



Dominion Mining Limited

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28 August 2008

DOMINION ACHIEVES A GROSS PROFIT OF \$40.4 MILLION, AN AFTER TAX PROFIT OF \$33.4 MILLION AND INCREASED DIVIDENDS

KEY POINTS

- **Gross Profit of \$40.4 million and Net Profit After Tax of \$33.4 million achieved despite rising cost environment**
- **EBITDA of \$43.4 million and EBIT of \$31.4 million.**
- **Increased final dividend of 8 cents per share declared (12 cents for the year).**
- **Record annual gold production of 109,326 ounces at cash operating cost of \$367/oz.**
- **53% increase in group cash and bullion to \$55.7 million.**
- **42% increase in gold reserves to 727,860 ounces.**

FY 2008 Financial Results, Production & Reserves

	June 2008	June 2007	% Variance
Revenue (A\$)	\$97.6m	\$81.8m	+19%
EBITDA (A\$)	\$43.4m	\$37.3m	+16%
EBIT	\$31.4m	\$23.0m	+36%
NPAT (A\$)	\$33.4m ¹	\$51.7m ²	-35%
EPS (diluted)	32.59	51.3c	-36%
Dividend (c/share)	12c	10c	+20%
Production	109,326 ozs	108,191 ozs	+1%
Reserves	727,860 ozs	512,000 ozs	+42%
Resources	1,159,830 ozs	1,090,000 ozs	+6%

1. Results for 2008 include one-off item of (\$2.4 million).
2. Results for 2007 include one-off items totalling \$23.8 million.

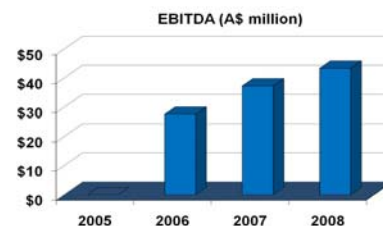
2008 FINANCIAL RESULTS

Dominion Mining Limited (ASX: **DOM**) today announced a \$33.4 million net profit after tax for the 12 months to 30 June 2008. (2007: \$51.7 million which included one-off items totalling \$23.8 million). The strong performance was achieved with a 19% increase in gross revenue to \$97.6 million (2007: \$81.8 million).

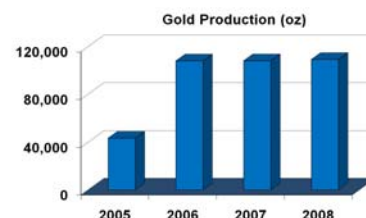
The net profit was achieved after taking into account a loss on the sale of the Company's shareholding in Deep Yellow Ltd of \$2.5 million and a charge of \$2.7 million which represents the notional value of options and performance rights issued to employees as required by Australian Accounting Standards and an income tax benefit of \$7.5 million.

The positive result for the year has enabled the Company to declare a final unfranked dividend of 8 cents per share taking the full year dividend to 12 cents per share a 20% increase on the previous year. The record date for the dividend is the 15 September 2008 with the dividend to be paid on the 30 September 2008.

EBITDA of \$43.4 million (2007: \$37.3 million) was achieved after expensing exploration and evaluation expenditure of \$5.2 million, administration costs of \$3.8 million and \$4.1 million in royalty payments. Depreciation and amortisation charges totalled \$12.0 million.



The results were underpinned by record gold production from Challenger for the 12 months to 30 June 2008 of 109,326 ounces (2007: 108,191 ounces). Cash operating costs increased by 18.8% to \$367/ounce (2007: \$309/ounce), representing a positive achievement in the current rising cost environment in the mining industry.



Revenue from gold sales increased by 17.8% to \$95.1 million, mainly due to the increased average price received for the year of A\$872/ounce (2007: \$744/ounce).

The higher revenue resulted in an increase in the Company's cash and bullion position to \$55.6 million (2007: \$35.8 million). This comprised cash of \$49.9 million and bullion sold (treated as a receivable in the balance sheet) of \$5.8 million.

The Company remains debt free with the exception of some minor hire purchase arrangements.

RESERVES & RESOURCES

With a sustained ongoing commitment to exploration at Challenger, including deep drilling to increase the reserve base and extend the mine life, Dominion recently announced a 16% increase in gold reserves to 727,860 ounces compared with the previously published figure of 625,940 ounces as at 31 December 2007.

On a year-on-year basis, gold reserves have increased by 42% after taking into account the annual gold production of 109,326 ounces.

The gold resource inventory as at 30 June 2008 increased by 69,830 ounces to 1.16 million contained ounces.

