



Dominion Mining Limited

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27 February 2008

DOMINION RECORDS \$14 MILLION HALF YEAR NET PROFIT

KEY POINTS

- **Gold production for the 6 months of 56,026 ounces at a cash operating cost of A\$351/ounce.**
- **\$14.0 million net profit after tax and 4 cents per share interim dividend.**
- **Operating EBITDA of \$22.4 million, an increase of 29% over the previous corresponding period.**
- **Group cash and bullion of \$46.8 million at 31 December 2007.**
- **113% increase in Challenger gold reserves from December 2006 and 23% increase from June 2007 to 625,940 ounces.**

	December 2007	December 2006	Variation
Revenue (A\$)	\$45.1m	\$36.4m	+24%
Gross Profit (A\$)	\$17.9m	\$11.5m	+55%
EBITDA (A\$)	\$22.4m	\$17.3m	+29%
NPAT (A\$)	\$14.0m	\$14.4m	-3%
EPS (diluted)	13.6c	14.4c	-1%
Dividend (c/share)	4c	4c	-
Production	56,026ozs	50,306ozs	+5,720ozs
Reserves (ozs)	625,940ozs	293,500ozs	+113%
Cash & Bullion	\$46.8m	\$24.7m	+89%

FINANCIAL RESULTS

Dominion Mining Limited (ASX: **DOM**) today announced a **\$14.0 million** net profit after tax for the 6 months to 31 December 2007 (December 2006 \$14.4 million), which reflects another strong operational performance by its 100%-owned Challenger Gold Mine in South Australia.

The results were underpinned by an 11% increase in gold production for the six months to 56,026 ounces (2006: 50,306 ounces) at a cash operating cost of A\$351/ounce. Revenue from gold sales increased by 22% over the previous corresponding period to \$44.1 million (55,256 ounces sold at an average received price of A\$797/ounce) which reflects both increased production and gold price received.

Operating EBITDA increased by 29% to \$22.4 million (2006: \$17.3 million) and was achieved after exploration costs of \$2.6 million, administration costs of \$2.0 million and \$2.1 million in royalty payments. Depreciation and amortisation charges totalled \$5.6 million for the period.

The Challenger mine generated a cash flow of \$10.7 million after capital expenditure and development which has contributed to an increase in the Company's cash and bullion position to \$46.8 million. Other than some minor hire purchase commitments the Company remains debt free.

The interim net profit result, which was achieved despite taking into account a loss on the sale of the Company's investment in Deep Yellow Ltd of \$2.5 million and a negative mark to market adjustment of the hedge book of \$2.9 million, has enabled the Company's Board to declare an interim unfranked dividend of 4 cents per share. The record date for the dividend is the 14th March 2008 and the dividend will be paid on the 31st March 2008.

The Challenger Gold Mine continues to deliver outstanding exploration results, with the Company announcing a 23% increase in gold reserves from 512,000 ounces as at 30 June 2007 to 625,940 ounces as at 31 December 2007, after taking into account the gold production for the six months.

EXPLORATION

Outside of the Company's main Challenger operations, reconnaissance drilling has significantly extended the zone of +1% heavy mineral sands (HMS) at Barton West, in the Eucla Basin district of South Australia, over a length of 25 km (N-S) and a width of up to 12 km.

In Western Australia geochemical exploration has outlined a series of gold targets within Dominion's extensive ground holdings at the Cundeelee Project (Tropicana Belt). Initial shallow drilling at one of these targets has returned several encouraging gold intersections (including 3 metres @ 2.55 g/t gold). Significant gold intersections (including 3 metres @ 1.97 g/t gold, 3 metres @ 1.68 g/t gold and 1 metre at 8.75 g/t gold) have also been returned from shallow drilling at the Lake Magenta South, Holleton West, Kukerin and Perenjori Projects within the South West Yilgarn area.

Field evaluation of a magnetic target within the Edmund Project (Bangemall Basin District) has located an extensive magnetic ironstone unit with strongly anomalous base metal values (up to 1.5% lead, 0.4% copper and 0.4% zinc).

