



25 January 2011

## Positive results from maiden drilling programme

Dampier Gold is actively exploring 700km<sup>2</sup> of Archaean greenstone belt in central Western Australia. Dampier's tenements host Mineral Resources of 469,000 ounces of gold with an additional substantial inventory of shallow, drill defined gold mineralisation.

**ASX CODE:** DAU

**CURRENT SHARE PRICE:** \$0.70

**CURRENT UNDILUTED MARKET CAPITALISATION:** \$38.1M

**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*

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## HIGHLIGHTS

- **Assay results received for 25 out of 39 RC drill holes completed at Budgie, Trident and K2-K3**
- **Significant down hole results from assay data received for 4 out of 11 holes completed at Budgie (Cinnamon) include;**
  - DBDRC0001: 25m at 2.35g/t Au (from 112m)  
incl. 11m at 3.59g/t Au (from 120m)
  - DBDRC0003: 19m at 6.85g/t Au (from 132m)  
incl. 11m at 10.57g/t Au (from 139m)
- **Significant down hole results from the 3 holes completed at Trident include;**
  - DTRRC0003: 22m at 8.69g/t Au (from 122m)  
incl. 3m at 43.54g/t Au (from 136m)
- **Significant down hole results from assay data received for 18 out of 25 holes completed at K2-K3 include;**
  - DK3RC0003: 9m at 2.28g/t Au (from 32m)
  - DK2RC0010: 7m at 3.90g/t Au (from 62m)
  - DK2RC0016: 3m at 21.05g/t Au (from 74m)
- **Results from the remaining 14 holes expected shortly**
- **Drilling to resume in March**



**Drilling Programme**

Dampier Gold Limited (“Dampier” or the “Company”, ASX:DAU) is pleased to announce the results from the first batch of assay data received from its recently completed maiden drilling programme at the Plutonic Dome Project. A total of 39 RC holes for 4,267m were completed at the Budgie (Cinnamon), Trident and K2-K3 gold deposits between November and December 2010. Results for 25 of the 39 holes completed have been received and are reported in this announcement.

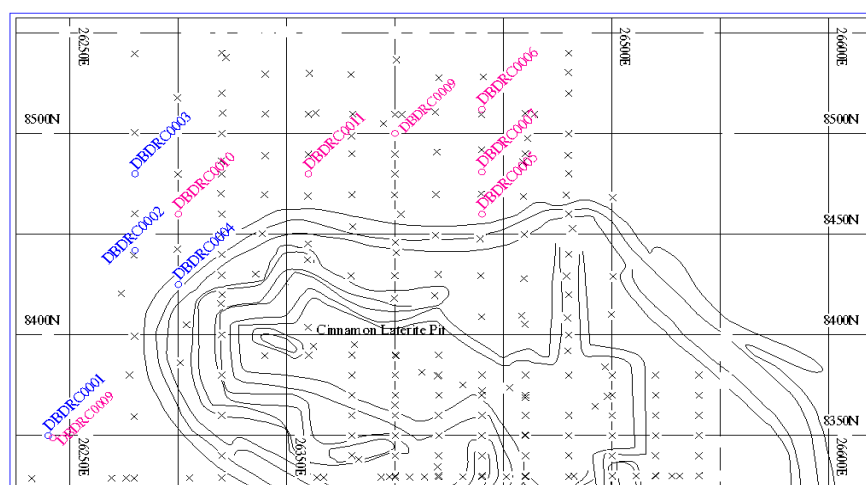
**Budgie (Cinnamon)**

A total of 11 drill holes for 1,454m were completed at Budgie (Cinnamon), which included both extensional and infill holes to enhance geological confidence in the bedrock mineralisation extending below the former shallow laterite pit. Significant intercepts above a 0.5 g/t Au cut-off from the 4 holes received to date are summarised in Table 1. The location of these drill holes is presented in Figure 1.