Surface drilling will continue to target the depth extensions of the M1 and M2 shoots. Underground exploration will target several other well defined shoots, including the M3 and SEZ Shoots which have been mined near surface as well as other footwall and hangingwall shoots that have been subject to very little exploration.

With the ongoing success of these drilling programs, Dominion is reviewing the feasibility of an increase in the throughput rate of the mill from the current 430,000 tonnes per annum to around 650,000 tonnes per annum increasing annual production to around 130,000 – 140,000 ounces.

A final decision will be made on the expansion at the end of December 2008. Should it proceed, it is expected that construction would take around 12 months with increased production commencing in early 2010.

OUTLOOK

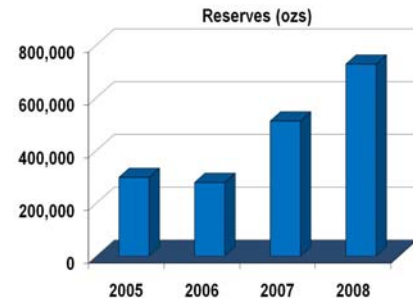
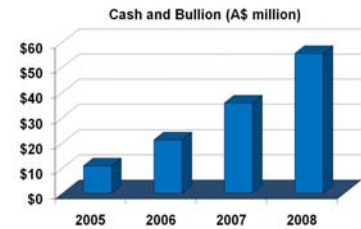
Commenting on the financial results, Dominion's Managing Director, Mr Jonathan Shellabear, said:

"These results represent a strong performance by the Dominion team in what has been an increasingly demanding operating environment. Our Challenger operation continues to deliver exceptional results, with another year of record gold production and exploration success resulting in a further increase in our reserve position," he continued.

"We are looking forward to another positive 12 months, with forecast gold production for 2008/09 remaining above 100,000 ounces. With a strong cash position, Dominion is well placed to continue delivering solid growth into the future, including consideration of expansion opportunities to underpin the long-term future of the operation," Mr Shellabear said.



Jonathan Shellabear
Managing Director
Tel: 08 9426 6400





ABN 37 000 660 864

**PRELIMINARY FINAL REPORT
Appendix 4E**

Financial Year Ended 30 June 2008

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Gross profit for the year of \$40.4 million (2007: \$29.3 million) and a net profit after tax of \$33.4 million (2007: \$51.7 million) after taking into account:

- a loss of \$2.4 million relating mainly to the sale of the investment in Deep Yellow Ltd.
- \$5.2 million of exploration expenditure.
- \$3.8 million attributable to administration costs of the consolidated entity.
- \$2.7 million which represents the notional value as determined by a binomial valuation model, of options and performance rights issued to employees and expensed through the profit and loss as required by Australian Accounting Standards.
- an income tax benefit of \$7.5 million in relation to tax losses anticipated to be used in the future.

Production for the 2008 year totalled 109,326 ounces, with 108,992 ounces sold (2007: 108,191 ounces produced, with 108,482 ounces sold), generating revenue from gold sales of \$95,076,000 (2007: \$80,732,000). The average site cash operating cost of production for the year was \$367 per ounce (2007: \$309 per ounce).

Cash and bullion sold at the end of the year totalled \$55,674,000 with cash of \$49,886,000 and bullion sold (treated as a receivable in the balance sheet) of \$5,788,000.

Total assets have increased by \$30,791,000 over the year to \$123,863,000. The majority of this increase related to a net increase in cash due to increased gold sales revenue and proceeds from the sale of investments (primarily Deep Yellow Ltd), Challenger mine development costs and resource/reserve evaluation expenditure incurred over the financial year and an increase in the deferred tax asset in relation to tax losses anticipated to be used in the future.

Total liabilities increased by \$2,532,000 over the year to \$19,258,000 due principally to an increase in trade payables.

A final unfranked dividend of 8 cents per share was declared increasing the full-year payout to 12 cents per share. The record date for the dividend will be 15 September 2008 to be paid on 30 September 2008.

Summary of key production and financial data

	2008	2007	2006
Gross Profit	\$40.4 million	\$29.3 million	\$19.6 million
Net Profit After Tax	\$33.4 million	\$51.7 million	\$9.0 million
Gold produced (ozs)	109,326	108,191	108,080
Site cash operating cost (\$ per oz)	\$367	\$309	\$280
Gold sold (ozs)	108,992	108,482	107,084
Revenue from gold sales	\$95.1 million	\$80.7 million	\$67.9 million
Average price received (\$ per oz)	\$872	\$744	\$661
Net cash flow from operations	\$46.7 million	\$43.0 million	\$30.5 million
Cash and bullion	\$55.6 million	\$35.8 million	\$21.3 million
Dividend per share	12 cents	10 cents	-

