



DOMINION MINING LIMITED

A. C. N. 000 660 864

QUARTERLY REPORT FOR THE
PERIOD ENDING 31 MARCH 2007

HIGHLIGHTS**Challenger Mine Operations**

- Record quarterly gold production of **30,919 ounces** at an operating cash cost of **A\$267/ounce** with an average grade of **11.03g/t**.
- Production for the 9 months of **81,225 ounces** at an operating cash cost of **\$310/ounce**.
- New shoot (“Shadow Zone”) discovered with intersections including:
 - **12 metres @ 31.00g/t gold,**
 - **10.50 metres @ 16.80g/t gold,**
 - **3.15 metres @ 163.40g/t gold and**
 - **14.25 metres @ 77.60g/t gold.**
- Reserve upgrade program on the M1 Deeps commenced. Results to date include:
 - **2.92 metres @ 26.20g/t gold,**
 - **1.40 metres @ 27.80g/t gold and**
 - **1.00 metre @ 29.9g/t gold.**Drilling is continuing during this current quarter.
- M1 underground drill results confirms the near term mine production with intersections including:
 - **13.00 metres @ 19.60g/t gold,**
 - **1.00 metre @ 309.00g/t gold,**
 - **28.98 metres @ 23.30g/t gold,**
 - **21.00 metres @ 16.4g/t gold,**
 - **10.85 metres @ 25.20g/t gold and**
 - **11.05 metres @ 81.00g/t gold.**
- Significant M2 results from outside the ore reserve areas include:
 - **3.58 metres @ 12.20g/t gold,**
 - **4.50 metres @ 61.80g/t gold,**
 - **6.75 metres @ 17.90g/t gold,**
 - **7.5 metres @ 51.60g/t gold and**
 - **2.25 metres @ 25.10g/t gold.**
- Intersection of **2 metres @ 24.90g/t gold** from the recently discovered lower M1 Shoot confirms the high grade continuity of this shoot. (Previous intersection of **2.0 metres @ 22.10g/t gold**).

Exploration

- RAB drilling intersects significant bedrock mineralisation at the **Rocky Ridge Prospect** in Western Australia with best intersection of **7.0 metres @ 2.52g/t gold** at the base of the hole. (9 – 16 metres).
- A major program of geochemical sampling has commenced on the 1,000 square kilometer tenement holding in the Tropicana belt in Western Australia.

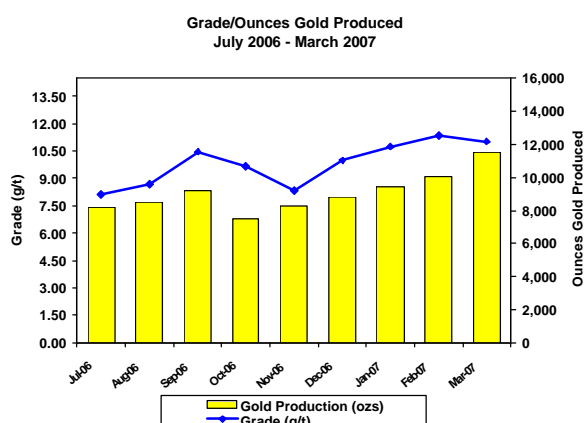
Corporate

- Revenue for the quarter of **A\$22.90 million** generated from the sale of **29,009 ounces** of gold at an average price received of **A\$790/ounce**. For the nine months revenue was **A\$58.90 million** from the sale of **79,530 ounces** at an average price received of **A\$741/ounce**.
- Cash and bullion of **A\$28.60 million** at the end of March consisting of cash of A\$24.00 million and bullion of A\$4.60 million. This was after the payment of a **\$4.02 million dividend** (4 cents per share) at the end of March.

OPERATIONS (Challenger Gold Project – Dominion 100%)**Production**

Challenger outperformed the company's expectations with record quarterly gold production of 30,919 ounces at an operating cash cost of \$273/oz. This was achieved from processing 92,609 tonnes of ore at an average head grade of 11.03g/t gold.

Production for the nine months to the end of March 2007 was 81,225 ounces at an operating cash cost of \$310/oz.



A total of \$2,605,000 was expended on underground mine development work during the quarter with a further \$826,000 on capital items.

