

**DAMPIER GOLD LIMITED**  
**ACN 141 703 399**

**THIRD SUPPLEMENTARY TARGET'S STATEMENT**

Prepared in response to the unsolicited, off-market takeover bid by Vango Mining Limited (ACN 108 737 711) (**Vango**) to acquire all of your ordinary fully paid shares in Dampier Gold Limited (ACN 141 703 399) (**Dampier**).

**The Directors of Dampier continue to unanimously recommend that you **REJECT** the inadequate and opportunistic Offer from Vango Mining Limited **BY TAKING NO ACTION****

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**1. IMPORTANT INFORMATION**

This document is a third supplementary target's statement issued by Dampier under section 644 of the *Corporations Act 2001* (Cth) (**Third Supplementary Target's Statement**) and is supplementary to Dampier's Replacement Target's Statement dated and lodged with the Australian Securities and Investments Commission (**ASIC**) on 25 October 2018 (**Target's Statement**) in relation to the off-market takeover offer by Vango for all of the fully paid ordinary shares in the capital of Dampier (**Offer**).

This Third Supplementary Target's Statement is dated 30 October 2018 and was lodged with ASIC and given to ASX on that date. Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Third Supplementary Target's Statement.

Please consult your legal, financial or other professional adviser if you do not fully understand the contents of this Third Supplementary Target's Statement.

A copy of this Third Supplementary Target's Statement will be available on Dampier's website at [www.dampiergold.com](http://www.dampiergold.com) or the ASX announcements platform at [www.asx.com.au](http://www.asx.com.au) (ASX:DAU).

Capitalised terms used in this Third Supplementary Target's Statement have the same meaning given to them in the Target's Statement, unless defined otherwise in this Third Supplementary Target's Statement or the context otherwise requires. Section 11.2 of the Target's Statement sets out certain rules of interpretation, which apply equally to this Third Supplementary Target's Statement.

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**2. VANGO'S RESPONSE TO DAMPIER'S TARGET'S STATEMENT**

Dampier notes Vango's ASX Announcement of 24 October 2018 "Vango Mining Response to the Target's Statement of Dampier Gold" (**Vango Announcement**).

Dampier makes the following statements in response to the Vango Announcement.

**2.1 Vango's Offer is inadequate**

While there is no requirement under the Corporations Act for Dampier to commission an Independent Expert's Report in relation to the Offer, Dampier has now commissioned an Independent Expert's Report in relation to the Offer, which will be released to the market in due course. The Dampier Board recommends that Dampier Shareholder **TAKE NO ACTION** in relation to the Offer until they have had a chance to consider the Independent Expert's Report.

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In response to sections 1 and 2 of the Vango Announcement, Dampier reiterates the following statements from the Target's Statement:

Dampier and Vango (through Vango's wholly owned subsidiary DPPL) are in a joint venture in relation to the K2 Project (**K2 Joint Venture**) pursuant to a Binding Terms Sheet (**Binding Terms Sheet**) dated 12 May 2017.

Under the Binding Terms Sheet, Dampier has the right to earn up to a 50% interest in the K2 Joint Venture by incurring \$3 million in project expenditure. As at the date of this Replacement Target's Statement, Dampier has earned a 4.1% interest in the K2 Joint Venture.

**Vango's latest announced definitive feasibility study (DFS) ascribed an NPV of \$19 million to the K2 Project at a gold price of A\$1,579.<sup>1</sup> Dampier notes the current gold price is now A\$1,737.** At current gold prices, the development of the K2 Project is considered to be commercially viable and robust (subject to further definition of reserves, geotechnical studies and metallurgical studies).

As part of Vango's original acquisition of the Plutonic Dome Gold Project from Dampier, Vango agreed to pay up to \$6 million in contingent deferred consideration to Dampier.<sup>2</sup> Dampier believes that the Offer is an effort by Vango to avoid making these payments to Dampier should the K2 Project go into production.

