



30 April 2019

## MARCH 2019 QUARTERLY ACTIVITIES REPORT

ASX : DAU

### ISSUED CAPITAL

Ordinary shares:  
176,640,141

Undiluted Market  
Capitalisation:  
\$4M

Cash: \$1.78M

### DIRECTORS

Mr Malcolm Carson  
Executive Chairman

Ms Hui Guo  
Executive Director

Mr Peiqi Zhang  
Non-Executive Director

### CONTACT

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### Highlights

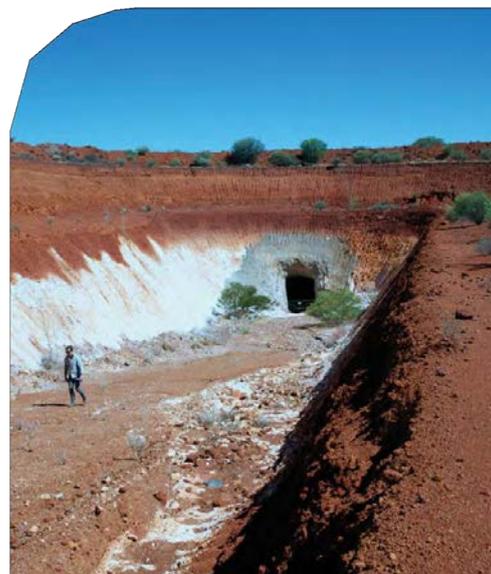
- Dampier continues to pursue its rights to earn up to 50% of the K2 Gold Mine pursuant to the Binding Terms Sheet. Dampier is negotiating with Vango to resolve this dispute constructively.
- The K2 Mine has the scope for Dampier to earn a significant return from the initial 49,000 ounces of gold over a 36-month period, from a 50% interest in the K2 Gold Mine with an estimated all in sustaining cost of \$1,100/ounce and start-up CAPEX of ~\$6.4M<sup>1</sup>.
- At the Company's Menzies and Goongarrie projects, Dampier has completed early stage reconnaissance which indicates greenstone lithologies within the Menzies and Goongarrie project areas.
- Drilling at both project areas is being planned for implementation as soon as practicable.
- Dampier has completed further desk-top studies and analysis of magnetic data at Ruby Plains with a view to undertaking additional field work this season.

<sup>1</sup> Refer: Vango Mining Limited (ASX:VAN) announcement dated 14<sup>th</sup> February 2017, entitled "Upgraded Definitive Feasibility Study (DFS) on K2 Deposit"



Key features of the K2 Gold Mine are as follows:

- The K2 gold deposit is located ~30km north of Superior/Billabong's Plutonic Mine and processing plant, approximately 180km south of Mount Newman and ~50km north of Sandfire's Degruessa copper gold mine.
- K2 was previously mined by Resolute Mining in 1997 by open cut (0.96mt @ 4 g/t for 124koz).
- Resolute established a 1.4km decline in a box cut, which accessed the ore blocks.
- Resolute abandoned the mine due to weak gold prices at the time.
- At current gold prices, the development of K2 is commercially viable and robust, based on the mining of an initial 49,000 ounces from the existing mineral resource inventory.
- Current drilling is testing depth extensions of the high-grade resources and infilling areas of inferred resources in the current mining schedule.
- Processing options are being considered and include toll treatment at nearby facilities or installation of a stand-alone processing plant.
- A major commercial feature of the mine is that it can be brought into production for a modest CAPEX of circa A\$6M.



**Vango Highlights in its 14/02/2017 announcement:**

Dampier refers readers to the announcement by Dampier's JV partner, Vango Mining Limited (ASX: VAN) on 14 February 2017 in which Vango released to the ASX the results of an upgraded Definitive Feasibility Study (DFS) on the K2 Deposit.

