

30 April 2020

## MARCH 2020

# QUARTERLY ACTIVITIES REPORT

Dampier Gold Limited (Dampier, DAU or Company) is pleased to report on activity for the 3-month period ended 31 March 2020. During the quarter, the Company successfully completed an initial stage capital raising, concentrated its exploration activity on the Credo Well Joint Venture Gold Project (Credo), advanced the negotiations on the revised terms of the Zuleika Joint Venture Gold Project (Zuleika), both projects located in the prolific Kalgoorlie Goldfields, Western Australia,

### ISSUED CAPITAL

Ordinary shares: 237,985,995  
Market Capitalisation: ~\$6.0M  
Cash: \$1.7M

### DIRECTORS

**Mr Malcolm Carson**  
Executive Chairman  
**Ms Annie Guo**  
Executive Director  
**Mr Peiqi Zhang**  
Non-Executive Director

### CONTACT

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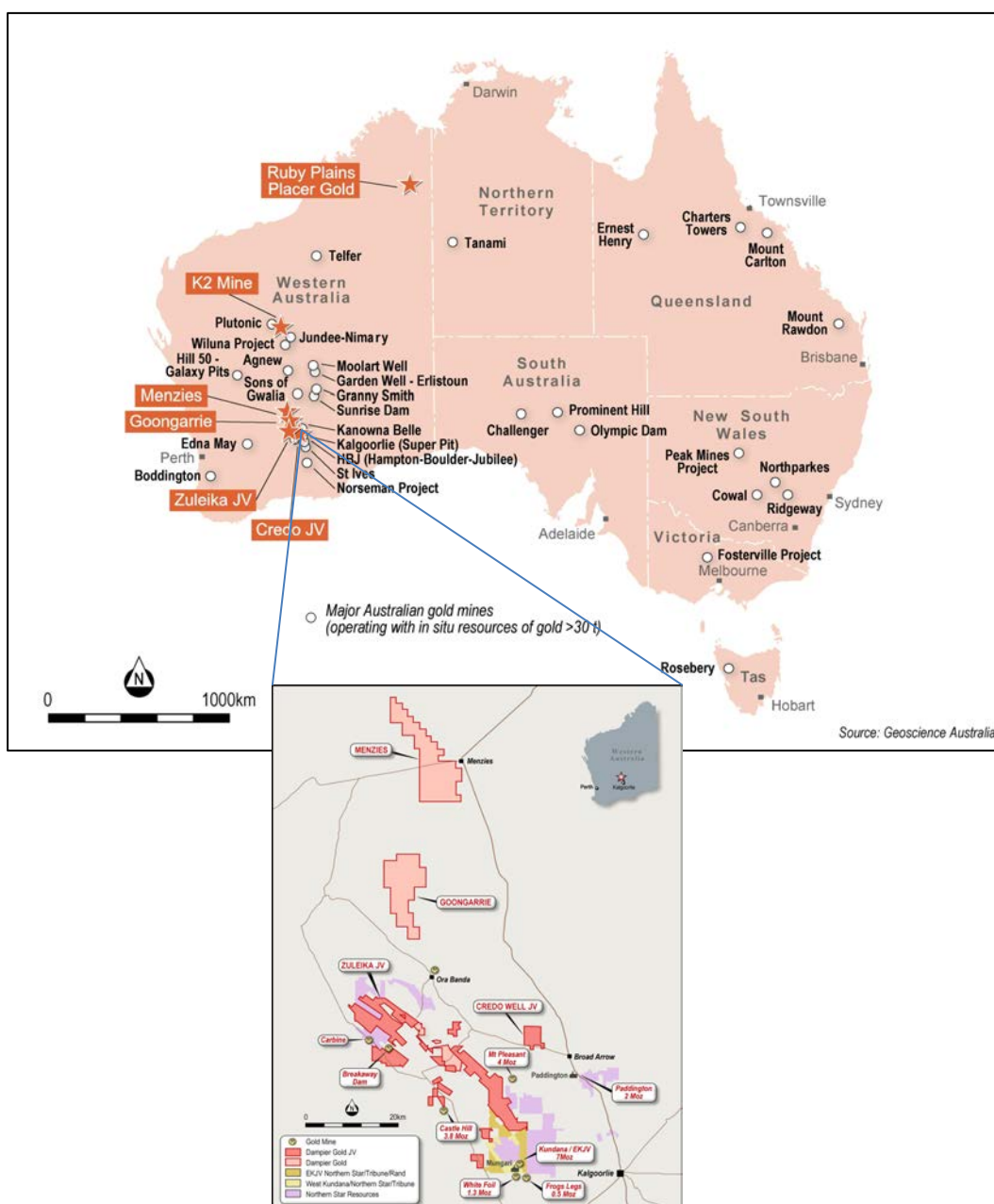
- The Company completed an initial \$1m capital raising through a strongly supported share placement. Proceeds to be used to progress the Company's Kalgoorlie region gold exploration strategy.
- The Company successfully completed its due diligence on the Credo Project and the Credo joint venture commenced with joint venture partner Torian Resources Limited (ASX:TNR).
- Immediately following the commencement of the Credo Project, the Company initiated exploration and commenced a 1,000m of Reverse Circulation (RC) drilling program and a 2,600m Aircore (AC) program on identified Credo targets.
- Dampier continued to work in collaboration with Torian towards finalising the Zuleika due diligence and negotiations of revised Zuleika joint venture terms.
- Extensive geophysical targeting of the Credo and Zuleika projects was completed, with 24 high priority targets identified by geophysical targeting and reinterpretation of geological units<sup>1</sup>.
- At Goongarrie, following completion of early stage reconnaissance which confirmed the presence of greenstones, Dampier is preparing a geophysical survey to better define rock units and targets.
- The Company continues to pursue its rights to earn up to 50% of the K2 Gold Mine pursuant to the Binding Terms Sheet with Vango Mining Limited (ASX:VAN) (Vango)<sup>2</sup>. A Letter of Demand, demanding Vango pay Dampier \$21,573,813 as estimated losses incurred by Dampier. Further significant losses were also identified.