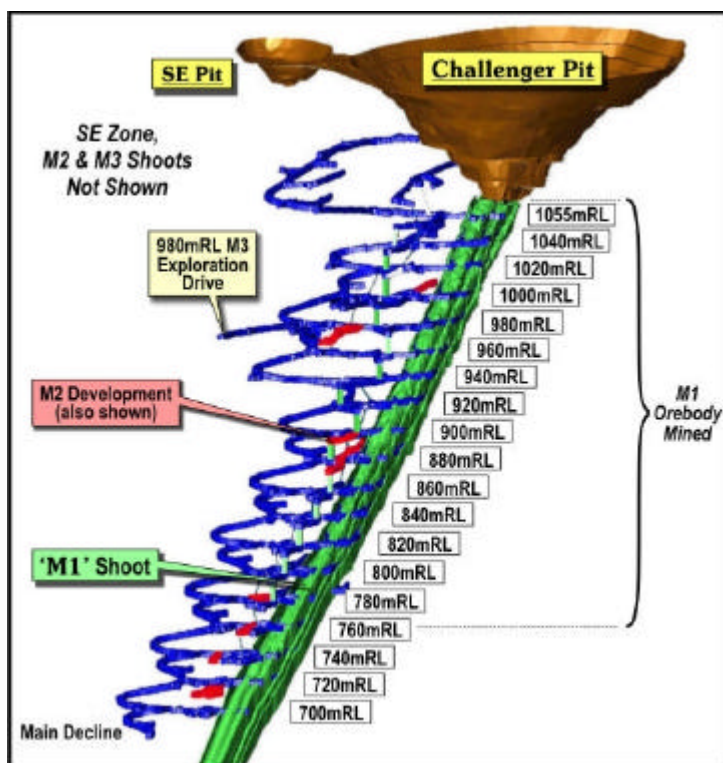
TABLE OF RESULTS

		Quarter Ended 31 March 2007	Quarter Ended 31 March 2006	9 Months Ended 31 March 2007	9 Months Ended 31 March 2006
Tonnes Mined <i>(excluding all low grade)</i>	(tonnes)	82,117	96,082	252,728	288,055
Ore Processed	(tonnes)	92,609	95,791	275,902	282,252
Head Grade	(g/t)	11.03	9.90	9.79	9.74
Recovery		94.10%	94.30%	93.20%	94.50%
Gold Produced*	(oz)	30,919	29,180	81,225	82,887
Gold Sold	(oz)	29,009	29,157	79,530	81,531
Cash Operating Cost	(A\$/oz)	A\$273	A\$259	A\$310	A\$274
Development and Capex	(A\$/oz)	A\$111	A\$87	A\$122	A\$88

*Gold production is actual gold poured during the period and does not reflect changes in the balance of gold in circuit. Cash operating cost refers to the cost of gold poured and produced and includes all expenditures directly incurred on mining, crushing and processing net of all movements in deferred mining expenditure and stockpiles plus site overheads. These costs do not include production royalty's payable of \$37 per ounce.

Underground progress

The decline was developed to below 700RL by the end of the quarter with development of the 700RL M1 ore zone in progress. Ore during the quarter was stoped from the 780 and 760 levels.



Challenger underground showing current level

Evaluation of the Continuity of the M1 Shoot

Underground drilling has continued to demonstrate the continuity of high grade mineralisation in future mining levels of the **M1 Shoot** as highlighted by the following intersections:

Underground Diamond Drilling Intersections - M1 Shoot

Hole ID	From	To	Width	Au (g/t)	Level
07CUD0261	30.00	43.00	13.00	19.6	740
07CUD0263	33.00	34.00	1.00	309.1	740
07CUD0279	41.00	49.45	8.45	12.5	720
07CUD0280	19.42	50.40	28.98	23.3	720
07CUD0281	31.00	52.00	21.00	16.4	720
07CUD0282	36.00	61.00	25.00	10.5	720

