

# PROSPECTUS



**DACIAN**  
**GOLD** | LIMITED

ABN 61 154 262 978

For the Offer of 40,000,000 Shares  
at an issue price of \$0.50 each to  
raise \$20,000,000



**ARGONAUT** CORPORATE ADVISOR AND LEAD MANAGER

THE INVESTMENT OPPORTUNITY DESCRIBED IN THIS  
PROSPECTUS SHOULD BE CONSIDERED SPECULATIVE.



**MILLS OAKLEY**  
LAWYERS

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# SECTION

## IMPORTANT INFORMATION

1

# 1. IMPORTANT INFORMATION

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## 1.1 GENERAL

The Offer contained in this Prospectus is an invitation to subscribe for ordinary Shares in the share capital of Dacian Gold Limited.

This Prospectus is dated 12 October 2012. A copy of this Prospectus was lodged with ASIC on that date. Neither ASIC nor ASX take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

An application will be made within seven days of the date of this Prospectus for the Company to be admitted to the Official List of, and for quotation of the Shares on, ASX. No Shares will be issued on the basis of this Prospectus later than 12 months after the date of this Prospectus.

You should read this document in its entirety before deciding to complete and lodge an Application Form.

## 1.2 NO OFFERING WHERE OFFERING WOULD BE ILLEGAL

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

The distribution of this Prospectus (including in electronic form) in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This document may not be released or distributed in the United States of America. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States of America. Any securities described in this document have not been, and will not be, registered under the U.S. Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the U.S. Securities Act and applicable U.S. state securities laws.

## 1.3 IMPORTANT NOTE TO APPLICANTS

This Prospectus is an important document and requires your immediate attention. You should read it in its entirety prior to deciding whether to invest in the Company's Shares. There are risks associated with an investment in the Company. Some of the key risks associated with an investment in the Company are set out in Sections 3.5 and 7 of the Prospectus. You should consider these factors in the light of your personal circumstances (including financial and taxation issues). There may also be risks in addition to these that should be considered in light of your personal circumstances.

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. This Prospectus should not be construed as financial, taxation, legal or other advice.

If you do not understand this Prospectus or have any questions, you should seek professional advice from your lawyer, accountant, stockbroker or other professional advisers before deciding whether to invest.

No person or entity is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company, the Directors or the Lead Manager in respect of the Offer.

## 1.4 EXPOSURE PERIOD

This Prospectus will be made generally available to Australian residents, without the Application Form, during the Exposure Period by being posted on the Company's internet site at **[www.daciangold.com.au](http://www.daciangold.com.au)**.

The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the acceptance of Applications. If any Applications are received during the Exposure Period, they will not be processed until after the expiry of the Exposure Period. No preference will be conferred upon Applications received during the Exposure Period.

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## **1.5 ELECTRONIC PROSPECTUS**

This Prospectus is available in electronic form at [www.daciangold.com.au](http://www.daciangold.com.au).

The Offer constituted by this Prospectus in electronic form is available only to persons receiving this Prospectus in electronic form within Australia. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus including the Application Form. If you are unsure about the completeness of an electronic form of this Prospectus, or a print out of it, you can request a paper copy of the Prospectus by contacting the Lead Manager on +61 8 9224 6888.

## **1.6 APPLICATIONS**

The Application Form included in this Prospectus may only be distributed if it is included in, or accompanied by, a complete and unaltered copy of this Prospectus.

The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to or accompanies a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

## **1.7 FORWARD LOOKING STATEMENTS**

This Prospectus contains forward-looking statements which can often be identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present and future economic and operating conditions, the Company's current business strategies and a series of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other factors, many of which are beyond the control of the Company, the Directors and management. As such, future events and actions could cause actual results, performance or achievements to differ materially from any results, performance or achievements expressed or implied by such statements. Investors are cautioned not to place undue reliance on forward looking statements contained in this Prospectus.

## **1.8 COMPETENT PERSONS STATEMENT**

The information in this Prospectus that relates to Exploration Results and that relates to Mineral Resources for the Westralia-Millionaires, Transvaal, Craic and Jupiter deposits is based on information compiled by Mr Stuart Hutchin who is a Member of the Australian Institute of Geoscientists. Mr Hutchin is a full-time employee of Mining One Pty Ltd. Mr Hutchin has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the JORC Code. Mr Hutchin consents to the inclusion in this Prospectus of the matters based on his information in the form and context in which it appears.

The information in this Prospectus that relates to Mineral Resources for the King Street deposit is based on information compiled by Mr Danny Kentwell who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Kentwell is a full-time employee of SRK Consulting (Australasia) Pty Ltd. Mr Kentwell has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the JORC Code. Mr Kentwell consents to the inclusion of the Mineral Resource information in this Prospectus in the form and context in which it appears.

The information in this Prospectus that relates to Ore Reserves is based on information compiled by Mr Bill Frazer who is a Member of the Australasian Institute of Mining and Metallurgy and who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the JORC Code. Mr Frazer is a full-time employee of Mining One Pty Ltd. Mr Frazer consents to the inclusion of the Ore Reserve information in this Prospectus in the form and context in which it appears.

# 1. IMPORTANT INFORMATION - CONTINUED

## 1.9 DOCUMENTS ON THE COMPANY WEBSITE

Any references to documents included in the Company's website are provided for convenience only, and none of the documents or other information on the website is incorporated by reference (other than the Full Independent Technical Report).

## 1.10 DIAGRAMS

Diagrams used in this Prospectus are for illustrative purposes only and may not be drawn to scale.

## 1.11 GLOSSARY, FINANCIAL AMOUNTS AND TIME

Capitalised terms and abbreviations used in this Prospectus have defined meanings which are set out in the Glossary in Section 14.

The financial amounts in this Prospectus are expressed in Australian dollars unless stated otherwise.

All references in this Prospectus to time refer to Australian Western Standard Time unless otherwise stated.

## 1.12 PERSONAL INFORMATION

If you apply for Shares under the Offer, you will provide personal information to the Company, the Lead Manager and the Share Registry. Laws and regulations that are binding on the Company require that some personal information be collected.

The Company, the Lead Manager and the Share Registry will collect, hold and use your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request, and carry out appropriate administration. If you do not provide the information requested, your Application may not be able to be processed efficiently, or at all.

By submitting an Application Form, you agree that the Company, the Lead Manager and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act 1988 (Cth):

- a) the Lead Manager in order to assess your Application;
- b) the Share Registry for on-going administration of the register; and
- c) the printers and the mailing house for the purposes of preparation and distribution of statements and for handing of mail.

Under the Privacy Act 1988 (Cth), you may request access to your personal information held by (or on behalf of) the Company, the Lead Manager or the Share Registry. You can request access to your personal information by telephoning or writing to the Company through the Share Registry as follows:

Post:	The Privacy Officer Computershare Investor Services GPO BOX 7045 Sydney NSW 1115
Email:	privacy@computershare.com.au
Phone:	1300 55 70 10
Facsimile:	+61 (0)8 9323 2033





# SECTION

## CHAIRMAN'S LETTER

2

## 2. CHAIRMAN'S LETTER



Dear Investor,

It is with great pleasure that I invite you to become a shareholder of Dacian Gold Limited.

