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ASX ANNOUNCEMENT

31 January 2017

December 2016 - Quarterly Activities Report

ASX : DAU

ISSUED CAPITAL

Ordinary shares:
95,740,141

Undiluted Market
Capitalisation:
\$2.78M

Cash: \$3.48M

DIRECTORS

Mr Malcolm Carson
Executive Chairman

Ms Hui (Annie) Guo
Executive Director

Mr Peiji Zhang
Non-Executive Director

CONTACT

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The Board of Dampier Gold Limited (**Dampier** or the **Company**) is pleased to present its Quarterly Activities Report for the period ended 31 December 2016.

The principal activities during the quarter where:

- To establish the basis for a Farm-in to the K2 Gold Project. Completion of a non-binding heads of agreement with Vango Mining Limited (**Vango**) was announced 17 January 2017.
- Application for the Shoemaker North Project, which comprises two Exploration License Applications located north of Wiluna in Western Australia and covering ~680 sqkm.
- Continuing to investigate investment opportunities for Dampier in the mineral, natural resources and infrastructure sectors.

Plutonic Dome Gold Project

On 25 August 2016, Dampier completed the sale of the Plutonic Dome Gold Project (**Project**) to Vango was completed and the non-contingent payment of \$2.2M was received by Dampier.

Pursuant to the sale, Dampier stands to earn up to a further \$6M from the successful development by Vango of the Project in "contingent" payments (which are subject to the achievement of pre-determined production milestones) and a royalty.

On 17th January 2017, the Company announced that it had entered into a non-binding heads of agreement (**HOA**), whereby Dampier may finance up to 50% of the capital cost for the development of the K2 Mine in exchange for up to a 50% equity interest in the tenements comprising the K2 Mining Project (the **Proposed Transaction**).



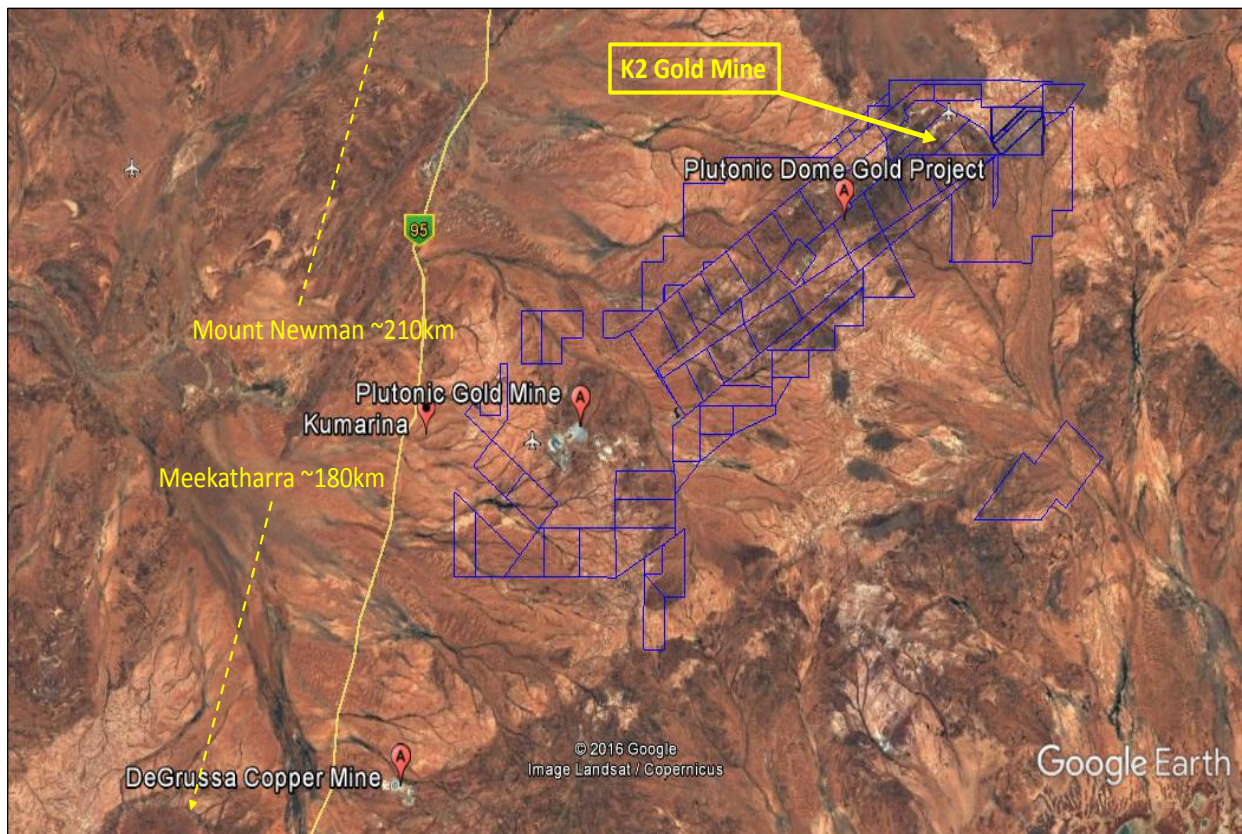
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ASX has determined that the Proposed Transaction will require shareholder approval in accordance with ASX Listing Rule 11.1.2. In that regard, a General Meeting of shareholders will be held on 3 March 2017.

