

12 May 2016

Sale of Plutonic Dome Gold Project

Highlights:

- Dampier sells to Vango its remaining equity in the Plutonic Dome Gold Project
- Dampier to be in a strong cash position and potential additional cash flow from the mine
- Dampier directors are actively reviewing new projects for the Company

The Directors of Dampier Gold Limited (ACN 141 703 399) (ASX:DAU) (“Dampier” or “the Company”) are pleased to advise that following the receipt of shareholder approval on 3 March 2016 the Company has entered into an agreement for the sale of the Company’s remaining equity interest in the Plutonic Dome Gold Project (“Project”) to Vango Mining Limited (ACN 108 737 711) (“Vango”).

The sale of the Project to Vango is subject to satisfaction of the following Conditions Precedent:

- registration of any dealing necessary to ensure that the Vango has legal title to an initial 60% interest in the Project tenements;
- Dampier and/or Vango obtaining all necessary governmental consents and approvals, including the consent of the Minister under the Mining Act (if required) to transfer Dampier’s remaining 40% interest in the Project tenements to Vango;
- Dampier and Vango using all reasonable endeavours to enter into each deed of assignment and assumption in favour of any third party with the benefit of the Ancillary Agreements, under which Dampier assigns the benefits and rights of the Ancillary Agreements to Vango and Vango covenants to assume the obligations of Dampier under the Ancillary Agreements to the extent of the Project tenements; and
- the parties obtaining any relevant consent or waiver from Northern Star Resources Limited (ACN 092 832 892) (**Northern Star**) in relation to any agreement between Dampier, Dampier Plutonic Pty Ltd, Vango, Northern Star or any other related entity.

The Conditions Precedent must be satisfied (or waived) by 30 June 2016.

The consideration to be paid to Dampier by Vango is as follows:

(a) Non Contingent Component:

\$2,200,000 (excluding GST), which is to be paid by Vango on or before 1 June 2014 into an account maintained by Dampier’s solicitor Steinepreis Paganin.

(b) Contingent Component

The following amounts to be paid by Vango within 7 days after the occurrence of the following events:

- \$1,000,000 (excluding GST) on production of a total of 45,000 ounces of gold from the Project tenements;
- \$1,000,000 (excluding GST) on production of a total of 100,000 ounces of gold from the Project tenements;
- \$1,000,000 (excluding GST) on production of a total of 200,000 ounces of gold from the Project tenements; and

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- \$1,000,000 (excluding GST) on production of a total of 300,000 ounces of gold from the Project tenements.

(c) ROYALTY

Vango to pay a production royalty on overall production from the Project tenements as follows:

- 1.0% of the dollar value on each ounce of gold produced from the Project tenements, which is only payable if the London Spot Fix AM (USD/oz) is as of the date of issue of the mint receipt equal to or greater than US\$1,175/oz, or
- 2.0% of the dollar value on each ounce of gold produced from the Project tenements, which is only payable if the London Spot Fix AM (USD/oz) is as of the date of issue of the mint receipt equal to or greater than US\$1,250/oz, or
- 3.0% of the dollar value on each ounce of gold produced from the Project tenements, which is only payable if the London Spot Fix AM (USD/oz) is as of the date of issue of the mint receipt equal to or greater than US\$1,400/oz, or
- 4.0% of the dollar value on each ounce of gold produced from the Project tenements, which is only payable if the London Spot Fix AM (USD/oz) is as of the date of issue of the mint receipt equal to or greater than US\$1,500/oz.

The royalty is capped at A\$2 million.

Completion of the sale of the Project will give Dampier unencumbered >\$4M in cash, the prospect of additional cash payments and a royalty stream with the development of the Project.

Dampier's Directors are encouraged by Vango's enthusiasm and support for the Project and thank their team headed by Chairman Bruce McInnes for their cooperation and mutual respect in negotiating this difficult transaction. We look forward to the successful development of the Project and Vango transitioning from an explorer to a producer.

Malcolm Carson
Chairman

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