Underground Percussion Drilling Intersections - M1 Shoot

Hole ID	From	To	Width	Au (g/t)	Level
06CUS1625	0.00	10.85	10.85	25.2	800
07CUS1641	21.15	24.90	3.75	54.8	740
07CUS1643	16.00	22.00	6.00	24.3	740
07CUS1644	15.25	22.00	6.75	30.9	740
07CUS1647	15.25	22.00	6.75	24.9	740
07CUS1648	7.75	16.75	9.00	10.5	740
07CUS1653	3.55	19.30	15.75	19.0	740
07CUS1656	3.55	11.80	8.25	24.4	740
07CUS1658	1.30	8.80	7.50	69.7	740
07CUS1660	0.00	11.05	11.05	81.0	740
07CUS1661	1.30	11.80	10.50	60.9	740
07CUS1663	0.00	10.30	10.30	30.4	740
07CUS1677	19.30	22.30	3.00	35.3	740
07CUS1684	10.30	21.55	11.25	38.7	740
07CUS1686	7.30	16.50	9.20	17.0	740
07CUS1687	4.30	13.30	9.00	13.2	740
07CUS1688	4.30	19.30	15.00	12.2	740
07CUS1689	0.00	17.05	17.05	14.0	740
07CUS1690	0.00	9.55	9.55	18.5	740
07CUS1696	14.80	17.05	2.25	117.3	740
07CUS1666	5.50	20.50	15.00	16.2	720
07CUS1667	0.00	8.50	8.50	11.2	720
07CUS1823	2.40	12.15	9.75	17.4	720
07CUS1824	4.65	9.90	5.25	69.5	720
07CUS1825	5.40	12.90	7.50	37.8	720
07CUS1826	5.40	17.40	12.00	29.8	720
07CUS1827	0.00	11.40	11.40	10.1	720
07CUS1828	6.15	10.65	4.50	33.4	720
07CUS1829	8.40	16.65	8.25	16.7	720
07CUS1831	3.15	15.90	12.75	26.2	720
07CUS1833	15.90	21.90	6.00	141.7	720
07CUS1836	0.00	3.25	3.25	153.0	720
07CUS1838	0.00	12.25	12.25	47.0	720
07CUS1840	0.00	7.75	7.75	10.0	720
07CUS1842	13.00	16.75	3.75	17.0	720
07CUS1843	1.75	8.50	6.75	67.4	720
07CUS1844	3.25	19.75	16.50	18.3	720
07CUS1847	11.60	18.35	6.75	16.8	720
07CUS1849	6.35	13.10	6.75	14.7	720
07CUS1894	13.00	25.00	12.00	36.7	700

Stope development of the M1 Shoot during the June 2007 quarter will be from the 740m RL and the 720m RL.

Development of the M2 shoot continued to confirm the potential of this shoot for future high grade mining.

Treatment Plant

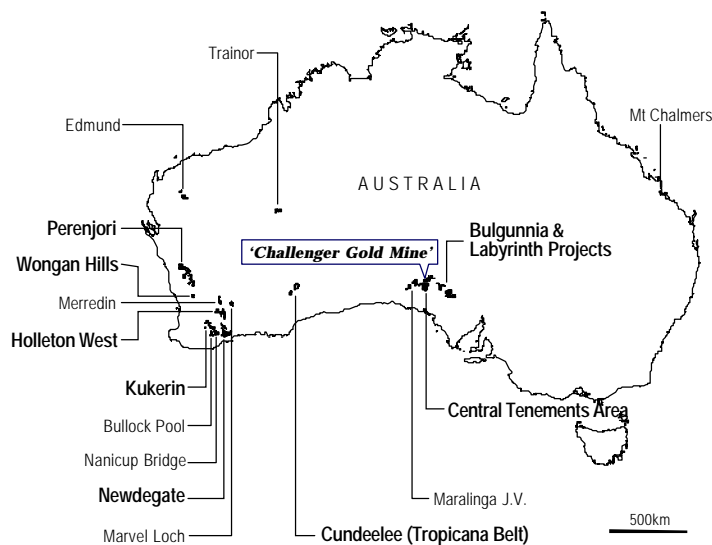
A comprehensive metallurgical campaign testing underground ore confirmed that ore characteristics have not significantly changed as the mine deepens but foreshadowed possible increases in gold recovery if a finer grind could be achieved in the treatment plant. A study is in progress to consider the most cost effective way to achieve this.

In order to further minimize gold losses to tailings, the adsorption tanks were upgraded during the quarter. As part of this exercise an upgrade of the leaching circuit is now in progress.

Occupational Health and Safety

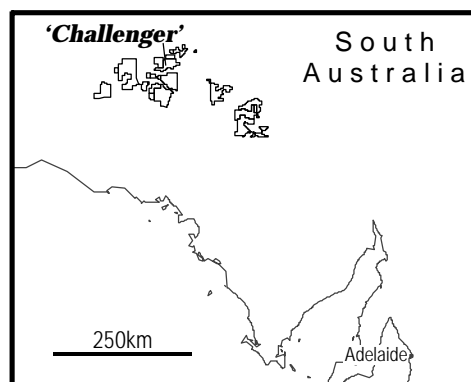
Two minor Lost Time Injuries occurred at Challenger during the quarter.

EXPLORATION PROJECTS



South Australia

Challenger (100%)



Surface Exploration

A programme of surface diamond core drilling to test for depth extensions of the **M1 Shoot** commenced during the quarter. Drilling to evaluate the first target level (400m RL), 125 metres vertically below the previous deepest intersection of the shoot, is ongoing. A parent hole (06CDDH0076) and 4 daughter holes (76W1, 2, 3 & 4) have been completed.

