

9 DECEMBER 2014

SIGNIFICANT SURFACE TEM ANOMALY NORTH OF WESTRALIA

Dacian Gold Ltd (“Dacian” or “the Company”) (ASX:DCN) is pleased to announce that it has identified a significant surface Transient Electromagnetic (“TEM”) anomaly within Banded Iron Formation (“BIF”), 3km north of the +1.5 million ounce BIF-hosted Westralia deposit; located at its 100% owned Mt Morgans Project, situated 20km west of Laverton in Western Australia.

The late-time (channel 20) TEM anomaly measures 800m long and has been geophysically modelled to represent an accumulation of sulphides, the top of which lies approximately 160m below the surface. The Westralia deposit, like many similar-styled gold deposits hosted in BIF, is characterised by gold being contained in pyrite and/or pyrrhotite sulphides which has replaced magnetite in the BIF during the gold-mineralising process. The introduced sulphides are electrically conductive and therefore amenable to TEM survey detection.

Importantly, the defined TEM anomaly is also coincident with a magnetic low anomaly on the BIF. The Company believes it is possible the geologic process that gave rise to the accumulation of sulphides in the BIF (and detected in the TEM survey) may have replaced the magnetite in the BIF giving rise to the coincident low magnetic response of the BIF seen at this location. If so, the coincidence of a TEM anomaly and a magnetic low anomaly is an excellent target for gold mineralisation in a BIF known to host major gold deposits, as seen 3km to the south at Westralia.

Drilling of the new TEM anomaly will commence early in 2015 following requisite statutory approvals.

INTRODUCTION

Dacian's Mt Morgans Gold Project contains a regionally extensive BIF unit that can be traced over a distance of 23km. The western most 8km segment of the BIF strikes north-northwest and hosts the +1.5 million ounce Westralia deposit, which is itself developed over a 1.4km strike. The small Morgans North pit (mined 20,000 ounces in 1994) is located 700m north of Westralia. Further north, the BIF unit continues for 5km where it has been sporadically drilled over the last 30 years. The majority of the historic drilling is very shallow in nature (typically less than 50m deep) and was focussed around old workings. Drilling confirmed the presence of gold mineralisation, but not at levels to justify open pit development. No drilling along the 5km section of BIF north of Morgans North tested deeper than 100m below surface.

Prior to Dacian completing the TEM survey work, described below, no previous TEM surveys had been completed over any part of the BIF within the Mt Morgans project tenure.

The surface TEM survey tested for sulphide accumulations within an 8km strike of BIF units from south of Westralia to the northern-most expression of BIF within the Company's tenure. Ten 800m long by 600m wide fixed loops were surveyed on 200m spaced lines with receivers positioned at 50m spaced stations along the lines. Figure 1 shows the TEM survey layout design.

