

Scheme Implementation Agreement Signed For Kingsgate Consolidated Limited To Acquire Dominion Mining Limited

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Sydney, Australia (ABN Newswire) - Kingsgate Consolidated Limited (ASX: KCN) (PINK: KSKGF) and [Dominion Mining Limited](#) (ASX: DOM) ('Dominion') are pleased to announce that they have signed a Scheme Implementation Agreement ('SIA') under which it is proposed Kingsgate will acquire all of the issued and outstanding shares in Dominion under a Scheme of Arrangement ('Scheme'). The transaction has been unanimously recommended by Dominion's Board of Directors who will vote the shares they control in favour of the transaction*. (*In the absence of a superior proposal and subject to an independent expert opining that the Scheme is in the best interests of shareholders.)

Consideration for the transaction will be Kingsgate shares, with Dominion shareholders offered 0.31 Kingsgate shares for each Dominion share ('Offer') they own. The transaction values Dominion at A\$3.63 per share, or approximately A\$376 million*. (*Based on the closing price of Kingsgate shares on 19 October 2010 of A\$11.71.)

Transaction Highlights:

- Consolidates Kingsgate's position as a preferred exposure amongst mid-tier ASX gold producers, with an implied market capitalisation post-transaction of approximately A\$1.6 billion* (*Based on the closing price of Kingsgate shares on 19 October 2010 of A\$11.71 and Kingsgate's offer of 0.31 Kingsgate shares for each Dominion share)
- Provides a strong operational and financial platform for Kingsgate to continue to deliver a superior growth profile for shareholders - - Combined operations with the potential to produce up to 300,000 ounces p.a. of gold following commissioning of the Chatree plant expansion from a reserve / resource base of 2.4 million ounces and 5.3 million ounces respectively
- Combines complementary technical capabilities to create a strong operational team capable of maximising value from the respective companies' operating and exploration assets
- Provides Dominion shareholders with operational and growth diversification through exposure to Kingsgate's prospective Chatree operations and broader exploration projects in Thailand and offers enhanced access to capital to develop Dominion's exploration portfolio
- Provides Kingsgate shareholders with geopolitical and operational diversification through exposure to Dominion's Challenger project and exploration assets in Australia

The exchange ratio of 0.31 Kingsgate shares for each Dominion share represents an attractive premium for Dominion shareholders. The implied offer price of \$3.63 per share represents:

- a 33.0% premium to the closing price of A\$2.73 per Dominion Share on ASX on the last trading day before the Announcement Date;
- a 27.9% premium to the five day volume weighted average price of A\$2.84 per Dominion Share on ASX on the last trading day before the Announcement Date; and
- a 34.7% premium to the 30 day volume weighted average price of A\$2.69 per Dominion Share on ASX on the last trading day before the Announcement Date.

Dominion's Board of directors unanimously recommends that Dominion shareholders vote in favour of the Scheme in the absence of a superior proposal and subject to an independent expert opining that the Scheme is in the best interests of shareholders. Each Dominion director intends to vote all of the Dominion shares in which they have a relevant interest and in respect of which they have the power to vote in favour of

the Scheme (in the absence of a superior proposal and subject to an independent expert opining that the Scheme is in the best interests of shareholders).

After completion of the transaction, current Kingsgate shareholders will own approximately 76% of Kingsgate following implementation of the Scheme and current Dominion shareholders will own approximately 24%. It is proposed that Peter Alexander, a current Dominion non-executive director, will join the Board of Kingsgate, while Peter Joseph, Dominion's Chairman will be retained as an Adviser to the Kingsgate Board.

Commenting on the transaction, Kingsgate Chairman, Ross Smyth-Kirk, said 'This is an important step in Kingsgate's strategy to consolidate its position as the ASX's premier mid-tier gold producer.

Dominion will provide Kingsgate with immediate access to additional production and cashflow and also provide geographic and operational diversification. From this enlarged operational and financial platform, Kingsgate will continue to seek out growth opportunities from which to further create value for its shareholders.'

Dominion Chairman, Peter Joseph, said 'The Dominion Board recognises the strong strategic logic in a combination of the two organisations which will provide enhanced growth opportunities for all shareholders. Dominion shareholders will receive an attractive premium and, by receiving Kingsgate shares, will be able to participate in the benefits created by the combination of the two companies.

We are pleased to recommend this transaction to our shareholders for their consideration'.

Implementation

Kingsgate has entered into a Scheme Implementation Agreement with Dominion under which Dominion has agreed to a proposed Scheme between Dominion and its shareholders for the acquisition of its shares by Kingsgate.

The transaction is subject to a number of conditions, including receipt of required regulatory and court approvals, along with the approval of Dominion shareholders. Regulatory approvals include approval from the Australian Foreign Investment Review Board ('FIRB').

The SIA also contains customary deal protection mechanisms, including no shop and no talk provisions, a matching right for Kingsgate in the event of a competing proposal and a mutual break fee of A\$3.75 million payable in certain circumstances.

Kingsgate also proposes to acquire all outstanding Dominion employee options via an options Scheme of Arrangement.

Next Steps

In due course, Dominion shareholders will receive a Scheme Booklet that will contain full details of the proposed Scheme, including the basis for the Dominion Board's recommendation that shareholders approve the proposed Scheme (*In the absence of a superior proposal and subject to an independent expert opining that the Scheme is in the best interests of shareholders). Dominion will shortly appoint an independent expert to deliver a report on whether the proposed Scheme is in the best interests of Dominion's shareholders. The independent expert's report will be included in the Scheme Booklet.

It is anticipated that Dominion will send the Scheme Booklet to shareholders in December. A meeting of Dominion's shareholders to approve the Scheme is expected to be held in late January 2011, with the Scheme expected to be implemented by early February.

Advisers for the Transaction

Kingsgate's financial adviser is Macquarie Capital Advisers and its legal adviser is Clayton Utz.

Dominion's financial adviser is Goldman Sachs and its legal adviser is Johnson Winter & Slattery.

Conference Call

Kingsgate and Dominion will hold a conference call Wednesday, 20 October 2010 to discuss the transaction at 4:00 p.m. AEST. Participants may dial in to the call on +61-2-8113-1400 or 1800-554-798 toll free in

Australia and entering the Participant Pin Code 6905183#.

The transaction presentation is available on both companies' websites. A copy is also available on the ASX website. The webcasts will be available for replay in due course. For further information on Kingsgate, please visit www.kingsgate.com.au. For further information on Dominion, please visit www.dml.com.au.

For the complete announcement please refer to the following link:
<http://www.abnnewswire.net/media/en/docs/63993-ASX-KCN-510450.pdf>

About Kingsgate Consolidated Limited:

[Kingsgate Consolidated Limited](#) (ASX:KCN) is a low cost gold producer and a highly successful gold mining and exploration company, traded on the Australian Stock Exchange. The company owns and operates the Chatree gold mine in central Thailand through its Thai subsidiary, Akara Mining Limited, using world's best practice for safe, environmental and socially responsible operations.

A growing reserve/resource position within granted mining leases lies in a gold province which exhibits world class potential, with recent near mine gold discoveries.

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