



28 April 2011

## March 2011 Quarterly Activities Report

Dampier Gold is positioning itself to be among the next generation of Australian gold producers. The Company is evaluating and exploring ~700km<sup>2</sup> 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 529,000 ounces of gold.

**ASX CODE:** DAU

**CURRENT SHARE PRICE:** \$0.60

**CURRENT UNDILUTED MARKET CAPITALISATION:** \$32.6M

**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

- **Total Mineral Resource grows to 529,000 ounces of gold**
- **Open Pit Mineral Resource Component**  
1.83Mt at 2.6g/t Au for 155,000 oz
- **Underground Mineral Resource Component**  
2.10Mt at 5.5g/t Au for 374,000 oz
- **Updated resource estimates received for K1 (100% increase) and K2-K3 (50% increase)**  
K1: 0.75Mt at 2.4g/t Au for 58,000 oz  
K2-K3: 0.73Mt at 4.1g/t Au for 98,000 oz
- **Aggressive 12,000m RC drilling program for 1<sup>st</sup> half of 2011 has commenced**
- **Open-pit Scoping Study underway and due for completion in June**
- **Cash position of \$15.1 million at 31<sup>st</sup> March 2011**



### Resource Estimates K1-K2-K3

During the March Quarter, Dampier Gold Limited (“Dampier” or the “Company”, ASX:DAU) announced the results of recently completed resource estimates for the K1 and K2-K3 deposits located within the Company’s 100%-owned Plutonic Dome project. These updated estimates continue Dampier’s methodical review of previous models generated for the significant gold deposits within the Plutonic Dome project area.

Initial pit optimisation studies indicate that the updated K1 and K2-K3 resources have good potential for conversion to mineable reserves. These deposits are currently the subject of a Scoping Study to determine the viability of re-establishing a mining centre in this area. Dampier has agreed framework terms with Barrick to treat any such ore through the Plutonic processing facility.

The new Mineral Resource estimates are reported at 0.5g/t Au lower cut-off grade for open-pit and 3.0g/t Au lower cut-off grade for underground. The open-pit components of the resources are constrained by a A\$1,600 per ounce conceptual pit shell in anticipation of a favourable conversion rate to reserves.

The resource estimates for K1 and K2-K3 are summarised in the following tables:

**Table 1. K1 open-pit Mineral Resource estimate as at April 2011**

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)	
504,000	2.1	103,000	2.0	145,000	3.7	<b>752,000</b>	<b>2.4</b>	<b>57,800</b>

**Table 2. K2-K3 total Mineral Resource estimate as at April 2011**

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)	
19,000	3.2	355,000	5.5	359,000	2.8	<b>734,000</b>	<b>4.1</b>	<b>97,800</b>



The K2-K3 resource is further broken down into open pit and underground components in Tables 3 and 4 below.

**Table 3. K2-K3 open-pit Mineral Resource estimate as at April 2011**

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)	
19,000	3.2	197,000	4.7	272,000	2.1	<b>489,000</b>	<b>3.2</b>	<b>50,200</b>

**Table 4. K2 underground Mineral Resource estimate as at April 2011**

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)	
-	-	158,000	6.5	87,000	5.2	<b>245,000</b>	<b>6.1</b>	<b>47,600</b>

Further detail of all project resources is presented in the Appendix.

### **2011 Drilling Program**

The Company's 2011 RC drilling program is now well underway, having commenced in late March. To date, five holes have been completed at Trident and nine holes at Cinnamon.

A large number of holes in the current RC drilling program are designed to extend the resource in the K1 and K2-K3 area, both by testing for extensions to mineralisation at depth and along strike from the current resource.

The rig will shortly move on to test three previously untested chargeability geophysical targets at Keillor East. If successful, these targets could also potentially add supplemental ounces to an open pit operation in the K1-K2-K3 area.

In the second half of calendar 2011, the Company is planning a combined RC and diamond drilling program on both known resources and advanced targets. An extensive RAB (rotary air blast) and AC (aircore) drilling program is also proposed to test existing and new grassroots exploration targets generated by the Company's experienced geological team.

### **2010 Drilling Results**

A total of 39 RC holes for 4,267m were completed at Cinnamon (on the Budgie trend), Trident and K2-K3 gold deposits between November and December 2010. Results were reported to the market on 25<sup>th</sup> January and 7<sup>th</sup> of February 2011.



## **Scoping Studies**

The new mineral resource estimates for the K1 and K2-K3 deposits are being incorporated into the open pit Scoping Study currently in progress. The Scoping Study for these deposits is expected to be completed in June 2011.

