

DAMPIER GOLD LIMITED

ABN 43 141 703 399

**HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2011**

DAMPIER GOLD LIMITED
ACN 43 141 703 399

HALF YEAR FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2011

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DAMPIER GOLD LIMITED
ACN 43 141 703 399

COMPANY DIRECTORY

DIRECTORS

Russell Skirrow (Non Executive Chairman)
Philip Retter (Non Executive Director)
Richard Burden (Non Executive Director)
Rod Hanson (Non Executive Director)

COMPANY SECRETARY

Susan Hunter

REGISTERED OFFICE

Level 3,
8 Colin Street,
WEST PERTH WA 6005
Telephone: +61 8 6424 9700
Facsimile: +61 8 6424 9799

POSTAL ADDRESS

PO Box 1981
WEST PERTH WA 6872

SOLICITORS

Napier Legal Pty Ltd
21/589 Stirling Highway
COTTLESLOE WA 6011

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2
45 St Georges Terrace
PERTH WA 6000

AUDITORS

Stantons International
Level 2, 1 Walker Avenue
WEST PERTH WA 6005

INTERNET ADDRESS

www.dampiergold.com

STOCK EXCHANGE LISTING

Dampier Gold Limited's ordinary shares are listed on the Australian Securities Exchange (ASX code: DAU).

DAMPIER GOLD LIMITED
ACN 43 141 703 399

DIRECTORS' REPORT
For the Half Year Ended 31 December 2011

Your directors submit the financial report of the Company for the half-year ended 31 December 2011.

DIRECTORS

The names of the directors of the Company in office during the half year and to the date of this report are:

Russell Skirrow (Non Executive Chairman)
Philip Retter (Non Executive Director)
Richard Burden (Non Executive Director)
Rod Hanson (Non Executive Director) *Appointed 21 November 2011*

REVIEW OF OPERATIONS

Exploration and Evaluation

The Company is evaluating and exploring its Plutonic Dome project which covers ~700km² of the Plutonic–Marymia greenstone belt in central Western Australia.

During the reporting period, the Company conducted the following exploration and evaluation activities on these tenements:

- An RC and diamond core drilling program was performed at the K2, Trident, Cinnamon, Skyhawk, Pelican and Prickleys West prospects during the half. A total of 31 RC holes and 21 Diamond holes were completed for a total of 11,007m with the aim of improving geological confidence and extending the known areas of drill defined mineralisation. The results from this program were announced to the ASX between September 2011 and January 2012.
- A RAB / Aircore reconnaissance drilling program targeting 14 prospects was completed during the half with 319 holes drilled for a total of 17,428m. The program was successful in identifying a large copper anomaly at the Apex prospect. In addition significant gold intersections at the Opaline, Parrot East, Colossus and Bayonet prospects were received. The results from this program were announced to the ASX between October and November 2011.

Financial Result

The loss after tax for the half-year ended 31 December 2011 was \$4,976,615 (2010 - \$2,648,326)

DAMPIER GOLD LIMITED
ACN 43 141 703 399

DIRECTORS' REPORT
For the Half Year Ended 31 December 2011

EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the half year which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 6 for the half year ended 31 December 2011.

This report is signed in accordance with a resolution of the board of directors.



Richard Burden
Non Executive Director

Dated this 16th day of February 2012

16 February 2012

The Directors

Dampier Gold Limited
Level 3
8 Colin Street
West Perth WA 6005

Dear Sirs

RE: DAMPIER GOLD LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Dampier Gold Limited.

As Audit Director for the review of the financial statements of Dampier Gold Limited for the period ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)



John Van Dieren
Director

DAMPIER GOLD LIMITED

ACN 43 141 703 399

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the Half Year Ended 31 December 2011

		Consolidated 31 December 2011 \$	Consolidated 31 December 2010 \$
	Note		
Revenue	2	<u>295,978</u>	<u>356,665</u>
Operating expenses			
Administrative expenses		(420,611)	(253,888)
Employment and recruitment expenses		(993,390)	(694,276)
Exploration expenses		(3,764,316)	(1,495,136)
Share based payments		(94,276)	(561,691)
		<u>(5,272,593)</u>	<u>(3,004,991)</u>
Loss before income tax		(4,976,615)	(2,648,326)
Income tax benefit / (expense)		-	-
		<u>(4,976,615)</u>	<u>(2,648,326)</u>
Net loss for the period		<u>(4,976,615)</u>	<u>(2,648,326)</u>
Other comprehensive income		-	-
		<u>(4,976,615)</u>	<u>(2,648,326)</u>
Total comprehensive income / (loss) attributable to owners of Dampier Gold Limited		<u>(4,976,615)</u>	<u>(2,648,326)</u>
Basic loss per share (cents per share)	5	(9.3)	(6.3)
Diluted loss per share (cents per share)	5	(9.3)	(6.3)