<sup>1</sup> Refer: Multiple high-priority gold targets identified at JV locations released by Torian on 18 March 2020

<sup>2</sup> Refer: Dampier seeks compensation from Vango Mining Limited released on 12 February 2020



## Dampier projects locations



## \$1M Milestone Capital Raising

Dampier successfully completed an initial \$1 million placement to underpin the next pivotal stage of its exploration, development and growth strategy of its significant gold project holding located near Kalgoorlie in Western Australia.

The placement was made to existing and new sophisticated investors at an issue price of \$0.025 per share raising a total of \$1 million before costs.

The strongly supported capital raising resulted in the introduction of a number of strategic and high net worth investors who fully endorsed the Company's gold business development strategy.

Other investors, who also indicated a willingness to participate, were faced with unprecedented delays due to the global health situation, these investors have indicated they are keen to participate in future capital raisings.

## Zuleika Gold Project

The Zuleika Shear has proven to be a major conduit for gold mineralising solutions and a number of operating mines occur both within and adjacent to the shear operated by Northern Star Resources Limited (ASX:NST), Evolution Mining Limited (ASX:EVN) and China's largest gold producer Zijin. The shear has supported historically ~20m ounces of gold production.

The Carnage Shear, also referred to as the East Zuleika Shear, is parallel to the Zuleika Shear. Lithologies to the east of the Carnage Shear represent a "*mirror image*" of the lithologies to the west side of the Zuleika Shear. These lithologies comprise Black Flag beds, ultra-mafic, mafic, intermediate, felsic units and sedimentary rocks including black shales which are the hosts for gold mineralisation in the Kalgoorlie Region. The Carnage Shear is underexplored when compared to the Zuleika Shear and, from Dampier's review has lacked (over recent years) a systematic approach to regional and targeted exploration. Separating the Zuleika and Carnage Shear is the down faulted Kurrawang Epiclastic. Major gold mines throughout the world are commonly associated with these basins, which can act as a cap on mineralised hydrothermal fluids.

**Dampier has unrestricted access to a continuous 20km of strike** along the Carnage Shear within the Zuleika Joint Venture tenements and our technical team have identified numerous untested targets along this strike.

During the quarter, Dampier continued to work on its due diligence of the Zuleika Project. Work focussed on consolidating and reviewing the drilling database and working to identify strategic exploration targets.

