



Dominion Mining Limited

ABN 37 000 660 864

FINANCIAL REPORT

30 JUNE 2009



Dominion Mining Limited
ABN 37 000 660 864

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CORPORATE DIRECTORY

Directors

Peter Joseph
Chairman

Jonathan Shellabear
Managing Director

Ross Coyle
Executive Director

John Gaskell
Non executive Director

Peter Alexander
Non executive Director

Company Secretary

Ross Coyle

Management

Jonathan Shellabear
Managing Director

Peter Bamford
General Manager Operations

Ross Coyle
Executive Director and Chief Financial Officer

Tony Poustie
General Manager Exploration

Principal Registered Office in Australia

15 Outram Street
WEST PERTH WA 6005

Postal Address

PO Box 465
WEST PERTH WA 6872

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Facsimile: (61-8) 9481 1378

Email: comsec@dml.com.au

Website: www.dml.com.au

Share Registry

Registries Limited
Level 7, 207 Kent Street
SYDNEY NSW 2000

PO Box 3993
SYDNEY NSW 2001

Telephone: (61-2) 9290 9600
Facsimile: (61-2) 9279 0664

Auditors

Ernst & Young
The Ernst & Young Building
11 Mounts Bay Road
PERTH WA 6000

Telephone: (61-8) 9429 2222

Facsimile: (61-8) 9429 2436

Stock Exchange

The Company's shares are listed on the Australian Securities Exchange.

The home exchange is the Australian Securities Exchange (Perth).

ASX Code

DOM

Sponsored American Depositary Receipts representing the Company's shares are traded in the United States of America.

Note: All Dollar references in this report are Australian Dollars unless otherwise indicated.

DIRECTORS' REPORT **for the year ended 30 June 2009**

The directors of Dominion Mining Limited submit the consolidated financial statements for the year ended 30 June 2009 and the following report made out in accordance with a resolution of the directors.

Directors

The names and details of the directors of Dominion Mining Limited in office during the financial year and until the date of this report are as follows:

The directors were in office for the entire period.

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 the St James Ethics Centre, the Black Dog Institute and was until May 2009 Chairman of the GPT Group Ltd (General Property Trust). Other than being on the board of GPT Management Ltd (appointed in April 2003, retired May 2009) Mr Joseph is not currently and has not over the past three years been on the board of any other listed entity.

Jonathan N Shellabear BSc (Hons) Geology, MBA - Managing Director and Chief Executive Officer

Mr Shellabear who was appointed Managing Director on 1 February 2008 has 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. Mr Shellabear 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 - Executive Director, Chief Financial Officer and Company Secretary

Mr Coyle a qualified accountant has been with the Dominion group for over 20 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 of the other Dominion Mining Limited subsidiaries. Mr Coyle 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 - Non Executive Director

Mr Alexander a geologist by profession was Managing Director and Chief Executive Officer of Dominion Mining Limited until his retirement on 31 January 2008. He was appointed as a non executive director on 1 February 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 of the other Dominion Mining Limited subsidiaries. Mr Alexander 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 Metals Limited. Other than being on the board of Paradigm Metals Limited (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.

DIRECTORS' REPORT
for the year ended 30 June 2009

Key Management Personnel - Interests in the Shares, Options and Performance Rights of the Company

The number of shares, options and performance rights in the company held at the date of this report by each director of Dominion Mining Limited and each of the two executive officers of the consolidated entity, including their personally-related entities are set out below:

	Number of Ordinary Shares	Number of Options over Ordinary Shares	Number of Performance Rights
Specified Directors			
P C Joseph	9,485,727	-	-
J Gaskell	65,000	-	-
P Alexander	199,182	-	-
J N Shellabear	55,000	1,050,000	500,000
R A Coyle	55,739	240,000	-
Specified Executives			
A Poustie	25,000	600,000	-
P Bamford	259,285	600,000	-

Directors' Meetings

As at the date of this report, Dominion Mining Limited has an audit committee, a remuneration committee, an occupational health and safety committee - (members of these committees are Mr J Gaskell - Chairman, Mr P C Joseph and Mr P Alexander) and a nomination committee - (members are Mr P C Joseph - Chairman, Mr J Gaskell and Mr P Alexander).

During the year, there were 10 directors' meetings, 3 audit committee meetings, 1 remuneration committee meeting, 3 occupational health and safety committee meetings and nil nomination committee meetings of Dominion Mining Limited held, in respect of which each director attended the following number:

	Directors' Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Occupational Health and Safety Meetings
P C Joseph	10	3	1	2
J N Shellabear	10	-	-	-
P Alexander	10	3	1	3
R A Coyle	10	-	-	-
J Gaskell	10	3	1	3

DIRECTORS' REPORT
for the year ended 30 June 2009

Remuneration Report (Audited)

This Remuneration Report outlines the director and executive remuneration arrangements of the company and the consolidated entity in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the company and the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the executives in the parent and the consolidated entity receiving the highest remuneration.

Details of Key Management Personnel

Specified Directors

Peter C Joseph	Non Executive Chairman
Jonathan N Shellabear	Managing Director
Ross A Coyle	Finance Director and Company Secretary
Peter Alexander	Non Executive Director
John Gaskell	Non Executive Director

Specified Executives

Tony Poustie	General Manager Exploration
Peter Bamford	General Manager Operations

There were no changes to Key Management Personnel between the reporting date and the date the financial report was authorised for issue.

Share Holdings of Key Management Personnel

2009	Held at 1 July 2008	Fully Paid Ordinary Shares		Held at 30 June 2009
		Received during the year on the exercise of options	Other changes during the year	
Specified Directors				
P C Joseph	11,195,014	-	(1,709,287)	9,485,727
J Gaskell	65,000	-	-	65,000
P Alexander	326,428	300,000	(261,428)	365,000
R A Coyle	49,397	150,000	(153,658)	45,739
J N Shellabear	55,000	-	-	55,000
Specified Executives				
A Poustie	25,000	-	-	25,000
P Bamford	259,285	-	-	259,285

All equity transactions with Key Management Personnel, other than those arising from the exercise of remuneration options, have been entered into under terms and conditions no more favourable than those the group would have adopted if dealing at arm's length.

2008	Held at 1 July 2007	Fully Paid Ordinary Shares		Held at 30 June 2008
		Received during the year on the exercise of options	Other changes during the year	
Specified Directors				
P C Joseph	11,195,014	-	-	11,195,014
J Gaskell	65,000	-	-	65,000
P Alexander	11,428	600,000	(285,000)	326,428
R A Coyle	34,397	200,000	(185,000)	49,397
J N Shellabear	-	-	55,000	55,000
Specified Executives				
A Poustie	310,000	-	(285,000)	25,000
P Bamford	247,285	100,000	(88,000)	259,285

DIRECTORS' REPORT
for the year ended 30 June 2009

Remuneration Report (Audited) (continued)

There were no loans to Key Management Personnel during the period and there were no transactions or balances with Key Management Personnel other than those disclosed in this report.

Remuneration Committee

The remuneration committee of the board of directors is responsible for determining, reviewing and making recommendations to the board on compensation arrangements for the directors, the chief executive officer and the executive team. The remuneration committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant market conditions. The committee also engages external consultants specialising in remuneration of executives and personnel in the mining industry.

Remuneration Philosophy

The overall objective is the retention of a high quality board and executive team, to maximise value of the shareholders' investment.

Share options and performance rights may also be issued as an added inducement to executives to maximise their efforts in achieving the highest possible return for shareholders. Options are issued either at the prevailing market price at the time of issue or at a premium to the market price so that the future benefit received by the recipients of the options will be in line with the increase in value received by shareholders. Details regarding the issue of share options and performance rights are provided in this report.

Non Executive Director Remuneration

Fees and payments to non executive directors reflect the demands made on, and the responsibilities of, the directors. Non executive directors' fees are determined within an aggregate directors' fee pool limit of \$350,000 approved by shareholders in 1990. Non executive directors are entitled to a retirement benefit calculated on years of service and capped at three times the director's annual fee after nine years of service. Non executive director remuneration is reviewed annually with the review taking into consideration the performance of the company and fees paid to non executive directors of comparable companies.

The total fee which is paid to each non executive director represents a base fee for being a director of the company plus an additional fee in recognition of the extra time commitment required for serving on board committees.

Executive Remuneration

Objective

The aim is to reward executives with a level and mix of remuneration commensurate with their position that reflects the performance of the company, align the interests of executives with those of the shareholders and ensure total remuneration is competitive by market standards.

Structure

Share options and performance rights may be issued as an inducement to executives to maximise their efforts in achieving the highest possible return for shareholders. Options are issued with an exercise price either at the prevailing market price at the time of issue or at a premium to the market price so that the future benefit received by the recipients of the options will be in line with the increase in value received by shareholders. Details regarding the issue of share options and performance rights are provided in this report.

The remuneration of executives, including the managing director, is generally reviewed annually with the review taking into consideration the contribution of the individual commensurate with the performance of the business unit they have responsibility for, the overall performance of the company and comparable employment market conditions. Though there are no set specific performance targets other than for the managing director the performance criteria may include technical, financial and corporate responsibilities including health and safety components.

As appropriate, external remuneration consultants provide analysis and advice to ensure executive remuneration packages reflect relevant employment market conditions. Performance reviews were carried out in December 2008. The operating result for the past five years of the consolidated entity and earnings per share, which are indicators of the consolidated entity's performance and shareholders wealth, are set out below.

DIRECTORS' REPORT
for the year ended 30 June 2009

Remuneration Report (Audited) (continued)

	30 June 2005	30 June 2006	30 June 2007	30 June 2008	30 June 2009
Operating Profit/(Loss)	(\$8,674,000)	\$8,995,000	\$51,746,000	\$33,378,000	\$31,132,000
Earnings Per Share	(9.78 cents)	9.11 cents	51.67 cents	32.73 cents	30.38 cents
Revenue From Gold Sales	\$25.166 million	\$67.879 million	\$80.732 million	\$95.076 million	\$109.943 million
Dividend Per Share	-	4 cents	10 cents	12 cents	14 cents
Closing Share Price	\$0.33	\$1.18	\$2.30	\$3.35	\$4.61
Cash and Bullion Sold	\$10.924 million	\$21.288 million	\$35.835 million	\$55.674 million	\$45.346 million

Executives are given the opportunity to receive their emoluments in a variety of forms, including cash and fringe benefits, such as motor vehicles and expense payments. It is intended that the manner of payment chosen will be the most beneficial for the recipient without creating additional cost to the company.

Other than for the managing director Jonathan Shellabear no component of the other executive's salary is at risk as the company has not set specific performance targets which alter the executive remuneration. Whilst the company does not have a formal cash incentive or bonus scheme for the other executives, discretionary cash bonuses, retention bonuses and options may be issued from time to time, although not specifically aligned to performance targets. Payment of retention bonuses will only be made if the key management personnel is employed by the company at a predetermined date. Refer to the section on Employment Contracts contained in this report (page 7).

Remuneration for Jonathan Shellabear consists of the following key elements:

- Fixed remuneration made up of base salary and superannuation (cash component) and non monetary benefits.
- Variable remuneration:
 - Short term incentive (STI)
 - Long Term Incentive (LTI)

The company policy is that no arrangements should be entered into to protect the value of unvested LTI'S. This policy will be monitored on an annual basis and if considered necessary will involve an independent audit.

Variable Remuneration - Short Term Incentive (STI)

Objective

Short term incentives are designed to link the relative component of Jonathan Shellabear's remuneration to the overall performance of the company. The total potential STI is set at a level to provide the incentive to achieve established targets.

Structure

STI's will be based on a combination of internal and external targets with the targets consisting of a number of key performance indicators (KPI's). These cover both financial and non financial, corporate and individual measures of performance. On an annual basis based on performance against KPI's the remuneration committee will determine and recommend to the board the amount to be paid to Jonathan Shellabear. The STI can total 100% of his cash component of fixed remuneration.

As a result of achieving targets as determined by the board a \$75,000 cash bonus was granted to Jonathan Shellabear following a Remuneration Committee recommendation on 26 November 2008 and paid as at 31 December 2008.

Variable Remuneration - Long Term Incentive (LTI)

Objective

Long term incentives are designed to reward and incentivise Jonathan Shellabear dependent on the performance of the company aligned to the creation of shareholder wealth.

Structure

LTI's were granted to Jonathan Shellabear during the 2008 financial year by way of share options and performance rights and approved at a meeting of shareholders held on 24 April 2008.

DIRECTORS' REPORT
for the year ended 30 June 2009

Remuneration Report (Audited) (continued)

The 1,050,000 share options granted during 2008 will vest in three equal tranches over a 3 year period. The exercise price of Tranche 1 is 10% above the weighted average price of the company's shares on the ASX for the 5 trading day period immediately prior to the meeting held on 24 April 2008. The exercise price of Tranche 2 is 10% above the exercise price of Tranche 1 and the exercise price of Tranche 3 is 10% above the exercise price of Tranche 2.

Jonathan Shellabear will only derive a benefit from the issue of the share options if there is an increase in the price of the company's shares. If he ceases employment for reasons other than retrenchment or because of death prior to the vesting of the share options, the share options are forfeited.

The 500,000 performance rights were granted during 2008, and exercise of which are subject to the achievement of performance hurdles. The performance rights were granted for no consideration and may only be exercised if the performance hurdles are met. The maturity date of the performance rights is 1 February 2011. Shares will be issued for nil consideration on exercise of the performance rights.

Performance Hurdles

The company uses a relative total shareholder return (TSR) as the performance hurdle for the LTI plan measured against a group of selected peers (Comparator Group). The comparator group will comprise companies within the S&P/ASX Gold Index and selected by the Board at the time it meets to consider the final entitlement. Relative TSR was selected as the LTI performance hurdle as it ensures an alignment between comparative shareholder return and reward for Jonathan Shellabear.

Performance rights will become exercisable as at 1 February 2011 so long as the performance hurdles are satisfied by the company's TSR over the period exceeding a growth rate of 5% per annum compounded and the ranking of the company is at or above the 50th percentile of the comparator group. At the 50th percentile Jonathan Shellabear will be entitled to 50% of the total shares available under the performance rights, increasing proportionately to 100% at the 75th percentile.

Employment Contracts

Remuneration and other terms of employment for the executive directors and the two executive officers are formalised in service agreements. These do not have a fixed term and do not have guaranteed salary increases.

The agreements allow the company to terminate the employment with 12 months notice for both of the executive directors or provide payment (based on annual salary package) in lieu of notice. In the case of redundancy both are entitled to 24 months payment of annual salary package. The executive directors may resign by giving six months notice.

The agreements allow the company to terminate the employment with 12 months notice for both of the executive officers or provide payment (based on annual salary package) in lieu of notice. In the case of redundancy both are entitled to 12 months payment of annual salary package. The executive officers may resign by giving three months notice.

On termination the executive directors and executive officers are entitled to payment of accrued annual and long service leave.

Other than the managing director, the other executive director and both of the executives are entitled to a retention bonus of 15-25% of annual salary as at 1 January 2009 and a further retention bonus of 20-30% of annual salary as at 1 January 2010. Payment of the bonus is subject to these key management personnel being employed by the company at the specified dates.

Remuneration of Key Management Personnel

Details of the nature and amount of each element of the emoluments of each director of Dominion Mining Limited and each of the two executive officers of the company and the consolidated entity receiving the highest emoluments for the years ended 30 June 2009 and 30 June 2008 are set out in the following tables.

DIRECTORS' REPORT
for the year ended 30 June 2009

Remuneration Report (Audited) (continued)

Directors of the Consolidated Entity

2009	Short Term		Post Employment		Share Based Payments			
	Cash Salaries and Fees \$	Other \$	Bonus Payments ⁹ \$	Superannuation \$	Retirement Benefit \$	Share Options/ Performance Rights \$	Total \$	% Performance Related
P C Joseph	96,331	-	-	8,669	15,000 ¹	-	120,000	-
J Gaskell*	-	-	-	68,250	31,613 ¹	-	99,863	-
J Shellabear	350,161	37,134 ²	75,000	50,014	-	939,381 ³	1,451,690	70%
P Alexander	46,215	-	-	22,035	24,449 ⁴	-	92,699	-
R A Coyle	206,701	89,881 ⁵	53,250	99,988	650,000 ⁶	6,366 ⁷	1,106,186	13% ⁸
TOTAL	699,408	127,015	128,250	248,956	721,062	945,747	2,870,438	49%⁸

* John Gaskell elected to have the total of his director's fees paid into his superannuation fund.

