

19 JANUARY 2016

DACIAN APPOINTS GR ENGINEERING TO ADVANCE FEASIBILITY STUDY ON POTENTIAL+200KOZPA WA GOLD PROJECT

MAJOR RESOURCE IN-FILL DRILL PROGRAM NOW IN FULL SWING AT MOUNT MORGANS

Dacian Gold (ASX: DCN) (“Dacian” or “the Company”) is pleased to announce that, following a competitive tender process, it has engaged GR Engineering Services Ltd (GRES) to advance the Feasibility Study on its flagship 100%-owned Mt Morgans Gold Project (MMGP), located 20km south-west of Laverton in Western Australia.

The Feasibility Study, as defined by JORC 2012, will provide a comprehensive technical and economic study of the MMGP, and will reasonably allow the Dacian Board and financial institutions to consider an investment decision to develop the MMGP in late 2016, paving the way for Dacian to join the ranks of mid-tier Australian gold producers.

Dacian completed a detailed Scoping Study last year (see ASX announcement 30 September 2015), which showed that the MMGP has the potential to be an outstanding WA gold project with strong operating margins. The following key metrics were obtained from the Scoping Study:

- An initial 7-year Life of Mine producing 1.2Moz of gold at an AISC of A\$929/oz;
- A site infrastructure capital expenditure of A\$157M, which includes construction of a 2.5Mt/annum conventional CIL treatment plant;
- Gold production principally sourced from a large open pit mining complex at Jupiter and a large underground mine at Westralia. Total mined production amounted to 16.0Mt at 2.5g/t Au for 1.3Moz contained gold.

After delivering the Scoping Study in September, Dacian completed a A\$25 million equity capital raising late last year, both to advance the MMGP Feasibility Study and undertake a major resource in-fill drilling program within the potential mining areas (see ASX announcement 1 December 2015).

The resource in-fill drilling program, which commenced in mid-December and is already well advanced, is aimed at improving the geological confidence of the Jupiter and Westralia Mineral Resources that were the subject of the MMGP Scoping Study.

A competitive tender process was initiated in December 2015 to select an engineering firm to assess the ore processing and site service infrastructure requirements for the MMGP Feasibility Study. A number of WA-based engineering firms with extensive experience in feasibility studies and designing / constructing Western Australian gold projects were invited to submit proposals.

Following a comprehensive review and evaluation of all submissions, GR Engineering Services Ltd were selected as the preferred party.

GRES will commence the Feasibility Study work immediately. The GRES work will form a major component of the MMGP Feasibility Study and involves the completion of necessary engineering work to estimate the cost of establishing and operating a 2.5Mt/annum ore processing facility and site service infrastructure. Key items of work to be completed by GRES are:

- Development, management and supervision of metallurgical testwork programs, conducted at a certified third party laboratory;
- Engaging and managing specialist consultants relating to tailings storage facility design and civil geotechnical work;
- Engineering and cost estimation related to the ore processing facility;
- Engineering and cost estimation related to site service infrastructure (eg power, water, fuel, roads, accommodation, offices, workshops, etc);
- Identification of equipment long-lead items; and
- Development of a project implementation plan.

Dacian is targeting completion of the MMGP Feasibility Study during Q4 CY2016. This will allow the Company's Board to consider an investment decision for project development and potential financing arrangements. An indicative timeline for completion of the key components of the MMGP Feasibility Study is as follows:

Q1 CY2016:

- Completion of resource in-fill drilling program at the Jupiter Prospect.
- Engagement of specialist consultants relating to mine geotechnical, hydrogeology, project regulatory approvals and permitting; ore processing, site service infrastructure design and corresponding cost estimation.

- Commencement of metallurgical testwork programs on samples from proposed mining areas.
- Confirmation of process plant operating parameters and flowsheet.

Q2 CY2016:

- Mineral Resource estimate update for the Jupiter Prospect.
- Completion of resource in-fill drilling programs at the Westralia Prospect and Mineral Resource estimate update.
- Mine optimisation and design for the proposed Jupiter open pit mining complex.
- Completion of key metallurgical testwork programs.
- Commencement of a detailed study for the ore processing facility and site service infrastructure.

Q3 CY2016:

- Mine optimisation and design for the proposed Westralia underground mining complex.
- Mine project-wide ore production scheduling.
- Completion of ore processing facility and site service infrastructure detailed study and related capital and operating cost estimate.
- Submission of applications for project regulatory approvals and permitting.

Q4 CY2016:

- MMGP Feasibility Study finalisation for presentation to the Dacian Board.

The Company will provide regular updates to the market as to the progress of the MMGP Feasibility Study and the major resource in-fill drilling program currently underway.

For and on behalf of the Board



Rohan Williams

Executive Chairman

About Dacian Gold Limited

The Mt Morgans Project hosts high grade Mineral Resources of 3.0 million ounces at an average grade of 2.2g/t gold, including Ore Reserves of 8,000 ounces at an average grade of 9.2g/t gold. In addition, the Company has identified multiple exploration targets and resource extension opportunities. If proven, they will enable growth of the Mt Morgans' existing Mineral Resource and Ore Reserve base.

Dacian Gold has a strong Board and Management team which includes Rohan Williams as Executive Chairman; Robert Reynolds (formerly non-executive Chairman of Avoca Resources Ltd) and Barry Patterson (co-founder and non-executive Director of GR Engineering Ltd) as non-executive directors.