In January 2012, Dacian acquired the Mount Morgans Project, which is located approximately 30km south west of Laverton in the North-Eastern Goldfields region of Western Australia. This region is a highly endowed gold province with numerous +1 million ounce deposits, including the world-class Sunrise Dam and Wallaby gold mines.

The Mount Morgans Project provides an exciting gold exploration and resource definition opportunity. It covers approximately 320 square kilometres on which high grade JORC Code compliant Mineral Resources of 842,000 ounces at an average grade of 3.1g/t gold are presently reported, including JORC Code compliant Ore Reserves of 136,000 ounces at an average grade of 6.2g/t gold. Significantly, multiple exploration targets and resource extension opportunities that are suggestive of high grade gold resources exist at the Mount Morgans Project which, if proven, will enable growth of both the existing Mineral Resource and Ore Reserve base. Details of the reported Ore Reserves and Mineral Resources at the Mount Morgans Project are set out in Section 5 (Company Overview) and in the Summary Independent Technical Report that appears at Section 8 of the Prospectus. If you would like a copy of the Full Independent Technical Report, it can be obtained free of charge by contacting the Company on + 61 8 9226 4622.

Our management team and Board have an extensive track record in successfully exploring for gold and developing gold mines in both Western Australia and overseas. It is Dacian's intention to conduct an intensive exploration and resource definition drilling program over the next two years, with a view to developing the Mount Morgans Project into a stand-alone gold production centre, and that Dacian becomes a profitable gold producer.

Under this Prospectus, Dacian is inviting investors to subscribe for 40,000,000 Shares at an Offer price of \$0.50 per Share to raise \$20,000,000.

The majority of the Offer proceeds will be used to fund drilling at the Mount Morgans Project and support the future growth of Dacian. An ASX listing will also provide new shareholders the opportunity to invest in the Company, improve the Company's ability to access capital markets and enhance the Company's public profile.

This Prospectus contains detailed information about the Offer and Dacian's business, as well as the risks of investing in the Company. I encourage you to read it carefully.

On behalf of the Directors, I commend this investment opportunity to you and look forward to welcoming you as a fellow shareholder of Dacian Gold Limited.

Yours sincerely,

**Rohan Williams**  
**Chairman**

Dacian Gold Limited



# SECTION

## INVESTMENT OVERVIEW

3

## 3. INVESTMENT OVERVIEW

### 3.1 IMPORTANT NOTICE

This Section is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. In order to understand the Offer, this Prospectus should be read and considered in its entirety.

None of the Company, its Directors or any other person guarantees the performance of the Shares offered pursuant to this Prospectus, the performance of the Company or the return on an investment in the Company. An investment in the Company should be considered speculative.

### 3.2 THE OFFER

The Company invites Applications for 40,000,000 ordinary Shares in the capital of the Company at an issue price of \$0.50 per Share to raise \$20,000,000.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue. Further details of the Offer are set out in Section 4.

### 3.3 COMPANY BACKGROUND

Dacian was incorporated on 23 November 2011 to acquire the Mount Morgans Project. Dacian's primary objective is to become a profitable gold producer by exploring and developing the Project, located in the North-Eastern Goldfields region of Western Australia.

The Company's ability to generate revenue in the future will depend upon the success of the Company's exploration activities on the Tenements and the Company's subsequent ability to successfully exploit any minerals discovered.

Until that time, the Company's business model is to increase shareholder value by undertaking an intensive exploration program on the Mount Morgans Project with a view to increasing the Company's Mineral Resources and Ore Reserves.

Details about the Company and its business are set out in Section 5.

### 3.4 INVESTMENT HIGHLIGHTS

#### a) Highly experienced Board & management

- i) Dacian's Directors and management have extensive experience and a strong track record in exploring for gold and developing gold mines.
- ii) The Company will leverage off the Board's deep industry experience as it seeks to fulfil its goal of growing from a junior explorer to becoming a profitable gold producer.
- iii) Information concerning the Company's Board and management is set out in Section 6 of this Prospectus.

#### b) Existing high grade assets

- i) The Mount Morgans Project has estimated Mineral Resources of 842,000 ounces of gold at an average grade of 3.1g/t and estimated Ore Reserves of 136,000 ounces of gold at an average grade of 6.2g/t, as shown in summary in Table 3.1 below.

#### **Mineral Resources and Ore Reserves at October 2012**

**Table 3.1 - Mineral Resources at October 2012**

Classification	Average grade		
	Tonnes	(Au g/t)	Oz
Measured	2,194,000	3.4	239,000
Indicated	2,629,000	2.9	249,000
Inferred	3,689,000	3.0	354,000
<b>Total</b>	<b>8,513,000</b>	<b>3.1</b>	<b>842,000</b>

*Note: Mineral Resources are inclusive of Ore Reserves.*

### **Ore Reserves at October 2012**

<b>Classification</b>	<b>Average grade</b>		
	<b>Tonnes</b>	<b>(Au g/t)</b>	<b>Oz</b>
Proved	380,000	6.2	76,000
Probable	299,000	6.3	61,000
<b>Total</b>	<b>679,000</b>	<b>6.2</b>	<b>136,000</b>

- ii) A detailed breakdown of Mineral Resources and Ore Reserves at the Mount Morgans Project, including descriptions of lower cut off grades, is shown in Tables 5.2.1 and 5.2.2 in Section 5.
- iii) Given these estimates and the absence of significant drilling in areas close to known deposits, the Board considers there is excellent potential to expand the Mineral Resources in the near term by drilling at a number of targets on the Project.
- iv) Previous production from deposits at Mount Morgans conducted during different periods between 1896 and 1999 extracted approximately 1.3 million ounces of gold at an average gold grade of 4.1g/t. A detailed breakdown of the historic production tonnes from Mount Morgans is set out in Table 5.1 in Section 5.
- v) For further information on Mineral Resources and Ore Reserves, refer to the Summary Independent Technical Report that appears in Section 8. A copy of the Full Independent Technical Report can be obtained free of charge by contacting the Company on + 61 8 9226 4622.

#### **c) Proximity to large gold mines**

- i) The Tenements that make up the Mount Morgans Project, which include 50 mining leases, 10 prospecting licences, one exploration licence, several general purpose leases and two miscellaneous licences, lie within the North-Eastern Goldfields region; a district renowned for high grade gold production and host to several multimillion ounce deposits that are proximate to the Project, including the Sunrise Dam, Wallaby and Granny Smith deposits.
- ii) Management anticipates that its drilling program on the Tenements will reveal new and expanded Mineral Resources. The Board considers that some of the Company's exploration targets have mineralisation styles that are analogous to other large projects in the region, such as the world-class Wallaby mine.

#### **d) Focussed exploration**

- i) For the two year period commencing on completion of the Offer, Dacian's management will be focussed on exploring the Mount Morgans Project. The majority of the funds raised from the Offer will be spent on a targeted drilling program over the Company's Tenements. For more information about the use of funds raised under the Offer, refer to Section 4.5 and Section 5.5.