Results received to date are tabulated below:

Surface Diamond Drilling Intersections - M1 Shoot Deeps Programme

Hole ID	From	To	Width	Au (g/t)
07CDDH0076W1	977.93	980.85	2.92	16.2
07CDDH0076W2	990.00	991.00	1.00	14.4
07CDDH0076W4	833.00	834.00	1.00	29.9
and	856.50	857.90	1.40	27.8
and	864.30	865.30	1.00	13.3

It is clear that significant gold mineralisation (including several intersections with visible gold) has been intersected. This is a very positive indication of the continuity of the mineralized system. However, at this stage, it is not clear whether these intersections relate to the M1 Shoot or to adjacent shoots (M2, M1 Shadow Zone etc). Further drilling is designed to firm up the interpretation prior to evaluation of the next target level at 275m RL.

Underground Exploration

A major focus has been maintained on underground exploration development and drilling of the **M2 Shoot**. Significant intersections are tabulated below:

Underground Diamond Drilling Intersections - M2 Shoot

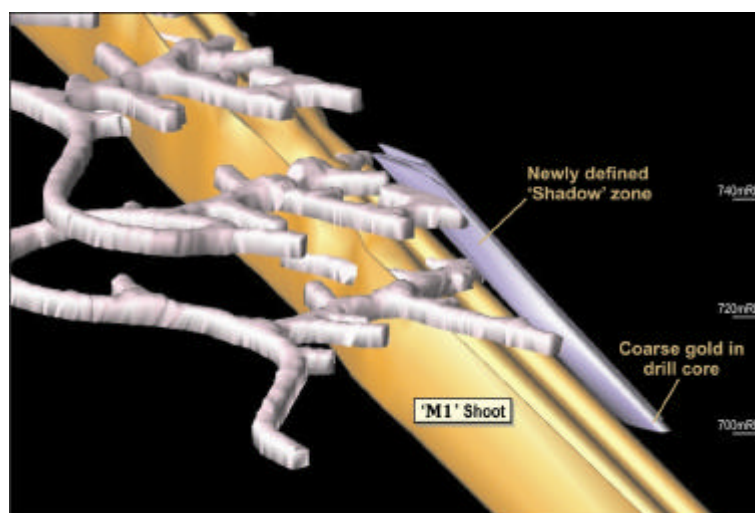
Hole ID	From	To	Width	Au (g/t)	Level
07CUD0269	46.00	47.00	1.00	48.0	980
06CUD0257	19.00	20.00	1.00	17.2	860
and	62.00	63.00	1.00	24.0	860
and	71.00	72.00	1.00	16.9	860
06CUD0259	80.00	81.00	1.00	33.1	860
07CUD0280	19.42	23.00	3.58	12.2	720

Underground Percussion Drilling Intersections - M2 Shoot

Hole ID	From	To	Width	Au (g/t)	Level
07CUS1747	0.00	3.45	3.45	13.3	1000
07CUS1748	4.95	15.45	10.50	6.9	1000
07CUS1751	7.95	14.70	6.75	7.2	1000
07CUS1753	6.45	10.95	4.50	61.8	1000
07CUS1759	4.00	10.75	6.75	17.9	1000
07CUS1762	5.50	7.75	2.25	32.3	1000
07CUS1765	0.00	2.40	2.40	39.0	1000
07CUS1771	0.90	5.40	4.50	61.8	1000
07CUS1775	10.65	14.40	3.75	106.0	1000
07CUS1785	15.45	19.20	3.75	37.9	980
07CUS1786	0.00	5.70	5.70	45.8	980
06CUS1338	5.60	13.10	7.50	51.6	800
06CUS1618	10.85	16.10	5.25	12.0	800
06CUS1620	0.00	3.35	3.35	13.2	800
07CUS1628	0.00	1.65	1.65	40.2	800
07CUS1629	3.15	6.90	3.75	34.4	800
07CUS1699	13.30	15.55	2.25	20.6	740
07CUS1706	5.80	8.05	2.25	24.5	740
07CUS1707	5.70	7.95	2.25	22.8	740
07CUS1718	7.20	9.45	2.25	25.1	740

This work, which is ongoing, is designed to facilitate a major upgrade of the M2 Shoot resources and reserves by the end of the June 2007 quarter. The results to date are strongly supportive of a positive outcome.

Underground exploration has also resulted in the definition of a new folded structure similar to the M1 Shoot, but smaller. This new structure which has been intersected on a number of levels over a vertical distance of 60 metres, is approximately 15 metres above the M1 Shoot and is open both up and down plunge as shown in the following diagram. This structure has been called the **M1 Shadow Zone**.



