



**Dominion Mining Limited**  
A.C.N. 000 660 864

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29 August 2007

## DOMINION DELIVERS RECORD \$51.7M ANNUAL PROFIT

### KEY POINTS

- 475% increase in NPAT to record \$51.7m (including \$29.5m in one-off items and tax benefits).
- 310% increase in EBITDA to \$58.7m.
- Final dividend of 6 cents per share declared (10 cents for the year).
- Annual gold production of 108,191 ounces at cash operating cost of \$309/oz.
- 68% increase in group cash and bullion to \$35.8m.
- 83% year-on-year increase in Challenger gold reserves to 512,000oz with resources increasing to over 1 million ounces for the first time in the operation's history.

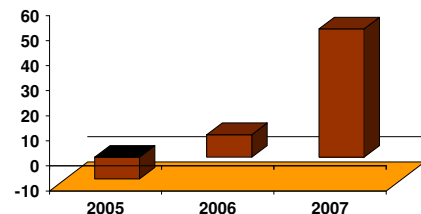
### FY 2007 Financial Results, Production & Reserves

	June 2007	June 2006	% Variance
Revenue (A\$)	\$81.8m	\$68.3m	+20%
EBITDA (A\$)	\$58.7m	\$14.3m	+310%
NPAT (A\$)	\$51.7m	\$8.9m	+475%
EPS (diluted)	51.3c	8.8c	+480%
Dividend (c/share)	10c	4c	+150%
Production	108,191ozs	108,080ozs	+111ozs
Reserves	512,000ozs	279,056ozs	+83%
Resources	1,090,000ozs	374,000ozs	+191%

### 2007 FINANCIAL RESULTS

Dominion Mining Limited (ASX: **DOM**) today announced a record **\$51.7 million net profit** after tax for the 12 months to 30 June 2007, representing one of the strongest financial performances in its history as a listed Australian mining company. The excellent result, which included one-off items and income tax benefits totalling \$29.5 million, enabled the Board to declare a final unfranked dividend of 6 cents per share increasing its full year dividend to 10 cents per share.

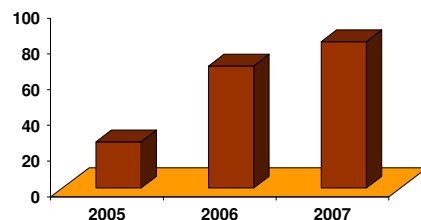
Net Profit After Tax (A\$ million)



The net annual profit after tax, which represents a 475% increase on last year's \$8.9 million profit, included a positive \$10.9 million mark-to-market credit adjustment on Dominion's hedge book, a \$12.7 million profit on the sale of 51% of its uranium rights to certain tenements in the Gawler Craton to ASX-listed uranium group Deep Yellow Ltd and an income tax benefit of \$6.3 million.

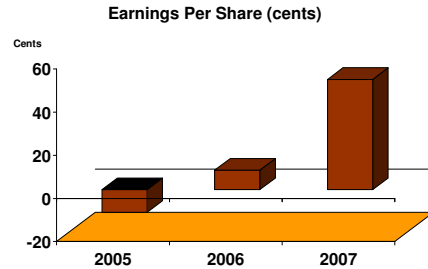
Sales revenue **increased by 20% to \$81.8 million** (2006: \$68.3 million) with \$80.7m attributable to gold sales. Earnings before interest, tax, depreciation and amortisation (**EBITDA**) **increased by 310% to \$58.7 million** (2006: \$14.3 million) after expensing exploration and evaluation expenditure of \$4.1 million and taking into account royalties paid totalling \$4.1 million. Depreciation and amortisation charges totalled \$14.3 million.

Sales Revenue (\$A million)

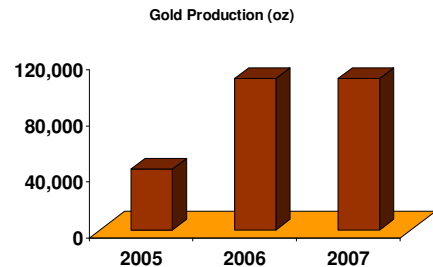


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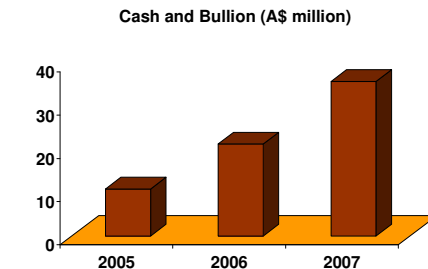
The bottom line profit equated to diluted **earnings per share of 51.3 cents**, compared with 8.8 cents last year. **The final 6 cent dividend** will be paid on 28 September 2007 (record date 14 September 2007).



