

## Quarterly Activities Report to 30 September 2013

### INVESTMENT HIGHLIGHTS

- 100% ownership of high grade Mt Morgans Gold Project, Laverton District WA
- Ore Reserve of 136,000oz at 6.2g/t Au
- Mineral Resource of 923,000oz at 3.1g/t Au (inclusive of Ore Reserve)
- Multiple high grade targets to be drilled, testing below existing resources as well as large scale conceptual targets
- Minimum Ore Reserve target of 500,000oz
- \$15.3M in cash at Sept 30.

### BOARD OF DIRECTORS

Rohan Williams  
*Non-Executive Chairman*  
Paul Payne  
*Managing Director*  
Barry Patterson  
*Non-executive Director*  
Robert Reynolds  
*Non-executive Director*

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ASX code: "DCN"

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### QUARTERLY HIGHLIGHTS

#### EXPLORATION

- Initial drilling at the Jupiter prospect returned broad, low grade gold intersections, including previously reported results of:
  - 120m @ 0.4g/t Au
  - 71.1m @ 0.5g/t Au
  - 45m @ 0.4g/t and 87.5m @ 0.4g/t Au
  - 27m @ 0.5g/t and 30.5m @ 0.4g/t Au
  - 13.6m @ 1.4g/t Au
- At Jupiter, permitting and site preparation was completed for additional reconnaissance diamond drilling;
- At Westralia, a program of seven pre-collars commenced in preparation for broad spaced infill on the Millionaires Shoot and for further resource extension drilling.

#### CORPORATE

- During the quarter the Company received cash of \$1.2M from the release of environmental bonds as a result of the Company's voluntary participation in Western Australia's Mining Rehabilitation Fund (MRF);
- The Company recruited Mr Dan Baldwin as its Exploration Manager. Mr Baldwin has held senior exploration and mine management roles at Agnew and St Ives in WA; and at Olympic Dam in SA.
- The company remains well funded with \$15.3M in cash as at 30 September 2013.

## Quarterly Activities Report to 30 September 2013

### EXPLORATION

#### Overview

Exploration work completed in the September Quarter within Dacian's 100% owned Mt Morgans Project included the drilling of 2 reverse circulation (RC) pre-collars for 248m at the Westralia prospect and 512m of RC pre-collars and 760m of diamond drilling at the Jupiter prospect.

The Jupiter drilling lies within the southern part of the Jupiter corridor and has confirmed that extensive mineralisation occurs within the large syenite pipes as well as within structures in the surrounding basalt. The geology and style of mineralisation defined at Jupiter is analogous to that seen at the nearby >7Moz Wallaby deposit. Significant intersections from the Jupiter September Quarter drilling are shown in Figure 1 and are included in Table 1.

The drilling at Westralia consisted of the first two holes of a seven hole program of reverse circulation pre-collars. The program is in preparation for a planned diamond drilling program of approximately 2,500m to commence in the December Quarter and will test for continuity of the high grade mineralisation defined by Dacian within the Millionaires Shoot. It is anticipated that this will allow a Mineral Resource update to be completed and released in late 2013 for the entire deposit including the mineralisation within the high grade shoot.

Drilling is continuing at Jupiter where the program will extend through the northern part of the mineralised corridor. Diamond drilling at Westralia will commence in early November.