The Zuleika Shear is recognised as a major conduit for gold mineralisation and Dampier is of the view that the parallel Carnage Shear 5km to the east (also referred to as the East Zuleika Shear), represents a largely untested regional target which is geologically similar to the Zuleika Shear. Dampier has 20km of strike along the Carnage Shear and number of anomalous drilled and bedrock targets require follow up drilling.

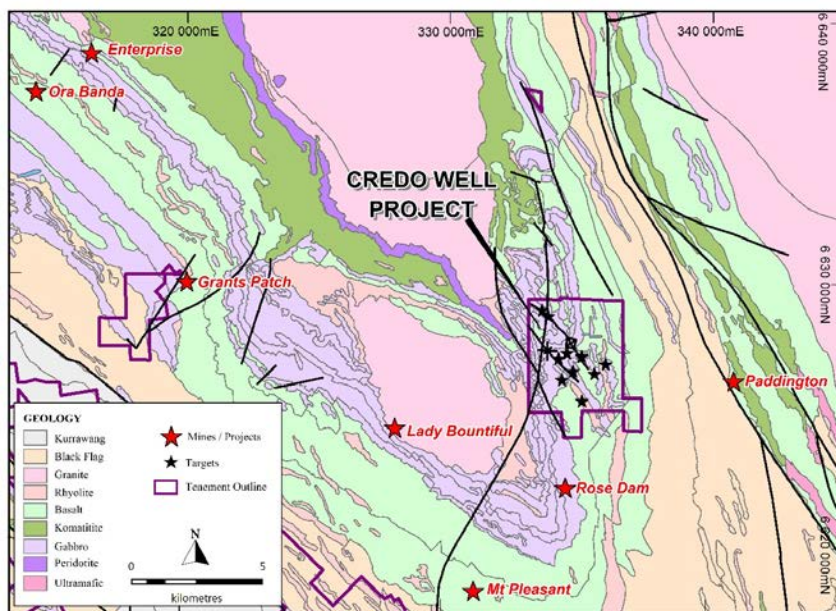
During the quarter, extensive geophysical targeting of the Credo and Zuleika Projects was completed, with 24 high priority targets identified by geophysical targeting and reinterpretation of geological units. The geophysical interpretation revealed structural complexity around major northwest-trending shear zones – Zuleika Shear, East-Zuleika (Carnage) Shear and Kunanalling Shear, with secondary structures, fracturing, bends/jogs, linear, finite extent magnetic anomalies and other complexities that may have created favourable conduits and sites for gold mineralisation. Contact margins along ultramafic flows and mafic intrusions have been extensively mapped as they are known to be associated with gold deposits in the wider area.

As more geological knowledge is gained over the project area (by drilling etc.), other geophysical methods, such as induced polarisation (IP) or gravity, may be considered to delineate and map zones of alteration or other structures pointing to mineralisation. Electrical methods such as gradient array Induce Polarisation (IP) or Sub-audio Magnetic (SAM), as well as gravity, have proved very effective in mapping structure and lithology in regions of low magnetic response, such as volcano-sedimentary complexes.

In addition to gold targeting, the potential for nickel sulphide mineralisation should also be considered in areas which include ultramafic units (komatiite flows etc.). VMS (Cu-Zn-Au) mineralisation could also be considered within intermediate volcanoclastic greenstone sequences.

### Credo Gold Project

The Credo Project lies within a major gold producing region of the Kalgoorlie region and is surrounded by a number of historical and currently operating mines as shown in the following figure.



Credo Well Drill Site and Drilling Team (March 2020)