K2 Gold Project Summary

The Plutonic Dome Gold Project is located in north-west Western Australia, south of Mt Newman, north of Meekatharra and near-to the Kumarina Road House as shown in the following image.



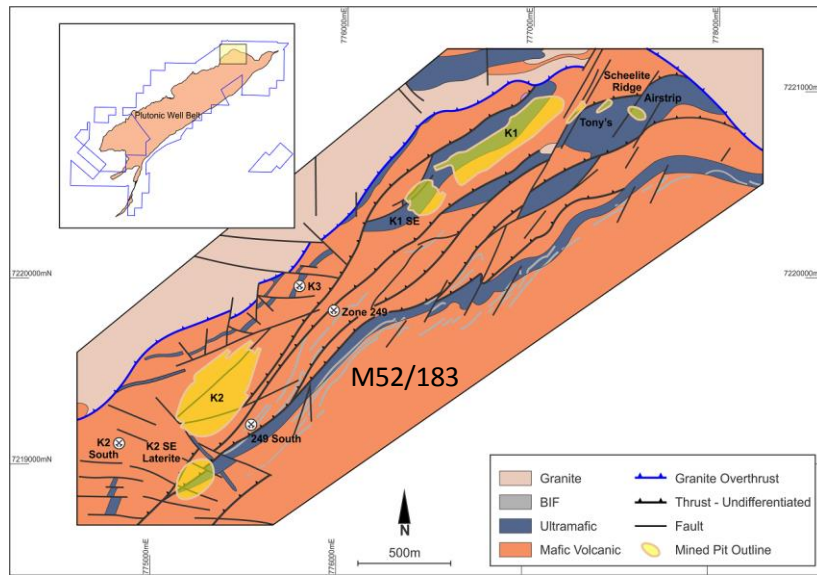
Location K2 Gold Mine and Plutonic Dome Gold Tenements

The K2 Gold Mine is in the northwest portion of the tenement block ~35km by existing haul road from the Plutonic Gold Mine Treatment Plant, and in the south west portion of M52/183, as shown in the image below.

