



Dominion Mining Limited
A.C.N. 000 660 864

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22 February 2007

DOMINION ANNOUNCES RECORD \$14.4M HALF YEAR NET PROFIT, 4 CENTS PER SHARE INTERIM DIVIDEND

KEY POINTS

- **\$14.4 million net profit after tax and 4 cents per share interim dividend.**
- **Gold production for the 6 months of 50,306 ounces at a cash operating cost of A\$332/ounce.**
- **Group cash and bullion of \$24.7 million at 31 December 2006.**
- **Increased Challenger gold Ore Reserves of 293,500 ounces announced with total Mineral Resources increasing by 312,000oz to 686,300 ounces.**
- **Substantial increase in exploration budget to \$6.0 million over the 6 months January – June 2007.**
- **Significant reserve upgrade drill program, targeting a 500,000oz reserve by 30 June 2007 commenced.**

SUMMARY

	Dec 2006	Dec 2005	Variance
Revenue	\$36.4m	\$32.6m	Up 11%
EBITDA	\$20.2m	\$7.6m	Up 166%
NPAT	\$14.4m	\$0.1m	Up 21,126%
EPS	14.5 cents	0.07 cents	
Dividend (cents/share)	4 cents	0 cents	
Cash and Bullion	\$24.7m	\$13.7m	Up 80%

FINANCIAL RESULTS

Dominion Mining Limited (ASX: **DOM**) today announced a **\$14.4 million** net profit after tax for the 6 months to 31 December 2006 (December 2005 6 month profit of \$68,000), reflecting another excellent operational performance by its Challenger Gold Mine located in South Australia. The bottom line performance which included a hedge book mark to market credit adjustment of \$6.3 million translated to earnings per share of 14.5 cents (December 2005: 0.07 cents per share).

The strong interim result – which exceeds the full-year after tax profit of \$8.9 million for 2005/06 – enabled the Company's Board to declare an interim unfranked dividend of **4 cents per share**. The record date for the dividend will be the 9th March 2007 with the payment date the 30th March 2007. This follows the final dividend declared for the year to 30 June 2006 of 4 cents per share (unfranked), continuing the Company's policy of returning value to shareholders following the continued strong performance of the low-cost Challenger Gold Mine.

Underlying earnings increased, with earnings before interest, tax, depreciation and amortisation (EBITDA) of \$20.2 million for the six months (December 2005: \$7.6 million), after expensing exploration and evaluation expenditure of \$1.9 million and accounting for \$1.8 million of royalties. Depreciation and amortisation charges totalled \$6.3 million.

The results were underpinned by strong gold production for the six months of 50,306 ounces at a site cash operating cost of A\$332/ounce, and gold sales of 50,521 ounces at an average received price of A\$734/ounce.

The Challenger mine generated an operating cash flow after capital expenditure and development of \$11.6 million, resulting in an increase in the Company's Group cash and bullion position to \$24.7 million. This consisted of cash of \$21.7 million and bullion of \$3.0 million.

