

20 October 2014

Share Placement

Dampier Gold Limited (ASX:DAU) (“**Dampier**” or “**the Company**”) is pleased to advise that it has secured financial support by way of a share placement for the Company from a high net-worth investor with access to capital markets and substantial private and public investor groups.

The investor has access to various substantial investors whose aim is to secure gold projects in Australia by utilising Dampier as a project acquisition vehicle. The investor has shown, through this private investment, a commitment to Dampier and the current management team.

It is the opinion of the Directors that the investor will assist with the growth plans and strategies of the Company by facilitating further financial support required to acquire a suitable project.

Key Points:

- 1) The investor is not related to, or associated with, the Company, its Directors or any current Dampier shareholder and has not attached any specific conditions to the investment.
- 2) The investment was completed at a premium to the Company’s recent share price thereby minimising the level of dilution for all shareholders.
- 3) Funds from the investment will be applied towards the further investigation, evaluation and due diligence of advanced exploration and at or near to production/cash flow opportunities and for general working capital purposes and meet commitments on the Plutonic Dome Gold Project.
- 4) The additional funding and the prospect of securing further financial support, affords Dampier the opportunity to more efficiently compete for new project acquisitions.

In the opinion of the Directors, the investment indicates that Dampier (unlike many of its peers in the ASX Small Resources Index) will now have the potential to access further capital, via the investor’s network of contacts in the international capital markets and other investors.

A total of \$430,747 was raised, before costs, pursuant to the issue of 16,567,247 ordinary fully paid shares at an issue price of \$0.026 per share (“**Placement**”) which represents a 16% premium to the previous 15 days VWAP of \$0.0223 per share and 20% premium to the previous 30 days VWAP of \$0.0217 per share. As a consequence of the Placement, the investor has become a substantial shareholder of the Company with a holding of 19.9%.

The Board believes it is prudent to be prepared and have the potential to secure additional funds for future commitments under the Plutonic Dome Gold Project and be in a position to fund

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its contribution towards the possible development of the K2 underground mine development. The pending development of which was announced by Ord River Resources Limited (ASX: ORD) earlier this month.

In the event Dampier is required to contribute to the K2 development and/or an acquisition opportunity is identified, the Board is of the view that there is now scope for Dampier to obtain additional financial support from either the investor, sources identified and introduced by the investor and/or existing shareholders.

The Placement was not underwritten and was made in accordance with ASX Listing Rule 7.1 (10,002,757 shares) and ASX Listing Rule 7.1A (6,564,490 shares). A commission of 6% of the amount raised is to be paid.

The Placement will result in existing security holders being diluted by 19.9%. Of this dilution, 7.89% relates to the additional 6,564,490 shares issued under Listing Rule 7.1A.

The Company resolved to issue the shares to the investor, because the Placement was facilitated to secure the financial support of a high net-worth investor with access to capital markets and substantial private and public investor groups. In addition, the Placement was undertaken at a premium to current market. Your Directors are of the view that (i) a rights issue to existing shareholders would have not been fully subscribed; (ii) an underwritten rights issue would be very difficult to secure for a small cap explorer in the current market; (iii) such a new issue could not have been completed at a premium to ASX market prices, and (iv) such an issue would not have facilitated the introduction of high net-worth investor.

In an otherwise extremely challenging equity capital market, particularly for the small resources sector (where the ASX Small Resources Index has fallen 21.2% over the past 12 months), Dampier is pleased to have secured additional capital and from an investor that has the potential to provide on-going support, alongside existing shareholders, as the Board steadily seeks to rebuild and grow the Company.

The Directors are confident this Placement and with the prospect of on-going financial support, there is now scope to accelerate the future development and growth of the Company in the best interests of all shareholders.

Malcolm Carson
CHAIRMAN
DAMPIER GOLD LIMITED

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