#### **e) Availability of existing infrastructure**

- i) The Mount Morgans Project is close to infrastructure and services required to explore and exploit any minerals found on the Tenements.
- ii) Such infrastructure includes a camp, bore field and office facilities located on the Project, ready access to the sealed Laverton to Leonora Road (which passes through the Tenements) and regular commercial flights from Perth to Laverton and Leonora.
- iii) Existing Ore Reserves at the Project are defined at two developed underground gold mines which were in operation until April 2011 (Transvaal and Craic).
- iv) Management believes that the ability to use the existing infrastructure and mine developments will be major factors that will enable the Company to move towards profitable production.

## 3. INVESTMENT OVERVIEW - CONTINUED

### 3.5 KEY RISKS

A summary of the key risks that potential investors should be aware of include:

**a) Exploration and development**

- i) Mineral exploration, resource development and mining operations are complicated, high risk, expensive ventures and success cannot be guaranteed from the Project or any other projects acquired by the Company in the future.

**b) Management and staff**

- i) As at the date of this Prospectus, the Company has a small executive team. The Company is reliant on the Directors and Managing Director. The Company may lose key personnel and may not be able to retain qualified replacements, or it may not be able to recruit appropriately skilled employees which may impact on the Company's ability to execute its plans.

**c) Commodity and currency price fluctuations:**

- i) The value of the assets may be adversely affected by fluctuations in commodity prices and exchange rates.

**d) The Tenements**

- i) The Tenements are subject to annual review and periodic renewal. If the Company does not satisfy the conditions that apply to the Tenements it may not be able to renew the Tenements (as they fall due) or exemption applications made in respect of a failure to satisfy minimum expenditure conditions may be rejected or contested. There are no guarantees that Tenements that are subject to renewal will be renewed or that applications for exemption from minimum expenditure requirements will be granted.

**e) Licences, permits and approvals**

- i) The Company currently holds all material authorisations required to undertake the exploration program described in this Prospectus. However, many of the mineral rights and interests held by the Company are subject to the need for ongoing or new government approvals, licences and permits. These requirements, including work permits and environmental approvals, will change as the Company's operations develop. Delays in obtaining, or the inability to obtain, required authorisations may significantly impact on the Company's operations.

**f) Future financing**

- i) While the Board considers that the net proceeds of the Offer will be sufficient to execute the business plan described in this Prospectus, the Company is likely to require further finance to complete the development of the Project. Such funding may not always be available on terms satisfactory to the Company and may be dilutive to Shareholders.

**g) Limited trading history**

- i) The Company was recently incorporated and has a limited operational and financial history. No assurance can be given that the Company will achieve commercial viability through the successful exploration on, or mining development of, the Tenements. Until the Company is able to realise value from the Project, it is likely to incur operational losses.

The above list should not be considered an exhaustive list of risks faced by the Company or investors in the Company.

Before deciding to invest, potential investors should carefully consider the risk factors set out in Section 7, with particular regard to their personal circumstances, and seek advice from a professional adviser if any questions arise.

### 3.6 FULL INDEPENDENT TECHNICAL REPORT

A Summary Independent Technical Report in relation to the Mount Morgans Project has been prepared by Coffey for inclusion in this Prospectus. A copy of this report is set out in Section 8. The Full Independent Technical Report has been lodged with ASIC and is incorporated by reference into this Prospectus under section 712(3) of the Corporations Act. You may obtain a copy of the Full Independent Technical Report free of charge by contacting the Company on + 61 8 9226 4622.

### 3.7 USE OF FUNDS

The Directors consider that, on completion of the Offer, the Company will have sufficient working capital to achieve its key objectives outlined in this Prospectus, being to complete an intensive two year drilling program on specific targets located on the Tenements.

Details of the Company's intended use of funds raised under the Offer are set out in Section 4.5.

### 3.8 PRO FORMA CAPITAL STRUCTURE

The capital structure of the Company following completion of the Offer is summarised below:

**Table 3.2 – Capital Structure**

Details	Number	% of Share capital on completion of the Offer
Shares on issue before the Offer	56,100,000	58.4%
Shares subject to the Offer	40,000,000	41.6%
<b>Total Shares on issue on completion of the Offer</b>	<b>96,100,000</b>	<b>100%</b>
Total Options on issue before the Offer	11,150,000	
Total Options subject to the Offer	Nil	
<b>Total Options on issue on completion of the Offer</b>	<b>11,150,000</b>	

Further details of the Offer, its purpose and its effect are set out in Section 4 (Details of the Offer), Section 5 (Company Overview) and Section 9 (Financial Information). You should consider this Prospectus in full before deciding on whether to apply for Shares under this Prospectus.

### 3.9 INTERESTS OF DIRECTORS

As at the date of this Prospectus, the Directors have relevant interests in Shares and Options as set out in the table below:

**Table 3.3 - Interests of Directors in Shares and Options**

Director	Direct or indirect interest in Shares	Direct or indirect interest in Options
Rohan Williams <sup>1</sup>	5,100,000	3,000,000
Paul Payne	Nil	5,000,000
Barry Patterson	4,100,000	300,000
Robert Reynolds	2,100,000	300,000

<sup>1</sup> It is expected that an entity associated with Mr Williams, Vitesse Pty Ltd, will be a substantial Shareholder in the Company on completion of the Offer. Details of the Company's substantial Shareholders on completion of the Offer are set out in Section 4.7.

## 3. INVESTMENT OVERVIEW - CONTINUED

In addition, as at the date of this Prospectus:

- a) the Managing Director and Chief Executive Officer, Mr Paul Payne, receives a salary (inclusive of superannuation) of \$305,200 per annum, under his Executive Services Agreement;
- b) the Chairman, Mr Rohan Williams, receives a payment of \$60,000 per annum (exclusive of superannuation) for his services as a Board member; and
- c) each of Messrs Barry Patterson and Robert Reynolds receive payments of \$40,000 per annum (exclusive of superannuation) for service as non-executive Directors.

Details of the interests of Directors in the Company are set out in in detail in Section 13.11. Details of Mr Paul Payne's Executive Services Agreement are set out in Section 12.3.

### 3.10 RELATED PARTY ARRANGEMENTS

The Company has a contract with Australian Contract Mining Pty Ltd (**ACM**), which provides care and maintenance services on the Tenements. ACM is a related party of the Company because Mr Brian Rodan, who is the sole shareholder and director of ACM, was a director of the Company in the six month period before the date of this Prospectus. Also Mr Rodan and entities associated with him will be substantial Shareholders in the Company on completion of the Offer. The Board considers the contract with ACM to be on arms' length terms.

Details of existing agreements with related parties are set out in Section 12.3. Details of the Company's substantial shareholders on completion of the Offer are set out in Section 4.7.

### 3.11 INDICATIVE TIMETABLE

**Table 3.4 – Key Indicative Dates**

Date of Prospectus	Friday, 12 October 2012
Opening Date - Broker Firm Offer	Friday, 26 October 2012
Closing Date - Broker Firm Offer (Applications must be received by this date)	Friday, 30 November 2012
Allot the Shares offered under this Prospectus and expected date for commencement of deferred settlement trading	Monday, 3 December 2012
Expected completion of despatch of holding statements and deferred settlement ceases	Thursday, 7 December 2012
Shares expected to start trading on a normal settlement basis on ASX	Friday, 8 December 2012

These dates are indicative only and may vary. The Company reserves the right to close the Offer early or extend the Closing Date without prior notice. The Company also reserves the right to withdraw the Offer at any time prior to allotment of Shares to Applicants.