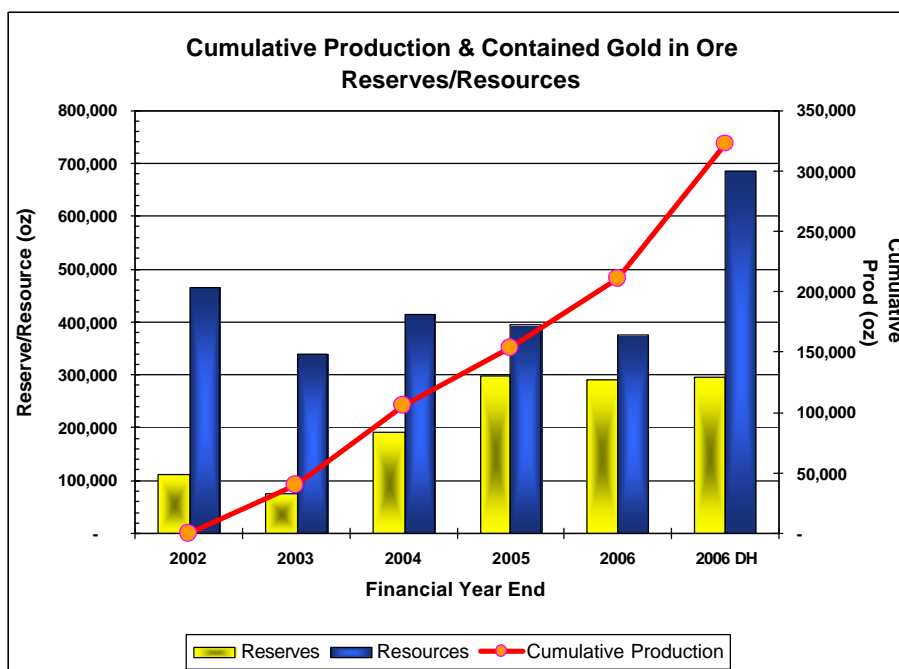
This compares with Group cash and bullion of \$21.3 million at 30 June 2006 and a substantial increase from the \$13.7 million reported for the previous corresponding half. Significantly, the cash position at 31 December 2006 was after payment of the \$4.0 million (4 cents per share) final dividend for the 2005/06 financial year paid in October 2006.

The current cash and bullion position is \$26.3 million with \$21.4 million of cash and bullion of \$4.9 million.

The Company remains debt free, with hedging currently in place of 49,000 ounces (representing approximately 18% of remaining gold reserves at Challenger) with an average delivered price of A\$703/ounce.

PRODUCTION AND RESERVES

Following successful ongoing programs of underground drilling targeting the M1, M2 and M3 shoots at Challenger, Dominion recently announced updated gold reserves of **293,500 ounces** for Challenger as at 31 December 2006. This represents a significant increase from the reserves reported at 30 June 2006 of 279,000 ounces and is after taking into account gold production of 50,306 ounces for the period.



Production for the first half of the current quarter was 15,200 ounces at a site cash operating cost of \$295/ounce from the treatment of 45,719 tonnes of ore at an average grade of 11.12g/.

The updated December 2006 resource position of 686,300 ounces, represents an increase of 312,000 ounces over the published figure at 30 June 2006.

In addition, successful drilling to test the M1 Shoot between the 580m RL and 480m RL (below the level of current reserves) returned outstanding results, enabling a significant extension of both the reserves and resources within the M1 Shoot. Significant results (previously announced) from this program included **1.5m @ 84.6g/t Au, 3.4m @ 23.9g/t, 25m @ 23.4g/t, 2.3m @ 187.1 g/t, 4m @ 26.7g/t and 3m @ 50.9g/t.**

A further program of deep drilling on the M1 to test the shoot to 0RL has commenced. Development and underground drilling on the M2 shoot has also highlighted its potential to develop significant tonnes of high grade ore. Some of the more significant results (previously announced) include; **6m @ 64.03g/t, 6.75m @ 38.12g/t, 3m @ 205g/t, 10.5m @ 41.14g/t and 3m @ 196.27g/t.** Other targets including the M3 shoot, the south east zone and the lower M1 shoot will be also evaluated as areas for reserve increases.

EXPLORATION



Dominion has built up a large and comprehensive exploration data base over the past 7 years.

This has led to the identification and development of highly prospective exploration targets in a number of areas in Western Australia.

The company has significantly increased to \$6.0 million its exploration budget over the 6 month period January – June 2007. A \$4.0 million program has commenced at the Challenger Gold Mine. This will comprise four 1,000 metre diamond drill holes with associated daughter holes to test extensions of the high grade M1 shoot to 1,200 metres below the surface and target a reserve in excess of 500,000 ounces.

In addition \$2.0 million is being spent over the 6 month period primarily on further drilling programs at the Lake Magenta, Wongan Hills, Latham and Cundeelee projects in Western Australia and the Barton West project in South Australia.

