



**Dominion Mining Limited**  
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30 August 2010

## **DOMINION ACHIEVES A \$15.1 MILLION GROSS PROFIT FOR THE YEAR, AN AFTER TAX PROFIT OF \$2.8 MILLION AND DECLARES A FINAL DIVIDEND OF 4 CENTS PER SHARE**

### **KEY POINTS**

- **Gross Profit of \$15.1 million and Net Profit after Tax of \$2.8 million achieved from gold production of 80,570 ounces.**
- **EBITDA of \$29.1 million.**
- **Revenue from gold sales of \$96.8 million from the sale of 81,530 ounces at an average price received of A\$1,187 per ounce.**
- **Cash and bullion as at 30 June 2010 totalled \$19.5 million after development and capital expenditure at Challenger of \$45.6 million.**
- **Challenger plant expansion completed on schedule and on budget.**
- **Sinking of the 4.5 metre diameter 730 metre deep ventilation shaft and ventilation upgrade completed.**
- **Positive results achieved in June and July with 19,600 ounces of gold produced over this period.**
- **Final dividend of 4 cents per share declared (6 cents per share for the year).**

	June 2010	June 2009	Variation
Gold Revenue	\$96.8m	\$109.9m	-12%
Gross Profit	\$15.1m	\$51.5m	-71%
EBITDA	\$29.1m	\$55.6m	-48%
NPAT	\$2.8m	\$31.1	-91%
EPS (diluted)	2.7c	30.3c	-91%
Dividend (c/share)	6 cents	14 cents	-57%
Production	80,570 ozs	98,755 ozs	-18%
Cash & Bullion	\$19.5m	\$45.3m	-57%

### **FINANCIAL RESULTS**

Dominion Mining Limited (ASX: **DOM**) today announced a \$2.8 million net profit after tax for the 12 months ending 30 June 2010. (2009: \$31.1 million).

The net profit was after taking into account additional non-cash charges of \$4.9 million consisting of \$1.0 million relating to the negative mark to market of gold forward sale contracts, \$2.2 million that represents the notional value of options and performance rights issued to employees as required by Australian Accounting Standards and an income tax expense of \$1.7 million resulting from utilisation of tax losses to offset taxable income. The normalised profit for the year before taking into account these accounting adjustments was \$7.7 million (2009: \$42.6 million).

The operating results were adversely impacted by:

- a focus on developing sufficient underground accesses to enable more areas to be mined to facilitate the plant expansion;
- lower gold endowment encountered from the M1 shoot; and
- lack of access to higher grade stopes at lower levels due to the later than planned completion of the ventilation shaft upgrade with mining of ore rescheduled from higher grade zones to immediately accessible lower grade areas of the M2 shoot. The lack of access at lower levels contributed to a reduction in gold produced and also prevented diamond drilling to convert inferred resources into reserves.

The result for the year has enabled the Company to declare an unfranked final dividend of 4 cents per share. The record date for the dividend is 17 September 2010 with the dividend to be paid on 30 September 2010.

A Dividend Reinvestment Plan is in place and will enable eligible shareholders to reinvest their dividends in additional Dominion shares. The Dividend Reinvestment Plan rules are available on the company web site at ([www.dml.com.au](http://www.dml.com.au)).

EBITDA of \$29.1 million (2009: \$55.6 million) was achieved after expensing exploration and evaluation expenditure of \$4.5 million, administration costs of \$2.9 million and \$3.7 million in royalty payments. Depreciation and amortisation charges totalled \$21.3 million.

Cash and bullion as at 30 June 2010 totalled \$19.5 million comprising \$15.9 million of cash and bullion sold (treated as a receivable in the balance sheet) of \$3.6 million (current cash and bullion on hand is \$25.7 million). Capital and development expenditure at Challenger amounted to \$45.6 million over the year and included expenditure on the ventilation shaft, mill expansion, new tailings storage facility, underground power upgrade and ongoing mine development and Challenger exploration.

The Company remains debt free.

## OUTLOOK

The plant expansion was completed during January 2010 which allowed throughput to increase to 75 tonnes per hour equivalent to around 650,000 tonnes per annum.

The ventilation upgrade was commissioned in early March 2010 enabling development access to the lower level high grade M2 stopes. Development continues on track to sustain access to these higher grade M2 stopes with production for the 6 months ending 31 December 2010 expected to exceed 50,000 ounces.

As previously reported resources and reserves at Challenger have been downgraded. This is due to an unexpected decrease in the endowment of the M1 shoot below the 500m RL. However updated resource modelling of the lower levels indicates that the gold endowment of the adjacent M2 shoot is increasing with depth which may partially offset the change to the overall reserve position of the M1 shoot.

