



Dominion Mining Limited

A.C.N. 000 660 864

Registered Office:
15 Outram Street
West Perth W.A. 6005
AUSTRALIA

Postal Address:
P.O. Box 465
West Perth W.A. 6872
AUSTRALIA
Phone: (+61 8) 9426 6400
Fax: (+61 8) 9481 1378

DOMINION DELIVERS 74% INCREASE IN GOLD RESERVES AND INCREASES RESOURCES TO 1.1 Moz AT CHALLENGER

KEY POINTS

- **74% increase in Challenger gold reserves to 512,000 ounces with further additions anticipated in the December 2007 half year.**
- **40% increase in resources to 1,090,000 ounces.**
- **Drilling confirms continuity of lode structures at depth, with outstanding intersections including 2.5m @ 257.29g/t gold, and 3.75m @ 169.54g/t gold.**
- **An initial scoping study including an upgrade to the mill is ongoing to determine the optimum production level.**
- **Strong June Quarter gold production of 26,966 ounces at a cash operating cost of A\$306/oz, increasing annual production to 108,191 ounces at A\$309/oz.**
- **Cash reserves, bullion and investments in listed entities total \$48.0 million.**

Dominion Mining Limited (ASX: **DOM**) has significantly extended the life of its flagship **Challenger Gold Mine** in South Australia after today announcing a **74% increase in gold reserves to 512,000 ounces** and lifting its resource base for the first time to in excess of **1 million ounces**.

The Perth-based Company said today that gold reserves had increased substantially to 2.2 million tonnes at 7.2g/t Au for 512,000 ounces (31 December 2006: 293,500oz) after taking into account gold production for the 6 months to 30 June 2007 of 57,885 ounces.

This represents an excellent result, particularly considering that **none of the increase is related to depth extensions of the main M1 Shoot, the primary ore source at Challenger**. Dominion has confirmed the continuity of this shoot at depth, today announcing a series of outstanding high-grade drilling results.

The **resource inventory** for the Challenger Project has also been increased by 312,000 ounces over the 31 December 2006 published figure to 3.7 million tonnes at 9.2g/t Au for **1.09 million contained ounces**. This is the first time the resource inventory has exceeded 1 million ounces in the history of the Challenger Project.

"This is an exceptional result," commented Dominion's Managing Director, Mr Peter Alexander. "Importantly, none of the increase in resources and reserves related to the recently confirmed depth extensions of the M1 Shoot, which remains our primary exploration target."

"Also, 280,000 ounces of our increased reserve inventory are located above and adjacent to the existing decline and can therefore be accessed and developed with minimal additional requirement for capital development expenditure," he continued. "The combined M1 Shoot, M1 Shadow Zone and M2 Shoot reserves now average between 1,400 and 1,500 ounces per vertical metre – double the contained gold on which the initial underground development of the M1 Shoot was based. An initial scoping study including an upgrade to the mill is ongoing to determine the optimum production level."

Dominion also today reported strong gold production for the June Quarter of 26,966 ounces at a cash operating cost of A\$306/ounce, lifting production for the 2006/07 financial year to 108,191 ounces at a cash operating cost of A\$309/ounce. The Company posted revenue for the year of A\$80.7 million from the sale of 108,482 ounces at an average received price of A\$744/ounce. Cash and bullion at the end of June totalled \$35.8 million. In addition, investments in other listed entities relating primarily to the payment for 51% of the uranium rights in certain tenements owned by Dominion in the Gawler Craton region of South Australia recorded a market value of \$12.1 million.

"Dominion is in a very strong position and we are delighted with the success of our ongoing exploration, which has confirmed the longevity of the Challenger operation." Mr Alexander said.

“Ongoing exploration within the M1 Shoot was expected to deliver further significant increases to the Company’s reserves during the September and December 2007 quarters“ he added”.

High grade intersections at the M1 shoot generated from exploration in the June 2007 Quarter included **2.5m @ 257.29g/t gold**, and **3.75m @ 169.54g/t gold**.

A handwritten signature in black ink, appearing to read "Peter Alexander", with a horizontal line underneath the name.

Peter Alexander
Managing Director

Tel: 08 9426 6401
Mobile: 0403 317 280



DOMINION MINING LIMITED

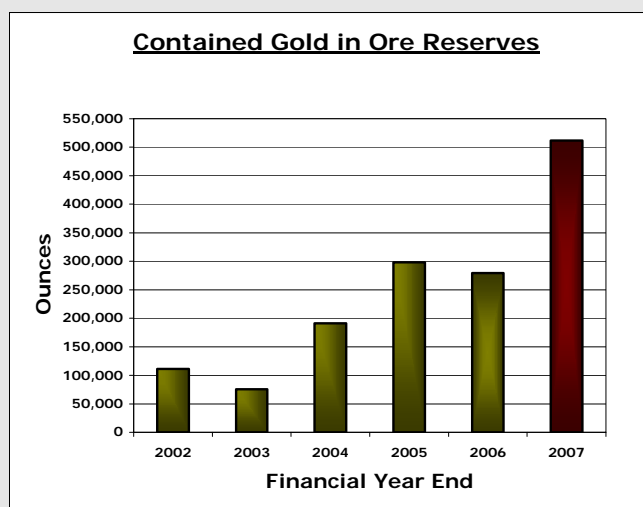
A. C. N. 000 660 864

QUARTERLY REPORT FOR THE
PERIOD ENDING 30 JUNE 2007

HIGHLIGHTS

Challenger Mine Operations

- Ore Reserves substantially increased from 293,500 ounces of gold as at 31 December 2006 to **512,000 ounces** as at 30 June 2007 after taking into account gold production of **57,885 ounces** over the 6 months January – June 2007.



- Importantly, the **upgraded ore reserves do not include** any contribution from the current **M1 Deeps** drill programme. The M1 Shoot is the main ore source for the Challenger mine.
- Measured, indicated and inferred resources total **1,090,000 ounces**, an increase of **312,000 ounces** over the 31 December 2006 published figure.
- Quarterly gold production of **26,966 ounces** at an operating cash cost of **A\$306/ounce**. Production for the 12 months of **108,191 ounces** at an operating cash cost of **\$309/ounce**.
- An initial scoping study including an upgrade to the mill is ongoing to determine the optimum production level.
- The continuity of the high grade M1 Shoot continued to be supported by underground drilling with intercepts of:

2.25m	257.29 g/t gold	720RL
6.75m	21.33 g/t gold	720RL
3.75m	51.94 g/t gold	700RL
6.00m	68.86 g/t gold	700RL
8.75m	88.06 g/t gold	700RL
3.75m	169.54 g/t gold	700RL
6.00m	65.62 g/t gold	680RL
3.25m	374.00 g/t gold	680RL
7.00m	54.00 g/t gold	660RL

- Further high grade results support resources in the M2 Shoot. Best intersections include:

3.75m	85.69 g/t gold	1000RL
3.75m	246.83 g/t gold	980RL
6.00m	41.97 g/t gold	720RL
3.75m	28.24 g/t gold	720RL

- Significant results reported from the M3 Shoot with underground drill results including:

6.00m	15.75 g/t gold	995RL
3.75m	13.40 g/t gold	980RL
8.25m	12.16 g/t gold	980RL

- Surface diamond drilling demonstrated the continuity of the lode systems with intersections of:

3.00m	18.32 g/t gold	902m down hole
2.45m	220.81 g/t gold	747m down hole
3.25m	13.77 g/t gold	790m down hole

Exploration

- Systematic geochemical sampling has outlined significant gold anomalies at the **Cundeelee (Tropicana Belt) Project**. Initial shallow drilling has intersected visible gold mineralisation.
- Shallow interface drilling results (reported in the March Quarterly – including **7m @ 2.52 g/t gold** from 9 – 16 metres) has outlined a continuous 1.3 km long bedrock gold anomaly (open in both directions) at the **Rocky Ridge Prospect (Perenjori Project)**. Follow up deeper reverse circulation drilling is planned.
- Shallow interface drilling has also outlined significant bedrock gold targets within the **Holleton West** and **Kukerin Projects**.
- An extensive drilling program to further evaluate the **Barton West** heavy mineral sands discovery has just commenced.

Corporate

- Revenue for the quarter of **A\$21.8 million** generated from the sale of 28,951 **ounces** of gold at an average price received of **A\$754/ounce**. For the year revenue was **A\$80.7 million** from the sale of 108,482 **ounces** at an average price received of **A\$744/ounce**.
- Cash and bullion of **A\$35.8 million** at the end of June consisted of cash of A\$33.10 million and bullion of A\$2.70 million.
- Investments held at the end of June had a market value of **A\$12.1 million** following the receipt of 21.9 million Deep Yellow Ltd shares. This related to the payment for 51% of the uranium rights in certain tenements owned by Dominion in the Gawler Craton region of South Australia.

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

Production for the quarter was 26,966 ounces of gold at a cash operating cost of \$306/oz from 98,022 tonnes of ore processed at a grade of 9.31g/t.

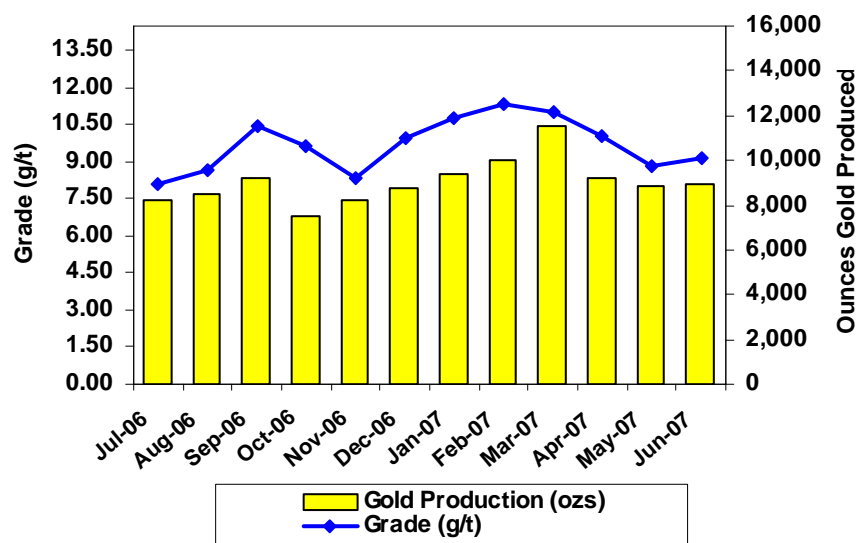
A total of 108,191 ounces were produced for the year at a cash operating cost of \$309 per ounce with the process plant treating 373,924 tonnes of ore at an average grade of 9.66g/t primarily from the M1 lode.