The results were underpinned by record gold production from Challenger for the 12 months to 30 June 2007 of 108,191 ounces (2006: 108,080 ounces). Cash operating costs increased by 10% to \$309/ounce (2006: \$280/ounce), representing a solid achievement in the current rising cost environment in the mining industry.



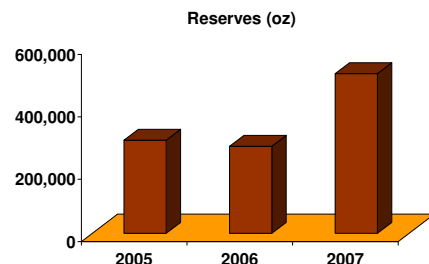
Revenue from gold sales increased by 19% to \$80.7 million, mainly due to the increased average price received for the year of A\$744/ounce (2006: \$661/ounce). The increased revenue resulted in a strong increase in the Company's Group cash and bullion position to \$35.8 million (2006: \$21.3 million). This comprised cash of \$33.1 million and bullion (treated as a receivable in the balance sheet) of \$2.7 million.



The Company remains debt free with the exception of minor hire purchase arrangements and has limited gold hedging in place. This comprises around 36,000 ounces as at 30 June 07 sold forward at an average delivered price of \$729/ounce and represents 7% of current gold reserves.

## **RESERVES & RESOURCES**

Following successful ongoing programs of underground drilling targeting the M1, M2 and M3 shoots at Challenger, Dominion recently announced a 74% increase in gold reserves to 512,000 ounces compared with the previously published figure of 293,500 ounces as at 31 December 2006. On a year-on-year basis, gold reserves have increased by 83% after taking into account the annual gold production of 108,191 ounces, highlighting the success of the Company's exploration programs.



The gold resource inventory as at 30 June 2007 increased by 312,000 ounces to 1.09 million contained ounces, representing the first time in the history of the operation that resources have exceeded 1 million ounces.

Surface diamond drilling is continuing with the aim of upgrading the current inferred resource in the M1 to indicated status. The current drill hole 07CDDH0078 and the first wedge have been drilled above the M1 position, however they have made a number of significant intersections within the M2 below the current reserve. Best intersections include:-

Hole ID	From	To	Interval	Gold	Zone
07CDDH0078	829.0m	630.9m	1.00 metres	12.42g/t	M2
07CDDH0078	929.5m	931.5m	2.00 metres	8.34g/t	M2
07CDDH0078	976.5m	981.5m	5.00 metres	5.45g/t	M2
07CDDH0078	991.0m	993.0m	2.00 metres	6.26g/t	M2
07CDDH0078W1	926.5m	927.4m	0.90 metres	7.42g/t	M2
07CDDH0078W1	967.0m	971.7m	4.7 metres	20.00g/t	M2

Recent underground drilling has intersected the M3 with results that include 1.0 metre @ 5.29g/t gold, 1.0 metre @ 9.80g/t gold and 3.94 metres @ 43.64g/t gold.

With the ongoing success of these drilling programs, the Company is confident of achieving further significant increases in the Challenger gold resource and reserve inventory. An updated reserve/resource statement is expected to be announced by the 31 December 2007.

A significant gold calcrete anomaly has been discovered on the Corona prospect in the South Western area of the Cundeelee tenement block (Tropicana belt) in Western Australia. This prospect has been partially tested by a small program of air core drilling. Significant results include 6.0 metres @ 1.50g/t gold (including 3.0 metres @ 2.55g/t gold) and 6.0 metres @ 0.37g/t gold (adjacent holes 100 metres apart). These very encouraging results will be followed up with a more intensive drilling campaign.

## **OUTLOOK**

Commenting on the financial results, Dominion's Managing Director, Mr Peter Alexander, said: "This record financial result is an important milestone for the Company, representing one of the strongest full-year financial performances in our history."

"The combination of another great operational performance by the Challenger Gold Mine with some significant one-off items – including a positive mark-to-market adjustment on our hedge book and a \$12.7 million profit from the sale of non-core uranium exploration interests – enabled us to post a record net profit," he continued.

