading 113.7 g/t** and **4.50 metres grading 137.9 g/t** gold.

## Exploration

## Challenger

- Drilling has highlighted the potential of the **SEZ Target** (not included in current resources but close to existing development of the M3 Shoot) with intersections including **3.75 metres grading 25.7 g/t**, **1.50 metres grading 20.9 g/t** and **3.00 metres grading 21.9 g/t** gold.
- Drilling has confirmed continuity of the **M3 Shoot** below the level of current reserves with intersections including **7.2 metres grading 14.6 g/t**, **4.50 metres grading 19.7 g/t** and **1.00 metres grading 98.7 g/t** gold.

## Western Australia

- Initial shallow drilling to test a series of copper-gold geochemical anomalies within the Calingiri Project has intersected extensive bedrock mineralisation including bottom of hole values of **≥1% copper**.
- Drill programmes scheduled for a number of projects for the March quarter including Wongan Hills, Calingiri, Blue Dam, Northling and Bryah.

## Corporate

- Revenue for the quarter of **A\$22.32 million** was generated from the sale of **19,794 ounces** of gold at an average price received of **A\$1,127/ounce** generating a gross cash margin of **A\$9.3 million** and a net operating cash deficit after development and all capital expenditure of **A\$3.5 million**.
- For the six months revenue was **A\$43.05 million** from the sale of **38,643 ounces** of gold at an average delivered price of **A\$1,114/ounce** generating a gross cash margin of **A\$18.5 million** and a net operating cash deficit after development and all capital expenditure of **A\$7.0 million**.
- Cash and bullion of **A\$22.11 million** at the end of December, comprising of cash of **A\$18.53 million** and bullion of **A\$3.58 million**.

- The estimated net profit for the 6 months before tax and accounting adjustments is expected to be around A\$4.1 million a 70% decrease against the December 2008 figure as a result of lower production, lower revenue and higher operating costs.
- It is expected the operating result for the 6 months ended 30 June 2010 will be materially higher than the December half year result.

**OPERATIONS (Challenger Gold Project – Dominion 100%)****Production**

Production during the quarter was sourced mainly from the M2 shoot to prioritise development accesses to prepare for the expanded production scheduled to commence in February 2010. A total of 20,082 ounces was produced from processing 124,936 tonnes with a grade of 5.36 g/t at a cash operating cost of A\$627/ounce.

		Quarter Ended 31 December 2009	Quarter Ended 31 December 2008	6 Months Ended 31 December 2009	6 Months Ended 31 December 2008
Tonnes Mined (including low grade)	(tonnes)	125,149	129,023	219,370	247,075
Ore Processed	(tonnes)	124,936	109,872	241,917	215,966
Head Grade	(g/t)	5.36	7.71	5.16	8.12
Recovery	(%)	92.6%	93.9	92.8%	94.1
Gold Produced*	(oz)	20,082	25,014	37,687	52,283
Cash Operating Cost**	(A\$/oz)	\$627	\$431	\$653	\$416
Mine Development		\$4.72million	\$5.11million	\$10.61million	\$9.80million
Sustaining Capex		\$0.88million	\$1.84million	\$2.16million	\$2.77million
New Tailings Storage Facility		0	0	\$1.53million	0
Ventilation Shaft/Fan		\$1.62million	0	\$5.02million	0
Plant Expansion and Thickener	\$'000	\$5.61million	0	\$6.04million	0
Gold Sold	(oz)	19,794	25,510	38,643	51,906
Average Price Received	(A\$/oz)	\$1,127	\$1,149	\$1,114	\$1,087

\* 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 (from 1 January 2009, previously \$13/ounce) and a production royalty of A\$4 per ounce to local indigenous groups.

Resources were diverted from higher grade stoping areas to focus on development to expand the number of underground accesses for a higher turnover of future stopes. Ore stoped from the M1 shoot was also lower than expected at the lower levels mined during the quarter. However updated resource modelling of these lower levels indicates that the gold endowment of the M2 shoot is increasing with depth. This modelling is supported by grade control and model wireframing and development carried out in the M2 shoot lower zones to date.

The plant expansion progressed as planned and will be completed during January 2010. The key components on surface to facilitate increased production comprise a second ball mill and a thickener which are currently being commissioned. This will allow the treatment plant to increase throughput up to a nominal 75 tonnes per hour or up to 630,000 tonnes per annum. The build up to the output level of 120,000 ounces per year will be accomplished over the next six months.

The commissioning of the thickener will ensure that water usage will not increase even though throughput will be significantly expanded.

The treatment plant achieved plant availability of 98.4% during the quarter with gold recovery of 92.6%.

Production during January 2010 will be curtailed owing to the necessary plant shutdowns to tie the new ball mill into the existing circuit. A total shutdown of four days is planned. From February, production will be steadily increased with output scheduled at the rate of 120,000 ounces per annum by mid-2010. Production for the March 2010 quarter is estimated at around 22,500 ounces increasing to 28,500 ounces in the June quarter.

Additional ventilation required at depth will also be available to facilitate increased mining activity underground as the ventilation shaft (construction commenced in November 2008) was completed on 20 January 2010 ready for the exhaust fan to be installed. As reported previously, the completion of the shaft is later than anticipated due to mechanical problems with the raise bore equipment and lack of ventilation during the quarter at lower levels has presented some mining challenges.

The ventilation shaft is 4.5 metres in diameter and 730 metres deep and is designed to increase airflows by at least 50% providing ventilation for underground workings down to 1200 metres below surface. Current stoping activity from the M1 shoot is 800 metres below surface whilst the M2 shoot has been stoped down to 340 metres below surface.

Completion of an additional power station is also on schedule to be completed in January 2010. A second station is being built as an independent power supply for the exhaust fan and underground workings allowing the existing power station to supply the increased requirements for the expanded plant.

A total of A\$4.72 million was spent on underground development work during the quarter. An additional A\$0.55 million was incurred on other capital works comprising an underground pump station, a leach tank spare gearbox and a second reverse osmosis plant.

During the quarter A\$4.66 million was spent on the expansion project principally the ball mill, exhaust fan and emergency feed conveyor, A\$0.95 million on the thickener, A\$1.62 million reaming the ventilation raise and A\$0.33 million on preparatory work for the power station.

All major capital expenditure is planned to be completed during January and little further additional expenditure is anticipated apart from underground development and ongoing sustaining capital.

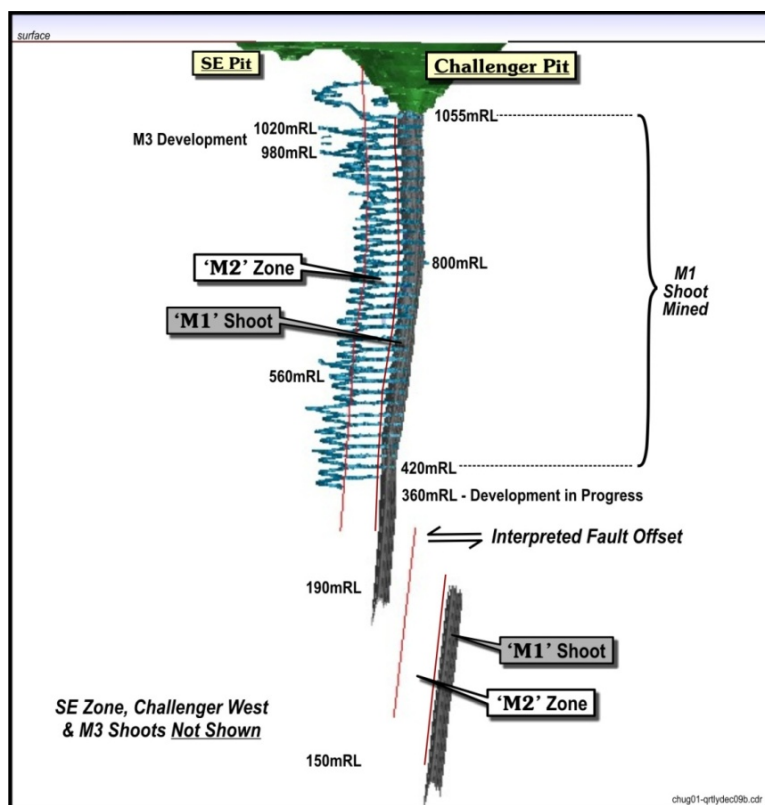
### Underground Development & Mining

The decline was developed down to the 360 level by the end of the quarter. Development of the M1 and M2 shoots were progressing on the 400 and 380 levels.

