



dampiergold

ASX Announcement

28 January 2014

Dampier Gold is positioning itself to be among the next generation of Australian gold producers. The Company has recently joint ventured its project over the Plutonic - Marymia greenstone belt in central Western Australia with a view to advancing to near-term gold production.

ASX CODE

DAU

CURRENT

Share Price

\$0.021

ISSUED SHARE CAPITAL

Ordinary shares

66.7M

DIRECTORS

Mr Rod Hanson

Chairman

Mr Richard Hay

Managing Director

Mr Peiqi Zhang

Non-Executive Director

Ms Hui Guo

Alternate Non-Executive Director

CONTACT

Dampier Gold Limited

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December 2013 Quarterly Activities Report

Corporate

- Partner secured to continue advancement of Plutonic Dome project;
- Farm In and Joint Venture Agreement (FIJVA) announced with Ord River Resources ("Ord"; ASX:ORD) to explore Dampier's Plutonic Dome project;
- Ord to sole fund up to \$6 million over two years to earn up to 75% interest in Plutonic Dome;
- Farm In requires Ord to spend a minimum of \$2 million on or before 2nd October 2014 to earn 30% interest in Plutonic Dome;
- The FIJVA significantly reduces Dampier's project holding costs and closure rehabilitation liabilities, whilst retaining substantial shareholder exposure to the upside;
- New projects are under evaluation to add value and diversify the Company;
- Board restructure during quarter;
- A requisition for a General Meeting was received by the Company on 8 January 2014 from largest shareholder Columbus Minerals to appoint Ms Hui Guo as a Director and to remove Managing Director - Mr Richard Hay
- The General Meeting is scheduled to be held on 7 February 2014;
- Available cash of \$3.1* million as at 31 December 2013;

Dampier Gold Limited ("Dampier" or the "Company", ASX: DAU) is pleased to announce an update of its activities for the December 2013 quarter.

* Available cash is net of \$101,000 in cash backed environmental bonds



FIJVA with Ord River Resources

During the quarter, the Company, in line with its previously announced strategy to seek partner/s to advance the Plutonic Dome project towards development (See ASX announcement "Regional 3D Model Evaluation Update" dated 18 October 2013), has secured a strategic FIJVA agreement with Ord. The agreement is now operational with all conditions precedent being satisfied as of 2 January 2014. The Company is working closely with Ord to transition operational management of the project. The key terms of the agreement are as follows:

Ord has the right to earn up to a 75% interest in the Project by sole funding expenditure of up to \$6 million over 24 months, conditional on satisfying the following expenditure milestones:

- The first \$2 million Farm In expenditure will entitle Ord to a 30% Joint Venture Interest provided the expenditure is incurred within 9 months (by 2 October 2014);
- the next \$1 million expenditure will entitle Ord to a further 15% Joint Venture Interest (total 45%) provided the expenditure is incurred within 14 months (by 2 March 2015); and
- the next \$1 million will entitle Ord to a further 15% Joint Venture Interest (total 60%) provided the expenditure is incurred within 19 months (by 2 August 2015); and
- the final \$2 million will entitle Ord to a further 15% Joint Venture Interest (total 75%) provided the expenditure is incurred within 24 months (2 January 2016).

Ord may elect to cease sole funding once the minimum Farm In expenditure of \$2 million is satisfied on or before 2 October 2014. If Ord elects to cease sole funding at this point, then the joint venture will proceed with management reverting to Dampier as the majority shareholder.

Dilution provisions apply after sole funding obligations have ceased.

Ord is obligated to maintain the tenements in good standing whilst sole funding.

The FIJVA will accelerate the exploration and possible development of the Project. Framework terms continue in place for a proposed ore purchase agreement to access the Plutonic Mine processing facility enhancing the prospect of rapid and successful development of the Project, once sufficient Ore Reserves have been defined.