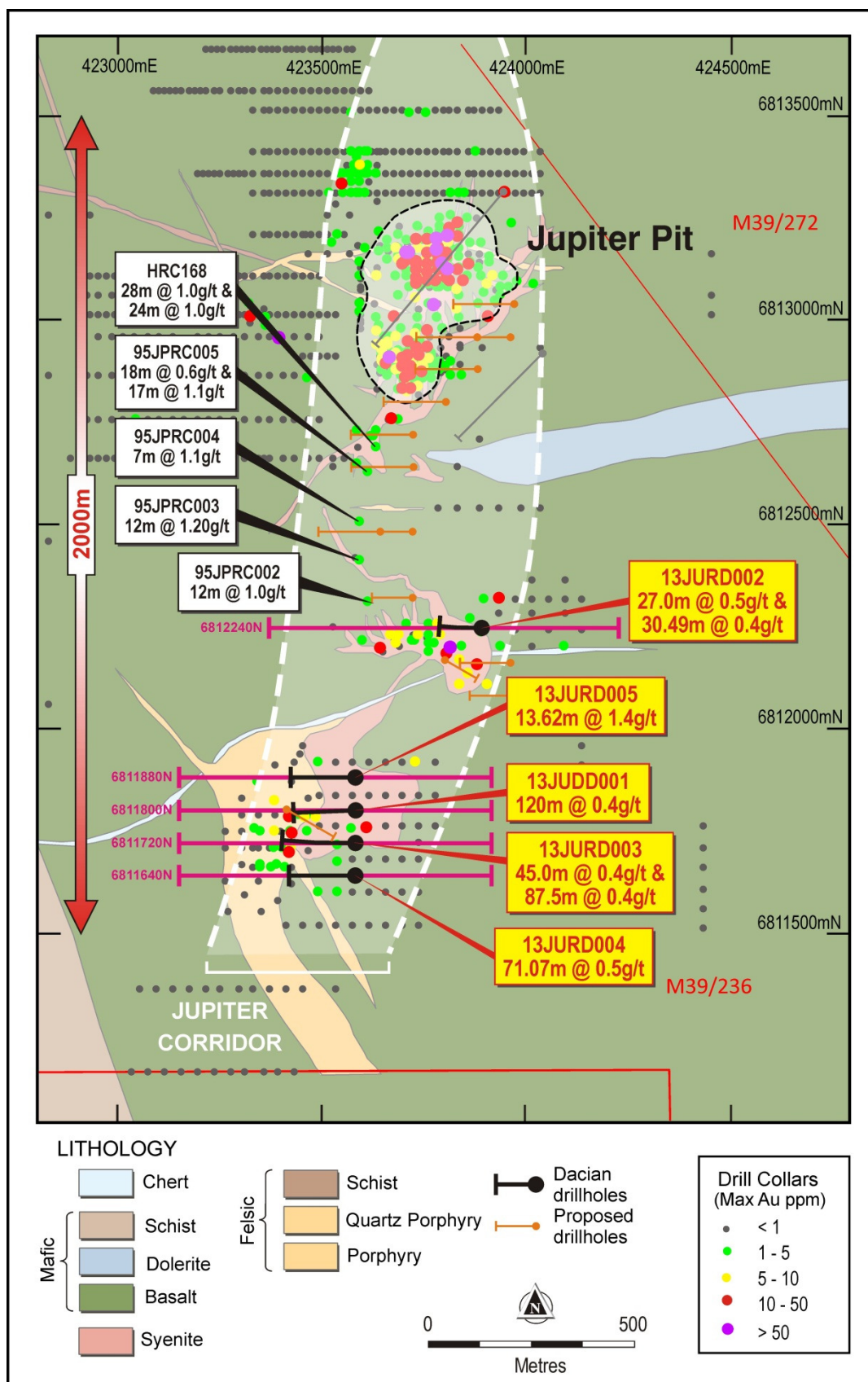
#### Jupiter Prospect

The Jupiter Prospect lies in the eastern half of Dacian's 100% owned Mt Morgans Gold Project, located 40km west of Laverton in the North Eastern Goldfields of Western Australia. Gold mineralisation at Jupiter occurs over a 2km long corridor and is associated with a series of syenite intrusions as well as gently dipping, structurally controlled zones within the surrounding basalt.

The broadly north-south Jupiter Corridor (Figure 1) contains a series of mineralised syenite pipes defined by shallow historic drilling. The northern portion of the corridor includes the historic Jupiter open pit where previous mine production together with the current Mineral Resource represent an endowment of approximately 300,000oz to a depth of only 150m below surface.

Dacian's initial drilling was focused at the southern end of the 2km long Jupiter Prospect and consisted of wide spaced diamond drill holes. The results from the program have been reported in the Dacian ASX release dated 24 October 2013.