Development on the M2 shoot also occurred on the 840, 820 and 760 levels and partial development between the 540 to 600 levels. Development also took place on the 420 level for an underground magazine.

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

The M3 shoot has been developed using hand-held mining methods during the last six months which has enabled better spatial and geological understanding of the shoot characteristics. This mining took place between the 980 level and the 1020 level and stoping had begun by the end of the quarter.



Challenger underground showing current level development

**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	From (m)	To (m)	Interval (m)	Au (g/t)	Level/RL	Shoot
09CUD0576	97.00	98.43	1.43	18.84	363	M1
09CUD0577	100.00	101.00	1.00	15.74	362	M1
09CUD0576	115.00	116.00	1.00	11.58	354	M1
09CUD0613	51.00	52.00	1.00	43.74	423	M2
09CUD0616	35.23	35.55	0.32	252.77	421	M2
09CUD0600	44.94	49.00	4.06	14.48	400	M2
09CUD0574	25.30	25.80	0.50	69.84	397	M2
09CUD0600	92.46	93.20	0.74	107.16	391	M2
09CUD0596	77.90	79.11	1.21	47.62	385	M2
09CUD0593	66.71	67.33	0.62	149.62	383	M2
09CUD0598	90.00	97.17	7.17	72.49	382	M2
09CUD0598	107.30	129.00	21.70	13.60	375	M2
09CUD0577	85.00	89.00	4.00	21.88	368	M2
09CUD0598	153.88	155.00	1.12	432.62	367	M2

*Underground Percussion Drilling Intersections*

Hole ID	Interval (m)	Au (g/t)	Level/RL	Shoot
09CUS6192	0.75	69.16	423	M1
09CUS6167	1.80	95.56	419	M1
09CUS6171	3.60	120.54	417	M1
09CUS5946	1.80	19.08	416	M1
09CUS5949	1.80	38.25	415	M1
09CUS5954	0.90	46.08	416	M1
09CUS5947	1.80	91.47	411	M1
09CUS5963	3.75	76.96	410	M1
09CUS5964	1.50	328.48	410	M1
09CUS6396	2.70	36.41	410	M1
09CUS6397	1.80	39.45	410	M1
09CUS6402	2.70	73.06	410	M1
09CUS6403	2.70	85.31	410	M1
09CUS6176	7.55	41.14	409	M1
09CUS6191	0.75	82.34	409	M1
09CUS6179	2.25	82.69	408	M1
09CUS5373	1.80	45.12	855	M2
09CUS6326	3.60	35.61	855	M2
09CUS6444	4.50	27.06	855	M2
09CUS6454	2.25	221.42	855	M2
09CUS6027	4.50	16.67	852	M2
09CUS5993	1.80	47.82	850	M2
09CUS6016	3.60	157.11	850	M2
09CUS6019	0.90	71.01	850	M2
09CUS6020	2.60	321.29	850	M2
09CUS6031	1.70	94.47	850	M2
09CUS6443	4.50	23.50	850	M2

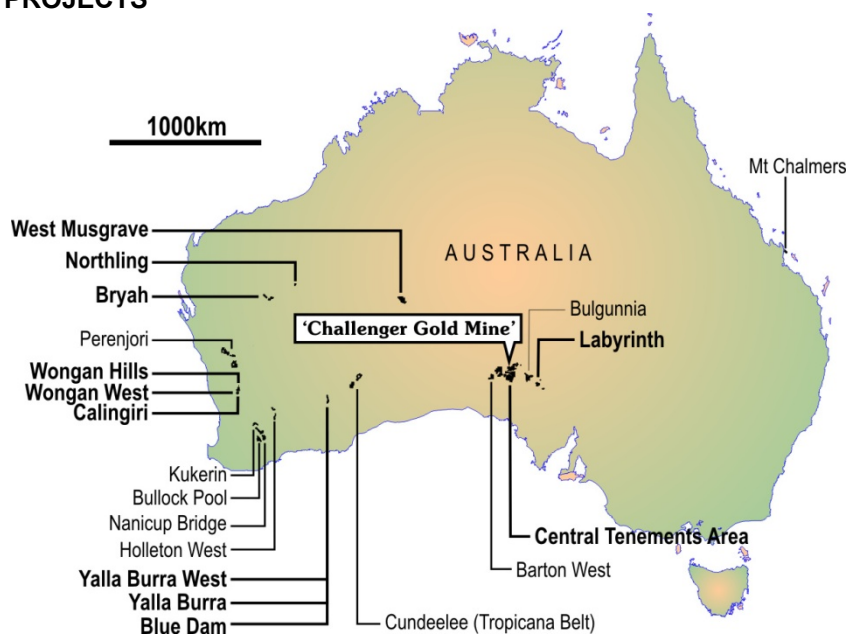
Hole ID	Interval (m)	Au (g/t)	Level/RL	Shoot
09CUS6146	0.90	224.61	837	M2
09CUS5246	5.25	35.30	835	M2
09CUS6160	2.70	35.70	835	M2
09CUS5268	5.30	14.79	830	M2
09CUS6130	1.50	98.93	830	M2
09CUS6131	3.00	85.91	830	M2
09CUS6133	4.50	56.44	830	M2
09CUS6142	2.60	116.96	830	M2
09CUS6144	3.35	27.13	830	M2
09CUS6271	1.50	37.09	830	M2
09CUS6638	6.00	40.51	829	M2
09CUS5246	2.25	63.62	827	M2
09CUS6639	6.15	58.26	826	M2
09CUS6643	5.25	64.88	825	M2
09CUS6638	1.50	51.63	824	M2
09CUS5932	1.50	68.45	772	M2
09CUS6378	3.00	26.02	770	M2
09CUS6408	0.75	126.16	770	M2
09CUS6471	1.80	37.55	592	M2
09CUS5884	1.50	38.73	590	M2
09CUS6551	1.50	69.76	585	M2
09CUS6407	2.70	36.13	578	M2
09CUS6417	3.60	84.94	575	M2
09CUS5521	0.75	303.85	574	M2
09CUS6427	0.90	239.30	574	M2
09CUS6415	1.80	51.20	573	M2
09CUS5518	1.80	157.82	568	M2
09CUS6428	2.60	71.11	568	M2
09CUS6220	2.25	43.16	555	M2
09CUS6207	1.50	58.45	550	M2
09CUS6219	3.75	78.76	550	M2
10CUS6708	6.00	330.5	540	M2
10CUS6710	14.25	136.0	540	M2
09CUS5850	3.75	113.68	491	M2
09CUS6186	2.25	30.55	421	M2
09CUS6100	1.80	118.80	419	M2
09CUS6165	1.80	51.93	416	M2
09CUS6173	3.60	20.48	414	M2
09CUS5807	2.70	39.08	413	M2
09CUS5960	4.50	137.92	410	M2
09CUS6121	2.70	30.58	410	M2
09CUS6588	2.70	70.41	389	M2