¹ Retirement benefit of \$15,000 and \$31,613 relates to accrual for the year as non executive directors are entitled to a retirement benefit calculated on years of service and capped at three times the director's annual fee after nine years of service. Refer to Note 15 of the Financial Statements.

² The estimated cost relating to the utilisation from time to time of company owned motor vehicle.

³ For 1,050,000 share options at \$613,012 and 500,000 performance rights at \$326,369 (65% of total remuneration) relating to fair value at grant date determined under Binomial option pricing model for option valuation and Monte-Carlo simulation model for performance rights valuation. Grant date for the options was 24 April 2008 and for the performance rights the vesting period as required by Australian Accounting Standard for the purpose of valuation commenced on 1 February 2008.

⁴ Retirement benefit of \$24,449 relates to accrual for the year as non executive directors are entitled to a retirement benefit calculated on years of service and capped at three times the director's annual fee after nine years of service. Refer to Note 15 of the Financial Statements.

⁵ The estimated cost relating to the utilisation from time to time of company owned motor vehicle (\$25,756) and estimated accrued portion of retention bonus (\$64,125).

⁶ Relates to benefit payable on retirement in recognition of the years of service and contribution to the company as a full time employee including over 13 years as an executive director.

⁷ Value of share options (1% of remuneration net of retirement benefit) relating to fair value at grant date of 1 December 2005 determined under Binomial option pricing model.

⁸ Calculated net of retirement benefits.

⁹ Bonus payments relates to Short Term Incentive of \$75,000 paid to Jonathan Shellabear as at 31 December 2008 for achieving pre set targets established by the board and a payment to Ross Coyle of \$53,250 consisting of a discretionary cash payment of \$5,000 paid in December 2008, which was in recognition of the ongoing financial performance of the Company and a retention bonus of \$48,250 paid in January 2009 as per his contract of employment.

2008	Short Term		Post Employment		Share Based Payments			
	Cash Salaries and Fees \$	Other \$	Bonus Payments ¹¹ \$	Superannuation \$	Retirement Benefit \$	Share Options/ Performance Rights \$	Total \$	% Performance Related
P C Joseph	88,991	-	-	8,008	-	-	96,999	-
J Gaskell*	-	-	-	60,500	28,358 ¹	-	88,858	-
J Shellabear	135,419	3,168 ²	-	20,833	-	399,397 ³	558,817	71%
P Alexander	310,605 ⁴	43,365 ⁵	160,000	76,171	636,169 ⁶	37,860 ⁷	1,264,170	42% ¹⁰
R A Coyle ³	175,756	68,974 ⁸	140,000	104,295	-	25,240 ⁹	514,265	32%
TOTAL	710,771	115,507	300,000	269,807	664,527	462,497	2,523,109	46%¹⁰

* John Gaskell elected to have the total of his director's fees paid into his superannuation fund.

¹ Retirement benefit of \$28,358 relates to accrual for the year as non executive directors are entitled to a retirement benefit calculated on years of service and capped at three times the director's annual fee after nine years of service. Refer to Note 15 of the Financial Statements.

² The estimated cost relating to the utilisation from time to time of company owned motor vehicle.

³ For 1,050,000 share options at \$265,273 and 500,000 performance rights at \$134,124 (71% of total remuneration) relating to fair value at grant date determined under Binomial option pricing model for option valuation and Monte-Carlo simulation model for performance rights valuation. Grant date for the options was 24 April 2008 and for the performance rights the vesting period as required by Australian Accounting Standard for the purpose of valuation commenced on 1 February 2008.

⁴ Includes payout on retirement of accrued annual leave and long service leave entitlements of \$161,908.

⁵ The estimated cost relating to the utilisation from time to time of company owned motor vehicle (\$10,562) and other sundry non cash benefits (\$32,803).

⁶ Retirement benefit of \$636,169 relates to accrual of \$8,169 from 1 February 2008, as non executive directors are entitled to a retirement benefit calculated on years of service and capped at three times the director's annual fee after nine years of service. Refer to Note 15 of the Financial Statements. The balance of \$628,000 relates to benefit paid on retirement in recognition of years of service to the company as full time employee including over 10 years as Managing Director.

⁷ Value of share options \$37,860 (8% of remuneration net of retirement benefit and payment of accrued annual leave and long service leave) relating to fair value at grant date of 1 December 2005 determined under Binomial option pricing model.

⁸ The estimated cost relating to the utilisation from time to time of company owned motor vehicle (\$20,094), other sundry non cash benefits (\$25,880) and estimated accrued portion of retention bonus (\$23,000).

⁹ Value of share options \$25,240 (5% of remuneration) relating to fair value at grant date of 1 December 2005 determined under Binomial option pricing model.

¹⁰ Calculated net of retirement benefits and payment of accrued annual leave and long service leave.

¹¹ Bonus payments were discretionary cash payments granted and paid in December 2007 and were in recognition of the ongoing financial performance of the Company.

DIRECTORS' REPORT
for the year ended 30 June 2009

Remuneration Report (Audited) (continued)

Executives of the Consolidated Entity

2009	Short Term			Post Employment	Share Based	Total	% Performance Related
	Cash Salaries	Other	Bonus Payments ⁵	Superannuation	Payments Share Options		
	\$	\$	\$	\$	\$	\$	
A Poustie	120,738	85,681 ¹	27,500	100,000	326,641 ²	660,560	54%
P Bamford	205,685	61,297 ³	36,250	100,000	326,641 ⁴	729,873	50%
TOTAL	326,423	146,978	63,750	200,000	653,282	1,390,433	52%

¹ Salary sacrifice for purchase of motor vehicle under a novated lease (\$26,478), the estimated cost relating to the utilisation from time to time of company owned motor vehicle (\$24,703) and estimated accrued portion of retention bonus (\$34,500).

² Fair value at grant date of unlisted share options \$326,641 (49% of total remuneration) determined under Binomial option pricing model. This consisted of 330,000 options with grant date of 18 January 2008 (fair value \$186,877) 120,000 options with grant date 4 June 2008 (fair value of \$72,683) and 150,000 options with grant date 1 January 2009 (fair value of \$67,081.).

³ Estimated cost relating to the utilisation from time to time of company owned motor vehicle (\$18,547) and estimated accrued portion of retention bonus (\$42,750).

⁴ Fair value at grant date of unlisted share options \$326,641 (45% of total remuneration) determined under Binomial option pricing model. This consisted of 330,000 options with grant date of 18 January 2008 (fair value \$186,877) 120,000 options with grant date 4 June 2008 (fair value of \$72,683) and 150,000 options with grant date 1 January 2009 (fair value of \$67,081).

⁵ Bonus payments were discretionary cash payments granted and paid in December 2008 and were in recognition of the ongoing financial performance of the Company and retention bonuses paid in January 2009 as per employment contracts.

2008	Short Term			Post Employment	Share Based	Total	% Performance Related
	Cash Salaries	Other	Bonus Payments ⁵	Superannuation	Payments Share Options		
	\$	\$	\$	\$	\$	\$	
A Poustie	89,089	78,931 ¹	21,127	100,000	155,610 ²	444,757	40%
P Bamford	175,744	53,137 ³	28,226	100,000	155,610 ⁴	512,717	36%
TOTAL	264,833	132,068	49,353	200,000	311,220	957,474	38%

¹ Salary sacrifice for purchase of motor vehicle under a novated lease (\$16,780), the estimated cost relating to the utilisation from time to time of company owned motor vehicle (\$29,919), other sundry non cash benefits (\$20,232) and estimated accrued portion of retention bonus (\$12,000).

² Fair value at grant date of unlisted share options \$155,610 (35% of total remuneration) determined under Binomial option pricing model. This consisted of 330,000 options with grant date of 18 January 2008 (fair value \$150,210) and 120,000 options with grant date 4 June 2008 (notional value of \$5,400).

³ Estimated cost relating to the utilisation from time to time of company owned motor vehicle (\$22,292) other sundry non cash benefits (\$16,845) and estimated accrued portion of retention bonus (\$14,000).

⁴ Fair value at grant date of unlisted share options \$155,610 (30% of total remuneration) determined under Binomial option pricing model. This consisted of 330,000 options with grant date of 18 January 2008 (fair value \$150,210) and 120,000 options with grant date 4 June 2008 (fair value of \$5,400).

⁵ Bonus payments were discretionary cash payments granted as at 31 December 2007 and paid on that date, were in recognition of the ongoing financial performance of the Company.

Options and Performance Rights Provided As Remuneration

When exercisable, each option and performance right is convertible into one ordinary share of Dominion Mining Limited.

Directors of the Consolidated Entity

No director was granted options or performance rights during the 2009 financial year.

1,050,000 options and 500,000 performance rights were granted to the managing director during the 2008 financial year. The grant of the options and performance rights was approved at a meeting of shareholders held on 24 April 2008.

June 2008

Name	Number of options on issue at year end	Grant date	Fair value per option at grant date	Exercise price	Vesting date	Expiry date
J N Shellabear	350,000	24 April 2008	\$1.27	\$3.60	4 June 2009	5 June 2012
J N Shellabear	350,000	24 April 2008	\$1.22	\$3.96	4 June 2010	5 June 2012
J N Shellabear	350,000	24 April 2008	\$1.16	\$4.36	4 June 2011	5 June 2012

DIRECTORS' REPORT
for the year ended 30 June 2009

Remuneration Report (Audited) (continued)

The options comprise three equal tranches and were issued for nil consideration. One third will vest and be capable of being exercised on each anniversary of the issue date, until all the options have vested. The expiry date for the options is 4 years after the date of their issue.

The exercise price of Tranche 1 is 10% above the weighted average price of the company's shares on the ASX for the 5 trading day period immediately prior to the meeting held on 24 April 2008. The exercise price of Tranche 2 is 10% above the exercise price of Tranche 1 and the exercise price of Tranche 3 is 10% above the exercise price of Tranche 2. Options were issued at this price so that the future benefit received by the recipients of the options will be in line with the increase in value received by shareholders.

Performance Rights

The 500,000 performance rights issued for nil consideration and subject to the achievement of the performance hurdles, are exercisable after 1 February 2011. Performance rights will lapse if the performance hurdles are not met. The fair value of the performance rights at grant date was \$980,000 (\$1.96 per performance right).

The performance rights will become exercisable in Tranches if the board resolves that the following performance hurdles are satisfied as at 1 February 2011 and provided that the company's TSR grows in each year between grant of the performance rights and 1 February 2011 by more than five percent (5%) compounded each year. The base TSR approved by the board equates to \$3.83 per share:

- (1) if the company's TSR is equal to or exceeds the TSR of 50% or more of the comparator group, the holder will be entitled to exercise 250,000 performance rights; and
- (2) if the company's TSR exceeds the TSR of more than 50% or more but less than 75% of the comparator group, the holder will be entitled to exercise 10,000 performance rights for every additional one percent (1%) of comparator group whose TSR is exceeded by the company; and
- (3) if the company's TSR is equal to or exceeds the TSR of 75% or more of the comparator group, the holder will be entitled to exercise an additional 250,000 performance rights.

Executives of the Consolidated Entity

During the financial year 150,000 options, were granted to each of the executives as disclosed below. The options were issued for nil consideration with the exercise price being the weighted average of the prices at which Dominion Mining Limited ordinary shares were traded on the Australian Stock Exchange (ASX) during the 5 day period prior to 1 January 2009. Options were not issued at a discount so that the future benefit received by the recipients of the options will be in line with the increase in value received by shareholders. This is consistent with the Executive Remuneration Structure outlined on Page 5 of this report.

June 2009

Name	Number of options granted during the year	Grant date	Fair value per option at grant date	Exercise price	Vesting date	Expiry date
A Poustie	150,000	1 January 2009	\$0.97	\$3.58	1 January 2010	1 January 2011
P Bamford	150,000	1 January 2009	\$0.97	\$3.58	1 January 2010	1 January 2011

June 2008

Name	Number of options granted during the year	Grant date	Fair value per option at grant date	Exercise price	Vesting date	Expiry date
A Poustie	110,000	18 January 2008	\$1.67	\$5.00	20 December 2008	19 December 2011
A Poustie	110,000	18 January 2008	\$1.69	\$5.50	20 December 2009	19 December 2011
A Poustie	110,000	18 January 2008	\$1.66	\$6.05	20 December 2010	19 December 2011
A Poustie	40,000	4 June 2008	\$1.22	\$3.60	4 June 2009	5 June 2012
A Poustie	40,000	4 June 2008	\$1.27	\$3.96	4 June 2010	5 June 2012
A Poustie	40,000	4 June 2008	\$1.25	\$4.36	4 June 2011	5 June 2012
P Bamford	110,000	18 January 2008	\$1.67	\$5.00	20 December 2008	19 December 2011
P Bamford	110,000	18 January 2008	\$1.69	\$5.50	20 December 2009	19 December 2011
P Bamford	110,000	18 January 2008	\$1.66	\$6.05	20 December 2010	19 December 2011
P Bamford	40,000	4 June 2008	\$1.22	\$3.60	4 June 2009	5 June 2012
P Bamford	40,000	4 June 2008	\$1.27	\$3.96	4 June 2010	5 June 2012
P Bamford	40,000	4 June 2008	\$1.25	\$4.36	4 June 2011	5 June 2012

DIRECTORS' REPORT
for the year ended 30 June 2009

Remuneration Report (Audited) (continued)

Option Holdings of Key Management Personnel at Balance Date

June 2009

Key Management Personnel	Held at 1 July 2008	Granted during the year as remuneration	Exercised	Held at 30 June 2009	Vested and exercisable at 30 June 2009	% of options vested
Specified Directors						
P C Joseph	-	-	-	-	-	-
J Gaskell	-	-	-	-	-	-
J N Shellabear	1,050,000	-	-	1,050,000	350,000	33%
P Alexander	300,000	-	300,000	-	-	-
R A Coyle	400,000	-	150,000	250,000	250,000	100%
Specified Executives						
A Poustie	450,000	150,000	-	600,000	150,000	25%
P Bamford	450,000	150,000	-	600,000	150,000	25%
TOTAL	2,650,000	300,000	450,000	2,500,000	900,000	36%

June 2009

Key Management Personnel	Value of Options Granted During The Year	Value of Options Exercised During The Year
Specified Directors		
P C Joseph	-	-
J Gaskell	-	-
J N Shellabear	-	-
P Alexander	-	\$669,000
R A Coyle	-	\$540,000
Specified Executives		
A Poustie	\$145,200	-
P Bamford	\$145,200	-
TOTAL	\$290,400	\$1,209,000

End of Remuneration Report (Audited)

DIRECTORS' REPORT **for the year ended 30 June 2009**

Share Options

As at the date of this report there were 8,550,000 and at balance date, 8,563,000 unissued ordinary shares under options. (2008:8,303,000 at the date of the report and 8,773,000 at balance date). 13,000 options have been exercised and no options issued since balance date. The unlisted options have been granted to various employees of the consolidated entity under the Dominion Employee Share Option Plan. 600,000 options were issued, 525,000 options were exercised and 285,000 options were cancelled during the current financial year.

The options granted under the plan are for no consideration and are exercisable at a fixed price at the vesting dates over a 2 or 4 year period from the grant date. The options will lapse if not exercised by the exercise date.

The options cannot be transferred and will not be quoted on the Australian Stock Exchange. Option holders do not have any right, by virtue of the option, to participate in any share issue of the company or any related body corporate or in the interest issue of any other registered scheme.

Refer to Note 23 of the Financial Statements for further details of the options outstanding.

Shares Issued as a Result of the Exercise of Options

During the financial year, 525,000 shares were issued following the exercise of:

35,000 options at an exercise price of \$1.61,
40,000 options at an exercise price of \$2.31 cents,
150,000 options at an exercise price of \$1.04 cents, and
300,000 options at an exercise price of \$1.19.

Since balance date 13,000 shares were issued following the exercise of:

3,000 options at an exercise price of \$3.60, and
10,000 options at an exercise price of \$1.04.

Shares on Issue

As at the balance date there were 102,996,351 ordinary fully paid shares on issue and at the date of this report there were 103,009,351 ordinary fully paid shares on issue.