In addition, further high grade intersections have been returned from future mining levels of the M1, M2 and M3 shoots. This gives confidence for the increase in the endowment of the M2 shoot as well as an indication that the endowment of the M1 shoot has stabilised and also confirms the continuity of the M3 shoot.

The major focus of Challenger exploration activity over the next six months will concentrate on drilling programs aimed at the conversion of resources to reserves which historically has been high for both the M1 and M2 shoots (+90% conversion rate).

Drilling will commence in early September at the Chapman Prospect at the Calingiri Project located in Western Australia to follow up a previous RC hole intersection which included 75 metres at 0.4% copper. Ten RC holes are planned, both to extend the drilling on the intersection and to test the northern continuation of the Chapman IP and copper geochemical anomaly on 4 additional sections.

In addition, due to the nature of the sulphide mineralisation of both the Bartel and Chapman Prospects it is planned to carry out preliminary metallurgical test work to evaluate the potential to produce a quality high grade copper concentrate.

Commenting on the financial results, Dominion's Managing Director said "These results represent a difficult year for our Challenger operation where operational difficulties presented a number of challenges. However, I would like to pay tribute to all our team who continued to focus and work diligently to overcome the challenges and I am confident that we have now turned the corner at Challenger. The Company remains in a strong financial position with a robust balance sheet and positive cash flow and we remain well placed to enhance shareholder wealth into the future".



**Jonathan Shellabear**  
**Managing Director**  
**Tel: 08 9426 6400**

### 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.*



ABN 37 000 660 864

**PRELIMINARY FINAL REPORT  
Appendix 4E**

**Financial Year Ended 30 June 2010**

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

Gross profit for the year of **\$15.1 million** (2009: \$51.5 million) with a net profit after tax of **\$2.8 million** (2009: \$31.1 million).

The net profit was achieved after taking into account:

- \$4.5 million of exploration expenditure.
- \$2.9 million attributable to administration costs of the consolidated entity.
- \$21.3 million depreciation and amortisation charge.

and **non cash adjustments** consisting of:

- \$1.0 million negative mark to market of gold forward sale contracts (Change in fair value of undesignated gold contracts).
- \$2.2 million which represents the notional value as determined by a binomial valuation model, of options and performance rights issued to employees and expensed through the profit and loss as required by Australian Accounting Standards.
- \$1.7 million income tax expense.

Production for the 2010 year totalled 80,570 ounces, with 81,530 ounces sold (2009: 98,755 ounces produced, with 97,443 ounces sold), generating revenue from gold sales of \$96,817,000 (2009: \$109,943,000). The average site cash operating cost of production for the year was \$697 per ounce (2009: \$438 per ounce).

Cash and bullion sold at the end of the year totalled \$19,476,000 with cash of \$15,875,000 and bullion sold (treated as a receivable in the balance sheet) of \$3,601,000.

Total assets have decreased by \$2,088,000 over the year to \$144,455,000. The decrease is mainly attributable to a decrease in cash of \$26,479,000 offset by a net increase (after depreciation and amortisation) in plant and equipment and mine properties of \$24,373,000, a result of expenditure on the ventilation shaft, mill expansion, new tailings storage facility, ongoing mine development and resource/reserve evaluation drilling.

A final unfranked dividend of 4 cents per share was declared increasing the full-year payout to 6 cents per share. The record date for the dividend will be 17 September 2010 and will be paid on 30 September 2010.

### Summary of key production and financial data

	2010	2009	2008
Gross Profit	<b>\$15.1 million</b>	\$51.5 million	\$40.4 million
Net Profit After Tax	<b>\$2.8 million</b>	\$31.1 million	\$33.4 million
Gold produced (ozs)	<b>80,570</b>	98,755	109,326
Site cash operating cost (\$ per oz)	<b>\$697</b>	\$438	\$367
Gold sold (ozs)	<b>81,530</b>	97,443	108,992
Revenue from gold sales	<b>\$96.8 million</b>	\$109.9 million	\$95.1 million
Average price received (\$ per oz)	<b>\$1,187</b>	\$1,128	\$872
Net cash flow from operations	<b>\$33.7 million</b>	\$61.2 million	\$46.7 million
Cash and bullion	<b>\$19.5 million</b>	\$45.3 million	\$55.6 million
Dividend per share	<b>6 cents</b>	14 cents	12 cents