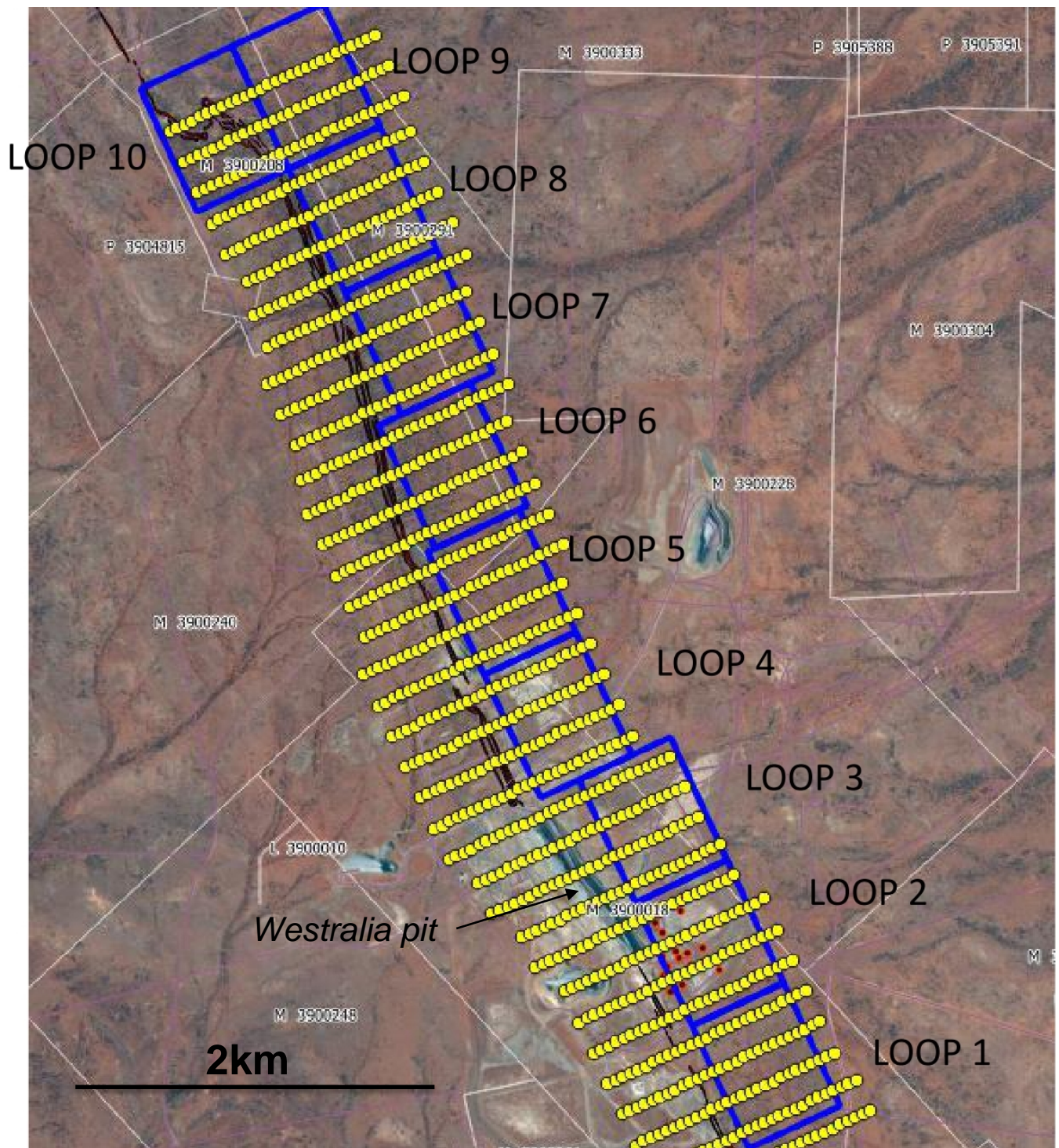


Figure 1: TEM survey loop configuration (in blue box shapes) over 8km of BIF north of, and including Westralia. Yellow dots mark received stations on 200m spaced lines. The mapped BIF is shown as black lines west (left) of the loops.

TEM SURVEY RESULTS

Figure 2 is a composite image showing the TEM anomaly located in the northern half of the survey and the corresponding magnetic signature of the BIF. As described above, the TEM anomaly is developed at the same location there is a corresponding low (or break) in the magnetic anomalies of the BIF. It is here where Dacian will drill test for gold-bearing sulphides, as seen to the south at Westralia in early 2015.