### 3.12 DIVIDEND POLICY

The Company does not currently have a dividend policy. Given that the Company expects that significant expenditure will be incurred developing the Project, it does not expect to be able to declare or distribute a dividend in the two years after quotation on ASX.

Payment of future dividends (if any) will be at the discretion of the Directors. Any future determination as to the payment of dividends will depend upon the availability of distributable earnings, the Company's operating results, the Company's future capital requirements and the financial position of the Company. No assurance can be given as to the payment of dividends or the availability of franking credits attaching to dividends.

### 3.13 FURTHER INFORMATION

For more information concerning the Offer, please contact the Lead Manager on +61 8 9224 6888.





# SECTION

## DETAILS OF THE OFFER

4

## 4. DETAILS OF THE OFFER

### 4.1 THE OFFER

The Offer is an initial public offering of 40,000,000 ordinary Shares in the share capital of the Company at the Offer Price of \$0.50 per Share to raise \$20,000,000.

On completion of the Offer, the Shares to be issued in the Offer will represent 41.6% of the Shares on issue.

All Shares issued under the Offer will be issued at the Offer Price. The Shares are fully paid ordinary shares and, once issued, will rank equally with those Shares that are on issue before the completion of the Offer. A summary of the rights attaching to the Shares is set out in Section 13.3.

The Offer comprises:

- a) the Broker Firm Offer, which is open only to Australian residents who are sophisticated or professional investors (within the meaning of section 708 of the Corporations Act) or, following lodgement of this Prospectus, to Australian resident investors who are not Institutional Investors and who have received a firm allocation from the Lead Manager. Further details about the Broker Firm Offer, including how to participate in the Broker Firm Offer, are set out in Section 4.10; and
- b) the Institutional Offer, which consists of an invitation prior to the date of this Prospectus to certain Institutional investors in Australia and certain other jurisdictions to apply for Shares under this Prospectus. Further details about the Institutional Offer are set out in Section 4.11.

Applications must be for a minimum of 4,000 Shares (\$2,000) and thereafter in multiples of 2,000 Shares (\$1,000) and can be made by completing the Application Form attached to or accompanying this Prospectus.

No general public offer of Shares will be made under the Offer. The allocation of Shares between the Broker Firm Offer and the Institutional Offer will be determined by the Lead Manager in consultation with the Company having regard to the allocation policy set out in Section 4.12.

### 4.2 UNDERWRITING

The Offer is not underwritten.

### 4.3 MINIMUM SUBSCRIPTION

The Offer is conditional on a minimum subscription of 40,000,000 Shares raising \$20,000,000 before expenses of the Offer being achieved. In accordance with the Corporations Act, no Shares will be allotted by the Company until the minimum subscription condition has been achieved.

If the minimum subscription condition is not achieved within four months after the date of this Prospectus, the Company will either repay the Application Monies to Applicants or issue a supplementary or replacement prospectus and allow Applicants one month to withdraw their Applications and be repaid their Application Monies. Any Application Monies refunded will be refunded without interest.

### 4.4 THE PURPOSE OF THE OFFER

The purpose of the Offer is to:

- a) provide the Company with additional funds to enable it to undertake an intensive exploration drilling program on the Project;
- b) achieve a listing and quotation of the Shares on ASX, to broaden the Company's Shareholder base, and to provide a liquid market for Shares; and
- c) improve access to capital markets to fund future growth and development opportunities, and provide increased financial flexibility.

### 4.5 THE EFFECT OF THE OFFER - USE OF PROCEEDS

The table below sets out the Company's intended use of the gross proceeds raised under the Offer over a two year period from the date on which the Company lists on ASX.

**Table 4.1 – Use of Proceeds<sup>1</sup>**

Use of funds over two years	\$
Drilling of known deposits (Resource Extension)	\$6,950,000
Exploration for new deposits (Other Exploration)	\$4,450,000
<b>Exploration expenditure – Subtotal<sup>2</sup></b>	<b>\$11,400,000</b>
Tenement rents and rates	\$1,370,000
Environmental compliance and rehabilitation costs <sup>3</sup>	\$500,000
Geotechnical and metallurgical evaluation programs	\$1,000,000
Administration costs – Site	\$800,000
Administration costs – Head office	\$1,700,000
Costs of the Offer	\$1,210,000
Working capital <sup>4</sup>	\$2,020,000
<b>Total</b>	<b>\$20,000,000</b>

<sup>1</sup> As with any budget, intervening events (including results from exploration) and new circumstances have the potential to affect the manner in which funds are ultimately applied. The numbers in this table have been rounded to the nearest \$10,000.

<sup>2</sup> Further details of the exploration targets and budget for the Company's exploration program are set out in Section 5.4 and Section 5.5.

<sup>3</sup> These costs include performing works associated with the environmental and community recommendations made by the Independent Geologist in the Summary Independent Technical Report, a copy of which appears in Section 8.

<sup>4</sup> It is anticipated that working capital funds will be allocated to further exploration, additional drilling and evaluation of the findings from the Company's exploration program as results from the program are received, re-engaging with the key stakeholders associated with the Mount Morgans Project, and to allow for contingencies. If results from the exploration program are positive, activities such as preparation of mining feasibility studies will be required, with a view to determining whether to develop mining operations. If results from the exploration program are not positive, the Company will review the existing exploration program with a view to applying working capital funds to explore other areas on the Tenements.

The Directors consider that, on completion of the Offer, the Company will have sufficient working capital to achieve its key objectives outlined in this Prospectus, being to complete a two year exploration program on the Tenements.

#### 4.6 THE EFFECT OF THE OFFER - CAPITAL STRUCTURE

This Section sets out details of the Company's capital structure after completion of the Offer. Further details of the Company's issued securities are contained in Section 9 and Sections 13.2, 13.3 and 13.5.

##### Shares

The ownership structure of the Company immediately following completion of the Offer is expected to be as follows:

**Table 4.2 - Share capital**

Description	Number	%
Shares currently on issue	56,100,000	58.4%
Shares to be issued pursuant to the Offer	40,000,000	41.6%
<b>Total Shares on completion of the Offer</b>	<b>96,100,000</b>	<b>100%</b>

For details of Directors' shareholdings at the date of this Prospectus refer to Section 13.11.

## 4. DETAILS OF THE OFFER - CONTINUED

For details of existing Shareholders that the Company expects at the date of this Prospectus will be substantial Shareholders on completion of the Offer, refer to Section 4.7.

### Options

In addition, the Company has issued 11,150,000 Options to the Directors and founding Shareholders. The number of Options on issue immediately following completion of the Offer is set out below:

**Table 4.3 - Options**

Description	Number
Options currently on issue	11,150,000
Options to be issued pursuant to the Offer	Nil
<b>Total Options on completion of the Offer</b>	<b>11,150,000</b>

Further details of the Options on issue at the date of this Prospectus are set out in Section 13.5.

### 4.7 SUBSTANTIAL SHAREHOLDERS

Those Shareholders that the Company expects will hold an interest in Shares that equals 5% or more of the share capital of the Company on completion of the Offer are set out below.