OUTLOOK

Commenting on the interim financial results, Dominion's newly-appointed Managing Director, Mr Jonathan Shellabear, said: "We are very pleased to announce another strong financial result, which is underpinned by the high-grade, low-cost Challenger operation".

"Despite the current environment of rising costs in the industry, Dominion has achieved a very healthy cash operating margin of A\$446 per ounce over the period. Clearly, there are cost challenges within the industry which we are not immune from but they will continue to receive focus at Challenger".

"The operation is performing well although structures associated with a lamprophyre on the 660 and 640 levels have required us to slow high grade ore production in order to minimise dilution. This will impact production and costs in the current quarter. We do not expect this issue to impact on future production at Challenger and underground drilling has continued to demonstrate the continuity of high grade mineralisation in future mining levels. Production for the year ending 30 June 2008 is still on budget to exceed 100,000 ounces" Mr Shellabear continued.

A 23% increase in Challenger's gold reserves was achieved during the first half which now supports a mine life in excess of five years at current production levels and our exploration programs are continuing to deliver impressive results with a number of promising targets awaiting follow up".

"Our portfolio of prospective regional exploration projects across Australia is also yielding encouraging results," he said. "With the combination of strong cashflow from Challenger, organic growth opportunities both at Challenger and within the regional exploration portfolio Dominion is very well positioned to continue to create value for shareholders".



Jonathan Shellabear
Managing Director

Tel: 08 9426 6401
Mobile: 0417 917 637



ABN 37 000 660 864

**FINANCIAL REPORT FOR THE HALF-YEAR ENDED
31 DECEMBER 2007**



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APPENDIX 4D

RESULTS FOR ANNOUNCEMENT TO THE MARKET

The result for the half year was a profit of \$13,961,000 (December 2006: \$14,434,000) and was after taking into account:

- a loss on the sale of the investment in Deep Yellow Ltd of \$2,455,000;
- a negative mark to market adjustment of gold forward sale contracts (Change in fair value of undesignated gold contracts) of \$2,873,000; and
- an income tax benefit of \$6,091,000.

In addition, expensed for the period was \$2,109,000 of royalties payable to Resolute Ltd, the South Australian Government and native title groups; \$2,615,000 million of exploration expenditure and \$1,984,000 million attributable to administration costs of the consolidated entity.

Production for the period totalled 56,026 ounces, with 55,256 ounces sold, generating revenue from gold sales of \$44,050,000. The average site cash operating cost of production for the period was \$351 per ounce.

Cash and bullion at the end of the year totalled \$46,776,000 with cash of \$40,846,000 and bullion (treated as a receivable in the balance sheet) of \$5,930,000.

Net Tangible Assets Per Share

Net tangible assets per ordinary share as at 31 December 2007 is \$0.64 (30 June 2007: \$0.61).

Change in Control of Entities

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

Associates and Joint Venture Entities

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

Dividends

	31 December 2007		31 December 2006	
	Cents per share	Total \$'000	Cents per share	Total \$'000
Interim unfranked dividend for the half year	4.0	4,087	4.0	4,019

Refer to note 3 of the half-year financial statements for further details of dividends paid and proposed during the period.



DIRECTORS' REPORT

The directors of Dominion Mining Limited submit the consolidated financial statements for the half-year ended 31 December 2007 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, most of that time in association with BT Australia. 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).

Jonathan N Shellabear BSc (Hons) Geology, MBA – Managing Director and Chief Executive Officer (appointed 1 February 2008)

Mr Shellabear is a senior executive with extensive experience in the Australian and international mining industries, having held senior corporate roles with Portman Limited and in investment banking with NM Rothschild, Deutsche Bank and Resource Finance Corporation where he advised resource companies on a range of initiatives and transactions.

Ross A Coyle BA, FCPA, FCIS - Executive Director and Chief Financial Officer

Mr Coyle was previously Dominion Mining Limited's General Manager, Finance and Administration. He has been with the group for over 20 years and was appointed to the board on 30 April 1996. 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.

