



dampiergold

ASX Announcement

16th October 2012

Dampier Gold is positioning itself to be among the next generation of Australian gold producers. The Company is evaluating and exploring ~700km² of the Plutonic – Marymia Greenstone Belt in central Western Australia with a view to near-term gold production. The project currently hosts defined Mineral Resources of 683,000 ounces of gold.

ASX CODE

DAU

CURRENT

Share Price

\$0.15

Undiluted Market Capitalisation

\$9.4M

ISSUED CAPITAL

Ordinary shares

62.54M

DIRECTORS

Dr Russell Skirrow

Chairman

Mr Richard Burden

Non-Executive Director

Mr Philip Retter

Non-Executive Director

Mr Rod Hanson

Non-Executive Director

MANAGEMENT

Mr Richard Hay

Chief Executive Officer

Mr Brendan Cocks

Chief Financial Officer

Mr Greg Rawlinson

General Manager – Geology

CONTACT

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Strategic Placement to Columbus Minerals and Share Purchase Plan

- **\$1.06 million Placement to strategic investor Columbus Minerals**
- **\$1.5 million Share Purchase Plan to existing shareholders at same price with no brokerage costs or commissions incurred**
- **Funds raised will be applied to exploration activities at the Plutonic Dome project and to supplement working capital**
- **Firm commitments for Share Purchase Plan shortfall shares up to \$400k**

Dampier's Chairman Dr Russell Skirrow said:

“We are delighted to have the full support of Columbus in stepping up our exploration program to build on our material resource base and advance towards near term sustainable commercialisation of the Plutonic Dome Project.”

Columbus Minerals' Managing Director Ms Annie Guo added:

“We are pleased to be making this investment in Dampier as the Plutonic Dome Project is a high quality asset and we believe it holds significant unlocked value. We are very supportive of Dampier's highly experienced Board and Management Team and their forward strategy.”



Australian gold company Dampier Gold Limited (ASX: DAU) (the “Company” or “Dampier”) plans to step up exploration and development activities on its advanced Plutonic Dome Project following the completion of a A\$1.06 million Placement to Columbus Minerals Pty Ltd (“Columbus”) and confirmation of a A\$1.5 million Share Purchase Plan (“SPP”).

Placement and Share Purchase Plan

Dampier has placed 7,287,500 shares at A\$0.145 per share to raise A\$1.06 million before costs to Columbus. The shares to be issued are within the discretionary capacity of the Board under ASX Listing Rule 7.1.

Columbus, a private Australian incorporated company, is fully supportive of the Board and management of Dampier and is fully aligned with Dampier’s strategy of growing its resource base to take advantage of the strong gold market leading to the development of new and advanced projects.

Immediately post the completion of the Placement, Columbus will hold 11.7% of Dampier. More detail on Columbus is provided at the end of this announcement.

SPP

The Company is also pleased to provide an opportunity to its existing shareholders to participate in the capital raising by undertaking a SPP at the same issue price of A\$0.145 per share to raise up to a further A\$1.5 million before costs. Eligible shareholders will each have the opportunity to subscribe for up to A\$15,000 of Dampier shares. Shareholders can take advantage of this offer to avoid brokerage fees and commissions.

In the event that the full A\$1.5 million is not subscribed for under the SPP, the shortfall may be placed at the discretion of Dampier. Dampier has secured firm commitments to place up to A\$400,000 of the shortfall, including A\$200,000 from Columbus.



Use of Funds

The Plutonic Dome Project is located 180km NE of Meekatharra in Western Australia (Figure 1). The Project Mineral Resource Inventory is estimated to be 5.5Mt at 3.8g/t Au for 683,000oz.