The above Condensed Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

DAMPIER GOLD LIMITED
ACN 43 141 703 399

CONDENSED STATEMENT OF FINANCIAL POSITION
As at 31 December 2011

	Consolidated 31 December 2011 \$	Consolidated 30 June 2011 \$
Current Assets		
Cash and cash equivalents	5,053,074	13,341,314
Trade and other receivables	6,931	180,672
	<hr/>	<hr/>
Total Current Assets	5,060,005	13,521,986
	<hr/>	<hr/>
Non-Current Assets		
Plant and equipment	346,169	342,587
Term deposits	3,041,000	-
Capitalised acquisition costs	5,473,000	5,473,000
	<hr/>	<hr/>
Total Non-Current Assets	8,860,169	5,815,587
	<hr/>	<hr/>
Total Assets	13,920,174	19,337,573
	<hr/>	<hr/>
Current Liabilities		
Trade and other payables	380,126	1,121,647
Provisions	70,544	44,083
	<hr/>	<hr/>
Total Current Liabilities	450,670	1,165,730
	<hr/>	<hr/>
Non-Current Liabilities		
Provisions	2,000,000	2,000,000
	<hr/>	<hr/>
Total Non-Current Liabilities	2,000,000	2,000,000
	<hr/>	<hr/>
Total Liabilities	2,450,670	3,165,730
	<hr/>	<hr/>
Net Assets	11,469,504	16,171,843
	<hr/> <hr/>	<hr/> <hr/>
Equity		
Issued capital	21,591,179	21,411,179
Reserves	1,628,967	1,534,691
Accumulated losses	(11,750,642)	(6,774,027)
	<hr/>	<hr/>
Total Equity	11,469,504	16,171,843
	<hr/> <hr/>	<hr/> <hr/>

The above Condensed Statement of Financial Position should be read in conjunction with the accompanying notes.

DAMPIER GOLD LIMITED
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CONDENSED STATEMENT OF CHANGES IN EQUITY
For the Half-Year ended 31 December 2011

For the six months ended 31 December 2011

Consolidated	Contributed Equity	Option Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1.7.11	21,411,179	1,534,691	(6,774,027)	16,171,843
Loss for the half year	-	-	(4,976,615)	(4,976,615)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(4,976,615)	(4,976,615)
Transactions with owners in their capacity as owners				
Shares issued during the half year	180,000	-	-	180,000
Share based payments	-	94,276	-	94,276
Total Transactions with owners	180,000	94,276	-	274,276
Balance at 31.12.11	21,591,179	1,628,967	(11,750,642)	11,469,504

For the six months ended 31 December 2010

Consolidated	Contributed Equity	Option Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1.7.10	652,150	-	(393,050)	259,100
Loss for the half year	-	-	(2,648,326)	(2,648,326)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(2,648,326)	(2,648,326)
Transactions with owners in their capacity as owners				
Shares issued during the half year	21,750,000	-	-	21,750,000
Capital raising costs	(990,971)	-	-	(990,971)
Share based payments to employees	-	561,691	-	561,691
Options granted for tenement acquisition	-	973,000	-	973,000
Total Transactions with owners	20,759,029	1,534,691	(2,648,326)	19,645,394
Balance at 31.12.10	21,411,179	1,534,691	(3,041,376)	19,904,494

The above Condensed Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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CONDENSED STATEMENT OF CASH FLOWS
For the Half Year Ended 31 December 2011

	Consolidated 31 December 2011 \$	Consolidated 31 December 2010 \$
Cash flows from operating activities		
Payments to suppliers and employees	(1,210,256)	(779,140)
Payments of exploration expenditure	(4,600,595)	(1,230,901)
Interest received	436,000	184,982
	<hr/>	<hr/>
Net cash from / (used in) operating activities	(5,374,851)	(1,825,059)
	<hr/>	<hr/>
Cash flows from investing activities		
Payments for plant and equipment	(93,389)	(181,586)
Purchase of tenements	-	(550,000)
Term deposits to secure bank guarantees	(3,000,000)	-
	<hr/>	<hr/>
Net cash from / (used in) investing activities	(3,093,389)	(731,586)
	<hr/>	<hr/>
Cash flows from financing activities		
Proceeds from issue of share and options	180,000	20,050,000
Payments of share issue costs	-	(856,137)
	<hr/>	<hr/>
Net cash from / (used in) financing activities	180,000	19,193,863
	<hr/>	<hr/>
Net movement in cash and cash equivalents	(8,288,240)	16,637,218
	<hr/>	<hr/>
Cash at beginning of the financial year	13,341,314	90,034
Net increase / (decrease) during the period	(8,288,240)	16,637,218
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	5,053,074	16,727,252
	<hr/> <hr/>	<hr/> <hr/>

The above Condensed Statement of Cash Flows should be read in conjunction with the accompanying notes.

