

27 JANUARY 2015

DIAMOND DRILLING COMMENCES AT BIRRELLS PROSPECT

Dacian Gold Limited (“Dacian” or “the Company”) (ASX:DCN) is pleased to advise it will commence diamond drilling this week at the Birrells Prospect, located within its 100% owned Mt Morgans Project, located 20km west of Laverton in WA.

The four hole diamond drill program for 1800m will start this week testing the significant surface transient electromagnetic (“TEM”) anomaly defined 3km north of the +1.5 million ounce BIF-hosted Westralia deposit (see ASX announcement 9 December 2014).

This significant geophysical anomaly has the following characteristics:

- The defined TEM anomaly measures 800m long.
- The conductor is untested and the top is approximately 160m from surface.
- The late-time (channel 20) TEM anomaly is modelled to represent an accumulation of sulphides in the BIF and is potentially analogous to Westralia to the south where gold is characterized by being contained in pyrite and /or pyrrhotite replacing magnetite.
- The TEM anomaly is coincident with a magnetic low anomaly which the Company believes to be replacement of magnetite, commonly associated with the gold mineralising process.
- The coincidence of a TEM anomaly and a magnetic low is an excellent target for gold mineralisation.

In addition to the diamond drilling, five of the twenty-five RC drill holes at the Jupiter project have been completed with all holes intersecting the Cornwall Shear Zone in the interpreted position. Initial results are expected soon. The aim of the drilling is to complete a 40m x 40m drill out of the prospective Heffernans prospect ahead of completing an inaugural resource estimate for Jupiter.

For and on behalf of the Board



Rohan Williams
Executive Chairman

About Dacian Gold Limited

Dacian Gold Limited is a well-funded, Western Australian focused gold exploration and development company, headquartered in Perth. In November 2012, the company raised \$20 million in its IPO to explore its 100% owned Mt Morgans gold project, located in the Laverton District of Western Australia's North Eastern Goldfields.

The Mt Morgans Project hosts high grade Mineral Resources of 1.2 million ounces at an average grade of 4.0g/t gold, including Ore Reserves of 136,000 ounces at an average grade of 6.2g/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. See Appendix I for full details including Competent Persons statements.

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 exploration strategy at Mt Morgans is aimed at delivering on the company's corporate objective of defining at least 600,000 ounces of Ore Reserves at Mt Morgans. Dacian considers mining an 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:

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Executive Chairman
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Appendix I Mineral Resources and Ore Reserves

Mount Morgans Gold Project Mineral Resources													
Deposit	Cut-off Grade	Measured			Indicated			Inferred			Total Mineral Resource		
		Tonnes kt	Au g/t	Au '000's	Tonnes kt	Au g/t	Au '000's	Tonnes kt	Au g/t	Au '000's	Tonnes kt	Au g/t	Au '000's
King St	0.5							532	2.0	33	532	2.0	33
Jupiter	1.5							811	2.8	73	811	2.8	73
Westralia	2	150	5.0	24	951	5.2	158	2,112	6.3	428	3,213	5.9	610
Craic	0.5				69	8.2	18	120	7.1	27	189	7.5	46
Transvaal	0.5	1,549	3.2	159	1,176	2.7	102	926	2.2	66	3,650	2.8	327
Ramornie	0.5				189	3.6	22	138	2.8	13	326	3.3	34
Morgans Nth	0.5				290	2.6	25	169	3.8	20	459	3.1	45
Total		1,699	3.4	184	2,674	3.8	324	4,808	4.3	660	9,180	4.0	1,168

Mount Morgans Gold Project Ore Reserves										
Deposit	Cut-off Grade Au g/t	Proved			Probable			Total		
		Tonnes kt	Au g/t	Au '000's Oz	Tonnes kt	Au g/t	Au '000's Oz	Tonnes kt	Au g/t	Au '000's Oz
Craic	3.9				28	9.2	8	28	9.2	8
Transvaal	3.4	380	6.2	76	271	6.0	52	651	6.1	128
Total		380	6.2	76	299	6.3	61	679	6.2	136

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 to Mineral Resources (other than Westralia which is reported under JORC 2012, refer ASX release of 19 December 2013) 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 Westralia Mineral Resource in this report (referencing the release made to the ASX on 19 December 2013), 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 Westralia Mineral Resource estimate, see ASX announcement dated 19 December 2013) was prepared and disclosed under the JORC Code 2004. It has 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.