



31 JULY 2020

## JUNE 2020 QUARTERLY ACTIVITIES REPORT

Dampier Gold Limited (**Dampier, DAU or Company**) is pleased to report on activity for the 3-month period ended 30 June 2020. It has been a busy and successful quarter, during which, the Company elected to commence the Zuleika Gold Project farm-in Joint Venture (**Zuleika**) on varied favourable terms. Following which, the Company completed a strongly supported second stage capital raising, successfully completed Stage 1 exploration activity on the Credo Well Gold Project (**Credo**), commenced exploration on Zuleika, undertook follow-up exploration on the Goongarrie Gold Project (**Goongarrie**), planned drilling program on the Menzies Gold Project (**Menzies**), and continued to vigorously pursue its rights against Vango Mining Limited (**Vango**) under the K2 Project Farm-in-Joint Venture Binding Term Sheet.

### Highlights in summary for the quarter were:

#### ISSUED CAPITAL

Ordinary shares: 267,985,995  
Market Capitalisation: ~\$8.8M  
Cash: \$2.2M

#### DIRECTORS

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

#### CONTACT

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- Commenced Zuleika on favourable varied terms which completed the consolidation of the Company's strategic Kalgoorlie portfolio.
- Completed a second stage \$1m exploration capital raising through a strongly supported share placement managed by Alto Capital. Proceeds are being used to progress the Company's Kalgoorlie and Menzies/Goongarrie region gold exploration strategies.
- Successfully completed Stage 1 exploration at Credo and defined a JORC Compliant Resource of 12,259 ounces at 4.41 g/t and confirmed lithological and structural controls on mineralisation.
- Commenced Stage 1 exploration at Zuleika at three priority locations Paradigm East, Browns Lagoon and Castle Hill East.
- Completed Stage 2 follow-up reconnaissance exploration at Goongarrie and planning for reconnaissance drilling at Menzies.
- Continued to pursue Dampier's rights to earn up to 50% of the K2 Gold Mine pursuant to the Binding Terms Sheet with Vango Mining Limited (ASX:VAN) (Vango).
  - On 12 February 2020, a Letter of Demand was issued to Vango, demanding Vango pay Dampier \$21,573,813 as estimated losses incurred by Dampier.
  - On 25 May 2020, Dampier commenced legal proceedings against Vango and engaged leading Commercial Litigation and Dispute Resolution firm Bennett + Co to act for it in the Supreme Court proceedings.
  - On 23 June 2020, Dampier lodged a Statement of Claim with the Supreme Court of Western Australia.