TABLE OF RESULTS

		Quarter Ended 30 June 2007	Quarter Ended 30 June 2006	Year Ended 30 June 07	Year Ended 30 June 06
Tonnes Mined (excluding low grade)	(tonnes)	102,056	99,530	383,349	387,585
Ore Processed	(tonnes)	98,022	93,703	373,924	375,955
Head Grade	(g/t)	9.31	8.86	9.66	9.52
Recovery	(%)	94.20%	93.80%	93.40%	94.30%
Gold Produced*	(oz)	26,966	25,193	108,191	108,080
Cash Operating Cost	(A\$/oz)	306	297	309	280
Development and Capex	(A\$/oz)	129	146	124	102

**(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 production royalty's payable of \$37 per ounce.*

**Grade/Ounces Gold Produced
July 2006 - June 2007**



Costs incurred during the quarter on mine development and capital expenditure totalled \$3.43 million.

Substantial development was also completed outside of the M1 Shoot in an effort to establish reserves and provide drill access within the M2 and M3 Shoots and the shadow zone.

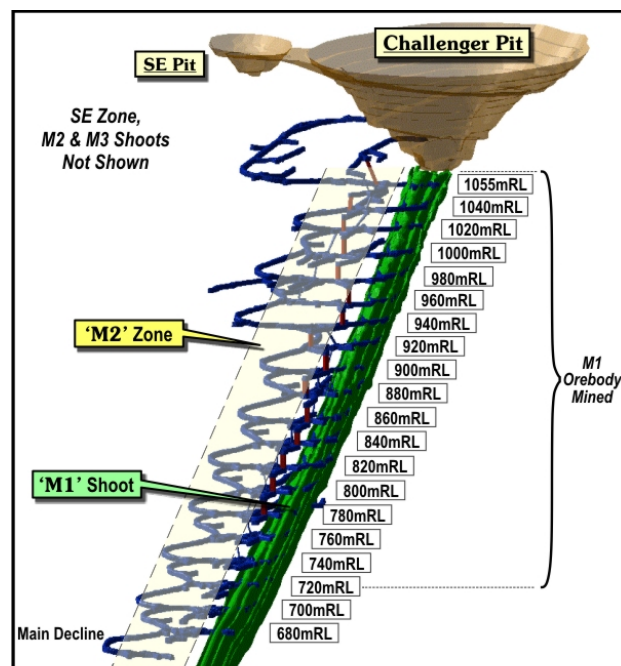
Production for the next 12 months is anticipated at over 100,000 ounces and is planned to be mined principally from the M1 orebody. An initial scoping study including an upgrade to the mill is ongoing to determine the optimum production level. This will be finalised once the full results of the resource/reserve evaluation program are available and a detailed mining study has been completed.

Underground Development and Mining

The decline was developed to just above the 660 level or approximately 530 metres below surface by the end of the quarter.

In addition to the decline and M1 lode development, access drives into the M2 and shadow zone orebodies were given priority for future stoping. As these orebodies are located closest to the M1 decline, they can be mined with minimal further capital costs to access for future mining.

Development of the principal M1 orebody was in progress at the 680 level with the 720 level above being stoped. Development of the M2 orebody for production stoping has started in the upper levels in the 980 to 1040 zone.



Challenger underground showing current level

Treatment Plant

As a result of improvements during the last six months the rate of ore being processed in the plant has gradually increased to about 48 tonnes per hour compared with the original design of 35 tonnes per hour.

By the end of the quarter approximately 63% of the leach tank circuit had been upgraded resulting in increased agitation and increased dissolved oxygen levels which will help increase recoveries. The balance of this circuit will be improved during the next six months.

Mill recovery improved to 94.3% during the quarter. A study to increase the grinding capacity of the treatment plant and so further increase mill recoveries is in progress.

Occupational Health and Safety

There were no Lost Time Injuries at Challenger during the quarter.

Evaluation of the Continuity of the M1 Shoot

Underground drilling has continued to demonstrate the continuity of high grade mineralisation in future mining levels of the **M1 Shoot** as highlighted by the following intersections:

Underground Diamond Drilling Intersections – M1 Shoot

Hole ID	From (m)	To (m)	Interval (m)	Au (g/t)	Level
07CUD0296	27.00	33.00	6.00	65.62	680
07CUD0297	40.00	41.00	1.00	94.20	680
07CUD0297	43.00	44.00	1.00	147.06	680
07CUD0299	33.75	37.00	3.25	374.00	680
07CUD0313	47.00	54.00	7.00	54.34	660
07CUD0314	38.00	48.00	10.00	24.39	660

Underground Percussion Drilling Intersections – M1 Shoot

Hole ID	From (m)	To (m)	Interval (m)	Au (g/t)	Level
07CUS1900	0.70	5.95	5.25	26.66	720
07CUS1901	1.45	3.70	2.25	257.29	720
07CUS1904	14.20	20.95	6.75	21.33	720
07CUS1940	4.00	7.75	3.75	51.94	700
07CUS1941	0.00	5.50	5.50	45.29	700
07CUS1942	5.10	11.10	6.00	30.62	700
07CUS1943	6.60	13.35	6.75	14.68	700
07CUS1944	10.35	16.35	6.00	22.85	700
07CUS1945	15.60	21.60	6.00	68.86	700
07CUS1946	0.00	1.75	1.75	188.85	700
07CUS1948	0.80	7.55	6.75	88.06	700
07CUS1950	3.70	8.95	5.25	25.97	700
07CUS1951	9.70	17.95	8.25	20.45	700
07CUS1952	13.00	16.00	3.00	60.35	700
07CUS1978	2.05	10.30	8.25	80.21	700
07CUS2024	16.75	25.00	8.25	64.69	700
07CUS2025	15.25	23.50	8.25	65.93	700
07CUS2027	18.90	24.90	6.00	22.62	700
07CUS2028	19.65	24.15	4.50	32.32	700
07CUS2030	14.40	18.90	4.50	58.62	700
07CUS2042	0.00	1.20	1.20	59.94	700
07CUS2066	8.25	10.60	2.25	70.09	700
07CUS2068	0.80	9.80	9.00	48.72	700
07CUS2080	6.90	9.90	3.00	118.81	700
07CUS2086	10.00	13.75	3.75	169.54	700
07CUS2111	4.95	10.20	5.25	40.51	700
07CUS2116	10.95	15.45	4.50	47.92	700
07CUS2123	11.70	13.20	1.50	201.95	700
07CUS2125	7.20	11.70	4.50	57.97	700
07CUS2126	4.95	7.95	3.00	30.05	700

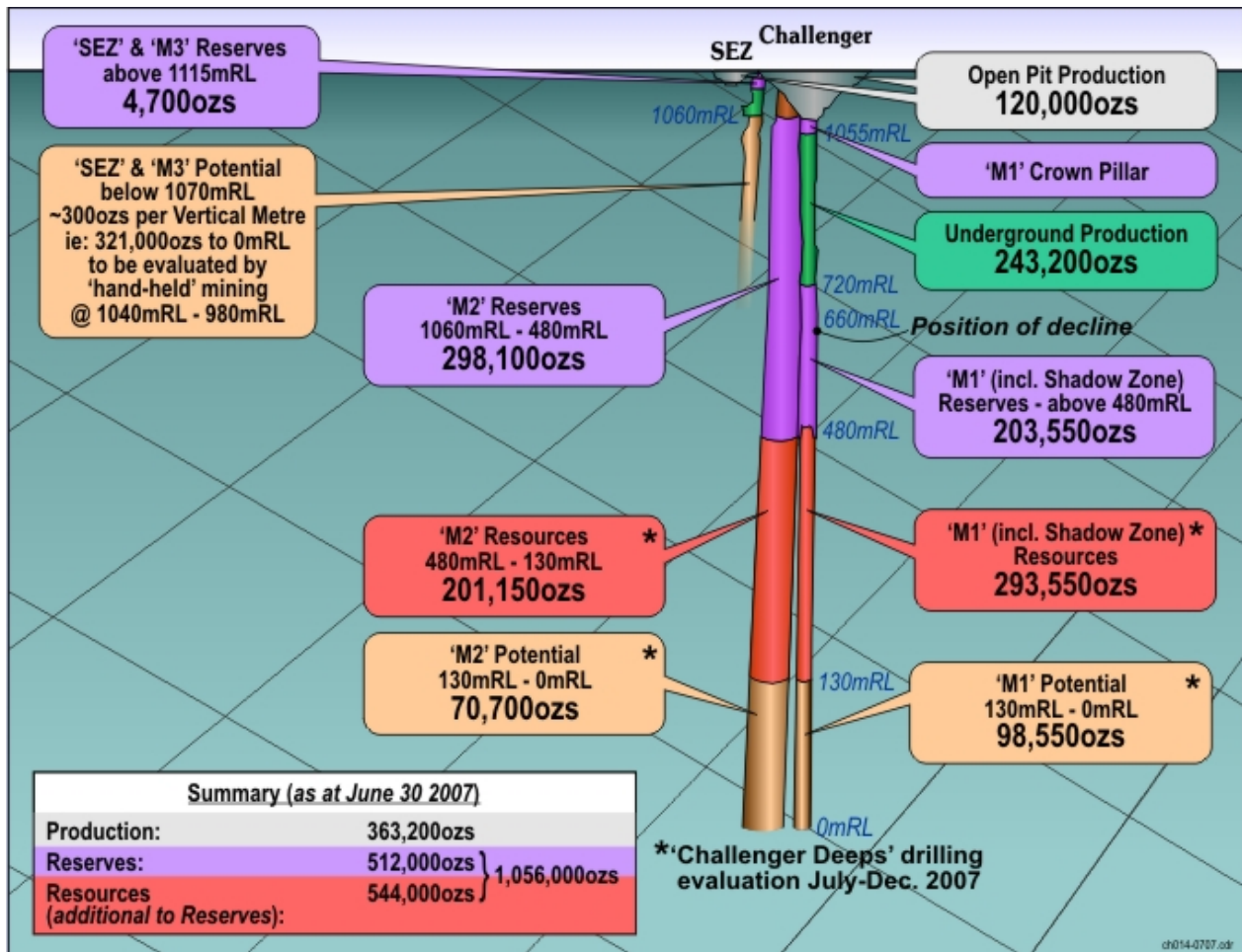
Stope development of the M1 Shoot during the September 2007 quarter will be from the 720m RL and the 700m levels.