# Quarterly Activities Report to 30 September 2013



**Figure 1: Jupiter plan showing Dacian drill holes completed in the September quarter (yellow boxes), selective historic intersections (white boxes) and planned holes**

## Quarterly Activities Report to 30 September 2013

The drilling successfully defined the depth extensions of the syenite bodies and confirmed a steep, pipe-like orientation of the intrusions. Significant intersections (above a 0.2g/t Au lower cutoff) from each of the first five holes completed in the September Quarter are:

- **13JUDD001 - 120m @ 0.4g/t from 125m**  
     including:     2.3m @ 2.9g/t  
                     3.1m @ 3.1g/t  
                     4.0m @ 2.2g/t
- 13JURD004 - 6.1m @ 1.4g/t from 119.12m and  
**71.1m @ 0.5g/t from 210.93m**  
     including:     4.93m @ 1.7g/t
- 13JUDD002 - 27.0m @ 0.5g/t from 62m and  
     30.5m @ 0.4g/t from 122.75m  
     including:     3.2m @ 2.6g/t
- **13JURD003 - 45m @ 0.4g/t from 76m and**  
**87.5m @ 0.4g/t from 212m**  
     including:     6.0m @ 1.5g/t
- 13JURD005 - 13.6m @ 1.4g/t from 170.92m

The true thickness of the intersections is interpreted to be 75-100% of the down hole interval except for 13JURD005 where the true thickness is interpreted to be approximately 50% of down hole thickness. Full details of the Jupiter drilling intersections are included in Table 1.

In addition to the thick mineralisation seen within the syenite bodies, the intersection of 13.6m @ 1.4g/t Au in hole 13JURD005 confirms a second style of mineralisation at Jupiter with similarities to some of the high grade lodes mined at the Wallaby deposit. The intersection in 13JUDD005 comprises a shear zone within basalt with associated intense silica-sericite+-hematite alteration, variable quartz veining and breccia with up to 7% disseminated and blebby pyrite and chalcopyrite. Core photos from the intersection in hole 13JURD005 are shown in Figure 2 and a cross section with the hole is shown in Figure 3. A cross section through the typical syenite mineralisation is shown in Figure 4.

The ongoing program at Jupiter will continue to scope out the full extent of the mineralised Jupiter Corridor. Planned holes are shown in Figure 1. In addition, further holes are being planned to follow up the better intersections from the recent Dacian drilling. These will include holes to be drilled down the axis of the defined syenite bodies to better test for potential flat-lying, higher grade structures observed in the Jupiter pit area and at the Wallaby deposit.

For a full description and discussion of the Jupiter drilling results, please refer to the Dacian ASX release dated 24 October 2013.