## Location Dampier projects

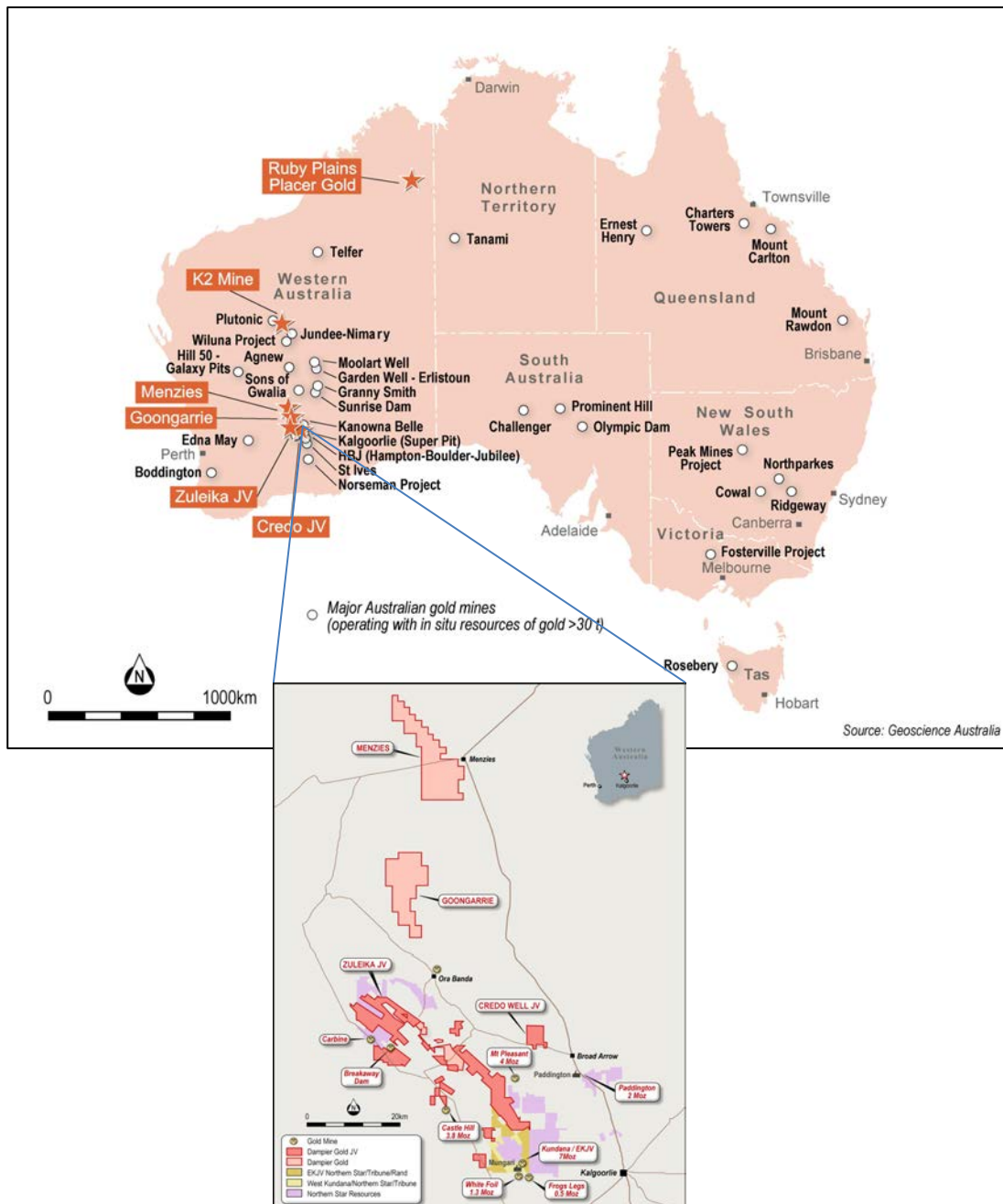


Figure 1 Location Dampier's Kalgoorlie Portfolio

## Commenced the Zuleika Farm-in Joint Venture

On 22 April 2020, Dampier elected to commence the Zuleika Gold Project Joint Venture with Torian Resources Limited (ASX: TNR) pursuant to a binding terms sheet signed (**BTS**) and announced on 4<sup>th</sup> October 2019. Under the favourably varied terms of the BTS, Dampier can acquire up to a 75% interest in the Zuleika Project by expenditure of \$1 million over a staged four-year period.<sup>1</sup>

<sup>1</sup> ASX Ann: 22/04/2020 Zuleika Farm-in Joint Venture commences

## \$1M Second stage capital raising

On 18<sup>th</sup> June 2020, Dampier successfully completed a second stage \$1 million placement through Alto Capital to underpin the continuation of its exploration, development and growth strategy on its significant gold project portfolio located near Kalgoorlie in Western Australia.<sup>2</sup>

## 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. (Figure 3)

On 2nd June 2020, Dampier announced a maiden JORC Resource from the Credo tenements comprising Inferred Resources of 86,519 t at 4.41 g/t Au for 12,259 oz Au in the Credo Well and Credo Well North West deposits<sup>3</sup>. (Figure 2) Within the Resources there are open cut resources of 79,137 t at 4.2 g/t Au for 10,684 oz Au in two preliminary pit optimisation shells at a 5 g/t Au cut off, demonstrating the economic potential of these resources. (Figure 3)