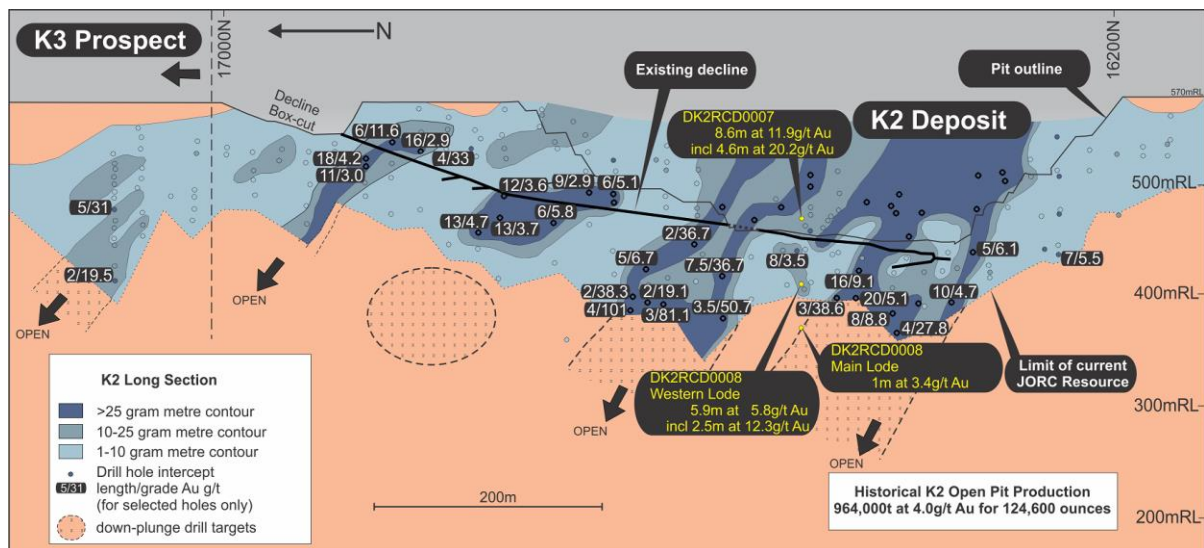


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The following longitudinal section of the K2 decline shows the outline of the existing pit and the ore shoots (or lodes) and the related drill results of mineralised intersections and widths that were first reported to ASX on 31 October 2011. The estimated mineral resources for the K2 deposit announced by Dampier and Vango do not include the shallower mineralised zones along the decline and other zones near-to the main K2 Deposit referred to as the Western and Eastern Lodes.



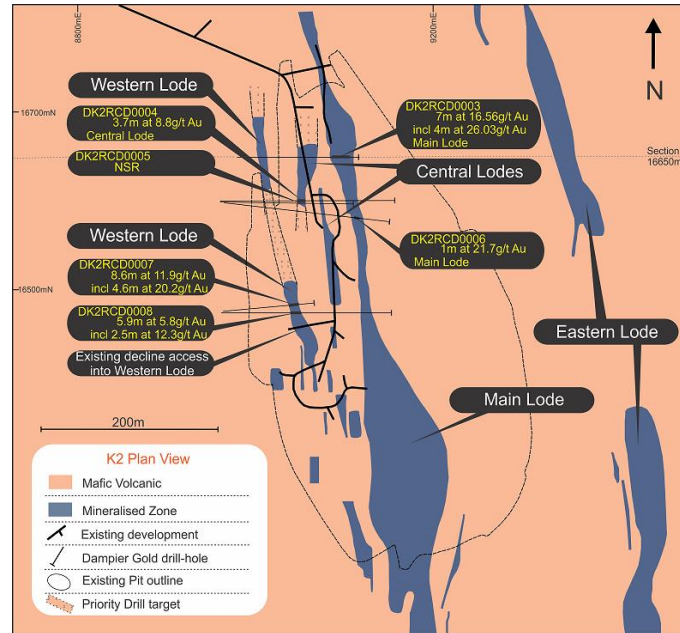
Longitudinal section K2 Deposit showing K2 open pit and existing K2 decline



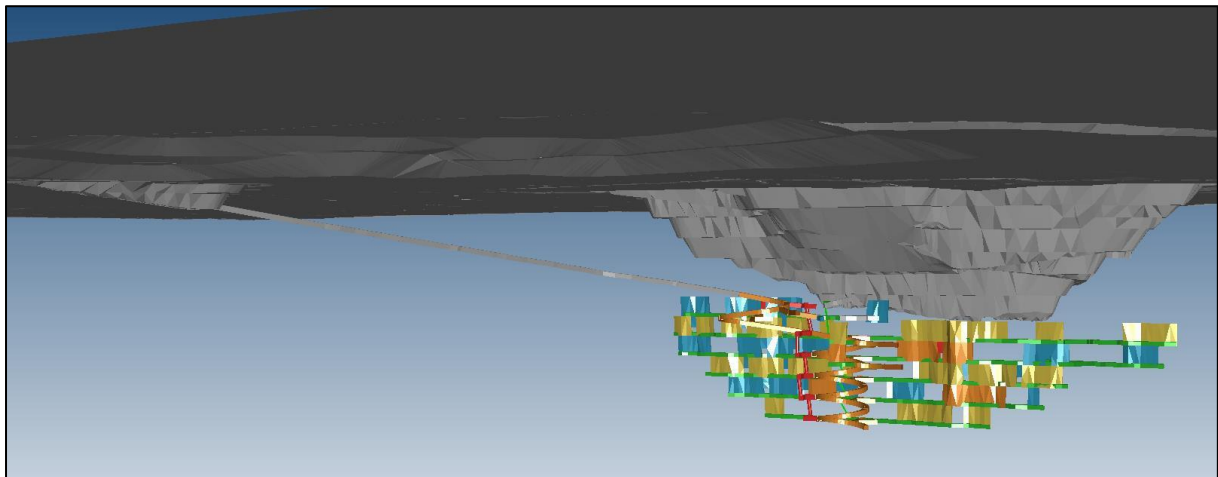
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The below figure shows the K2 Deposit in plan view and the location of the Western and Eastern Lodes in proximity to the K2 Main Lodes.