### Occupational Health and Safety

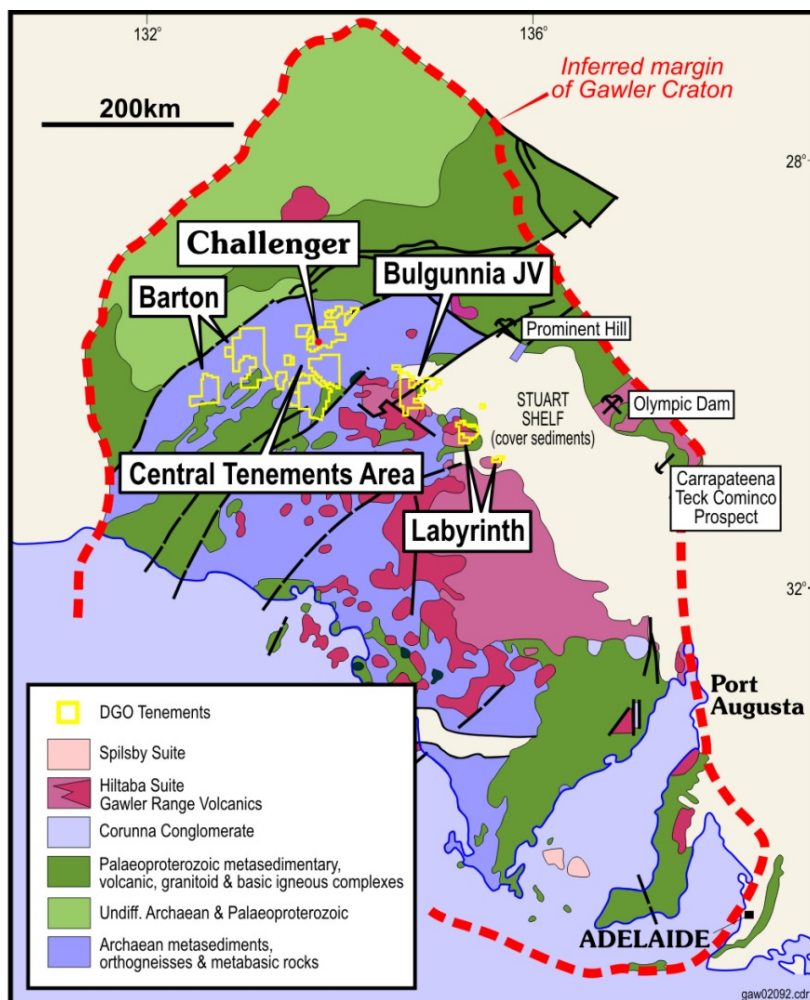
There were two Lost Time Injuries during the quarter.

An underground miner twisted his knee and an operator was scalded when he removed the radiator cap from the loader he was operating.

## EXPLORATION PROJECTS



## SOUTH AUSTRALIA



South Australia Projects



**Challenger (100%)**

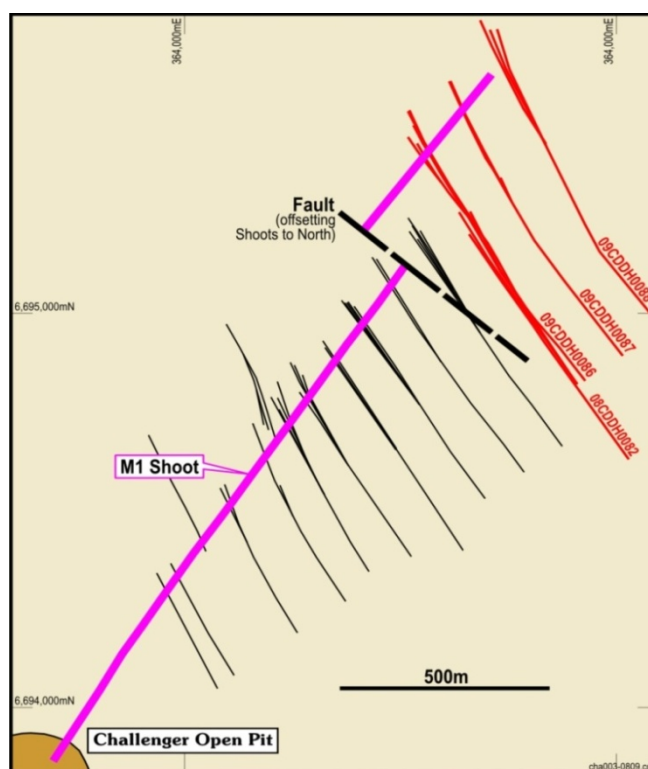
The Challenger Deeps surface drilling programme, designed to evaluate depth extensions of the Challenger Shoot system, has continued with the completion of the 88 Series (09CDDH0088W4). Results (received during the quarter) for the 88 Series holes are tabulated below:

*Surface Diamond Drilling Intersections – Challenger Deeps*

Hole ID	Coords	Dip/Azi	From (m)	To (m)	Interval (m)	Au (g/t)	Depth of Intersection	
							m RL	Vertical depth (m)
09CDDH0088	10845N/21930E	-42/002	1473.14	1474.00	0.86	6.13	-33	1,228
09CDDH0088	10845N/21930E	-40.8/003	1604.10	1604.49	0.39	6.79	-119	1,314
09CDDH0088W3	10845N/21930E	-46.7/004	1441.00	1443.00	2.00	5.40	-23	1,218
09CDDH0088W3	10845N/21930E	-46.8/005	1612.00	1613.00	1.00	7.75	-147	1,342
09CDDH0088W4	10845N/21930E	-47.6/001	1281.60	1283.29	1.69	11.07	91	1,104
09CDDH0088W4	10845N/21930E	-47.6/001	1289.00	1290.00	1.00	5.05	86	1,109
09CDDH0088W4	10845N/21930E	-48.8/007	1448.00	1449.00	1.00	19.16	-32	1,227
09CDDH0088W4	10845N/21930E	-48.8/007	1489.00	1493.00	4.00	7.43	-64	1,259

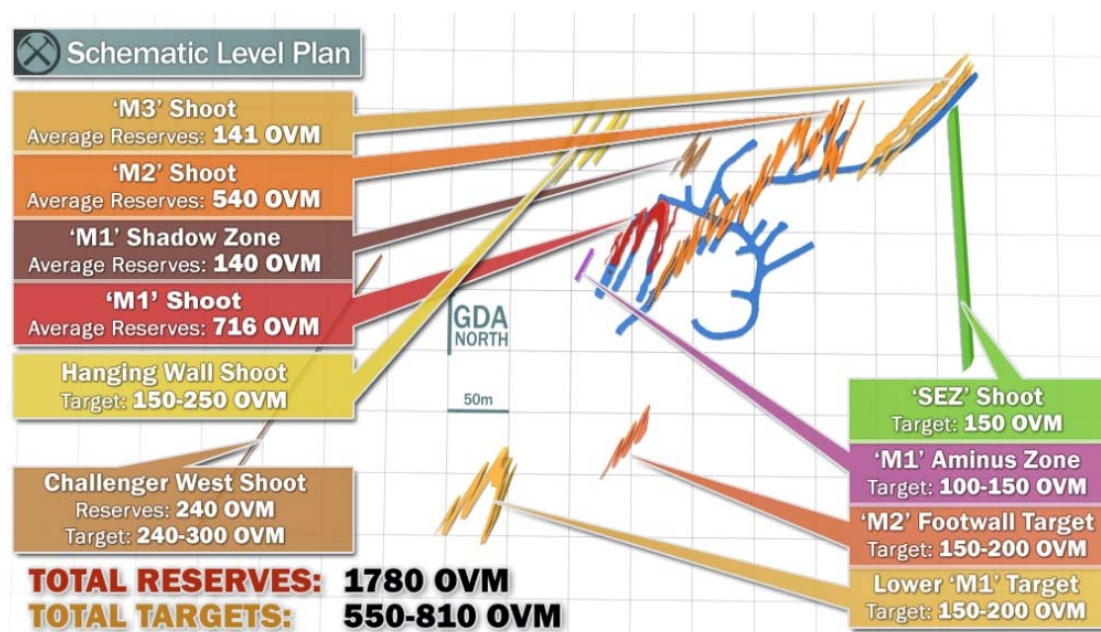
The 88 Series holes have confirmed the continuity of the shoot system, at least to the minus 150m RL (1,350 metres vertical depth). Together with the 86 and 87 Series the Deeps drilling has confirmed continuity of the Challenger Shoot system for at least 500 metres along strike (comprising an additional 300 metres vertical depth), beyond the '79 Fault' which offsets the shoot system by about 150 metres to the north - west.