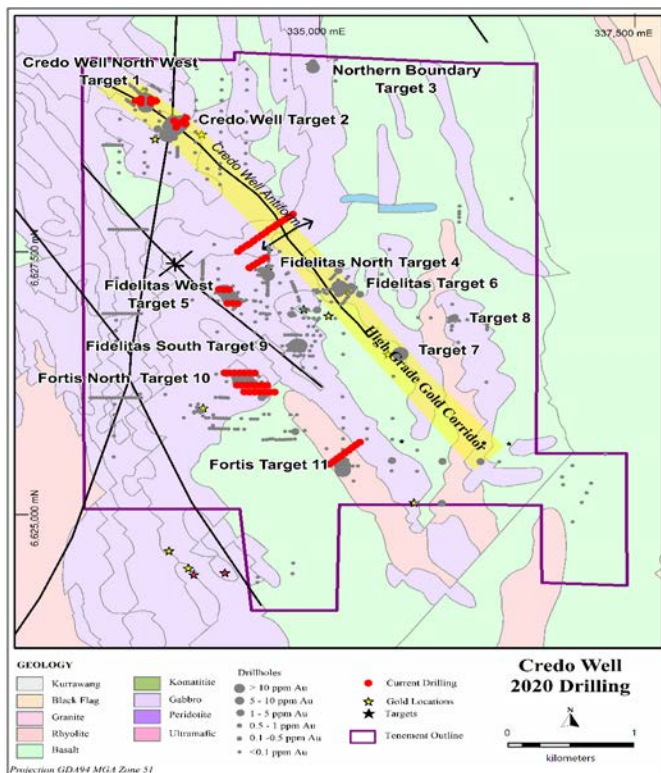


Figure 2 Drilling and prospect locations Credo Gold Project

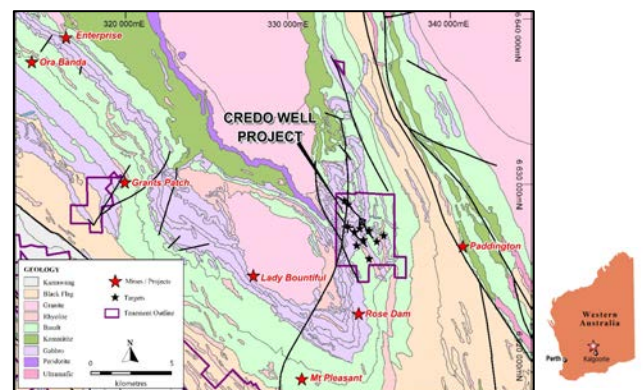


Figure 3 location of Credo Gold Project and regional geology

The completed program included 12 reverse circulation holes for 1,032m targeting extensions to mineralisation at Credo Well and Credo Well North. In addition to this, a 56-hole Aircore program was also completed with a total of 2,620m of aircore drilling. The aircore drilling intersected anomalous gold haloes (>100ppb Au) at Fidelitas and Fortis (Targets 9, 10 and 11) which correlated with deeper results and confirmed the presence of supergene mineralisation at all prospects. (Figure 2)

At Credo Well, drilling was oriented to test the intersecting zone between the Credo Well Shear and

<sup>2</sup> ASX Ann: 18/06/2020 \$1M Capital raising to accelerate drilling programs

<sup>3</sup> ASX Ann: 02/06/2020 First Drill Program at Credo delivers JORC Resources



the Credo Well Antiform, a regional fold system. These results have improved our understanding of the controls of the system and most encouraging is the intersection of a high-grade zone outside of the main Credo Well Shear structure. Hole DCRR0187 intersected 5m @ 6.7 g/t Au (including 1m @ 18.35 g/t Au). This zone falls within a high-grade gold corridor thought to be controlled by the regional folding and intersecting north west and north east trending structures. This high-grade corridor can be traced between Credo Well North and Credo Well (300m) in a northwest-southeast and is open to the south east over 2.5 to 3.0km. This zone will be further tested in future exploration. (Figure 2)

### Zuleika Gold Project

During the quarter, Dampier completed its planning for Stage 1 exploration and obtained required approvals from the DMIRS. Drilling commenced in early July.<sup>4</sup>

The initial program comprising 5,500m of drilling (4,500m RC and 4,000m AC) focussed on 3 areas, namely: Paradigm East, Broads Dam and Castle East. (Figure 4) Stage 2 exploration will be designed from the results of the Stage 1 program.