Resources and Reserves

Reserves have been increased from 293,500 ounces as at 31 December 2006 to 512,000 ounces as at 30 June 2007 after taking into account gold production of 57,885 ounces over the 6 month period January – June 2007. This substantial reserve upgrade is a particularly positive result, considering that none of the increase is related to depth extensions of the main M1 Shoot – this is still the primary target of the ongoing Challenger Deeps drilling program (see exploration section) which is expected to deliver significant increases to reserves during the September and December 2007 quarters.

Another positive aspect of the reserves is that 280,000 ounces are located above and adjacent to the existing decline and, therefore, can be developed with minimal additional requirement for capital development expenditure.

The combined M1 Shoot, M1 Shadow Zone and M2 Shoot reserves now average between 1,400 – 1,500 ounces per vertical metre. This is double the contained gold on which the initial underground development was based. There is also additional potential from the previously developed M3 and SEZ Shoots which are currently being evaluated, together with several other targets all located close to the existing development.



Historic Production, Reserves, Resources and Potential (as at 30 June 2007)

Resources and Reserves Statement as of 30 June 2007 is tabulated below:

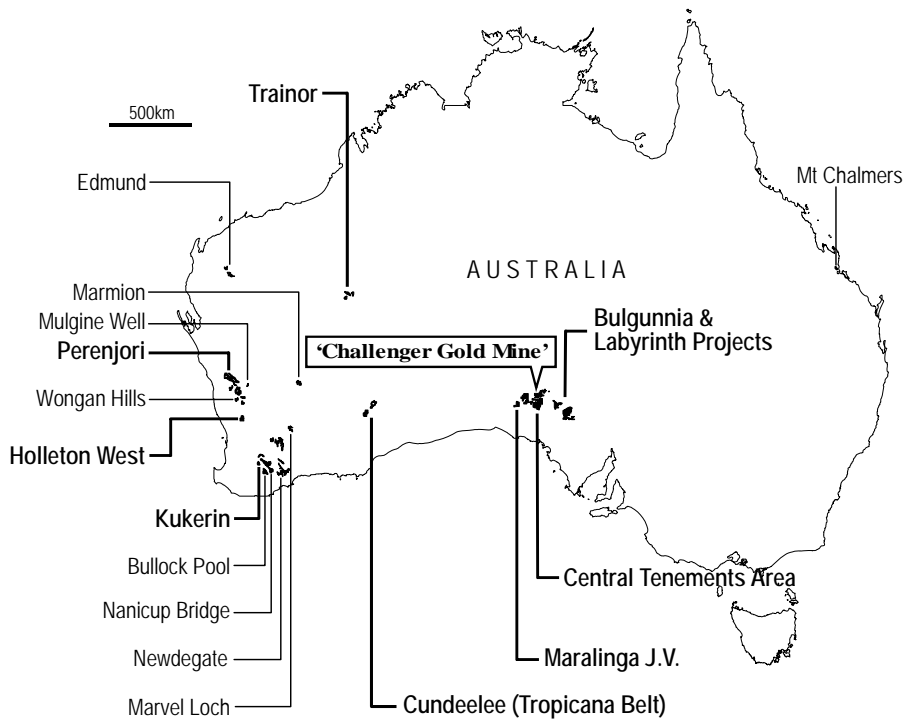
RESOURCE AND RESERVE STATEMENT									
30 June 2007									
Challenger Gold Project									
(Dominion 100%)									
SHOOT/LEVEL	RESOURCES				RESERVES				NOTES
	CATEGORY	TONNES	GRADE (g/t Au)	CONTAINED OUNCES	CATEGORY	TONNES	GRADE (g/t Au)	CONTAINED OUNCES	
<i>Underground Development</i>									
M1 Crown Pillar	Measured	21,000	9.6	6,500	Proven	23,000	7.6	5,600	1
M1 above 700m RL	Measured	56,000	9.7	17,500	Proven	56,300	9.7	17,600	2
M1 700m RL – 480m RL	Indicated	437,000	12.2	171,500	Probable	521,000	9.8	164,250	3
SUB-TOTAL		514,000	11.8	195,500		600,600	9.7	187,450	
M1 480m RL – 130m RL	Inferred	706,000	12.2	277,000					3
M2 1040-980,900-880,800-780	Measured	155,000	9.5	47,000	Proven	207,000	6.8	45,250	3
M2 1060-1040, 980-900, 880-800, 780-480	Indicated	999,000	8.2	264,000	Probable	1,248,400	6.3	252,850	3
SUB-TOTAL		1,154,000	8.4	311,000		1,455,000	6.4	298,100	
M2 480m RL – 130m RL	Inferred	763,000	8.2	201,000					3
M1 Shadow Zone 760mRL-720mRL	Measured	14,000	11.2	5,000	Proven	17,300	8.5	4,700	3
M1 Shadow Zone 800mRL-760mRL, 720mRL-680mRL	Indicated	39,000	9.5	12,000	Probable	46,000	7.7	11,400	3
SUB-TOTAL		53,000	10.0	17,000		63,300	7.9	16,100	
M1 Shadow Zone 900mRL-800mRL, 680mRL-660mRL	Inferred	58,000	9.5	18,000					
M3 above 1115mRL	Measured	16,000	8.5	4,400	Proven	12,000	7.3	2,800	4
M3 1000mRL-980mRL	Measured	4,500	5.2	700					3
M3 1060mRL-1000mRL, 980mRL-820mRL	Indicated	36,000	7.6	8,800					3
SUB-TOTAL		56,500	7.6	13,900		12,000	7.3	2,800	
M3 1070mRL-1040mRL, 840mRL-600mRL	Inferred	57,000	7.3	13,400					
<i>Open Pit Development</i>									
SEZ Shoot	Indicated	133,000	2.6	11,000	Probable	13,000	4.8	2,000	4
<i>Challenger Area "shallow" deposits</i>									

Challenger West above 1100m RL	Indicated	48,000	13.6	21,000					5
Challenger 2 above 1160m RL	Indicated	42,000	2.9	4,000					5
Challenger 3 above 1120m RL	Indicated	16,000	2.9	1,500					5
SUB-TOTAL		106,000	7.7	26,500					
SUB-TOTAL Underground and Open Pit	Measured and Indicated	2,016,000	8.9	575,000	Proven and Probable	2,144,300	7.4	506,450	
	Inferred	1,584,000	10.0	510,000					
<i>Stockpiles</i>									
ROM	Measured	6,500	8.1	1,700	Proven	6,400	8.1	1,700	
Low grade ROM	Measured	18,500	1.4	800	Proven	18,500	1.4	800	
Low Grade Stockpile	Measured	42,000	1.5	2,000	Proven	42,000	1.5	2,000	
Gold in plant circuit	Measured			1136	Proven			1136	
SUB-TOTAL		67,000	2.6	5,600		67,000	2.6	5,600	
OVERALL TOTALS	Measured	333,500	8.1	87,000	Proven	382,000	6.6	81,500	
	Indicated	1,750,000	8.8	494,000	Probable	1,828,700	7.3	430,500	
	Inferred	1,584,000	10.0	509,000					
	TOTAL	3,667,500	9.2	1,090,000		2,210,900	7.2	512,000	

Notes

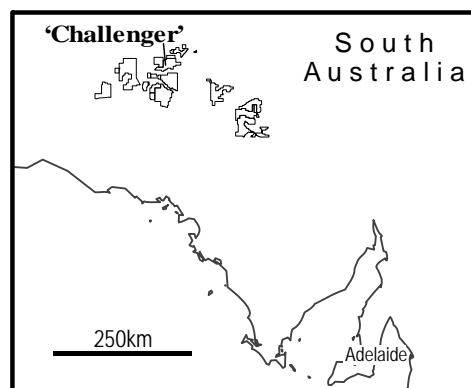
1. Based on a 3D Block Model by Dominion Gold Operations (DGO). A top cut of 180g/t Au has been applied.
2. Based on close spaced grade control data and detailed stope designs carried out by DGO.
3. Based on a 'generic' approach which takes into account both historic reconciled data from underground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

EXPLORATION PROJECTS



South Australia

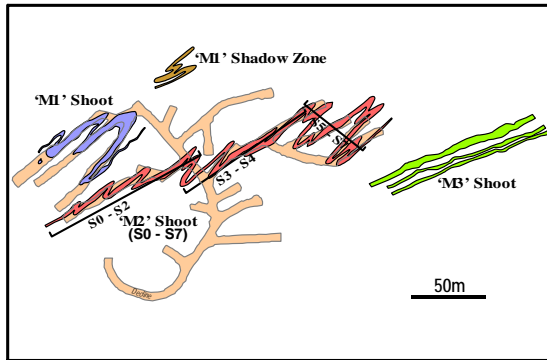
Challenger (100%)



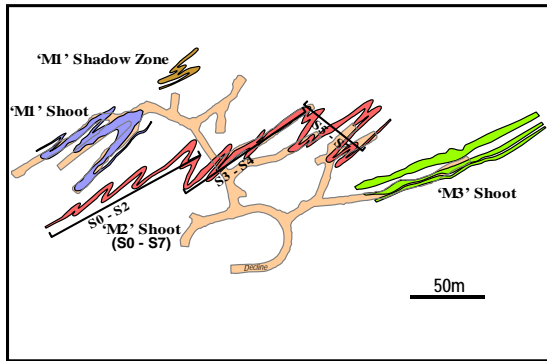
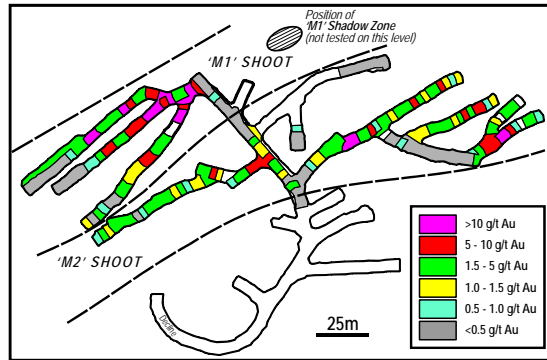
Underground Exploration

The existing underground development to mine the M1 Shoot provides good access to evaluate the adjacent **M2** and **M3 Shoots**. This evaluation involves both development headings and detailed drilling into the interpreted shoot positions.

