



7th July 2011

Early success from maiden Skyhawk 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 553,000 ounces of gold.

ASX CODE: DAU

CURRENT SHARE PRICE: \$0.32

CURRENT UNDILUTED MARKET CAPITALISATION: \$17.4M

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

- Dampier's maiden drilling program at Skyhawk intersects considerable widths of oxide gold mineralisation beneath former shallow laterite pit
- Best downhole intercepts (near true width) include;
 - DSHRC0004: 31m at 1.76g/t Au (from 65m)
incl. 12m at 2.49g/t Au (from 65m)
& incl. 4m at 4.42g/t Au (from 92m)
 - DSHRC0002: 5m at 3.37g/t Au (from 59m)
 - DSHRC0007: 16m at 1.43g/t Au (from 117m)
incl. 6m at 2.54g/t Au (from 117m)
- Results outline a coherent, north-dipping zone over a strike length of at least 200m which remains open in all directions
- Results from a further 11 RC holes drilled at Cinnamon expected shortly
- Multi-purpose diamond / RC rig due on site in late July for ~9,000m program
- RAB / aircore rig also scheduled to arrive on site in late July to commence 25,000m regional program



Skyhawk Drilling Results

The Company is pleased to report results received from the initial 7 hole RC drilling program completed at the Skyhawk prospect (Figures 1, 2 & 3). These holes were designed to test for gold mineralisation extending beneath the shallow laterite pit exploited by the former owners of the project (Figure 2).

The initial drill holes were successful in identifying a coherent zone of oxide and primary mineralisation extending over a strike length of approximately 200m, which remains open in all directions. Given our limited understanding of the bedrock geology, the Company is particularly encouraged by the coherent nature and substantial widths of the mineralisation intersected to date, ranging up to 31m (near true width – Figure 3). The Company believes there is potential for higher grade zones to be intersected with further detailed drilling, given the sparse nature of the drilling to date.

The results also provide more confidence in the prospectivity of the host trend, which has been subjected to limited previous exploration.

A follow-up program of 12 RC/diamond holes is planned at Skyhawk for the September Quarter.

Table 1. Summary of RC drilling results from Skyhawk (above 0.5g/t Au cut-off)

Hole ID	Local E	Local N	Dip	Local Azimuth	Total Depth (m)	From (m)	To (m)	Width* (m)	Au (g/t)
DSHRC0001	28420	7040	-60	180	140	105	110	5	0.69
DSHRC0002	28380	7000	-60	180	140 incl.	59	64	5	3.37
						59	60	1	13.66
						87	88	2	0.99
DSHRC0003	28340	7000	-60	180	132 incl.	64	65	1	2.60
						71	80	9	1.66
						71	73	2	3.80
						84	87	3	0.74
DSHRC0004	28300	7010	-60	180	140 incl. incl.	65	96	31	1.76
						65	77	12	2.49
						92	96	4	4.42
DSHRC0005	28260	7022	-70	180	140	84	86	2	0.65
DSHRC0006	28220	7025	-60	180	140	68	76	8**	1.61
						84	89	5	1.29
						104	105	1	3.74
DSHRC0007	28180	7023	-70	180	140 incl.	117	133	16	1.43
						117	123	6	2.54

*Widths presented are downhole widths. True widths are estimated at 90% - 100% of the downhole widths for all holes.