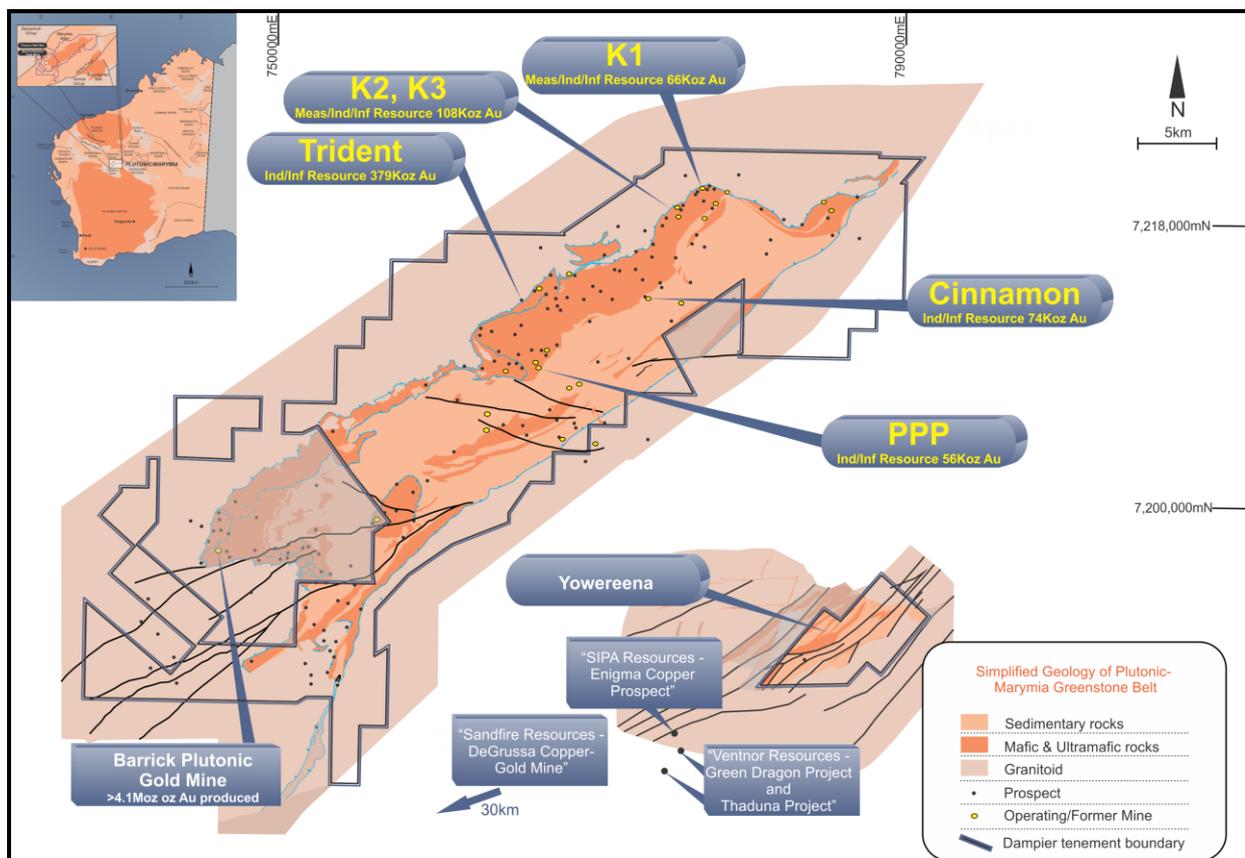


Figure 1. Plutonic Dome Project simplified geology and deposit/prospect locations

The Company's strategy is to discover additional ounces that will facilitate the commercialisation of the Plutonic Dome Project, taking advantage of the extensive infrastructure in place and the neighbouring Barrick Plutonic gold mine processing facility, for which the Company already has framework terms for an ore purchase agreement with Barrick.

The funds raised will be used by the Company to advance exploration at the Company's Plutonic Dome project, and for working capital.



More specifically the funds will enable the Company to continue its very successful regional program of identifying geochemical anomalies in under-explored areas thereby enhancing the Company's chances of discovering additional ounces. Collection of regional Mobile Metal Ion (MMI) multi-element soil assays and ongoing reassessment of the large regional geochemistry data-set is key to unlocking a pipeline of drill targets in under-explored areas of the prolific Plutonic-Marymia greenstone belt.

Additionally, the funds will be used for several short RAB / Aircore drill programs to test compelling new targets identified earlier this year and to follow up recent promising drill intersections.

Shareholder Purchase Plan Details

The SPP will provide eligible ordinary shareholders with the opportunity, without incurring brokerage, commission or other transaction costs, to subscribe for up to A\$15,000 worth of Dampier shares.

The offer of shares under the SPP will be made at A\$0.145 per share. The SPP will be capped at \$1.5 million and Directors reserve the right to reject, or scale back, on an equitable basis, any application for Shares under the SPP.

Following is an indicative timetable for the SPP (Dampier reserves the right to vary these dates):

Event	Date
SPP Record Date (5:00pm AEDT)	15 October 2012
Dispatch Notice of Meeting and SPP documents to shareholders	18 October 2012
SPP Closing Date (5:00pm AEDT)	8 November 2012
Settlement of SPP and allotment of SPP shares	15 November 2012



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Continued

Full details of the SPP and the final timetable will be set out in the SPP offer document.

The offer will only be open to “eligible shareholders”, being shareholders who are registered holders of Dampier shares as at 5:00pm (AEDT) on 15 October 2012 (SPP Record Date) with a registered address in Australia or New Zealand who are not acting for the account or benefit of U.S. persons.

Contacts

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About Dampier Gold

Dampier Gold acquired 100% of the ~700km² Plutonic Dome Project from Barrick Gold in 2010, covering the majority of the Plutonic – Marymia Greenstone Belt, excluding Barrick’s underground mining and processing operation. Dampier’s project area produced some 580,000oz Au from 40 open pits in a generally low gold price environment between 1990 and 2005. The project currently contains a Mineral Resource of approximately 683,000oz Au (comprising a Measured Resource of some 0.6Mt at 2.1g/t Au, an Indicated Resource of some 2.7Mt at 4.0g/t Au and an Inferred Resource of some 2.2Mt at 4.1g/t Au). The Company is actively evaluating its priority resource targets with a view to future gold production. Framework terms are in place for a proposed ore purchase agreement to access Barrick’s Plutonic processing facility. If agreed, this will help fast-track Dampier to producer status with a modest capital outlay.



About Columbus Minerals

Columbus is a private Australian incorporated company that was established in 2010 primarily to source and explore for precious metals in South America. The company is well funded and is pursuing investments in precious metals projects, as well as in listed and private companies that have assets near to production or with solid exploration potential. Columbus' investors are predominantly high net worth individuals and resources companies (gold) based in Mainland China. The directors also have very close associations with a number of Chinese State-owned Enterprises (SOEs) that have a precious metals investment focus and intend to partner with Columbus. Columbus' primary focus at this point in time is to secure non-controlling cornerstone stakes in mining and exploration companies that have precious metals projects with near-term production potential and strong management. Columbus is interested in investing in companies that have projects located in Australia.

Competent Persons

The information in this report that relates to the Cinnamon, PPP, Trident, K1 and K2-K3 Mineral Resources is based on information compiled and reviewed by Mr Aaron Green who is a Member of the Australian Institute of Geoscientists and full-time employee of Runge Limited. Mr Green has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he has undertaken, to qualify as a Competent Person as defined in the 2004 JORC Code. Mr Green consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to Exploration Results is based on information compiled and reviewed by Mr Richard Hay, who is a Member of the Australian Institute of Geoscientists and the Chief Executive Officer of Dampier Gold. Mr Hay has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he has undertaken, to qualify as a Competent Person as defined in the 2004 JORC Code. Mr Hay consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.