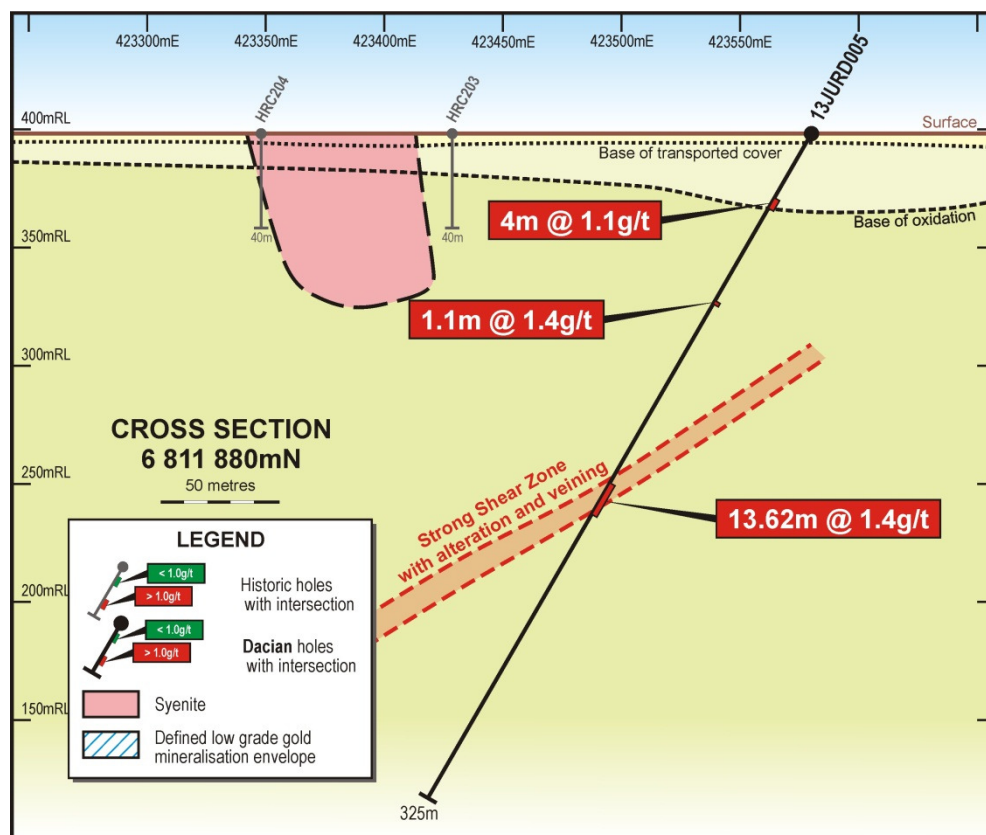




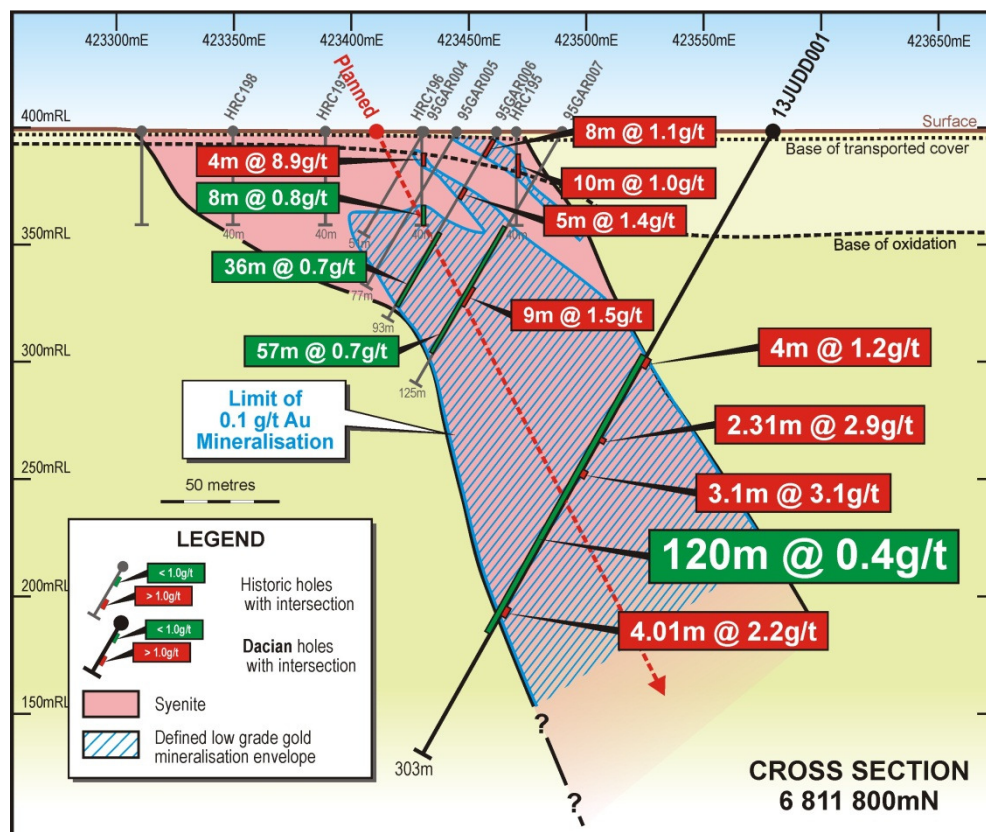
Figure 2: Core from 13JUDD005 showing the strongly altered shear zone, sample intervals and assays for the intersection of 13.6m @ 1.4g/t Au