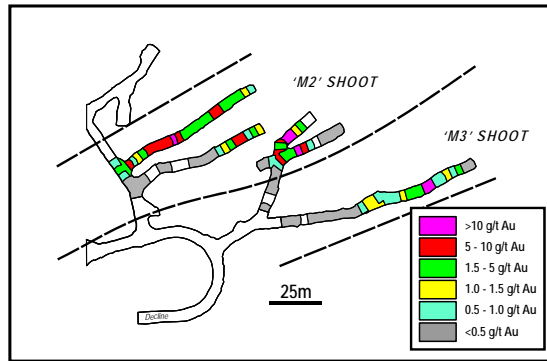
The development headings, as well as providing access for detailed drilling, give excellent information on the 3 dimensional continuity of the shoots. The most comprehensive evaluation of the M2 Shoot, to date, has been completed on the 1000m and 980m levels as shown in the following figures:



Underground Development and Block Grades - 1000mRL



Underground Development and Block Grades - 980mRL



The M2 Shoot is a continuously mineralised structure which has been nominally divided into 8 sub-shoots (S0-S7) characterized by relatively high grade fold hinge zones separated by long limb positions (see above figures).

Grade estimation is based on both face sampling of the development headings (see above figures) and detailed drilling from the development drives. Significant intersections received in the last quarter from this drilling are tabulated below:

Underground Percussion Drilling Intersections – M2 Shoot

Hole ID	From (m)	To (m)	Interval (m)	Au (g/t)	Structure	Level
07CUS2145	1.55	3.05	1.50	77.16	M2S4	1000
07CUS2148	0.0	2.03	2.30	17.30	M2S4	1000
07CUS2151	14.3	17.3	3.00	16.83	M2S5	1000
07CUS2163	13.55	17.3	3.75	85.69	M2S6	1000
07CUS2164	9.8	11.3	1.50	60.45	M2S6	1000
07CUS1793	8.95	12.70	3.75	246.83	M2S6	980
07CUS2049	5.50	10.75	5.25	19.56	M2S2	820
07CUS1854	8.20	14.20	6.00	11.55	M2S2	720
07CUS1875	4.10	10.10	6.00	41.97	M2S2	720
07CUS1919	7.50	10.50	3.00	20.16	M2S2	720
07CUS1924	8.50	10.75	2.25	24.35	M2S1	720
07CUS1926	11.50	15.25	3.75	28.24	M2S2	720
07CUS2002	9.15	12.15	3.00	21.32	M2S3	700
07CUS2039	21.45	25.2	3.75	13.00	M2S3	700

This data has been used in the revised estimate of resources and reserves for the M2 Shoot for June 30 2007 (included in the Operations Section of this report). The average gold content of this shoot has been significantly upgraded from 230 ounces per vertical metre (ovm), estimated in the December 2006 statement, to 545 ovm. The reserves have also been extended over an additional 320 metres vertical depth (to the 480m level). The total M2 Shoot Reserves have increased from 56,400 ounces to 298,100 ounces.

New intersections into the M3 Shoot at the 980m RL indicate continuity from the 1075m – 1130m levels where underground mining yielded an average of 150 - 200 ovm.

Underground Diamond Drilling Intersection – M3 Shoot

Hole ID	From (m)	To (m)	Interval	Au (g/t)	Level
07CUD0271	74.00	80.00	6.00	15.70	995

Underground Percussion Drilling Intersection – M3 Shoot

Hole ID	From (m)	To (m)	Interval	Au (g/t)	Level
07CUS2003	19.75	23.50	3.75	13.40	980
07CUS2004	17.50	20.50	3.00	14.75	980
07CUS2005	12.25	15.25	3.00	12.08	980
07CUS2006	7.00	15.25	8.25	12.16	980
07CUS2007	21.25	25.00	3.75	16.89	980

Previous experience has shown that it is difficult to estimate resources and reserves for this shoot based on drill hole data, at even small distances from development along the shoot. Currently no underground reserves have been estimated for this shoot below the base of previous stoping (1075m level). However, it is planned to carry out trial air leg (hand held) mining of this potentially very high grade target to more accurately define its reserve potential.

Further evaluation of the **M1 Shadow Zone** (initially defined in the March 2007 quarter) has allowed the estimation of a reserve over an interval of 120 metre (800m -680m levels) which averages 140 ovm. This structure lies approximately 15 metres above the M1 Shoot (see above figures showing the positions of the M1, M2, M3 and Shadow Zone Shoots).

Underground Diamond Drilling Intersections – M1 Shadow Zone

Hole ID	From (m)	To (m)	Interval (m)	Au (g/t)	Level
07CUD0300	62.00	66.00	4.00	94.63	680
07CUD0301	68.76	70.18	1.42	30.78	680

Underground Percussion Drilling Intersections – M1 Shadow Zone

Hole ID	From (m)	To (m)	Interval (m)	Au (g/t)	Level
07CUS1811	19.55	22.55	3.00	29.78	740
07CUS1955	16.10	18.65	2.55	14.22	700
07CUS1965	8.60	11.60	3.00	28.14	700
07CUS1966	12.35	16.10	3.75	30.27	700

Surface Exploration

Reserves within the **M1 Shoot** are defined down to the 480m level (700m vertical depth). Because of the shallow plunge of this shoot, it is not feasible to drill test its depth continuity from existing underground positions. As a result, diamond core drilling from the surface is being carried out. The target is relatively small and even minor variations to its plunge (angle from horizontal projection) and azimuth (angle from vertical projection) can significantly effect the interpreted target position. Also, the folded (“M” – shaped) geometry is difficult to interpret without the benefit of close spaced drilling. Accordingly, planning of the M1 Deeps drilling program incorporates the ability to drill multiple daughter (or wedged) holes from an original parent hole.

As reported in the March Quarterly report initial drilling to test the M1 shoot at the 400m RL returned several intersections of significant gold mineralisation (including 2.92m @ 16.2 g/t gold, 1.00m @ 29.9 g/t gold and 1.40m @ 27.8 g/t gold). While confirming the continuity of the Challenger shoot system the interpretation of the specific M1 shoot geometry remained unclear. Accordingly it was decided to evaluate the 430m level before stepping out to test deeper levels. This drilling has again intersected significant gold mineralisation as tabulated below:

Surface Diamond Drilling Intersections – Challenger Deeps

Hole ID	Coords	DIP/AZI	From (m)	To (m)	Interval (m)	Au (g/t)
07CDDH0076W5	21119E/10581N	-67/356	899.00	902.00	3.00	18.32
07CDDH0077	21010E/10590N	-45/013	741.65	742.55	0.90	23.92
07CDDH0077	21010E/10590N	-47/013	766.00	767.00	1.00	12.89
07CDDH0077	21010E/10590N	-47/013	894.30	896.00	1.70	5.42
07CDDH0077W1	21010E/10590N	-47/008	840.00	841.00	1.00	11.05
07CDDH0077W1	21010E/10590N	-47/008	845.00	846.00	1.00	15.65
07CDDH0077W1	21010E/10590N	-47/008	895.00	896.05	1.05	10.82
07CDDH0077W2	21010E/10590N	-49/008	729.90	731.00	1.10	17.73
07CDDH0077W2	21010E/10590N	-49/008	744.85	747.30	2.45	220.81
07CDDH0077W2	21010E/10590N	-49/008	787.00	790.25	3.25	13.77
07CDDH0077W3	21010E/10590N	-52/002	545.66	547.25	1.59	50.66
07CDDH0077W3	21010E/10590N	-52/002	817.00	819.04	2.04	8.57
07CDDH0077W4	21010E/10590N	-55/005	758.30	759.55	1.25	20.26
07CDDH0077W4	21010E/10590N	-55/005	830.00	831.00	1.00	13.67
07CDDH0077W4	21010E/10590N	-55/005	851.00	852.00	1.00	30.69
07CDDH0077W5	21010E/10590N	-59/004	717.00	726.00	9.00	4.65

This series of relatively narrow, high grade intersections demonstrates continuity of the modelled M1 and M2 Shoots fold limb positions at these depths and further drilling to test for depth extensions of these shoots is planned for the September quarter, commencing with a series of parent and daughter holes designed to intersect the M1 Shoot at the 275m level.

The current resource estimate at these deeper levels is still classified as Inferred. It is expected that with further deeper intersections of the shoots in the planned drilling the confidence in the resource estimates can be increased to an Indicated category which will allow conversion to reserves (see explanatory figure under the Resources and Reserves section of the Operations Report above).