OUTLOOK

Commenting on the interim financial results, Dominion's Managing Director, Mr Peter Alexander, said: "We are very pleased to report a record profit for the first half which has exceeded our full year profit result for 2005/06, representing an outstanding effort by the operational team at Challenger and another strong production performance."

"The Challenger Mine has maintained its position as one of the lowest cost gold mining operations in Australia, with cash operating costs for the half of A\$332/ounce against a realised gold price of A\$712/ounce. This equates to a substantial cash margin and represents the key driver for the strong increase in earnings and cash flow generated during first half," Mr Alexander added.

"We have been able to declare a record interim dividend of 4 cents per share, after taking into account our ongoing capital and exploration commitments," he said. "This maintains our commitment to maximise returns to shareholders from the outstanding performance of the Challenger mine."

"The outlook for the Company remains very bright, with Challenger on target to achieve forecast production of in excess of 100,000 ounces for the full 2006/07 financial year" Mr Alexander commented. "At the same time, we have commenced a landmark gold reserve upgrade program at Challenger targeting additional reserves at depth within the M1, M2 and M3 Shoots. The results from this program have been outstanding, and we are confident that we can achieve our target of increasing reserves to in excess of 500,000 ounces by 30 June 2007."

"This will increase the mine life at Challenger to in excess of 5 years at current production rates and further reinforce the position of this mine as one of the best performing gold assets in the mid-tier sector in Australia," he said. "With continued strong earnings, cash flow, production and organic growth, Dominion is also in an excellent position to maximise the value of its prospective exploration ground including its 1,000 square kilometre tenement holding (Cundeelee) in the prized Tropicana belt located east of Kalgoorlie.



Peter Alexander
Managing Director

Tel: +61 8 9426 6401 (wk)
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 and Paul Payne of Resource Evaluations Pty Ltd, 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, Paul Androvic and Paul Payne 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, Paul Androvic, and Paul Payne consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.



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APPENDIX 4D
HALF-YEAR REPORT
HALF-YEAR ENDED 31 DECEMBER 2006
(PREVIOUS CORRESPONDING PERIOD: 31 DECEMBER 2005)

DOMINION MINING LIMITED
ABN 37 000 660 864

1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$'000s
Revenue	Up	11%	to	36,436
Operating profit before adjustment for unrealised gains on gold contracts	Up	84%	to	8,158
Change in the fair value of undesignated gold contracts	Up	\$16,451,000	to	6,276
Net profit attributable to members of Dominion Mining Limited	Up	21,126%	to	14,434
DIVIDENDS				
		Amount per security		Franked amount per security
Interim dividend		4 cents		0 cents
Previous corresponding period		Nil		Nil
Record date for determining entitlements to the dividend	9 March 2007			
Date dividend will be paid	30 March 2007			

Other Explanatory Notes

Revenue from ordinary activities comprises gold sales of \$35,996,000 and interest income of \$440,000.

2. NET TANGIBLE ASSETS

	Current period	Previous corresponding Period
Net tangible assets per ordinary security	Not applicable	Not applicable

3. CONTROL GAINED OVER ENTITIES HAVING MATERIAL EFFECT

Name of entity	Not applicable
Date from which control is gained	Not applicable
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity since the date in the current period on which control was acquired	Not applicable
Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity for the whole of the previous corresponding period	Not applicable

LOSS OF CONTROL OF ENTITIES HAVING MATERIAL EFFECT

Name of entity	Not applicable
Date from which control is gained	Not applicable
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity since the date in the current period on which control was acquired	Not applicable
Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity for the whole of the previous corresponding period	Not applicable

4. INTERIM DIVIDEND (DISTRIBUTION) ON ALL SECURITIES

	Current period A\$000's	Previous corresponding Period A\$000's
Date the dividend is payable	30 March 2007	Not applicable
+Ordinary securities <i>(each class separately)</i>	4,192	Nil
Preference +securities <i>(each class separately)</i>	Not applicable	Not applicable
Other equity instruments <i>(each class separately)</i>	Not applicable	Not applicable
Total	4,192	Nil

5. DIVIDEND OR DISTRIBUTION REINVESTMENT PLANS

The +dividend or distribution plans shown below are in operation.

