



19 October 2010

September 2010 Quarterly Activities Report

Dampier Gold is actively exploring 700km² of Archaean greenstone belt in central Western Australia. Dampier's tenements host defined Mineral Resources of 264,000 ounces of gold and Ore Reserves of 35,000 ounces of gold with an additional substantial inventory of shallow, drill defined gold mineralisation.

ASX CODE: DAU

CURRENT SHARE PRICE: \$0.71

CURRENT UNDILUTED MARKET CAPITALISATION: \$38.6M

ISSUED CAPITAL: 54.4M ordinary shares

DIRECTORS

Dr Russell Skirrow
Chairman

Mr Richard Burden
Non-Executive Director

Mr Phillip Retter
Non-Executive Director

MANAGEMENT

Dr Julian Stephens
Chief Executive Officer

Mr Richard Hay
Chief Operations Officer

Mr Brendan Cocks
Chief Financial Officer

www.dampiergold.com

PO Box 1981

West Perth 6872

Western Australia

info@dampiergold.com

HIGHLIGHTS

- **Successful \$20 million IPO and ASX listing in August 2010**

- **Updated resource estimate underway for Trident deposit**

- **Maiden RC drilling program on track for commencement in November**

- **Key appointments**

Mr. Brendan Cocks as CFO

**Mr. Greg Rawlinson as
General Manager Geology**



Exploration and Development Activities

Drilling Program

Dampier Gold Limited (“Dampier” or the “Company”, ASX:DAU) recently received approvals for its PoW (Program of Work) applications from the Department of Mines and Petroleum for the upcoming, maiden drilling program at the Trident, K2-K3, K2SE and Budgie projects.

The Company has secured a drilling rig for the initial 5,000m RC contract due to begin in early November.

This maiden drilling program will focus on mostly near surface targets with the aim of expanding the defined JORC resources and in addition, advance the known areas of drill-defined mineralisation into JORC resource status.

Planning is also underway for an aggressive RC and diamond drilling program of circa 15,000m for the first half of 2011.

Resource Estimation Work

The Company has commenced a detailed and methodical review of the models for the major resources and areas of significant drill defined gold mineralisation within the Plutonic Dome project area. Over the next 3 to 6 months, Dampier intends to progressively release updated resource estimates for the Trident, K1-K2-K3 and Budgie deposits that better reflect the current gold price environment and open pit development strategy of the Company.

Consulting firm Runge has been appointed to undertake the first stage of this project, being a new resource estimate for the Trident deposit. Work is well underway and the Company expects to release an updated resource estimate for Trident during the forthcoming quarter.

The current underground resource reported for Trident (Indicated and Inferred Resource of 0.8 Mt at 6.0g/t Au for 157,000 oz) is based on a model produced by Barrick in 2005. The new model will reflect an initial open pit development strategy and will also incorporate the results from 4 geotechnical holes assayed after the completion of the 2005 model. These results, which are summarised in Table 1, have increased confidence in continuity of the high-grade gold mineralisation at depth.



Table 1. Significant results from geotechnical holes TRRCD0051-0054.

Hole ID	From	To	Width (m)	Grade g/t Au	E (local)	N (local)	Dip	Azimuth (local)
TRRCD0051 including	200.30	206.00	5.70	22.8	19,380	12,210	-55°	180°
	201.00	202.50	1.50	79.8				
	212.80	214.00	1.20	3.6				
TRRCD0052 including	210.30	214.00	3.70	4.4	19,443	12,230	-65°	180°
	211.00	211.54	0.54	11.3				
TRRCD0053 including	231.70	233.05	1.35	28.9	19,560	12,216	-65°	180°
	232.00	232.50	0.50	60.6				
	242.00	244.00	2.00	1.8				
TRRCD0054 including	231.00	234.00	3.00	8.2	19,675	12,265	-65°	180°
	231.40	233.40	2.00	11.2				

**All intercepts reported are interpreted as being between 90% and 100% of true width.*

Corporate

IPO and ASX Listing

During the Quarter, Dampier closed its \$20 million IPO early and oversubscribed. The Company was admitted to the Australian Securities Exchange on the 19th August and commenced trading on 23rd August.

The Company currently has 54.4 million shares on issue.