Nature of Operations and Principal Activities

The principal activities of the consolidated entity during the year involved the operation of the Challenger Gold Project and mineral exploration in Western Australia and the Gawler Craton region of South Australia.

Review of Operations

Results

The net amount of the consolidated operating profit for the year ended 30 June 2009 after provision for income tax was \$31,132,000 (2008: profit of \$33,378,000).

The result was after taking into account: \$5,050,000 of exploration expenditure, \$3,963,000 attributable to administration costs, \$1,952,000 relating to the negative mark to market of gold forward sale contracts, \$4,939,000 which represents the notional value as determined by a binomial option pricing valuation model, of options and Monte-Carlo simulation model, of performance rights issued to employees and expensed through the profit and loss as required by Australian Accounting Standards and an income tax expense of \$4,547,000.

Financial Position

Sales revenue increased by 15% to \$112,608,000 with \$109,943,000 attributable to gold sales (2008: \$97,643,000 with \$95,076,000 attributable to gold sales). Revenue from gold sales was achieved from the sale of 97,443 ounces of gold reflecting an average price received of \$1,128 per ounce.

DIRECTORS' REPORT **for the year ended 30 June 2009**

Review of Operations (Continued)

As at 30 June 2009, the consolidated entity had cash and bullion sold of \$45,346,000 (2008: \$55,674,000) comprising cash of \$42,354,000 and bullion sold (treated as a receivable in the balance sheet) of \$2,992,000.

The weighted average share price over the financial year was \$3.77 with a closing high at the end of March 2009 of \$5.60 and a closing low of \$2.33 at the end of October 2008. The trend of the company's share price generally reflects market conditions, movements in the USD gold price and the operating performance of the Challenger mine. The closing share price at the end of June 2009 was \$4.61.

Challenger Gold Project (Dominion Gold Operations Pty Limited 100%)

Operations at Challenger commenced in October 2002.

Production for the financial year ended 30 June 2009 was 98,755 ounces at an average site cash operating cost of \$438 per ounce. Operating costs per ounce increased by 19% over the previous year and was primarily a function of grade due to an increase in lower grade M2 ore being processed. This was partially due to a greater emphasis on mine development of the M1 in preparation for the plant expansion to a processing capacity of around 530,000 tonnes per annum which is scheduled to be completed by the end of the 2009 calendar year.

The decision to increase the throughput capacity of the plant was made following the completion of a feasibility study in March 2009 which estimated a capital cost for the expansion of \$4.82 million with increased production to around 120,000 ounces per annum from January 2010. The expansion will require the installation of a second ball mill identical to the existing mill and installation of a thickener to more efficiently and economically utilise the increased volumes of process water that will be required.

Construction of a 730 metre deep ventilation shaft commenced during the year and is scheduled to be complete for commissioning during December 2009. This shaft, the cost of which is estimated at \$10.5 million will provide ventilation for mining to at least 1.2 km below surface which is the depth of current resources.

Underground drilling continued to demonstrate the continuity of high grade mineralisation in future mining levels of the Challenger shoots. Resources increased by 26% from 30 June 2008 to 1,461,140 ounces (including 719,590 ounces that are additional to Reserves). After taking account of the full year production, reserves totalled 702,570 ounces as at June 30 2009, reflecting an increase of 73,465 ounces over the previous 12 months. These reserves include estimates for the M3 and Challenger West Shoots which, together with the M1 and M2 Shoots, increase the average reserve ounces per vertical metre (ovm) to 1,780 ounces.

Exploration

The Challenger Deeps surface drilling programme, designed to evaluate depth extensions of the Challenger Shoot system, continued during the year and demonstrated continuity of the M1, M2 and M3 Shoots. The 26% increase in the gold resource inventory to 1,461,140 ounces equates to \$19.00 per ounce of exploration discovery costs and takes into account the resource depletion relative to the annual production of 98,755 ounces.

Underground exploration has targeted the M3 Shoot and the Lower M1 (Footwall) Target, with results from the M3 demonstrating continuity of this high grade structure. Results from the Lower M1 (Footwall) Target defined a narrow, high grade structure.

Resource estimate calculated for Barton West mineral sands project located in the Eucla Basin district of South Australia of 171.7 million tonnes grading 2.8% HM.

In Western Australia, there was ongoing exploration in particular at the Cundeelee Project and Kukerin with no significant results returned.

Likely Developments and Expected Results

Challenger Gold Project (Dominion Gold Operations Pty Limited 100%)

Production for the first half of the next financial year is anticipated to be 40-45,000 ounces at cash costs in the mid \$500's per ounce. Following the completion of the plant expansion anticipated for early December

DIRECTORS' REPORT **for the year ended 30 June 2009**

2009, production in the second half is expected to increase to around 55-60,000 ounces at cash costs in the mid \$400's per ounce.

Exploration

The main focus will continue to be at the Challenger Gold Project where activity will target both new resource definition and the conversion of existing resources to reserves.

Elsewhere in South Australia, drilling will target copper-gold mineralisation at the Labyrinth Project. Further evaluation of the heavy mineral sands resources at Barton West is also planned.

In Western Australia gold will be the main target within the Cundeelee, Yalla Burra, Blue Dam and Kukerin Projects and copper-gold mineralisation will be targeted within the Wongan Hills Project.

Risk Management and Internal Controls

Procedures and systems of internal control which outline and monitor, amongst other things, workplace health and safety standards, environmental standards, employee and community relations and risk management decisions are in place.

So that the board is aware of the current status of Dominion Mining Limited and its controlled entities and to enable informed decisions to be made, the board regularly reviews operating and financial information.

The board is of the view that it is crucial for all directors and executives to be a part of this process, and as such the board has not established a separate risk management committee.

Where appropriate, competent external advice is obtained by management to audit proposals prior to presentation to and decision by the board.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Implementation of board approved operating plans and budgets and board monitoring of the progress both of a financial and non-financial nature against these budgets.
- Regular reporting on specific business risks, including such matters as occupational health and safety, mine operational parameters including monitoring and independent audit of ground conditions, cash investment criteria and cash flow management.
- The establishment of a gold hedge risk management policy which establishes the criteria for selling forward against future gold production.
- The requirement for the managing director and finance director to certify the integrity of the financial statements and the effectiveness of internal control systems.

Significant Changes in the State of Affairs

Total assets have increased by \$22,680,000 over the year to \$146,543,000. The majority of this increase related to Challenger mine development costs, capital expenditure on plant and equipment and resource/reserve evaluation expenditure incurred over the financial year and capitalisation of \$10,623,000 of the payment to Resolute Resources Pty Ltd for the acquisition of the Challenger Gold Production Royalty.

Cash and bullion decreased by \$10,328,000 following dividends paid of \$14,381,000 and payment of \$11,812,000 for the acquisition of the Challenger Gold Production Royalty.

Total liabilities increased marginally by \$328,000 over the year to \$19,586,000. This was due principally to an increase in derivatives of \$1,952,000 which relates to the unrealised mark to market value of gold forward sale contracts and an increase in provisions of \$1,685,000 relating primarily to employee entitlements. These were offset by a reduction of trade and other payables of \$3,054,000.

In the opinion of the directors, there were no other significant changes in the state of affairs of Dominion Mining Limited and its controlled entities that occurred during the year not otherwise disclosed in this report or the consolidated financial statements.

DIRECTORS' REPORT **for the year ended 30 June 2009**

Dividends

On 20 February 2009 the directors declared an interim unfranked dividend of 6 cents per share. The record date for the dividend was 17 March 2009 with the payment date being 31 March 2009. Total amount paid was \$6,180,000.

On 27 August 2009 directors declared a final unfranked dividend of 8 cents per share. The record date for the dividend was 16 September 2009 with the dividend to be paid on 30 September 2009. Total payment will be \$8,240,000.

Events Subsequent to Balance Date

On 20 July 2009 a zero cost collar diesel hedge based on Singapore gas oil 0.5% sulphur was entered into. The call option strike is A\$0.7550/litre with a put option strike of A\$0.6224/litre. The hedge which covers a 23 month period commencing August 2009 is for 3,500 barrels (556,500 litres) per month, approximately 74% of monthly diesel usage at the Challenger mine site.

No other 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 not otherwise disclosed in this report or the consolidated financial statements.

Directors' and Officers' Indemnity and Insurance

During the year, Dominion Mining Limited has paid premiums in respect of directors' and executive officers' liability insurance contracts.

These policies indemnify persons who are directors or executive officers of Dominion Mining Limited and its controlled entities against certain losses, which could arise if a claim was made against them. There have been no claims made at the date of this report. The premium has not been determined on an individual entity, director or officer basis. Dominion Mining Limited is prohibited by a confidentiality agreement within the contract for insurance from disclosing any further details of the insurance.

No other agreements to indemnify directors, executive officers or auditors have been entered into, nor have any payments in relation to indemnification been made, during or since the year by Dominion Mining Limited.

Environmental Regulation and Performance

The consolidated entity from time to time is required to enter into rehabilitation performance bonds over its mining and exploration tenements. The bonds are in favour of the departments in the various states and territories of Australia responsible for overseeing the rehabilitation of areas in which mining and exploration work is conducted. The bonds require that at the conclusion of the mining and/or exploration activities specific rehabilitation work be performed to minimise the environmental impact of those activities. The liability for the rehabilitation work is generally transferred with any change in ownership.

There have been no known breaches by the consolidated entity of any bond conditions.

In addition rehabilitation work is carried out on an ongoing basis during the course of the operations to an extremely high standard.

Corporate Structure

Dominion Mining Limited is a company limited by shares that is incorporated and domiciled in Australia. Dominion Mining Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year.

Auditor Independence and Non Audit Services

During the year the auditors of the consolidated entity Ernst & Young preserved their independence as required under Section 307C of the Corporations Act 2001 and did not perform any services other than that as required under statutory regulations.

The directors received the Auditors' Independent Declaration from the auditor of Dominion Mining Limited as disclosed on page 58 of this report.

DIRECTORS' REPORT
for the year ended 30 June 2009

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.



Jonathan N Shellabear
Managing Director
29 September 2009



Peter C Joseph
Chairman
29 September 2009

DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
BALANCE SHEET
AS AT 30 JUNE 2009

	Note	CONSOLIDATED		DOMINION MINING LIMITED	
		30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
CURRENT ASSETS					
Cash	21(a)	42,354	49,886	34,511	36,296
Trade and other receivables	6	5,356	8,321	111	313
Inventory	8	3,523	2,185	-	-
Other	9	181	402	85	156
TOTAL CURRENT ASSETS		51,414	60,794	34,707	36,765
NON-CURRENT ASSETS					
Other receivables	7	-	-	11,035	7,467
Plant and equipment	10	17,900	10,825	128	159
Mine properties	11	59,160	29,628	-	-
Deferred tax asset	5	18,069	22,616	27,722	18,524
TOTAL NON-CURRENT ASSETS		95,129	63,069	38,885	26,150
TOTAL ASSETS		146,543	123,863	73,592	62,915
CURRENT LIABILITIES					
Trade and other payables	13	11,045	14,099	266	809
Interest bearing loans and borrowings	14	140	254	-	-
Provisions	15	2,699	1,367	1,815	992
Derivatives held for trading	24(b)	4,588	2,636	-	-
TOTAL CURRENT LIABILITIES		18,472	18,356	2,081	1,801
NON-CURRENT LIABILITIES					
Interest bearing loans and borrowings	16	75	216	-	-
Provisions	17	1,039	686	-	-
TOTAL NON-CURRENT LIABILITIES		1,114	902	-	-
TOTAL LIABILITIES		19,586	19,258	2,081	1,801
NET ASSETS		126,957	104,605	71,511	61,114
EQUITY					
Issued capital	18(a)	53,020	52,358	53,020	52,358
Retained earnings		65,077	48,326	9,631	4,835
Employee equity benefits reserve	19	8,860	3,921	8,860	3,921
TOTAL EQUITY		126,957	104,605	71,511	61,114

DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	CONSOLIDATED		DOMINION MINING LIMITED	
		30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Continuing Operations					
Sale of gold		109,943	95,076	-	-
Other revenue		2,665	2,567	11,011	1,860
Revenue	4(a)	112,608	97,643	11,011	1,860
Cost of goods sold	4(b)	(61,132)	(57,217)	-	-
Gross Profit		51,476	40,426	11,011	1,860
Gain/(loss) on sale of financial asset held for trading		77	(2,473)	-	(2,444)
Gain/(loss) on sale of mineral rights and other assets		59	52	(1)	20
Exploration and evaluation expenditure		(5,050)	(5,245)	-	-
Administration costs	4(c)	(3,963)	(3,838)	(3,963)	(3,838)
Share-based payments to employees	4(d)	(4,939)	(2,657)	(2,172)	(1,101)
Change in fair value of undesignated gold contracts held for trading		(1,952)	(310)	-	-
Finance costs	4(e)	(29)	(40)	-	(2)
PROFIT/(LOSS) BEFORE INCOME TAX		35,679	25,915	4,875	(5,505)
Income tax/(expense) benefit	5	(4,547)	7,463	14,302	17,257
NET PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF DOMINION MINING LIMITED		31,132	33,378	19,177	11,752
Basic earnings per share (cents per share)	20	30.38	32.73		
Diluted earnings per share (cents per share)	20	30.33	32.59		

DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

	Issued Capital	Retained Profits / (Accumulated Losses)	Employee Equity Benefits Reserve	Total
	\$'000	\$'000	\$'000	\$'000
CONSOLIDATED				
At 1 July 2007	49,956	25,126	1,264	76,346
Total income and expense for the period recognised directly in equity	-	-	-	-
Profit for the period	-	33,378	-	33,378
Total income and expense for the period	-	33,378	-	33,378
Equity Transactions:				
Cost of share based payment	-	-	2,657	2,657
Issue of share capital	2,402	-	-	2,402
Payment of dividends	-	(10,178)	-	(10,178)
At 30 June 2008	52,358	48,326	3,921	104,605
Total income and expense for the period recognised directly in equity	-	-	-	-
Profit for the period	-	31,132	-	31,132
Total income and expense for the period	-	31,132	-	31,132
Equity Transactions:				
Cost of share based payment	-	-	4,939	4,939
Issue of share capital	662	-	-	662
Payment of dividends	-	(14,381)	-	(14,381)
At 30 June 2009	53,020	65,077	8,860	126,957
PARENT				
At 1 July 2007	49,956	3,261	1,264	54,481
Total income and expense for the period recognised directly in equity	-	-	-	-
Profit for the period	-	11,752	-	11,752
Total income and expense for the period	-	11,752	-	11,752
Equity Transactions:				
Cost of share-based payments	-	-	2,657	2,657
Issue of share capital	2,402	-	-	2,402
Payment of dividends	-	(10,178)	-	(10,178)
At 30 June 2008	52,358	4,835	3,921	61,114
Total income and expense for the period recognised directly in equity	-	-	-	-
Profit for the period	-	19,177	-	19,177
Total income and expense for the period	-	19,177	-	19,177
Equity Transactions:				
Cost of share based payment	-	-	4,939	4,939
Issue of share capital	662	-	-	662
Payment of dividends	-	(14,381)	-	(14,381)
30 June 2009	53,020	9,631	8,860	71,511

DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2009

	Note	CONSOLIDATED		DOMINION MINING LIMITED	
		30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
CASH FROM OPERATING ACTIVITIES					
Receipts from gold sales		112,739	92,014	-	-
Payments to suppliers and employees		(54,199)	(47,802)	(3,335)	(2,373)
Interest received		2,665	2,567	2,011	1,860
Interest paid		(29)	(40)	-	(2)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	21(b)	61,176	46,739	(1,324)	(515)
CASH FROM INVESTING ACTIVITIES					
Resource evaluation and mine development expenditure		(28,904)	(21,491)	-	-
Exploration and evaluation expenditure		(5,052)	(5,245)	-	-
Acquisition of plant and equipment		(10,311)	(5,048)	(47)	(180)
Proceeds from sale of plant and equipment		73	68	-	20
Proceeds from sale of financial assets held for trading		77	9,753	-	9,618
Acquisition of Resolute Royalty	11	(10,623)	-	-	-
Repayment of amounts owing by controlled entity		-	-	13,304	11,991
NET CASH (USED IN)/FROM INVESTING ACTIVITIES		(54,740)	(21,963)	13,257	21,499
CASH FROM FINANCING ACTIVITIES					
Proceeds from the issue of shares and conversion of options		663	2,402	663	2,402
Repayment of finance lease principal		(250)	(222)	-	(27)
Payment of dividends		(14,381)	(10,178)	(14,381)	(10,178)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES		(13,968)	(7,998)	(13,718)	(7,803)
NET (DECREASE)/INCREASE IN CASH HELD		(7,532)	16,778	(1,785)	13,131
OPENING CASH BALANCE		49,886	33,108	36,296	23,165
CLOSING CASH BALANCE	21(a)	42,354	49,886	34,511	36,296

**DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

1. Summary of Significant Accounting Policies

(a) Basis of preparation

The financial report of Dominion Mining Limited for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the directors on 29 September 2009.

