



14th July 2011

Further significant drill intercepts from Cinnamon

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

CASH AT BANK (31 May 2011):
\$14M

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

- **Significant widths of gold mineralisation continue to be encountered at Cinnamon**
- **Best downhole intercept (near true width) from Footwall Zone is;**
DBDRC0029: 24m at 2.89g/t Au (from 132m)
incl. 5m at 8.29g/t Au (from 150m)
- **Best downhole intercept (near true width) from Main Zone is;**
DBDRC0028: 28m at 1.10g/t Au (from 85m)
incl. 2m at 3.20g/t Au (from 86m)
- **The results from Cinnamon continue to highlight the potential of the poorly exposed but highly prospective Budgie mineralised trend**
- **Drilling with multi-purpose diamond / RC rig set to commence later this month at Skyhawk, Trident, Prickley's West and Cinnamon**



Cinnamon Drilling Results

Dampier Gold (ASX:DAU, “Dampier”) is pleased to report results received from the final 11 RC holes completed at Cinnamon, from the current drilling campaign (Table 1).

The program has successfully outlined the Footwall Zone over a strike length of approximately 200m, enclosing a thicker, higher grade core with a strike extent of around 40m (Figures 1 & 2). Within the primary zone, the Footwall Zone remains open along strike.

Hole DBDRC0028, which was designed to test the core of the Footwall Zone at depth, was prematurely terminated at 130m owing to drilling difficulties. However, this hole successfully extended the Main Zone mineralisation to the west, with a 28 metre intersection averaging 1.10 g/t Au (Figure 2).

Table 1. Summary of Cinnamon Drilling Results (above 0.5 g/t Au)

Hole ID	Local E	Local N	Dip	Local Azimuth	Total Depth (m)	From (m)	To (m)	Width** (m)	Au (g/t)	Zone
DBDRC0022	26240	8230	-60	180	156				NSR	
DBDRC0024	26220	8310	-60	180	174	44	46	2	1.21	Main
						97	100	3	2.02	Footwall
						113	114	1	1.21	Footwall
DBDRC0025	26240	8270	-60	180	96	56	61	5	1.30*	Footwall
DBDRC0026	26280	8260	-60	180	140	4	6	2	0.58	N/A
DBDRC0027	26160	8350	-60	180	156	4	8	4	0.61	N/A
						112	116	4	2.97	Footwall
DBDRC0028	26260	8480	-60	180	130 incl.	85	113	28	1.10	Main
						86	88	2	3.20	Main
						118	121	3	1.26	Main
						127	130***	3	2.53	Main
DBDRC0029	26260	8440	-60	180	195	32	36	4	2.07*	Main
						65	68	3	6.58	Main
						71	72	1	1.31	Main
						83	84	1	3.43	Main
						110	114	4	1.36	Footwall
						119	122	3	3.01	Footwall
						132	156	24	2.89	Footwall
						150	155	5	8.29	Footwall
DBDRC0030	26260	8360	-60	180	170	67	68	1	3.93	Footwall
						75	79	4	0.80	Footwall
DBDRC0031	26280	8340	-60	180	180	55	57	2	1.33	Main
DBDRC0032	26220	8350	-60	180	150	65	71	6	0.98	Footwall
DBDRC0033	26220	8430	-60	180	192	72	77	5	2.31*	Main
						89	99	10	0.57	Main
						106	107	1	1.07	Main
						134	138	4	3.90	Footwall
						144	145	1	1.63	Footwall
						149	150	1	2.16	Footwall
						170	173	3	0.92	Footwall

*These intercepts include samples composited over 4m intervals. **True widths range between 90% and 100% of downhole widths.

