

DOMINION DEC QTR 08: STEADY AS SHE GOES

	Dec Qtr	Sept Qtr	Change
Production (oz)	25,014	27,269	-8%
Head Grade (g/t)	7.71	8.54	-10%
Cash Cost (per oz) *	451	421	7%
Development Capital (per oz)	278	194	43%
Total Cost per Oz	729	615	19%
Average Price (\$)	1,149	1,027	12%
Margin (\$) per oz	420	412	2%
Margin (%) per oz	58%	67%	-14%
Cash Balance (\$)	51.4	43.8	17%
Hedging Liability (\$) #	11.0	5.4	103%
Exploration (\$)	4.0	3.7	10%
Share Price (A\$)	3.60	2.47	46%

* The Cash Cost includes a \$20 royalty payable to Resolute.

The hedge liability was not provided by the company but was estimated based on the difference between the spot price at 31 Dec 08 and the forward sales price.

The December 08 quarterly for Dominion saw production decline marginally to 25,014 oz at an operating cash cost of A\$451/oz, including a A\$20 royalty payable to Resolute. The lower production and head grade was on account of a higher proportion of development ore being processed, facilitating access to sub levels of the M2 shoot for future stoping. Sustaining and development capital costs increased 43% to \$278/oz. This was largely attributable to a number of factors including:

1. Preparatory work on a ventilation shaft upgrade, which started in Nov 08;
2. The building of a further refuge chamber;
3. The building of an underground refueling station;
4. A 2000KV transformer purchased as an insurance spare;
5. A replacement surface secondary crusher; and
6. Further accommodation units to expand the village.

\$2.47m or \$98.74/oz was spent on the above activities which largely account for the 43% increase for the quarter. The ventilation shaft will enable gold to be extracted from depths of one km from below the surface and is scheduled to be completed by the September 09 quarter. The combination of the above activities led to the higher \$729/oz Total Cost, an increase of \$114/oz which was more than negated by a higher average gold price received of \$1,149/oz (\$122 higher than Sept 08).

Dominion's balance sheet continues to strengthen with Cash levels increasing more than \$7.5m to \$51.4m. Due to the company's policy of maintaining a modest amount of hedging (45,000 oz @ A\$1,035 or less than 7% of reserves), the higher gold price also increased the forward sales liability by \$5.6m to \$11m.

Exploration totaled \$4.0m for the quarter and continues to yield some impressive results including the following highlights:

M1 Shoot:

3.6m @ 194.98g/t or 701.9 grade metres.
11.7 @ 25.6g/t or 299.5 grade metres.
10.8m @ 61.56g/t or 664.8 grade metres.
5.2m @ 91.31g/t or 474.8 grade metres.
12.6m @ 46.5g/t or 585.9 grade metres.
4.5m @ 75.63g/t or 340.3 grade metres.
4.5m @ 115.67g/t or 520.5 grade metres.

M2 Shoot:

6.3m @ 46.69g/t or 294.2 grade metres.
11.7m @ 37.10g/t or 434 grade metres.
3.75m @ 101.14g/t or 379.3 grade metres.
1.8m @ 303.67g/t or 546.6 grade metres.
5.4m @ 59.87g/t or 323.3 grade metres.

M3 Shoot:

2.53m @ 17.6g/t or 44.53 grade metres
1.35m @ 24g/t or 32.4 grade metres
1.7m @ 36.8g/t or 62.56 grade metres
2.86m @ 30.2g/t or 86.4 grade metres

Challenger West (Surface drilling):

0.59m @ 76g/t or 44.8 grade metres.
1.34m @ 29.1g/t or 38.99 grade metres.
0.9m @ 310.9g/t or 279.8 grade metres.

The feasibility study for the Challenger mine expansion is scheduled to be completed in the March quarter, with a plan to increase production by at least 30% to 130,000 – 140,000 oz. It has been previously announced that development will take about 1 year to complete. Dominion continues to go about its business in a very methodical and impressive way.

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