A program of RAB drilling to further evaluate the **Challenger West Shoot** and **SEZ Shoots** has returned the following significant intersections:

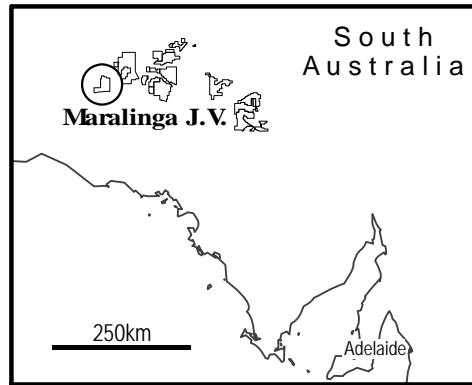
RAB Drilling Intersections – Challenger West and SEZ Shoots

Hole ID	Coords	DIP/AZI	From (m)	To (m)	Interval (m)	Au (g/t)	Shoot
07CRAB0044	19525E/10306N	-60/180	7.0	8.0	1.0	16.79	C. West
07CRAB0094	19525E/10316N	-60/180	26.0	32.0	6.0	7.45	C. West
07CRAB0098	19538E/10335N	-60/180	52.0	57.0	5.0	48.83	C. West
07CRAB0109	19563E/10347N	-60/180	49.0	50.0	1.0	9.24	C. West
07CRAB0148	20111E/10300N	-90/0	33.0	34.0	1.0	9.84	SEZ
07CRAB0155	20205E/10338N	-60/270	43.0	44.0	1.0	8.41	SEZ
07CRAB0156	20161E/10338N	-90/0	46.0	49.0	3.0	18.8	SEZ

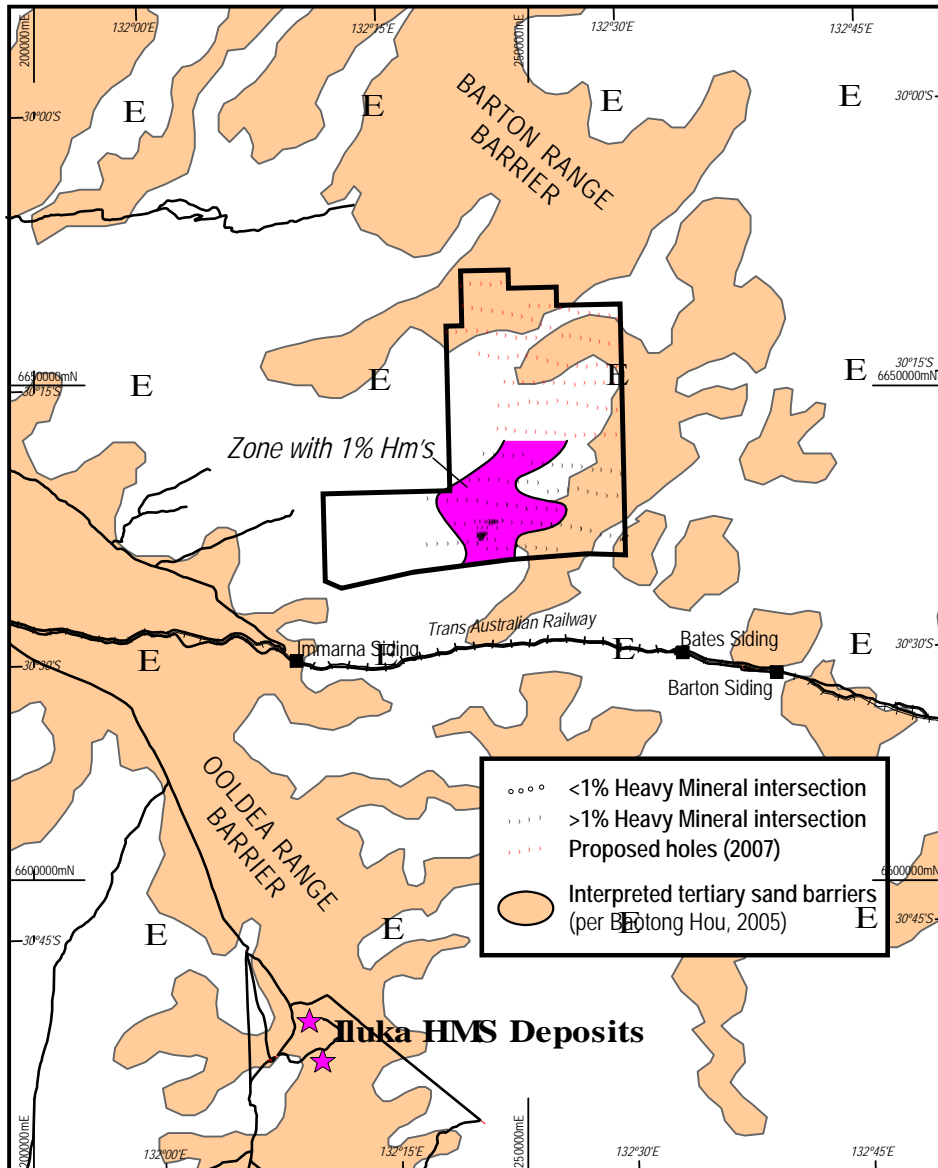
This data has resulted in an upgrade of the resource estimate for the Challenger West Shoot to a total of 48,000 tonnes grading 13.6 g/t gold above the 1100m level (90 metres vertical depth). This shoot lies within 150 - 200 metres of the position of the M1 Shoot and an evaluation of the open pit and underground development potential will be carried out prior to further exploration targeting to evaluate its depth continuity.

The SEZ Shoot lies close to the M3 Shoot and further evaluation is planned.

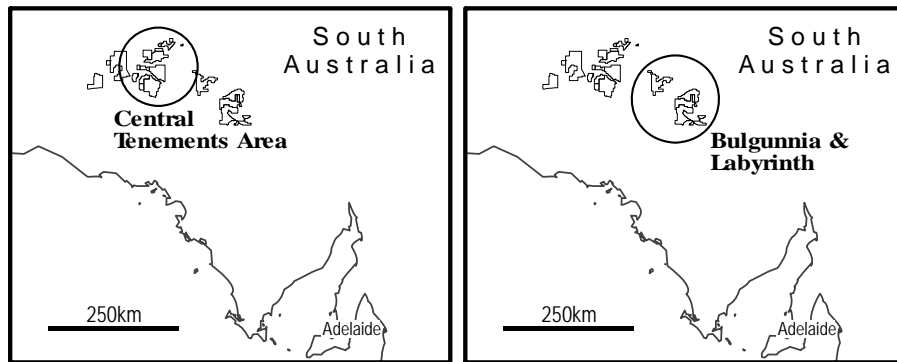
Barton West Project (Maralinga JV- 90%)



A program of air core drilling to further evaluate the **heavy mineral sands** potential of the **Barton West** tenement is due to commence in July. The planned program comprises over 150 holes along 7 2.5 km spaced traverses. This will complete systematic reconnaissance coverage of the interpreted host sand horizons and, significantly, will cover the prospective position where the previously defined, NE-SW trending 'transverse' sand barrier intersects the main NW-SE trending coastal barrier (the Barton Range barrier).



Gawler Joint Ventures



There has been significant exploration drilling activity, during the quarter, by all of Dominion's joint venture partners in the Gawler Craton district.

Minotaur Exploration Ltd, which together with BHP Billiton and Oxiana, are earning a 75%-80% interest in the **Bulgunnia** and **Labyrinth Projects** have carried out drilling programmes at the **#17 Bore Prospect** (targeting the center of an interpreted magnetic body where drilling in the December 2006 quarter had intersected 44 metres grading 0.21% copper and 0.53% zinc at the eastern margin of the magnetic body) and also at the **A1/A2 gravity target**. Unfortunately drilling at both targets was suspended due to difficult ground conditions and a more appropriate rig is being sought to continue the program.

Toro Energy Limited, which is earning a 75%-80% interest in the uranium mineral rights in the **Bulgunnia** and **Labyrinth Projects** have announced (5 July 2007) the commencement of a drilling program to target palaeochannel hosted uranium at the **Ealbara Project** within the Bulgunnia tenement.

Mithril Resources Ltd, which can earn up to 75% of the rights to nickel mineralisation in Dominion's **Central Tenements Area** (covering 3,600 square km around the Challenger Mine area) have carried out initial drill evaluation of the **Aristarchus Prospect** where ground EM surveys have outlined a conductive body coincident with a magnetic high and elevated nickel – copper values in surface and air core drill samples.

Three diamond drillholes (DMDD-001, 002 and 003) for a total of 863m were completed. Drilling intersected felsic gneiss, deformed and metamorphosed granite and gabbro, and lesser amounts of ultramafic rock types with the mafic rocks commonly containing up to 1% fine grained disseminated sulphides. Petrography from DMDD-001 has confirmed these sulphides to be pyrite with minor amounts of chalcopyrite. In drillhole DMDD-002 a 0.45m interval of 5-7% disseminated and blebby sulphides with minor stringer sulphides was intersected within a metapyroxenite from 307.44m. These sulphides are interpreted to be the source of one of the three targeted conductors. Petrology and assay results will be available in the coming weeks.

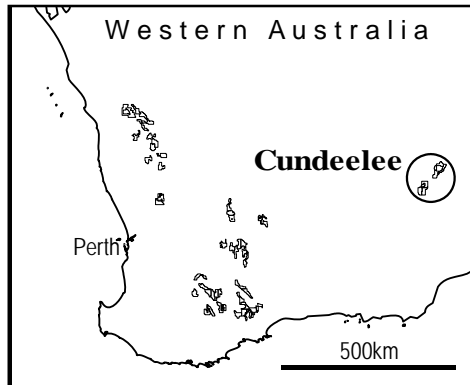
Drillholes DMDD-001 and DMDD-003 did not intersect the targeted conductors. Core angles in DMDD-001 suggest the hole was drilled down dip whereas DMDD-003 was terminated 40m beyond the modelled target zone. All drillholes have been cased with 50mm PVC for down hole EM surveying.

Deep Yellow Ltd, which has acquired 90% of the uranium rights (in the **Central Tenements Area**) by issuing to Dominion equity equivalent to 2.2% of the company's issued capital have commenced drilling to test a series of palaeochannel targets outlined by airborne electromagnetic (AEM) surveying.