The Company is limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The principal activities of the consolidated entity during the year involved the operation of the Challenger Gold Project and mineral exploration in Western Australia and the Gawler Craton region of South Australia.

The financial report is a general-purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis except for derivative financial instruments and financial assets held for trading which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (“\$’000”), unless otherwise stated, under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the class order applies.

(b) Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) New accounting standards and interpretations

From 1 July 2008 the Consolidated Entity has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2008. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Consolidated Entity.

The following standards and interpretations have also been adopted from 1 July 2008:

AASB 2008-10 Amendment to Australian Accounting Standards – Reclassification of Financial Assets (amendments to AASB 139 Financial Instruments: Recognition and Measurement and AASB 7 Financial Instruments Disclosures).

The Consolidated Entity has not elected to early adopt any new standards or amendments.

DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

1. Summary of Significant Accounting Policies (continued)

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Consolidated Entity for the period ended 30 June 2009. These are outlined in the table below:

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New Standard replacing AASB 114 Segment Reporting, which adopts a management reporting approach to segment reporting.	1 January 2009	1 July 2009
AASB 123 (Revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised.	1 January 2009	1 July 2009
AASB 101 (Revised), AASB 2007-8 and AASB 2007-10	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	1 July 2009
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations	The amendments clarify the definition of “vesting conditions”, introducing the term “non-vesting conditions” for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009	1 July 2009
AASB 3 (Revised)	Business Combinations	The revised Standard introduces a number of changes to the accounting for business combinations, the most significant of which includes the requirement to have to expense transaction costs and a choice (for each business combination entered into) to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree’s net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired. The changes apply prospectively.	1 July 2009	1 July 2009
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending Standard issued as a consequence of revisions to AASB 3 and AASB 127. Refer above.	1 July 2009	1 July 2009

**DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

1. Summary of Significant Accounting Policies (continued)

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 2008-5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project	<p>The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part 1 deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact.</p> <p>This was the first omnibus of amendments issued by the IASB arising from the Annual Improvements Project and it is expected that going forward, such improvements will be issued annually to remove inconsistencies and clarify wording in the standards.</p> <p>The AASB issued these amendments in two separate amending standards; one dealing with the accounting changes effective from 1 January 2009 and the other dealing with amendments to AASB 5, which will be applicable from 1 July 2009. Refer below AASB 2008-6.</p>	1 January 2009	1 July 2009
AASB 2008-6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	<p>This was the second omnibus of amendments issued by the IASB arising from the Annual Improvements Project.</p> <p>Refer to AASB 2008-5 above for more details.</p>	1 July 2009	1 July 2009
AASB 2008-7	Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	<p>The main amendments of relevance to Australian entities are those made to AASB 127 deleting the “cost method” and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity’s separate financial statements (i.e., parent company accounts). The distinction between pre- and post-acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment.</p> <p>AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value.</p>	1 January 2009	1 July 2009
AASB 2008-8	Amendments to Australian Accounting Standards – Eligible Hedged Items	<p>The amendment to AASB 139 clarifies how the principles underlying hedge accounting should be applied when (i) a one-sided risk in a hedged item is being hedged and (ii) inflation in a financial hedged item existed or was likely to exist.</p>	1 July 2009	1 July 2009

**DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

1. Summary of Significant Accounting Policies (continued)

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 2009-2	Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038]	<p>The main amendment to AASB 7 requires fair value measurements to be disclosed by the source of inputs, using the following three-level hierarchy:</p> <ul style="list-style-type: none"> • quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); • inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and • inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). <p>These amendments arise from the issuance of <i>Improving Disclosures about Financial Instruments (Amendments to IFRS 7)</i> by the IASB in March 2009.</p> <p>The amendments to AASB 4, AASB 1023 and AASB 1038 comprise editorial changes resulting from the amendments to AASB 7.</p>	Annual reporting periods beginning on or after 1 January 2009 that end on or after 30 April 2009.	1 July 2009
AASB 2009-4	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16]	<p>The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting.</p> <p>The main amendment of relevance to Australian entities is that made to IFRIC 16 which allows qualifying hedge instruments to be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements in AASB 139 that relate to a net investment hedge are satisfied. More hedging relationships will be eligible for hedge accounting as a result of the amendment.</p> <p>These amendments arise from the issuance of the IASB's <i>Improvements to IFRSs</i>. The amendments pertaining to IFRS 5, 8, IAS 1,7, 17, 36 and 39 have been issued in Australia as AASB 2009-5 (refer below).</p>	1 July 2009	1 July 2009

DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

1. Summary of Significant Accounting Policies (continued)

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	<p>The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting.</p> <p>The main amendment of relevance to Australian entities is that made to AASB 117 by removing the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible v property, plant and equipment) needs to be determined.</p> <p>These amendments arise from the issuance of the IASB's <i>Improvements to IFRSs</i>. The AASB has issued the amendments to IFRS 2, IAS 38, IFRIC 9 as AASB 2009-4 (refer above).</p>	1 January 2010	1 July 2010
Amendments to International Financial Reporting Standards	Amendments to IFRS 2	<p>The amendments clarify the accounting for group cash-settled share-based payment transactions, in particular:</p> <ul style="list-style-type: none"> the scope of AASB 2; and the interaction between IFRS 2 and other standards. <p>An entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.</p> <p>A "group" has the same meaning as in IAS 27 <i>Consolidated and Separate Financial Statements</i>, that is, it includes only a parent and its subsidiaries.</p> <p>The amendments also incorporate guidance previously included in IFRIC 8 <i>Scope of IFRS 2</i> and IFRIC 11 <i>IFRS 2—Group and Treasury Share Transactions</i>. As a result, IFRIC 8 and IFRIC 11 have been withdrawn.</p>	1 January 2010	1 July 2010

The impact of the adoption of these new and revised standards and interpretations has not been determined by the Company.

1. Summary of Significant Accounting Policies (continued)

(d) Principles of Consolidation

The consolidated financial statements comprise a consolidation of the financial statements of Dominion Mining Limited and all entities controlled by Dominion Mining Limited at the end of the year.

Where there is a gain/loss of control of a controlled entity, the consolidated financial statements include the results for that part of the reporting period during which Dominion Mining Limited had control.

The financial statements of controlled entities are prepared for the same reporting period as Dominion Mining Limited, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist. All inter-entity balances and transactions, and unrealised profits or losses arising from inter-entity transactions, have been eliminated in full.

(e) Revenue Recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Sale of gold

Revenue from sales of gold is recognised when there has been a passing of the significant risks and rewards of ownership, which means the following:

- The product is in a form suitable for delivery and no further processing is required by or on behalf of the consolidated entity;
- The quantity and quality (grade) of the product can be determined with reasonable accuracy;
- The product has been despatched to the customer and is no longer under the physical control of the consolidated entity;
- The selling price can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the consolidated entity; and
- The costs incurred, or expected to be incurred, in respect of the transaction can be measured reliably.

Interest

Revenue is recognised as the interest accrues using the effective interest rate method (which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

(f) Foreign Currency Translation

Both the functional and presentation currency of Dominion Mining Limited and its controlled entities is Australian dollars.

Foreign currency transactions during the year are converted to Australian dollars at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at period end.

(g) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring and bringing the inventories to their existing condition and location but excludes overheads. Cost is accounted for as follows:

Bullion

Lower of average cost and net realisable value. Cost included fixed direct costs and variable direct costs.

1. Summary of Significant Accounting Policies (continued)

Gold in circuit

Lower of cost and net realisable value. The average cash cost of production for the month is used and allocated to gold that is in the circuit at period end.

Stores

Purchase cost on a weighted average cost method.

Ore stockpiles

Contractor cost of mining on an average cost method.

Work in progress

Contractor cost of mining and processing at an average cost method.

(h) Plant and Equipment

Plant and equipment located on the mine site is included at cost less depreciation and any impairment in value. All such assets are depreciated over the estimated remaining economic life of the mine, using a units of production basis and based on proven and probable reserves.

All other plant and equipment is included at cost less provision for depreciation and any impairment in value and depreciated on a straight-line basis commencing from the time the asset is held ready for use. The depreciation periods are from 3 to 12 years (2008: 3 to 12 years).

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

(i) Mine Properties

Mine development expenditure represents the costs incurred in preparing mines for production. These costs are capitalised to the extent they are expected to be recouped through successful exploitation of the related mining leases. Once production commences, these costs are amortised using the units-of-production method based on the estimated economically recoverable reserves proven and probable to which they relate or are written off if the mine property is abandoned.

Impairment

The carrying value of capitalised mine development expenditure is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

The recoverable amount of capitalised mine development expenditure is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

(j) Exploration and Evaluation Costs

Exploration and evaluation expenditure is charged against earnings as incurred, unless it relates to an area of interest in production.

Exploration and evaluation expenditure is allocated separately to specific areas of interest. Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure directly related to activities in the area of interest.

1. Summary of Significant Accounting Policies (continued)

(j) Exploration and Evaluation Costs (continued)

Costs related to the acquisition of properties that contain mineral resources are allocated separately to specific areas of interest. These costs are capitalised until the viability of the area of interest is determined. If no mineable ore body is discovered, capitalised acquisition costs are expensed in the period in which it is determined that the area of interest has no future economic value.

When a decision to proceed to development is made the exploration and evaluation capitalised to that area is transferred to mine development within property, plant and equipment. All costs subsequently incurred to develop a mine prior to the start of mining operations within the area of interest are capitalised and carried at cost. These costs include expenditure incurred to develop new ore bodies within the area of interest, to define further mineralisation in existing areas of interest, to expand the capacity of a mine and to maintain production.

Capitalised amounts for an area of interest may be written down if discounted future cash flows related to the area of interest are projected to be less than its carrying value.

(k) Impairment of Assets other than Goodwill

At each reporting date, the company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(l) Taxation

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- i. Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of transaction, affects neither the accounting profit nor taxable profit or loss; and
- ii. In respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- (a) When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

1. Summary of Significant Accounting Policies (continued)

(l) Taxation (continued)

- (b) When the deductible temporary difference is associated with investments in subsidiaries, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(m) Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(n) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the balance date. These benefits include wages, salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the balance date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the balance date.

Contributions are made to employee superannuation plans and are charged as expenses when incurred. Dominion Mining Limited and its controlled entities have no legal obligation to cover any shortfall in the plan's obligation to provide benefits to employees on retirement.

The value of options issued under the employee share option scheme are recognised as an expense as detailed in note 1(o) "Share-based payments".

1. Summary of Significant Accounting Policies (continued)

(o) Share-Based Payments

The consolidated entity provides benefits to employees (including directors) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares ("equity settled transactions").

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date they are granted. The value is determined using a binomial model. The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects:

- The extent to which the vesting period has expired; and
- The number of awards that, in the opinion of the directors, will ultimately vest. The opinion is formed based on the best available information at balance date.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(p) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis.

Finance leases

Leases which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item to the company are capitalised at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and charged directly to the income statement.

1. Summary of Significant Accounting Policies (continued)

(q) Jointly Controlled Assets

The interest in unincorporated business undertakings, including joint ventures, is brought to account by including in the respective classification categories:

- i. the share in each of the individual assets employed in the business undertakings;
- ii. liabilities incurred in relation to business undertakings including the share of any liabilities for which the entities are jointly and/or severally liable; and
- iii. the share of expenses of the business undertakings.

(r) Cash and Cash Equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(s) Derivative Financial Instruments

Derivative financial instruments are used by the group to provide an economic hedge of exposures to gold prices and exchange rates. The consolidated entity does not apply hedge accounting and accordingly all fair value movements on derivative financial instruments are recognised in the income statement.

Derivative financial instruments are stated at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the income statement immediately.

(t) Interest Bearing Liabilities

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

(u) Financial Assets

Financial assets in the scope of AASB 139 "Financial Instruments – Recognition and Measurement" are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments or available for sale investments as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The consolidated entity determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates the designation at each financial year end.

All regular way purchases and sales of financial assets are recognised on the trade date (the date that the consolidated entity commits to purchase the asset). Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purposes of selling them in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains and losses on investments held for trading are recognised in profit or loss.

1. Summary of Significant Accounting Policies (continued)

(v) Restoration Costs

The provision for restoration represents the cost of restoring site damage after the commencement of production. The Group records the present value of the estimated cost of legal and constructive obligations to restore the site, and any associated environmental obligations, in the period in which the obligation arises.

The provision for restoration costs is based on the net present value of estimated future costs, and does not include any additional obligations which are expected to arise from future production. The estimated costs are determined separately for each operation and are updated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated life of the operation.

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provision is charged to the income statement in each accounting period, and is disclosed as a financing cost.

Other changes in the measurement of an existing restoration obligation that result from changes in the estimated timing or amount of future costs, or a change in the discount rate, are recognised as an adjustment to mine development costs.

(w) Non Executive Directors' Retirement Benefits

Retirement benefits for non executive directors are calculated on the following basis. After three years of service, the directors become entitled to a payment of one year's fees on retirement, benefits then continue to accrue on a pro rata basis up to nine years of service where the maximum benefit is three years' fees on retirement. The resulting liability is measured as the present value of expected future payments to be made. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the future cash outflows.

(x) Trade and Other Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the group prior to the end of the financial year that are unpaid and arise when the group becomes obliged to make future payments in respect of the purchase of these goods and services.

(y) Trade and Other Receivables

Trade receivables, which generally have 30 to 90 day terms, are carried at nominal amounts due less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the group will not be able to collect the debts. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. Bad debts are written off when identified.

(z) Borrowing Costs

Borrowing costs are expensed as incurred except where they relate to the financing of projects under construction where they are capitalised up to the date of commissioning or sale.

(aa) Earnings per Share

Basic EPS is calculated as net profit attributable to ordinary equity holders, adjusted to exclude costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated as net profit attributable to ordinary equity holders, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and

1. Summary of Significant Accounting Policies (continued)

(aa) Earnings per Share (continued)

- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares adjusted for any bonus element.

(bb) Contributed Equity

Ordinary share capital is recognised at the fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

2. Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty

(i) Significant Accounting Judgements

In the process of applying the group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Determination of mineral resources and ore reserves

The group's policy for estimating its mineral resources and ore reserves requires that the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 (the 'JORC code') be used as a minimum standard. The information on mineral resources and ore reserves were prepared by or under the supervision of competent persons as defined in the JORC code. The amounts presented are based on the mineral resources and ore reserves determined under the JORC code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated. Such changes in reserves could impact on depreciation and amortisation rates, asset carrying values and provisions for decommissioning and restoration.

Capitalisation of exploration and evaluation expenditure

Under AASB 6 *Exploration for and Evaluation of Mineral Resources*, the group has the option to either expense exploration and evaluation expenditure as incurred, or to capitalise such expenditure (provided certain conditions are satisfied). The group has elected, when the conditions in AASB 6 are met, to expense these costs as incurred, except for expenditure in relation to areas in production when such expenditure is capitalised.

(ii) Significant Accounting Estimates and Assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of capitalised mine development expenditure

The future recoverability of capitalised mine development expenditure is dependent on a number of factors, including the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

2. Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty (continued)

(ii) Significant Accounting Estimates and Assumptions (Continued)

To the extent that capitalised mine development expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

Share-based payment transactions

The group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the assumptions detailed in Note 23. The accounting estimates and assumptions relating to equity-settled transactions will have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Impairment of property, plant and equipment

Property, plant and equipment is reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Where a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of 'value in use' (being the net present value of expected future cash flows of the relevant cash generating unit) and "fair value less costs to sell".

In determining value in use, future cash flows are based on:

- Estimates of the quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- Future production levels;
- Future commodity prices; and
- Future cash costs of production and capital expenditure.