**Table 1. Summary of down hole drill intersections above 0.5 g/t Au from Budgie (Cinnamon)**

Hole ID	Local E	Local N	Dip	Local Azimuth	Total Depth	From (m)	To (m)	Width* (m)	Au (g/t)
DBDRC0001	26240	8350	-90°	000°	150	112	137	25	2.35
					incl.	120	131	11	3.59
						142	148	6	0.70
DBDRC0002	26280	8442	-60°	180°	114	62	65	3	1.41
						69	70	1	1.51
						79	88	9	0.87
DBDRC0003	26280	8480	-60°	180°	156	83	86	3	1.78
					incl.	132	151	19	6.85
					incl.	147	150	11	10.57
DBDRC0004	26300	8425	-60°	180°	90	59	63	4	1.13

\*True widths estimated at 80% to 100% of down hole intercept widths for holes DBDRC001, 002 & 004 and 60% for DBDRC003.



**Figure 1. Plan view of drill hole collars over the Budgie (Cinnamon) prospect. Blue collars represent results received, red collars represent holes awaiting results. Black crosses represent historical drill collar locations.**



## Trident

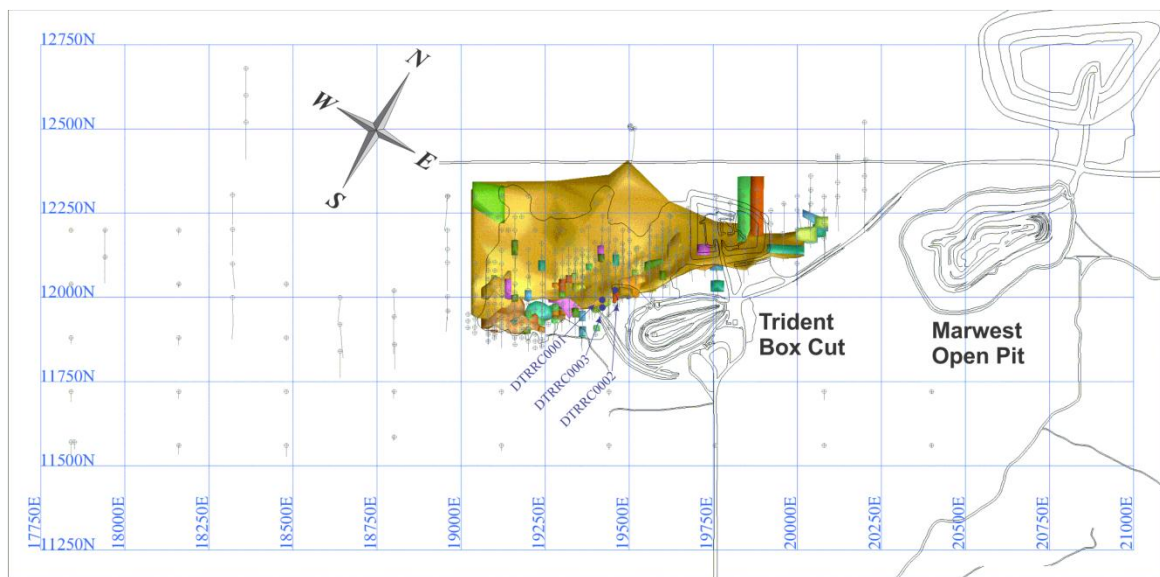
At Trident, the drilling programme was prematurely curtailed due to localised flooding from heavy rains in mid-December with only 3 holes completed for a total of 526m. Recommencement of this programme is scheduled for late in the first quarter, 2011.

The results from all 3 holes have been received and significant intercepts are summarised above a 0.5 g/t Au cut-off in Table 2. The location of these drill holes is presented in Figure 2.

**Table 2. Summary of down hole intersections above 0.5 g/t Au from Trident**

Hole ID	Local E	Local N	Dip	Local Azimuth	Total Depth	From (m)	To (m)	Width* (m)	Au (g/t)
DTRRC0001	19420	12000	-90°	000°	168 incl.	93	99	6	1.87
						95	98	3	3.07
						161	162	1	1.48
DTRRC0002	19460	12030	-60°	270°	162 incl.	72	78	6	2.74
						74	76	2	4.23
DTRRC0003	19420	11990	-70°	090°	198 incl.	91	105	14	1.01
						<b>122</b>	<b>144</b>	<b>22</b>	<b>8.69</b>
						<b>136</b>	<b>139</b>	<b>3</b>	<b>43.54</b>

\*True widths are estimated at 75% to 85% of down hole intercept widths for holes DTRRC001 & 002 and 55% for hole DTRRC003.



