

Dominion Mining Limited

Chairman's Address – 2010 Annual General Meeting 24 November 2010

Ladies and Gentlemen,

This is our 42nd and possibly our last Annual General Meeting.

It represents a major watershed in Dominion's long and indeed proud history as an Australian resource company.

I would like to spend some time today in addressing the rationale and benefits of the recently announced transaction with Kingsgate Consolidated Limited.

This transaction will give shareholders in both companies a unique opportunity to participate in the establishment of a premier ASX-listed gold producer with:

- an implied market capitalisation of over A\$1.6 billion (at announcement date),
- 2.4 million ounces in reserves and 5.3 million ounces in resources,
- a geographically diversified production base,
- potential annual production of up to 300,000 ounces (assuming Kingsgate's Chatree expansion becomes operational),
- an exciting exploration portfolio,
- an outstanding range of growth options.

The combined entity would be at the forefront of Australian gold producers, attracting a level of global investor interest and attention currently reserved only for market leaders.

Before speaking further about this opportunity and what it means for you as a shareholder, I would like to briefly touch on the performance of the business over the past year and then to update you on our business development activities and corporate strategy.

Year in Review

In the Annual Report, we described 2010 as a transition period for Dominion as measures were implemented to enhance long-term production at the Challenger Gold Mine in South Australia.

These changes to the mine configuration and completion of the Challenger plant expansion resulted in lower gold production for the year of 80,570 ounces at a slightly increased cash operating cost of A\$697 per ounce.

As a result of the challenges which were encountered during the year we have developed essentially a new mine based on the higher tonnage, lower grade M2 Shoot. This was I believe a very creditable achievement.

Gold production has since returned to more typical levels and we achieved production of 25,902 ounces in the September 2010 Quarter, with production for the first half of the 2011 financial year on track, at this stage, to exceed 50,000 ounces.

The Challenger plant expansion was completed on time and on budget during the year, increasing throughput to around 650,000 tonnes with the capability to support annualised production levels of around 120,000 ounces.

This was an outstanding performance by the team at Challenger, and I would like to take this opportunity to thank our staff and contractors for their continued hard work and commitment over the past year.

For the 12 months to 30 June 2010, the result was a gross profit of \$15.1 million and a Net Profit after Tax of \$2.8 million, equating to earnings per share of 2.7 cents.

While this was a disappointing result compared to previous years, it was impacted by a number of factors that the Company believes it has now overcome. Jonathan Shellabear in his presentation will elaborate further on the results for the 2010 financial year.

The financial result did however enable Dominion's Board to declare a final unfranked dividend of 4 cents per share, lifting our total dividend payout for the year to 6 cents per share. Dominion in recent years has been one of only a handful of companies to pay regular dividends.

The Company's balance sheet also remains strong, with Dominion having group cash and bullion on hand as at 30 June 2010 of \$19.5 million and no debt. The current cash and bullion levels are approximately \$24.0 million.

Business Development Overview

One of the key challenges in the gold sector has always been, and remains, achieving scale and relevance.

With the rapidly changing investment landscape both here in Australia and globally, it is apparent that the days of small-scale gold producers with production profiles in the 50-100,000oz a year range are limited. Smaller one mine producers like us find it increasingly difficult to command investment attention and therefore an appropriate market valuation and rating.

With this in mind, Dominion has spent considerable time and resources over the past few years on seeking potential corporate expansion and/or new project opportunities.

We always applied rigorous analysis in assessing any possible corporate opportunity, as our philosophy was not to dilute or compromise existing shareholder value by embarking on the “wrong” transaction.

As a result, much of the value-adding work within Dominion in recent years has effectively been in the area of relatively low-cost greenfields exploration and in the early identification of potential new mineral provinces or regions.

During the year, we saw particularly encouraging results from the Calingiri copper-gold project in the south-west Yilgarn region of Western Australia, with broad zones of low grade copper sulphide mineralisation identified by RC drilling. The metallurgy seems favourable for the production of high grade copper concentrate.

In addition, in keeping with our commitment to identify new growth opportunities, Dominion applied for three exploration licences totalling 1500 square kilometres in the Lao People’s Democratic Republic. These areas are considered to be highly prospective for base and precious metals.

Proposed Transaction with Kingsgate

On 20 October, we announced that we had signed a Merger Implementation Agreement with the ASX-listed gold producer Kingsgate Consolidated Limited for Kingsgate to merge with Dominion via a Scheme of Arrangement.

Under this proposal, Kingsgate is offering 0.31 Kingsgate shares for each Dominion share, valuing Dominion at the time of the announcement at \$3.63 per share or approximately A\$376 million.

With an implied market capitalisation of A\$1.6 billion (at announcement date), the combined entity would provide Dominion shareholders with:

- An opportunity to share in the combined entity’s increased size and market presence, together with increased liquidity for the expanded shareholder base;
- Diversified operational risk through the exposure to Kingsgate’s prospective Chatree gold mine in Thailand;
- A significantly enhanced financial platform to capture and deliver additional growth opportunities for shareholders from two production bases and a substantial, diversified exploration portfolio; and
- Exposure to a company with a strong production growth outlook with the potential to produce up to a combined 300,000 ounces per annum (assuming Kingsgate’s Chartree expansion becomes operational).

Importantly it is Kingsgate’s current intention to retain the existing Dominion work force and for those persons to continue in their existing roles. The growth profile of the combined group will provide employees of both Kingsgate and Dominion with enhanced career opportunities.

The transaction has been unanimously recommended by Dominion’s Board of Directors in the absence of a superior offer and subject to the Independent Expert concluding that the Scheme is in the best interests of Dominion shareholders.

We anticipate that Scheme documents will be sent to shareholders in late December, ahead of a shareholder meeting in late January or early February to vote on the transaction.

Thank you for your attendance, thank you for your loyalty through the ups and downs of the mining cycle over many years and thank you in anticipation for your support as we seek to write a bright new chapter of opportunity and prosperity for Dominion’s owners and employees.

Peter Joseph
Chairman