THE GLOBAL SPECULATOR

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DOMINION MARCH 2009 QTR: EXPANSION PLANS APPROVED

	Mar Qtr	Dec Qtr	Change
Production (oz)	25,141	25,014	1%
Head Grade (g/t)	7.38	7.71	-4%
Average Price Received (A$/oz)	**1,220**	**1,149**	**6%**
Cash Operating Cost (A$/oz)^	506	451	12%
Development Cost (A$/oz)	189	179	5%
Total Cost (A$/oz)	**695**	**630**	10%
Gross Margin (A$/oz)	**525**	**519**	1%
Other Investment Activities			
Capital Expenditure (A$/oz)	138	99	
Exploration/Evaluation (A$/oz)	115	160	
Total Other Investment (A$/oz)	**253**	**259**	
Extraordinary Investment			
Purchase of Royalty (A$/oz)	469	-	
Total Extraordinary Investment (A$/oz)	**469**	**-**	
Cash Surplus (Deficit) (A$/oz)	**- 197**	**260**	-176%
Balance Sheet Performance			
Cash Balance (A$m)	41.1	51.4	-20%
Interest Bearing Loans (A$m)	-	-	
Hedging Liability (A$m) #	11.4	11.0	4%
Share Capital			
Shares Outstanding (m)	103.0	103.0	
Director Holdings (%)	10%	12%	-16%
Share Price (A$) (End of Qtr)	5.6	3.6	56%

^ Includes royalties payable to the South Australian Government and Indigenous group.

 # The hedge liability was not provided by the company but was estimated based on the difference between the spot price at 31 Mar 09 and the average forward sales price.

The March 09 quarter for Dominion saw production steady at 25,141 oz. The operating cash cost of A$506/oz (including royalties) was higher than the previous quarter thanks largely to an increase in a royalty payable to the South Australian government. As of the 1st of January 2009, this increased from A$13/oz to 3.5% of revenue or close to A$43/oz. Development capital was steady and the gross margin increased marginally thanks to a higher average gold price received.

An expansion feasibility study has been completed and approval attained for the expansion of the Challenger Plant to a throughput capacity of 530,000 tonnes per annum. It is anticipated this will cost A$4.82m and increase production to around 120,000 oz per annum. The capital works are scheduled to be completed by the December 09 quarter with higher production levels expected early 2010. Over the period of the plant expansion, there will be a greater focus on mine development in readiness for the scheduled increase in throughput rates.

Capital expenditure for the quarter was primarily associated with the continued work on the 730m ventilation shaft which was completed. An $11.8m one off payment was made during the quarter for the purchase of the Resolute Royalty. Exploration has continued to demonstrate the continuity of high grade mineralization in future mining levels with the following highlights (combination of diamond and percussion drilling):

M1 Shoot:

- 0.51m @ 164.86g/t or 84 grade metres.
- 2.70m @ 63.16g/t or 170.5 grade metres.
- 1.80m @ 134.06g/t or 241.3 grade metres.
- 4.50m @ 72.05g/t or 324.2 grade metres.
- 6.75m @ 86.13g/t or 581.4 grade metres.
- 1.65m @ 91.91g/t or 151.6 grade metres.

M2 Shoot:

- 6.22m @ 25.76g/t or 160 grade metres.
- 7.20m @ 30.90g/t or 222.5 grade metres.
- 4.50m @ 41.02g/t or 184.6 grade metres.
- 6.30m @ 47.06g/t or 296.5 grade metres.
- 4.50m @ 101.93g/t or 458.7 grade metres.
- 1.80m @ 196.45g/t or 353.6 grade metres.
- 3.00m @ 125.25g/t or 375.7 grade metres.

M3 Shoot:

- 22m @ 5.65g/t or 124.3 grade metres
- 13.5m @ 15.39g/t or 207.8 grade metres
- 9m @ 6.87g/t or 61.8 grade metres
- 1.50m @ 278.33g/t or 417.5 grade metres
- 6.15m @ 12.91g/t or 79.4 grade metres
- 6.75m @ 10.07g/t or 67.9 grade metres

At Challenger West, a new resource statement was reported with the resource increasing from 43,410 oz to 100,800 oz at an average grade of 18.0g/t. 75% of the resource is in the Measured and Indicated category. The increase is due primarily to a depth extension of 100m and an increase in the contained gold from 187 oz per vertical metre to an average of 378 oz per vertical metre. The next stage will involve a detailed underground drilling campaign which will facilitate the evaluation of development options.

At Barton West, in the Eucla Basin of South Australia, a heavy minerals sand deposit has been estimated totaling 171.7 Mt @ 2.8% HM. Indicative average mineral assemblages for this resource include Zircon 10%, Rutile and Leucoxene 20% and IImenite (pseudorutile variety) 60%.

Dominion's cash balance for the March Quarter declined 20%, thanks primarily to the one off purchase of the Resolute Royalty as well as an interim dividend paid of $0.06 a share. The hedging liability remained steady with the number of ounces hedged falling to 36,276 oz at an average delivery price of A$1,004/oz.

During the quarter, directors interestingly sold shares and now hold 10% of the outstanding share capital. With Dominion's attention turning to development over the remainder of the year, the challenge will be to minimize disruption to existing operations. We look forward to seeing how the company manages this and also await the revised resource and reserve statement to be released around the end of the financial year.

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