**Figure 2. Plan view of drill hole collars over the Trident deposit. Blue collars represent results received. All other hole traces represent historical drill hole locations.**

## K2-K3

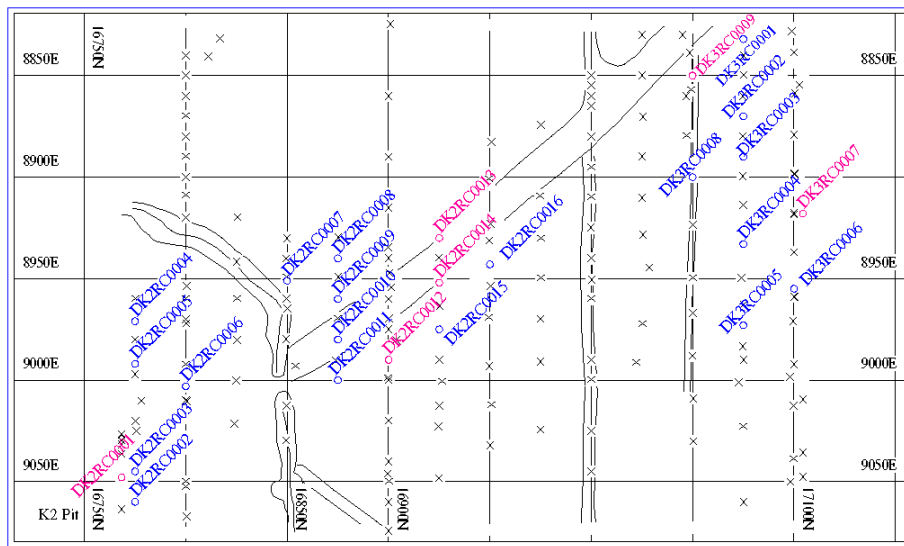
A total of 25 holes for 2,287m were completed in the K2-K3 area which encompasses the immediate northeastern strike extensions of the former K2 open pit operation. The main aim of the programme was to infill and extend the known area of shallow gold mineralisation in advance of a resource estimate. Numerous near surface oxide intersections were returned from assay data received for 18 of these holes and significant intercepts are summarised above a 0.5 g/t Au cut-off in Table 3. The location of these drill holes is presented in Figure 3.



**Table 3. Summary of down hole drill intersections above 0.5 g/t Au from K2-K3**

Hole ID	Local E	Local N	Dip	Local Azimuth	Total Depth	From (m)	To (m)	Width* (m)	Au (g/t)
DK3RC0001	8832	17075	-60°	270°	60	45	46	1	1.59
DK3RC0002	8870	17075	-60°	270°	100	6	8	2	0.84
						13	17	4	0.71
						22	23	1	1.50
						80	81	1	1.60
DK3RC0003	8890	17075	-60°	270°	110	25	27	2	3.73
						<b>32</b>	<b>41</b>	<b>9</b>	<b>2.28</b>
						<b>37</b>	<b>38</b>	<b>1</b>	<b>13.53</b>
						44	46	2	0.68
DK3RC0004	8933	17075	-60°	270°	112	70	73	3	0.54
						84	93	9	1.87
						incl. 85	89	4	3.21
						103	112	9	0.76
DK3RC0005	8973	17075	-60°	270°	55	22	30	8	1.91
						incl. 27	28	1	8.03
DK3RC0006	8955	17100	-60°	270°	170	19	20	1	2.13
						117	129	12	1.46
						133	135	2	2.51
						139	141	2	1.36
						154	156	2	0.81
DK2RC0002	9060	16775	-60°	090°	70	41	43	2	0.52
DK2RC0003	9045	16775	-60°	090°	90	52	54	2	1.03
						86	88	2	0.50
DK2RC0004	8971	16775	-60°	270°	50	22	25	3	4.50
						incl. 23	25	2	5.90
						27	29	2	0.88
DK2RC0005	8992	16775	-60°	270°	65	40	42	2	0.74
						53	55	2	0.56
DK2RC0006	9003	16800	-60°	270°	90	85	87	2	0.91
DK2RC0007	8951	16850	-60°	270°	45	21	24	3	0.97
						27	29	2	1.62
DK2RC0008	8940	16875	-60°	270°	40	NSR			
DK2RC0009	8960	16875	-60°	270°	90	33	36	3	0.94
						38	48	10	0.98
						incl. 40	42	2	2.92
						83	85	2	0.89
DK2RC0010	8980	16875	-60°	270°	95	53	57	4	0.68
						<b>62</b>	<b>69</b>	<b>7</b>	<b>3.90</b>
						incl. 62	67	5	5.10
DK2RC0011	9000	16875	-60°	270°	120	85	89	4	0.98
						95	97	2	1.04
						111	113	2	0.92
DK2RC0015	8975	16925	-60°	270°	144	82	84	2	0.92
						89	91	2	2.00
						96	97	1	1.41
						112	115	3	1.83
						133	135	2	0.63
DK2RC0016	8943	16950	-60°	270°	102	43	53	10	1.42
						<b>74</b>	<b>77</b>	<b>3</b>	<b>21.05</b>
						82	88	6	0.94