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

	Notes	30 JUNE 2010 \$'000	30 JUNE 2009 \$'000	
Sale of gold		96,817	109,943	
Other revenue		882	2,665	
<b>Revenue</b>		<b>97,699</b>	<b>112,608</b>	<b>Down 13%</b>
Costs of goods sold		(57,520)	(43,830)	
Royalties		(3,725)	(4,167)	
Depreciation and amortisation		(21,340)	(13,135)	
<b>GROSS PROFIT</b>		<b>15,114</b>	<b>51,476</b>	<b>Down 71%</b>
Gain (loss) on sale of financial investment held for resale		0	77	
Gain on sale of mineral rights and other assets		0	59	
Gain on sale of plant and equipment		8	0	
Exploration expenditure		(4,531)	(5,051)	
Administration costs		(2,857)	(3,962)	
Changes in fair value of undesignated gold contracts		(1,010)	(1,952)	
Share-based payments to employees		(2,160)	(4,939)	
Finance costs		(49)	(29)	
<b>PROFIT BEFORE INCOME TAX</b>		<b>4,515</b>	<b>35,679</b>	<b>Down 87%</b>
Income tax expense		(1,741)	(4,547)	
<b>NET PROFIT ATTRIBUTABLE TO MEMBERS OF DOMINION MINING LIMITED</b>		<b>2,774</b>	<b>31,132</b>	<b>Down 91%</b>
Other comprehensive income		-	-	
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR NET OF TAX</b>		<b>2,774</b>	<b>31,132</b>	
Basic earnings per share	6	2.69	30.38	
Diluted earnings per share	6	2.68	30.33	

**BALANCE SHEET  
AS AT 30 JUNE 2010**

	<b>Notes</b>	<b>30 JUNE 2010 \$'000</b>	<b>30 JUNE 2009 \$'000</b>
<b>CURRENT ASSETS</b>			
Cash	3(a)	15,875	42,354
Trade and other receivables		6,329	5,356
Inventory		4,214	3,523
Other		277	181
<b>TOTAL CURRENT ASSETS</b>		<b>26,695</b>	<b>51,414</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		39,324	17,900
Mine properties		62,109	59,160
Deferred tax asset		16,327	18,069
<b>TOTAL NON-CURRENT ASSETS</b>		<b>117,760</b>	<b>95,129</b>
<b>TOTAL ASSETS</b>		<b>144,455</b>	<b>146,543</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		12,619	11,052
Interest bearing loans and borrowings		75	140
Provisions		2,945	2,692
Derivatives		5,598	4,588
<b>TOTAL CURRENT LIABILITIES</b>		<b>21,237</b>	<b>18,472</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest bearing loans and borrowings		0	75
Provisions		1,070	1,039
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,070</b>	<b>1,114</b>
<b>TOTAL LIABILITIES</b>		<b>22,307</b>	<b>19,586</b>
<b>NET ASSETS</b>		<b>122,148</b>	<b>126,957</b>
<b>EQUITY</b>			
Issued capital		53,530	53,020
Retained profits		57,598	65,077
Employee equity benefits reserve		11,020	8,860
<b>TOTAL EQUITY</b>		<b>122,148</b>	<b>126,957</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

	Contributed Equity	Retained Profits	Employee Equity Benefits Reserve	Total
	\$'000	\$'000	\$'000	\$'000
<b>At 1 July 2008</b>	52,358	48,326	3,921	104,605
Profit for the period	-	31,132	-	31,132
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	31,132	-	31,132
<b>Equity transactions:</b>				
Cost of share based payment	-	-	4,939	4,939
Issue of share capital	662	-	-	662
Payment of dividends	-	(14,381)	-	(14,381)
<b>30 June 2009</b>	53,020	65,077	8,860	126,957
Profit for the period	-	2,774	-	2,774
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	2,774	-	2,774
<b>Equity transactions:</b>				
Cost of share based payment	-	-	2,160	2,160
Issue of share capital	510	-	-	510
Payment of dividends	-	(10,253)	-	(10,253)
<b>30 June 2010</b>	53,530	57,598	11,020	122,148