Significant intersections from this structure are tabulated below:

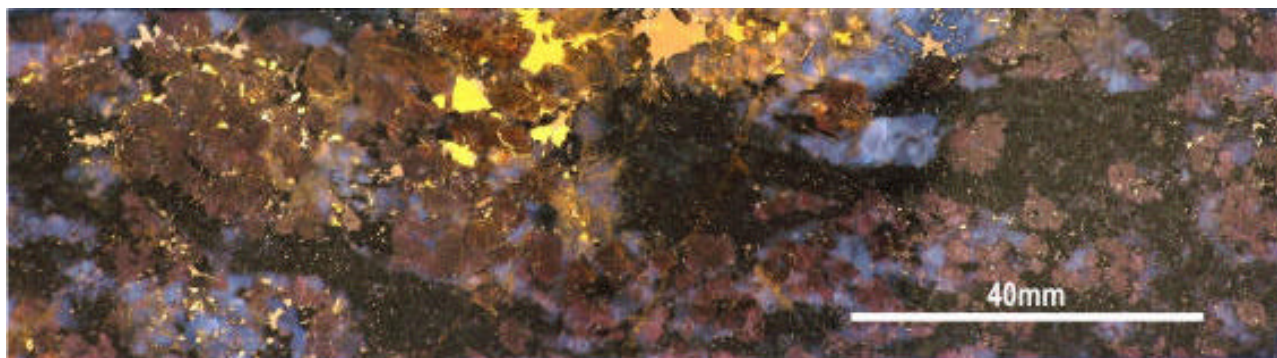
Underground Diamond Drilling Intersections - M1 Shadow Zone

Hole ID	From	To	Width	Au (g/t)	Level
07CUD0289	70.00	82.00	12.00	31.0	720
07CUD0290	88.85	89.21	0.36	10000*	700

* Minimum estimate for intersection of coarse visible gold (see photograph below)

Underground Percussion Drilling Intersections - M1 Shadow Zone

Hole ID	From	To	Width	Au (g/t)	Level
07CUS1630	1.65	12.15	10.50	16.8	740
07CUS1632	0.00	3.15	3.15	163.4	740
07CUS1633	0.90	5.40	4.50	13.3	740
07CUS1794	1.95	4.95	3.00	13.8	740
07CUS1799	9.80	24.05	14.25	77.6	720
07CUS1863	14.20	23.95	9.75	11.5	720
07CUS1864	10.45	15.70	5.25	19.3	720



Visible Gold in Core - M1 Shadow Zone

This new discovery has the potential to increase the resources and reserves and further underground exploration is planned.

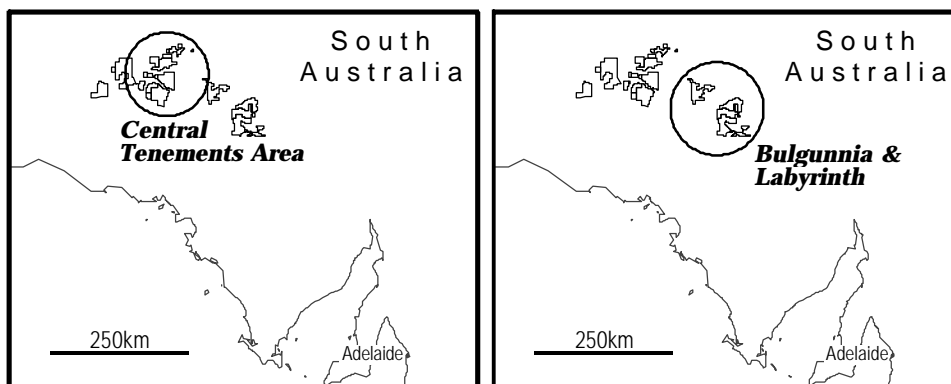
An underground diamond core hole (07CUD0286) to evaluate the **M1 Footwall Shoot** (previously referred to as the M1 Orthogonal Zone) has returned an intersection of 2 metres grading 24.9 g/t gold.

Underground Diamond Drilling Intersections - M1 Footwall Zone

Hole ID	From	To	Width	Au (g/t)	Level
06CUD0286	153.00	155.00	2.00	24.9	840

This intersection has demonstrated continuity of the structure 35 metres below the 'discovery' intersection (2 metres grading 22.1 g/t gold in 06CUD0193). Together with a lower grade intersection in 06CUD0239 this structure has now been outlined over a vertical interval of 160 metres. Further evaluation drilling is planned.

Joint Ventures



Minotaur Exploration Ltd who, together with BHP Billiton and Oxiana, are earning a 75%-80% interest in the **Bulgunnia** and **Labyrinth Projects** have just commenced follow up drilling programmes at the **#17 Bore Prospect** (targeting the center of an interpreted magnetic body where drilling in the December 2006 quarter had intersected 44 metres grading 0.21% copper and 0.53% zinc at the eastern margin of the magnetic body). Drilling is also planned to test a positive gravity anomaly at the **A2 Target**.