\*True widths are estimated at 45% to 55% of down hole intercept widths for holes DK3RC0001 & 0004 and DK2RC0006 & 0009, 55% to 75% for holes DK3RC0002, 0003 & 0006 and DK2RC0003, 0004, 0007, 0010, 0015 & 0016 and 75% to 100% for holes DK3RC0005 and DK2RC0002, 0005 & 0011.



**Figure 3. Plan view of drill hole collars over the K2-K3 prospect. Blue collars represent results received, red collars represent holes awaiting results. Black crosses represent historical drill collar locations.**

The Company will provide a more detailed commentary on the significance of these drill results once all the assay data is to hand.

### Contacts

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### About Dampier Gold

Dampier Gold has acquired 100% of the ~700km<sup>2</sup> 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) 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 - 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
<b>Sub-total</b>		<b>192,000</b>	<b>4.1</b>	<b>41,000</b>	<b>4.3</b>	<b>233,000</b>	<b>4.1</b>	<b>30,900</b>
*Trident	OP	-	-	-	-	-	-	-
	UG	787,000	6.2	1,072,000	4.9	1,859,000	5.5	326,100
<b>Sub-total</b>		<b>787,000</b>	<b>6.2</b>	<b>1,072,000</b>	<b>4.9</b>	<b>1,859,000</b>	<b>5.5</b>	<b>326,100</b>
Albatross - Flamingo	OP	194,000	1.8	103,000	2.8	297,000	2.2	20,800
	UG	-	-	-	-	-	-	-
<b>Sub-total</b>		<b>194,000</b>	<b>1.8</b>	<b>103,000</b>	<b>2.8</b>	<b>297,000</b>	<b>2.2</b>	<b>20,800</b>
K1 SE	OP	311,000	2.7	27,000	2.3	338,000	2.7	29,000
	UG	-	-	-	-	-	-	-
<b>Sub-total</b>		<b>311,000</b>	<b>2.7</b>	<b>27,000</b>	<b>2.3</b>	<b>338,000</b>	<b>2.7</b>	<b>29,000</b>
Triple P	OP	283,000	2.8	11,000	3.6	294,000	2.8	26,700
	UG	-	-	-	-	-	-	-
<b>Sub-total</b>		<b>283,000</b>	<b>2.8</b>	<b>11,000</b>	<b>3.6</b>	<b>294,000</b>	<b>2.8</b>	<b>26,700</b>
<b>Total</b>		<b>1,767,000</b>	<b>4.3</b>	<b>1,254,000</b>	<b>4.6</b>	<b>3,021,000</b>	<b>4.5</b>	<b>433,500</b>

Mineral Resources are exclusive of Ore Reserves

OP = open pit, UG = underground

\*Trident resource based on parameters detailed in this announcement

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
<b>Total</b>		<b>222,000</b>	<b>4.9</b>	<b>35,200</b>

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 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.