***Hole DBDRC0028 terminated prematurely in mineralisation and did not reach the Footwall Zone target.

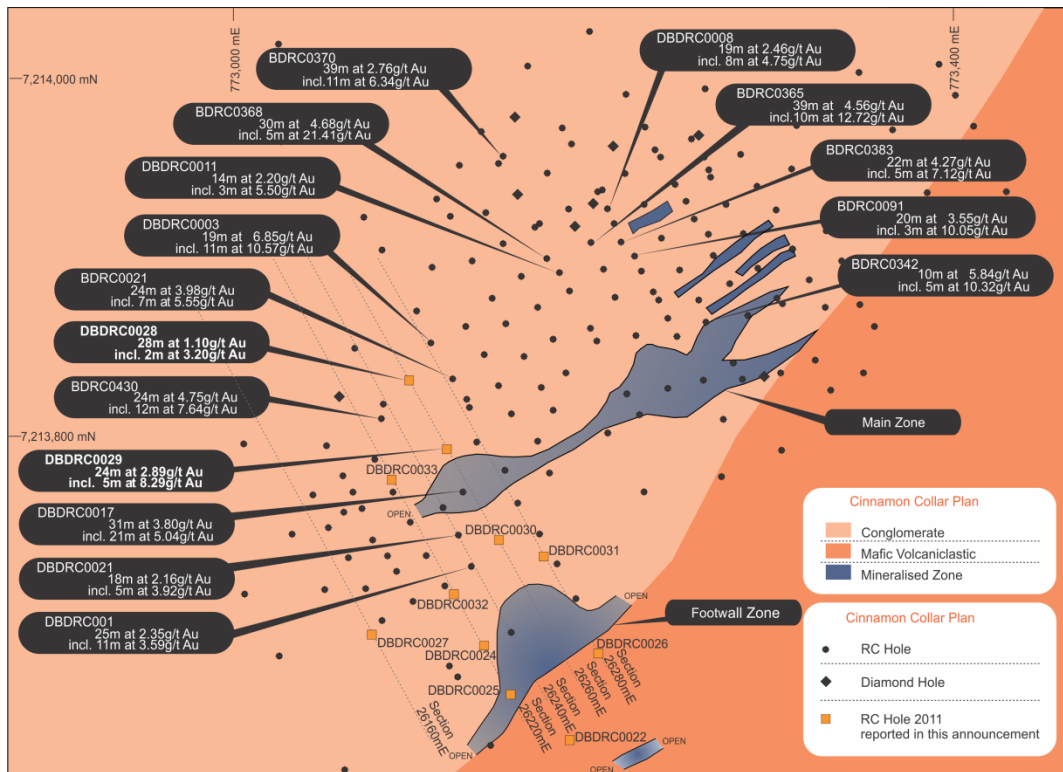


Figure 1. Simplified plan of the Cinnamon prospect with selected drilling results

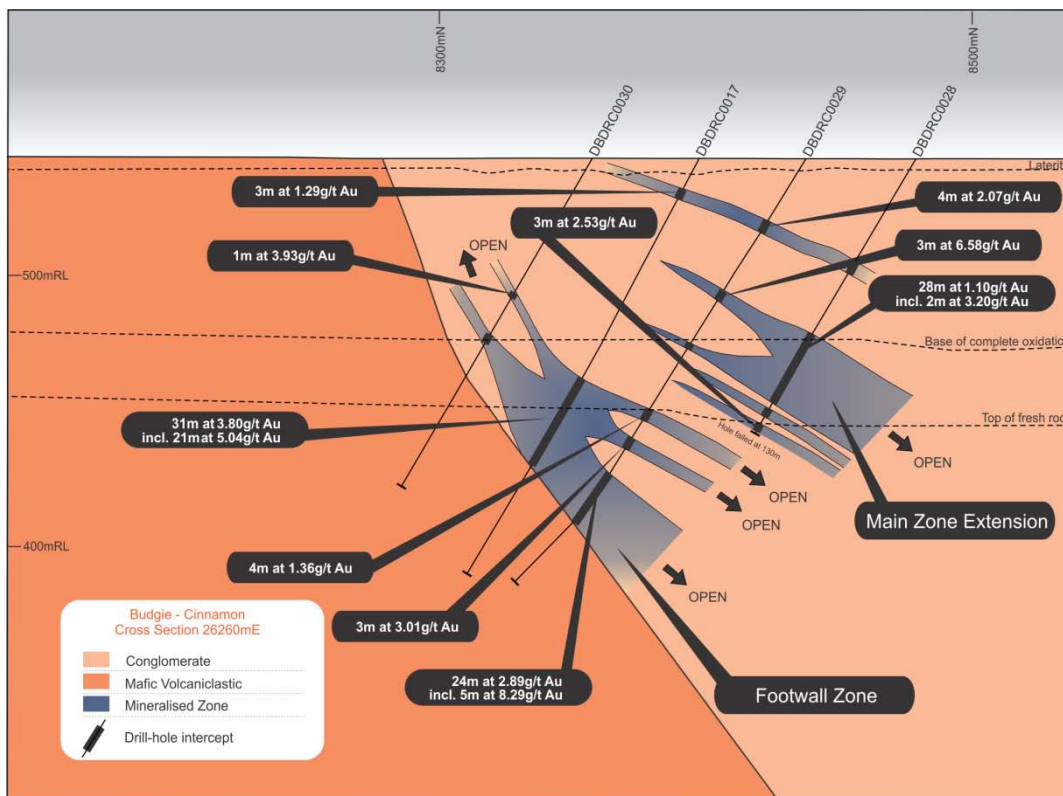


Figure 2. Cinnamon cross section 26260mE with selected drill results shown



The Company is highly encouraged by the Cinnamon drilling results, which have successfully outlined the deposit over a strike extent of circa 350m. These results have highlighted the potential of the poorly exposed Budgie host trend as a priority exploration target.

Cinnamon is characterised by a unique style of conglomerate-hosted gold mineralisation not specifically targeted by the former owners of the project. There are notable geological similarities between the Cinnamon deposit and the substantial conglomerate-hosted Archaean gold deposits found along the Emu Shear at Agnew and at Wallaby near Laverton in WA.

The Company is currently compiling the drilling and geological data in order to complete a review and update the Cinnamon geological model. Preparations and permitting are underway for the next campaign of detailed RC and diamond drilling, and exploratory RAB and aircore drilling along the poorly exposed but highly prospective Budgie host trend.



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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.