The results of the upgraded DFS are highly positive and further strengthen the economic robustness of the K2 Deposit. Headline results include:

1. The Project's pre-tax NPV has increased to \$19.02 million from \$14.87 million in the previous DFS update of October 2014, **based on 49,000 ounces recovered at a spot gold price in February 2017 of A\$1,597/ounce;**
2. Project's IRR is 382.07%, up from 229% in the October 2014 DFS update;
3. Pre-production Capital costs are estimated at \$6.4 million;
4. All-In Sustaining Unit Cost of Production indicates a project margin of approximately \$462/oz;
5. The Project will generate total free cashflows of \$22.66 million over an initial two year mine life, compared to \$18.22 million in the October 2014 DFS update; and
6. Project margin of approximately \$462 per ounce and Payback period is just 13 months.

Estimate of total mined tonnes of 245,214 and head grade of 6.91 g/t gold remain unchanged and the upgraded DFS does not contemplate additional potential resources that may be delineated by drilling programs.

### **Menzies and Goongarrie Projects**

On 7 January 2019, Dampier announced the acquisition of two near contiguous exploration projects at Menzies and Goongarrie which are located ~100km north northwest of the Kalgoorlie Golden Mile, which in turn is located around 600km east of Perth, Western Australia.

Both tenements have had minimal modern exploration carried out and both tenement applications are ready for approval.

The Menzies tenement, which covers 196sqkm, is on strike along the Kalgoorlie Shear and covers a potential western extension of the prolific Menzies greenstone sequence in addition to the basal contact zone between the granites to the west and the Menzies greenstone sequence.

The tenement also covers what is interpreted to be the likely paleo drainage direction for the Menzies gold camp and consequently presents an attractive Tertiary channel Au target.

Goongarrie is located on strike and between the K2 and the Kalgoorlie Shears and represents a grass roots gold and VMS base metal (Volcanogenic Massive Sulphide) play.

The tenement covers northern extensions of a known greenstone belt with interpreted Banded Iron Formations and ultramafic lithologies.

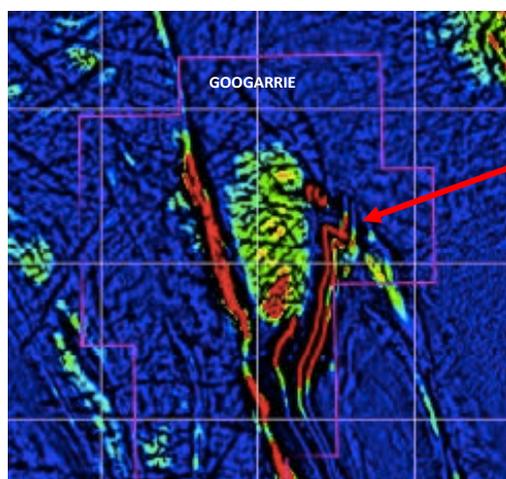
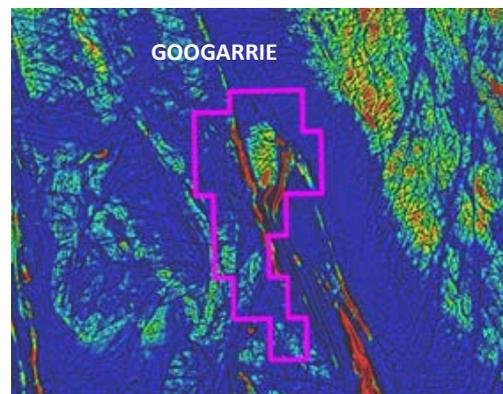
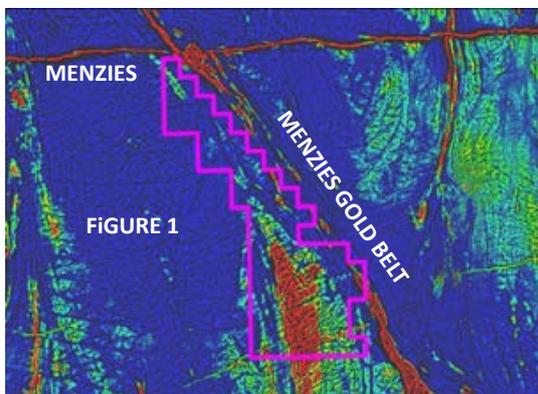
The central and northern part of the Goongarrie project area exhibits a structure which suggests a stoping of the greenstone unit similar to the Goongarrie goldfield located ~30-40km to the east.