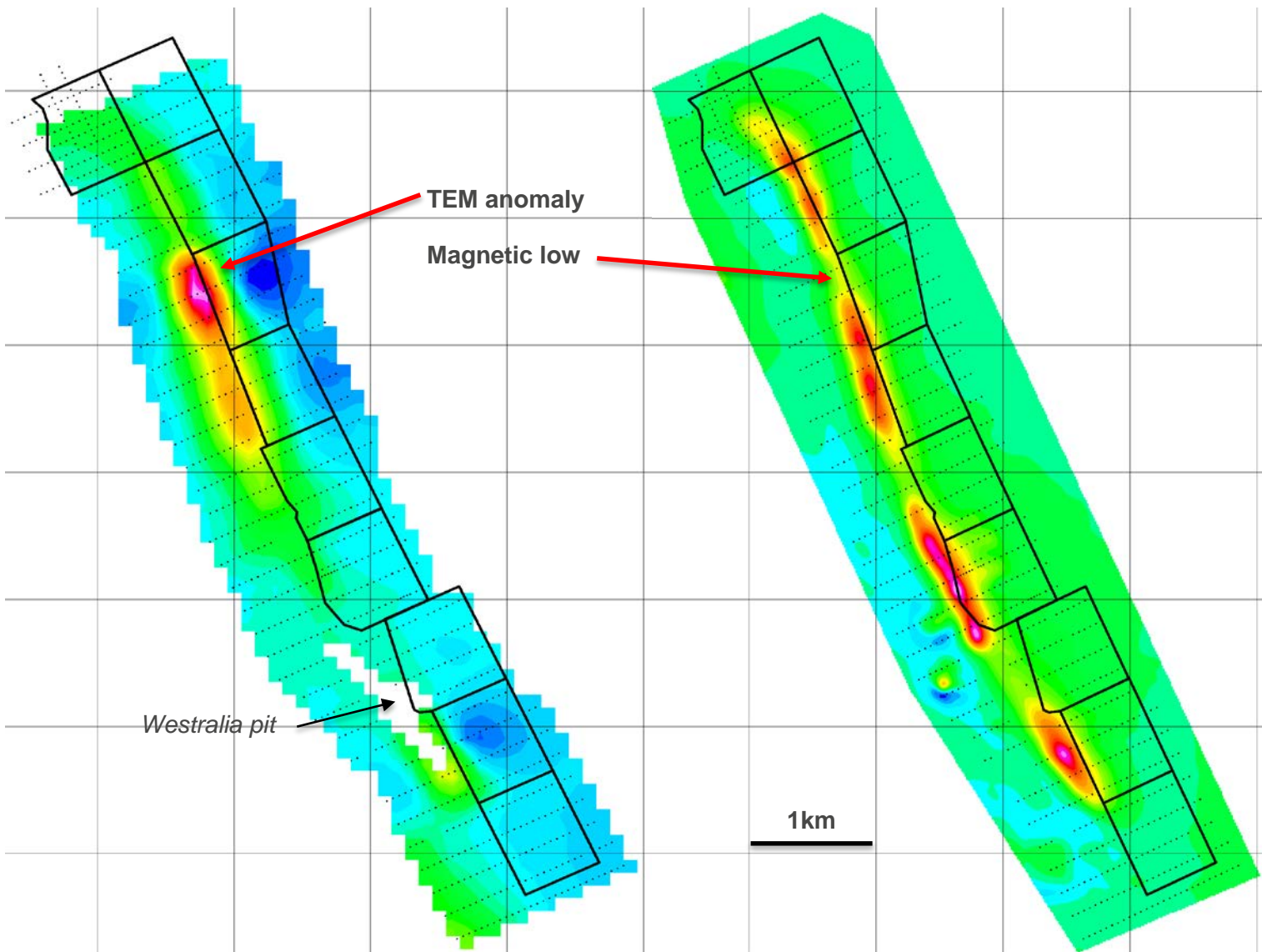


Figure 2: Composite image showing TEM anomaly (channel 20) on left hand side and corresponding magnetic image on right hands side. TEM loops are shown as bold box shapes. Note coincidence of TEM anomaly and low (or break) in magnetic anomaly. Refer to Figure 1 for location.

NEXT STEPS

Drilling will commence in early 2015 and will likely involve down-hole TEM surveys following the completion of all drilling into the target conductor.

Additionally, Dacian has completed down-hole TEM surveys on 19 diamond drill holes that have defined high grade gold mineralisation over a strike distance of 3km in and around the Westralia deposit. The 19 hole locations are shown as red dots in Figure 1. The results of these down hole TEM surveys will be released to the market following the completion of geophysical modelling which is anticipated to be in early 2015.

Dacian is the first company to have completed a systematic TEM survey over the highly mineralised Westralia BIF unit at Mt Morgans. The combination of a 8 km long surface TEM survey and down hole TEM on 19 deeper diamond drill holes provides the Company with an excellent vector to prospective sulphide accumulations within the BIF unit.

The Company acknowledges the work completed by Newexco Services Pty Ltd and Vortex Geophysics Pty Ltd in collecting and interpreting the geophysical data reported in this announcement.

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 II 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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APPENDIX I – JORC TABLE 1

The following Table and Sections are provided to ensure compliance with the JORC Code (2012) edition requirements for the reporting of geophysical results along the Westralia BIF on the Mt Morgans Project.

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i> <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> <i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i> 	<ul style="list-style-type: none"> Fixed Loop Electromagnetic surveys were conducted during September and October 2014. Ten fixed transmitter loops, 800m (along strike) by 600m (across dip) were utilised. The Vortex VTX-100 transmitter produced 100 Amps of current using a base frequency of 1Hz. Receiver stations were at 50m intervals on lines spaced 200m apart. The receiver was a SMARTem24 using SMARTem Fluxgate surface sensors.
Drilling techniques	<ul style="list-style-type: none"> <i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i> 	<ul style="list-style-type: none"> Not applicable – data from geophysical survey only.
Drill sample recovery	<ul style="list-style-type: none"> <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> 	<ul style="list-style-type: none"> Not applicable – data from geophysical survey only.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i> 	
Logging	<ul style="list-style-type: none"> <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i> <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> Not applicable – data from geophysical survey only.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> Not applicable – data from geophysical survey only.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i> 	<ul style="list-style-type: none"> Not applicable – data from geophysical survey only.
Verification	<ul style="list-style-type: none"> <i>The verification of significant intersections by</i> 	<ul style="list-style-type: none"> Not applicable – data from geophysical survey only.