Key Appointments

The Company is pleased to announce that Mr Brendan Cocks has been appointed to the position of Chief Financial Officer and Mr Greg Rawlinson to the position of General Manager Geology.

Brendan is a Chartered Accountant with over 15 years experience across a broad range of industries including mining, mining services and manufacturing. He has held senior finance positions previously with Lion Nathan Ltd, KPMG, and Empire Beer Group. Most recently Brendan was CFO of LogiCamms Limited, a listed multi-disciplinary engineering company operating in the mining, hydrocarbons and infrastructure sectors. Brendan brings with him strong experience in the financial leadership of a public company including relevant experience in reporting and compliance, capital strategy, investor relations, corporate governance and commercial support.



Greg has over 15 years experience in gold and base metal exploration and mining. Most recently, he was Geology Manager and then Registered Manager of the Lake Johnston operation for Norilsk Nickel. Prior to this, Greg spent nine years with Barrick Gold in Senior Geological Roles at the Plutonic and Darlot Gold Projects, including Senior Resource and Development Geologist, Senior Mining Geology roles and Geology Superintendent. Greg brings with him resource development skills and strong operational experience in developing projects to maturity and mining. Greg's vast knowledge and previous experience on Dampier's Plutonic Dome Gold Project will be a significant advantage to the Company.

Dampier is also pleased to announce the appointment of Alexandra Pasitua as Executive Assistant. Most recently, Alexandra spent six years with Norilsk Nickel as Executive and Legal Assistant.

Office Premises

Dampier has secured appropriate office premises in West Perth, Western Australia. An announcement regarding a change in the registered address of the Company will be made in the near future.

Contacts

Dr Julian Stephens – CEO	+61 411 144 531	julian.stephens@dampiergold.com
Ben Jarvis – Six Degrees Media	+61 413 150 448	ben@sixdegreesmedia.com.au

About Dampier Gold

Dampier Gold has acquired 100% of the ~700km² Plutonic Dome Project from Barrick Gold, covering the majority of the Plutonic 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 Probable Ore Reserve of 35,000oz (0.2 Mt at 4.9g/t Au) and Mineral Resource of approximately 264,000oz (comprising an Indicated Resource of some 1.7 Mt at 4.3g/t Au and an Inferred Resource of some 0.2 Mt at 3.6g/t Au) with an additional substantial inventory of drill defined gold mineralisation. The Company is targeting a decision to mine within 18 months of listing. 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 modest capital outlay.



Plutonic Dome Project Mineral Resources as at 31 December 2009

Deposit	OP/ UG	Measured		Indicated		Inferred		Total		Contained metal (oz)
		Tonnes (Mt)	Grade (g/t Au)	Tonnes	Grade (g/t Au)	Tonnes	Grade (g/t Au)	Tonnes	Grade (g/t Au)	
K2	OP	-	-	88,000	2.8	9,000	2.1	97,000	2.8	8,600
	UG	-	-	104,000	5.1	32,000	4.9	136,000	5.1	22,300
Sub-total		-	-	192,000	4.1	41,000	4.3	233,000	4.1	30,900
Trident	OP	-	-	-	-	-	-	-	-	-
	UG	-	-	754,000	6.1	53,000	5.1	806,000	6.0	156,700
Sub-total		-	-	754,000	6.1	53,000	5.1	806,000	6.0	156,700
Albatross - Flamingo	OP	-	-	194,000	1.8	103,000	2.8	297,000	2.2	20,800
	UG	-	-	-	-	-	-	-	-	-
Sub-total		-	-	194,000	1.8	103,000	2.8	297,000	2.2	20,800
K1 SE	OP	-	-	311,000	2.7	27,000	2.3	338,000	2.7	29,000
	UG	-	-	-	-	-	-	-	-	-
Sub-total		-	-	311,000	2.7	27,000	2.3	338,000	2.7	29,000
Triple P	OP	-	-	283,000	2.8	11,000	3.6	294,000	2.8	26,700
	UG	-	-	-	-	-	-	-	-	-
Sub-total		-	-	283,000	2.8	11,000	3.6	294,000	2.8	26,700
Total		-	-	1,734,000	4.3	235,000	3.6	1,968,000	4.2	264,100