Ord is currently preparing to submit several Programs of Work to the Department of Mines and Petroleum ("DMP") in preparation for a drilling campaign which is likely to commence late in the March quarter, subject to receiving the requisite approvals. Ord's initial focus will be on expanding resources at the K2 and Trident deposits. In the near future, Ord will also test one or more of the targets developed in the recent 3D study.

New Projects

The Company's successful strategy to secure a partner for its Plutonic Dome project now places the Company in an ideal position to implement the next phase of the strategy to procure additional value add project opportunities. Dampier management has already commenced this phase with early stage reviews of several projects underway.

Board Changes

Several Board changes occurred at the time of the Company's Annual General Meeting held on 21 November 2013. Mr Phil Retter resigned prior to the meeting; Mr Peiqi Zhang was appointed as Non-Executive Director with Ms Hui Guo appointed as Mr Zhang's Alternate Director. Subsequent to the AGM, Ms Susan Hunter resigned as a Director, however, she remains as Company Secretary.

The Board thanks Mr Retter, a founding director, for his tireless contributions maintaining the very highest standards of corporate governance and input to Company strategy. The Company also thanks Ms Hunter for her dedication and valuable contributions whilst a member of the Board. Furthermore, the Board welcomes Mr Zhang representing Dampier's major shareholder Columbus Minerals.



General Meeting Requisition

A notice of requisition of general meeting was received by the Company from major shareholder Columbus Minerals Pty Ltd on 7 January 2014. The meeting has been called to appoint Ms Hui (Annie) Guo as a Director and to remove Mr Richard Hay (Managing Director) as a Director. The meeting has been scheduled for 7 February 2014 for a shareholder vote on the resolutions.

Cash Position

The Company's cash position as at 31 December 2013 was \$3.1 million net of \$101,000 in cash backed environmental bonds. Dampier's cash position will be supported by Ord's obligation to maintain the Project tenements in good standing by sole funding during the Farm In period, thereby releasing Dampier from significant ongoing rents and rates payable.

Contact

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Appendix – Mining Tenement Information (LR5.3.3 of ASX reporting guidelines)

Tenement	Ownership Status	Location	Comments
E52/2071	100%*	Plutonic Dome	
E52/2072	100%*	Plutonic Dome	
E52/527	100%*	Plutonic Dome	
M52/183	100%*	Plutonic Dome	
M52/217	100%*	Plutonic Dome	
M52/218	100%*	Plutonic Dome	
M52/219	100%*	Plutonic Dome	
M52/220	100%*	Plutonic Dome	
M52/226	100%*	Plutonic Dome	
M52/227	100%*	Plutonic Dome	
M52/228	100%*	Plutonic Dome	
M52/229	100%*	Plutonic Dome	
M52/230	100%*	Plutonic Dome	
M52/231	100%*	Plutonic Dome	
M52/232	100%*	Plutonic Dome	
M52/233	100%*	Plutonic Dome	
M52/234	100%*	Plutonic Dome	
M52/235	100%*	Plutonic Dome	
M52/246	100%*	Plutonic Dome	
M52/247	100%*	Plutonic Dome	
M52/253	100%*	Plutonic Dome	
M52/257	100%*	Plutonic Dome	
M52/258	100%*	Plutonic Dome	
M52/259	100%*	Plutonic Dome	
M52/269	100%*	Plutonic Dome	
M52/270	100%*	Plutonic Dome	
M52/278	100%*	Plutonic Dome	
M52/279	100%*	Plutonic Dome	
M52/291	100%*	Plutonic Dome	
M52/292	100%*	Plutonic Dome	
M52/293	100%*	Plutonic Dome	
M52/299	100%*	Plutonic Dome	
M52/303	100%*	Plutonic Dome	
M52/304	100%*	Plutonic Dome	
M52/305	100%*	Plutonic Dome	
M52/306	100%*	Plutonic Dome	
M52/320	100%*	Plutonic Dome	
M52/321	100%*	Plutonic Dome	
M52/323	100%*	Plutonic Dome	
M52/366	100%*	Plutonic Dome	
M52/367	100%*	Plutonic Dome	
M52/369	100%*	Plutonic Dome	
M52/370	100%*	Plutonic Dome	
M52/395	100%*	Plutonic Dome	
M52/396	100%*	Plutonic Dome	
M52/478	100%*	Plutonic Dome	
M52/572	100%*	Plutonic Dome	

