

Dear Shareholders,

While the 2009 financial year was a period of extraordinary upheaval and volatility in global markets which impacted on all resource companies, Dominion was able to strengthen its position as a leading mid-tier Australian gold producer. The company was able to deliver another year of solid production and resource growth at our flagship Challenger Gold Mine in South Australia.

Once again, in a tough environment we were one of the sector's lowest cost producers, delivering full-year gold production from Challenger of 98,755 ounces at an average cash operating cost of A\$438 per ounce. The Company's ability to continually deliver positive results from year to year has been recognised amongst its peers, with Dominion being the recipient of the 2009 National Excellence in Production Award.

At this stage the current year will not be as easy due to expansion work being done at the mine combined with a changing mining configuration.

The slight fall in gold production for the year compared with last year's record output of 109,326 ounces reflected a greater contribution from the lower grade M2 shoot and some short-term operational factors. This was combined with an increased emphasis on underground mine development in preparation for the expansion of the Challenger processing plant to production levels of around 120,000 ounces per annum from early next year.

This is a commendable achievement and I would like to take this opportunity once again to acknowledge the persistence, professionalism and patience that drives the efforts of our operational site team in striving to achieve our key goals for the year.

For the 12 months to 30 June 2009, Dominion achieved a gross profit of \$51.5 million and a Net Profit after Tax of \$31.1 million, equating to earnings per share of 30.33 cents.

This result enabled Dominion's Board to declare a final unfranked dividend of 8 cents per share, lifting our total dividend payout for the year to 14 cents per share. It also underpinned the continued strength of the Company's balance sheet, with Dominion having group cash and bullion on hand as at 30 June 2009 of \$45.3 million and no debt.

Our run of exploration success at Challenger continued during the year, with the gold resource inventory increasing by 26% to 1.46 million ounces (including 719,590 ounces that are additional to reserves). This is a satisfying achievement considering where we started from at Challenger earlier this decade with approximately 110,000 ounces in reserves. In addition, there was a net increase in gold reserves of 73,465 ounces after taking into account production for the year.

Underground drilling continued to demonstrate the continuity of high-grade gold mineralisation in future mining levels of the main M1, M2 and M3 ore shoots, down to a vertical depth of 1,250 metres. Of particular note was the successful surface drilling program of the Challenger West Shoot, which demonstrated continuity of the high grades at depth and enabled us to upgrade the resource for this area to over 100,000 ounces.

Moreover, the latest reserve upgrade has increased the average reserve ounces per vertical metre to 1,780 ounces, which reinforces the apparent richness of the Challenger ore body.

Given the continued success of underground exploration and the growth in our resources and reserves, the Board approved an increase in plant capacity to around 530,000 tonnes per annum following completion of a Feasibility Study in March 2009. The expansion, which is due to be completed by the end of December 2009, will cost a relatively modest \$4.8 million and will result in annual gold production increasing to around 120,000 ounces.

With the increased mill throughput, higher power utilisation will result in a corresponding increase in diesel fuel consumption. In order to provide price protection against the possibility of a rising diesel price, Dominion has entered into a zero cost collar diesel hedge over a 23 month period commencing in August 2009. On a month-by-month basis the hedge will cover approximately 54% of anticipated future diesel usage at the Challenger mine site.

The Company continued its strong commitment to ensuring a safe working environment for all employees and contractors during the year. Regrettably, three lost time injuries were recorded during the second half of the year. We continue to review and update our work practices and procedures to minimise further incidents recurring. Overall, the Company maintained an excellent safety record with 665 days free of lost time injuries recorded prior to these incidents.

Our continuing exploration focus saw Dominion maintain targeted and cost-effective exploration programs across our portfolio of greenfields exploration projects in Western Australia and South Australia. In addition, we have recently entered into agreements to earn an interest in new gold exploration projects which cover a 35 kilometre strike length of an underexplored prospective structure within the Eastern Goldfields.

We are also considering options to progress the mineral sands project we have defined at the Barton West Project in South Australia, where initial resources of 172 million tonnes grading 2.8% heavy minerals have been defined.

In conclusion, I would like to commend Jonathan Shellabear on the completion of his first full term as Dominion's Managing Director. Jonathan's extensive experience in the Australian and international mining industries, together with his expertise in the resource and finance sectors, has served the Company well, helping us to maintain a strong platform for continued growth. In the short time he has been with us, Jonathan has more than demonstrated his capacity and enthusiasm to create long term value for shareholders.

I would also like to thank my other fellow Directors and the Dominion senior management team, as well as the Company's staff and contractors who have worked very hard during the year to ensure that we make the most of our quality assets and the opportunities in front of us. My thanks must go as well to our loyal shareholders who continue to support us.



Peter Joseph
Chairman