Mineral Resources are exclusive of Ore Reserves

OP = open pit, UG = underground

Open pit resources are reported within an optimized pit shell at A\$845/oz Au

Due to rounding, tonnages and grades may not equate to exact contained ounces

100% equity basis

Ore Reserves as at 31 December 2009

Deposit	Classification	Tonnes	Grade (g/t Au)	Contained metal (oz)
K2	Proved	-	-	-
	Probable	222,000	4.9	35,200
Total		222,000	4.9	35,200

Due to rounding, tonnages and grades may not equate to exact contained ounces

100% equity basis

Reserve is additional to above Resources

Competent Person

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled and reviewed by Mr Richard Hay, who is a Member of the Australian Institute of Geoscientists and the Chief Operating 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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Dampier Gold Limited

ABN

43 141 703 399

Quarter ended ("current quarter")

30 September 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(724) - - (411)	(724) - - (411)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	25	25
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
	(1,110)	(1,110)
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(621) - (17)	(621) - (17)
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 (provide details if material)	-	-
	(638)	(638)
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(1,748)	(1,748)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,748)	(1,748)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	20,050	20,050
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 (IPO Costs)	(871)	(871)
Net financing cash flows		19,179	19,179
Net increase (decrease) in cash held		17,431	17,431
1.20	Cash at beginning of quarter/year to date	90	90
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	17,521	17,521

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	64
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 and out of pocket expense reimbursements

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

In accordance with the tenement acquisition agreement (as previously disclosed in the prospectus dated 9 July 2010) consideration to Barrick (Plutonic) Limited included the issue of 5,000,000 options exercisable at 50c on or before 31 October 2011, 5,000,000 options exercisable at 50c on or before 31 December 2011 and 3,400,000 ordinary shares issued at 50 cents.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

- 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

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Financing facilities available

Add notes as necessary for an understanding of the position.

	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	1,550
4.2 Development	-
4.3 Production	-
4.4 Administration (Includes circa \$400k in establishment costs e.g. office, site, recruitment and other one-off charges)	1,000
Total	2,550

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	2,301	90
5.2 Deposits at call	15,220	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	17,521	90

+ See chapter 19 for defined terms.

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	M52/740 M52/741 M52/697 M52/731 <i>Note – all tenements are applications.</i>	All nil	All nil
6.2	Interests in mining tenements acquired or increased	❖ Refer below	All nil	All 100%

❖ Interests in Mining Tenements acquired

E52/2071	E52/2072	E52/527	P52/1220	P52/1221
P52/1222	P52/1223	P52/1224	M52/183	M52/185
M52/217	M52/218	M52/219	M52/220	M52/226
M52/227	M52/228	M52/229	M52/230	M52/231
M52/232	M52/233	M52/234	M52/235	M52/246
M52/247	M52/253	M52/257	M52/258	M52/259
M52/269	M52/270	M52/271	M52/275	M52/276
M52/277	M52/278	M52/279	M52/280	M52/281
M52/285	M52/291	M52/292	M52/293	M52/299
M52/303	M52/304	M52/305	M52/306	M52/320
M52/321	M52/322	M52/323	M52/351	M52/352
M52/353	M52/356	M52/365	M52/366	M52/367
M52/368	M52/369	M52/370	M52/395	M52/396
M52/478	M52/546	M52/547	M52/555	M52/571
M52/572	M52/590	M52/593	M52/654	M52/657
M52/658	M52/670	M52/671	M52/672	

+ See chapter 19 for defined terms.

❖ **Interests in Mining Licence Applications acquired**

M52/748	M52/779	M52/780	M52/781	M52/782
M52/1050	M52/740	M52/741	M52/697	M52/731

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 <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	54,350,004	41,390,002		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	1,000,000 43,400,000 -	200,000 40,000,000 -	\$0.10 \$0.50 -	\$0.10 \$0.50 -
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	6,000,000 5,000,000 5,000,000	- - -	<i>Exercise price</i> \$0.20 \$0.50 \$0.50	<i>Expiry date</i> 31 December 2011 31 October 2011 31 December 2011
7.8 Issued during quarter	5,000,000 5,000,000	-	\$0.50 \$0.50	31 October 2011 31 December 2011


+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures (totals only)	-	-		
7.12	Unsecured notes (totals only)	-	-		

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 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
(Director/Company secretary)

Date: 19 October 2010

Print name: Susan Hunter

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.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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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