**Interval from 68-76m in DSHRC0006 was sampled in 4m composites.

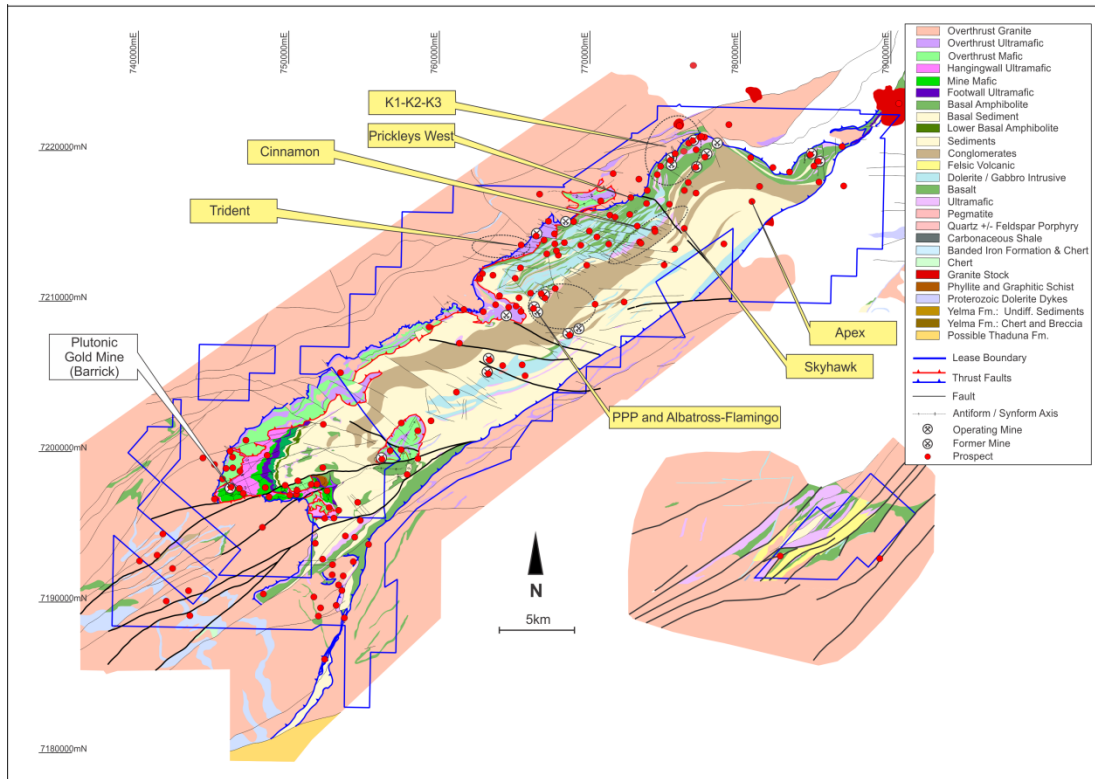


Figure 1. Plutonic Dome Project simplified geology and deposit/prospect locations