CONDENSED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	30 JUNE 2008 \$'000	30 JUNE 2007 \$'000	
Sale of gold	95,076	80,732	
Other revenue	2,567	1,093	
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Revenue	97,643	81,825	Up 19%
Costs of goods sold	(41,124)	(34,167)	
Royalties	(4,052)	(4,073)	
Depreciation and amortisation	(12,050)	(14,283)	
	<hr/>		
GROSS PROFIT	40,417	29,302	Up 38%
Loss on sale of financial investment held for resale	(2,473)	-	
Gain on sale of mineral rights and other assets	52	12,935	
Changes in fair value of undesignated gold contracts	(310)	10,989	
Exploration expenditure	(5,245)	(4,097)	
Administration costs	(3,829)	(2,222)	
Share-based payments to employees	(2,657)	(744)	
Change in fair value of financial assets held for trading	-	(692)	
Finance costs	(40)	(38)	
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PROFIT BEFORE INCOME TAX	25,915	45,433	Down 43%
Income tax benefit	7,463	6,313	
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NET PROFIT ATTRIBUTABLE TO MEMBERS OF DOMINION MINING LIMITED	33,378	51,746	Down 35%
	<hr/> <hr/>		
Basic earnings per share	32.73	51.67	(note 6)
Diluted earnings per share	32.59	51.28	(note 6)

**CONDENSED BALANCE SHEET
AS AT 30 JUNE 2008**

		30 JUNE 2008	30 JUNE 2007
		\$'000	\$'000
CURRENT ASSETS			
Cash	3(a)	49,886	33,108
Trade and other receivables		8,321	4,513
Financial Assets Held For Trading		-	12,226
Inventory		2,185	1,939
Other		402	296
TOTAL CURRENT ASSETS		<u>60,794</u>	<u>52,082</u>
NON-CURRENT ASSETS			
Plant and equipment		10,825	8,304
Mine development costs		29,628	17,533
Deferred tax asset		22,616	15,153
TOTAL NON-CURRENT ASSETS		<u>63,069</u>	<u>40,990</u>
TOTAL ASSETS		<u>123,863</u>	<u>93,072</u>
CURRENT LIABILITIES			
Trade and other payables		14,099	12,092
Interest bearing loans and borrowings		254	182
Provisions		957	341
Derivatives		2,636	2,326
TOTAL CURRENT LIABILITIES		<u>17,946</u>	<u>14,941</u>
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings		216	324
Provisions		1,096	1,461
TOTAL NON-CURRENT LIABILITIES		<u>1,312</u>	<u>1,785</u>
TOTAL LIABILITIES		<u>19,258</u>	<u>16,726</u>
NET ASSETS		<u>104,605</u>	<u>76,346</u>
EQUITY			
Issued capital		52,358	49,956
Retained profits		48,326	25,126
Employee equity benefits reserve		3,921	1,264
TOTAL EQUITY		<u>104,605</u>	<u>76,346</u>

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008**

	Issued Capital	Retained Profits/ (Accumulated Losses)	Employee Equity Benefits Reserve	Total
	\$'000	\$'000	\$'000	\$'000
At 1 July 2006	48,687	(18,608)	520	30,599
Profit for the period	-	51,746	-	51,746
Total income and expense for the period recognised directly in equity	-	-	-	-
Total income and expense for the period	-	51,746	-	51,746
Cost of share based payment	-	-	744	744
Issue of share capital	1,269	-	-	1,269
Payment of dividends	-	(8,012)	-	(8,012)
30 June 2007	49,956	25,126	1,264	76,346
Profit for the period	-	33,378	-	33,378
Total income and expense for the period recognised directly in equity	-	-	-	-
Total income and expense for the period	-	33,378	-	33,378
Cost of share based payment	-	-	2,657	2,657
Issue of share capital	2,402	-	-	2,402
Payment of dividends	-	(10,178)	-	(10,178)
30 June 2008	52,358	48,326	3,921	104,605