The mine design includes rehabilitation of approximately 840m of the existing decline before extending the decline and strike drive level arrangement. The decline is designed with a minimum standoff of 30 metres from the main ore zone. Levels are designed at 20m level spacing (floor to floor) implying that the stopes will be approximately 16m in height over a strike length of 37.5m.



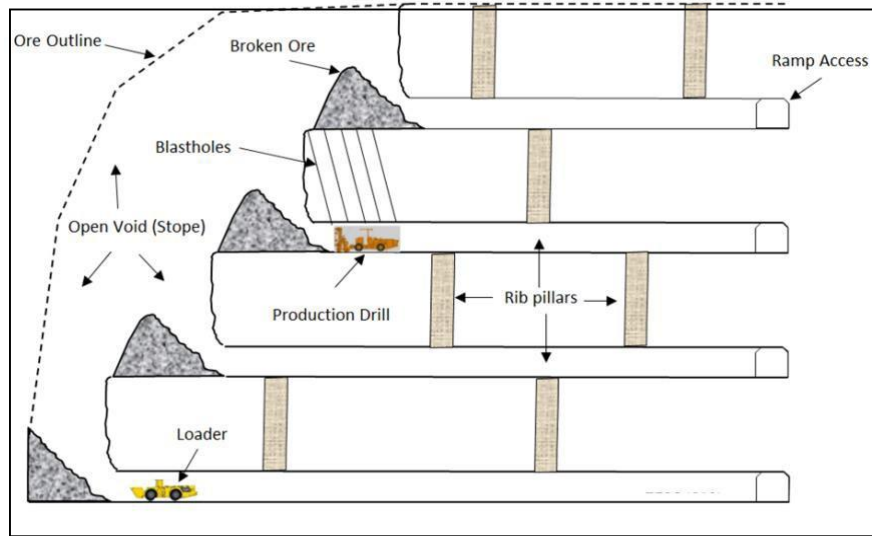
Planned Mine Development K2 Underground

The selected mining method of longitudinal open stoping with pillars has been determined to be the optimal method for the style of mineralisation and geotechnical parameters. The mining environment at K2 has been described as being relatively benign given the good rock mass conditions and shallow depths.



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Longitudinal Longhole Stopping Schematic

Shoemaker North Project Summary

On 29 November 2016, the Company announced that it had lodged Exploration License Applications E69/3484 and E69/3485 covering ~680 sqkm and located ~170km north/northeast of Wiluna, Western Australia.

The tenements are located ~150km East of the DeGrussa Copper Mine and the Plutonic/Plutonic Dome Gold Projects which lie adjacent to the same margin of the Earaheedy and Bangemall Basins.