Variations to the expected future cash flows, and the timing thereof, could result in significant changes to any impairment losses recognised, if any, which could in turn impact future financial results.

Provisions for decommissioning and restoration costs

Decommissioning and restoration costs are a normal consequence of mining and the majority of this expenditure is incurred at the end of a mine's life. In determining an appropriate level of provision consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the mine), and the estimated future level of inflation.

The ultimate cost of decommissioning and restoration is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in reserves or to production rates.

Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

Recoverability of potential deferred income tax assets

The group recognises deferred income tax assets in respect of tax losses to the extent that the future utilisation of these losses is considered probable. Assessing the future utilisation of these losses requires the consolidated entity to make significant estimates related to expectations of future taxable income. To the extent that future cash flows and taxable income differ significantly from estimates, this could result in significant changes to the deferred income tax assets recognised, which would in turn impact future financial results.

DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
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3. Dividends Paid or Proposed

	30 June 2009		30 June 2008	
	Cents per share	Total \$'000	Cents per share	Total \$'000
Fully paid ordinary shares				
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>
				<u>10,178</u>
Fully paid ordinary shares				
Final dividend for the financial year ended 30 June 2008 (unfranked) (record date 15/09/08)	8.0	8,200		
Interim dividend for the financial year ended 30 June 2009 (unfranked) (record date 16/03/09)	6.0	<u>6,181</u>		
		<u>14,381</u>		
Dividend declared subsequent to year end				
Final dividend for the financial year ended 30 June 2009 (unfranked) (record date 16/09/09) (refer to note 30)	8.0	8,240		

There is no dividend reinvestment plan in operation. All dividends are unfranked.

DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
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4. Revenues and Expenses

	CONSOLIDATED		DOMINION MINING LIMITED	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
(a) Revenue				
Sale of gold	109,943	95,076	-	-
Other revenue				
Finance income - interest	2,665	2,567	2,011	1,860
Dividend received – related party	-	-	9,000	-
	<u>112,608</u>	<u>97,643</u>	<u>11,011</u>	<u>1,860</u>
(b) Cost of goods sold				
Production costs	43,830	41,115	-	-
Royalties – government mining	2,554	1,428	-	-
Royalties – other corporations	1,613	2,624	-	-
Depreciation and amortisation*	13,135	12,050	-	-
	<u>61,132</u>	<u>57,217</u>	<u>-</u>	<u>-</u>
<i>*Depreciation and amortisation included in cost of goods sold</i>				
Plant and equipment	3,140	2,654	-	-
Mine properties	9,995	9,396	-	-
	<u>13,135</u>	<u>12,050</u>	<u>-</u>	<u>-</u>
(c) Administration costs				
Corporate administration	3,612	3,629	3,612	3,629
Operating lease rental	275	166	275	166
Depreciation	76	43	76	43
	<u>3,963</u>	<u>3,838</u>	<u>3,963</u>	<u>3,838</u>
(d) Share-based payments to employees	<u>4,939</u>	<u>2,657</u>	<u>2,172</u>	<u>1,101</u>
(e) Finance costs				
Interest expense	<u>29</u>	<u>40</u>	<u>-</u>	<u>2</u>
(f) Employee benefits				
Included in cost of goods sold	2,340	2,276	-	-
Included in exploration and evaluation expenditure	960	974	-	-
Included in administration costs	1,640	1,673	1,640	1,673
Share-based payments	4,939	2,657	2,172	1,101
	<u>9,879</u>	<u>7,580</u>	<u>3,812</u>	<u>2,774</u>

DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
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5. Income Tax

	CONSOLIDATED		DOMINION MINING LIMITED	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
The major components of income tax expense/(benefit) are:				
Income statement				
Current income tax				
Current year	7,469	9,492	2,365	(1,454)
Prior year losses recognised and recouped	(7,469)	(9,492)	(7,469)	(9,492)
	-	-	(5,104)	(10,946)
Deferred income tax				
Relating to recognition of previously unrecognised tax losses	(8,986)	(6,253)	(8,987)	(6,253)
Relating to origination and reversal of temporary differences	13,533	(1,111)	(249)	(58)
Adjustment for prior periods	-	(99)	38	-
	4,547	(7,463)	(9,198)	(6,311)
Income tax expense/(benefit) reported in the income statement	4,547	(7,463)	(14,302)	(17,257)

A reconciliation between tax expense and the product of accounting profit/(loss) before income tax multiplied by the Group's applicable income tax rate is as follows:

Accounting profit/(loss) before income tax	35,679	25,915	4,875	(5,505)
At the Group's statutory income tax rate of 30% (2008: 30%)	10,704	7,775	1,462	(1,652)
Expenditure not allowable for income tax purposes	1,484	797	653	33
Deductible loss	-	(192)	-	(192)
Losses (recognised)/not recognised	(7,641)	(15,744)	(16,456)	(15,744)
Adjustment for prior periods	-	(99)	39	-
Income tax expense (benefit) reported in the income statement	4,547	(7,463)	(14,302)	(17,257)

DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
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5. Income Tax (continued)

	BALANCE SHEET		INCOME STATEMENT	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Deferred income tax				
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
Deferred tax liabilities				
Capitalised costs in inventory	(258)	(234)	(24)	17
Mine development	(8,698)	-	(8,698)	-
Resolute royalty	(3,015)	-	(3,015)	-
Other	(362)	(164)	(198)	20
Deferred tax assets				
Depreciation for tax purposes	739	826	(86)	314
Mine development	-	2,571	(2,571)	682
Fair value change of undesignated gold contracts	1,376	791	585	93
Other	1,273	799	474	84
Losses available for offset against future taxable income	27,014	18,027	8,986	6,253
Gross deferred income tax assets	18,069	22,616		
Deferred tax (expense) benefit			(4,547)	7,463
PARENT				
Deferred tax liabilities				
Other	(8)	(11)	3	-
Deferred tax assets				
Depreciation for tax purposes	20	28	(8)	4
Other	696	480	216	54
Losses available for offset against future taxable income	27,014	18,027	8,987	6,253
Gross deferred income tax assets	27,722	18,524		
Deferred tax benefit			9,198	6,311

The Dominion Mining Limited tax consolidated group has estimated unrecouped tax losses of \$90,046,002 (2008: \$84,902,864) and estimated unrecouped net capital losses of \$203,167,028 (2008: \$203,167,028) available to be offset against future taxable income. A deferred tax asset of \$27,013,801 (\$90,046,002 at 30%) has been recognised by the group on the basis that it is probable that there will be future taxable income available against which the tax losses can be utilised (refer note 1 (l)). The deferred tax asset on tax losses is reduced by the net deferred tax liability of \$8,945,000 arising on temporary differences which relate primarily to the deferred tax liability of \$8,698,000 on mine development.

The financial statements for Dominion Mining Limited and its controlled entities have been prepared on the basis that the group has consolidated for tax purposes from 1 July 2003. The statements have been prepared on the basis that under UIG Interpretation 1052 Tax Consolidation Accounting, the group has used a group allocation approach and allocated the current and deferred tax amounts for the group among each entity in the group on this basis.

Tax consolidation

The financial statements for Dominion Mining Limited and its controlled entities have been prepared on the basis that the group has consolidated for tax purposes from 1 July 2003. Dominion Mining Limited is the head entity of the tax consolidated group. The financial statements have been prepared on the basis that, under UIG Interpretation 1052 "Tax Consolidation Accounting", the group has used a group allocation approach and allocated the current and deferred tax amounts for the group to each entity in the group.

DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
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5. Income Tax (continued)

Nature of the tax funding agreement

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement requires tax payable by the head entity attributed to the subsidiary operations to be recognised via an intercompany receivable which is at call.

Tax consolidation contributions

Dominion Mining Limited has recognised the following amounts as tax-consolidation adjustments:

	Parent	
	30 June 2009 \$'000	30 June 2008 \$'000
Total increase to intercompany assets	5,104	10,881

6. Trade and Other Receivables (Current)

	CONSOLIDATED		DOMINION MINING LIMITED	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Sundry debtors	2,364	2,532	111	313
Trade receivables	2,992	5,789	-	-
	5,356	8,321	111	313

Terms and conditions of the above financial instruments:

- i) Sundry debtors are primarily comprised of GST receivables and diesel fuel tax credits and are non-interest bearing and have repayment terms between 15 and 60 days.
- ii) Trade receivables have payment terms between 2 and 7 days. No amounts are past due.

Trade receivables and other receivables are carried at nominal amounts due less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the group will not be able to collect the debts. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. Bad debts are written off when identified.

7. Other Receivables (Non-Current)

	CONSOLIDATED		DOMINION MINING LIMITED	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Related party receivables				
Wholly-owned group				
- loans to controlled entities	-	-	11,035	7,467

Details of the terms and conditions of related party receivables are set out in note 29.

DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
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8. Inventory

	CONSOLIDATED		DOMINION MINING LIMITED	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Stores inventory	1,896	1,521	-	-
Ore stockpiles	587	136	-	-
Work in progress	297	232	-	-
Gold bullion	743	296	-	-
	<u>3,523</u>	<u>2,185</u>	<u>-</u>	<u>-</u>

Inventory is shown at cost.

9. Other Current Assets

	CONSOLIDATED		DOMINION MINING LIMITED	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Prepayments	181	402	85	156

10. Plant and Equipment

	CONSOLIDATED		DOMINION MINING LIMITED	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Plant and equipment – mine site				
At cost	36,585	26,550	-	-
Less accumulated depreciation	(19,279)	(16,562)	-	-
	<u>17,306</u>	<u>9,988</u>	<u>-</u>	<u>-</u>
Plant and equipment – under finance lease¹				
At cost	1,166	1,168	-	-
Less accumulated depreciation	(1,038)	(934)	-	-
	<u>128</u>	<u>234</u>	<u>-</u>	<u>-</u>
Plant and equipment – other				
At cost	1,200	1,106	485	441
Less accumulated depreciation	(734)	(503)	(357)	(282)
	<u>466</u>	<u>603</u>	<u>128</u>	<u>159</u>
Total plant and equipment	<u>17,900</u>	<u>10,825</u>	<u>128</u>	<u>159</u>

Reconciliation

Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current financial year:

	30 June 2009 \$'000	30 June 2008 \$'000		
Plant and equipment – mine site				
Carrying amount at beginning	9,988	7,691	-	-
Additions	10,048	4,568	-	-
Depreciation expense	(2,725)	(2,338)	-	-
Transfer	-	67	-	-
Disposals	(5)	-	-	-
	<u>17,306</u>	<u>9,988</u>	<u>-</u>	<u>-</u>

DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
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10. Plant and Equipment (continued)

	CONSOLIDATED		DOMINION MINING LIMITED	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Plant and equipment – under finance lease				
Carrying amount at beginning	234	457	-	10
Additions	-	221	-	-
Disposals	(1)	(15)	-	-
Depreciation expense	(233)	(216)	-	(10)
Transfer	128	(213)	-	-
	128	234	-	-
Plant and equipment – other				
Carrying amount at beginning	603	156	159	12
Additions	260	443	46	180
Disposals	(11)	-	(1)	-
Depreciation expense	(258)	(142)	(76)	(33)
Transfer	(128)	146	-	-
	466	603	128	159

11. Mine Properties

	CONSOLIDATED		DOMINION MINING LIMITED	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Mine development costs				
At cost	103,977	69,447	-	-
Less accumulated depreciation	(49,810)	(39,819)	-	-
	54,167	29,628	-	-
Work in progress				
At cost	4,993	-	-	-
Total mine properties	59,160	29,628	-	-
Reconciliation				
Reconciliation of the carrying amount of mine properties at the beginning and end of the current financial year.				
Mine development costs				
Carrying amount at beginning	29,628	17,533	-	-
Additions	34,546*	21,490	-	-
Amortisation for the year	(9,995)	(9,395)	-	-
Transfers	(12)	-	-	-
	54,167	29,628	-	-

*Includes \$10.623 million relating to the acquisition of the Challenger Gold Production Royalty

Work in progress				
Carrying amount at beginning	-	-	-	-
Additions	4,981	-	-	-
Amortisation for the year	-	-	-	-
Transfers	12	-	-	-
	4,993	-	-	-

DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
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12. Other Financial Assets (Non-Current)

	CONSOLIDATED		DOMINION MINING LIMITED	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
a) Shares				
In controlled entities - at cost	-	-	-	-
b) Shares in controlled entities				

The following are controlled entities at 30 June and have been included in the consolidated financial statements. The financial year of the controlled entities is the same as that of Dominion Mining Limited.

Controlled Entity	Entity Holding Investment	Principal Activity	Beneficial Percentage held by The Consolidated Entity		Book Value of Investment	
			30 June 2009 %	30 June 2008 %	30 June 2009 \$'000	30 June 2008 \$'000
Incorporated in Australia:						
Dominion Copper Pty Limited	Dominion Mining Limited	Dormant	100	100	-	-
Dominion Metals Pty Limited	Dominion Mining Limited	Dormant	100	100	-	-
Gawler Gold Mining Pty Limited	Dominion Mining Limited	Investment	100	100	-	-
Dominion Gold Operations Pty Limited	Gawler Gold Mining Pty Limited	Mining and exploration	100	100	-	-
Quadrio Resources Pty Limited	Dominion Mining Limited	Exploration	100	100	-	-

Investments in controlled entities are in ordinary shares.

- c) A deed of Cross Guarantee was entered into by all companies on 14 December 1999. The companies which entered into the deed of Cross Guarantee are collectively referred to as the closed group. The effect of the deed is that Dominion Mining Limited has guaranteed to pay all debts and liabilities of each of the participating controlled entities. The controlled entities have given a similar guarantee to Dominion Mining Limited. Pursuant to Class Order 98/1418 these controlled entities have been given relief from the Corporations Act 2001 requirements to prepare and lodge audited financial reports. The consolidated income statement and consolidated balance sheet represent the "Closed Group" accounts.

13. Trade and Other Payables (Current)

	CONSOLIDATED		DOMINION MINING LIMITED	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Trade creditors	11,045	14,099	266	809

Terms and conditions of the above financial instruments:

- (i) Trade creditors are non-interest bearing and are normally settled on 30 day terms.

14. Interest Bearing Loans and Borrowings (Current)

	CONSOLIDATED		DOMINION MINING LIMITED	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Hire purchase liability	140	254	-	-

Certain motor vehicles and light equipment have been purchased under hire purchase arrangements. The term of the hire purchase arrangements varies from 12 to 36 months with an average annual interest rate of 7.9%.

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15. Provisions (Current)

	CONSOLIDATED		DOMINION MINING LIMITED	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Employee entitlements				
Annual leave	966	456	222	174
Long service leave	622	501	482	408
Retirement benefits for directors ¹	1,111	410	1,111	410
	2,699	1,367	1,815	992

¹ *Non executive directors are entitled to a retirement benefit which is calculated on years of service and capped at three times the director's annual fee after nine years of service.*

16. Interest Bearing Liabilities (Non Current)

	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Hire purchase liability	75	216	-	-

Certain motor vehicles and light equipment have been purchased under hire purchase arrangements. The term of the hire purchase arrangements varies from 12 to 36 months with an average annual interest rate of 8.7%.

17. Provisions (Non-Current)

	CONSOLIDATED		DOMINION MINING LIMITED	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Restoration	1,039	686	-	-
Reconciliation				
Opening balance	686	686	-	-
Additional provision	353	-	-	-
Fair value change	-	-	-	-
Closing balance	1,039	686	-	-

18. Issued Capital

	CONSOLIDATED		DOMINION MINING LIMITED	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
a) Issued and paid up capital				
Ordinary shares fully paid	53,020	52,358	53,020	52,358
b) Movements in shares on issue				
Beginning of the financial year	102,471,351	52,358	100,621,351	49,956
Issued during the year				
- Exercise of employee options	525,000	662	1,850,000	2,402
End of the financial year	102,996,351	53,020	102,471,351	52,358

18. Issued Capital (continued)

c) Share options

The Company has a share-based payment option scheme under which options to subscribe for the Company's shares have been granted to certain executives and other employees (refer note 23).

d) Terms and conditions

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

As per the Corporations Act 2001 the Company does not have authorised capital and ordinary shares do not have a par value.

Options

Option holders do not have any right, by virtue of the option, to participate in any share issue of the company or any related body corporate or in the interest issue of any other registered scheme.