It is planned that further evaluation of this extension of the shoot system will be undertaken when drilling can be carried out from underground access.



Challenger Deeps Drilling - Plan projection view

Underground exploration has targeted the M3 and SEZ Shoots.



#### Underground Diamond Drilling Intersections M3 Shoot

Hole ID	From (m)	To (m)	Interval (m)	Au (g/t)	Level/RL
09CUD0606	76.00	79.00	3.00	11.65	580

#### Underground Percussion Drilling Intersections

Hole ID	Interval (m)	Au (g/t)	Level/RL	Shoot
09CUS5893	7.20	14.56	1030	M3
09CUS5900	0.90	61.69	1030	M3
09CUS5912	1.80	27.52	1030	M3
09CUS5917	0.90	42.02	1030	M3
09CUS6092	4.50	19.74	590	M3
09CUS6098	3.00	10.98	590	M3
09CUS6393	1.00	98.73	1007	M3
09CUS6248	3.75	25.67	1030	SEZ
09CUS6249	1.50	20.90	1030	SEZ
09CUS6254	3.00	21.96	1030	SEZ

The intersections of the SEZ Shoot on the 1030 RL demonstrate excellent continuity of this target and it is planned to extend an exploration drive into the structure on this level.

The access to carry out this drilling had been made possible because of the development of the M3 Shoot on this level. The results support the potential of this target which is outside of current resources.

The M3 Shoot intersections demonstrate continuity of high grades within this structure below the level of current reserves.

### ***Iron Road Joint Venture***

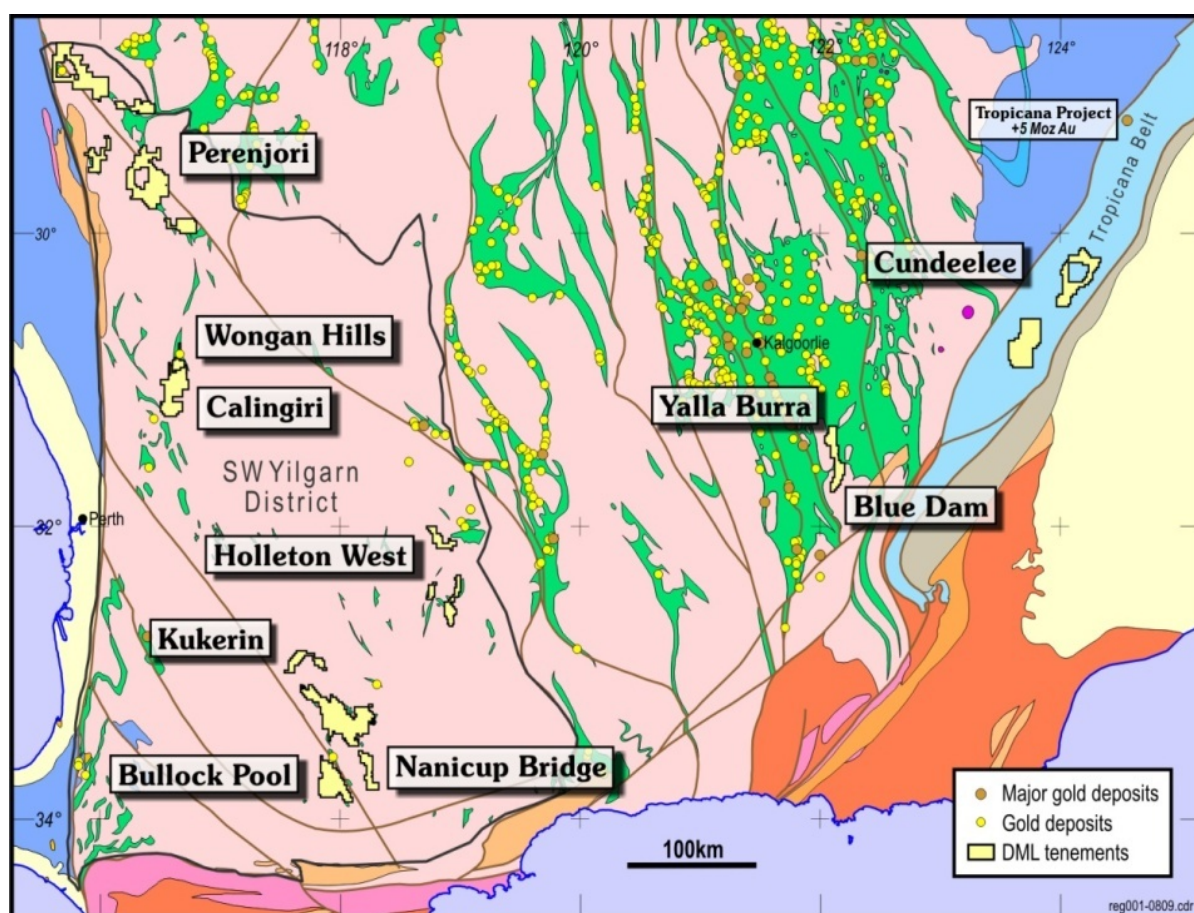
Iron Road Limited can earn a 90% interest in the iron ore rights within the Central Tenements Area (CTA) by both sole funding exploration and issuing A\$1 million worth of stock (or 2% of the company's equity, if a higher value). They are targeting magnetite mineralization similar to that in their Warramboe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

### ***Labyrinth Project (100%)***

Planned drilling of the T1 Target has, unfortunately, been indefinitely deferred due to access issues. It is hoped that these issues can be resolved so that this significant Olympic Dam/Prominent Hill style target can be evaluated.

## **WESTERN AUSTRALIA**

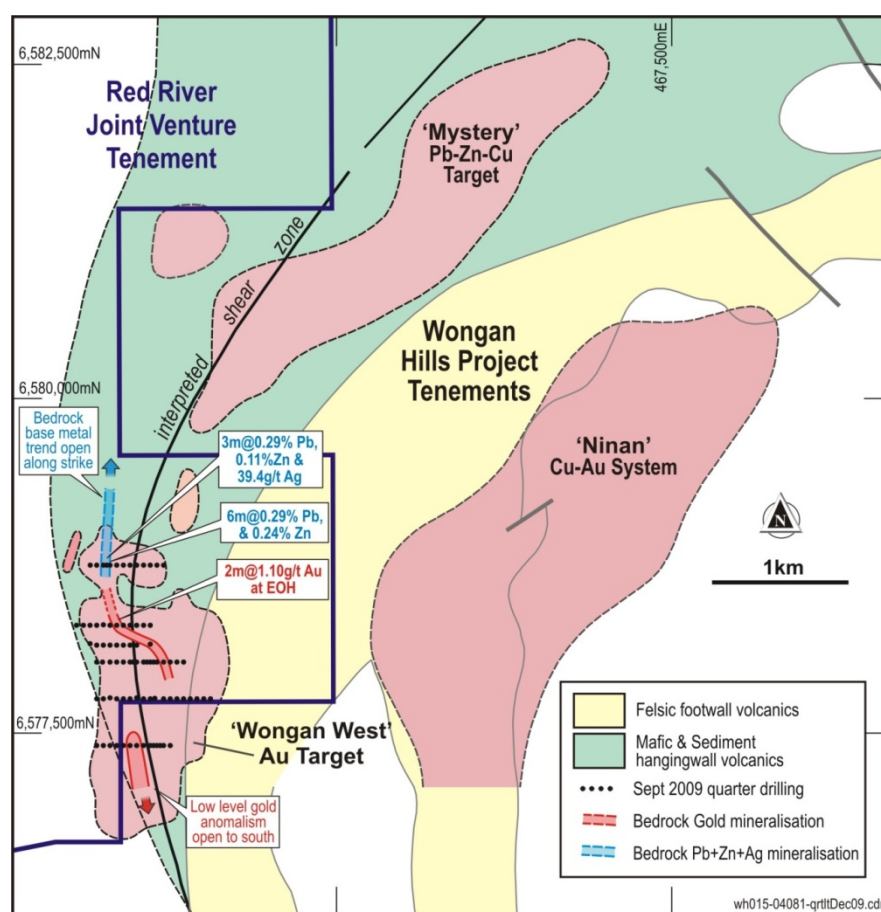
### ***Yilgarn and Tropicana Belt Districts***