## Quarterly Activities Report to 30 September 2013



**Figure 3: Section 6811880N with drill hole 13JURD005**



**Figure 4: Section 6811800N with drill hole 13JURD001**

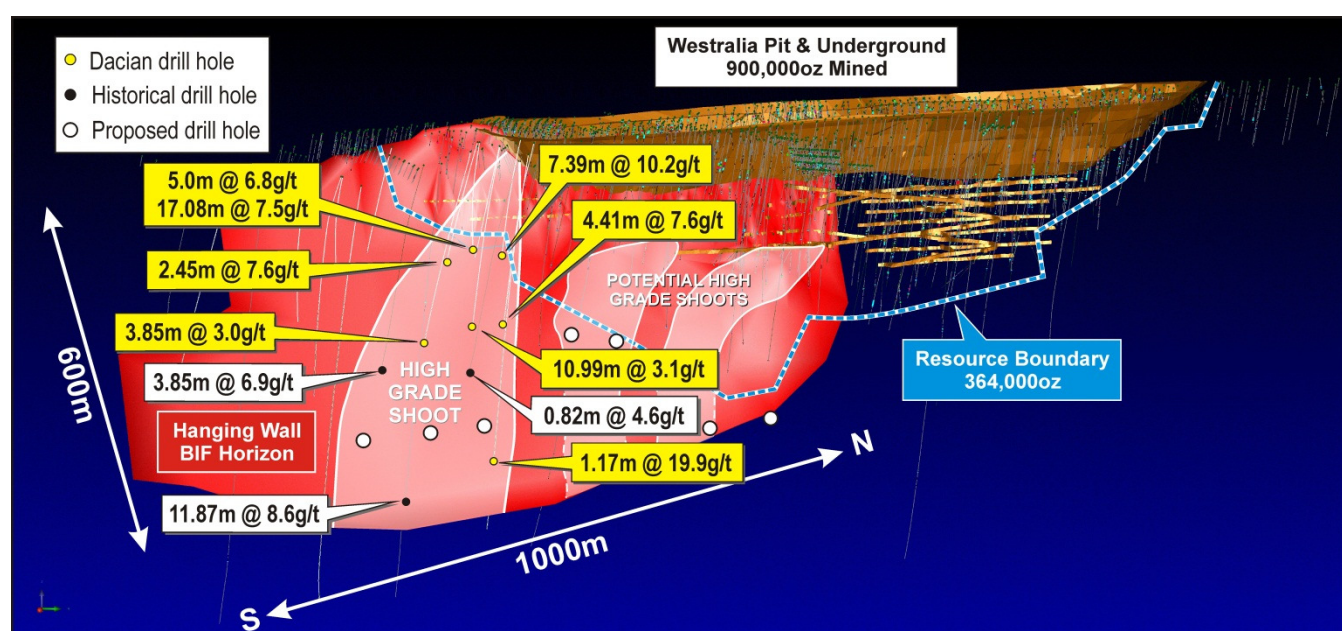
## Quarterly Activities Report to 30 September 2013

### Westralia

Gold mineralisation at Westralia occurs within a well-defined banded iron formation (BIF) horizon from which approximately 900,000oz was produced up to 1998. The deposit currently has a reported Mineral Resource of 364,000oz.

Drilling completed by Dacian earlier in 2013 has defined a zone of high grade gold mineralisation in the southern part of the deposit. Further holes are planned to infill this zone and to test for high grade mineralisation further to the north of the shoot. A seven hole diamond drilling program for approximately 2,500m is planned for the December Quarter and two pre-collars (248m) for these holes were completed in the September Quarter. The pre-collars were drilled through the eastern waste dump and then into the basalt sequence on the hangingwall of the BIF. No significant mineralisation was expected in these pre-collars.

The planned drilling and previously reported intersections are shown in Figure 5.



**Figure 5:** Westralia long section showing previous intersections and planned Dacian drill holes

### Other Programs

Permitting and approvals have been gained for preliminary drilling programs at the Cameron Well and Monte Video prospects. Drilling at these prospects is being considered for 2014.

Open file data searches and compilation have been conducted for the areas of Dacian's 2012 tenement applications, a number of which have now been granted. The data compilation will assist in planning first pass evaluation of these areas. Exploration work on these areas will commence in 2014.

## Quarterly Activities Report to 30 September 2013

### Recruitment

During the September Quarter, Dacian recruited Mr Dan Baldwin as the Company's new Exploration Manager, starting on November 18. Mr Baldwin has a strong background in gold exploration and production and most recently served as Vice-President Exploration for Alacer Gold Corporation. Prior to that, Mr Baldwin held senior roles at the Agnew and St Ives gold mines with Goldfields and WMC and at the Olympic Dam mine in South Australia with WMC.