## **Corporate**

Dampier presented at the Paydirt Gold Conference held at the Pan Pacific Hotel, Perth, Western Australia on 30<sup>th</sup> and 31<sup>st</sup> March 2011. The conference presentation is available on the Company's website at;

[www.dampiergold.com](http://www.dampiergold.com)

The Company had a cash balance of \$15.1 million at 31<sup>st</sup> March 2011.

## **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 Mineral Resource of approximately 529,000oz Au (comprising a Measured Resource of some 0.5 Mt at 2.1g/t Au, an Indicated Resource of some 1.7 Mt at 4.7 g/t Au and an Inferred Resource of some 1.7Mt at 4.2g/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.*



**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
<b>Sub-total</b>		<b>19,000</b>	<b>3.2</b>	<b>355,000</b>	<b>5.5</b>	<b>359,000</b>	<b>2.8</b>	<b>734,000</b>	<b>4.1</b>	<b>97,800</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>-</b>	<b>-</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>-</b>	<b>-</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	OP	504,000	2.1	103,000	2.0	145,000	3.7	752,000	2.4	57,800
	UG	-	-	-	-	-	-	-	-	-
<b>Sub-total</b>		<b>504,000</b>	<b>2.1</b>	<b>103,000</b>	<b>2.0</b>	<b>145,000</b>	<b>3.7</b>	<b>752,000</b>	<b>2.4</b>	<b>57,800</b>
**Triple P	OP	-	-	283,000	2.8	11,000	3.6	294,000	2.8	26,700
	UG	-	-	-	-	-	-	-	-	-
<b>Sub-total</b>		<b>-</b>	<b>-</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>OP</b>	<b>523,000</b>	<b>2.1</b>	<b>777,000</b>	<b>2.9</b>	<b>531,000</b>	<b>2.7</b>	<b>1,832,000</b>	<b>2.6</b>	<b>155,500</b>
<b>Total</b>	<b>UG</b>	<b>-</b>	<b>-</b>	<b>945,000</b>	<b>6.3</b>	<b>1,159,000</b>	<b>4.9</b>	<b>2,104,000</b>	<b>5.5</b>	<b>373,700</b>
<b>Grand Total</b>		<b>523,000</b>	<b>2.1</b>	<b>1,722,000</b>	<b>4.7</b>	<b>1,690,000</b>	<b>4.2</b>	<b>3,936,000</b>	<b>4.2</b>	<b>529,200</b>

OP = open pit, UG = underground

\*Trident resource based on parameters detailed in an ASX announcement on 29<sup>th</sup> 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 Trident, K1 and K2-K3 Mineral Resources 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 to 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.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Dampier Gold Limited

ABN

43 141 703 399

Quarter ended ("current quarter")

31 March 2011

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date ( 9 Months ) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(1,418) - - (299)	(2,627) - - (1,010)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	218	403
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(1,499)</b>	<b>(3,234)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - (135)	(621) - (324)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(135)</b>	<b>(945)</b>
1.13 Total operating and investing cash flows (carried forward)	(1,634)	(4,179)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1,634)	(4,179)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	20,050
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (IPO Costs)	-	(871)
	<b>Net financing cash flows</b>	-	19,179
	<b>Net increase (decrease) in cash held</b>	(1,634)	15,000
1.20	Cash at beginning of quarter/year to date	16,724	90
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	15,090	15,090

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	32
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors fees and out of pocket expense reimbursements

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	2,500
4.2 Development	-
4.3 Production	-
4.4 Administration	500
<b>Total</b>	<b>3,000</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,110	1,504
5.2 Deposits at call	13,980	15,220
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>15,090</b>	<b>16,724</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2	E52/2682 P52/1393	Application (Pending) Application (Pending)	0% 0%	100% 100%

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	54,350,004	43,790,002		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs (c) Ordinary shares released from escrow		2,400,000		
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	6,000,000 5,000,000 5,000,000 1,950,000	- - - -	<i>Exercise price</i> \$0.20 \$0.50 \$0.50 \$1.12	<i>Expiry date</i> 31 December 2011 31 October 2011 31 December 2011 14 December 2013
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-

+ See chapter 19 for defined terms.

7.10	Expired during quarter	-	-	-	-
7.11	<b>Debentures</b> <i>(totals only)</i>	-	-		
7.12	<b>Unsecured notes</b> <i>(totals only)</i>	-	-		

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 28 April 2011  
(Director/Company secretary)

Print name: SUSAN HUNTER

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

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+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

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- 5      **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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