



dampiergold

10 January 2018

Aurigin Foods Pty Ltd

The Directors of Dampier Gold Limited (ASX: DAU) (**Dampier**) are pleased to announce that Dampier has today entered into a conditional Share Sale Agreement for the sale of 100% of the issued share capital of its wholly owned subsidiary, Aurigin Foods Pty Ltd (**Aurigin**), to Aurigin Australia Limited (**AAL**), a company associated with Dampier directors Malcolm Carson and Annie Guo (the **Transaction**).

The sale of Aurigin to AAL is subject to the receipt of shareholder approval in accordance with ASX Listing Rule 10.1. The consideration for the sale is 10,000,000 fully paid ordinary shares in the capital of AAL.

A Notice of General Meeting is currently being finalised and will include an Independent Experts Report for the purpose of assessing the “fairness and reasonableness” of the Transaction. It is anticipated that the Notice of General Meeting will be mailed to shareholders on Monday 15 January 2018 and that the General Meeting will be held on Tuesday 13 February 2018.

On 24 July 2016, Dampier incorporated Aurigin for the purposes of investigating a concept of developing an Australian export business of supplying authentic Australian food for distribution through an Aurigin retail network in China.

To date, Dampier has provided Aurigin with loan funds totalling \$215,520. In addition, Aurigin has current expenditure commitments totalling approximately \$285,000. As such and subject to the receipt of shareholder approval, Dampier will enter into a loan facility agreement (**Loan Agreement**) with Aurigin pursuant to which Dampier may advance to Aurigin up to A\$500,000 (**Loan**). The Loan is unsecured and interest free and is repayable on the earlier to occur of a Liquidity Event (see below) or a date that AAL is financially able to repay the Loan.

For the purposes of the Loan Agreement, a Liquidity Event is defined as the occurrence of any of the following:

- a) a sale by AAL of Aurigin;
- b) a sale by AAL and/or Aurigin of the Aurigin business; and
- c) an initial public offering of AAL shares in conjunction with an ASX listing.

Aurigin, through its wholly owned subsidiary Aurigin Foods Franchising Pty Ltd, has entered into franchise agreements with five different parties. The franchisees are currently in the process of establishing Aurigin stores in China. In addition, Aurigin has established relationships with a number of Australian manufacturers and suppliers of food products.

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The Directors of Dampier have determined that there is considerable start-up risk and capital requirements to effectively establish the Aurigin business and that this would be a substantial drain on Dampier's financial resources and not consistent with Dampier's core business of gold exploration and development.

Pursuant to the Transaction, Dampier will retain an ongoing interest in Aurigin by way of its 10,000,000 AAL shares. In addition, subject to a Liquidity Event occurring, Dampier will be repaid the funds advanced to Aurigin under the Loan Agreement.

Upon completion of the Transaction, Aurigin will be a wholly owned subsidiary of AAL and the ownership and capital structure of AAL will be as follows:

Holder	AAL Shares and % undiluted interest in AAL	AAL Options	Class 1 AAL Performance Rights	Class 2 AAL Performance Rights
Dampier Gold Limited	10,000,000 (33.33%)	Nil	Nil	Nil
Malcolm Carson	10,000,000 (33.33%)	10,000,000	5,000,000	5,000,000
Hui Guo	10,000,000 (33.33%)	10,000,000	5,000,000	5,000,000
Total	30,000,000 (100%)	20,000,000	10,000,000	10,000,000

Note:

Each AAL Option is exercisable on or before the date which is 5 years from their date of issue at \$0.20 each and entitles the holder to acquire one AAL share upon exercise.

Each:

- (a) Class 1 AAL Performance Right may be converted by its holder into one AAL share upon AAL and/or an AAL franchisee successfully opening a total of 10 Aurigin branded stores in China within two (2) years of the date of AAL being admitted to the official list of ASX (**Class 1 Milestone**). Pursuant to the terms of the Class 1 AAL Performance Rights, these performance rights vest upon the Class 1 Milestone being achieved. The holder of these performance rights then has 12 months following the date of vesting within which to notify AAL that the performance rights are to be converted into AAL shares. Within 14 days of receipt by AAL of such notification, AAL must do all things necessary to convert the Class 1 AAL Performance Rights into AAL shares; and
- (b) Class 2 AAL Performance Right may be converted by its holder into one AAL share upon AAL and/or an AAL franchisee successfully opening a total of 15 Aurigin branded stores in China within three (3) years of the date of AAL being admitted to the official list of ASX (**Class 2**

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Milestone). Pursuant to the terms of the Class 2 AAL Performance Rights, these performance rights vest upon the Class 2 Milestone being achieved. The holder of these performance rights then has 12 months following the date of vesting within which to notify AAL that the performance rights are to be converted into AAL shares. Within 14 days of receipt by AAL of such notification, AAL must do all things necessary to convert the Class 2 AAL Performance Rights into AAL shares.

Dampier remains committed to its core business and in this regard, the development of the K2 Mine by way of the joint venture with Vango Mining Limited (**Vango**). To this end, Dampier has recently provided Vango with a detailed farm-in joint venture agreement which is consistent with the binding terms sheet announced on 16th May 2017. Consistent with recent announcements by Vango, Dampier's Directors are working closely with Vango and its project management team in the commencement of dewatering of the K2 Project, and exploration focussed on expanding the K2 Mineral Resources.

The Directors of Dampier are constantly reviewing other investment opportunities in the mineral resource sector for a suitable development stage project for the Company.

Malcolm Carson
Chairman

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