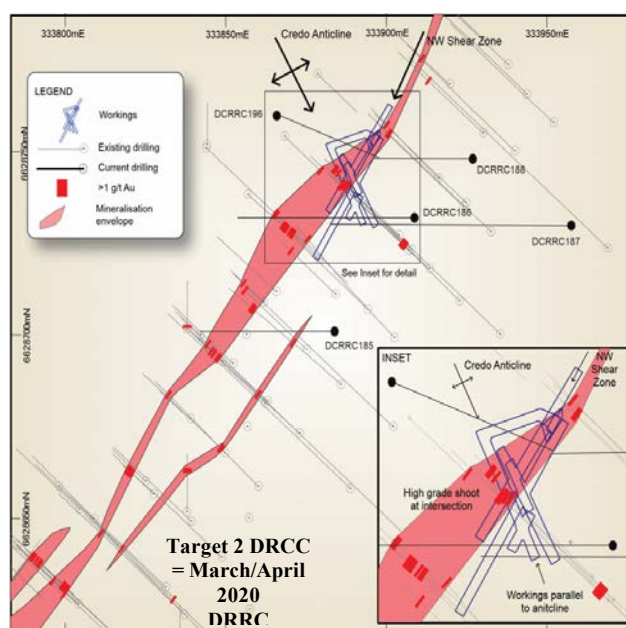
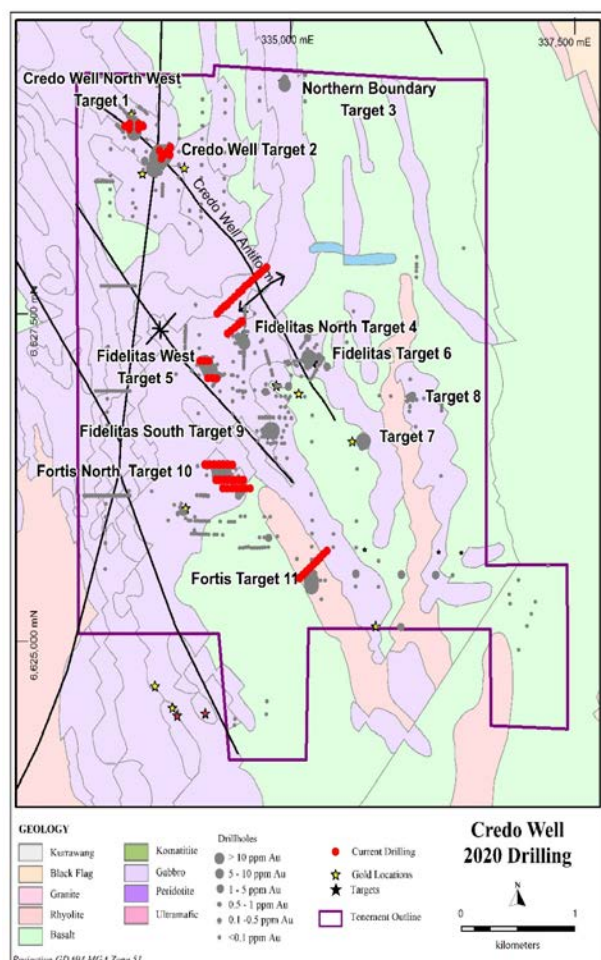
Prior to the commencement of the joint venture, Dampier reviewed, consolidated and verified the historical data base compiled by Torian and integrated it with open file data. From Dampier's technical analysis, to date 11 targets have been defined on the Credo tenements.

Following the successful completion of the capital raising announced on 10 March 2020, the Company completed its Phase 1 drilling on the Credo Well tenements ahead of schedule.

The completed program included 12 reverse circulation holes for 1032m targeting extensions to mineralisation at Credo Well and Credo Well North. In addition, a 56-hole Aircore program has also been completed for a total of 2620m.

Drilling intersected contiguous zones of quartz veining and sulphides within the target -zones and samples have been submitted for analysis. Results are anticipated in coming weeks.

The initial drilling phase has been designed to confirm mineralisation models and structural orientations for potential resources at these target areas. Downhole imaging is planned to enhance the detailed geological logging from the RC program and provide density and structural data for 3D modelling and resource work.



Location March/ April 2020 Reverse Circulation (RC) holes Target 1 & 2) and AirCore (AC) drill holes (Target 4, 5, 10 & 11)



AirCore Drilling Fidelitas North (Target 4) (April 2020)