*Western Australia Projects - Geological districts and gold deposits*

**Wongan Hills Project (80%)**

Previous exploration at Wongan Hills has defined both a very extensive system of copper-gold mineralisation (the Ninan Prospect) and outlined a parallel multi element geochemical anomaly (zinc, lead, copper, gold, arsenic, tin, and tungsten as well as important pathfinder elements indium, bismuth and antimony) at the Mystery and Wongan West Prospects. It is thought that these results demonstrate regional prospectivity for Golden Grove style volcanogenic hosted massive sulphide (VHMS) copper-gold and copper, lead, zinc and silver deposits.



Wongan Hills Project

Assay results have been received for interface drilling completed at the end of the September 2009 Quarter. This drilling targeted the interpreted western continuation of the Mystery system where it converges with a north-south oriented regional shear zone (the Wongan West target). This previously undrilled target is defined by a strong multi element geochemical anomaly.



The majority of the Wongan West prospect is subject to a farm-in agreement with Red River Resources Limited and Iron Mountain Limited under which Dominion can earn an initial 80% interest.

Drilling has defined several gold and lead zinc bedrock anomalies in the northern half of the target area. Gold intercepts are closely associated with the regional north south shear zone (results shown in table below) and two adjacent holes from the northern most traverse, define a broad zone of elevated lead, zinc and silver (likely continuation of the Mystery trend) associated with a meta sediment and open to the north. Considering the paucity of drilling in the area, these results are significant and warrant follow up drilling (currently scheduled for late March 2010).

*Table – Wongan West - Significant Gold Intercepts*

Hole ID	Coordinates (GDA 94)	Dip/Azi	Interval (m)	Width (m)	Au (g/t)
09WWAC035	6578025N / 463700E	-60/090	48-51	3	0.22
09WWAC048	6578158N / 463600E	-60/090	75-81	6	0.38
		<i>including:</i>	<i>75-78</i>	<i>3</i>	<i>0.70</i>
09WWAC062	6578300N / 463350E	-60/090	27-29*	2	1.10

\* end of hole

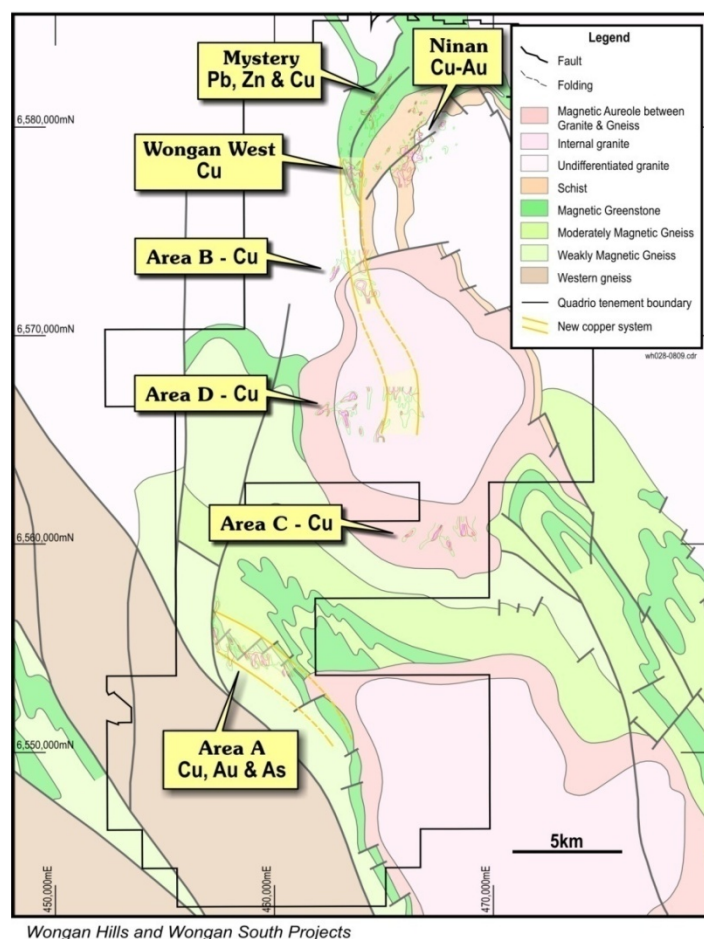
*Table – Wongan West Significant Lead, Zinc and Silver Intercepts*

Hole ID	Coordinates (GDA 94)	Dip/Azi	Interval (m)	Width (m)	Pb %	Zn %	Ag (g/t)
09WWAC078	6578750N / 463275E	-60/090	54-69	15	0.15	0.16	0.48
		<i>including:</i>	<i>60-66</i>	<i>6</i>	<i>0.29</i>	0.24	
09WWAC079	6578750N / 463250E	-60/090	66-78	12	0.12	0.14	11.50
		<i>including:</i>	<i>69-72</i>	<i>3</i>	<i>0.29</i>	0.11	39.40

### **Calingiri Project (100%)**



Surface geochemical sampling, in the area to the south of Wongan Hills, reported in the September quarter, outlined a series of extensive, and mainly, copper anomalies (Anomalies A – D). New airborne magnetic data had also enabled a much more detailed interpretation of the geological setting of these anomalies (refer figure below).



First pass reconnaissance interface drilling was undertaken during the December quarter.

Bedrock copper mineralisation has been intersected at all four prospects, with a best result of 1m @ 1.01% Cu at the bottom of drill hole 09CAAC050 (see table below). Multiple interface gold intercepts were also noted underlying the surface gold anomaly at Areas A and C (results are listed in the tables below).

Table - Area A, C and D— Significant Copper Intercepts

Hole ID	Coordinates (GDA 94)	Dip/Azi	Interval (m)	Width (m)	Cu %	Prospect
09CAAC004	6554600N / 459500E	-90/000	15-32*	17	0.116	Ablett
09CAAC007	6554596N / 459205E	-90/000	6-18	12	0.115	Ablett
09CAAC028	6555000N / 458000E	-90/000	9-14*	5	0.136	Ablett
09CAAC049	6560400N / 467100E	-90/000	21-24*	3	0.175	Chapman
09CAAC050	6560400N / 467000E	-90/000	30-49*	19	0.216	Chapman
		including:	48-49*	1	1.010	Chapman
09CAAC083	6560400N / 467025E	-90/000	36-44*	8	0.123	Chapman
09CAAC061	6567000N / 463600E	-90/000	9-18*	9	0.143	Dasher
		including:	15-18*	3	0.293	Dasher

