

DAMPIER GOLD LIMITED

ABN 43 141 703 399

**HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2010**

DAMPIER GOLD LIMITED
ACN 43 141 703 399

HALF YEAR FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2010

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DAMPIER GOLD LIMITED
ACN 43 141 703 399

COMPANY DIRECTORY

DIRECTORS

Russell Skirrow (Non Executive Chairman)
Philip Retter (Non Executive Director)
Richard Burden (Non Executive Director)

COMPANY SECRETARY

Susan Hunter

REGISTERED OFFICE

Level 3,
8 Colin Street,
WEST PERTH WA 6005
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POSTAL ADDRESS

PO Box 1981
WEST PERTH WA 6872

SOLICITORS

Napier Legal Pty Ltd
21/589 Stirling Highway
COTTLESLOE WA 6011

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2
45 St Georges Terrace
PERTH WA 6000

AUDITORS

Stantons International
Level 1, 1 Havelock Street
WEST PERTH WA 6005

INTERNET ADDRESS

www.dampiergold.com

STOCK EXCHANGE LISTING

Dampier Gold Limited's ordinary shares are listed on the Australian Securities Exchange (ASX code: DAU).

DAMPIER GOLD LIMITED
ACN 43 141 703 399

DIRECTORS' REPORT
For the Half Year Ended 31 December 2010

Your directors submit the financial report of the Company for the half-year ended 31 December 2010.

DIRECTORS

The names of the directors of the Company in office during the half year and to the date of this report are:

Russell Skirrow (Non Executive Chairman)
Philip Retter (Non Executive Director)
Richard Burden (Non Executive Director)

REVIEW OF OPERATIONS

Corporate

In August 2010 the Company successfully listed on the ASX on the back of a \$20,000,000 IPO and purchase of the Plutonic Dome tenements from subsidiaries of Barrick Gold Corporation.

Following listing the Company established its corporate office in West Perth and recruited an experienced management team.

Exploration and Evaluation

The Plutonic Dome Project consists of ~700km² of mineral tenements covering an Archaean greenstone belt in central Western Australia.

During the reporting period, the Company conducted the following exploration and evaluation activities on these tenements:

- An updated resource estimate was completed for the Trident deposit and announced to the ASX during November 2010.
- A drilling programme at the Trident, K2-K3 and Budgie (Cinnamon) prospects. A total of 39 RC holes for 4,267m were completed with the aim of improving geological confidence and extending the known areas of drill defined mineralisation. The results from this programme were announced to the ASX during January and February 2011.

Financial Result

The loss after tax for the half-year ended 31 December 2010 was \$2,648,326.

**DAMPIER GOLD LIMITED
ACN 43 141 703 399**

**DIRECTORS' REPORT
For the Half Year Ended 31 December 2010**

EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the half year which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 6 for the half year ended 31 December 2010.

This report is signed in accordance with a resolution of the board of directors.



**Richard Burden
Non Executive Director**

Dated this 18th day of February 2010

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Stantons International Audit and Consulting Pty Ltd
(ABN 84 144 581 519) trading as

Stantons International
Chartered Accountants and Consultants

18 February 2011

Board of Directors
Dampier Gold Limited
Level 3,
8 Colin Street,
WEST PERTH WA 6005

Dear Sirs

RE: DAMPIER GOLD LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Dampier Gold Limited.

As Audit Director for the review of the financial statements of Dampier Gold Limited for the period ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)



JP Van Dieren
Director

DAMPIER GOLD LIMITED

ACN 43 141 703 399

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the Half Year Ended 31 December 2010

	Note	Consolidated 31 December 2010 \$
Revenue	2	356,665
Operating Expenses		
Administrative expenses		(253,888)
Employment and recruitment expenses		(694,276)
Exploration expenses		(1,495,136)
Share based payments		(561,691)
Total Expenses		<u>(3,004,991)</u>
Loss before income tax		(2,648,326)
Income tax		-
Loss after tax		<u>(2,648,326)</u>
Other comprehensive income		-
Total comprehensive income / (loss)		<u>(2,648,326)</u>
Loss attributable to members of Dampier Gold Limited		<u>(2,648,326)</u>
Total comprehensive income / (loss) attributable to members of Dampier Gold Limited		<u>(2,648,326)</u>
Basic loss per share (cents per share)	5	(6.3)
Diluted loss per share (cents per share)	5	(6.3)