**Table 4.4 – Substantial Shareholders on completion of the Offer<sup>1</sup>**

Shareholder who holds interest in Shares and Options directly or indirectly <sup>2</sup>	Shares	Options	% Shareholding - before completion of the Offer	% Shareholding on completion of the Offer <sup>5</sup>
MCA Nominees and associates <sup>3</sup>	14,100,000	300,000	25.1%	14.7%
Vitesse Pty Ltd <sup>4</sup>	5,100,000	3,000,000	9.1%	5.3%

<sup>1</sup> Assumes that none of the existing Shareholders or their associates as at the date of the Prospectus participate in the Offer.

<sup>2</sup> This includes both legal and beneficial ownership.

<sup>3</sup> MCA Nominees Pty Ltd is associated with Redland Plains Pty Ltd by virtue of having the same shareholder. MCA Nominees Pty Ltd and Redland Plains Pty Ltd are controlled by Mr Brian Rodan who also controls ACM, being an entity with which the Company as a services contract. See Section 12.3 for details.

<sup>4</sup> Vitesse Pty Ltd is controlled by Mr Rohan Williams who, as at the date of this Prospectus, acts as Chairman of the Board.

<sup>5</sup> Does not include Shares issued pursuant to exercise of the Options.

A proportion of the Shares and Options held directly or indirectly by the Company's substantial Shareholders will be subject to compulsory escrow pursuant to the Listing Rules. For information on these restricted securities, refer to Section 4.8.

Given the potential voting power of the substantial Shareholders in the Company, the Company confirms that it has been advised by the substantial Shareholders and to the best of its knowledge and belief:

- none of the substantial Shareholders are associated, or are acting in concert in relation to their holdings in the Company; and
- at the date of this Prospectus, the substantial Shareholders do not intend to make any major changes to the business of the Company, its financial or dividend distribution policies, nor redeploy any of the assets of the Company. Mr Williams or his nominee intends to apply for 200,000 Shares in the Offer. Other than set out above, the substantial Shareholders have no present intention to inject further capital into the Company.

The statements above are of current intention only, which may change as new information becomes available or circumstances change. The statements should be read in this context.

The Company will announce to ASX details of its top 20 Shareholders (following completion of the Offer) prior to the Shares commencing trading on ASX.

#### 4.8 RESTRICTED SECURITIES

Certain Shares and Options on issue prior to the Offer are likely to be classified as restricted securities and may be required to be held in escrow for up to 24 months from the date of the Company listing on ASX. Such Shares will be subject to restriction agreements to be entered into in accordance with the Listing Rules. Any such Shares will not be able to be transferred, assigned or otherwise disposed of during the applicable period.

None of the Shares offered under this Prospectus will be treated as restricted securities and will be freely transferable from the date of their allotment.

The Company will announce to ASX full details (including quantity and duration) of the Shares and Options required to be held in escrow prior to the Shares commencing trading on ASX.

#### 4.9 FUTURE DEALING WITH SHARES BY EXISTING SHAREHOLDERS

As at the date of this Prospectus, each of the Company's existing Shareholders has confirmed that they have no present intention of disposing of Shares that were issued at a price lower than the Offer Price before the date that is the later of 12 months from the date of this Prospectus and the date of the release of the Company's full 2013 financial year results.

The statements above are of current intention only, which may change as new information becomes available or circumstances change. The statements should be read in this context.

Subject to any escrow requirements imposed by ASX, these Shareholders have agreed to dispose of their Shares in an orderly manner.

#### 4.10 BROKER FIRM OFFER

**Table 4.5 – Broker Offer Information and Indicative Timetable**

<b>Who may apply</b>	Australian residents who are sophisticated or professional investors (within the meaning of sections 708(8), 708(10) and 708(11) of the Corporations Act) and, following lodgement of this Prospectus, Australian resident investors who are not Institutional Investors and who have received a firm allocation from the Lead Manager.
<b>How to apply</b>	Complete the Application Form accompanying this Prospectus in accordance with the instructions on that form and any other documentation provided to you by the Lead Manager and return it to the Lead Manager.
<b>Minimum Application amount</b>	Applications must be for a minimum of 4,000 Shares (\$2,000) and thereafter in multiples of 2,000 Shares (\$1,000), unless the Lead Manager agrees otherwise.
<b>How to pay</b>	Broker Firm Offer Applicants should make payments in accordance with the Application Form and any directions given by the Lead Manager.
<b>Address for return of Application Forms and Application Monies</b>	Broker Firm Offer Applicants must send their completed Application Form and Application Monies to the Lead Manager in accordance with the instructions on the Application Form or given by the Lead Manager, and with sufficient time to enable processing by the Closing Date.
<b>Closing Date<sup>1</sup></b>	5:00pm (WST) on 30 November 2012.
<b>How to obtain a copy of this Prospectus</b>	Please contact the Lead Manager on +61 8 9224 6888 or download this Prospectus at <a href="http://www.daciangold.com.au">www.daciangold.com.au</a>

<sup>1</sup> This date is indicative only and may vary. The Company reserves the right to close the Offer early or extend the Closing Date without prior notice.

## 4. DETAILS OF THE OFFER - CONTINUED

An Application in the Broker Firm Offer is an offer by the Applicant to the Company to subscribe for Shares in the amount specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement Prospectus) and the Application Form.

If you elect to participate in the Broker Firm Offer, the Lead Manager will act as your agent in submitting your Application Form details and Application Monies to the Share Registry (which will receive the details on behalf of the Company).

The Company reserves the right to accept an Application in respect of the full amount, or any lower amount than that specified in the Application Form, without giving further notice. Acceptance of an Application will give rise to a binding contract.

The Company and the Lead Manager reserve the right to reject any Application under the Offer for any reason.

All dates set out in the indicative timetable set out in Table 3.4 and the Application Form are subject to change and are indicative only. The Company and the Lead Manager reserve the right to vary these dates without prior notice including the right to close the Offer early or to withdraw the Offer and to accept late Applications (either generally or in particular cases).

### 4.11 INSTITUTIONAL OFFER

The Institutional Offer consists of an invitation prior to the date of this Prospectus to certain Institutional Investors in Australia and certain other jurisdictions to apply for Shares under this Prospectus. Application procedures for Institutional Investors have been advised by the Lead Manager.

### 4.12 ALLOCATION POLICY

The allocation of Shares among Broker Firm Offer Applicants and Applicants in the Institutional Offer is determined by the Lead Manager. The Lead Manager has absolute discretion regarding the basis of the allocation of Shares, and there is no assurance that any Applicant in the Broker Firm Offer or any Applicants in the Institutional Offer will be allocated any Shares for which it has applied. The allocation policy will be influenced by the following factors:

- a) the number of Shares applied for by particular Applicants under the Broker Firm Offer or the Institutional Offer;
- b) the timeliness of the Applications made by particular Applicants under the Broker Firm Offer or the Institutional Offer;
- c) the desire for an informed and active trading market in Shares following listing;
- d) the desire to establish a wide spread of Institutional Investors as Shareholders;
- e) the overall level of demand under each of the Broker Firm Offer and Institutional Offer;
- f) the size and type of funds under the management of particular Applicants;
- g) the likelihood that particular Applicants will be long term Shareholders; and
- h) any other factors that the Lead Manager and/or the Company consider appropriate in their sole discretion.