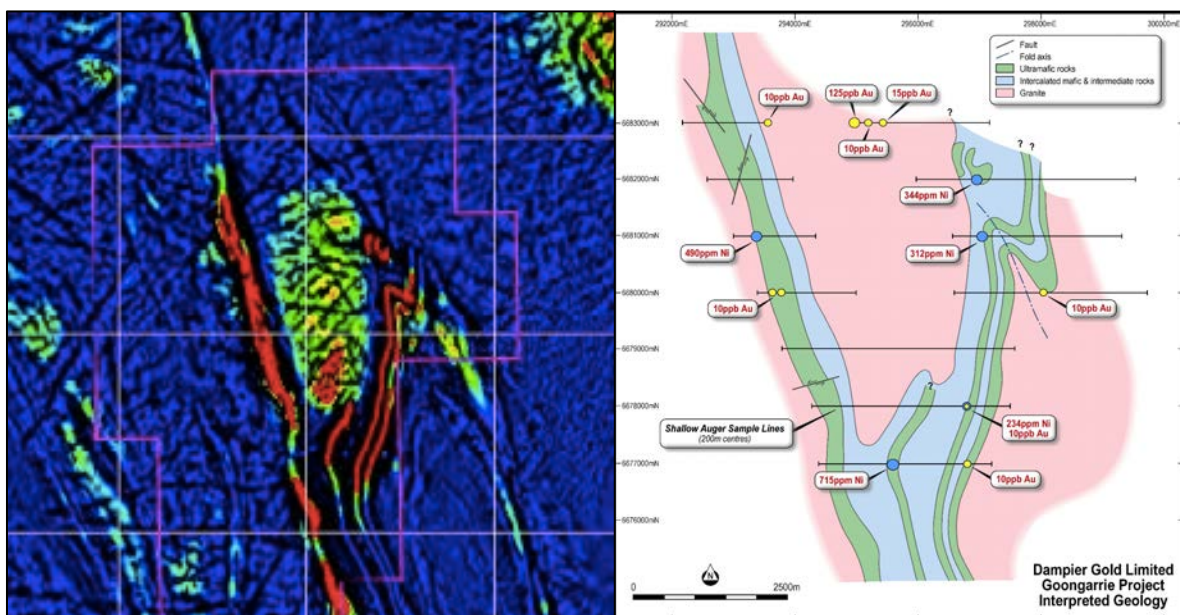
Sampling/Logging RC drilling Credo Well (March 2020)

## Goongarrie Gold Project

At Goongarrie, following completion of early stage reconnaissance which confirmed the presence of greenstones, Dampier has been investigating various geophysical survey options to better define rock units and targets, which are buried under transported cover.

Dampier completed a 140-hole Auger drill program on a 1,000m by 200m grid over the soil covered magnetic anomaly which suggested untested structures and an interpreted greenstone sequence at Goongarrie. The assay results from the program confirmed the presence of anomalous gold and nickel.

Dampier is confident that its exploration has confirmed that the soil covered magnetic and structural anomaly suggests a hidden greenstone, which requires closer further detailed geophysical interpretation and target generation, followed by drilling and confirmation analysis.



## Menzies

Dampier has completed its desk-top studies and will implement a shallow sampling program to identify potential drill targets in the coming months of 2020. Dampier has also been investigating various geophysical survey options to better define rock units and targets prior to commencing drilling.

## K2 Gold Mine and seeking compensation from Vango Mining Limited

Further to the Company's ASX announcement dated 19th November 2019, on 12 February 2020, Dampier released further details to shareholders in relation to the legal dispute (Dispute) with Vango in respect to Dampier's interests in the K2 Joint Venture tenement (K2 Project) (Mining Lease 52/183) which forms part of Vango describes as its Marymia Gold Project (K2 Project Tenement) and rights to earn upto 50% equity in the K2 Project Tenement pursuant to the Binding Terms Sheet (BTS) entered into between the parties dated 12 May 2017 (Joint Venture).

As announced on 12 February 2020, Dampier issued to Vango a Letter of Demand in relation to Vango's repudiation and termination of the Joint Venture (**Letter of Demand**).

By way of the Letter of Demand, Dampier:

1. Demands payment within 30 days by Vango to Dampier **\$21,573,813**, being the estimated losses incurred to date by Dampier. This loss is calculated by reference to:
  - a. Vango's announcement to the ASX dated 8 October 2014, where it estimated that the K2 Mine could recover 54,000 ounces at an All In Sustaining Cost (AISC) of AUD\$1,030 per ounce; and
  - b. the gold price at the relevant times.
2. Identifies further significant losses as a result of Vango's repudiation, estimated by reference to Vango's 2019 Annual Report, where it reported 104,000 ounces as Indicated and Inferred Resources for the K2 Tenement, i.e. potentially up to a further 50,000 ounces, and the current gold price.
3. Alleges that Vango has repeatedly breached the BTS and Joint Venture.
4. Alleges that, for reasons including but not limited to Vango's continued refusal from the commencement of the Joint Venture in May 2017 to take steps to progress the Joint Venture and/or allow Dampier to earn up to its full 50 percent interest in the K2 Tenement, together with its letter to Dampier dated 14 November 2019, Vango has repudiated the BTS and the Joint Venture.
5. Alleges that Dampier has suffered and continues to suffer significant loss and damage as a result of Vango's failure to perform the Joint Venture and its repudiation of the BTS and Joint Venture, including without limitation, in respect of Dampier's right to earn up to a full 50 percent interest in the K2 Tenement and the anticipated profits associated with that right.
6. States if Vango does not make payment as demanded by Dampier, Dampier reserves its rights to pursue Vango for all losses that have been and will be incurred in relation to Vango's repudiation (including in respect of future net revenue), including by way of commencement of court proceedings.
7. Also seeks written confirmation from Vango within 7 days that:

- a. Dampier owns at a minimum its 4.1% interest in the K2 Tenement already earned as at 12 May 2017 and confirmed in clause 3(a) of the BTS; and
- b. Vango will honour each of the Milestone Payments and Royalty Payments (totalling A\$6M) pursuant to the provisions of the Plutonic Dome Purchase and Sale Agreement between Vango and Dampier dated 16 August 2016 which agreement is separate and apart from the BTS and Joint Venture.

**Dampier is determined to relentlessly pursue Vango for all of its legal rights under the K2 Joint Venture and full compensation for Dampier shareholders.**

**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 type 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.*

**PAYMENTS TO RELATED PARTIES:**

During the quarter a total of \$102,710 was paid to related parties for the provision of services and directors fees (including superannuation) and office rent.





### TENEMENT HOLDING

Tenement ID	Status	Location	~Area Ha	#Blocks
E29/1051	Live	oongarrie We:	15747	5624
E29/1052	Live	Menzies West	17192	6140
E80/5143	Live	Ruby Plain	55028	19653
E80/5144	Live	Ruby Plain	6810	2432
E80/5161	Pending	Ruby Plain	15895	5677
E80/5162	Live	Ruby Plain	6481	2315
E80/5291	Live	Ruby Plain	3239	1157
E80/5292	Live	Ruby Plain	4535	1620
E80/5293	Live	Ruby Plain	1296	463
E80/5294	Live	Ruby Plain	1943	694
E80/5295	Live	Ruby Plain	9383	3351
P16/3223	Live	Zuleika	170	61
P16/3224	Live	Zuleika	111	40
P16/3225	Live	Zuleika	192	69
P16/3226	Live	Zuleika	197	70
P16/3227	Live	Zuleika	197	70
P16/3228	Live	Zuleika	197	70
P16/3229	Live	Zuleika	199	71
P16/3236	Live	Zuleika	180	64
P16/3237	Live	Zuleika	172	61
P16/3238	Live	Zuleika	175	63
P16/3268	Pending	Zuleika	123	44
P16/3270	Pending	Zuleika	186	66
P16/3269	Pending	Zuleika	180	64
P24/5434	Pending	Zuleika	48	17
P16/3274	Pending	Zuleika	148	53
P16/3275	Pending	Zuleika	140	50
<b>27</b>			<b>140,164</b>	<b>50,059</b>

Name	Status	Project	~Area Ha	#Blocks
M24/975	Pending	Credo	1589	568
P24/4418	Live	Credo	155	55
P24/4419	Live	Credo	133	48
P24/4420	Live	Credo	150	54
P24/4421	Live	Credo	160	57
P24/4422	Live	Credo	131	47
P24/4423	Live	Credo	106	38
P24/4424	Live	Credo	104	37
P24/4425	Live	Credo	137	49
P24/4426	Live	Credo	128	46
P24/4427	Live	Credo	85	30
P24/4428	Live	Credo	120	43
P24/4429	Live	Credo	150	54
P24/4468	Live	Credo	46	16
P24/4996	Live	Credo	86	31
P24/5247	Live	Credo	9	3
<b>16</b>			<b>3,289</b>	<b>1,175</b>