**CASH FLOW STATEMENT**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

	Notes	30 JUNE 2010 \$'000	30 JUNE 2009 \$'000
<b>CASH FROM/(USED IN) OPERATING ACTIVITIES</b>			
Receipts from gold sales		96,208	112,739
Payments to suppliers and employees		(63,353)	(54,199)
Interest received		882	2,665
Interest paid		(18)	(29)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	3(b)	33,719	61,176
<b>CASH FROM/(USED IN) INVESTING ACTIVITIES</b>			
Acquisition of plant and equipment		(20,865)	(10,311)
Resource evaluation and mine development expenditure		(25,197)	(28,904)
Exploration expenditure		(4,281)	(5,052)
Proceeds from sale of plant and equipment		28	73
Proceeds from sale of investments held for resale		0	77
Acquisition of Resolute Royalty		0	(10,623)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		(50,315)	(54,740)
<b>CASH FROM/(USED IN) FINANCING ACTIVITIES</b>			
Proceeds from the issue of shares		300	662
Repayment of finance lease principal		(140)	(250)
Payment of dividends		(10,043)	(14,380)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		(9,883)	(13,968)
<b>NET (DECREASE)/INCREASE IN CASH HELD</b>		(26,479)	(7,532)
<b>OPENING CASH BALANCE</b>		42,354	49,886
<b>CLOSING CASH BALANCE</b>	3(a)	15,875	42,354

## 1. BASIS OF PREPARATION

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

## 2. DIVIDENDS

	30 JUNE 2010		30 JUNE 2009	
	Cents per share	Total \$'000	Cents per share	Total \$'000
<i>Fully paid ordinary shares</i>				
Final dividend for the financial year ended 30 June 2008 (unfranked) (record date 15/09/08)			8.0	8,201
Interim dividend for the financial year ended 30 June 2009 (unfranked) (record date 16/03/09)			6.0	<u>6,180</u>
				<u>14,381</u>
Final dividend for the financial year ended 30 June 2009 (unfranked) (record date 16/09/2009)	8.0	8,240		
Interim dividend for the financial year ended 30 June 2010 (unfranked) (record date 17/03/10)	2.0	<u>2,013</u>		
		<u>10,253</u>		
<i>Dividend declared subsequent to year end</i>				
Final dividend for the financial year ended 30 June 2010 (unfranked) (record date 17/09/10) (refer to note 7)	4.0	4,132		

Dominion has a Dividend Reinvestment Plan (DRP) rules of which are available on the company web site at ([www.dml.com.au](http://www.dml.com.au)). Shareholders that wish to participate in the DRP should ensure their participation notice is received by the company's share register manager by the record date of 17 September 2010.

### 3. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of cash	30 JUNE 2010 \$'000	30 JUNE 2009 \$'000
Cash balances comprise:		
Cash at bank	15,875	42,354
<b>(b) Reconciliation of profit after income tax to the net cash from operating activities</b>		
<b>Profit after tax</b>	2,774	31,132
<b>Non cash items</b>		
Net loss/ (gain) on sale of non-current assets	(8)	(136)
Depreciation and amortisation	21,669	13,211
Movement in fair value of derivatives	1,010	1,952
Share-based payment	2,160	4,939
Unwinding of discount on rehabilitation	31	-
<b>Reclassification to investing activities</b>		
Exploration and evaluation expenditure	4,281	5,052
<b>Changes in assets and liabilities:</b>		
Trade and other receivables	(973)	2,965
Inventories	(691)	(1,338)
Other current assets	(96)	221
Deferred tax	1,741	4,547
Provisions	253	1,678
Trade and other payables	1,568	(3,047)
<b>Net cash from operating activities</b>	<b>33,719</b>	<b>61,176</b>

4. NET TANGIBLE ASSET PER SHARE	30 JUNE 2010 \$'000	30 JUNE 2009 \$'000
Net tangible assets	105,821	108,888
	<b>Number of shares</b>	<b>Number of shares</b>
Number of shares outstanding at end of financial year	103,327,059	102,996,351
Net tangible asset per share	\$1.02	\$1.06

## 5. BUSINESS AND GEOGRAPHICAL SEGMENTS

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

	<b>30 JUNE 2010</b>	<b>30 JUNE 2009</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>6. EARNINGS PER SHARE</b>		
Earnings used in calculating basic and diluted earnings per share	2,774	31,132
	<b>Number of shares</b>	<b>Number of shares</b>
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	103,194,466	102,459,401
Effect of dilution:		
Share options	122,784	178,522
Weighted average number of ordinary shares adjusted for the effect of dilution	103,317,250	102,637,923

## 7. EVENTS SUBSEQUENT TO BALANCE DATE

On 27 August 2010 the directors declared a final unfranked dividend of 4 cents per share. The record date for the dividend will be 17 September 2010 to be paid on 30 September 2010 (refer to note 2).

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 this preliminary final report.

## 8. AUDIT STATUS

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

## 9. CHANGE IN CONTROL OF ENTITIES

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

## 10. ASSOCIATES AND JOINT VENTURE ENTITIES

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



Ross Coyle  
Finance Director  
Date: 30 August 2010