"This excellent operational result, together with our strong balance sheet, provides a tremendous platform for Dominion to continue its solid growth path into the future."

"We are looking forward to another positive 12 months, with forecast gold production for 2007/08 of more than 100,000 ounces," Mr Alexander said. "In addition, the recently announced reserve and resource upgrade has effectively extended the mine life of the Challenger operation to more than five years at current production rates. With further reserve and resource increases anticipated from ongoing exploration, we are continuing to assess the viability of an incremental expansion of the Challenger mill."

"Subject to the outcome of our next reserve/resource upgrade, which is scheduled for December 2007, we may be in a position to expand the plant to lift production levels to a long-term level of around 125-130,000 ounces per annum during 2008," Mr Alexander commented.

"With our exploration programs continuing to deliver excellent results – both at Challenger and elsewhere within our extensive portfolio – a minimum 5-year mine life, continuing strong gold production and earnings from Challenger and the prospect of a medium term upgrade in our gold production profile, the outlook for Dominion, both for the year ahead and beyond, is very positive," he concluded.

**Peter Alexander**  
**Managing Director**

*Tel: 08 9426 6401*  
*Mobile: 0403 317 280*



**ABN 37 000 660 864**

**PRELIMINARY FINAL REPORT**

**Appendix 4E**

**Financial Year Ended 30 June 2007**



## RESULTS FOR ANNOUNCEMENT TO THE MARKET

The result for the year was a profit of \$51.7 million and was after taking into account:

- a positive mark to market adjustment of gold forward sale contracts (Change in fair value of undesignated gold contracts) of \$10,989,000;
- a profit of \$12,935,000 relating mainly to the sale of the right to 51% of the uranium rights on certain tenements in the Gawler Craton region in South Australia; and
- an income tax benefit of \$6,313,000.

In addition, expensed for the year was \$4,073,000 million of royalties payable to Resolute Ltd, the South Australian Government and native title groups; \$4,097,000 million of exploration expenditure and \$2,222,000 million attributable to administration costs of the consolidated entity.

Production for the 2007 year totalled 108,191 ounces, with 108,482 ounces sold (2006: 108,080 ounces produced, with 107,084 ounces sold), generating revenue from gold sales of \$80,732,000 (2006: \$67,879,000). The average site cash operating cost of production for the year was \$309 per ounce (2006: \$280 per ounce).

Cash and bullion at the end of the year totalled \$35,835,000 with cash of \$33,108,000 and bullion (treated as a receivable in the balance sheet) of \$2,727,000.

Total assets have increased by \$37,736,000 over the year to \$93,072,000. The majority of this increase related to cash from increased gold sales revenue, the value of the Deep Yellow Ltd shares received as consideration for the sale of the 51% of uranium rights and the recognition of a deferred tax asset (as required by Australian Accounting Standards AASB 112 "Income Taxes") primarily in relation to tax losses anticipated to be used in the future.

Total liabilities decreased by \$8,011,000 over the year to \$16,726,000 due principally to the reduction in derivatives which relates to the unrealised mark to market value of gold forward sale contracts.

### Summary of key production and financial data

	2007	2006	2005
Profit/(Loss)	<b>\$51.7 million</b>	\$9.0 million	(\$8.7 million)
Gold produced (ozs)	<b>108,191</b>	108,080	43,547
Site cash operating cost (\$ per oz)	<b>\$309</b>	\$280	\$511
Gold sold (ozs)	<b>108,482</b>	107,084	43,777
Revenue from gold sales	<b>\$80.7 million</b>	\$67.9 million	\$25.4 million
Average price received (\$ per oz)	<b>\$744</b>	\$661	\$575
Net cash flow from operations	<b>\$43.0m</b>	\$30.5m	\$2.7m
Cash and bullion	<b>\$35.8m</b>	\$21.3m	\$10.9 m

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**Preliminary Final Report**