\* end of hole

Table - Area A and C – Significant Gold Intercepts

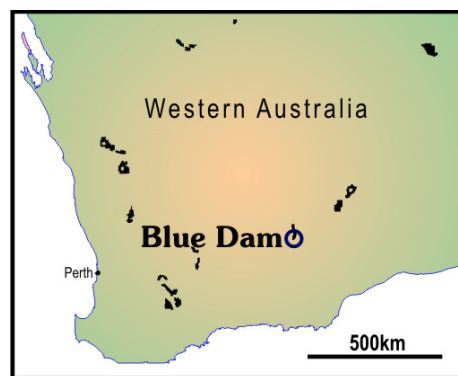
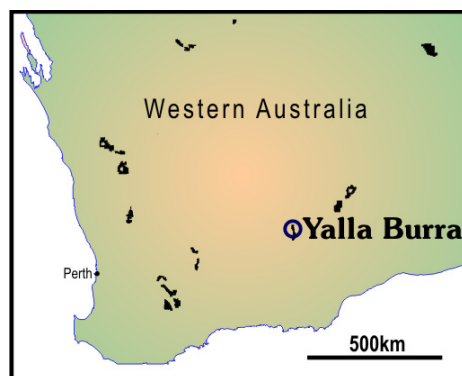
Hole ID	Coordinates (GDA 94)	Dip/Azi	Interval (m)	Width (m)	Au (g/t)	Prospect
09CAAC011	6554600N / 458800E	-90/000	21-23	2	0.11	Ablett
09CAAC032	6555000N / 457825E	-90/000	0-9	9	0.24	Ablett
09CAAC032	6555000N / 457825E	-90/000	15-18	3	0.37	Ablett
09CAAC033	6555000N / 457800E	-90/000	0-3	3	0.15	Ablett
09CAAC033	6555000N / 457800E	-90/000	15-27	12	0.10	Ablett

Hole ID	Coordinates (GDA 94)	Dip/Azi	Interval (m)	Width (m)	Au (g/t)	Prospect
09CAAC034	6555000N / 457775E	-90/000	9-12	3	0.24	Ablett
09CAAC034	6555000N / 457775E	-90/000	27-30	3	0.21	Ablett
09CAAC035	6555000N / 457750E	-90/000	30-36	6	0.18	Ablett
09CAAC037	6555000N / 457700E	-90/000	30-33	3	0.15	Ablett
09CAAC038	6555000N / 457600E	-90/000	18-21	3	0.10	Ablett
09CAAC046	6560400N / 467400E	-90/000	12-15	3	0.11	Chapman
09CAAC050	6560400N / 467000E	-90/000	30-33	3	0.48	Chapman
09CAAC050	6560400N / 467000E	-90/000	39-42	3	0.12	Chapman
09CAAC085	6560400N / 466900E	-90/000	33-36	3	0.14	Chapman

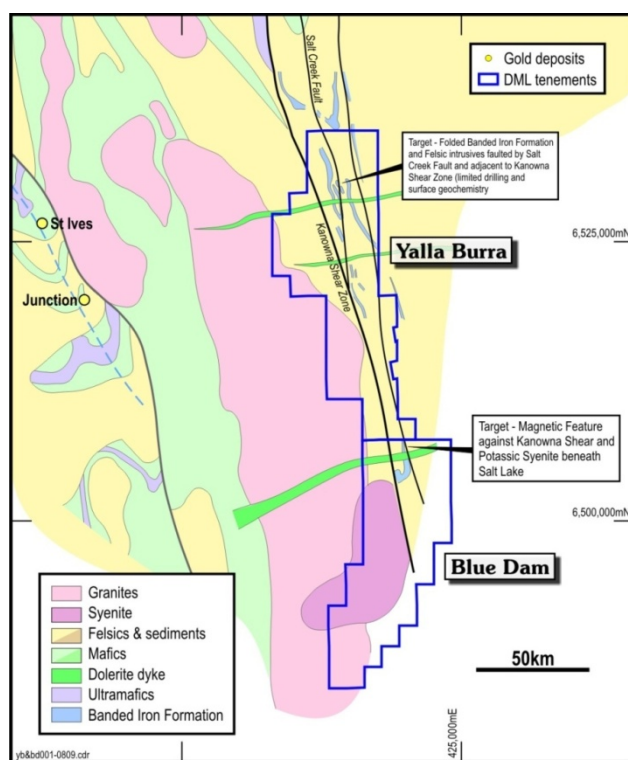
\* end of hole

Both the drilling and previous surface geochemistry sampling (September Quarter) took place while the wheat fields were under crop. As this drilling was restricted to fallow fields and limited traverses between, the surface geochemistry work remains incomplete. These drill results are considered significant and additional drilling and surface geochemistry is warranted. Follow up drilling is scheduled for late April 2010 after completion of more comprehensive surface geochemical sampling.

#### **Yalla Burra Project (earning 70%) and Blue Dam Project (option to acquire 90%)**



Infill surface geochemistry and broad spaced (600mN x 100mE) interface RAB drilling has tested several gold in soil anomalies that lie adjacent to the interpreted Kanowna Shear Zone and Salt Creek Fault structures within the Yalla Burra Project. Best results have been encountered beneath the gold in soil anomaly in the north-western most corner of the tenements (including 3m @ 130ppb Au from hole 09YBRB009). Follow up drilling programmes are being evaluated.



Yalla Burra and Blue Dam Projects

Hole ID	Coordinates (GDA 94)	Dip/Azi	Interval (m)	Width (m)	Au (g/t)	Prospect
09YBRB009	6533800N / 411450E	-90/000	30-33	3	0.13	Yalla Burra

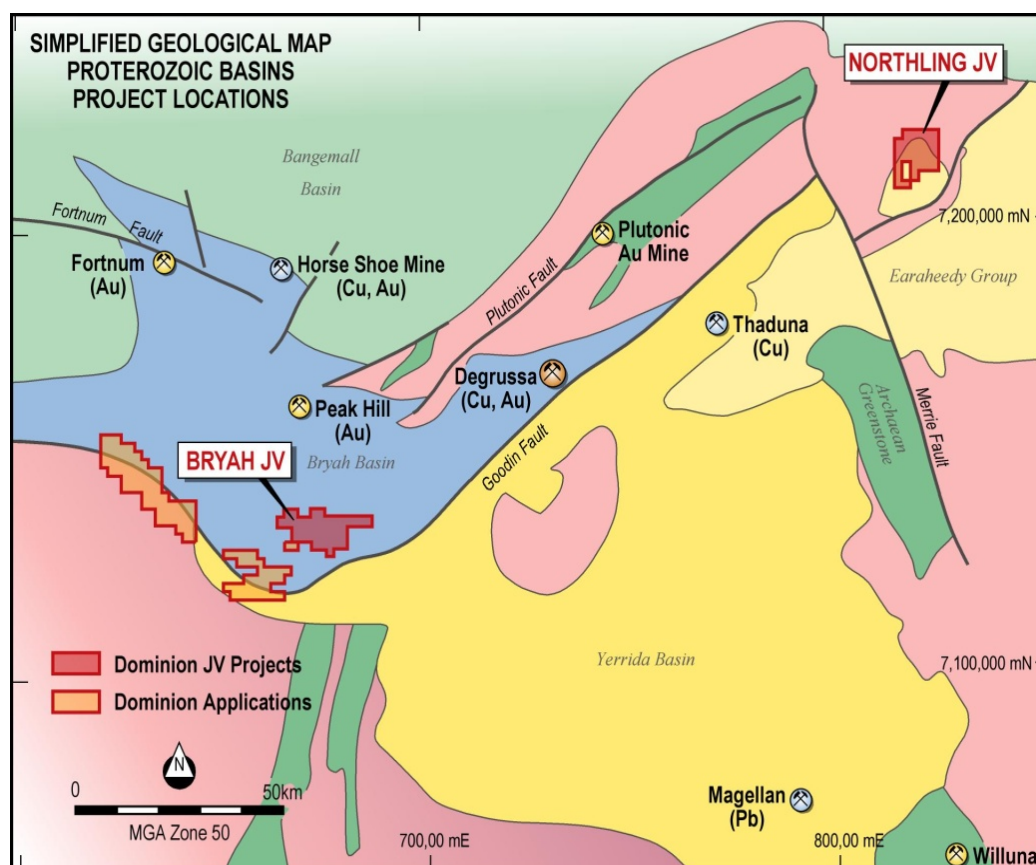
Planned drilling of the priority Blue Dam magnetic target located, adjacent to the southern extension of the Kanowna Shear Zone has been deferred due to the delayed grant of the licence. The drilling is now planned for the March 2010 quarter.