Criteria	JORC Code explanation	Commentary
of sampling & assaying	<p><i>either independent or alternative company personnel.</i></p> <ul style="list-style-type: none"> <i>The use of twinned holes.</i> <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> <i>Discuss any adjustment to assay data.</i> 	
Location of data points	<ul style="list-style-type: none"> <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> <i>Specification of the grid system used.</i> <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> Not applicable – data from geophysical survey only.
Data spacing and distribution	<ul style="list-style-type: none"> <i>Data spacing for reporting of Exploration Results.</i> <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> Not applicable – data from geophysical survey only.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	<ul style="list-style-type: none"> Survey was designed for data collection lines to be orthogonal to interpreted strike of geology.
Sample security	<ul style="list-style-type: none"> <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> Not applicable – data from geophysical survey only.
Audits or reviews	<ul style="list-style-type: none"> <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> Field level review of data was conducted by Vortex Geophysics prior to sending data to NewExco Services Pty Ltd for review and interpretation by suitably experienced geophysicists.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area. 	<ul style="list-style-type: none"> The Westralia deposit is located within Mining Lease 39/18, which is wholly owned by Dacian and subject to a 1% capped third party production royalty. The fixed loop EM geophysical survey was carried out in Dacian's granted Mining Leases M39/18, 208, 228, 240, 291 and 333. The tenements are in good standing with no known impediment to future grant of a mining permit.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> At Westralia, open pit and underground mining has occurred since the 1890's. Other companies to have explored the deposit include Whim Creek Consolidated NL, Dominion Mining, Plutonic Resources, Homestake Gold and Barrick Gold Corporation. Shallow surface drilling has been conducted along the BIF. This is the first application of high powered fixed loop electromagnetic surveys over any part of the BIF in the Mt Morgans tenure.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> The Westralia gold deposit is an Archaean BIF hosted, sulphide replacement mineralisation and is located within the Yilgarn Craton of Western Australia. The Jupiter prospect is interpreted to comprise structurally controlled mesothermal gold mineralisation related to syenite intrusions within altered basalt.
Drill hole information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length If the exclusion of this information is 	<ul style="list-style-type: none"> Shallow drilling along the BIF has not intersected the fixed loop conductors identified from this geophysical survey. The northern conductors are untested anomalies.

Criteria	JORC Code explanation	Commentary
	<i>justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i>	
Data aggregation methods	<ul style="list-style-type: none"> <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</i> <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i> <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> Not applicable – data from geophysical survey only.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> <i>These relationships are particularly important in the reporting of Exploration Results.</i> <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</i> 	<ul style="list-style-type: none"> Not applicable – data from geophysical survey only.
Diagrams	<ul style="list-style-type: none"> <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	<ul style="list-style-type: none"> Relevant diagrams have been included within the main body of text.
Balanced Reporting	<ul style="list-style-type: none"> <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of</i> 	<ul style="list-style-type: none"> Not applicable – data from geophysical survey only.

Criteria	JORC Code explanation	Commentary
	<i>Exploration Results.</i>	
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> • <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<ul style="list-style-type: none"> • All interpretations for Westralia mineralisation are consistent with observations made and information gained during previous mining at the project.
<i>Further work</i>	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large- scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> • Dacian and it's geophysical consultants, NewExco Services Pty Ltd, are currently reviewing down-hole electromagnetic survey data from 19 holes within the Westralia complex. • Subject to Board approval, Dacian expects to commence drill testing in early 2015 and will likely involve further down-hole electromagnetic surveys.

Appendix II

Mineral Resources and Ore Reserves

Mount Morgans Gold Project Mineral Resources													
Deposit	Cut-off Grade	Measured			Indicated			Inferred			Total Mineral Resource		
		Tonnes	Au	Au	Tonnes	Au	Au	Tonnes	Au	Au	Tonnes	Au	Au
	Au g/t	Tonnes kt	Au g/t	'000's	Tonnes kt	Au g/t	'000's	Tonnes kt	Au g/t	'000's	Tonnes kt	Au g/t	'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

In relation to Mineral Resources and Ore Reserves, the Company confirms that all material assumptions and technical parameters that underpin the relevant market announcement continue to apply and have not materially changed.

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.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant ASX releases and the form and context of the releases have not been materially modified.