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M52/590	100%*	Plutonic Dome	
M52/593	100%*	Plutonic Dome	
M52/654	100%*	Plutonic Dome	
M52/670	100%*	Plutonic Dome	
M52/671	100%*	Plutonic Dome	
M52/672	100%*	Plutonic Dome	
M52/779	100%*	Plutonic Dome	
M52/780	100%*	Plutonic Dome	
P52/1220	100%*	Plutonic Dome	
P52/1221	100%*	Plutonic Dome	
P52/1222	100%*	Plutonic Dome	
P52/1223	100%*	Plutonic Dome	
P52/1393	100%*	Plutonic Dome	

*All tenements 100% owned by Dampier (Plutonic) a wholly owned subsidiary of Dampier Gold Pty Ltd but are subject to the Ord River Farm In and Joint Venture as at 31 December Ord River Resources had not earned an interest in any of the tenements

MINING TENEMENT APPLICATIONS

M52/748	PENDING	Plutonic Dome	
M52/781	PENDING	Plutonic Dome	
M52/782	PENDING	Plutonic Dome	

- No tenements were acquired or disposed of during the quarter
- There were no changes to beneficial interest in any mining tenements during the quarter due to Farm-In or Farm-Out agreements
- No beneficial interests in Farm-In or Farm-Out agreements were acquired or disposed of during the quarter

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Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Dampier Gold Limited

ABN

43 141 703 399

Quarter ended ("current quarter")

31 December 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 Months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(273)	(771)
(b) development	-	-
(c) production	-	-
(d) administration	(268)	(418)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	37	63
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(504)	(1,126)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other*	-	3,144
Net investing cash flows	-	3,144
1.13 Total operating and investing cash flows (carried forward)	(504)	2,018

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1.13	Total operating and investing cash flows (brought forward)	(504)	2,018
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (Term deposits to secure bank guarantees)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(504)	2,018
1.20	Cash at beginning of quarter/year to date	3,598	1,076
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter **	3,094	3,094

* The Group opted in to the West Australian Government's Mining Rehabilitation Fund (MRF) program which resulted in the retirement of \$3.144m in cash backed environmental bonds previously provided to the Department of Mines and Petroleum.

** Cash at the end of the quarter is net of \$101,000 of cash deposits used to back environmental bonds provided to the Department of Mines and Petroleum.

**Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	136
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors fees (incl PAYG and Superannuation), consultation fees and out of pocket expense reimbursements exclusive of GST.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None

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Financing facilities available

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	40
4.2 Development	-
4.3 Production	-
4.4 Administration	180
Total	220

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	559	1,065
5.2 Deposits at call	2,535	2,533
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	3,094	3,598

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2 Interests in mining tenements acquired or increased	-	-	-	-

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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	66,685,050	66,685,050		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs (c) Ordinary shares released from escrow				
7.5 +Convertible debt securities				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
	800,000	-	\$0.36	14 December 2014
	1,000,000	-	\$0.15	19 September 2015
	3,000,000	-	\$0.15	8 February 2016
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	1,300,000	-	\$1.12	14 December 2013
7.11 Debentures (totals only)	-	-		
7.12 Unsecured notes (totals only)	-	-		

Further to the above securities there are 1,000,000 unquoted Performance Rights on issue. The Performance Rights have vesting provisions subject to achieving agreed performance hurdles. The expiry date of the Performance Rights is 1 April 2016. All Performance Rights held on 1 April 2016 will lapse if the performance hurdles are not met.

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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~does not~~ give a true and fair view of the matters disclosed.

Sign here:



Date: 28/01/2014

(Director/~~Company secretary~~)

Print name: Richard Hay

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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