Not applicable

The last date(s) for receipt of election notices for the +dividend or distribution plans

Not applicable

6. ANY OTHER DISCLOSURES IN RELATION TO DIVIDENDS

Final dividend in respect of the year ended 30 June 2006 of 4 cents per share was paid on 3 October 2006.

7. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss)	
	Current period	Previous corresponding period	Current period	Previous corresponding period
	-	-	-	-
Total	-	-	-	-
Other material interests	-	-	-	-
Total	-	-	-	-

The financial information provided in Appendix 4D is based on the half-year condensed financial report (attached), which has been prepared in accordance with Australian Accounting Standards.

INDEPENDENT REVIEW OF THE FINANCIAL REPORT

The financial report has been independently reviewed.



 (Director/Company secretary)

Date: 22/02/2007

Print name: Ross Coyle

DOMINION MINING LIMITED

**CONDENSED FINANCIAL REPORT FOR THE HALF-YEAR ENDED
31 DECEMBER 2006**

ABN 37 000 660 864

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The directors of Dominion Mining Limited submit the consolidated financial statements for the half-year ended 31 December 2006 and the following report made out in accordance with a resolution of the directors:

DIRECTORS

The names and details of Dominion Mining Limited's directors in office during the half-year and until the date of this report are:

Peter C Joseph OAM, BCom, MBA - Non Executive Director

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

Peter Alexander ASS APPL GEOL – Managing Director and Chief Executive Officer

Mr Alexander was appointed to the board on 17 December 1997 and Managing Director and Chief Executive Officer of Dominion Mining Limited on 24 December 1997. Mr Alexander is a director of Dominion Gold Operations Pty Ltd, the operator of the Challenger Gold Mine, and is a director of all the other Dominion Mining Ltd subsidiaries. Mr Alexander has over 20 years experience with the group. Mr Alexander is not currently and has not over the past three years been on the board of any other listed entity.

Ross A Coyle BA, FCPA, FCIS - Chief Financial Officer and Company Secretary

Mr Coyle a qualified accountant has been with the Dominion group for 19 years and has over 25 years experience in finance and accounting within the resources industry. He was appointed to the board on 30 April 1996 and was previously Dominion Mining Limited's General Manager, Finance and Administration. Mr Coyle is a director of Dominion Gold Operations Pty Ltd, the operator of the Challenger Gold Mine, and is a director of all the other Dominion Mining Ltd subsidiaries. Mr Coyle is not currently and has not over the past three years been on the board of any other listed entity.

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

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

RESULTS

The consolidated profit of the group for the half-year after income tax expense of \$nil (31 December 2005: benefit of \$5,804,000) amounted to \$14,434,000 (31 December 2005: \$68,000).

REVIEW OF OPERATIONS

Challenger Gold Project -South Australia (Dominion Gold Operations Pty Limited 100%)

For the half-year ended 31 December 2006, 50,306 ounces of gold was produced at an operating cost of A\$332 per ounce. Production was achieved from processing 183,293 tonnes of ore at an average head grade of 9.15 grams per tonne

A total 50,521 ounces was sold at an average price received of A\$712 per ounce generating revenue of \$35.996 million. Of the ounces sold, 25,000 ounces were delivered into existing forward contracts with an average price received of \$621 per ounce, with the balance sold at various spot prices achieving an average price of \$801 per ounce.

The decline has been developed to below the 720 level or about 480 metres vertically below the surface. This allows access not only for production from the M1 orebody but also to the M2 and M3 lodes, which lie adjacent to the M1.

By the end of the reporting period, the M1 orebody the principal source of production was developed down to the 740/720 levels with exploratory development and drilling taking place on various higher levels associated with the M2 and M3 orebodies.

To date the M1 orebody has over-reconciled in ounces produced by some 116% compared to the original reserves.

