

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.

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 2009 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 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 2008 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 a decision being made 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;
  - 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:

#### 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.
- Ensure 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.

Notwithstanding Mr Joseph's shareholding in the company and Mr Alexander being employed as an executive by the company within the last three years (resigned as an executive 31 January 2008), the board considers all of the non executive directors are independent directors as defined under the Corporate Governance Principles.

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.

Both of the other non executive directors, Mr Gaskell and Mr Alexander are considered to be independent as they have no material contractual relationship with the company other than as a non executive director and are free from any interest and any business or other relationship with the company.

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           | Yes         |
| J Shellabear | No            | No          |
| R Coyle      | No            | No          |
| J Gaskell    | Yes           | Yes         |
| P Alexander  | Yes           | Yes         |

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.  | ✓        |