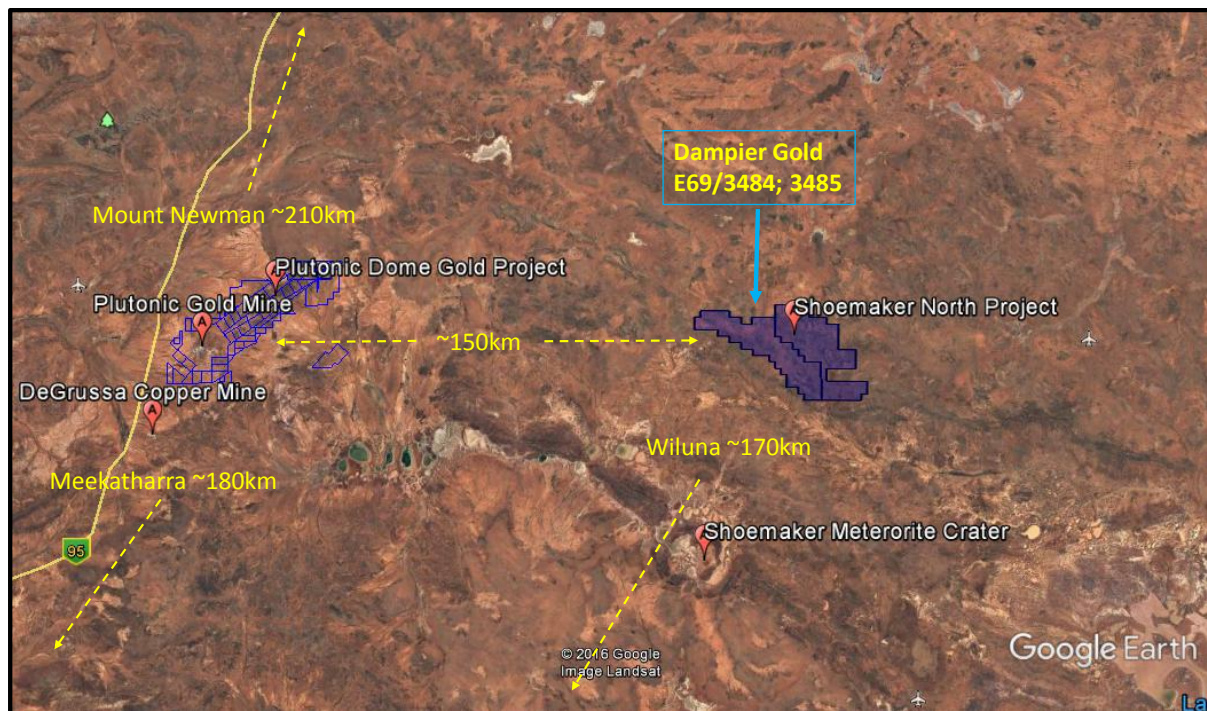


Figure 1: Location of Exploration Licence Applications

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The tenements are located within the extensive west/northwest-east/southeast structural corridor (major thrust zone) with significant mineralisation that separates the Pilbara Craton to the north and the Yilgarn Craton to the south.

The Geological Survey of Western Australia has dated rocks near the base of the Earahedy Basin giving an age similar to the expected age of the upper Bryah Basin, implying that the rocks which lie stratigraphically below the Frere Formation may be Bryah Basin age equivalents.

The Bryah Basin hosts a number of significant copper and gold deposits, including the **DeGrussa Copper Mine**, and equivalent age rocks along the northern margin of the Yilgarn Craton within Dampier's EL's may have similar exploration potential.

