



dampiergold

ASX Announcement

18 November 2011



Dampier Gold Limited

2011 Annual General Meeting

Chairman's Address

Perth, 18th November, 2011

Industry Perspective – Some Observations

Since I spoke to shareholders this time last year, your Company has made considerable progress in exploring the known and hidden mineral endowment of the Plutonic Belt, expanding its JORC resources, and building the foundations for Dampier Gold to develop into a new gold miner, if our future activities bear fruit.

To understand what we are trying to do, and put it into some perspective, I'd like to paint a picture for you of the current 'gap' in the Australian listed gold company market that Dampier Gold aspires to fill. This was one of the driving rationales that led to the Company's A\$20m IPO in August, 2010.

The Australian gold industry, with Newcrest the largest and perhaps only world class listed Australian gold miner, desperately needs new local discoveries, or old ones being redeveloped, to remain relevant to local investors and for the long term future and health of Australian gold production and the prosperity that flows from it.

The S&P/ASX All Ordinaries Gold Index has fallen some 8% in 2011, but its composition is what fascinates me, and what I would like to highlight to you. There are 44 constituents of this All Ords Gold Index, with a market capitalisation of A\$47.7 billion and Newcrest accounts for 60% of this, at the time of writing. The smallest constituent has a market capitalisation of some A\$50m versus Newcrest, which exceeds A\$28 billion.



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Clearly, many small gold explorers/miners are battling for investor attention & relevance in Australia. The default investment for an Australian institutional investor to gain sector exposure is Newcrest. Who is second and third?

Only two of the top ten gold index constituents can be said to be exclusively Australian gold miners. There is clearly a need for new Australian discoveries and development/production stories and this is Dampier Gold's prime objective, as we retain the ambition of a fast-track into production. We believe this is our lowest risk path to value creation, and in principle, is what our gold industry needs and will deserve investor support, should drill results continue to validate this strategy. In short, we want to help to fill that 'gap' in the market.

People

Essential to the future success of our business, are our people. During the year just ended we have built a small but highly experienced and capable team and carried out two major drilling campaigns, with Richard Hay recently replacing Dr. Julian Stephens as CEO. The Board would like to thank Julian for leading the Company in its infancy, and wish him well in his future endeavours.

This morning we have announced that Rod Hanson has joined the Dampier Gold Board as non-executive director, effective 21st November, and we look forward to his future contributions, which I am sure will be invaluable with his deep operating experience as a mining engineer and familiarity with our Plutonic Belt assets.

Progress

After two major drilling campaigns we were able to increase our JORC resource base by 85% to 553,400 ounces of gold. This compares to approximately 300,000ozs at the time of IPO. Additionally, there have been notable exploration successes, discovering new mineralised zones, at both Cinnamon and Skyhawk prospects, with ongoing resource studies likely to further grow our resource base.



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Very recently, we have received tantalising assay results with significant copper-gold anomalies at the Apex prospect, defined by RAB drilling, over coincident gravity and magnetic anomalies. Given the recent discoveries of economically attractive high grade (eg. Degruessa) copper/gold deposits in the region, and the trend of juniors finding additional copper discoveries, which have excited investors, we shall assess Apex carefully.

I take particular pleasure in reporting to you that your Company recorded no injuries in the 2010/2011 financial year and this is testimony to the systems developed to safeguard health and safety of all our employees and contractors, led by our CEO and implemented by the Dampier Gold team.

We have completed the RAB drill testing of 16 high priority regional targets to build a pipeline of prospects for further study and with an attempt to make the 1Moz gold discovery that we feel this Plutonic Belt may still contain, whilst also moving our existing resources along the evaluation path.

At the time of writing, Trident and K2-K3 diamond drilling is in progress, which is targeted at expanding and upgrading the resource category at these important underground projects, comprising in total 77% of our reported resources.

I would remind you that K2, in particular, has yielded some 'bonanza' type intersections underneath the existing open-pit, with 4 metres at 101g/t and 3 metres at 81g/t being particularly eye-catching. Furthermore, there is an existing 700 metre decline developed into this mineralisation, from legacy activities in the late 1990's when the gold price bottomed around US\$250/oz.

Future

With \$9m in net cash at September quarter end (after funding a \$2m cash backed bond with the DMP, for future environmental liabilities), in coming months we shall soon be at the stage where our drilling results will indicate directions for future, medium term development opportunities and priorities.



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We are agnostic about whether this should be from open pit sources or underground, and the decision will depend on drilling results, and moreover a detailed evaluation of where the optimum financial returns can be achieved. Our situation is somewhat unique as there is latent milling capacity at the Barrick Plutonic mill. There is already existing infrastructure, with established haul roads, and underground development at K2, so the higher grades encountered from underground production will compete with the economic potential of our open pit resources, for allocation of the first development capital.

A fast-track to production still remains our primary objective, as we seek medium term gold production, at a time of strong and rising prices. This path is unavailable to many smaller explorers going through the perhaps 5-10 year process of 'discover, grow, evaluate, finance, build and commission' new gold production. If we are successful with current and future drilling and resource evaluation studies, your Company has the potential to become a new Australian gold producer in 2013.

Closing Remarks

Your newly expanded Board is excited about the next 12 months ahead, as there is great potential to create strong financial returns for investors by developing our resources and exploring for and finding additional ones, and to become one of those junior gold companies recognised in the stock market for executing its strategy.

On behalf of the Directors, I'd like to thank you all for your attendance and for those shareholders not present today, to thank you for your patience, as whilst we are at the mercy of drilling results like all small explorers/miners, the next 12 months promise much as we strive to fulfil our potential.

At this point, I shall handover to our CEO, Richard Hay, as he outlines past achievements and future plans for your Company.