**CONDENSED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008**

	Notes	30 JUNE 2008 \$'000	30 JUNE 2007 \$'000
CASH FROM/(USED IN) OPERATING ACTIVITIES			
Receipts from gold sales		92,014	80,704
Payments to suppliers and employees		(47,801)	(38,708)
Interest received		2,566	1,093
Interest paid		(40)	(38)
		<hr/>	<hr/>
NET CASH FROM OPERATING ACTIVITIES	3(b)	46,739	43,051
CASH FROM/(USED IN) INVESTING ACTIVITIES			
Acquisition of plant and equipment		(5,048)	(2,915)
Resource evaluation and mine development expenditure		(21,491)	(14,913)
Exploration expenditure		(5,245)	(4,097)
Proceeds from sale of plant and equipment		68	37
Acquisition of financial assets held for trading		-	(20)
Proceeds from sale of investments held for resale		9,753	-
		<hr/>	<hr/>
NET CASH USED IN INVESTING ACTIVITIES		(21,963)	(21,908)
CASH FROM/(USED IN) FINANCING ACTIVITIES			
Repayment of borrowings		-	-
Proceeds from the issue of shares		2,402	1,269
Repayment of finance lease principal		(222)	(313)
Payment of dividends		(10,178)	(8,012)
		<hr/>	<hr/>
NET CASH USED IN FINANCING ACTIVITIES		(7,998)	(7,056)
NET INCREASE IN CASH HELD		16,778	14,087
OPENING CASH BALANCE		<hr/>	<hr/>
CLOSING CASH BALANCE	3(a)	49,886	33,108
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1. BASIS OF PREPARATION

The preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A, the disclosure requirements of ASX Appendix 4E and the measurement requirements of Australian equivalents to International Financial Reporting Standards and Interpretations.

2. DIVIDENDS

	30 JUNE 2008		30 JUNE 2007	
	Cents per share	Total \$'000	Cents per share	Total \$'000
<i>Fully paid ordinary shares</i>				
Final dividend for the financial year ended 30 June 2006 (unfranked) (record date 21/09/06)			4.0	3,994
Interim dividend for the financial year ended 30 June 2007 (unfranked) (record date 9/03/07)			4.0	<u>4,018</u> 8,012
<i>Fully paid ordinary shares</i>				
Final dividend for the financial year ended 30 June 2007 (unfranked) (record date 14/09/07)	6.0	6,091		
Interim dividend for the financial year ended 30 June 2008 (unfranked) (record date 14/03/08)	4.0	<u>4,087</u> 10,178		
<i>Dividend declared subsequent to year end</i>				
Final dividend for the financial year ended 30 June 2008 (unfranked) (record date 15/09/08) (refer to note 7)	8.0	8,198		

There is no dividend reinvestment plan in operation.

3. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of cash	30 JUNE 2008 \$'000	30 JUNE 2007 \$'000
Cash balances comprise:		
Cash at bank	49,886	33,108
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(b) Reconciliation of profit after income tax to the net cash from operating activities		
<i>Profit after tax</i>	33,378	51,746
Non cash items		
Net loss/ (gain) on sale of non-current assets	2,421	(12,935)
Depreciation and amortisation	12,093	14,355
Movement in fair value of financial assets	-	692
Movement in fair value of derivatives	310	(10,989)
Share-based payment	2,657	744
Reclassification to investing activities		
Exploration and evaluation expenditure	5,245	4,097
Changes in assets and liabilities:		
Trade and other receivables	(3,808)	(1,300)
Inventories	(246)	177
Other current assets	(106)	(210)
Deferred tax	(7,463)	(6,313)
Provisions	251	313
Trade and other payables	2,007	2,674
Net cash from operating activities	46,739	43,051

	30 JUNE 2008 \$'000	30 JUNE 2007 \$'000
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4. NET TANGIBLE ASSET PER SHARE		
Net tangible assets	81,989	61,193
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	Number of shares	Number of shares
Number of shares outstanding at end of financial year	102,471,351	100,621,351
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Net tangible asset per share	\$0.80	\$0.61

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Group operates in one business segment, being the mining industry, and one geographical segment, being Australia.

6. EARNINGS PER SHARE

Earnings used in calculating basic and diluted earnings per share

30 JUNE 2008	30 JUNE 2007
\$'000	\$'000

33,378	51,746
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Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share

Number of shares	Number of shares
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101,968,767	100,137,175
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Effect of dilution:

Share options

434,121	778,184
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Weighted average number of ordinary shares adjusted for the effect of dilution

102,402,888	100,915,359
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7. EVENTS SUBSEQUENT TO BALANCE DATE

On 28 August 2008 the directors declared a final unfranked dividend of 8 cents per share. The record date for the dividend will be 15 September 2008 to be paid on 30 September 2008 (refer to note 2).

Except for the event noted above, no matter or circumstance has arisen 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 that is not otherwise disclosed in this preliminary final report.

8. AUDIT STATUS

The preliminary final report is based on financial statements that are in the process of being audited.

9. CHANGE IN CONTROL OF ENTITIES

There has been no change in control, either gained or lost, of entities during the period.

10. ASSOCIATES AND JOINT VENTURE ENTITIES

The Group did not have a holding in any associates or joint venture entities during the period.



Ross Coyle
Finance Director
Date: 28 August 2008