For the Financial Year Ended 30 June 2007



**CONDENSED INCOME STATEMENT**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007**

	<b>30 JUNE 2007 \$'000</b>	<b>30 JUNE 2006 \$'000</b>	
Sale of gold	80,732	67,879	
Other revenue	1,093	452	
Revenue	81,825	68,331	Up 20%
Costs of goods sold	(34,167)	(30,815)	
Royalties	(4,073)	(3,589)	
Depreciation and amortisation	(14,283)	(14,363)	
Gross Profit	<b>29,302</b>	<b>19,564</b>	
Gain on sale of mineral rights and other assets	12,935	66	
Changes in fair value of undesignated gold contracts	10,989	(12,315)	
Exploration expenditure	(4,097)	(4,492)	
Administration costs	(2,222)	(1,831)	
Share-based payments to employees	(744)	(476)	
Change in fair value of financial assets held for trading	(692)	-	
Finance costs	(38)	(361)	
<b>PROFIT BEFORE INCOME TAX</b>	<b>45,433</b>	<b>155</b>	Up 29,211%
Income tax benefit	6,313	8,840	
<b>NET PROFIT ATTRIBUTABLE TO MEMBERS OF DOMINION MINING LIMITED</b>	<b>51,746</b>	<b>8,995</b>	Up 475%
Basic earnings per share	51.67	9.11	(note 6)
Diluted earnings per share	51.28	8.84	(note 6)

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**Preliminary Final Report**

For the Financial Year Ended 30 June 2007

**CONDENSED BALANCE SHEET****AS AT 30 JUNE 2007****CURRENT ASSETS**

		<b>30 JUNE 2007</b>	<b>30 JUNE 2006</b>
		<b>\$'000</b>	<b>\$'000</b>
Cash	3(a)	33,108	19,021
Trade and other receivables		4,513	3,213
Financial Assets Held For Trading		12,226	-
Inventory		1,939	2,116
Other		296	86
<b>TOTAL CURRENT ASSETS</b>		<b>52,082</b>	<b>24,436</b>

**NON-CURRENT ASSETS**

Plant and equipment		9,051	8,650
Mine development costs		16,786	13,410
Deferred tax asset		15,153	8,840
<b>TOTAL NON-CURRENT ASSETS</b>		<b>40,990</b>	<b>30,900</b>
<b>TOTAL ASSETS</b>		<b>93,072</b>	<b>55,336</b>

**CURRENT LIABILITIES**

Trade and other payables		12,092	9,418
Interest bearing loans and borrowings		182	252
Provisions		341	324
Derivatives		2,326	13,315
<b>TOTAL CURRENT LIABILITIES</b>		<b>14,941</b>	<b>23,309</b>

**NON-CURRENT LIABILITIES**

Interest bearing loans and borrowings		324	263
Provisions		1,461	1,165
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,785</b>	<b>1,428</b>
<b>TOTAL LIABILITIES</b>		<b>16,726</b>	<b>24,737</b>

**NET ASSETS****EQUITY**

Issued capital		49,956	48,687
Retained profits/(accumulated losses)		25,126	(18,608)
Employee equity benefits reserve		1,264	520
<b>TOTAL EQUITY</b>		<b>76,346</b>	<b>30,599</b>

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**Preliminary Final Report**

For the Financial Year Ended 30 June 2007


**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007**

	<i>Issued Capital</i>	<i>Retained Profits/ (Accumulated Losses)</i>	<i>Employee Equity Benefits Reserve</i>	<i>Total</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
<b>At 1 July 2005</b>	48,446	(26,604)	44	21,886
Recognition of derivative contracts at fair value on adoption of AASB 139	-	(999)	-	(999)
	48,446	(27,603)	44	20,887
Profit for the period	-	8,995	-	8,995
Total income and expense for the period recognised directly in equity	-	-	-	-
Total income and expense for the period	-	8,995	-	8,995
Cost of share based payment	-	-	476	476
Issue of share capital	241	-	-	241
<b>At 30 June 2006</b>	48,687	(18,608)	520	30,599
Profit for the period	-	51,746	-	51,746
Total income and expense for the period recognised directly in equity	-	-	-	-
Total income and expense for the period	-	51,746	-	51,746
Cost of share based payment	-	-	744	744
Issue of share capital	1,269	-	-	1,269
Payment of dividends	-	(8,012)	-	(8,012)
<b>30 June 2007</b>	49,956	25,126	1,264	76,346

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**Preliminary Final Report**