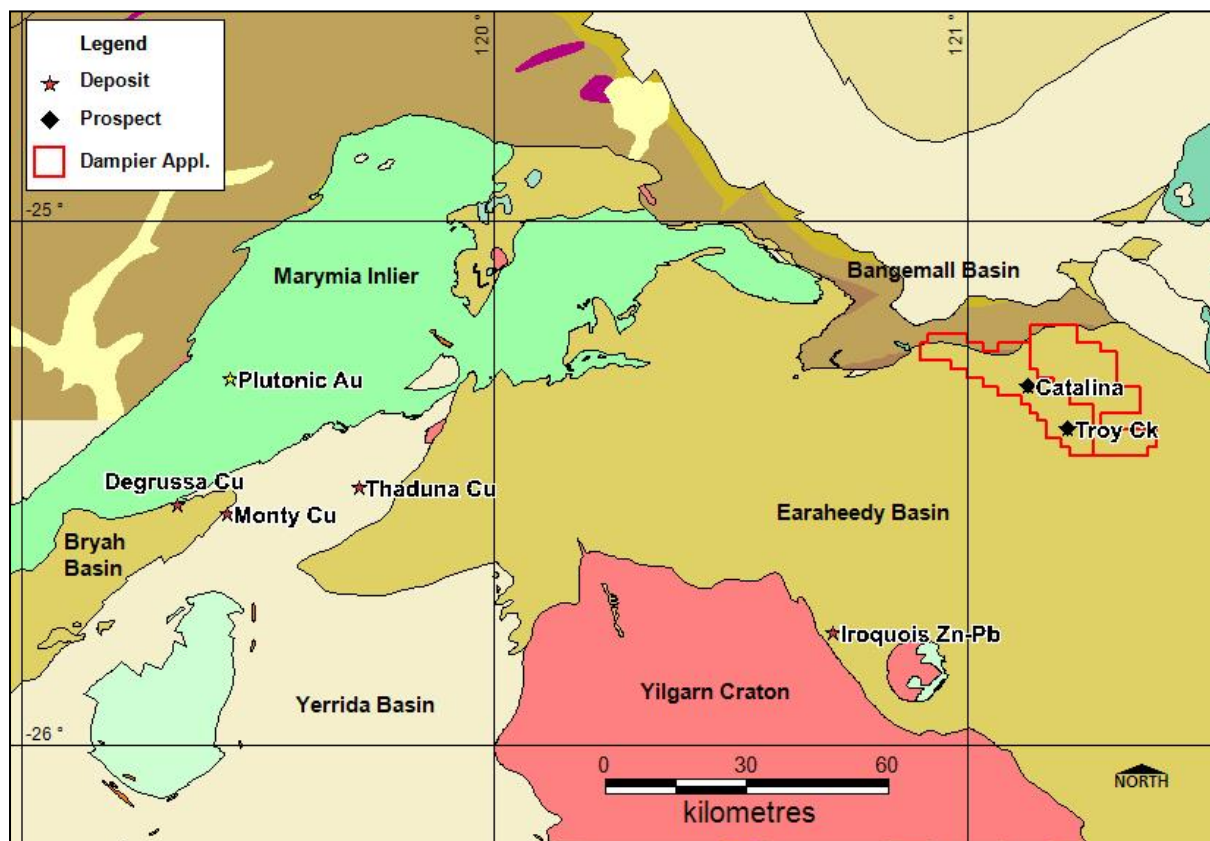


Figure 2: Regional tectonic setting and mineralisation

Historical data shows that the tenements have prominent gravity anomalies aligned with the prevailing west northwest structural trend which suggest the presence of a large volume of buried mafic rocks within a rift setting comprised predominantly of sedimentary rocks. Previous exploration has identified a number of gossan outcrops, base metal and gold prospects and strong anomalies over a wide area.



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The interpreted rift (which is generally poorly exposed and concealed beneath a thin veneer of transported sand) is defined by the gravity anomalies, interpreted Bryah age felsic intrusive and volcanic rocks and probable mafic-ultramafic intrusive and volcanic rocks within a thick sedimentary sequence.

The rift sequence is considered to be prospective for volcanic-hosted massive sulphide, sediment-hosted copper and orogenic gold. Historic exploration dating back to 1990 by Sons of Gwalia, Aztec Exploration, Stockdale and Mount Isa Mines targeted sediment-hosted base metal (Cu-Pb-Zn-Au), diamonds, steeply dipping shear-hosted lode gold and shale-hosted Au-PGM and IOCG (Cu-U-Au) deposits.

This previous work identified the Troy Creek and Catalina prospects. These prospects contain significant intercepts in copper along with some good gold anomalies. The best intercepts to date include 3m @3.7% Cu from 104-107m in TCRC09-06 within a broader anomalous copper zone.

Dampier will continue to review the historical data on these Exploration Licenses in preparation for the implementation of exploration programs on granting.

New Investments for Dampier

In addition to the proposed joint development of the K2 Mine with Vango, Dampier continues to evaluate other gold and mineral projects, as well as other diversified investment opportunities in areas such as agriculture, food and infrastructure.

Dampier is now in a strong, stable and unencumbered financial position with low overheads and a very experienced management team and support network which generates a steady flow of possible investment opportunities for your Company to review on behalf of shareholders.

Malcolm Carson
EXECUTIVE CHAIRMAN
DAMPIER GOLD LIMITED

Competent Persons Statement

Mr Malcolm Carson has compiled information in this report from information and exploration results supplied to Dampier Gold Limited. Malcolm Carson has sufficient experience that is relevant to the style of mineralisation, the types of deposits under consideration and to the activity that he is undertaking and qualifies as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results ("JORC Code"). Mr Carson is a Member of the Australian Institute of Mining and Metallurgy (AusIMM) and Australian Institute of Geoscientists (AIG) and is a Director of Dampier Gold Limited. Mr Carson consents to the inclusion in the report the matters based on the information in which it appears.



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Mining Tenement Information:

As at 31 December 2016, the Company held the following tenements: ELA 69/3484 and ELA 69/3485.

During the quarter the following ELA's were acquired: ELA 69/3484 and ELA 69/3485.

No tenements were disposed of during the quarter.

The Company had no beneficial interest in any farm-in or farm-out agreements at the end of the quarter and no farm -in or farm-out agreements were acquired or disposed of during the quarter.