Dacian's strategy at Mt Morgans is evolving toward potential mine development. It has identified two large mineralised systems at Westralia and Jupiter where it believes simultaneous mine development at each site is a possibility, and will be the subject of ongoing drilling and feasibility studies. Dacian considers a high grade Ore Reserve of at least 600,000 ounces of gold is reasonably likely to provide sufficient returns to justify the investment capital required to construct an ore processing facility at the project.

For further information visit: www.daciangold.com.au or please contact:

| | |
|--|---|
| Rohan Williams Executive Chairman Dacian Gold Limited +61 8 9226 4622 | Paul Armstrong Investor Relations Read Corporate Pty Ltd +61 8 9388 1474 |
|--|---|

Appendix I

Mount Morgans Gold Project Mineral Resources as at 15 September 2015

| Deposit | Cut-off Au g/t | Measured | | | Indicated | | | Inferred | | | Total Mineral Resource | | |
|----------------------|-------------------|------------------|------------|----------------|-------------------|------------|------------------|-------------------|------------|------------------|------------------------|------------|------------------|
| | | Tonnes | Au g/t | Au Oz | Tonnes | Au g/t | Au Oz | Tonnes | Au g/t | Au Oz | Tonnes | Au g/t | Au Oz |
| King Street* | 0.5 | - | - | - | - | - | - | 532,000 | 2.0 | 33,000 | 532,000 | 2.0 | 33,000 |
| Jupiter | 0.5 | - | - | - | 13,066,000 | 1.4 | 605,000 | 13,484,000 | 1.1 | 480,000 | 26,550,000 | 1.3 | 1,085,000 |
| Jupiter LG Stockpile | 0.5 | 3,494,000 | 0.5 | 58,000 | - | - | - | - | - | - | 3,494,000 | 0.5 | 58,000 |
| Westralia | 2.0 | 235,000 | 4.6 | 35,000 | 1,961,000 | 4.7 | 293,000 | 7,074,000 | 5.2 | 1,192,000 | 9,269,000 | 5.1 | 1,520,000 |
| Craic* | 0.5 | - | - | - | 69,000 | 8.2 | 18,000 | 120,000 | 7.1 | 27,000 | 189,000 | 7.5 | 46,000 |
| Transvaal | 2.0 | 367,000 | 5.8 | 68,000 | 404,000 | 5.3 | 69,000 | 482,000 | 4.7 | 73,000 | 1,253,000 | 5.2 | 210,000 |
| Ramornie | 2.0 | - | - | - | 156,000 | 4.1 | 21,000 | 285,000 | 3.9 | 36,000 | 442,000 | 4.0 | 57,000 |
| Total | | 4,096,000 | 1.2 | 161,000 | 15,656,000 | 2.0 | 1,006,000 | 21,978,000 | 2.6 | 1,842,000 | 41,730,000 | 2.2 | 3,008,000 |

Mt Morgans Gold Project Ore Reserves as at 15 September 2015

| Deposit | Cut-off Grade Au g/t | Proved | | | Probable | | | Total | | |
|--------------|-------------------------|----------|----------|----------|---------------|------------|--------------|---------------|------------|--------------|
| | | Tonnes | Au g/t | Au Oz | Tonnes | Au g/t | Au Oz | Tonnes | Au g/t | Au Oz |
| Craic | 3.9 | - | - | - | 28,000 | 9.2 | 8,000 | 28,000 | 9.2 | 8,000 |
| Total | | - | - | - | 28,000 | 9.2 | 8,000 | 28,000 | 9.2 | 8,000 |

Competent Person Statement

Exploration

The information in this report that relates to Exploration Results is based on information compiled by Mr Rohan Williams who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Williams holds shares and options in, and is a director and full time employee of, Dacian Gold Ltd. Mr Williams has sufficient experience which is relevant to the style of mineralisation under consideration to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr Williams consents to the inclusion in the report of the matters based on the information compiled by him, in the form and context in which it appears.

Mineral Resources and Ore Reserves

The information in this report that relates the Westralia, Jupiter and Transvaal Mineral Resource (see ASX announcement – 16th September, 2015) and the Ramornie Mineral Resource (see ASX announcement – 24th February, 2015) is based on information compiled by Mr Shaun Searle who is a Member of Australian Institute of Geoscientists and a full time employee of RPM. Mr Searle has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Searle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates the Jupiter Low Grade Stockpile (see ASX announcement – 16th September, 2015) and is based on information compiled by Mr Rohan Williams who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Williams holds shares and options in, and is a director and full time employee of, Dacian Gold Ltd. Mr Williams has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Williams consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources (other than Westralia, Jupiter, Jupiter Low Grade Stockpile, Transvaal, and Ramornie which are reported under JORC 2012) is based on information compiled by Mr Rohan Williams, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Williams holds shares and options in, and is a director and full time employee of, Dacian Gold Ltd.

Where the Company refers to the Mineral Resources in this report, it confirms that it is not aware of any new information or data that materially affects the information included in that announcement and all material assumptions and technical parameters underpinning the resource estimate with that announcement continue to apply and have not materially changed.

The information in this report that relates to Ore Reserves is based on information compiled by Mr Bill Frazer, a director and full time employee of Mining One Pty Ltd and a Member of The Australasian Institute of Mining and Metallurgy. Mr. Williams and Mr Frazer have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Williams and Mr Frazer consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

All information relating to Mineral Resources and Ore Reserves (other than the King Street and Craic) were prepared and disclosed under the JORC Code 2012. The JORC Code 2004 Mineral Resource and Ore Reserves have not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last updated.