### December Quarter Exploration Program

Drilling at the Jupiter Prospect will continue in the December Quarter and is planned to:

- fully delineate the location and orientation of the prospective mineralised syenite bodies;
- drill down the vertical axis of the defined syenites testing for high grade structures located within the intrusive body; and
- test for high grade mineralised structures located within the surrounding basalt, away from the syenites.

A second diamond drilling rig has been contracted for the planned Westralia drilling. The work will commence in early November and will:

- test for continuity of the high grade mineralisation defined by Dacian within the Millionaires Shoot;
- test for further high grade gold mineralisation to the north of the Millionaires Shoot; and
- allow a Mineral Resource update to be completed for the deposit including the mineralisation within the high grade Millionaires Shoot.

### Corporate

- During the quarter the Company received cash of \$1,227,700 from the reclassification of non-current assets on the balance sheet to current assets due to the release of a cash-backed security deposit following the redemption of environmental bonds. The bonds were released as a result of the Company's voluntary participation in Western Australia's Mining Rehabilitation Fund (MRF);
- Subsequent to the end of the Quarter 1,650,000 unlisted options exercisable at 84 cents each and expiring on 9 October 2017 were released from escrow;
- As at 30 September 2013 the Company had cash of approximately \$15.3 million.



## Quarterly Activities Report to 30 September 2013

**Table 1: Mt Morgans Exploration Drilling Results - Jupiter Prospect**

Collar Location and Orientation								Intersection > 0.2ppm Au			
Hole	Type	X	Y	Z	Total Depth	Dip	Azimuth	From (m)	To (m)	Length (m)	Au (ppm)
13JUDD001	DD	423,580	6,811,800	399	303	-60	270	<b>125</b>	<b>245</b>	<b>120.00</b>	<b>0.43</b>
								125	129	4.00	1.20
								147.65	149.96	2.31	2.95
								166.9	170	3.10	3.12
								235	239.01	4.01	2.19
13JUDD002	DD	423,885	6,812,243	399	205	-60	270	<b>62</b>	<b>89</b>	<b>27.00</b>	<b>0.49</b>
								85.07	89	3.93	1.30
								<b>122.75</b>	<b>153.24</b>	<b>30.49</b>	<b>0.43</b>
								188.04	188.27	0.23	5.10
13JURD003	RCD	423,580	6,811,720	399	336	-60	270	<b>76</b>	<b>121</b>	<b>45.00</b>	<b>0.38</b>
								117.5	121	3.50	1.47
								171	191	20.00	0.28
								<b>212</b>	<b>299.5</b>	<b>87.50</b>	<b>0.42</b>
								292.32	298.34	6.02	1.45
13JURD004	RCD	423,580	6,811,640	399	330	-60	270	119.12	125.2	6.08	1.41
								<b>210.93</b>	<b>282</b>	<b>71.07</b>	<b>0.48</b>
								272.27	277.2	4.93	1.73
								315.53	317.82	2.29	1.42
13JURD005	RCD	423,580	6,811,880	399	325	-60	270	32	36	4.00	1.10
								81.9	83	1.10	1.45
								<b>170.92</b>	<b>184.54</b>	<b>13.62</b>	<b>1.43</b>

RC samples were collected at 1m intervals using a rig mounted cone splitter. The core samples were half NQ core and were based on geological boundaries with a minimum sample length of 0.25m. Reported intersections are based on intervals >0.2g/t Au and can include up to 8m of internal dilution. All samples were analysed by Bureau Veritas using a 40g fire assay. QAQC protocols include the use of blanks, standards and duplicates. All holes have been spatially located using differential GPS with downhole surveys completed using either an electronic multishot reflex tool or a north seeking gyro instrument.

The true thickness of the intersections is interpreted to be 75-100% of the down hole interval except for 13JURD005 where the true thickness is interpreted to be approximately 50% of down hole thickness.

## Quarterly Activities Report to 30 September 2013

### Mineral Resources and Ore Reserves

A summary of the Mineral Resources and Ore Reserves at the Mt Morgans Project is shown below.