(e) Capital management

Capital is defined as shares on issue. The objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders. Other than the issue of shares following the exercise of unlisted employee options no shares were issued during the current financial year. The company has no current plans to issue further shares other than those resulting from the exercise of unlisted employee options.

19. Employee Equity Benefits Reserve

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Movements in this reserve are set out in the Statement of Changes in Equity.

20. Earnings Per Share

	CONSOLIDATED	
	2009 \$'000	2008 \$'000
Earnings used in calculating basic and diluted earnings per share	31,132	33,378
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	102,459,401	101,968,767
Effect of dilution: share options	178,522	434,947
Weighted average number of ordinary shares adjusted for the effect of dilution	102,637,923	102,403,714

13,000 options have been exercised since 30 June 2009. There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
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21. Cash Flow Statement

	CONSOLIDATED		DOMINION MINING LIMITED	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
a) Reconciliation of cash				
Cash balances comprise:				
Cash at bank	42,354	49,886	34,511	36,296

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Included in cash at bank is \$970,000 of restricted cash against bank guarantees supporting various rehabilitation and performance bonds.

	CONSOLIDATED		DOMINION MINING LIMITED	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
b) Reconciliation of profit after income tax to the net cash used in operating activities				
Profit after tax	31,132	33,378	19,177	11,752
Non cash items				
Depreciation and amortisation	13,211	12,093	76	43
Movement in fair value of derivatives	1,952	310	-	-
Share-based payment	4,939	2,657	2,172	1,101
Recognition of losses transferred from subsidiaries	-	-	(5,104)	(10,881)
Net (gain) loss on sale of non-current assets	(136)	(52)	1	(20)
Loss on sale of investments held for trading	-	2,473	-	2,444
Dividend received – related party	-	-	(9,000)	-
Reclassification to investing activities:				
Exploration and evaluation expenditure	5,050	5,245	-	-
Changes in assets and liabilities (increase)/ decrease:				
Trade and other receivables	2,965	(3,808)	202	969
Inventories	(1,338)	(246)	-	-
Prepayments	221	(106)	71	(47)
Deferred tax	4,547	(7,463)	(9,198)	(6,376)
Provisions	1,687	251	823	74
Trade and other payables	(3,054)	2,007	(544)	426
Net cash from/(used in) operating activities	61,176	46,739	(1,324)	(515)

c) Bank guarantees

ANZ provides bank guarantees supporting the South Australian government rehabilitation bond requirements against the Challenger Gold Project and various exploration projects.

NAB provides bank guarantees supporting certain activities associated with the Challenger Gold Project.

DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
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21. Cash Flow Statement (continued)

	CONSOLIDATED		DOMINION MINING LIMITED	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
At balance date, the following financing facilities had been negotiated and were available:				
Facilities used at balance date:				
Bank guarantee facilities	1,010	936	-	-
Facilities unused at balance date:				
Bank guarantee facilities	90	164	-	-
Total facilities:				
Bank guarantee facilities	1,100	1,100	-	-

d) Non-Cash Financing and Investing Activities

Hire Purchase Transactions

During the financial year the consolidated entity acquired plant and equipment with an aggregate fair value of \$nil (2008: \$221,645), by means of hire purchases.

22. Expenditure Commitments

	CONSOLIDATED		DOMINION MINING LIMITED	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
(a) Operating leases (non-cancellable):				
Minimum lease payments				
- not later than one year	339	171	309	51
- later than one year but not later than five years	360	48	360	-
- later than five years	-	-	-	-
	699	219	669	51

The leases are for premises from which the group operates and rental of computer equipment.

(b) Hire purchases

The group has hire purchase contracts for various items of plant and machinery. These contracts have terms of renewal but no purchase terms or escalation clauses. Renewals are at the option of the specific entity that holds the lease.

DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
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22. Expenditure Commitments (continued)

Future minimum lease payments under hire purchase contracts together with the present value of the net minimum lease payments are as follows:

	2009		2008	
	Minimum Lease Payments \$'000s	Present Value of Lease Payments \$'000s	Minimum Lease Payments \$'000s	Present Value of Lease Payments \$'000s
CONSOLIDATED				
Within one year	150	140	279	254
After one year but not more than five years	78	75	235	216
Total minimum lease payments	228	215	514	470
Less amounts representing future finance charges	(13)	-	(44)	-
Present value of minimum lease payments	215	215	470	470
PARENT				
Within one year	-	-	-	-
After one year but not more than five years	-	-	-	-
Total minimum lease payments	-	-	-	-
Less amounts representing future finance charges	-	-	-	-
Present value of minimum lease payments	-	-	-	-

The weighted average interest rate impact in the hire purchase contracts for the group is 8.2% (2008: 7.8%).

(c) Exploration tenement expenditure

In order to maintain current rights of tenure to exploration tenements, Dominion Mining Limited and its controlled entities are required to meet the expenditure requirements of the various Mines departments. Based on the current tenement holdings, expenditure commitments over the financial year ended 30 June 2010 is estimated to be \$4,798,000. These expenditure commitments can be reduced by selective relinquishment of interests in the exploration tenements or by renegotiation.

23. Employee Entitlements

	CONSOLIDATED		DOMINION MINING LIMITED	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
(a) Employee benefit liability				
The aggregate employee entitlement liability is comprised of:				
Provisions (current)	2,699	1,367	1,815	992
Provisions (non-current)	-	-	-	-
	2,699	1,367	1,815	992

(b) Employee share option plan

The unlisted options detailed below have been granted to various employees of the consolidated entity under the Dominion Employee Share Option Plan. The options granted under the plan are for no consideration and are exercisable at a fixed price after the vesting dates. The options will lapse if not exercised by the exercise date. The options cannot be transferred and will not be quoted on the Australian Stock Exchange.

DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

23. Employee Entitlements (continued)

(b) Employee share option plan (continued)

The following table details the number (No) and weighted average exercise prices (WAEP) of and movements in share options issued during the year:

	2009		2008	
	No	WAEP \$	No	WAEP \$
Outstanding at the beginning of the year	8,773,000	4.54	2,625,000	1.27
Granted during the year	600,000	3.58	8,148,000	4.86
Forfeited during the year	(285,000)	5.01	(150,000)	5.52
Exercised during the year	(525,000)	1.26	(1,850,000)	1.31
Expired during the year	-	-	-	-
Outstanding at the end of the year	8,563,000	4.64	8,773,000	4.54
Exercisable at the end of the year	2,821,000	4.10	235,000	1.12

The outstanding balance at 30 June 2009 is represented by:

- 50,000 options over ordinary shares with an exercise price of \$1.04 each, exercisable until 30 November 2009
- 350,000 options over ordinary shares with an exercise price of \$3.60 each, exercisable until 5 June 2012
- 771,000 options over ordinary shares with an exercise price of \$3.60 each, exercisable until 5 June 2012
- 350,000 options over ordinary shares with an exercise price of \$3.96 each, exercisable until 5 June 2012
- 771,000 options over ordinary shares with an exercise price of \$3.96 each, exercisable until 5 June 2012
- 350,000 options over ordinary shares with an exercise price of \$4.36 each, exercisable until 5 June 2012
- 771,000 options over ordinary shares with an exercise price of \$4.36 each, exercisable until 5 June 2012
- 1,450,000 options over ordinary shares with an exercise price of \$5.00 each, exercisable until 19 December 2011
- 1,450,000 options over ordinary shares with an exercise price of \$5.50 each, exercisable until 19 December 2011
- 1,450,000 options over ordinary shares with an exercise price of \$6.05 each, exercisable until 19 December 2011
- 200,000 options over ordinary shares with an exercise price of \$1.19 each, exercisable until 30 November 2009
- 600,000 options over ordinary shares with an exercise price of \$3.58 each, exercisable until 1 January 2011

The weighted average share price during the year was \$3.77 (2008: \$4.24).

The weighted average remaining contractual life for the share options outstanding at 30 June 2009 is between 0.5 and 3.0 years (2008: 0.5 to 4.0 years).

The range of exercise prices for options outstanding at the end of the year was \$1.04 to \$6.05 (2008: \$1.04 to \$6.05).

The weighted fair value of options granted during the year was \$3.61 (2008: \$1.62).

The fair value of the equity-settled share options granted under the option plan is estimated at the date of grant using a binomial model taking into account the terms and conditions upon which the options were granted.

The following table lists the weighted average inputs to the model used to fair value the employee options for the years ended 30 June 2009 and 30 June 2008:

23. Employee Entitlements (continued)

(b) Employee share option plan (continued)

	5 Jan '09	5 Jun '08			26 May '08			21 Jan '08		
		Tranche 1	Tranche 2	Tranche 3	Tranche 1	Tranche 2	Tranche 3	Tranche 1	Tranche 2	Tranche 3
Dividend yield (%)	4.01	2.86	2.86	2.86	3	3	3	2.13	2.13	2.13
Expected volatility (%)	65	59	61	60	60	60	59	62	61	60
Risk-free interest rate (%)	2.7	6.7	6.6	6.6	6.3	6.3	6.3	6.4	6.4	6.4
Expected life of option (years)	1.5	2.5	3	3.5	3.4	3.6	3.9	2.4	2.9	3.4
Option exercise price (\$)	3.58	3.60	3.96	4.36	3.60	3.96	4.36	5	5.5	6.05
Weighted average share price at grant date (\$)	3.49	3.47	3.47	3.47	3.85	3.85	3.85	4.32	4.32	4.32

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

(c) Performance rights

No performance rights were granted during the current financial year.

	2009	2008
	No	No
Outstanding at the beginning of the year	500,000	-
Granted during the year	-	500,000
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at the end of the year	500,000	500,000
Exercisable at the end of the year	-	-

On the 24 April 2008 the Managing Director was granted 500,000 performance rights the exercise of which is subject to the achievement of performance hurdles.

The performance rights were granted for no consideration and may only be exercised if the performance hurdles are met. The maturity date of the performance rights is 1 February 2011. Shares will be issued for nil consideration on exercise of performance rights.

The fair value of \$1.96 per performance right was calculated using a Monte-Carlo simulation model taking into account the terms and conditions under which the rights were granted and using the below key assumptions:

- Valuation date 24 April 2008 (Date issue of performance rights was approved by shareholders)
- Dominion share price at date of valuation \$3.28
- Risk free rate 6.73%
- Dividend yield 2.7%
- Volatility 62%

24. Financial Instruments

The group's principal financial instruments, other than derivatives, comprise hire purchase contracts and cash.

The main purpose of these financial instruments is to raise finance for the group's operations.

The group has various other financial instruments such as trade debtors and trade creditors which arise directly from its operations.

24. Financial Instruments (continued)

The derivative transactions entered into by the group are forward gold sales. The purpose of the transactions is to manage the commodity price risk which arises from movements in the spot price of gold.

It is, and has been throughout the period under review, group policy that no speculative trading in financial instruments be undertaken.

The main risks arising from the groups financial instruments is credit risk, commodity price risk, interest rate risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

a) Credit Risk

Credit risk is the risk that a contracting entity will not complete its obligation under a financial instrument that will result in a financial loss to the group. The carrying amount of financial assets represents the maximum credit exposure.

Financial instruments that potentially subject the consolidated entity to concentrations of credit risk consist principally of cash deposits, derivatives and receivables.

The group places its cash deposits and derivatives with high credit-quality financial institutions. The cash deposits all mature within three months and attract a rate of interest at normal short-term money market rates. Receivables balances are monitored on an ongoing basis with the results that the parent's and group's exposure to bad debts is not significant.

There are no significant concentrations of credit risk within the group and financial instruments are spread amongst a number of financial institutions to minimise the risk of default of counterparties.

b) Commodity Price Risk and Forward Gold Contracts

The group's future revenues are exposed to movements in the gold price. The group may from time to time enter into commodity price derivative instruments to manage this exposure.

The derivative contracts are entered into in accordance with the group's gold hedge risk management policy which establishes the criteria for entering into forward gold contracts.

At 30 June 2009 the group has forward sold 26,138 ounces of gold at an average price of \$994 per ounce (2008: 27,000 ounces of gold at an average price of \$913 per ounce). This represents approximately 4% (2008: 4%) of current gold reserves.

The following table displays fluctuations in the fair value of the group's gold forward contracts due to movements in the spot price of gold with all other variables held constant. The 10% sensitivity is based on reasonably possible changes, over a financial year, using the observed range of actual historical prices for the preceding five year period.

	IMPACT ON PROFIT			
	CONSOLIDATED		PARENT	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Post-tax gain (loss)				
10% increase in the spot price of gold Mark to market movement of the fair value of gold forward contracts	(4,982)	(3,294)	-	-
10% decrease in the spot price of gold Mark to market movement of the fair value of gold forward contracts	1,078	3,035	-	-

DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
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24. Financial Instruments (continued)

b) Commodity Price Risk and Forward Gold Contracts (continued)

The below table summarises the group's obligations under gold derivative contracts:

30 June 09

	Contract maturity			Total
	2010	2011	2012	
\$ Value	25,982,488	-	-	25,982,488
Ounces	26,138	-	-	26,138
Av Sale Price/Ounce	994	-	-	994

The mark to market value of the gold derivative contracts at balance date was \$4,588,148.

30 June 08

	Contract maturity			Total
	2009	2010	2011	
\$ Value	18,504,964	6,157,000	-	24,661,964
Ounces	21,000	6,000	-	27,000
Av Sale Price/Ounce	881	1,026	-	913

The mark to market value of the gold derivative contracts at balance date was \$2,636,169.

c) Interest Rate Risk

The group's exposure to market interest rates relate to hire purchase agreements with interest rates fixed, the investment of surplus funds into the short term money market on 30 to 60 day terms with interest rates fixed and operating bank accounts with variable interest rates.

The following sensitivity analysis is based on the variable interest rate risk exposures in existence at balance date. It is assumed that the balance at the reporting date is representative for the year as a whole.

At 30 June 2009, with an interest rate movement as illustrated in the table below, with all other variables held constant, post tax profit would have been affected as follows:

	Post Tax Profit Higher/(Lower)			
	CONSOLIDATED		PARENT	
	30 June 09 \$'000	30 June 08 \$'000	30 June 09 \$'000	30 June 08 \$'000
+0.5% (50 basis points)	54	144	20	81
-0.5% (50 basis points)	20	(144)	(20)	(81)

At balance date the group and company's exposure to interest rate risks on financial assets and liabilities are as follows:

	CONSOLIDATED		PARENT	
	30 June 09 \$'000	30 June 08 \$'000	30 June 09 \$'000	30 June 08 \$'000
Financial Assets				
Cash	43,354	49,886	34,511	36,296
Net exposure	43,354	49,886	34,511	36,296

DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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24. Financial Instruments (Continued)

d) Liquidity Risk

The group's liquidity position is managed to ensure that sufficient funds are available to meet its financial commitments in a timely and cost effective manner.

Management monitors rolling forecasts of the group's liquidity reserve on the basis of expected cash flow. The table below reflects a balanced view of cash inflows and outflows and shows the implied risk based on those values. Trade payables and other financial liabilities originate from the financing of assets used in the group's ongoing operations. These assets are considered in the group's overall liquidity risk.

Management continually reviews the groups liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

The table below analyses the groups and company's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date.

30 June 2009	Maturity			
CONSOLIDATED	< 1 year	>1 to <2 Years	>2 to 5 Years	Total
	\$'000	\$'000	\$'000	\$'000
Financial Liabilities				
Trade and other payables	11,045	-	-	11,045
Interest bearing loans and borrowings	150	78	-	228
Derivatives	25,982	-	-	25,982
	<u>37,177</u>	<u>78</u>	<u>-</u>	<u>37,255</u>

30 June 2008	Maturity			
CONSOLIDATED	< 1 year	>1 to <2 Years	>2 to 5 Years	Total
	\$'000	\$'000	\$'000	\$'000
Financial Liabilities				
Trade and other payables	14,099	-	-	14,099
Interest bearing loans and borrowings	279	150	85	514
Derivatives	20,529	4,133	-	24,662
	<u>34,907</u>	<u>4,283</u>	<u>85</u>	<u>39,275</u>

30 June 2009	Maturity			
PARENT	< 1 year	>1 to <2 Years	>2 to 5 Years	Total
	\$'000	\$'000	\$'000	\$'000
Financial Liabilities				
Trade and other payables	266	-	-	266
Interest bearing loans and borrowings	-	-	-	-
	<u>266</u>	<u>-</u>	<u>-</u>	<u>266</u>

30 June 2008	Maturity			
PARENT	< 1 year	>1 to <2 Years	>2 to 5 Years	Total
	\$'000	\$'000	\$'000	\$'000
Financial Liabilities				
Trade and other payables	809	-	-	809
Interest bearing loans and borrowings	-	-	-	-
	<u>809</u>	<u>-</u>	<u>-</u>	<u>809</u>

DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
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24. FINANCIAL INSTRUMENTS (Continued)

e) Fair values

The directors have performed a review of the financial assets and liabilities as at 30 June 2009 and have concluded that the fair value of those assets and liabilities are not materially different to book values. The methods and assumptions used to estimate the fair value of financial instruments were:

- Cash - The carrying amount is fair value due to the liquid nature of these assets.
- Receivables/payables - Due to the short term nature of these financial rights and obligations, their carrying values are estimated to represent their fair values.
- Gold forward contracts - Fair value is established by using market accepted valuation techniques.
- Finance lease liability - The fair value is the present value of minimum lease payments.