### Other Value Adding Strategies

Dominion's assets within the Yilgarn and Tropicana Districts include the Cundeelee Project and extensive projects within the South West Yilgarn District, including the Kukerin, Nanicup Bridge, Bullock Pool, Holleton West and Perenjori Projects. There is also a very extensive and unique proprietary regional geochemical database comprising over 150,000 samples. The company is evaluating strategies designed at, both extracting value from, and securing future funding for, these assets.

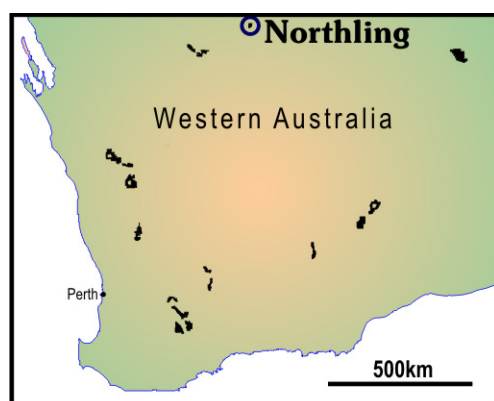
### Bryah, Yerrida and Earahedy Basins

The recent 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. During the year Dominion has focussed on identifying quality exploration ground prospective for copper-gold mineralisation within the north Murchison Proterozoic Basins of Western Australia. At present Dominion has signed two joint ventures with separate companies (Northling and Bryah JVs) while also lodging several tenement applications in the region.



Western Australian Projects – Bryah Yerrida and Earahedy Basins



**Northling Project (earning 70%)**

As detailed in the September quarterly report this is a high priority target. The project potential is again summarised below:

The Northling JV Project represents an opportunity for quick success as limited historical drilling has intersected 4m @ 2.43% Cu, in a chlorite-sericite schist at the end of hole, adjacent to an underlying magnetic unit.

The project, located 170km north of Wiluna in Western Australia, occurs in an area of limited outcrop on the western edge of the Earaheedy Basin within the Stanley Fold Belt. Local geology indicates a folded and steep dipping sedimentary package of rocks.

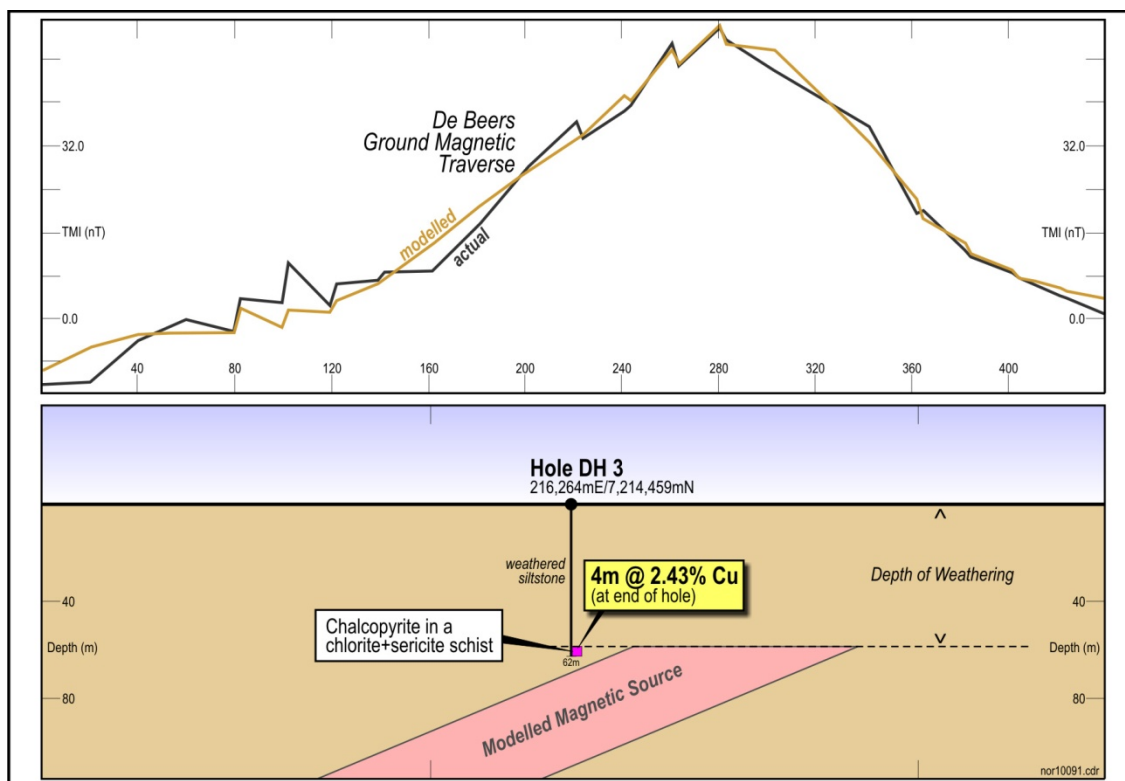
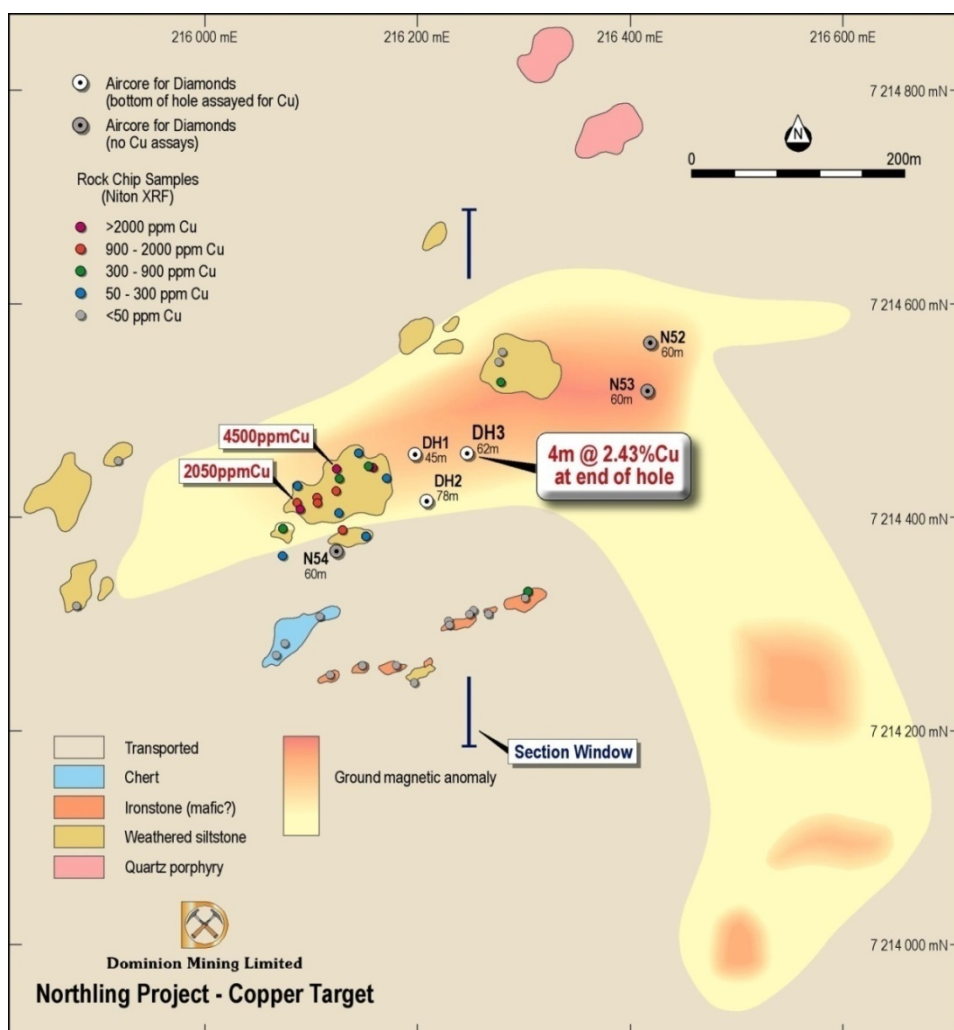
Past exploration in the area has been solely for diamonds, with the most comprehensive work carried out by DeBeers in the early 1990's and subsequent diamond exploration by Northling Pty Ltd in the mid 1990's. Since this time, no other exploration is reported to have occurred.