#### Mt Morgans Gold Project Mineral Resources as at 31 March 2013

Deposit	Cutoff Grade Au g/t	Measured			Indicated			Inferred			Total		
		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	1.5							811,000	2.8	73,000	811,000	2.8	73,000
Westralia	0.5	646,000	3.9	80,000	1,385,000	2.9	129,000	1,300,000	3.7	155,000	3,331,000	3.4	364,000
Craic	0.5				69,000	8.2	18,000	120,000	7.1	27,000	189,000	7.5	46,000
Transvaal	0.5	1,549,000	3.2	159,000	1,176,000	2.7	102,000	926,000	2.2	66,000	3,650,000	2.8	327,000
Ramornie	0.5				189,000	3.6	22,000	138,000	2.8	13,000	326,000	3.3	34,000
Morgans North	0.5				290,000	2.6	25,000	169,000	3.8	20,000	459,000	3.1	45,000
<b>Total</b>		<b>2,194,000</b>	<b>3.4</b>	<b>240,000</b>	<b>3,108,000</b>	<b>3</b>	<b>296,000</b>	<b>3,996,000</b>	<b>3.0</b>	<b>387,000</b>	<b>9,298,000</b>	<b>3.1</b>	<b>923,000</b>

#### Mt Morgans Gold Project Ore Reserves as at 31 October 2012

Deposit	Cutoff 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
Transvaal	3.4	380,000	6.2	76,000	271,000	6.0	52,000	651,000	6.1	128,000
<b>Total</b>		<b>380,000</b>	<b>6.2</b>	<b>76,000</b>	<b>299,000</b>	<b>6.3</b>	<b>61,000</b>	<b>679,000</b>	<b>6.2</b>	<b>136,000</b>

### Competent Person Statement

The information in this report that relates to Mineral Resources and exploration results is based on information compiled by Mr Paul Payne, a director and full time employee of Dacian Gold Limited and a Member of The Australasian Institute of Mining and Metallurgy. 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 Payne 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 a Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Payne 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.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Dacian Gold Limited

ABN

61 154 262 978

Quarter ended ("current quarter")

30 September 2013

### Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(934)	(934)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(247)	(247)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	195	195
1.5	Interest and other costs of finance paid	(7)	(7)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	2	2
	<b>Net Operating Cash Flows</b>	<b>(991)</b>	<b>(991)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(10)	(10)
	(d) bonds	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
	(d) bonds redeemed	1,228	1,228
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	<b>Net investing cash flows</b>	<b>1,218</b>	<b>1,218</b>
1.13	<b>Total operating and investing cash flows (carried forward)</b>	<b>227</b>	<b>227</b>

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	227	227
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(8)	(8)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	<b>(8)</b>	<b>(8)</b>
	<b>Net increase (decrease) in cash held</b>	<b>219</b>	<b>219</b>
1.20	Cash at beginning of quarter/year to date	15,068	15,068
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>15,287</b>	<b>15,287</b>

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	123
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Remuneration of directors

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,600
4.2 Development	-
4.3 Production	-
4.4 Administration	260
<b>Total</b>	<b>1,860</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,287	538
5.2 Deposits at call	14,000	14,530
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>15,287</b>	<b>15,068</b>

+ See chapter 19 for defined terms.

## Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Nil		
6.2	Interests in mining tenements acquired or increased	P39/4093 P39/4094 P39/4095	Application Application Application	Nil Nil Nil
				100% 100% 100%

## Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b>	-	-	
7.2	<i>(description)</i> Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	96,100,000	72,100,000	
7.4	Changes during quarter (a) Increases through issues – released from escrow (b) Decreases through returns of capital, buy-backs	-	-	
7.5	<b>+Convertible debt securities</b> <i>(description)</i>	-	-	

+ See chapter 19 for defined terms.



7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> (description and conversion factor)	11,150,000	-	Exercise price 84 cents	Expiry date 9 October 2017
7.8	Issued during quarter				
7.9	Exercised during quarter	-	-		
7.10	Expired during quarter	-	-		
7.11	<b>Debentures</b> (totals only)	-	-		
7.12	<b>Unsecured notes</b> (totals only)	-	-		

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Company secretary

Date: 31<sup>st</sup> October 2013

Print name:

Kevin Hart

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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