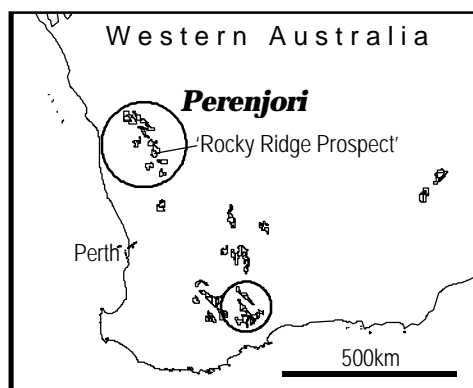
Mithril Resources Ltd who can earn up to 75% of the rights to nickel mineralisation in Dominion's **Central Tenements Area** (covering 3,600 square km around the Challenger Mine area) have reported plans to drill the **Aristarchus Prospect** where ground EM surveys have outlined a conductive body coincident with a magnetic high and elevated nickel – copper values in surface and air core drill samples.

Deep Yellow Ltd, who can earn 90% of the uranium rights (in the **Central Tenements Area**) by sole funding \$3 million of exploration and issuing equity equivalent to 2.2% of the company's issued capital) are planning drilling to test a series of palaeochannel targets outlined by an airborne electromagnetic (AEM) survey carried out in the December 2006 quarter.

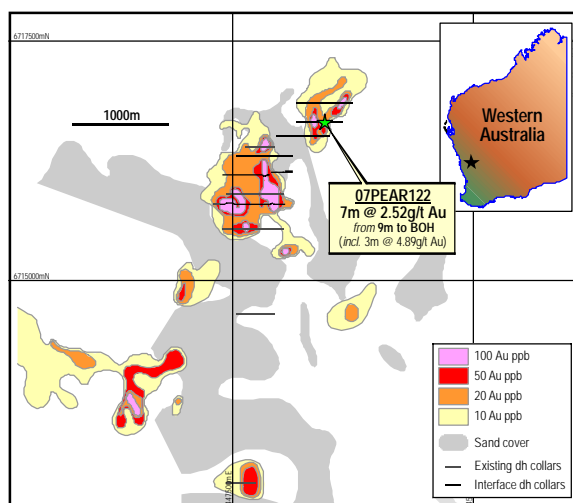
Western Australia

Dominion continues to pursue a strategy of aggressive greenfields exploration in Western Australia. Regional surface geochemical exploration is continuing to outline a very large portfolio of targets for gold and base metals, often in areas of little or no previous exploration.

During the quarter activity involved both ongoing surface geochemical exploration (with a recent focus on the exciting Cundeelee Project) and follow up RAB and air core 'interface' drilling to test geochemical anomalies. Results, which are reviewed below have confirmed significant mineralisation at several localities.

Perenjori Project (100%)

Infill and extensional RAB drilling was carried out on seven 200 metre spaced traverses covering a 1200 metre long surface geochemical anomaly, which forms part of a larger anomaly (over 6 km in length) known as the **Rocky Ridge Prospect**. Geology encountered points to a strong association between the anomalous surface geochemistry and underlying greenstone stratigraphy with several holes displaying calc-silicate alteration.



Perenjori Project (Rocky Ridge Prospect)

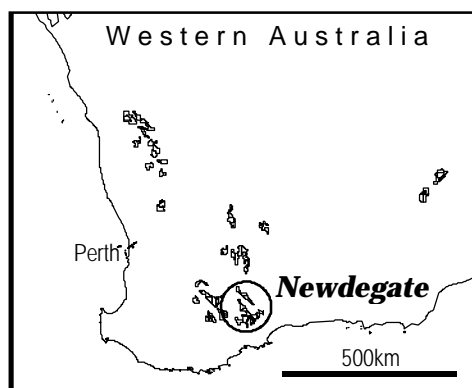
Results which are tabulated below have outlined significant gold mineralisation including **7 metres grading 2.52 g/t gold** from 9 metres. This and most of the intersections occur at the base of the hole.

Perenjori Project

Hole ID	Coordinates (GDA 94)	Dip/Azi	Interval (m)	Width (m)	Au (g/t)
07PEAR009	6715800N / 447873E	-60 / 270	18 - 19	1	0.56*
07PEAR045	6716100N / 447879E	-60 / 270	24 - 38	14	0.27
07PEAR061	6716100N / 447573E	-60 / 270	24-30	6	0.25*
07PEAR122	6716650N / 448457E	-60 / 270	9 - 16	7	2.52*
07PEAC170	6717500N / 448116E	-60 / 270	36 - 46	10	0.38*
07PEAC171	6717500N / 448093E	-60 / 270	33-36	3	0.32*

* intercept finishing at the end of hole

Further drilling is planned for the next quarter.