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#### **4.13 ASX LISTING AND QUOTATION**

Within seven days after the date of this Prospectus, the Company will apply to ASX for admission to the Official List and for the Shares to be quoted on ASX (except for any Shares that may be designated restricted securities by ASX).

If the Shares are not admitted to quotation on ASX within three months after the date of issue of this Prospectus, or such period as varied by ASIC, the Company will not issue or allot any Shares, and will repay all Application Monies within the time prescribed under the Corporations Act without interest.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may admit the Company to the Official List is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

It is anticipated that the Company will trade under the ASX code "DCN".

#### **4.14 TRADING ON ASX**

Subject to ASX granting approval for the Company to be admitted to the Official List, its Shares being quoted on ASX and the Company raising the full amount sought under the Offer, the allotment of Shares to Applicants will occur as soon as practicable after the Closing Date, following which holding statements will be dispatched.

If admission to the Official List is granted, trading of Shares on ASX is expected to commence on or before 3 December 2012, initially on a deferred settlement basis. Trading on a deferred settlement basis will continue until the Company advises ASX that holding statements have been despatched to Shareholders. Normal settlement trading is expected to commence on the first ASX trading day after all holding statements are expected to be despatched.

It is the responsibility of Applicants to determine their allocation prior to trading in Shares. Applicants who sell Shares before they receive their holding statements do so at their own risk.

#### **4.15 CHESS AND ISSUER SPONSORED HOLDINGS**

The Company will apply to participate in CHESS, operated by the ASX Settlement (a wholly owned subsidiary of ASX), in accordance with the Listing Rules and the ASX Settlement Operating Rules.

On admission to CHESS, the Company will operate an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together will make up the Company's principal register of securities.

Under CHESS, the Company will not issue certificates to Shareholders. Instead, the Company will provide Shareholders with a holding statement (which is similar to a bank account statement) that sets out the number of Shares allotted to that Shareholder under this Prospectus. If an investor is broker sponsored, ASX Settlement will send them a CHESS statement.

This statement will also advise investors of either their Holder Identification Number (**HIN**) in the case of a holding on the CHESS sub-register or Security Holder Reference Number (**SRN**) in the case of a holding on the issuer-sponsored sub-register.

## 4. DETAILS OF THE OFFER - CONTINUED

### 4.16 BROKERAGE, COMMISSION AND STAMP DUTY

No brokerage, commission or stamp duty is payable by or to Applicants upon acquisition of Shares under the Offer.

### 4.17 WITHDRAWAL, PARTIAL ACCEPTANCE AND REJECTION

The Company reserves the right not to proceed with the Offer at any time before the allotment of Shares to successful Applicants.

Pending the allotment of the Shares, or return of the Application Monies, the Application Monies will be held on trust for the Applicants.

If an Application is not accepted, or is accepted in part only, the relevant part of the Application Monies will be refunded. Interest will not be paid on Application Monies refunded and each Applicant waives the right to claim such interest. The Lead Manager and the Company reserve the right to reject any Application for any reason whatsoever in their absolute discretion.

### 4.18 APPLICANTS OUTSIDE AUSTRALIA

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia. This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. Distribution of this document in jurisdictions outside Australia is subject to the requirements of the laws of those jurisdictions. Please refer to Section 13.6 for foreign selling restrictions.

### 4.19 TAXATION

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the personal and financial affairs of each investor. Potential investors are advised to seek their own professional taxation advice before investing in the Company.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability or responsibility with respect to any taxation consequences of subscribing for Shares under this Prospectus.

### 4.20 ENQUIRIES IN RELATION TO THE OFFER

This Prospectus provides information for potential investors in the Company, and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser. Additional copies of the Prospectus or further advice on how to complete the Application Form can be obtained by contacting the Lead Manager on:

Argonaut Securities Pty Limited	
Email:	argonaut.ecm@argonaut.com
Phone:	+61 8 9224 6888
Facsimile:	+61 8 9225 5511