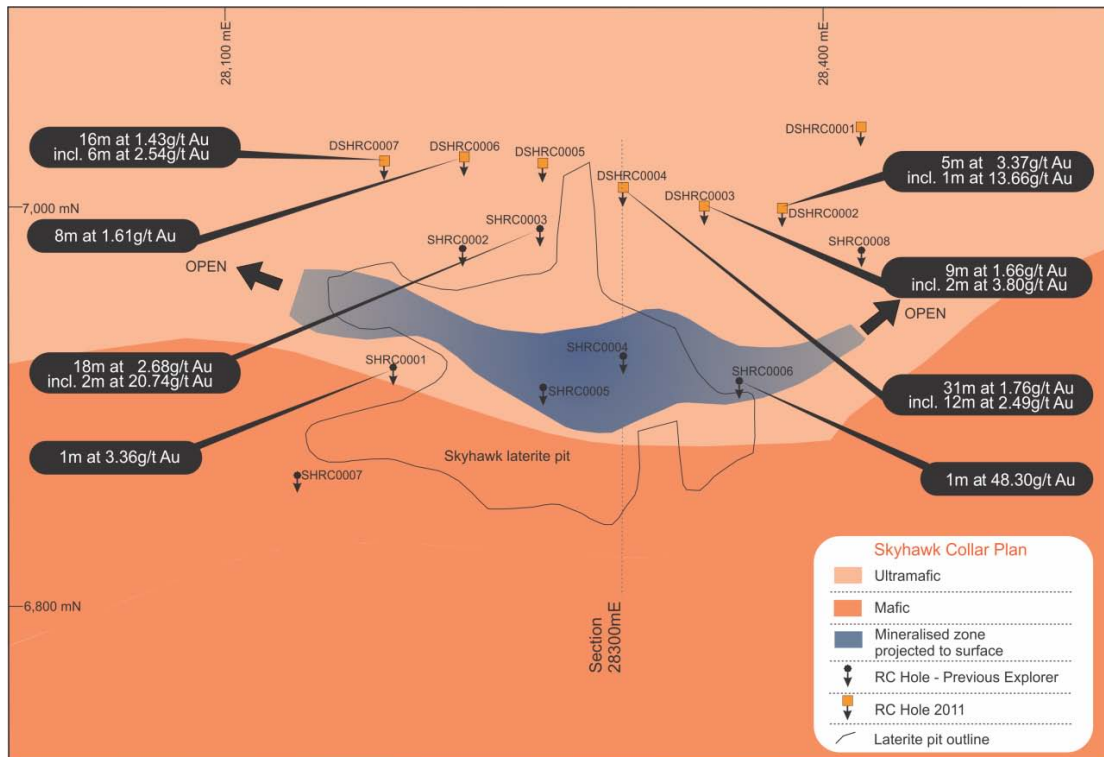


Figure 2. Simplified plan of the Skyhawk prospect with selected drilling results

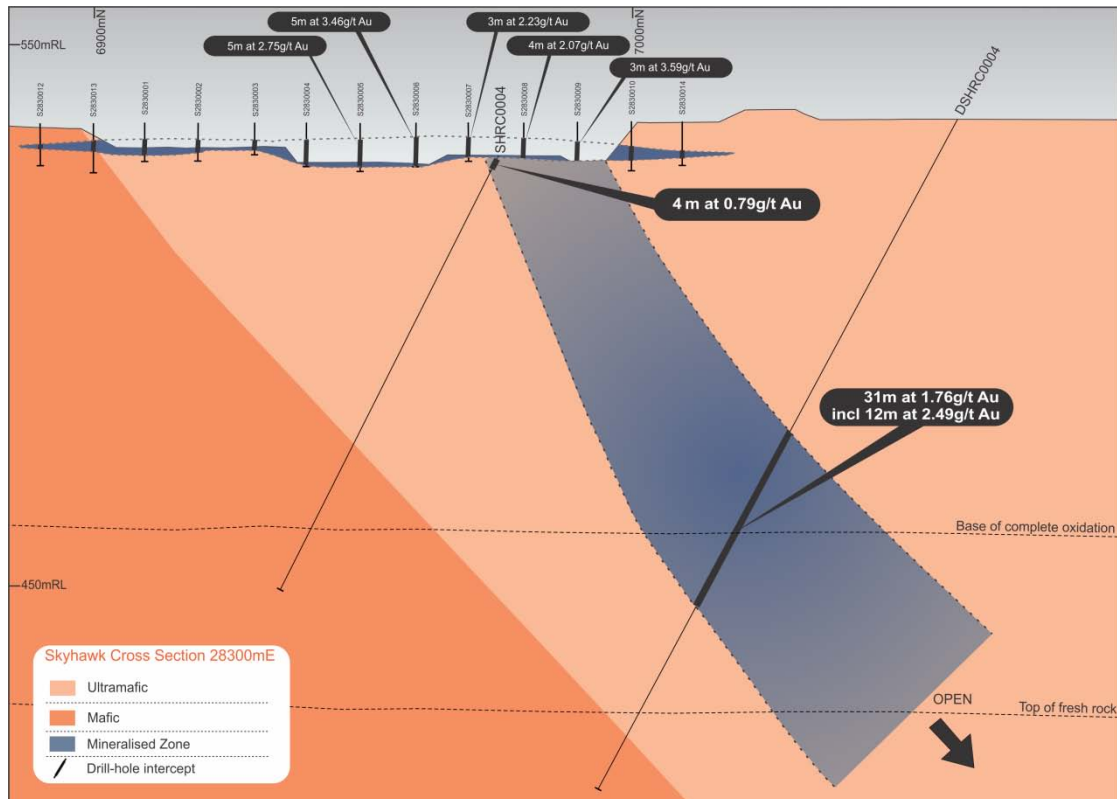


Figure 3. Cross section 28300mE through the Skyhawk prospect

Cinnamon Drilling Results

Results from a further 11 RC holes drilled at Cinnamon are expected shortly. These holes mainly targeted the emerging Footwall Zone of mineralisation.

Drilling Update

Completion of RC program

The current RC drilling program is now complete and the drill rig has demobilised from site. A total of 56 RC holes for 8,246 metres were drilled during the first half of calendar 2011.

Scheduled drilling programs

A multi-purpose diamond / RC rig is due on site in late July to continue the Company's aggressive resource delineation and brown-fields exploration program. A combined total of 9,000m of diamond and RC drilling is planned for the second half of calendar 2011. This program will initially focus on the advanced targets at Skyhawk, Cinnamon, Trident and K2 (underground).

A RAB / aircore rig is also scheduled to arrive on site in late July to commence a ~25,000m program that will test up to 15 high-priority regional targets across the Plutonic Dome Project.



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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 Mineral Resource of approximately 553,000oz Au (comprising a Measured Resource of some 0.5 Mt at 2.1g/t Au, an Indicated Resource of some 1.8 Mt at 4.8 g/t Au and an Inferred Resource of some 1.8Mt at 4.1g/t Au). The Company is actively evaluating its priority resource targets with a view to future gold production. 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.

Appendix:

Plutonic Dome Project Mineral Resource – April 2011