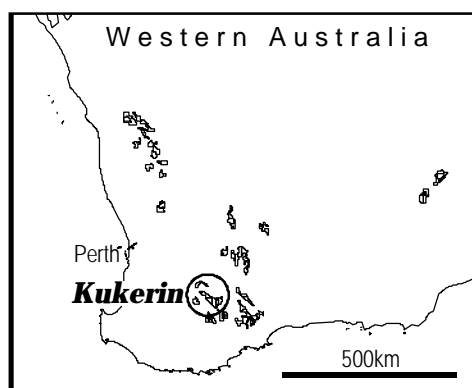
Newdegate Project (100%)

A short programme of interface drilling to test part of the **Eastern Limb**, which is part of the larger **Lake Magenta South Prospect**, intersected interface gold mineralisation associated with a plus 100 metre wide alteration zone.

Newdegate Project

Hole ID	Coordinates (GDA 94)	Dip/Azi	Interval (m)	Width (m)	Au (g/t)
07NEVR023	6263500N / 686650E	-90 / 360	45 - 48	3	0.82
07NEVR021	6263500N / 686600E	-90 / 360	51 - 54	3	0.67
07NEAC024	6263500N / 686675E	-90 / 360	45 - 48	3	0.62

Both the mineralisation and alteration zone are open along strike and have not been tested below the interface. Further drilling is planned.

Kukerin Project (100%)

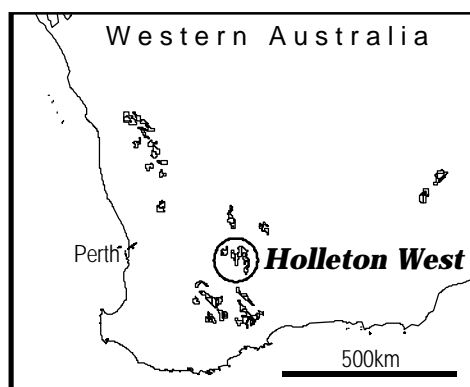
An initial programme of interface drilling to test multiple surface gold geochemical targets in the Kukerin area is ongoing. Results received to date have outlined significant gold mineralisation at several of the targets. Most of these intersections occur at or near the base of hole.

Kukerin Project

Hole ID	Coordinates (GDA 94)	Dip/Azi	Interval (m)	Width (m)	Au (g/t)
07KUAR057	608433E / 6311800N	-60/270	21 - 24	3	1.10
07KUAR062	608332E / 6311800N	-60/270	24 - 26	2	0.54*
07KUAR066	608283E / 6311800N	-60/270	9 - 19.	10	0.14*
07KUAC133	600241E / 6308100N	-60/270	48 - 51	3	0.37
07KUAC134	600214E / 6308100N	-60/270	48 - 52	4	0.61*
07KUAC141	598865E / 6307200N	-60/270	15 - 27	12	0.59
07KUAC142	598820E / 6307200N	-60/270	24 - 27	3	0.41
			45 - 48	3	0.30

* intercept finishing at the end of hole

A more comprehensive evaluation will be carried out on completion of the drilling.

Holleton West Project (100%)

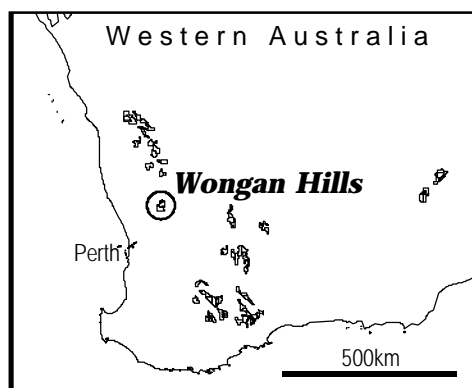
A programme of interface drilling, designed to test a large surface gold geochemical anomaly, has just been completed at the **Soldier's Project**. The majority of results are pending but initial results have already outlined significant interface mineralisation.