The above Condensed Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

DAMPIER GOLD LIMITED
ACN 43 141 703 399

CONDENSED STATEMENT OF FINANCIAL POSITION
As at 31 December 2010

	Consolidated 31 December 2010 \$	Consolidated 30 June 2010 \$
Current Assets		
Cash and cash equivalents	16,727,252	90,034
Trade and other receivables	272,281	153,711
	<hr/>	<hr/>
Total Current Assets	16,999,533	243,745
	<hr/>	<hr/>
Non-Current Assets		
Plant and equipment	217,451	-
Capitalised acquisition costs	5,473,000	250,000
	<hr/>	<hr/>
Total Non-Current Assets	5,690,451	250,000
	<hr/>	<hr/>
Total Assets	22,689,984	493,745
	<hr/>	<hr/>
Current Liabilities		
Trade and other payables	785,418	234,645
	<hr/>	<hr/>
Total Current Liabilities	785,418	234,645
	<hr/>	<hr/>
Non-Current Liabilities		
Provisions	2,000,000	-
	<hr/>	<hr/>
Total Non-Current Liabilities	2,000,000	-
	<hr/>	<hr/>
Total Liabilities	2,785,418	234,645
	<hr/>	<hr/>
Net Assets	19,904,566	259,100
	<hr/> <hr/>	<hr/> <hr/>
Equity		
Issued capital	21,411,251	652,150
Reserves	1,534,691	-
Accumulated losses	(3,041,376)	(393,050)
	<hr/>	<hr/>
Total Equity	19,904,566	259,100
	<hr/> <hr/>	<hr/> <hr/>

The above Condensed Statement of Financial Position should be read in conjunction with the accompanying notes.

DAMPIER GOLD LIMITED
ACN 43 141 703 399

CONDENSED STATEMENT OF CHANGES IN EQUITY
For the Half-Year ended 31 December 2010

Consolidated	Share Capital \$	Option Reserve \$	Accumulated Losses \$	Total \$
Balance at 1.7.10	652,150		(393,050)	259,100
Loss for the half year	-	-	(2,648,326)	(2,648,326)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(2,648,326)	(2,648,326)
Shares issued during the half year	21,750,000	-	-	21,750,000
Capital raising costs	(990,899)	-	-	(990,899)
Share based payments	-	561,691	-	561,691
Options granted to shareholders	-	973,000	-	973,000
	20,759,101	1,534,691	(2,648,326)	19,645,466
Balance at 31.12.10	21,411,251	1,534,691	(3,041,376)	19,904,566

The above Condensed Statement of Changes in Equity should be read in conjunction with the accompanying notes.

DAMPIER GOLD LIMITED
ACN 43 141 703 399

CONDENSED STATEMENT OF CASH FLOWS
For the Half Year Ended 31 December 2010

	Consolidated 31 December 2010 \$
Cash flows from operating activities	
Payments to creditors and suppliers	(779,140)
Mineral exploration expenditure	(1,230,901)
Interest received	184,982
	<hr/>
Net cash (used in) operating activities	(1,825,059)
	<hr/>
Cash flows from investing activities	
Payments for plant and equipment	(181,586)
Purchase of tenements	(550,000)
	<hr/>
Net cash from / (used in) investing activities	(731,586)
	<hr/>
Cash flows from financing activities	
Proceeds from issue of shares	20,050,000
Payment of capital raising costs	(856,137)
	<hr/>
Net cash from / (used in) financing activities	19,193,863
	<hr/>
Net Movement in Cash	16,637,218
	<hr/>
Cash at beginning of the financial period	90,034
Net increase in cash and cash equivalents during the period	16,637,218
	<hr/>
Cash and cash equivalents at the end of the period	16,727,252
	<hr/> <hr/>

The above Condensed Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2010

1. BASIS OF PREPARATION

The half year financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standard AASB 134 Interim Financial Reporting, applicable accounting standards and other mandatory professional reporting requirements.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2010 and any public announcements made by Dampier Gold Limited during the half-year in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

The half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the entity as in the full financial report.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the company's 2010 annual financial report for the financial year ended 30 June 2010, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Company include:

- Amendments to AASB 5, 8, 101, 107, 117, 118, 136 and 139 as a consequence of AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

AASB 2009-5 introduces amendments into Accounting Standards that are equivalent to those made by the IASB under its program of annual improvements to its standards. A number of the amendments are largely technical, clarifying particular terms, or eliminating unintended consequences. Other changes are more substantial, such as the classification of expenditures on unrecognised assets in the statement of cash flows.

The adoption of these amendments has not resulted in any changes to the Group's accounting policies and have no affect on the amounts reported for the current or prior periods.

The half year report has been prepared on an accruals basis and is based on historical costs.

DAMPIER GOLD LIMITED
ACN 43 141 703 399

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2010

1. BASIS OF PREPARATION (Cont.)

Exploration and evaluation costs

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

Consolidated
31 December 2010
\$

2. OPERATING LOSS

Operating loss before
income tax has been determined after:

(a) Revenue:

Interest received	356,665
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(b) Expense:

Depreciation	7,520
Share based payments (Note 4)	561,691

3. ISSUED CAPITAL

On 2 July 2010 the Company issued a further 1,000,000 ordinary shares to seed investors, to raise \$100,000 (\$50,000 of this was received prior to 30 June 2010).