Peter Alexander Ass Appl Geol – Non-Executive Director

(retired as Managing Director and Chief Executive Officer on 31 January 2008 and appointed as Non-Executive Director on 1 February 2008)

Mr Alexander was Managing Director and Chief Executive Officer of Dominion Mining Limited until his retirement on 31 January 2008. 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 25 years experience with the group.

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

Mr Gaskell 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.

RESULTS

The consolidated profit of the group for the half year after income tax amounted to \$13,961,000 (December 2006: \$14,434,000).



REVIEW OF OPERATIONS

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

For the half-year ended 31 December 2007, 56,026 ounces of gold was produced at an operating cost of A\$351 per ounce. Production was achieved from processing 213,993 tonnes of ore at an average head grade of 8.61 grams per tonne.

A total 55,256 ounces was sold at an average price received of A\$797 per ounce generating revenue of \$44.050 million.

The decline has been developed to the 580 level or about 610 metres vertically below the surface. Stopping of the 660 level M1 orebody was almost completed during the period. Development of the M2 orebody on the 1020, 1000 and 980 levels was substantially completed allowing initial stoping from the 1020 level.

Underground drilling has continued to demonstrate the continuity of high grade mineralisation in future mining levels of the Challenger shoots.

Reserves have increased by 23% from 512,000 ounces as at 30 June 2007 to 625,940 ounces as at 31 December 2007 after taking into account gold production of 56,026 ounces over the 6 month period.

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.

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

We have obtained the following independence declaration from our auditors, Ernst and Young.



■ The Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000
Australia

■ Tel 61 8 9429 2222
Fax 61 8 9429 2436

GPO Box M939
Perth WA 6843

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 2007, 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 cursive script that reads "Ernst & Young".

Ernst & Young

A handwritten signature in cursive script that reads "Gavin A. Buckingham".

Gavin A. Buckingham
Partner
26 February 2008

Liability limited by a scheme approved under
Professional Standards Legislation.

Signed in accordance with a resolution of the directors

A handwritten signature in cursive script that reads "Jonathan N Shellabear".

Jonathan N Shellabear
Managing Director
Perth, Western Australia
26 February 2008

A handwritten signature in cursive script that reads "Peter C Joseph".

Peter C Joseph
Chairman
Sydney, New South Wales
26 February 2008


**BALANCE SHEET
AS AT 31 DECEMBER 2007**

	NOTES	CONSOLIDATED	
		31 December 2007 \$'000	30 June 2007 \$'000
CURRENT ASSETS			
Cash and cash equivalents	6	40,846	33,108
Trade and other receivables		6,997	4,513
Financial assets held for trading		82	12,226
Inventory		1,900	1,939
Other		283	296
TOTAL CURRENT ASSETS		50,108	52,082
NON-CURRENT ASSETS			
Plant and equipment		10,935	8,304
Mine development costs		23,095	17,533
Deferred tax asset		21,244	15,153
TOTAL NON-CURRENT ASSETS		55,274	40,990
TOTAL ASSETS		105,382	93,072
CURRENT LIABILITIES			
Trade and other payables		11,445	12,092
Interest bearing loans and borrowings		224	182
Provisions		379	341
Derivative financial instruments		5,199	2,326
TOTAL CURRENT LIABILITIES		17,247	14,941
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings		209	324
Provisions		1,546	1,461
TOTAL NON-CURRENT LIABILITIES		1,755	1,785
TOTAL LIABILITIES		19,002	16,726
NET ASSETS		86,380	76,346
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	4	52,046	49,956
Retained earnings		32,997	25,126
Employee equity benefits reserve		1,337	1,264
TOTAL EQUITY		86,380	76,346



**INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	NOTES	CONSOLIDATED		
		31 December 2007 \$'000	31 December 2006 \$'000	
CONTINUING OPERATIONS				
REVENUE	2	45,090	36,436	Up 23.8%
Cost of goods sold	2	(27,204)	(24,929)	
Gross Profit		17,886	11,507	
Other income		4	16	
Exploration and evaluation expenditure		(2,615)	(1,873)	
Administration costs		(1,984)	(1,457)	
Depreciation		(75)	(16)	
Fair value adjustment on trading investments subsequently sold		(2,455)	-	
Finance costs		(18)	(19)	
Profit before (loss)/gain on undesignated gold contracts and income tax benefit		10,743	8,158	Up 31.7%
(Loss)/gain on undesignated gold contracts		(2,873)	6,276	
PROFIT BEFORE INCOME TAX BENEFIT		7,870	14,434	
Income tax benefit		6,091	-	
NET PROFIT ATTRIBUTABLE TO MEMBERS OF DOMINION MINING LIMITED		13,961	14,434	Down 3.3%
Earnings per share for profit attributable to the ordinary equity holders of the parent:				
Basic earnings per share (cents per share)		13.7	14.5	
Diluted earnings per share (cents per share)		13.6	14.4	



STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

CONSOLIDATED	<i>Attributable to equity holders of the parent</i>			
	<i>Contributed Equity</i>	<i>Retained Earnings / Accumulated Losses</i>	<i>Employee Equity Benefits Reserve</i>	<i>Total</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
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
Total income and expense for the period	-	14,434	-	14,434
Equity transactions:				
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
At 1 July 2007	49,956	25,126	1,264	76,346
Total income and expense recognised directly in equity	-	-	-	-
Profit for the period	-	13,961	-	13,961
Total income and expense for the period	-	13,961	-	13,961
Equity transactions:				
Cost of share based payment	-	-	73	73
Dividend	-	(6,090)	-	(6,090)
Issue of share capital	2,090	-	-	2,090
31 December 2007	52,046	32,997	1,337	86,380



**CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	NOTES	CONSOLIDATED	
		31 December 2007 \$'000	31 December 2006 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from gold sales		41,571	34,640
Payments to suppliers		(24,048)	(19,577)
Interest received		1,035	440
Interest paid		(18)	(19)
NET CASH FLOWS FROM OPERATING ACTIVITIES		18,540	15,484
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of plant and equipment		(3,942)	(1,402)
Exploration and evaluation expenditure		(2,615)	(1,873)
Proceeds from sale of investments		9,720	-
Payment for development of Challenger		(9,864)	(6,432)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(6,701)	(9,707)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares on conversion of options		2,090	997
Equity dividend paid		(6,090)	(3,994)
Repayment of finance lease principal		(101)	(125)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(4,101)	(3,122)
Net increase in cash and cash equivalents		7,738	2,655
Cash and cash equivalents at beginning of period		33,108	19,021
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	40,846	21,676



NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2007 has been prepared in accordance with AASB 134 "Interim Financial Reporting" and the Corporations Act 2001.

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.

It is recommended that the half-year financial report be read in conjunction with the annual financial report of Dominion Mining Limited as at 30 June 2007 and considered together with any public announcements made by Dominion Mining Limited during the half-year ended 31 December 2007 in accordance with the continuous disclosure obligations of the ASX listing rules.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Changes in accounting policy

Since 1 July 2007 the Consolidated Entity has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2007. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Consolidated Entity.

These are outlined in the table below:

Reference	Title	Impact on Consolidated Entity financial report	Application Date of Standard	Application Date for Consolidated Entity
Revised AASB 101	Presentation of Financial Statements	No change to accounting policy required. Therefore no impact.	1 January 2007	1 July 2007
AASB 2005-10	Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]	No change to accounting policy required. Therefore no impact.	1 January 2007	1 July 2007
AASB 2007-1	Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]	No change to accounting policy required. Therefore no impact.	1 March 2007	1 July 2007
AASB 2007-4	Amendments to Australian Accounting Standards arising from ED151 and Other Amendments	No change to accounting policy required. Therefore no impact.	1 July 2007	1 July 2007
AASB 2007-7	Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128]	No change to accounting policy required. Therefore no impact.	1 July 2007	1 July 2007
AASB 7	Financial Instruments: Disclosures	No change to accounting policy required. Therefore no impact.	1 January 2007	1 July 2007
AASB Interpretation 10	Interim Financial Reporting and Impairment	No change to accounting policy required. Therefore no impact.	1 November 2006	1 July 2007
AASB Interpretation 11	Group and Treasury Share Transactions	No change to accounting policy required. Therefore no impact.	1 March 2007	1 July 2007