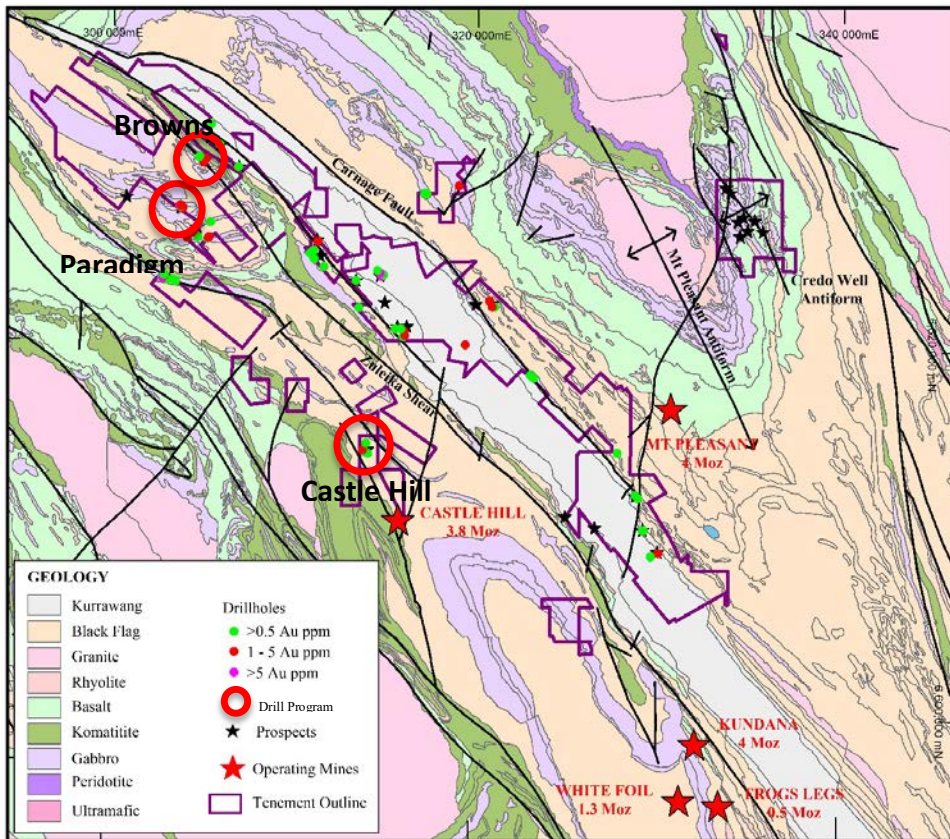


Figure 4 - Location July/August 2020 Zuleika Drilling Program

Geological logging of the first drill holes at Paradigm East show clays and weathering to 60m, followed by fresh primary rocks with typical Zuleika Shear gold hosts at the deeper target zones, namely, vein quartz in stockworks and altered meta-gabbro with sulphides.

<sup>4</sup> ASX Ann: 15/07/2020 Dampier to embark on major drilling program at the flagship Zuleika Project

## Goongarrie Gold Project

Following grant of the tenement, an initial reconnaissance auger soil program was completed in September 2019 on a 1,000m x 200m grid which identified gold and nickel anomalism associated with the greenstone package and within the granite<sup>5</sup>. (Figure 6)

The recently completed follow-up auger program consisted of 500m spaced lines as infill to the 2019 program and extensions to the previous lines with samples taken at 200m intervals. (Figure 5)

The aim of the program is to further test the prospective greenstone stratigraphy obscured under sand cover, and to combine these results with Stage 1 results and further geophysical interpretation to more accurately generate targets for follow-up AC and/or RC drilling.