25. Director and Executive Disclosures

Compensation of Key Management Personnel

	Consolidated		Dominion Mining Limited	
	2009	2008	2009	2008
	\$	\$	\$	\$
Key Management Personnel				
Short-term	1,491,824	1,572,532	1,491,824	1,572,532
Post-employment	1,170,018	1,134,334	1,170,018	1,134,334
Share based payments	1,599,029	773,717	1,599,029	773,717
	4,260,871	3,480,583	4,260,871	3,480,583

Options Held by Key Management Personnel

June 2009

Key Management Personnel	Held at 1 July 2008	Granted during the year as remuneration	Exercised	Held at 30 June 2009	Vested and exercisable at 30 June 2009	% of options vested
Specified Directors						
P C Joseph	-	-	-	-	-	-
J Gaskell	-	-	-	-	-	-
J N Shellabear	1,050,000	-	-	1,050,000	350,000	33%
P Alexander	300,000	-	300,000	-	-	-
R A Coyle	400,000	-	150,000	250,000	250,000	100%
Specified Executives						
A Poustie	450,000	150,000	-	600,000	150,000	25%
P Bamford	450,000	150,000	-	600,000	150,000	25%
TOTAL	2,650,000	300,000	450,000	2,500,000	900,000	36%

June 2008

Key Management Personnel	Held at 1 July 2007	Granted during the year as remuneration	Exercised	Held at 30 June 2008	Vested and exercisable at 30 June 2008	% of options vested
Specified Directors						
P C Joseph	-	-	-	-	-	-
J Gaskell	-	-	-	-	-	-
J N Shellabear	-	1,050,000	-	1,050,000	-	-
P Alexander	900,000	-	600,000	300,000	-	-
R A Coyle	600,000	-	200,000	400,000	200,000	50%
Specified Executives						
A Poustie	-	450,000	-	450,000	-	-
P Bamford	100,000	450,000	100,000	450,000	-	-
TOTAL	1,600,000	1,950,000	900,000	2,650,000	200,000	7%

DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
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FOR THE YEAR ENDED 30 JUNE 2009

25. Director and Executive Disclosures (continued)

Performance Rights Held by Key Management Personnel

June 2009

Key Management Personnel	Held at 1 July 2008	Granted during the year as remuneration	Exercised	Held at 30 June 2009	Vested and exercisable at 30 June 2009	% of performance rights vested
Specified Directors						
P C Joseph	-	-	-	-	-	-
J Gaskell	-	-	-	-	-	-
J N Shellabear	500,000	-	-	500,000	-	-
P Alexander	-	-	-	-	-	-
R A Coyle	-	-	-	-	-	-
Specified Executives						
A Poustie	-	-	-	-	-	-
P Bamford	-	-	-	-	-	-
TOTAL	500,000	-	-	500,000	-	-

June 2008

Key Management Personnel	Held at 1 July 2007	Granted during the year as remuneration	Exercised	Held at 30 June 2008	Vested and exercisable at 30 June 2008	% of performance rights vested
Specified Directors						
P C Joseph	-	-	-	-	-	-
J Gaskell	-	-	-	-	-	-
J N Shellabear	-	500,000	-	500,000	-	-
P Alexander	-	-	-	-	-	-
R A Coyle	-	-	-	-	-	-
Specified Executives						
A Poustie	-	-	-	-	-	-
P Bamford	-	-	-	-	-	-
TOTAL	-	500,000	-	500,000	-	-

Share Holdings of Key Management Personnel

2009	Fully Paid Ordinary Shares			
	Held at 1 July 2008	Received during the year on the exercise of options	Other changes during the year	Held at 30 June 2009
Specified Directors				
P C Joseph	11,195,014	-	(1,709,287)	9,485,727
J Gaskell	65,000	-	-	65,000
P Alexander	326,428	300,000	(261,428)	365,000
R A Coyle	49,397	150,000	(153,658)	45,739
J N Shellabear	55,000	-	-	55,000
Specified Executives				
A Poustie	25,000	-	-	25,000
P Bamford	259,285	-	-	259,285
TOTAL	11,975,124	450,000	(2,124,373)	10,300,751

All equity transactions with key management personnel, other than those arising from the exercise of remuneration options, have been entered into under terms and conditions no more favourable than those the group would have adopted if dealing at arm's length.

**DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

25. Director and Executive Disclosures (continued)

Share Holdings of Key Management Personnel

2008	Fully Paid Ordinary Shares			
	Held at 1 July 2007	Received during the year on the exercise of options	Other changes during the year	Held at 30 June 2008
Specified Directors				
P C Joseph	11,195,014	-	-	11,195,014
J Gaskell	65,000	-	-	65,000
P Alexander	11,428	600,000	(285,000)	326,428
R A Coyle	34,397	200,000	(185,000)	49,397
J N Shellabear	-	-	55,000	55,000
Specified Executives				
A Poustie	310,000	-	(285,000)	25,000
P Bamford	247,285	100,000	(88,000)	259,285
TOTAL	11,863,124	900,000	(788,000)	11,975,124

Loans to Key Management Personnel

There were no loans to Key Management Personnel during the period.

Other Transactions and Balances With Key Management Personnel

There were no transactions or balances with key management personnel other than those disclosed in the remuneration report of the Director's Report.

26. Auditor's Remuneration

	CONSOLIDATED		DOMINION MINING LIMITED	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	\$	\$	\$	\$
The auditor of Dominion Mining Limited is Ernst & Young				
Amounts received or due and receivable by Ernst & Young for:				
- auditing the accounts	126,000	115,000	126,000	115,000
- other services	-	-	-	-
	<u>126,000</u>	<u>115,000</u>	<u>126,000</u>	<u>115,000</u>

Ernst & Young received no other benefits.

27. Segment Information

Dominion Mining Limited and its controlled entities operate in one business segment, being the mining industry, and one geographical segment, being Australia. The company's primary segmentation is its business segmentation.

28. Contingent Liabilities

Native title claims have been made with respect to areas which include tenements in which controlled entities of Dominion Mining Limited have interests. These controlled entities are unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect them or their projects.

29. Related Party Disclosures

Transactions with wholly-controlled entities:

- i) Loans to wholly-controlled entities are interest free and unsecured and are repayable on demand.

29. Related Party Disclosures (continued)

- ii) Services provided on behalf of wholly-controlled entities are charged at cost plus any applicable overhead.
- iii) Dominion Mining Limited provides payment and receivable collection services on behalf of wholly-controlled entities.
- iv) Interests in wholly-controlled entities are disclosed in note 12.
- v) Tax Funding Arrangement – Loan amounts to subsidiaries were increased to reflect tax liabilities to the group's tax funding arrangement.

30. Events after the Balance Sheet Date

On 20 July 2009 a zero cost collar diesel hedge based on Singapore gas oil 0.5% sulphur was entered into. The call option strike is A\$0.7550/litre with a put option strike of A\$0.6224/litre. The hedge which covers a 23 month period commencing August 2009 is for 3,500 barrels (556,500 litres) per month, approximately 74% of monthly diesel usage at the Challenger mine site.

On 31 August 2009 the directors declared a final unfranked dividend of 8 cents per share. The record date for the dividend will be 16 September 2009 to be paid on 30 September 2009 (refer to note 3).

Except for the events 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 the consolidated financial statements.

31. Interests In Joint Ventures

The consolidated entity has the following interests in exploration joint venture arrangements:

NAME	BALANCE DATE	OWNERSHIP INTEREST HELD BY CONSOLIDATED ENTITY	
		2009	2008
Sandstone joint venture	30 June	90%	90%
Maralinga joint venture	30 June	90%	90%

Principal Activities

As the minority parties are free carried during the exploration phase the joint ventures have zero assets and liabilities.

**DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2009**

In accordance with a resolution of the directors of Dominion Mining Limited, I state that:

- 1) in the opinion of the directors:
 - a) the financial report and the additional disclosures included in the directors' report designated as audited, of Dominion Mining Limited and of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of Dominion Mining Limited's and the consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - ii) complying with Accounting Standards and the Corporations Regulations 2001; and
 - b) there are reasonable grounds to believe that Dominion Mining Limited will be able to pay its debts as and when they become due and payable.
- 2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2009.
- 3) In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the closed group identified in note 12 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board:



P C JOSEPH
Director

Date: 29 September 2009



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Independent Auditor's Report to the Members of Dominion Mining Limited

Report on the Financial Report

We have audited the accompanying financial report of Dominion Mining Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the 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 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. In Note 1 (b), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

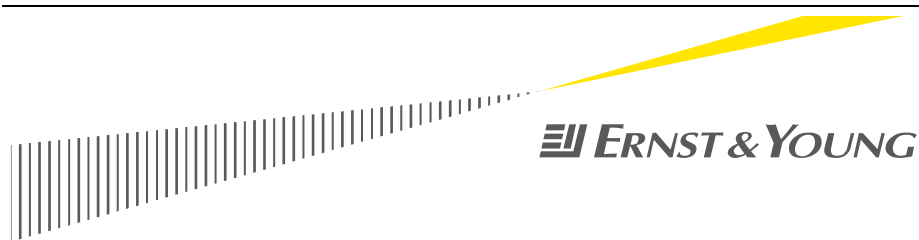
Independence

In conducting our audit we have met 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. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1. the financial report of Dominion Mining Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the financial position of Dominion Mining Limited and the consolidated entity at 30 June 2009 and of their performance for the year ended on that date; and



- ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 4 to 11 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Dominion Mining Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

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

Gavin A Buckingham
Partner
Perth
29 September 2009

**DOMINION MINING LIMITED AND ITS CONTROLLED ENTITIES
AUDITOR'S INDEPENDENCE DECLARATION
FOR THE YEAR ENDED 30 JUNE 2009**



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

In relation to our audit of the financial report of Dominion Mining Limited for the financial year ended 30 June 2009, 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

29 September 2009

The board of directors endorses the need for and continued maintenance of the highest standards of corporate governance practices and ethical conduct by all directors and employees of Dominion Mining Limited and its controlled entities. This statement outlines the corporate governance practices currently in place which comply with Corporate Governance Principles and Recommendations as required under Rule 4.10.3 of the ASX Listing Rules.

The board recognises that it is the responsibility of both the directors and management to carry out their functions with a view to maximising the long-term financial performance of Dominion Mining Limited for the benefit of shareholders.

The board will continue to review and develop its corporate governance practices and the corporate governance section of the website will be updated with policies and procedures as they are formally adopted by the company.

The Role of the Board

The board is ultimately accountable to shareholders for the overall management and performance of Dominion Mining Limited and is responsible for a continuing high standard of governance within Dominion Mining Limited with a clear responsibility for:

- providing direction for and approving and reviewing strategic plans and objectives;
- establishing goals for senior executives and regularly review their performance against these goals;
- overseeing and monitoring financial performance, the integrity of internal controls and reporting on a regular and timely basis to shareholders to ensure trading in Dominion shares takes place in an informed market;
- monitoring regulatory compliance and ensure the company acts legally, ethically and responsibly;
- the appointment, performance assessment, remuneration and if necessary removal of directors and senior executives including the Managing Director, Chief Financial Officer and Company Secretary.

The board has established a formal charter setting out its main responsibilities and code of conduct.

Matters necessary for the day-to-day management of the company are delegated to senior executives who have the authority and responsibility for planning, directing and controlling designated business units within the company consistent with plans and budgets approved by the board. The board has approved delegated authority limits for senior executives which are reviewed on a regular basis.

The board has also delegated specific responsibilities to board committees to deal with particular matters.

The board meets on a regular basis throughout each year and schedules a number of meetings at the Challenger mine site.

At each board meeting the board reviews in detail all aspects of the company's business. This process also includes presentations from senior executives on results of their designated business units and the company's overall performance.

Non executive directors are encouraged to have direct dialogue with the company's executives and the Chairman and Managing Director also confer on a regular basis.

Composition of the Board

The board represents a broad range of skills and experience and currently consists of five people, three non executive directors (including the chairman, who has the casting vote) and two executive directors.

New directors have formal agreements governing their employment. These agreements outline:

- remuneration;
- term of appointment;
- expectations in relation to attendance at meetings;

-
- expectations and procedures in relation to other directorships;
 - procedures in relation to conflicts of interest;
 - insurance and indemnity arrangements;
 - compliance with governance policies; and
 - confidentiality and access to information.

Directors have an appropriate range of expertise and technical and commercial skills relevant to the business and have the commitment to adequately discharge their duties and responsibilities associated with the position.

One third of directors other than the Managing Director, are required to retire and stand for re-election by shareholders every year. Any director appointed to fill a casual vacancy must submit themselves to shareholders for election at the next Annual General Meeting.

Details of the qualifications and experience of each director are disclosed in the Directors' Report.

To assist in their deliberations on issues arising in the course of their duties, any director of the board with the chairman's approval may seek at the company's expense, professional external advice as considered necessary.

When considering any matters that may have a potential conflict of interest, involved directors withdraw from all deliberations concerning the matter.

Executive directors are prohibited from holding external directorships except with the prior approval of the board.

A policy has been adopted by the board establishing guidelines under which directors, executives and employees may trade in the shares of the company. These guidelines restrict the times as to when directors, executives and employees may purchase or sell shares and also prohibits short term speculative trading.

The company has in place a Code of Conduct that establishes the guidelines for the conduct of directors, senior executives and employees. The Code of Conduct provides a benchmark for ethical behaviour to assist the company to maintain the trust and confidence of all of its stakeholders.

The Code of Conduct deals with:

- ethical behaviour;
- conflicts of interest;
- prohibition on insider trading;
- prohibition on making unauthorised gains;
- non-disclosure of confidential information;
- equal opportunity;
- fair dealing;
- health and safety;
- protection and use of company assets;
- prohibition on making unauthorised public statements.

Remuneration Policy

The remuneration of directors and executives is set with the overall objective for the retention of a high quality board and executive team, to maximise value of the shareholders' investment. The full detail of directors' and executives' remuneration is set out in the Director's Report.

Non executive directors' fees are determined within an aggregate directors' fee pool limit of \$350,000 approved by shareholders in 1990. Non executive directors are entitled to a retirement benefit which is calculated on years of service and capped at three times the director's annual fee after nine years of service.

Non executive directors receive fees which reflect their skills, responsibility and time commitment in the discharge of their duties.

The chairman of the board is responsible for determining the process for evaluating board performance. Evaluations are normally conducted annually and include self assessment by each director and peer review of their performance during the year. In addition, the performance of the board as a whole and each of its committees are reviewed annually against the requirements of their respective charters and the overall performance of the company. In the year ended 30 June 2009 the board, through the remuneration committee, undertook an evaluation of its performance with the review conducted internally in accordance with the principles outlined above.

The executive salary can be packaged and includes cash component and other remuneration including superannuation and other benefits such as motor vehicles.

Other than for the managing director, Jonathan Shellabear, no component of the other executive's salary is at risk as the company has not set specific performance targets which alter the executive remuneration. Whilst the company does not have a formal cash incentive or bonus scheme for the other executives, discretionary cash bonuses, retention bonuses and options may be issued from time to time, to reflect the performance of the consolidated entity.

Directors and senior executives are not permitted to trade in financial products associated with the company's shares that limit the risk of a fall in value of any unvested equity entitlement awarded to them.