Deposit	OP/ UG	Measured		Indicated		Inferred		Total		Contained metal (oz)
		Tonnes	Grade (g/t Au)	Tonnes	Grade (g/t Au)	Tonnes	Grade (g/t Au)	Tonnes	Grade (g/t Au)	
***K2, K3	OP	19,000	3.2	197,000	4.7	272,000	2.1	489,000	3.2	50,200
	UG	-	-	158,000	6.5	87,000	5.2	245,000	6.1	47,600
Sub-total		19,000	3.2	355,000	5.5	359,000	2.8	734,000	4.1	97,800
*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	OP	504,000	2.1	103,000	2.0	145,000	3.7	752,000	2.4	57,800
	UG	-	-	-	-	-	-	-	-	-
Sub-total		504,000	2.1	103,000	2.0	145,000	3.7	752,000	2.4	57,800
***PPP	OP	-	-	203,000	2.7	70,000	2.4	273,000	2.6	23,000
	UG	-	-	129,000	3.9	92,000	3.9	221,000	3.9	27,900
Sub-total		-	-	332,000	3.2	162,000	3.3	494,000	3.2	50,900
Total	OP	523,000	2.1	697,000	2.9	590,000	2.6	1,811,000	2.6	151,800
Total	UG	-	-	1,074,000	6.0	1,251,000	4.8	2,325,000	5.4	401,600
Grand Total		523,000	2.1	1,771,000	4.8	1,841,000	4.1	4,136,000	4.2	553,400

OP = open pit, UG = underground

*Trident resource based on parameters detailed in an ASX announcement on 29th November 2010

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

*** Open pit resources are reported within an optimized pit shell at A\$1,600/oz Au

Due to rounding, tonnages and grades may not equate to exact contained ounces
 100% equity basis



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 PPP, Trident, K1 and K2-K3 Mineral Resources is based on information compiled and reviewed by Mr Aaron Green who is a Member of the Australian Institute of Geoscientists and full-time employee of Runge Limited. Mr Green 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 Green 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 Albatross-Flamingo resource is based on information 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.