For the Financial Year Ended 30 June 2007



**CONDENSED CASH FLOW STATEMENT**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007**

	30 JUNE 2007	30 JUNE 2006
Notes	\$'000	\$'000
<b>CASH FROM/(USED IN) OPERATING ACTIVITIES</b>		
Receipts from gold sales	79,432	65,438
Payments to suppliers and employees	(37,436)	(34,982)
Interest received	1,093	452
Interest paid	(38)	(361)
	<hr/>	<hr/>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	3(b) 43,051	30,547
<b>CASH FROM/(USED IN) INVESTING ACTIVITIES</b>		
Acquisition of plant and equipment	(2,915)	(1,594)
Resource evaluation and mine development expenditure	(14,913)	(9,056)
Exploration expenditure	(4,097)	(4,493)
Proceeds from sale of plant and equipment	37	66
Acquisition of financial assets held for trading	(20)	-
	<hr/>	<hr/>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(21,908)	(15,077)
<b>CASH FROM/(USED IN) FINANCING ACTIVITIES</b>		
Repayment of borrowings	-	(6,500)
Proceeds from the issue of shares	1,269	241
Repayment of finance lease principal	(313)	(241)
Payment of dividends	(8,012)	-
	<hr/>	<hr/>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	(7,056)	(6,500)
<b>NET INCREASE IN CASH HELD</b>	14,087	8,970
<b>OPENING CASH BALANCE</b>	<hr/> 19,021	<hr/> 10,051
<b>CLOSING CASH BALANCE</b>	3(a) 33,108	19,021

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## Preliminary Final Report

For the Financial Year Ended 30 June 2007



### 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 2007		30 JUNE 2006	
	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 2006 (unfranked) (record date 21 September 2006)	4.0	3,994	-	-
Interim dividend for the financial year ended 30 June 2007 (unfranked) (record date 9 March 2007)	4.0	<u>4,018</u> 8,012	-	-
<i>Dividend declared subsequent to year end</i>				
Final dividend for the financial year ended 30 June 2007 (unfranked) (record date 14 September 2007) (refer to note 7)	6.0			

There is no dividend reinvestment plan in operation.

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**Preliminary Final Report**

For the Financial Year Ended 30 June 2007



	30 JUNE 2007 \$'000	30 JUNE 2006 \$'000
<b>3. NOTES TO THE CASH FLOW STATEMENT</b>		
<b>(a) Reconciliation of cash</b>		
Cash balances comprise:		
Cash at bank	33,108	19,021
<b>(b) Reconciliation of profit after income tax to the net cash from operating activities</b>		
<b><i>Profit after tax</i></b>	51,746	8,995
<b>Non cash items</b>		
Net gain on sale of non-current assets	(12,935)	(66)
Exploration and evaluation expenditure	4,097	4,492
Depreciation and amortisation	14,355	14,330
Movement in fair value of financial assets	692	-
Movement in fair value of derivatives	(10,989)	12,315
Movement in fair value of provisions	-	29
Share-based payment	744	475
<b>Changes in assets and liabilities:</b>		
Trade and other receivables	(1,300)	(2,441)
Inventories	177	4
Other current assets	(210)	20
Deferred tax	(6,313)	(8,840)
Provisions	313	65
Trade and other payables	2,674	1,169
<b><i>Net cash from operating activities</i></b>	<b>43,051</b>	<b>30,547</b>

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	30 JUNE 2007 \$'000	30 JUNE 2006 \$'000
<b>4. NET TANGIBLE ASSET PER SHARE</b>		
Net tangible assets	61,193	21,759
	<b>Number of shares</b>	<b>Number of shares</b>
Number of shares outstanding at end of financial year	100,621,351	99,086,351
	<b>\$0.61</b>	<b>\$0.22</b>

#### 5. BUSINESS AND GEOGRAPHICAL SEGMENTS

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

	30 JUNE 2007 \$'000	30 JUNE 2006 \$'000
<b>6. EARNINGS PER SHARE</b>		
Earnings used in calculating basic and diluted earnings per share	51,746	8,995
	<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	100,137,175	98,783,343
Effect of dilution:		
Share options	778,184	2,950,000
Weighted average number of ordinary shares adjusted for the effect of dilution	100,915,359	101,733,343

**Preliminary Final Report**

*For the Financial Year Ended 30 June 2007*



**7. EVENTS SUBSEQUENT TO BALANCE DATE**

On 29 August 2007 the directors declared a final unfranked dividend of 6 cents per share. The record date for the dividend will be 14 September 2007 to be paid on 28 September 2007 (refer to note 2).

Except for the event 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: 29th August 2007

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