NOTES TO THE FINANCIAL STATEMENTS

CONSOLIDATED

	31 December 2007 \$'000	31 December 2006 \$'000
2. REVENUE AND EXPENSES		
(i) Revenue		
Sale of gold	44,055	35,996
Finance revenue - interest	1,035	440
	45,090	36,436
(ii) Cost of goods sold		
Production costs	19,529	16,824
Royalties – government mining royalties	740	655
Royalties – other corporations	1,369	1,209
Depreciation and amortisation	5,566	6,241
	27,204	24,929

3. DIVIDENDS

	<i>Half-year ended 31 December 2007</i>		<i>Half-year ended 31 December 2006</i>	
	Cents per share	Total \$'000	Cents per share	Total \$'000
(a) Dividends declared and paid during the half year on ordinary shares:				
Final unfranked dividend for the financial year ended 30 June 2007	6.0	6,097	4.0	3,994
Record Date	14 September 2007		21 September 2006	
Payment Date	28 September 2007		3 October 2006	
(b) Dividends proposed and not yet recognised as a liability:				
Interim unfranked dividend for the half year ended 31 December 2007:				
	4.0	4,087	4.0	4,019
Record Date	14 March 2008		9 March 2007	
Payment Date	31 March 2008		30 March 2007	

There is no dividend reinvestment plan in operation.



NOTES TO THE FINANCIAL STATEMENTS

4. CONTRIBUTED EQUITY

Shares

During the period 1,550,000 shares were issued on the conversion of options issued under the employee share option plan, raising \$2,089,850 (2006: 1,335,000 shares issued for \$997,000). There were no other movements in contributed equity during the period.

Share options

During the period 40,000 share options were issued under the employee share option plan with an exercise price of \$2.31 and an expiry date of 8 July 2009 and 1,550,000 options were converted to shares under the same plan.

5. SEGMENT REPORTING

The company continues to operate only in Australia, with its only business activities being exploration for recoverable mineral deposits in Western Australia and South Australia and operation of the Challenger Gold Mine in South Australia.

CONSOLIDATED

31 December 2007 \$'000	31 December 2006 \$'000
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6. CASH

For the purpose of the half-year cash flow statement, cash and cash equivalents is comprised of the following:

Cash at bank and in hand	2,296	12,242
Short term deposits	38,550	9,434
	<u>40,846</u>	<u>21,676</u>

7. CONTINGENT ASSETS AND LIABILITIES

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

8. EVENTS AFTER THE BALANCE SHEET DATE

On 26 February 2008 the directors declared an interim unfranked dividend of 4 cents per share. The record date for the dividend is 14 March 2008 and the dividend will be paid on 31 March 2008.

No other matters or circumstances have arisen since 31 December 2007 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.



DIRECTORS' DECLARATION FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

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

In the opinion of the directors:

- (a) the financial statement and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2007 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complying 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

A handwritten signature in black ink, appearing to read "Jonathan N Shellabear".

Jonathan N Shellabear
Managing Director
Perth, Western Australia
26 February 2008

A handwritten signature in black ink, appearing to read "Peter C Joseph".

Peter C Joseph
Chairman
Sydney, New South Wales
26 February 2008

To the members of Dominion Mining Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half year financial report of Dominion Mining Limited, which comprises the balance sheet as at 31 December 2007 and the income statement, statement of changes in equity and cash flow statement for the half year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half year end or from time to time during the half year.

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 establishing 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 31 December 2007 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 2007 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.

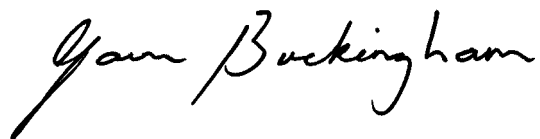
Conclusion

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 is not in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 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.



Ernst & Young



Gavin A. Buckingham

Partner

Perth

26 February 2008