



Dominion Mining Limited
ABN 37 000 660 864

SIGNIFICANT GOLD RESERVE INCREASE AT CHALLENGER

Key Points:

- Increase of 16% in Challenger gold reserves to 727,860 ounces after production
- Challenger resources contain 1,159,830 ounces of gold
- Discovery cost of A\$15/ounce for 600,000 ounces added over 18 months to 30 June
- Expansion Study in progress to increase Challenger plant throughput and production

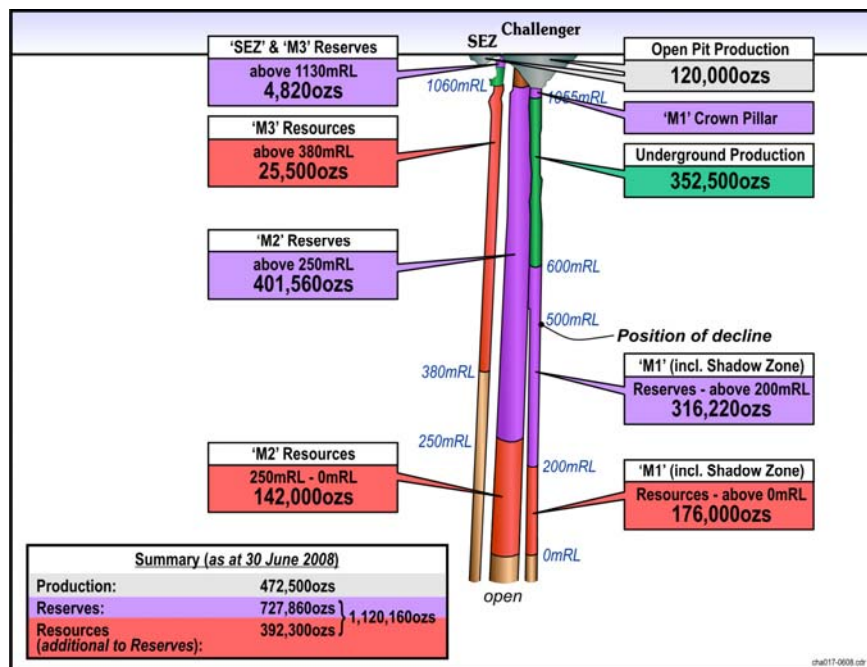
Outstanding exploration success has resulted in gold reserves for the Challenger Mine increasing by 16% from 625,940 ounces at 31 December 2007, to **727,860 ounces**, as at 30 June 2008 after allowing for production of 53,300 ounces over the six month period. Total Challenger mineral resources contain **1,159,830 ounces** gold. (for detail refer to the attached Resource and Reserve Statement)

The reserve increase is attributable to depth extensions within the M1 and M2 Shoots following positive results from the Challenger Deeps surface drilling programme.

Since the commencement in January 2007 of a more aggressive exploration strategy, involving both the Challenger Deeps surface drilling and exploration from underground access, **over 600,000 ounces have been added** to the reserve base at a **cost of A\$15/ounce**.

It is planned to maintain this level of exploration activity over the next 12 – 18 months with a target of further increasing reserves by over 400,000 ounces at a cost of around \$20/ounce.

Surface drilling will continue to target the depth extensions of the M1 and M2 shoots, specifically the 318,000 ounces of Inferred Resources down to the 0m RL. Underground exploration will target several other well defined shoots, including the M3 and SEZ Shoots which have been mined near surface as well as other footwall and hangingwall shoots that have been subject to very little exploration.



Historic Production, Reserves and Resources (as at 30 June 2008)

Dominion is currently in the process of undertaking an expansion study which involves an increase in the throughput rate of the mill from the current 430,000 tonnes per annum to around 650,000 tonnes per annum.

As a result of the increase in the reserve position and greater confidence with respect to the depth continuity of the Challenger orebody, it is likely that any expansion would involve the installation of a shaft for haulage of ore from depth.

A ventilation shaft will be commissioned by mid-2009 to maximise productivity and scheduling flexibility when mining the principal shoots at depth. This will allow the development of the M2 shoot to be accelerated for stoping if required as a second mining panel concurrently with the M1 shoot.

Drilling of the preparatory holes for raiseboring the ventilation shaft to over 700 metres vertically will start in August 2008.