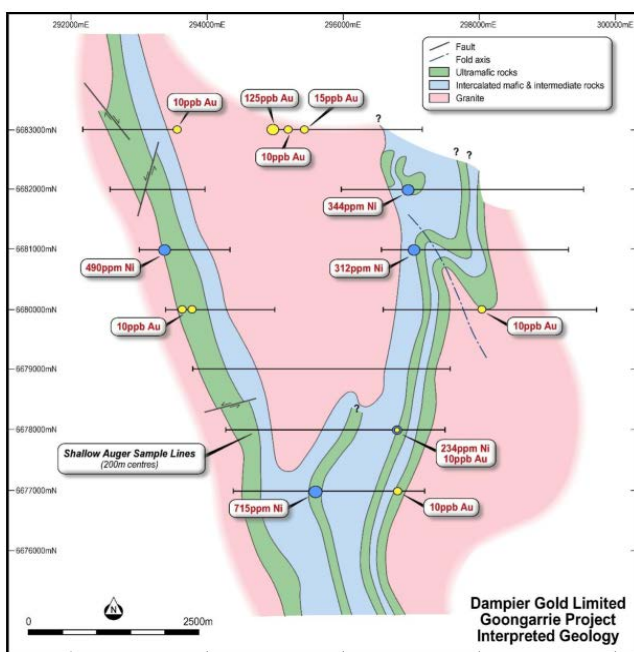


Figure 6: Goongarrie interpreted solid geology & Stage 1 results



Figure 5: Goongarrie infill auger drilling

Dampier will report to shareholders the results of this program on completion of the laboratory assays and the interpretation of these results.

## Menzies Gold Project

Dampier has planned and is seeking final approvals for a Stage 1 reconnaissance drilling program for the Menzies tenement which will be carried out in the September quarter.

## Dampier's persists with litigation against Vango Re K2 Farm-in Joint Venture

Further to the Company's ASX announcement dated 12 February 2020,<sup>6</sup> wherein Dampier announced its intention to seek compensation from Vango to a minimum \$21,573,813. On 26 May 2020 advised shareholders that it had commenced legal proceedings against Vango and engaged

<sup>5</sup> ASX Ann: 21/10/2019 Goongarrie reconnaissance exploration results

<sup>6</sup> ASX Ann: 12/02/2020 Dampier seeks compensation from Vango

leading commercial litigation and dispute resolution firm Bennett Co to act for it in the Supreme Court proceedings and also the engagement of Senior Counsel from the Western Australian Bar.<sup>7</sup>

Consistent with its desire to expedite the resolution of the court proceedings, Dampier filed the Statement of Claim on 23 June 2020.<sup>8</sup>

At the time, Malcolm Carson, Executive Chairman of Dampier stated:

*“The Statement of Claim was filed earlier than the allowed 14 days to ensure time started to run on the 14 days for the filing of any defence by Vango and DPPL earlier than would usually be the case. It is the desire of Dampier to have this dispute determined by the Court as soon as is possible and all steps will be taken by Dampier to ensure that occurs including requesting that the proceedings be entered into the Supreme Court Commercial and Managed Cases List to be intensively case managed. Where Dampier can take steps in the proceedings ahead of usual and ordered court time periods it will do so.”*

This action has been taken due to Vango’s non-response to Dampier’s letter of demand announced on 12 February 2020, whereby the Company 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.

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<sup>7</sup> ASX Ann: 26/05/2020 Dampier Gold commences legal action against Vango Mining

<sup>8</sup> ASX Ann: 23/06/2020 Update on litigation against Vango Mining Limited and Dampier (Plutonic) Pty Ltd

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 \$92,700 was paid to related parties of the Company as follows:

- \$18,000 for directors fees
- \$13,000 paid to a director for office rent
- \$61,710 for the provision of directors full-time services including superannuation



TENEMENT HOLDING

| Tenement ID | Status  | Location      | ~Area Ha       | #Blocks       |
|-------------|---------|---------------|----------------|---------------|
| E29/1051    | Live    | oongarrie Wes | 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> |