During the quarter, Dampier undertook field reconnaissance of both projects. This field reconnaissance confirmed that the majority of both project areas is under alluvial cover and orientation drilling - particularly through the Menzies project - will be required once the tenements are approved.

The orientation program's objective will be to confirm ground access to targets identified in processed magnetic images, identify rock types and take specific samples for petrology and assay.

Limited areas of outcrop within the Goongarrie project confirmed that part of the interpreted greenstone sequence (interpreted from the magnetics) consists of intermediate and mafic volcanics with possible ultramafics. This provides encouragement for the priority target area to the north of this project area, where these rocks have been structurally dislocated by a presumed felsic intrusive.

During the quarter, Dampier also arranged for the open file magnetic data on both projects areas to be re-processed as per Figure 1 below.



**Goongarrie:**

Very distinct untested structure beneath lake sediments.

Initial field work suggests the presence of High Fe/Mg greenstone (maffics/ultramaffics?) in this area

The images above show the presence of significant untested structures and intrusive bodies in both Menzies and Goongarrie.

### Ruby Plains Gold Project

Dampier previous reports noted that initial exploration confirmed the presence of ancient paleo-channels at Ruby Plains and the presence of pisolitic conglomerates in those channels.

Highlights of the exploration program included:

- ground magnetics successfully confirmed the magnetic signatures interpreted from wide-spaced aeromagnetic data which coincides with a **ferruginised (Maghemite), pisolitic, pebble conglomerate**;
- the work and interpretations are consistent with previous interpretations which had proposed that there were older deep and shallow paleo-channels;
- the area has considerable exploration upside and is significantly underexplored having been only mapped in detail by Government agencies in 1996 (1:100,000) and in 1977 (1:250,000).

Dampier has been undertaking further desktop studies, based on these results, to define future exploration programs at Ruby Plains.

#### Malcolm Carson Chairman

##### 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 and Allegiance Coal Limited. Mr Carson consents to the inclusion in the report the matters based on the information in which it appears.*



TENEMENT HOLDING – MENZIES GOONGARRIE

Project	Tenement Number	Blocks	Area sqkm	Status
Menzies	ELA29/1052	70	196	Application
Goongarrie	ELA29/1051	55	154	Application
<b>TOTAL</b>		<b>125</b>	<b>350</b>	

TENEMENT HOLDING – RUBY PLAINS

Project	Tenement Number	Blocks	Area sqkm	Status
Ruby Plains	E80/5143	170	537	Granted
	E80/5144	21	66	Granted
	E80/5161	49	155	Application
	E80/5162	20	63	Application
	E80/5291	10	32	Application
	E80/5292	14	44	Application
	E80/5293	4	13	Application
	E80/5294	6	19	Application
	E80/5295	29	92	Application
<b>TOTAL</b>		<b>323</b>	<b>1020</b>	

JORC CODE, 2012 Edition-Table 1 Ruby Plains, Menzies and Goongarrie Projects:

SECTION 1: SAMPLING TECHNIQUES AND DATA

Criteria	JORC Code Explanation	Commentary
<b>Sampling techniques</b>	<ul style="list-style-type: none"> <li>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</li> </ul>	<ul style="list-style-type: none"> <li>N/A No Samples Reported</li> </ul>
<b>Drilling techniques</b>	<ul style="list-style-type: none"> <li>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</li> </ul>	<ul style="list-style-type: none"> <li>N/A No Drilling Reported</li> </ul>
<b>Drill sample recovery</b>	<ul style="list-style-type: none"> <li>Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> <li>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</li> </ul>	<ul style="list-style-type: none"> <li>N/A No Drilling Reported</li> </ul>
<b>Logging</b>	<ul style="list-style-type: none"> <li>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</li> <li>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</li> <li>The total length and percentage of the relevant intersections logged.</li> </ul>	<ul style="list-style-type: none"> <li>N/A No Drilling Reported</li> </ul>
<b>Sub-sampling techniques and sample preparation</b>	<ul style="list-style-type: none"> <li>If core, whether cut or sawn and whether quarter, half or all core taken.</li> </ul>	<ul style="list-style-type: none"> <li>N/A No Drilling or Samples Reported</li> </ul>