On 19 August 2010 the Company issued 40,000,000 new shares at 50 cents each following the successful IPO and listing of Dampier Gold Ltd on the ASX.

On 19 August 2010 the Company issued 3,400,000 shares to Barrick (Plutonic) Limited pursuant to the tenement acquisition agreement disclosed in the Company's Prospectus dated 9 July 2010. The shares were part of the consideration paid to Barrick for the Plutonic Dome tenements acquired during the period.

DAMPIER GOLD LIMITED
ACN 43 141 703 399

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2010

3. ISSUED CAPITAL (Cont.)

The issued share structure at the end of the period was as follows:

	Number of Shares	\$
Ordinary shares		
Issued & fully paid	54,350,004	21,411,251

	Number of Shares	31 December 2010 \$
Movements in ordinary shares on issue:		
At 1 July 2010	9,950,004	652,150
Seed Capital	1,000,000	50,000
Acquisition of Tenements	3,400,000	1,700,000
Share Issue - IPO	40,000,000	20,000,000
Cost of shares issued	-	(990,899)
	54,350,004	21,411,251

4. OPTIONS ISSUED DURING THE PERIOD

On 19 August 2010 pursuant to the tenement acquisition agreement with Barrick (Plutonic) Ltd for the Plutonic Dome tenements 5,000,000 options exercisable at 50 cents on or before 31 October 2011 and 5,000,000 options exercisable at 50 cents on or before 31 December 2011 were issued by the Company. The options were valued at \$973,000.

On 14 December 2010 1,950,000 options exercisable at \$1.12 on or before 14 December 2013 were issued by the Company to employees. The options were valued at \$561,691 and fully expensed during the period.

At 31 December 2010, the company had the following options on issue:

6,000,000 unlisted options exercisable at \$0.20 on or before 31 December 2011

5,000,000 unlisted options exercisable at \$0.50 on or before 31 October 2011

5,000,000 unlisted options exercisable at \$0.50 on or before 31 December 2011

1,950,000 unlisted options exercisable at \$1.12 on or before 14 December 2013

DAMPIER GOLD LIMITED
ACN 43 141 703 399

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2010

5. EARNINGS PER SHARE

	Consolidated Half Year 31 December 2010
	cents
Basic (loss) per share	(6.3)
Diluted (loss) per share	(6.3)

Weighted average number of issued ordinary shares during the reporting period used in calculation of basic and diluted loss per share is 42,290,221.

6. SEGMENT REPORTING

For management purposes, the Group has identified one reportable segment being exploration and evaluation activities undertaken in Australia.

7. CONTINGENT ASSETS AND LIABILITIES

In the opinion of the directors there are no contingent assets or liabilities as at 31 December 2010 other than those disclosed in the Company's annual report for the year ended 30 June 2010.

8. TENEMENT ACQUISITION

During August 2010 the Company completed the purchase of the Plutonic Dome tenements from subsidiaries of Barrick Gold Corporation. Consideration was in the form of \$550,000 cash, 3,400,000 ordinary shares in Dampier Gold Ltd, 5,000,000 options exercisable at 50c on or before 31 October 2011 and 5,000,000 options exercisable at 50 cents on or before 31 December 2011. The shares were issued at a deemed cost of 50 cents per share for a total of \$1,700,000 and the options were valued at \$973,000.

Pursuant to the agreement the Company took responsibility for rehabilitation commitments for the acquired tenements which has resulted in a provision raised for \$2,000,000 in the books of the Company at the date of acquisition.

9. EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the half year which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods.

10. COMPARATIVE FIGURES

Comparative figures have not been disclosed for the statement of comprehensive income, statement of changes in equity and statement of cash flows as the Company was only incorporated on 28th January 2010 and was listed on the Australian Securities Exchange on 19th August 2010.

**DAMPIER GOLD LIMITED
ACN 43 141 703 399**

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 14, are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 134 – Interim Financial Reporting, the Corporations Regulations and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the Group's financial position as at 31 December 2010 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that Dampier Gold Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Dated at Perth this 18th day of February 2011



Richard Burden
Non-Executive Director

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DAMPIER GOLD LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Dampier Gold Limited, which comprises the condensed statement of financial position as at 31 December 2010, the condensed statement of comprehensive income, condensed statement of changes in equity, and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Dampier Gold Limited (the consolidated entity). The consolidated entity comprises both Dampier Gold Limited (the company) and the entity it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Dampier Gold Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Dampier Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence


In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Dampier Gold Limited on 18 February 2011.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Dampier Gold Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd


John P Van Dieren
Director

West Perth, Western Australia
18 February 2011