Reserves were increased from 279,000 ounces as at 30 June 2006 to 293,500 ounces at 31 December 2006 after taking into account the gold production of 50,306 ounces over the six months July 2006 - December 2006.

Exploration

During the six month period the exploration focus was on defining additional resources in the Challenger Mine area. Deep drilling of the M1 Shoot gave highly encouraging results and resulted in an increase of 71,500 oz to the Reserves and an additional Inferred Resource of 295,000 oz. Further underground exploration of the M2 Shoot has also returned very positive results.

Also in South Australia drilling extended the zone of significant heavy mineral sands in the Barton West area.

In Western Australia initial drilling has returned encouraging gold results at the Cundeelee Project within the newly discovered 'Tropicana' Gold Belt. Positive drilling results were also returned from a newly defined gold anomaly at the Rocky Ridge Prospect in the Perenjori Project area.

At Wongan Hills geochemical exploration has defined new base metal targets and base metal targets have also been upgraded in the Edmund Project area.

AUDITOR'S REPORT

A copy of the auditor's independent review report in relation to the review for the half year is provided with this report.

ROUNDING OF AMOUNTS

Dominion Mining Limited is an entity to which Australian Securities and Investments Commission Class Order 98/100 applies. Pursuant to this Class Order, amounts reported in this report and the financial statements have been rounded to the nearest thousand dollars, except where not permitted to be rounded under the Corporations Act 2001.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires the company's auditors, Ernst & Young, to provide the directors with a written Independence Declaration in relation to their review of the financial report for the half year ended 31 December 2006. This written Auditor's Independence Declaration is set out on page 16 and forms part of this Directors' Report.

Signed in accordance with a resolution of the directors

A handwritten signature in black ink, appearing to read 'Alexander', with a horizontal line underneath.

Peter Alexander
Managing Director
Signed at Perth, 21 February 2007

A handwritten signature in black ink, appearing to read 'P. Joseph', with a horizontal line underneath.

Peter C Joseph
Chairman
Signed at Sydney, 21 February 2007

DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2006

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	NOTES	CONSOLIDATED	
		31 December 2006 \$'000	30 June 2006 \$'000
CURRENT ASSETS			
Cash		21,676	19,021
Trade and other receivables		4,567	3,213
Inventory		1,687	2,116
Other		57	86
TOTAL CURRENT ASSETS		27,987	24,436
NON-CURRENT ASSETS			
Plant and equipment		9,405	8,650
Mine development costs		14,430	13,410
Deferred tax asset		8,840	8,840
TOTAL NON-CURRENT ASSETS		32,675	30,900
TOTAL ASSETS		60,662	55,336
CURRENT LIABILITIES			
Trade and other payables		9,198	9,418
Interest bearing loans and borrowings		254	252
Provisions		324	324
Derivatives		7,038	13,315
TOTAL CURRENT LIABILITIES		16,814	23,309
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings		317	263
Provisions		1,297	1,165
TOTAL NON-CURRENT LIABILITIES		1,614	1,428
TOTAL LIABILITIES		18,428	24,737
NET ASSETS		42,234	30,599
EQUITY			
Issued capital	4	49,684	48,687
Accumulated losses		(8,168)	(18,608)
Employee equity benefits reserve		718	520
TOTAL EQUITY		42,234	30,599

DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

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	NOTES	CONSOLIDATED	
		31 December 2006 \$'000	31 December 2005 \$'000
CONTINUING OPERATIONS			
REVENUE	2	36,436	32,709
Cost of goods sold	2	(24,929)	(25,062)
Gross Profit		11,507	7,647
Other income		16	-
Exploration and evaluation expenditure		(1,873)	(1,817)
Administration costs		(1,457)	(1,066)
Depreciation		(16)	(89)
Gain/(loss) on undesignated gold contracts		6,276	(10,175)
Finance costs		(19)	(236)
PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE		14,434	(5,736)
Income tax (expense)/benefit		-	5,804
NET PROFIT ATTRIBUTABLE TO MEMBERS OF DOMINION MINING LIMITED		14,434	68
Basic earnings per share (cents per share)		14.5	0.07
Diluted earnings per share (cents per share)		14.4	0.07

DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

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CONSOLIDATED	Attributable to equity holders of the parent			
	Issued Capital	Accumulated Losses	Employee Equity Benefits Reserve	Total
	\$'000	\$'000	\$'000	\$'000
At 1 July 2005	48,446	(27,603)	44	20,887
Total income and expense recognised directly in equity	-	-	-	-
Profit for the period	-	68	-	68
Cost of share based payment	-	-	93	93
Issue of share capital	144	-	-	144
31 December 2005	48,590	(27,535)	137	21,192
At 1 July 2006	48,687	(18,608)	520	30,599
Total income and expense recognised directly in equity	-	-	-	-
Profit for the period	-	14,434	-	14,434
Cost of share based payment	-	-	198	198
Dividend	-	(3,994)	-	(3,994)
Issue of share capital	997	-	-	997
31 December 2006	49,684	(8,168)	718	42,234

DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
CONDENSED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

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	CONSOLIDATED	
	31 December 2006 \$'000	31 December 2005 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from gold sales	34,640	30,348
Payments to suppliers and employees	(19,577)	(18,823)
Interest received	440	143
Interest paid	(19)	(221)
	<hr/>	<hr/>
NET CASH FLOWS FROM OPERATING ACTIVITIES	15,484	11,447
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(7,834)	(4,806)
Exploration and evaluation expenditure	(1,873)	(1,817)
	<hr/>	<hr/>
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(9,707)	(6,623)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	-	(3,500)
Proceeds from the issue of shares and conversion of options	997	144
Equity dividend paid	(3,994)	-
Proceeds from finance leases entered into in period	-	102
Repayment of finance lease principal	(125)	(82)
	<hr/>	<hr/>
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(3,122)	(3,336)
	<hr/>	<hr/>
Net increase in cash	2,655	1,488
Cash at beginning of period	19,021	10,051
	<hr/>	<hr/>
CASH AT END OF PERIOD	<u>21,676</u>	<u>11,539</u>

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Corporate information

Dominion Mining Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the ASX. The principal activities of Dominion Mining Limited and its controlled entities during the half-year involved the operation of the Challenger Gold Project and mineral exploration in Western Australia and the Gawler Craton region of South Australia.

(b) Basis of preparation

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual financial report of Dominion Mining Limited as at 30 June 2006.

It is also recommended that the half-year financial report be considered together with any public announcements made by Dominion Mining Limited and its controlled entities during the half-year ended 31 December 2006 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(c) Basis of accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The accounting policies and estimation methods adopted for the purpose of preparing the half-year financial report are consistent with those adopted and disclosed in the Company's 2006 annual financial report.

(d) Statement of compliance

The half-year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the half-year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IAS 134 "Interim Financial Reporting").

Australian Accounting Standards and UIG Interpretations that have recently been amended and are effective from 31 December 2006 are outlined below:

AASB 2004-3 Amendments to Australian Accounting Standards

AASB 2005-1 Amendments to Australian Accounting Standard

AASB 2005-3 Amendments to Australian Accounting Standard [AASB 119]

AASB 2005-4 Amendments to Australian Accounting Standards [AASB 139, AASB 132, AASB 1, AASB 1023 & AASB 1038]

AASB 2005-5 Amendments to Australian Accounting Standards [AASB 1 & AASB 139]

AASB 2005-6 Amendments to Australian Accounting Standards [AASB 3]

AASB 2005-9 Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132]

AASB 2006-1 Amendments to Australian Accounting Standards [AASB 121]

**DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

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AASB 2006-3 Amendments to Australian Accounting Standards [AASB 1045]
AASB 119 (revised) Employee Benefits (revised December 2004)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Statement of compliance (continued)

Interpretation 4	Determining whether an Arrangement contains a Lease
Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
Interpretation 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
Interpretation 7	Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies
Interpretation 8	Scope of AASB 2
Interpretation 9	Reassessment of Embedded Derivatives

DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

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CONSOLIDATED

<i>31 December</i>	<i>31 December</i>
<i>2006</i>	<i>2005</i>
<i>\$'000</i>	<i>\$'000</i>

2 REVENUE AND EXPENSES

(i) Revenue

Sale of gold	35,996	32,566
Finance revenue - interest	440	143
	<u>36,436</u>	<u>32,709</u>

(ii) Cost of goods sold

Cost of goods sold	<u>18,688</u>	<u>17,564</u>
Depreciation of plant and equipment	1,774	1,683
Amortisation of deferred exploration, evaluation and development expenditure	4,467	5,815
	<u>6,241</u>	<u>7,498</u>
Total cost of goods sold	<u>24,929</u>	<u>25,062</u>

3 DIVIDENDS

<i>Half-year ended 31</i>		<i>Half-year ended 31</i>	
<i>December 2006</i>		<i>December 2005</i>	
<i>Cents per</i>	<i>Total</i>	<i>Cents per</i>	<i>Total</i>
<i>share</i>	<i>\$'000</i>	<i>share</i>	<i>\$'000</i>

Fully paid ordinary shares

Final dividend for the financial year ended
30 June 2006

4.0	3,994	-	-
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4 ISSUED CAPITAL

CONSOLIDATED

<i>31 December</i>	<i>30 June</i>
<i>2006</i>	<i>2006</i>
<i>\$'000</i>	<i>\$'000</i>

Ordinary shares

Issued and fully paid	<u>49,684</u>	<u>48,687</u>
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Movements in ordinary shares on issue

	<i>Number</i>	<i>\$'000</i>
At 1 July 2006	99,086,351	48,687
Issued during period on conversion of options issued under the employee share option plan	1,335,000	997
At 31 December 2006	<u>100,421,351</u>	<u>49,684</u>

5 SHARE OPTIONS

Movement in share options on issue

Number ("No"), weighted average exercise prices ("WAEP") and movements in share options issued during the period:

	No	WAEP \$
At 1 January 2006	3,230,000	0.86
Forfeited during the period	(70,000)	0.78
Exercised during the period	(210,000)	0.46
At 1 July 2006	<u>2,950,000</u>	0.90
Granted during the period	1,125,000	1.61
Exercised during the period	(1,335,000)	0.75
At 31 December 2006	<u><u>2,740,000</u></u>	1.27

6 SEGMENT REPORTING

The consolidated entity continues to operate in Australia only with exploration for recoverable mineral deposits in Western Australia and South Australia and operation of the Challenger Gold Mine in South Australia.

7 CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

8 EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the half year end the directors resolved to pay an interim unfranked dividend of 4 cents per share to holders of fully paid ordinary shares. The record date for the dividend will be 9 March 2007 and will be paid on 30 March 2007.

Except for the event noted above no matter or circumstance has arisen since 31 December 2006 that has significantly affected, or may significantly affect, the operations of Dominion Mining Limited and its controlled entities, the results of those operations or the state of affairs of Dominion Mining Limited and its controlled entities in subsequent years.

**DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

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In accordance with a resolution of the directors of Dominion Mining Limited, we declare that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity:
 - (i) give a true and fair view of the financial position as at 31 December 2006 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



**P Alexander
Director**

Perth,

21 February 2007



**P C Joseph
Director**

Sydney

21 February 2007



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Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Dominion Mining Limited and the entities it controlled during the half-year, which comprises the condensed balance sheet as at 31 December 2006, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the half-year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory financial reporting requirements in Australia. As the auditor of Dominion Mining Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.


Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Dominion Mining Limited and the entities it controlled during the half-year, is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.



Ernst & Young



Gavin A. Buckingham

Partner

Perth

21 February 2007



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

In relation to our review of the financial report of Dominion Mining Limited for the half-year ended 31 December 2006, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Gavin Buckingham'.

Gavin A. Buckingham

Partner

Perth

21 February 2007