Criteria	JORC Code Explanation	Commentary
	<ul style="list-style-type: none"> <li>• <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></li> <li>• <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></li> <li>• <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></li> <li>• <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i></li> <li>• <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></li> </ul>	
<p><b>Quality of assay data and laboratory tests</b></p>	<ul style="list-style-type: none"> <li>• <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></li> <li>• <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i></li> <li>• <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i></li> </ul>	<ul style="list-style-type: none"> <li>• N/A No Assays Reported</li> </ul>
<p><b>Verification of sampling and assaying</b></p>	<ul style="list-style-type: none"> <li>• <i>The verification of significant intersections by either independent or alternative company personnel.</i></li> <li>• <i>The use of twinned holes.</i></li> <li>• <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></li> <li>• <i>Discuss any adjustment to assay data.</i></li> </ul>	<ul style="list-style-type: none"> <li>• N/A No Sampling or Assays Reported</li> </ul>
<p><b>Location of data points</b></p>	<ul style="list-style-type: none"> <li>• <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i></li> <li>• <i>Specification of the grid system used.</i></li> <li>• <i>Quality and adequacy of topographic control.</i></li> </ul>	<ul style="list-style-type: none"> <li>• No Drill holes or sample points are being reported.</li> <li>• The Geophysical survey stations were located using a standard GPS with a nominal +/- 5m accuracy.</li> <li>• The geophysical points were based on GDA 94 / MGA (zone 52)</li> </ul>
<p><b>Data spacing and distribution</b></p>	<ul style="list-style-type: none"> <li>• <i>Data spacing for reporting of Exploration Results.</i></li> <li>• <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and</i></li> </ul>	<ul style="list-style-type: none"> <li>• The Geophysical surveys are preliminary reconnaissance surveys with lines covering four separate target areas.</li> <li>• The location of the survey lines was limited to existing station tracks and</li> </ul>



Criteria	JORC Code Explanation	Commentary
	<p><i>Ore Reserve estimation procedure(s) and classifications applied.</i></p> <ul style="list-style-type: none"> <li><i>Whether sample compositing has been applied.</i></li> </ul>	<p>existing grid lines.</p> <ul style="list-style-type: none"> <li>No Samples have been reported.</li> </ul>
<b>Orientation of data in relation to geological structure</b>	<ul style="list-style-type: none"> <li><i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></li> <li><i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i></li> </ul>	<ul style="list-style-type: none"> <li>The geophysical survey was reconnaissance in nature, being relatively wide spaced and the orientation of potential mineralised structures is yet to be confirmed.</li> <li>There is insufficient information to determine if the reconnaissance geophysical surveys were orientated perpendicular to potential mineralised structures.</li> </ul>
<b>Sample security</b>	<ul style="list-style-type: none"> <li><i>The measures taken to ensure sample security.</i></li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> <li>No Samples or Assays Reported</li> </ul>
<b>Audits or reviews</b>	<ul style="list-style-type: none"> <li><i>The results of any audits or reviews of sampling techniques and data.</i></li> </ul>	<ul style="list-style-type: none"> <li>No Audits have been undertaken, No Assay or Samples reported</li> </ul>