# SECTION

## COMPANY OVERVIEW

5

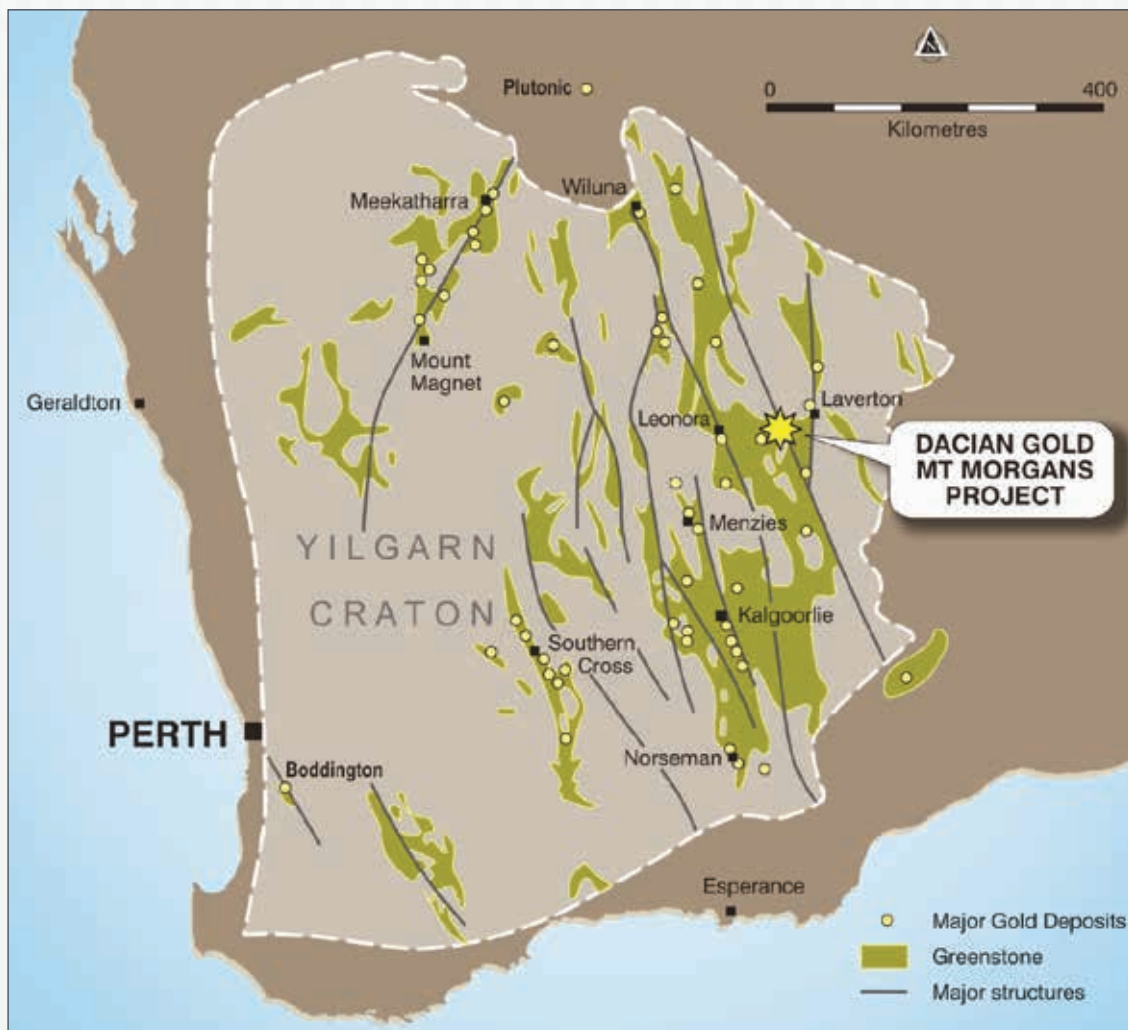
## 5. COMPANY OVERVIEW

### 5.1 COMPANY OVERVIEW AND BUSINESS MODEL

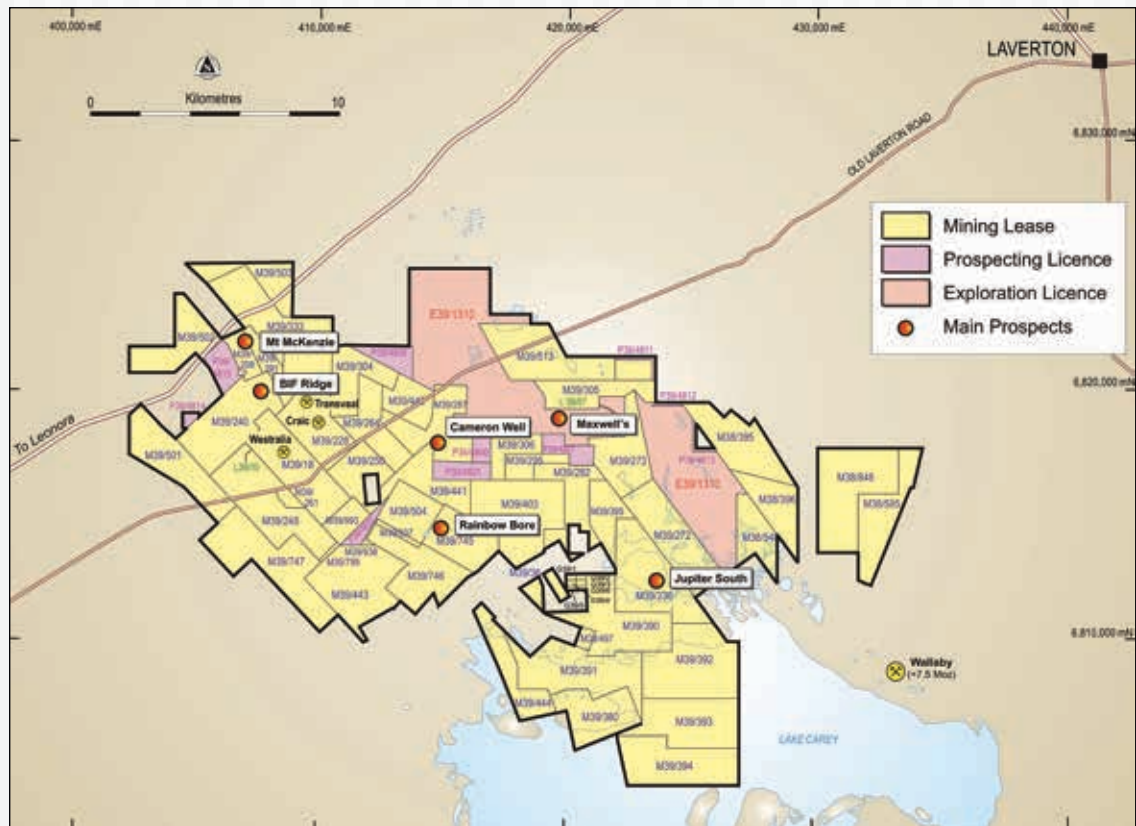
Dacian is a gold exploration and development company, headquartered in Perth, Western Australia.

In January 2012, the Company acquired the Mount Morgans Project, which is located in the Laverton District of Western Australia's North Eastern Goldfields, as shown in Figure 5.1. The Tenements comprising the Project are shown in Figure 5.2.

**Figure 5.1 – Western Australian Gold Regions**



**Figure 5.2 – Mount Morgans Tenement Map**



Reported Mineral Resources exist on 5 deposits within the Tenements. These deposits, known as Craic, King Street, Jupiter, Westralia and Transvaal, have previously been mined. The location of each deposit, other than Jupiter, is shown on the map that appears at Figure 5.5. The location of the Jupiter deposit is shown on the map that appears at Figure 5.2.

After the Company lists on ASX, it intends to:

- a) undertake a detailed and intensive, two year exploration program on the Tenements with the aim of defining and extending the existing Mineral Resource and Ore Reserve base. The majority of the funds raised by the Offer (approximately \$13.6 million including rents, rates and site administration costs) will be used to undertake the exploration program; and
- b) if the exploration program successfully delineates what the Company deems to be a sufficient additional Mineral Resource inventory, commence the preparation of mining feasibility studies which, if satisfactory, should lead to the development one or more gold mines on the Project. Funding for future exploration and development will be via further capital raising or securing debt finance.

Dacian has a Board of Directors with strong experience in mineral exploration and gold mine development in both Western Australia and overseas. The experience of the Board of Directors is described in Section 6.

Achieving the Company's plans is conditional on a multitude of factors and risks, including those set out in Section 7, the most important being exploration success and a gold price sufficient to support capital investment and ongoing operational expenses.

## 5. COMPANY OVERVIEW - CONTINUED

### 5.2 OVERVIEW OF THE MOUNT MORGANS PROJECT

This Section 5.2 provides a description of the Project, the region in which it is located and its key characteristics. Further details of the Project are set out in the Summary Independent Technical Report that appears at Section 8. A copy of the Full Independent Technical Report is available free of charge by contacting the Company on + 61 8 9226 4622.

#### 5.2.1 History of Mount Morgans

Gold was first discovered in the Mount Morgans area in 1896. Until 1973, 370,972 ounces of gold were produced from the area.

Modern exploration at the Mount Morgans project commenced in the late 1980s when Austwhim Resources Limited acquired the project. Work was initially focused on the major historic mines on the Project (Westralia and Transvaal) which led to the delineation of sufficient Ore Reserves to warrant the establishment of a substantial processing facility on the site. Further exploration led to the delineation of a number of other deposits in the vicinity of the processing plant, such as King Street, Morgans North, Back O' Beyond and Ramornie.

Open pit mining at the Westralia deposit commenced in 1988 and continued at Westralia and a number of other deposits until early 1999. Milling of stockpiled ore was completed in early 1999 and the total production from 1988 until 1999 was 917,000 ounces of gold at an average grade of 3.2g/t.

Exploration on the Tenements, comprising mapping, geochemical sampling, geophysical surveys and geochemical drilling, was also carried out with intermittent programs completed between 1998 and 2010. This led to the identification of gold mineralisation on a number of the Tenements.

Ownership of the tenements that make up the Mount Morgans Project passed to Barrick Gold Corporation (**Barrick**) following the merger of Homestake Mining Company and Barrick in December 2001. There was no recorded production from the tenements during Barrick's ownership and, in February 2008, Barrick commenced the divestment of its interests in the Mount Morgans project.

