



30 January 2018

December 2017 - Quarterly Activities Report

ASX: DAU

ISSUED CAPITAL

Ordinary shares:

96,640,141

Undiluted Market

Capitalisation:

\$2.8M

Cash: \$2.04M

DIRECTORS

Mr Malcolm Carson

Executive Chairman

Ms Hui Guo

Executive Director

Mr Peiqi Zhang

Non-Executive Director

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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 2017.

The principal focus during the quarter was to:

- Continue to progress the proposed K2 Mine farm-in Joint Venture with Vango Mining Limited (Vango).
- Review various gold and mineral resource investment opportunities in Australia.
- Continue to investigate an Australian agriculture and related food export business and complete documentation to obtain shareholder approval to divest the Company of this business.

Plutonic Dome Gold Project

On 16 May 2017, the Company announced the execution of a Binding Terms Sheet with Vango covering the farm-in by Dampier into the development and ore production from the K2 Mine located at Plutonic Dome (Terms Sheet). During the quarter Dampier, completed a draft Joint Venture Agreement (JVA) for the K2 project and forwarded it to Vango for their review.

Under the proposed JVA, Dampier has agreed to contribute towards the development of the K2 Mine up to the lesser of 50% of CAPEX or \$3,000,000 to the management, development, exploration and mining of gold ore and its processing for the extraction of gold from the K2 Project ore bodies and extensions.

Dampier stands to earn up to a further \$6M from the successful development of the K2 Mine in milestone and royalty payments pursuant to the sale by Dampier in 2016 of its 40% interest in the Plutonic Dome Gold Project.



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During the quarter, Vango announced on 30 November 2017 the commencement of the K2 mine development programme.

Dampier intends to fund its share of the K2 project with a combination of debt and equity.

New Investments for Dampier

Gold Projects

The Company continues to review a range of gold investment and other mineral resource project opportunities and to investigate farm-in and acquisition possibilities.

Australian Food and Agriculture Produce

During the quarter, your directors continued to evaluate through Aurigin Foods Pty Ltd (Aurigin) the commercial viability of aggregating and exporting high quality Australian food and agriculture products for import and distribution in China.

Australian produced, packaged and manufactured products are regarded as safe, clean and healthy. The Chinese consumer is attracted to Australian food products due to concerns as to the safety and reliability of locally sourced and imported products.

As shareholders are aware, a General Meeting has been convened for 13 February 2018 to consider the sale by Dampier of Aurigin to Aurigin Australia Limited (AAL). AAL is a company associated with 2 of your directors, Mr Malcolm Carson and Ms Annie Guo. The notice for that meeting sets out information relating to the proposed sale, and includes an independent expert's report which considers whether the transaction is fair and reasonable to non-associated shareholders.

Further to the information set out in the notice, and in response to some queries raised by shareholders, the Company would like to re-iterate the key reasons for the decision to sell Aurigin and make some additional comments:

- (a) The business of Aurigin is and remains at an early stage and there is no certainty that it will be successful, particularly as it is seeking to establish itself in China, a very difficult market for ventures of this kind. The Board considered this risk and made the decision that it was an unacceptable risk for the Company, given its core business is a gold explorer and potential mining company. As Mr Carson and Ms Guo were willing to assume this risk (project and financial), the sale of the whole of the interest but with the Company maintaining a potential upside via a reduced shareholding was deemed acceptable, subject to shareholders approving the sale. This provides the Company with an ongoing but reduced interest, with significantly limited exposure.



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- (b) The capital requirements for Aurigin would have exceeded an amount that the Company was able to provide given its nature as a mining explorer and could have resulted in the Australian Securities Exchange requiring the Company to re-comply with Chapters 1 and 2 of the Listing Rules, as if the Company was undertaking a new listing. The cost and expense in doing so, together with the risk that the Company may not achieve the conditions of Chapters 1 and 2 given that Aurigin is in start-up phase, made the decision to sell the interest more compelling.
- (c) Aurigin is at the stage where it needs to raise capital in its own right and be supported by a separate management team, which is not feasible when wholly owned by the Company.
- (d) The Board is seeking for the Company to maintain its focus on the K2 project and seek to advance that project (and consider other projects) for the benefit of all shareholders and will continue to do so.

In respect of the notice of meeting, it has been brought to the attention of the Company that there is an inconsistency in the notice as despatched to shareholders and in the announcement made on 10 January 2018. The notice and announcement refer to the loan funds as at the date of the announcement and the date of the notice being \$215,520. This is not the correct date. The correct date is as set out in the independent expert's report, being 4 November 2017. Shareholders need to note this in making their decision.

The announcement dated 10 January 2018 also referred to Aurigin having current expenditure commitments totalling approximately \$285,000 and that this amount would also be funded by the Company, up to \$500,000. As set out in the Appendix 5B of today's date, during the quarter ended 31 December 2017 a further \$288,000 was advanced to Aurigin. Accordingly, as at the end of the quarter the loan to Aurigin totals \$497,000.

Shareholders should also note that Ms Guo and Mr Carson have and will continue to provide additional funding to Aurigin out of their personal funds to limit the financial exposure of the Company to \$500,000.

The Company looks forward to your attendance at the General Meeting.

Malcolm Carson
EXECUTIVE CHAIRMAN
DAMPIER GOLD LIMITED