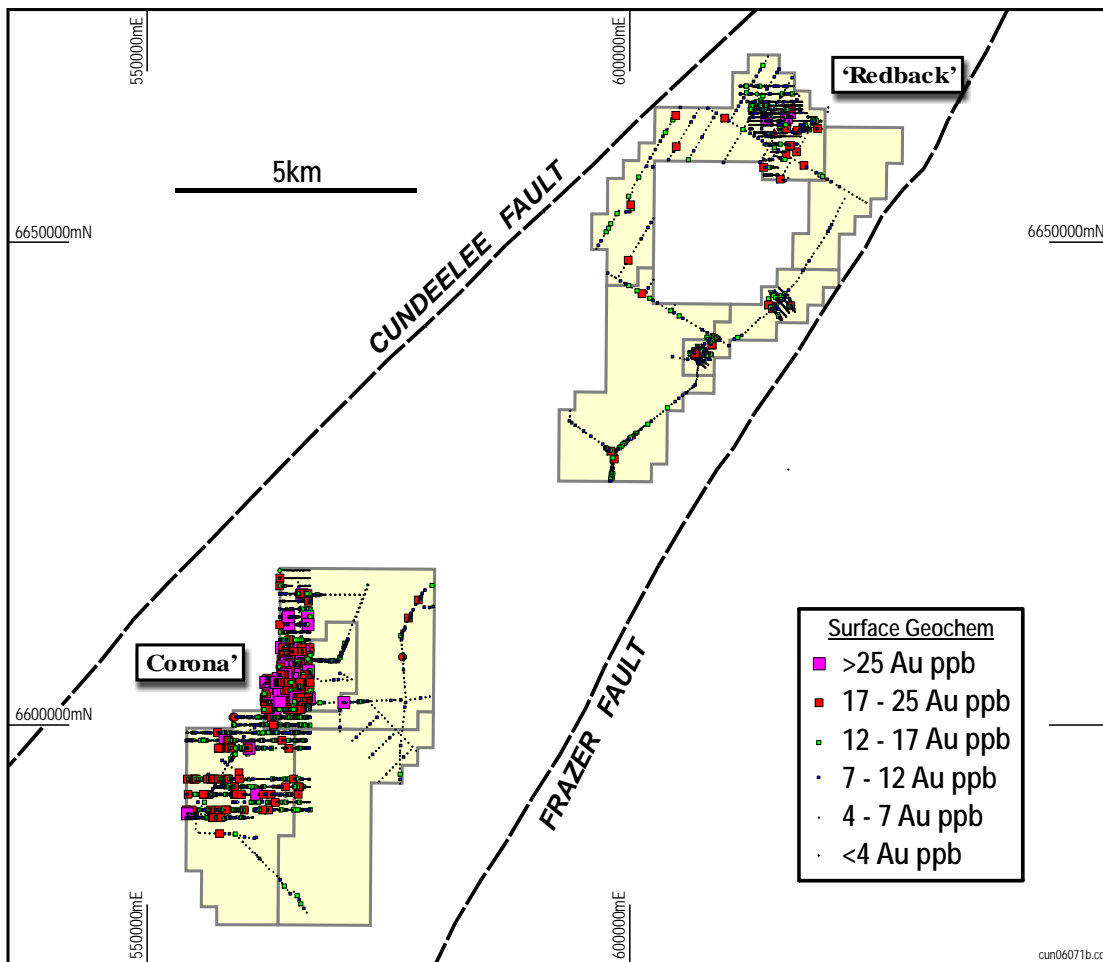
Southern Gold Ltd, which can earn a 51% interest in the rights to gold mineralisation in the **Central Tenements Area** (excluding the Challenger area) by spending \$2 million, have carried out an initial air core drilling program at the **Monsoon** and **Typhoon Prospects**. Results are pending.

Western Australia

Cundeelee (Tropicana Belt) Project (100%)



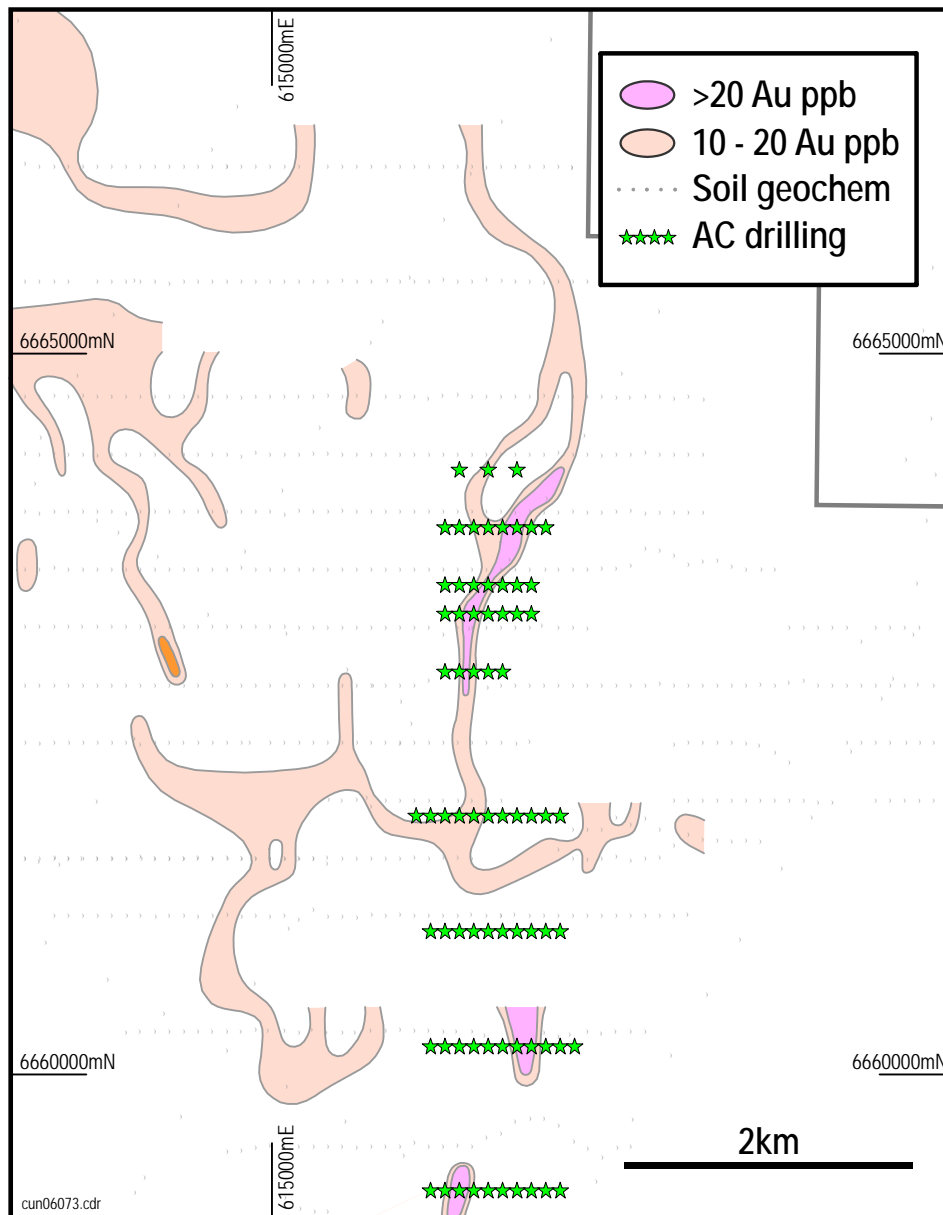
A total of 4,777 geochemical samples have been collected during the quarter as part of a long term program of systematic geochemical sampling to cover Dominion's 1,000 square kilometre tenement holding in this highly prospective belt. The figure below shows the extent of current coverage.



This sampling has led to the definition of several gold anomalies two of which have been evaluated by interface (air core and RAB) drilling.

Redback Prospect – Interface RAB/AC Drilling

A north-east orientated soil anomaly was defined with recent auger geochemistry work. Although irregular, the anomaly extends over several kilometres and is broken up by the presence of less suitable sample medium (namely non-calcareous soils).

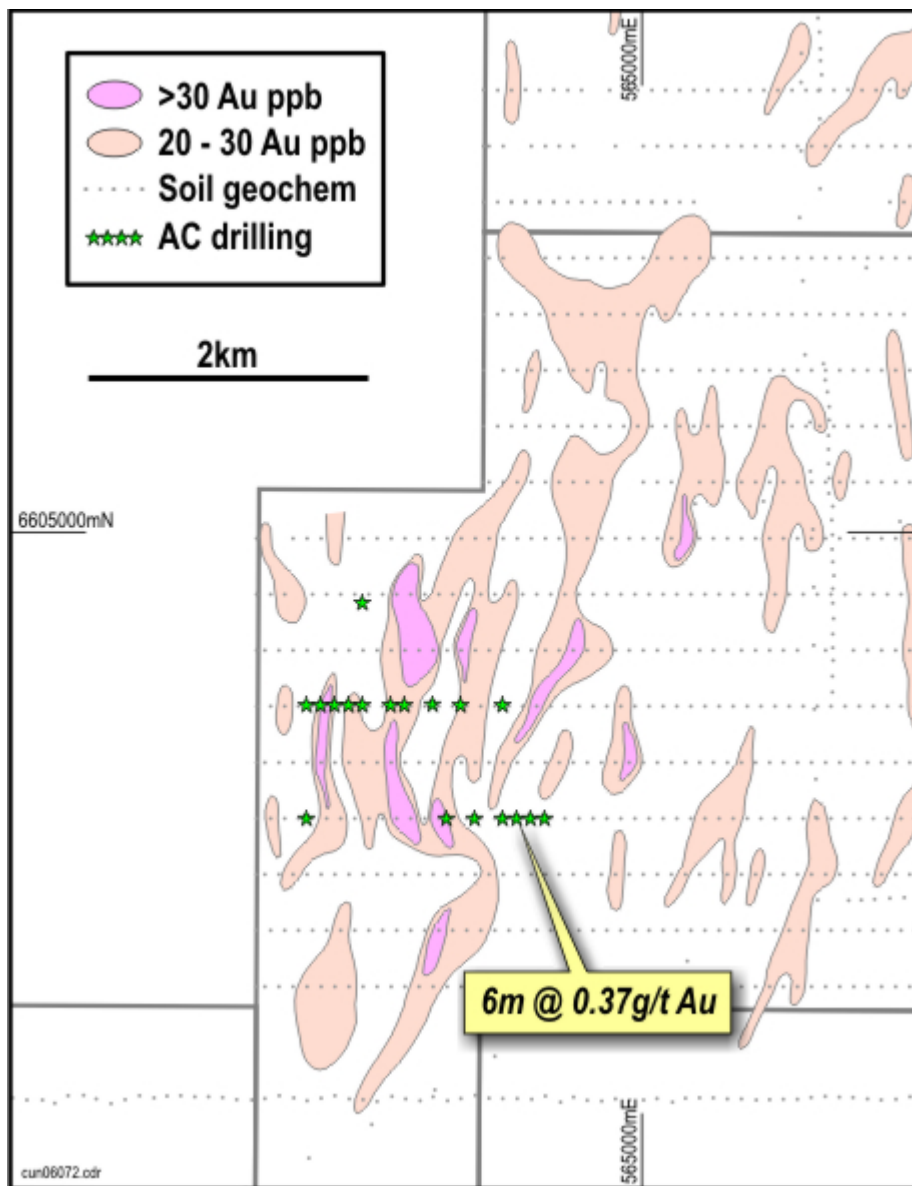


A programme of 72 air core holes for 2655 metres has tested the anomaly on broad traverses (minimum of 200mN spacing, maximum 1000mN spacing). Bedrock geology is dominated by mafic gneisses. Minor silica and sericite alteration was seen in several holes.