Based on the closing price of 19.5 cents for Vango Shares on the last Trading Day prior to the Announcement Date, acquiring 100% of Dampier for 34,182,897 Vango Shares equates to \$6,665,664 in share value. **It is Dampier's view that Vango is seeking to use its recently high share price to cheaply:**

- **acquire Dampier's interest of up to 50% in the K2 Project;**
- **acquire Dampier's cash balance (\$1.95 million as at 30 June 2018);**
- **avoid up to \$6 million in contingent payments to Dampier; and**
- **avoid a costly dispute with Dampier.**

**For these reasons, the Offer is inadequate and opportunistic.**

## **2.2 Recent share issues by Dampier**

In response to section 3 of the Vango Announcement, Dampier notes that the share issues referred to were approved by Dampier Shareholders at a general meeting held on 18 September 2018. The notice of meeting was finalised and lodged with ASX on 17 August 2018, which was a full month prior to Vango announcing its intention to make the Offer on 17 September 2018.

Dampier believes that the issue of Dampier Shares under the Placement was done for a proper purpose and in the best interests of Dampier Shareholders. As noted in the notice of meeting referred to above, Dampier intends to use the funds raised under the Placement for exploration and development work on the K2 Project under the K2 Joint Venture.

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<sup>1</sup> Vango ASX release, 14 February 2017, "Vango Releases Highly Positive DFS Upgrade."

<sup>2</sup> Details of this contingent deferred consideration are set out in section 6.8.2 of the Target's Statement.

## 2.3 Dampier related party transactions

In response to section 4 of the Vango Announcement, Dampier notes that:

- all of the Dampier related party transactions referred to by Vango in section 4 of the Vango Announcement have been fully and fairly disclosed to Dampier Shareholders and approved by Dampier Shareholders where required; and
- as disclosed in Dampier's notice of meeting released to the market on 17 August 2018 and in the Target's Statement, the Dampier Shares issued to Directors Malcolm Carson and Hui Goh on 16 October 2018 were issued as a reward for the work of these Directors over the last 4.5 years and to provide an incentive for the future – the issue of these Dampier Shares to Mr Carson and Ms Goh was approved by Dampier Shareholders at a general meeting held on 18 September 2018.

## 2.4 Other statements in the Target's Statement regarding Vango

In response to section 5 of the Vango Announcement, Dampier stands by all of the statements referred to in section 5 of the Vango Announcement.

Dampier encourages Dampier Shareholders to carefully consider the following:

- Section 1.2 of the Target's Statement which deals with the **increased project risk** which Dampier Shareholders will assume if they accept the Offer and receive Vango Shares;
- section 1.3 of the Target's Statement which deals with the **material uncertainty regarding Vango's ability to continue as a going concern**;
- section 1.4 of the Target's Statement which deals with Vango's history of **uncommercial funding arrangements** and the **significant ongoing dilution risk** which Dampier Shareholders will assume if they accept the Offer and receive Vango Shares; and
- sections 1.5 and 1.6 of the Target's Statement which deal with **material litigation and contingent liability risk** which Dampier Shareholders will assume if they accept the Offer and receive Vango Shares.

## 2.5 No superior offer has been received

In response to section 6 of the Vango Announcement, Dampier acknowledges that no superior proposal has been received. This is clearly disclosed in the Target's Statement (see sections 1.7 and 9.1(b) of the Target's Statement).

## 2.6 Dampier's share price may fall if the Offer is not successful

In response to section 7 of the Vango Announcement, Dampier acknowledges that the market price for Dampier Shares may fall if the Offer does not proceed or is otherwise unsuccessful. This risk is clearly disclosed in section 9.2(a)(ii) of the Target's Statement.

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**3. DIRECTORS' AUTHORISATION**

This Third Supplementary Target's Statement has been approved by a resolution passed by the Directors of Dampier.

Signed for and on behalf of Dampier:

A handwritten signature in black ink, appearing to read 'M Carson', written over a faint circular stamp or watermark.

**Malcolm Carson**  
**Chairman**  
**For and on behalf of Dampier Gold Limited**