DAMPIER GOLD LIMITED
ACN 43 141 703 399

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2011

1. BASIS OF PREPARATION

The half year financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standard AASB 134 Interim Financial Reporting, applicable accounting standards and other mandatory professional reporting requirements.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2011 and any public announcements made by Dampier Gold Limited during the half-year in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

The half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the entity as in the full financial report.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the company's 2011 annual financial report for the financial year ended 30 June 2011, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2011:

- AASB 124 *Related Party Disclosures (amendment)* effective 1 January 2011
- AASB 132 *Financial Instruments: Presentation (amendment)* effective 1 February 2010
- AASB Int 14 *Prepayments of a Minimum Funding Requirement (amendment)* effective 1 January 2011
- *Improvements to AASBs (May 2010)*

The adoption of the standards or interpretations is described below:

AASB 124 Related Party Transactions (Amendment)

The AASB issued an amendment to AASB 124 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships and clarifies the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

DAMPIER GOLD LIMITED

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**CONDENSED NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2011**

1. BASIS OF PREPARATION (Cont.)

AASB 132 *Financial instruments: Presentation* (Amendment)

The AASB issued an amendment that alters the definition of a financial liability in AASB 132 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Group because the Group does not have these type of instruments.

AASB Int 14 *Prepayments of a Minimum Funding Requirement* (Amendment)

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as a pension asset. The Group is not subject to minimum funding requirements, therefore the amendment of the interpretation has no effect on the financial position nor performance of the Group.

In May 2010, the AASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of those amendments had no impact on the financial position or performance of the Group.

The Group has not elected to early adopt any of the new standards or amendments that are issued but not yet effective.

The half year report has been prepared on an accruals basis and is based on historical costs.

Exploration and evaluation costs

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2011

Consolidated
31 December 2011
\$

2. LOSS BEFORE INCOME TAX

Loss before income tax has been determined after:

(a) Revenue:

Interest received 295,978

(b) Expense:

Depreciation 57,914
Share based payments (Note 4) 94,276

3. ISSUED CAPITAL

On 31 December 2011 the Company issued 900,000 ordinary shares following the conversion of 900,000 Director options with a exercise price of 20 cents.

The issued share structure at the end of the period was as follows:

	Number of Shares	\$
Ordinary shares		
Issued & fully paid	55,250,004	21,591,179

Movements in ordinary shares on issue:	Number of Shares	31 December 2011 \$
At 1 July 2011	54,350,004	21,411,179
Conversion of Director options	900,000	180,000
	<hr/>	<hr/>
	55,250,004	21,591,179
	<hr/>	<hr/>

DAMPIER GOLD LIMITED
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CONDENSED NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2011

4. OPTIONS ISSUED DURING THE PERIOD

On 15 December 2011 1,125,000 options exercisable at \$0.36 on or before 14 December 2014 were issued by the Company to employees. The options were valued at \$94,276 and fully expensed during the period.

At 31 December 2011, the company had the following options on issue:

1,450,000 unlisted options exercisable at \$1.12 on or before 14 December 2013

1,125,000 unlisted options exercisable at \$0.36 on or before 14 December 2014

5. EARNINGS PER SHARE

	Consolidated Half Year 31 December 2011	Consolidated Half Year 31 December 2010
	cents	cents
Basic (loss) per share	(9.3)	(6.3)
Diluted (loss) per share	(9.3)	(6.3)

Weighted average number of issued ordinary shares during the reporting period used in calculation of basic and diluted loss per share is 53,350,004 (2010: 42,290,221).

6. SEGMENT REPORTING

For management purposes, the Group has identified one reportable segment being exploration and evaluation activities undertaken in Australia.

7. CONTINGENT ASSETS AND LIABILITIES

In the opinion of the directors there are no contingent assets or liabilities as at 31 December 2011 other than those disclosed in the Company's annual report for the year ended 30 June 2011.

9. EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the half year which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods.

DAMPIER GOLD LIMITED
ACN 43 141 703 399

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 14, are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 134 – Interim Financial Reporting, the Corporations Regulations and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the Group's financial position as at 31 December 2011 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that Dampier Gold Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Dated at Perth this 16th day of February 2012



Richard Burden
Non-Executive Director

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
DAMPIER GOLD LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Dampier Gold Limited, which comprises the consolidated condensed statement of financial position as at 31 December 2011, the consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity, and consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Dampier Gold Limited (the consolidated entity). The consolidated entity comprises both Dampier Gold Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Dampier Gold Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Dampier Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence


In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Dampier Gold Limited on 16 February 2012.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Dampier Gold Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd


John Van Dieren
Director

West Perth, Western Australia
16 February 2012