

25 August 2016

Sale of Plutonic Dome Gold Project

Highlights:

- **Completion of the sale of the Plutonic Dome Gold Project to Vango**
- **The Company is now in a strong cash position with ~\$4.2 million of unencumbered cash**
- **In the short term, Dampier is set to benefit from gold production cash flow as Vango brings on stream the K2 Project**
- **In the longer term, Dampier will also benefit from gold production from other projects from the ~800,000 ounce global resources within the Plutonic Dome Gold Tenements**
- **Dampier will continue to work with Vango, supporting development of the Project**
- **The Company is now in a position to secure a new growth project**

The Directors of Dampier Gold Limited (ACN 141 703 399) (ASX:DAU) (“**Dampier**” or “**the Company**”) are very pleased to advise of the completion of the sale of the Plutonic Dome Gold Project (“**Project**”) to Vango Mining Limited (ACN 108 737 711) (“**Vango**”).

Dampier’s Chairman, Malcolm Carson, said: “This is an exceptionally good deal for the Company and delivers an unencumbered ~\$4.2 million cash position and residual exposure to the upside in the planned immediate development of the Plutonic Dome Gold Project, which contains a Global Resource of ~800,000 ounces.”

“This result has been achieved following lengthy and constructive negotiations with the Vango management team. The negotiations concluded what proved to be an extremely difficult and complicated joint venture and resulted in the sale of the Company’s remaining joint venture interest on very attractive terms.”

“As a consequence of the sale, Dampier is now in a financial position that will enable it to secure new growth opportunities. In that regard, we have reviewed a number of projects and we are confident of finalising a positive outcome for the Company.”

“Completion of the sale has provided a new foundation for the Company and a platform for future growth.”

The consideration to be paid by Vango for the sale of Project is as follows:

(a) Initial Component:

\$2,200,000 (which has been received) and a further \$245,239.78 which is to be paid by Vango within 30 days. The \$245,239.78 represents the refund of a \$101,000 security deposit and the reimbursement of Project costs incurred by the Company.

(b) Contingent Component

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

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- \$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
- \$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 \$2 million.

Dampier thanks Vango and its team, headed by Chairman Bruce McInnes, for their positive and constructive approach towards negotiating and concluding this difficult transaction. The Company is confident that, under the guidance of its Chairman, Vango faces an exciting and prosperous future.

Dampier looks forward to participating, alongside Vango, in the successful development of the Project, to securing a new growth project and further building the value of the Company.

Malcolm Carson
Chairman

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