Assay results are pending.

Corona Prospect – Interface RAB/AC Drilling

A significant gold in soil anomaly has been identified in the south-western area of the tenements. The anomaly spans an impressive length of 6km and is up to 1.8km in width.



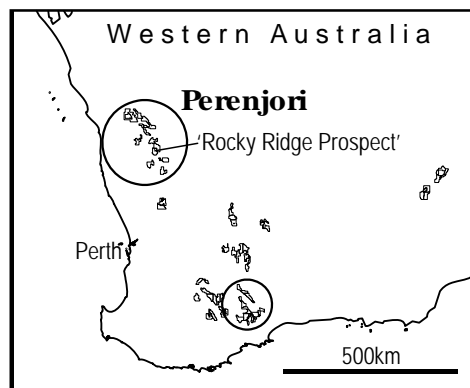
A programme of 12 air core holes for 823 metres has partially tested the anomaly.

Early results from the drilling have returned anomalous gold values in hole 07CUAC073 (6 metres @ 0.37 g/t gold from 62 metres).

Hole ID	Coordinates (GDA 94)	DIP/AZI	Interval (m)	Width (m)	Au (g/t)
07CUAC073	564100E/6602960N	-90/360	62-68	6	0.37

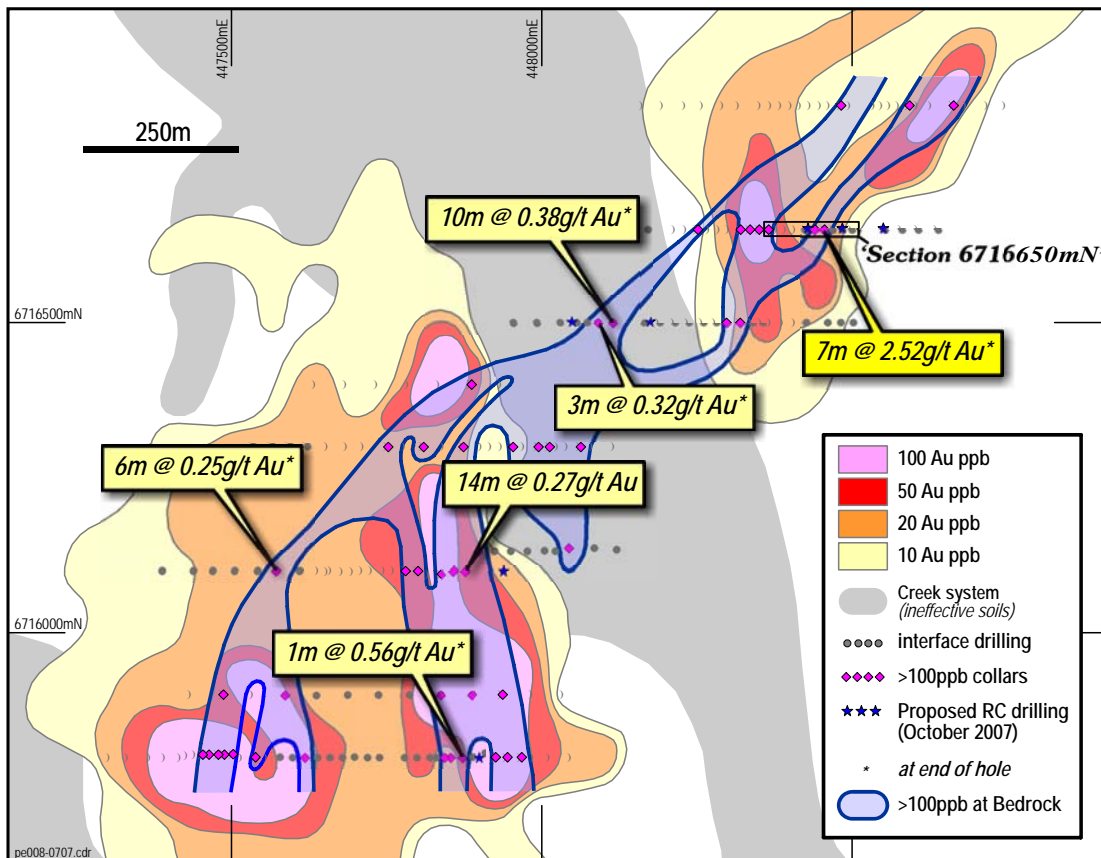
Panning of the samples showed fine gold in the 3 metres prior to passing into basement regolith.

Perenjori Project (100%)

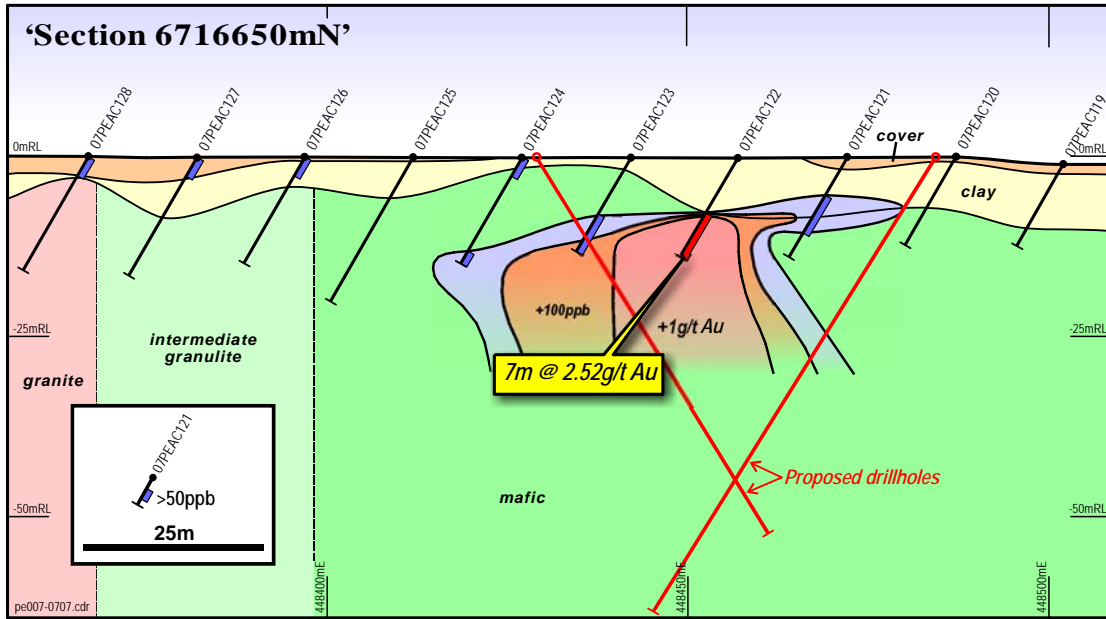


Rocky Ridge Prospect

A significant gold in bedrock anomaly has been identified by the interface drilling results reported in the March Quarterly. These intersections show good correlation with noted bedrock alteration and also correspond well with the overlying soil geochemistry as shown in the following figure:

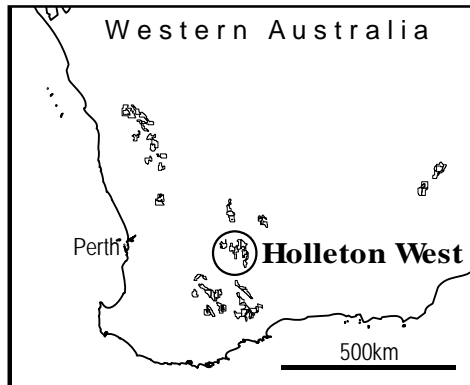


Reverse circulation drilling is planned to test the down dip extension to several of these intercepts. This includes drilling beneath RAB hole 07PEAR122 which returned 7m @ 2.52g/t gold (refer to figure below).

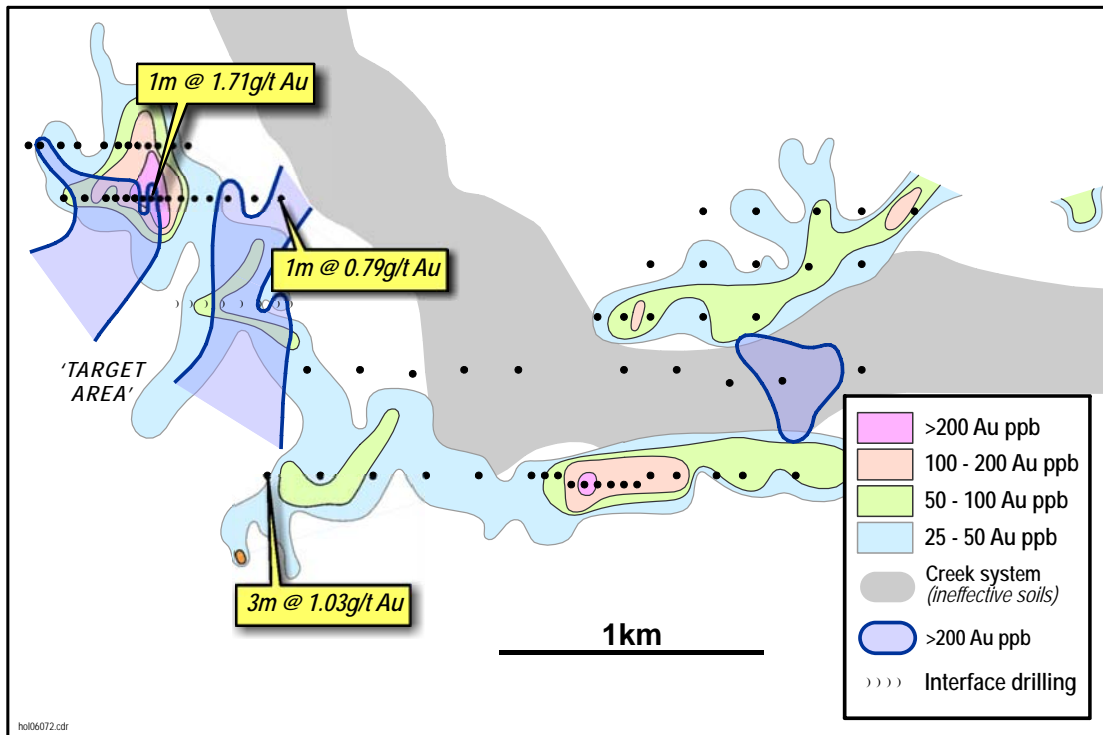


It is anticipated that this reverse circulation programme will define the dip of the mineralised gold system, and also return intercepts of the tenor that would warrant a detailed follow up reverse circulation programme. This reverse circulation programme will involve 7 holes for 845 metres.