External remuneration consultants provide analysis and advice to ensure executive remuneration packages reflect relevant employment market conditions.

All senior executives have formal agreements governing their employment. These agreements outline:

- job description;
- remuneration;
- compliance with governance policies;
- notice and rights on termination.

Further details on these are set out in the remuneration section of the Directors' Report.

The board through the remuneration committee reviews the performance of senior executives including the managing director on an annual basis. The senior executive is evaluated against the performance of the business unit they have responsibility for and the overall performance of the company. The performance criteria include technical, financial and corporate responsibilities including health and safety components. Performance reviews were carried out in December 2008 taking into account the performance criteria outlined above.

Risk Management and Internal Controls

Policies, procedures and systems of internal controls which outline and monitor, amongst other things, workplace health and safety standards, environmental standards, employee and community relations, insurance and risk management decisions are in place. The board is of the view that it is crucial for all directors and executives to be a part of this process, and as such the board has not established a separate risk management committee.

So that the board is aware of the current status of Dominion Mining Limited and its controlled entities and to enable informed decisions to be made, the board regularly reviews operating and financial information. The board also visits the company's operations at the Challenger mine site on a regular basis.

Where appropriate, competent external advice is obtained by management to audit proposals prior to presentation to and a decision being made by the board.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Implementation of board approved operating plans and budgets and board monitoring of the progress both of a financial and non-financial nature against these budgets.
- The establishment of a committee to report on and monitor environmental and occupational health and safety matters.
- The establishment of a gold hedge risk management policy which establishes the criteria for selling forward against future gold production.
- The requirement for the managing director and finance director to certify the integrity of the financial statements and the effectiveness of the risk management and internal control systems.
- Reporting by senior executives to the board on a regular basis on material business risks including such matters as:
 - occupational health and safety,
 - environmental and rehabilitation,
 - mine operational parameters including the monitoring and independent audit of ground conditions,
 - cash investment criteria and cash flow management,
 - relevant internal control systems and the effectiveness of these.

Management have reported on relevant matters to the board on a monthly basis during the financial year.

The board has received written assurance from the chief executive officer and chief financial officer that the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and control and that the system is operating effectively in relation to financial reporting risks.

Committees of the Board

The board has four committees, established to consider issues and strategies, in order to make recommendations to and guide the board. Recommendations from these committees are submitted for consideration to the board at the earliest opportunity. Sub-committees are also established as the need arises.

Members of the committees comprise the non executive directors with, Mr J Gaskell chairing the audit, remuneration and occupational health and safety committees and Mr P C Joseph chairing the nomination committee. Details of the number of committee meetings held during the year and the directors who attended each meeting are shown in the Directors' Report.

The managing director and chief financial officer also regularly attend the audit committee meetings by invitation and the committee also confers with the external auditors at each meeting.

Committees that have been established are:

Audit Committee

By virtue of their qualifications and commercial experience the board consider that members of the audit committee are appropriately qualified to hold these positions. The audit committee has the following responsibilities as per the established charter:

Charter

- Assist the board of directors in fulfilling its corporate governance responsibilities by ensuring compliance with accounting and financial reporting obligations, reviewing and monitoring internal financial controls, risk management activities and external audit functions and reviewing the ongoing independence of the auditors.
- Responsible for the selection and appointment of external auditors and ensuring the rotation of the audit partner at least every five years.
- The committee shall be members of, and be appointed by, the board of directors and shall comprise at least three directors that have diverse, complementary backgrounds, and are independent of management of the company.
- The committee chair shall have some relevant commercial experience with a business background and the committee members shall be financially literate, with at least one member having reasonable financial management expertise and qualifications.
- The committee shall meet at least twice each year before completion and release to the market of the half yearly and annual financial statements. The external auditors and managing director and chief financial officer shall be in attendance at each of these meetings. In addition if appropriate, the committee shall meet in private as and when required to assess other matters that may arise including management's effectiveness.
- Ensure no non-audit work is carried out by the auditor.

Remuneration Committee

Reviews the remuneration of directors, executives and employees and assesses remuneration matters in general including the issue of options to employees under the Dominion Mining Limited employee share option plan and implementation and evaluation of the equity-based plan, including performance hurdles introduced for the managing director.

Occupational Health and Safety Committee

Ensures appropriate policies and procedures are in place for work place health and safety including adequate training programs and reviews the effectiveness of these.

Nomination Committee

Formulates policy and criteria for assessment of candidates to the board and identifies potential candidates.

Shareholder Communication and the Rights of Shareholders

The company is aware of the importance of keeping the market fully informed and of its continuous disclosure obligations of all material matters. Key information and communication including quarterly and annual reports, press releases and broker reports are placed on the company website immediately after release. The company's continuous disclosure policy is available on the company website.

The company secretary has the ultimate responsibility in ensuring the timely release of all material matters and statutory information to the market. The chairman and managing director approve releases to the market relevant to the company's business and activities.

In addition the company's auditors attend the annual general meeting and are available to answer questions by shareholders on matters concerning the financial statements, the audit process and the content of the audit report.

Directors Independence

The test of independence of a director, as recommended by the ASX Guidelines, is that they should not be a substantial shareholder of the company, should not be a member of management and should be free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of the directors unfettered and independent judgement.

Not with standing Mr Joseph's shareholding in the company and Mr Alexander being employed as an executive by the company within the last three years (resigned as an executive 31 January 2008), the board considers all of the non executive directors are independent directors as defined under the Corporate Governance Principles.

The board considers it is appropriate for Mr Joseph to hold the position of chairman having regard to his overall commercial experience, his knowledge of the mining and resources industry and other than his shareholding and status of non executive director he has no other relationship or business dealings with the company.

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

By open and transparent discussion at board meetings, with directors encouraged to have independent views and judgement and with a mixture of skills and experience the board believes it is of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

At the date of this report the board includes three non executive directors.

	Non executive	Independent
P Joseph	Yes	Yes
J Shellabear	No	No
R Coyle	No	No
J Gaskell	Yes	Yes
P Alexander	Yes	Yes

The table below contains each of the ASX Best Practice Recommendations. A tick (√) in the “Complied” column indicates the company has complied with the recommendation during the reporting period.

	Complied
1.1 Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	√
1.2 Disclose the process for evaluating the performance of senior executives.	√
1.3 Provide the information indicated in the guide to reporting on principle 1.	√
2.1 A majority of the board should be independent directors.	√
2.2 The chair should be an independent director.	√
2.3 The roles of chair and chief executive officer should not be exercised by the same individual.	√
2.4 The board should establish a nomination committee.	√
2.5 Disclose the process for evaluating performance of the board, its committees and individual directors.	√
2.6 Provide the information indicated in the guide to reporting on principle 2.	√
3.1 Establish a code of conduct and disclose details of the code as to:	√
• The practices necessary to maintain confidence in the company’s integrity.	√
• The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders.	√
• The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	√
3.2 Establish and disclose a policy concerning trading in company securities by directors, executives and employees.	√
3.3 Provide the information indicated in the guide to reporting on principle 3.	√
4.1 The board should establish an audit committee.	√
4.2 The audit committee should be structured so that it:	√
• Consists only of non executive directors.	√
• Consists of a majority of independent directors.	√
• Is chaired by an independent chair who is not chair of the board.	√
• Has at least three members.	√
4.3 The audit committee should have an independent charter.	√
4.4 Provide the information indicated in the guide to reporting on principle 4.	√
5.1 Establish written policies designed and disclosed to ensure compliance with ASX listing rules and ensure accountability of senior executives for that compliance.	√
5.2 Provide the information indicated in the guide to reporting on principle 5.	√
6.1 Design and disclose a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings.	√
6.2 Provide the information indicated in the guide to reporting on principle 6.	√
7.1 Establish and disclose policies for the oversight and management of material business risks.	√
7.2 Provide a statement that the board has required management to design and implement a risk management and internal control system to manage the company’s material business risks and to report to it on whether those risks are being managed effectively and that management has provided such a report to the board during the reporting period.	√
7.3 The board should disclose whether it has received assurance from the managing director and the finance director that the declaration provided in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	√
7.4 Provide the information indicated in the guide to reporting on principle 7.	√
8.1 The board should establish a remuneration committee.	√
8.2 Clearly distinguish the structure of non executive directors’ remuneration from that of executive directors and senior executives.	√
8.3 Provide the information indicated in the guide to reporting on principle 8.	√



DOMINION MINING
LIMITED

SECURITIES INFORMATION

Distribution of Security Holders and Securities Held as at 23 September 2009

Distribution of Security Holders and Securities held as at 23 September 2009

Fully Paid Ordinary Shares

Size of Holdings	Number of Holders	Number of Shares	%
1 - 1,000	2,072	1,174,118	1.140
1,001 - 5,000	2,858	7,150,695	6.942
5,001 - 10,000	660	5,139,946	4.990
10,001 - 100,000	486	13,261,764	12.874
100,001 - and over	59	76,282,828	74.054
Totals	6,135	103,009,351	100.000

Shareholders holding less than an unmarketable parcel of shares 235

Issued Shares

There are 103,009,351 fully paid ordinary shares on issue as at 23 September 2009 held by 6,135 shareholders.

Voting Rights

Each fully paid ordinary share's voting rights are on a show of hands or on a poll - one vote for every share held.

There are no voting rights attached to options.

Substantial Shareholders as at 23 September 2009

Yandal Investments Pty Ltd	11,300,000	10.97%
P C Joseph	9,485,727	9.21%
Lujeta Pty Ltd	10,000,000	9.71%
GAM International Growth Fund	7,000,000	6.80%

Employee Options (unlisted) as at 23 September 2009

Number of Options	Exercise Price	Expiry Date
40,000	\$1.04	30 November 2009
200,000	\$1.19	30 November 2009
1,118,000	\$3.60	5 June 2012
1,121,000	\$3.96	5 June 2012
1,121,000	\$4.36	5 June 2012
1,450,000	\$5.00	19 December 2011
1,450,000	\$5.50	19 December 2011
1,450,000	\$6.05	19 December 2011
600,000	\$3.58	1 January 2011



DOMINION MINING
LIMITED

SECURITIES INFORMATION

Distribution of Security Holders and Securities Held as at 23 September 2009

Top 20 Holdings as at 23 September 2009	Number of Shares	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,501,165	13.107
J P MORGAN NOMINEES AUSTRALIA LIMITED	12,614,288	12.246
YANDAL INVESTMENTS PTY LTD	11,300,000	10.970
LUJETA PTY LTD <THE MARGARET ACCOUNT>	6,246,000	6.064
ANZ NOMINEES LIMITED <CASH INCOME A/C>	5,621,116	5.457
NATIONAL NOMINEES LIMITED	4,881,597	4.739
CITICORP NOMINEES PTY LIMITED	2,653,749	2.576
LUJETA PTY LTD <MARGARET ACCOUNT>	2,294,282	2.227
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	1,520,556	1.476
AMP LIFE LIMITED	1,104,407	1.072
MR GEOFFREY JOHN PAUL <G & J SUPER FUND A/C>	1,062,434	1.031
CITICORP NOMINEES PTY LIMITED <CFSIL CFS WS SMALL COMP A/C>	1,020,971	0.991
UCA GROWTH FUND LIMITED	1,000,000	0.971
ARMCO BARRIERS PTY LTD	755,000	0.733
COGENT NOMINEES PTY LIMITED	611,462	0.594
MR BORIS SHERBAN <SHERBAN SUPER FUND A/C>	602,000	0.584
AUSTRALIAN REWARD INVESTMENT ALLIANCE	535,970	0.520
THE AUSTRALIAN NATIONAL UNIVERSITY	500,000	0.485
MR MALCOLM THOMAS PRICE & MRS MAYUMI PRICE <M & M SUPERFUND A/C>	470,000	0.456
MR ROBERT CROPLEY PAUL	455,571	0.442
Total	68,750,568	66.741



RESOURCE AND RESERVE STATEMENT
30 JUNE 2009
CHALLENGER GOLD PROJECT
(DOMINION 100%)

DOMINION MINING
LIMITED

SHOOT/LEVEL	RESOURCES				RESERVES				NOTES
	CATEGORY	TONNES	GRADE (g/t Au)	CONTAINED OUNCES	CATEGORY	TONNES	GRADE (g/t Au)	CONTAINED OUNCES	
Underground Development									
M1 1065 Crown Pillar	Measured	21,000	9.6	6,480	Proven	23,000	7.6	5,620	2
M1 480m RL to 440m RL	Measured	41,400	12.9	17,200	Proven	48,320	10.7	16,550	2
M1 440m RL – 180m RL	Indicated	469,600	12.9	194,700	Probable	559,000	10.4	186,200	3
SUB-TOTAL		532,000	12.8	218,380		630,320	10.3	208,370	
M1 180m RL – -200m RL	Inferred	686,000	12.2	285,000					3
M1 Shadow Zone 760m RL -720m RL	Measured	7,900	10.5	2,660	Proven	9,740	8.2	2,560	2
M1 Shadow Zone 800m RL -760, 720 - 680m RL	Indicated	27,600	9.8	8,700	Probable	33,200	7.8	8,400	2
SUB-TOTAL		35,500	10.0	11,360		42,940	7.9	10,960	
M1 Shadow Zone 900m RL - 800, 680 - 660m RL	Inferred	58,000	9.5	18,000					2
M2 1040 - 880,800 - 780,620 -560m RL	Measured	257,220	7.6	63,170	Proven	328,960	5.7	60,750	2
M2 1060 - 1040, 880 - 800, 780 - 620, 560 - 220m RL	Indicated	1,193,800	8.2	313,100	Probable	1,492,400	6.3	301,100	3
SUB-TOTAL		1,451,020	8.1	376,270		1,821,360	6.2	361,850	
M2 220m RL – -200m RL	Inferred	916,000	8.1	238,000					3
M3 above (1135m RL)	Measured	16,000	8.5	4,370	Proven	12,000	7.3	2,800	1
M3 1070m RL - 980m RL	Measured	27,630	13.5	12,000	Proven	33,150	11.3	11,990	1
M3 1070m RL - 1000m RL, 980m RL - 620m RL	Indicated	199,600	11.5	74,100	Probable	231,800	9.6	71,800	3
M3 620mRL-600mRL	Indicated	6,500	13.5	2,800					
SUB-TOTAL		249,730	11.6	93,270		276,950	9.7	86,590	
M3 600m RL - -100m RL	Inferred	227,500	13.5	99,000					3
Challenger West above 1000mRL	Indicated	63,300	11.1	22,500	Probable	85,500	8.3	22,800	5
Challenger West 1000mRL-800mRL	Indicated	87,300	18.8	52,700					5
SUB-TOTAL		150,640	15.5	75,230		85,480	8.3	22,800	
Challenger West 1000mRL-700mRL	Inferred	23,000	34.1	25,000					5
Open Pit Development									
SEZ Shoot	Indicated	133,000	2.6	11,100	Probable	13,000	4.8	2,000	4
Challenger Area "shallow" deposits									
Challenger 3 above 1120m RL	Indicated	16,000	2.9	1,490					5
TOTAL UG and Pit	Measured & Indicated	2,567,850	9.5	787,080	Proven & Probable	2,870,070	7.5	692,570	
	Inferred	1,910,500	10.8	665,000					
Stockpiles									
ROM	Measured	11,870	6.5	2,480	Proven	11,870	6.5	2,480	
Low grade ROM	Measured	8,000	1.5	390	Proven	8,000	1.5	390	
Low Grade Stockpile	Measured	113,300	1.7	6,190	Proven	113,300	1.7	6,190	
SUB-TOTAL		133,170	2.1	9,060		133,170	2.1	9,060	
OVERALL TOTALS	Measured	504,350	7.1	114,940	Proven	576,340	5.7	106,530	
	Indicated	2,196,700	9.6	681,200	Probable	2,426,900	7.6	595,100	
	Inferred	1,910,500	10.8	665,000					
	TOTAL	4,611,550	9.9	1,461,140	TOTAL	3,003,240	7.3	701,630	
Gold in plant circuit				940				940	
TOTAL RESERVES								702,570	



RESOURCE AND RESERVE STATEMENT
30 JUNE 2009
CHALLENGER GOLD PROJECT
(DOMINION 100%)

DOMINION MINING
LIMITED

Notes

1. *Based on a 3D Block Model by Dominion Gold Operations (DGO). A top cut of 180 g/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 cut of 80 g/t Au has been applied.*

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. 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.