Holleton West Project

Hole ID	Coordinates (GDA 94)	Dip/Azi	Interval (m)	Width (m)	Au (g/t)
07HWAC005	670492E / 6447300N	-60/270	63 - 64	1	0.26*
07HWAC015	670211E / 6447700N	-60/270	60 - 61	1	1.71*
07HWAC017	670148E / 6447700N	-60/270	33 - 36	3	0.29

* intercept finishing at the end of hole

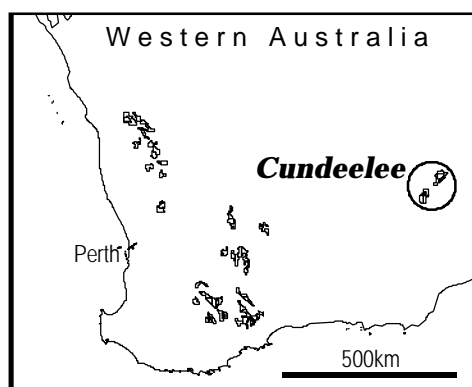
A more comprehensive evaluation will be carried out when all results are available.

Wongan Hills Project (80%)

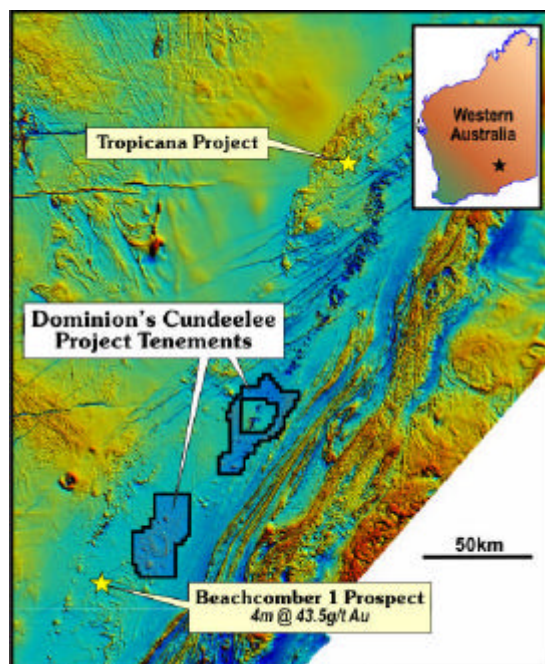
2 RC holes were drilled at the **Mystery Prospect** to test an EM anomaly that is coincident with a prominent zinc surface geochemical anomaly. Although no significant sulphide mineralisation was intersected zones of elevated zinc, lead and copper values may indicate that the holes have intersected a 'distal' VHMS position. The area remains a priority target.

1 RC hole was drilled to test a coincident IP and magnetic anomaly adjacent to the very extensive copper-gold system in the **Ninan Prospect** area. Variable amount of alteration was noted at the bottom of the hole, but the hole had to be abandoned (due to excessive water flows) above the target depth.

Detailed geophysical coverage of the Ninan copper-gold system is planned prior to additional drilling taking place.

Cundeelee (Tropicana Belt) Project (100%)

A major programme of geochemical sampling has just commenced within the Cundeelee Project. This sampling is designed to give systematic coverage of the entire project (~ 1,000 square km) which lies between AngloGold/Independence Group's Tropicana and Beachcomber discoveries.



Dominion's Cundeelee Project Tenements

Previous very wide spaced geochemical sampling by Dominion had outlined several gold anomalies and initial sampling will be focused on better definition in these areas.

A drill rig has been booked for early June to carry out initial interface drilling of priority geochemical targets.

It is envisaged that this will be a priority project for the foreseeable future and that intensive drilling activity will be maintained.

EXPLORATION/EVALUATION EXPENDITURE

Group exploration (\$0.973 million) and Challenger resource/reserve evaluation expenditure (\$1.134 million) totalled \$2.107 for the quarter.

CORPORATE

Attributable revenue for the quarter was A\$22.90 million, generated from the sale of 29,009 ounces of gold at an average price received of A\$790 per ounce. For the 9 months revenue was \$58.90 million from the sale of 79,530 ounces at an average price received of A\$741 per ounce.

Group cash (A\$24.00 million) and bullion on hand accounted as revenue (A\$4.60 million) totalled A\$28.60 million at the end of the quarter. This was after a dividend of 4 cents per share (\$4.02 million) paid to shareholders on 30 March 2007.

At the end of the quarter 43,800 ounces (representing less than 20% of remaining reserves) were sold under forward sales contracts with an average delivered price of A\$710 per ounce. Of these flat forward contracts, 10,700 ounces are scheduled for delivery by 30 June 2007 with the balance by 31 December 2008.



Peter Alexander
Managing Director

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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 and Paul Payne of Resource Evaluations Pty Ltd, members of the Australasian Institute of Mining and Metallurgy (except Paul Androvic who is a member of the Australian Institute of Geoscientists). Peter Bamford, Tony Poustie, Paul Androvic and Paul Payne 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, Paul Androvic, and Paul Payne consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.



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