Holleton West Project (100%)



Final assay results for the March 2007 interface RAB/AC drilling programme have been received and interpreted (refer to table below). The Soldiers Prospect shows promising gold in bedrock anomalies that require extensional interface drilling south-west of the current programme (refer to labelled 'Target Area' in figure below). Recorded intersections correspond well with the overlying soil geochemistry.



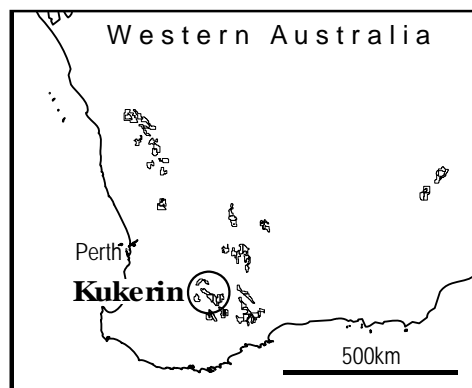
Holleton West Project

Hole ID	Coordinates (GDA 94)	DIP/AZI	Interval (m)	Width (m)	Au (g/t)
07HWAC005 ⁺	670492E/6447300N	-60/270	63-64	1	0.26*
07HWAC015 ⁺	670211E/6447700N	-60/270	60-61	1	1.71*
07HWAC017 ⁺	670148E/6447700N	-60/270	33-36	3	0.29
07HWAC018	670115E/6447700N	-60/270	60-63	3	0.20
			72-75	3	0.24
07HWAC021	669958E/6447700N	-60/270	69-72	3	0.71
07HWAC036	670700E/6447700N	-90/360	66-67	1	0.79
07HWAC071	670650E/6446650N	-90/360	27-30	3	1.03
07HWAC080	672600E/6447008N	-90/360	12-15	3	0.23

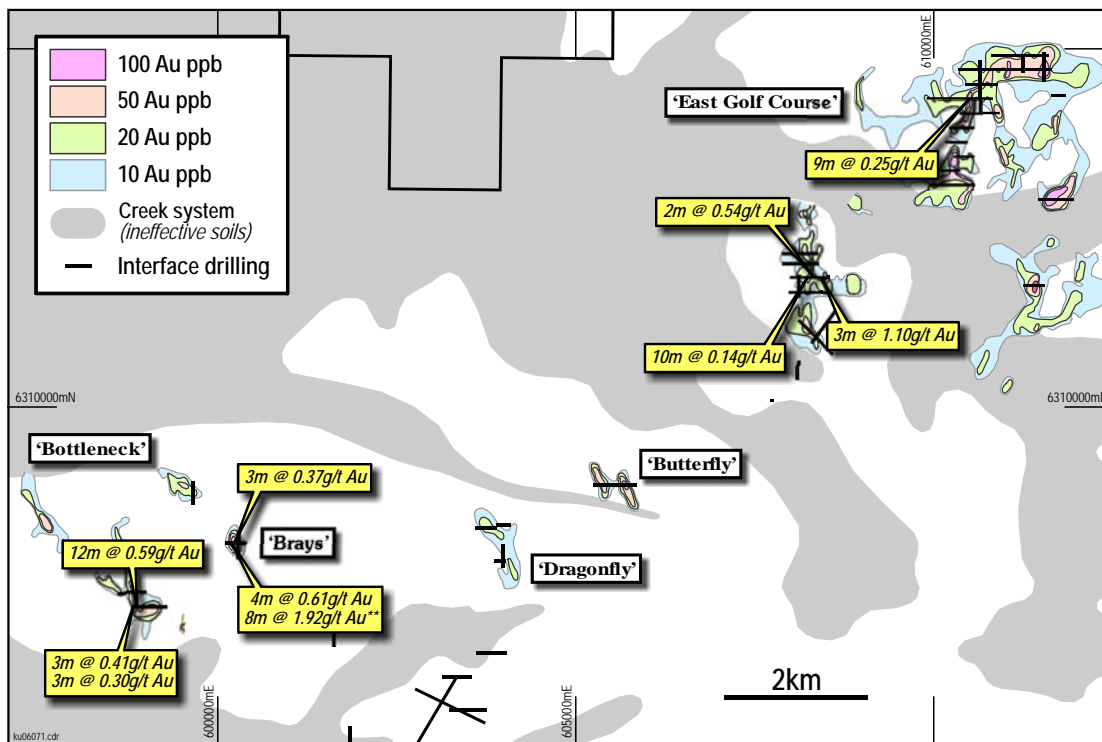
* intercept finishing at the end of hole

+ March 2007 Quarterly

Kukerin Project (100%)



Final assay results for the March 2007 interface RAB/AC drilling programme have been received and interpreted (refer to table below). Several of the Kukerin prospects show promising gold in bedrock anomalies that require second phase interface drilling (refer to figure below). These intersections correspond well with the overlying soil geochemistry.



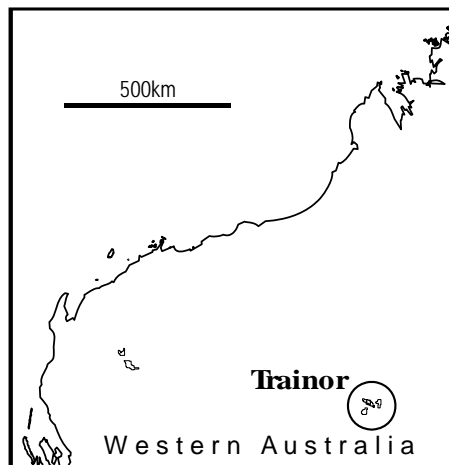
Second phase RAB and air core drilling is planned for late 2007 once the current harvest is completed. This drilling is anticipated to define a coherent bedrock trend that will lead into a first phase reverse circulation programme.

Kookynie Project

Hole ID	Coordinates (GDA 94)	DIP/AZI	Interval (m)	Width (m)	Au (g/t)
07KUAR057 ⁺	608433E/6311800N	-60/270	21-24	3	1.10
07KUAR062 ⁺	608332E/6311800N	-60/270	24-26	2	0.54*
07KUAR066 ⁺	608283E/6311800N	-60/270	9-19.	10	0.14*
07KUAC133 ⁺	600241E/6308100N	-60/270	48-51	3	0.37
07KUAC134 ⁺	600214E/6308100N	-60/270	48-52	4	0.61*
07KUAC141 ⁺	598865E/6307200N	-60/270	15-27	12	0.59
07KUAC142 ⁺	598820E/6307200N	-60/270	24-27	3	0.41
			45-48	3	0.30
07KUAR173	610650E/6314100N	-60/270	15-18	3	0.32
07KUAR191	610350E/6313500N	-60/270	12-15	3	0.21
07KUAR199	610291E/6313500N	-60/270	15-18	3	0.26
07KUAR230	610386E/6313900N	-60/270	21-24	3	0.26
07KUAR242	610550E/6314300N	-60/270	18-27	9	0.25
07KUAR243	610537E/6314300N	-60/270	27-30	3	0.32
07KUAR246	610483E/6314300N	-60/270	36-39	3	0.32
07KUAR267	611000E/6314900N	-60/270	24-26	2	0.27

* intercept finishing at the end of hole

+ March 2007 quarterly

Trainor Project (100%)

A Farm-In and Joint Venture Agreement has been completed with Genesis Minerals Pty Ltd). Genesis can earn a 51% interest in the **Trainor Project** tenements by sole funding \$1.5 million of exploration expenditure within 2 years (including a minimum of \$125,000 by end October 2007).

EXPLORATION/EVALUATION EXPENDITURE

Group exploration (\$1.16 million) and Challenger resource/reserve evaluation expenditure (\$1.90 million) totalled \$3.06 for the quarter.

CORPORATE

Attributable revenue for the quarter was A\$21.8 million, generated from the sale of 28,951 ounces of gold at an average price received of A\$754 per ounce. For the year, revenue was \$80.7 million from the sale of 108,482 ounces at an average price received of A\$744 per ounce.

Group cash (A\$33.1 million) and bullion on hand accounted as revenue (A\$2.7 million) totalled A\$35.8 million at the end of the quarter.

In addition, Dominion at the end of June held investments with a market value of \$12.1 million following the receipt during the quarter of 21.9 million Deep Yellow Ltd shares. These shares represented payment for 51% of the uranium rights in certain tenements in the Gawler Craton region of South Australia owned by Dominion.

At the end of June 36,238 ounces (representing around 7% of current reserves) with an average delivered price of A\$729 per ounce were sold under forward sales contracts. The mark to market of the forward book was a negative \$2.3 million, a considerable reduction from the negative mark to market of \$13.3 million as at 30 June 2006.

Peter Alexander
Managing Director

For further information please contact:
Peter Alexander, Managing Director
Tel: +61 8 9426 6400 (wk)
Tel: 0403 317 280 (mob)

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 (except Paul Androvic who is a member of the Australian Institute of Geoscientists). 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.

**Registered Office**

15 Outram Street
West Perth WA 6005
the company website)
AUSTRALIA

Telephone: (+61 8) 9426 6400

Facsimile: (+61 8) 9481 1378

Website: www.dml.com.au (*This report can be downloaded from*

Email: comsec@dml.com.au