## Section 2: REPORTING OF EXPLORATION RESULTS Ruby Plains, Menzies and Goongarrie Projects:

Criteria	JORC Code Explanation	Commentary
<b>Mineral tenement and land tenure status</b>	<ul style="list-style-type: none"> <li><i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i></li> <li><i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i></li> </ul>	<ul style="list-style-type: none"> <li>The Ruby Plains Project is located approximately 340km south of Kununurra and 70km SE of Halls Creek in the Kimberley region of Western Australia.</li> <li>The project consists of four exploration licences covering approximately 821 square kilometres. E80/5143 and E80/5144 are granted while E80/5161 and E80/5162 are applications.</li> <li>All tenements are 100% beneficially owned by Dampier with transfers pending from the original tenement applicants G. Mooney and Z. Sas.</li> </ul>
<b>Exploration done by other parties</b>	<ul style="list-style-type: none"> <li><i>Acknowledgment and appraisal of exploration by other parties.</i></li> </ul>	<ul style="list-style-type: none"> <li>Within the body of the release the company acknowledges work undertaken in the region including the pre-competitive open file geophysical and geological work undertaken by the Western Australian Geological Survey along with previous exploration within the general Kimberley region of Western Australia including work undertaken in the region by Stockdale (De Beers) and POZ minerals.</li> <li>GSWA Open File Reports a42683, a32030, a32167 and a32426</li> </ul>
<b>Geology</b>	<ul style="list-style-type: none"> <li><i>Deposit type, geological setting and style of mineralisation.</i></li> </ul>	<ul style="list-style-type: none"> <li>The geological target is gold within alluvial channels along with potential regolith hosted supergene gold mineralisation.</li> </ul>
<b>Drill hole</b>	<ul style="list-style-type: none"> <li><i>A summary of all information material to the understanding of the exploration results</i></li> </ul>	<ul style="list-style-type: none"> <li>No drilling reported</li> </ul>



Criteria	JORC Code Explanation	Commentary
<b>Information</b>	<p>including a tabulation of the following information for all Material drill holes:</p> <ul style="list-style-type: none"> <li>• easting and northing of the drill hole collar</li> <li>• elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>• dip and azimuth of the hole</li> <li>• down hole length and interception depth</li> <li>• hole length.</li> <li>• If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</li> </ul>	
<b>Data aggregation methods</b>	<ul style="list-style-type: none"> <li>• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</li> <li>• Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</li> <li>• The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	<ul style="list-style-type: none"> <li>• No Assay or drilling results reported</li> </ul>
<b>Relationship between mineralisation widths and intercept lengths</b>	<ul style="list-style-type: none"> <li>• These relationships are particularly important in the reporting of Exploration Results.</li> <li>• If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>• If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg ‘down hole length, true width not known’).</li> </ul>	<ul style="list-style-type: none"> <li>• No drilling results reported.</li> </ul>
<b>Diagrams</b>	<ul style="list-style-type: none"> <li>• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</li> </ul>	<ul style="list-style-type: none"> <li>• Appropriate summary diagrams are included in the body of the announcement.</li> </ul>
<b>Balanced reporting</b>	<ul style="list-style-type: none"> <li>• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should</li> </ul>	<ul style="list-style-type: none"> <li>• No drilling or Assay Results have been reported.</li> <li>• The entire Geophysical interpretation and survey data has been presented in various</li> </ul>



Criteria	JORC Code Explanation	Commentary
	<i>be practiced to avoid misleading reporting of Exploration Results.</i>	figures within the body of the report.
<b>Other substantive exploration data</b>	<ul style="list-style-type: none"><li>• <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i></li></ul>	<ul style="list-style-type: none"><li>• The local scale and regional geophysical and historical geological mapping and interpretation of the alluvial paleochannels is reported in the body of the announcement.</li><li>• Summary information included in GSWA Open File Reports a42683, a32030, a32167 and a32426</li></ul>
<b>Further work</b>	<ul style="list-style-type: none"><li>• <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></li><li>• <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></li></ul>	<ul style="list-style-type: none"><li>• Additional work including geophysics, geological mapping and interpretation, geochemical sampling and potentially drilling is either planned or is expected to be planned to further evaluate the extent and potential of the interpreted Paleochannels within the project</li></ul>