



24th March 2011

Commencement of 2011 drilling program

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 434,000 ounces of gold and Ore Reserves of 35,000 ounces of gold.

ASX CODE: DAU

CURRENT SHARE PRICE: \$0.625

CURRENT UNDILUTED MARKET CAPITALISATION: \$34.0M

ISSUED CAPITAL: 54.4M ordinary shares

DIRECTORS

Dr Russell Skirrow
Chairman

Mr Richard Burden
Non-Executive Director

Mr Philip Retter
Non-Executive Director

MANAGEMENT

Dr Julian Stephens
Chief Executive Officer

Mr Richard Hay
Chief Operations Officer

Mr Brendan Cocks
Chief Financial Officer

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HIGHLIGHTS

- **12,000m RC drilling program has commenced at the Plutonic Dome Project**
- **7,000m targeted for existing resource areas at K1-K2-K3**
- **5,000m to follow up significant intersections at Cinnamon and new targets at Keilor East and Trident**
- **Updated resource estimates for the K1-K2-K3 area due for completion in April**
- **Open pit Scoping Studies have commenced on the K1-K2-K3 and PPP deposits and are scheduled for completion in June**



Company Objectives

Dampier Gold Limited (“Dampier” or the “Company”, ASX:DAU) remains committed to its targeted production decision in early calendar 2012, subject to positive Scoping/Pre-Feasibility Studies. The immediate goal is to outline a resource of at least 500,000 ounces of gold*, from which a medium-term core reserve of greater than 250,000 ounces of gold* is being targeted to sustain early production.

Drilling Program

Dampier is pleased to announce the commencement of the 2011 drilling season. A total of 12,000m of RC drilling is planned for the March and June quarters, with 7,000m designated as resource drilling and 5,000m designated as exploration.

The main objectives of the 7,000m resource drilling program at K1-K2-K3 are to improve confidence and extend the resource where possible. The 5,000m exploration drilling program will target extensions to the newly defined footwall lode at Cinnamon, evaluate the previously undrilled chargeability geophysical targets at Keilor East adjoining the K1-K2-K3 trend and test for potential up-dip, near surface extensions to the Trident resource.

Resource Estimates

Updated resource estimates for the K1-K2-K3 deposits are now well advanced and are due for completion in April.

Scoping Studies

The Company has engaged mining consultancy Optiro to undertake Scoping Studies on the open pit mining options available to bring the K1-K2-K3 and PPP deposits into production.

Key assumptions to be included in the studies include:

- Utilisation of current indicative mining costs
- Ore treatment at the Barrick Plutonic processing facility (subject to execution of an Ore Purchase Agreement)

The Studies are due for completion by the end of June, with results to form the foundation of a Pre-Feasibility Study planned to commence in the second half of 2011.

**The potential quantity and grade of this target is conceptual in nature and there is no guarantee that future exploration or economic studies will result in the determination of a Mineral Resource or Ore Reserve in accordance with the JORC Code.*



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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 434,000oz (comprising an Indicated Resource of some 1.8 Mt at 4.3g/t Au and an Inferred Resource of some 1.3 Mt at 4.6g/t Au). 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 - November 2010

Deposit	OP/UG	Indicated		Inferred		Total		
		Tonnes	Grade (g/t Au)	Tonnes	Grade (g/t Au)	Tonnes	Grade (g/t Au)	Contained metal (oz)
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	787,000	6.2	1,072,000	4.9	1,859,000	5.5	326,100
Sub-total		787,000	6.2	1,072,000	4.9	1,859,000	5.5	326,100
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		1,767,000	4.3	1,254,000	4.6	3,021,000	4.5	433,500

Mineral Resources are exclusive of Ore Reserves

OP = open pit, UG = underground

*Trident resource based on parameters detailed in a previous announcement dated 29th November 2010

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

Plutonic Dome Project Ore Reserves - November 2010

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 Persons

The information in this report that relates to Exploration Results is based on information compiled and reviewed by Mr Greg Rawlinson, who is a Member of the Australian Institute of Mining and Metallurgy and General Manager Geology of Dampier Gold. Mr Rawlinson 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 Rawlinson 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 the Trident Mineral Resource is based on information compiled and reviewed by Mr Graham de la Mare, who is a Member of the Australian Institute of Geoscientists and full-time employee of Runge Limited. Mr de la Mare 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 de la Mare 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 all other 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.