Of interest to Dominion is a magnetic feature in the centre of the tenement. This feature was tested with ground magnetics and drilling by De Beers in 1991 focused on delineating a kimberlite, (De Beers did not assay for copper) and additional drilling by Northling in 1994. One of the Northling RAB holes (DH3), intersected copper sulphide mineralisation at the bottom of the hole grading **4m @ 2.43% copper** from 58 – 62 metres (only the last 4 metres of hole assayed for copper) associated with a strongly altered chlorite-sericite schist (2009 petrography). The geology above this mineralised interval, and also encountered in the other (shallow) holes, is a quartz arenite and does not appear to be related to the geology encountered in the mineralised interval.

No magnetic susceptibility work has been completed at the bottom of these drill holes and it seems likely that the magnetic anomaly remains undrilled. Modelling of the ground magnetic data supports the concept that the targeted magnetic feature is dipping to the south just beneath the anomalous intercept (refer to figure below).

A field visit by Dominion confirmed (by handheld XRF unit) anomalous copper values from weathered and ferruginous sediments, up to 4,500ppm Cu, overlying the magnetic feature (see figure below). These copper values are considered to be highly anomalous. The stratigraphy appears to be tightly folded nearest the hinge of the magnetic feature and dips to the south in the area of anomalous copper in rock chips.

In addition to the confirmation sampling, a four line ground magnetometer survey was completed by Dominion. This survey matches well with the original De Beers ground magnetic traverse.

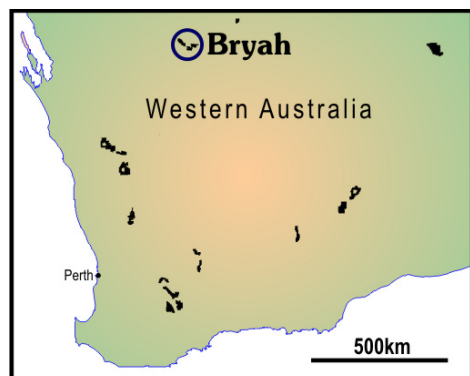


Northling Project: Ground magnetic traverse

Joint Venture partner, PacMag Metals Limited holds an exploration licence application (ELA52/2314) over the project area covering 100km<sup>2</sup>. A heritage survey has recently been carried out.

Planned exploration programmes involving geological mapping, surface geochemistry, Induced Polarisation (IP) surveying and target drilling, will commence during the March 2010 quarter.

### ***Bryah Project (earning 70%)***



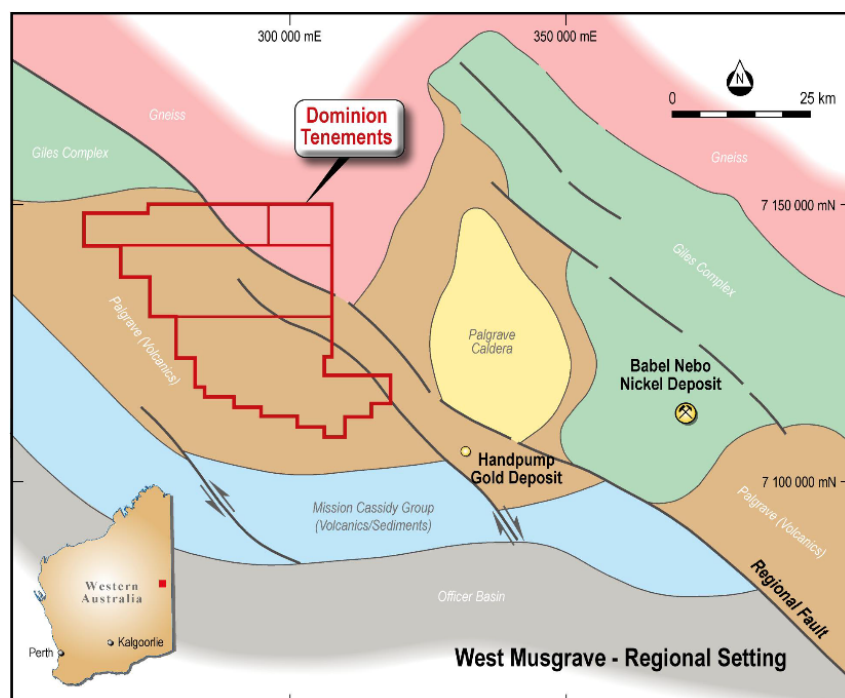
As detailed in the September quarterly report this project is prospective for copper - gold mineralisation similar to the DeGrussa copper - gold discovery by Sandfire Resources NL.

Historical exploration on the tenement has focussed on identifying lode gold mineralisation and only limited surface copper exploration utilising shallow vacuum holes has been completed. These shallow vacuum holes (~2m deep) identified several >100ppm Cu in soil anomalies which are coincident with elevated gold values. No drilling of these anomalies has been undertaken.

Follow up of these previously defined copper anomalies is planned following expected grant of the licence during the March 2010 quarter.

### **West Musgraves District**

#### ***Musgrave Project (100%)***



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 pegged 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.

## EXPLORATION/EVALUATION EXPENDITURE

Group exploration (A\$0.98 million) and Challenger resource/reserve evaluation expenditure (A\$1.83 million) totalled A\$2.81 million for the quarter.

## CORPORATE

Attributable revenue for the quarter was A\$22.32 million, generated from the sale of 19,794 ounces of gold at an average price received of A\$1,127 per ounce. For the six months revenue totalled A\$43.05 million from the sale of 38,643 ounces of gold at an average delivered price of A\$1,114/ounce

Group cash (A\$18.53 million) and bullion on hand accounted as revenue (A\$3.58 million) totalled A\$22.11 million at 31 December 2010.

At the end of the quarter 19,000 ounces (representing around 3% of current reserves) with an average delivered price of A\$1,072 per ounce were sold under forward sales contracts. These are currently scheduled to be delivered between January and June 2010. Deliveries into these contracts will be dependent on the spot gold price prevailing over this period.

As advised in the September 2009 quarterly report and other releases to the market, production and operating costs for the 6 months ending 31 December 2009 will be adversely impacted due to:

- focus on developing sufficient underground accesses to enable more areas to be mined to facilitate the plant expansion;
- lower gold endowment being achieved from the M1; and
- lack of access to some higher grade stopes at lower levels due to poor ventilation.

As a consequence, it is estimated that the net profit before tax and accounting adjustments for the 6 months will be around A\$4.1 million a 70% decrease against the December 2008 result. The major components contributing to this result were:

- Production of 37,687 ounces compared to the corresponding period of 52,283 ounces representing a decrease of 28% and as a consequence total revenue fell by 24%, and
- An increase in total production costs of 14%.

However, it is expected, that with the impact of the plant expansion scheduled to be commissioned early in February 2010 and operation of the ventilation shaft, subject to the spot gold price, the profit result for the 6 month period January – June 2010 will be materially higher than the December half 2009.



**Jonathan Shellabear**  
**Managing Director**

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## 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.*