A critical long lead item for the treatment plant expansion is a second ball mill to increase the grinding capacity. This mill, identical in diameter and girth gear to the existing ball mill, has been purchased by Dominion and is in storage pending refurbishment.

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



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Managing Director

31 July 2008

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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.

RESOURCE AND RESERVE STATEMENT 30 JUNE 2008
Challenger Gold Project (Dominion 100%)

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	1
M1 620 Rib Pillar	Measured	5,800	22.2	4,140	Proven	5,800	22.2	4,140	2
M1 below 580m RL to 520m RL	Measured	139,100	12.4	55,500	Proven	162,100	10.3	53,400	2
M1 520m RL – 200m RL	Indicated	645,100	12.2	252,200	Probable	768,000	9.8	242,000	3
SUB-TOTAL		811,000	12.2	318,320		958,900	9.9	305,160	
M1 200m RL – 0m RL	Inferred	403,200	12.2	158,000					3
M2									
M2 1040 - 960,900 - 880,800 -780m RL	Measured	187,700	9.0	54,300	Proven	247,700	6.5	51,860	2
M2 1060 - 1040, 960 - 900, 880 - 800, 780 - 250m RL	Indicated	1,381,900	8.2	363,400	Probable	1,723,600	6.3	349,700	3
SUB-TOTAL		1,569,600	8.3	417,700		1,971,300	6.3	401,560	
M2 250m RL – 0m RL	Inferred	545,000	8.1	142,000					3
M1 Shadow Zone									
M1 Shadow Zone 760m RL -720m RL	Measured	7,900	10.5	2,660	Proven	9,700	8.2	2,560	2
M1 Shadow Zone 800m RL -760, 720 - 680m RL	Indicated	29,000	9.5	8,900	Probable	34,500	7.7	8,500	3
SUB-TOTAL		36,900	9.7	11,560		44,200	7.8	11,060	
M1 Shadow Zone 900m RL - 800, 680 - 660m RL	Inferred	58,000	9.5	18,800					3
M3									
M3 above (1135m RL)	Measured	16,000	8.5	4,370	Proven	12,000	7.3	2,800	4
M3 1000m RL - 980m RL	Measured	4,600	6.3	900					1
M3 1060m RL - 1000m RL, 980m RL - 800m RL	Indicated	43,300	6.2	8,600					1
SUB-TOTAL		63,900	6.8	13,870		12,000	7.3	2,820	
M3 800m RL - 380m RL	Inferred	77,300	6.4	16,000					1
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 West above 1000m RL	Indicated	96,800	9.2	28,540					5
Challenger 2 above 1160m RL	Indicated	42,000	2.9	3,920					5
Challenger 3 above 1120m RL	Indicated	16,000	2.9	1,490					5
SUB-TOTAL		154,800	6.8	33,950					
Challenger West 1000m RL – 900m RL	Inferred	50,400	9.2	14,870					5
TOTAL UG and Pit	Measured and Indicated	2,769,200	9.1	806,500	Proven and Probable	2,999,400	7.5	722,580	
	Inferred	1,133,900	9.6	348,870					
Stockpiles									
ROM	Measured	2,400	10.0	770	Proven	2,400	10.0	770	
Low grade ROM	Measured	7,900	1.4	350	Proven	7,900	1.4	350	
Low Grade Stockpile	Measured	63,700	1.6	3,340	Proven	63,700	1.6	3,340	
SUB-TOTAL		74,000	1.9	4,460		74,000	1.9	4,460	
OVERALL TOTALS									
	Measured	456,100	9.1	132,810	Proven	522,300	7.3	122,040	
	Indicated	2,387,100	8.8	678,150	Probable	2,551,100	7.4	605,000	
	Inferred	1,133,900	9.6	348,870					
	TOTAL	3,977,100	9.1	1,159,830	TOTAL	3,073,400	7.4	727,040	
Gold in plant circuit				820				820	
TOTAL RESERVES								727,860	

Notes

- Based on a 3D Block Model by Dominion Gold Operations (DGO). A top cut of 180 g/t Au has been applied.
- Based on close spaced grade control data and detailed slope designs carried out by DGO.
- 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.
- 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.
- Based on 3D Block Models by DGO. Top cuts of 180 (Challenger West) and 80 (Challenger 2 and 3) g/t Au have been applied