

19 January 2016

Sale of Plutonic Dome Gold Project

Highlights:

- Dampier sells to Vango its remaining equity in the Plutonic Dome Gold Project (excluding 6 tenements to be sold to Northern Star Resources Limited - subject to finalising final terms)
- Dampier to be in a strong cash position and potential additional cash flow from the mine
- Dampier directors are actively reviewing new projects for the Company

The Directors of Dampier Gold Limited (ACN 141 703 399) (ASX:DAU) (“Dampier” or “the Company”) are pleased to advise that the Company has today entered into a binding Heads of Agreement for the sale to Vango Mining Limited (ACN 108 737 711) (“Vango”) of 100% of Dampier Plutonic Pty Ltd (ACN 131 670 963) (“DPPL”) which is the owner of the Plutonic Dome Gold Project (“Project”).

The agreement excludes 6 tenements which are to be separately sold to Northern Star Resources Limited (ACN 092 832 892) (ASX:NST) for a nominal consideration and subject to finalising final terms.

Each party has agreed to use its best endeavours and act in good faith to finalise and enter into a sale and purchase agreement within 90 days following the date of the Heads of Agreement.

The sale of DPPL to Vango is subject to satisfaction of the following conditions Precedent:

- Dampier shareholder approval in accordance with ASX Listing Rule 11.2; and
- any statutory, third party or other approvals as may be required in relation to the Project tenements (including entering into the transaction with Northern Star Resources Limited).

The conditions precedent must be satisfied (or waived by both parties) within 3 months after the date of the sale and purchase agreement. The parties will each use their best efforts to satisfy the conditions precedent.

The consideration to be paid to Dampier by Vango is as follows:

(a) Non Contingent Component:

\$2,200,000 (excluding GST) to be paid within 14 days after the satisfaction or waiver of the conditions precedent.

(b) Contingent Component

The following amounts to be paid by Vango within 7 days after the occurrence of the following events:

- \$1,000,000 (excluding GST) on production of a total of 45,000 ounces of gold from the Project tenements;
- \$1,000,000 (excluding GST) on production of a total of 100,000 ounces of gold from the Project tenements;
- \$1,000,000 (excluding GST) on production of a total of 200,000 ounces of gold from the Project tenements; and
- \$1,000,000 (excluding GST) on production of a total of 300,000 ounces of gold from the Project tenements.

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(c) ROYALTY

Vango to pay a production royalty on overall production from the Project tenements as follows:

- 1.0% on each ounce of gold or equivalent production on a daily basis when the gold price is equal to or greater than US\$1,175/oz, or
- 2.0% on each ounce of gold or gold equivalent production on a daily basis when the gold price is equal to or greater than US\$1,250/oz, or
- 3.0% on each ounce of gold or gold equivalent production on a daily basis when the gold price is equal to or greater than US\$1,400/oz, or
- 4.0% on each ounce of gold equivalent production on a daily basis when the gold price is equal to or greater than US\$1,500/oz.

The royalty is capped at A\$2 million, with production being measured on a post ore treatment basis.

A break fee of \$100,000 is payable by Dampier if Vango complies with its obligations under the Heads of Agreement and Dampier does not enter into the sale and purchase agreement on or before 90 days following the date of the Heads of Agreement.

A break fee of \$100,000 is payable by Vango if Dampier and DPPL both comply with their obligations under the Heads of Agreement and Vango does not enter into the sale and purchase agreement on or before 90 days following the date of the Heads of Agreement.

Completion of the sale of the Project will give Dampier unencumbered >\$4M in cash, the prospect of additional cash payments and a royalty stream with the development of the Project.

Malcolm Carson
Chairman

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