Range River Gold Limited (**RNG**) acquired tenements that make up the Mount Morgans project from Barrick in May 2009 and commenced open pit mining approximately six months later. Three new open pit mines were developed at the Craic, Sarah and Ramornie North deposits with minor additional open pit production from the Ramornie and King Street deposits. Ore extracted from these deposits was delivered to the Barrick Gold Granny Smith mill for processing. Total open pit production by RNG was 18,284 ounces of gold. At this time, underground mining commenced at the Craic deposit, which produced 14,021 tonnes of ore at an average grade of 4.91g/t of gold for 2,214 ounces in total. A minor amount (108 ounces) of gold was also produced from the Transvaal underground mine during this period.

In addition to mining operations, RNG carried out exploration activities on the Tenements. While RNG owned the Tenements it spent approximately \$30.2 million on exploration, evaluation and mining operations.

For further details of the exploration history on the Project, please refer to the Summary Independent Technical Report in Section 8.

In April 2011, two years after acquiring the Mount Morgans tenements, RNG went into voluntary administration for various reasons after production delays and adverse weather conditions impaired production.

Table 5.1 below lists total past production of approximately 1.3 million ounces of gold from the Mount Morgans project from 1896 to April 2011.

**Table 5.1 - Mount Morgans Project Historic Production 1896 - 2011**

Period	Tonnes	Au g/t	Au Oz
Historic Production 1896-1973	851,000	13.8	370,972
Dominion/Homestake CIL Production 1989-1999	8,990,000	3.2	917,000
Range River Gold Production 2010-2011	209,000	3.1	20,606
<b>Total Recorded Production</b>	<b>10,050,000</b>	<b>4.1</b>	<b>1,308,578</b>

Exploration was completed by all companies associated with the Project during its modern mining history. The majority of the exploration work involved resource definition around the known deposits. Other exploration on the Project relied on surface geochemical sampling and shallow reconnaissance drilling of targets identified from aeromagnetic imagery.

### 5.2.2 Regional Overview

The Project's 69 granted tenements lie within the North Eastern Goldfields (**NEG**) province, and cover approximately 320 square kilometres of the highly gold prospective Laverton Tectonic Zone (**LTZ**). The Project is well served by existing regional infrastructure including the sealed Leonora to Laverton road which passes through the Tenements as shown in Figure 5.2. There are three operating gold processing facilities within the surrounding area being Granny Smith, Barnicoat and Sunrise Dam. Figure 5.1 shows the location of the Project in Western Australia. Figure 5.3 shows the proximity of the Project to regional towns and infrastructure.

**Figure 5.3 - Mount Morgans Regional Geology**



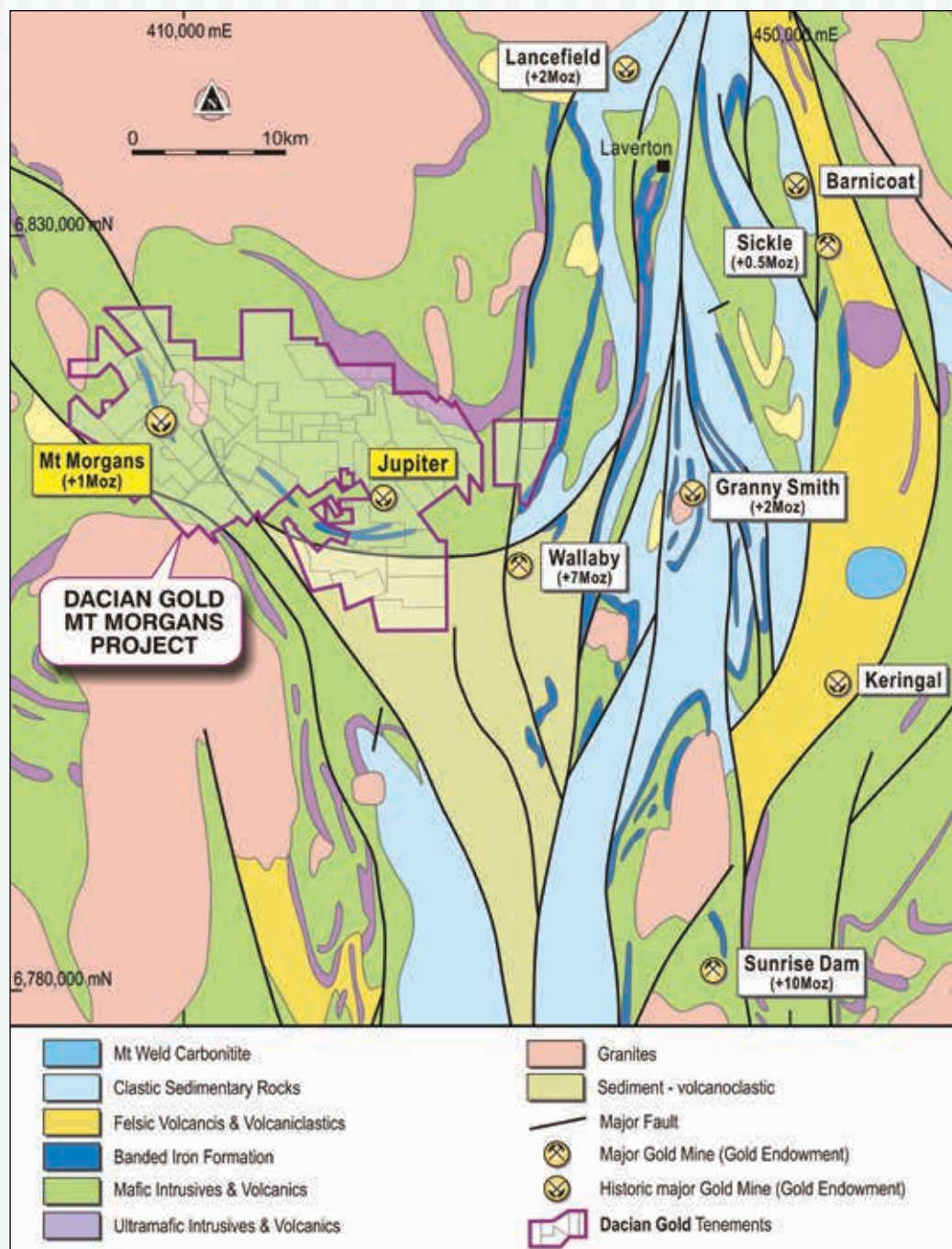
The NEG, which includes the Mount Morgans Project, has a total endowment of over 70Moz of gold and hosts 15 gold deposits with in excess of 1Moz total endowment of gold.

In the region around the Project, a number of major gold deposits have been discovered, including Granny Smith in 1979 (in excess of 2 million ounces total endowment of gold), Sunrise Dam in 1991 (in excess of 10 million ounces total endowment of gold) and Wallaby in 1997 (in excess of 7 million ounces total endowment of gold). These deposits and the regional geology of the Laverton area is shown in Figure 5.4.



## 5. COMPANY OVERVIEW - CONTINUED

**Figure 5.4 – Mount Morgans Regional Geology**



### 5.3 PROJECT GEOLOGY

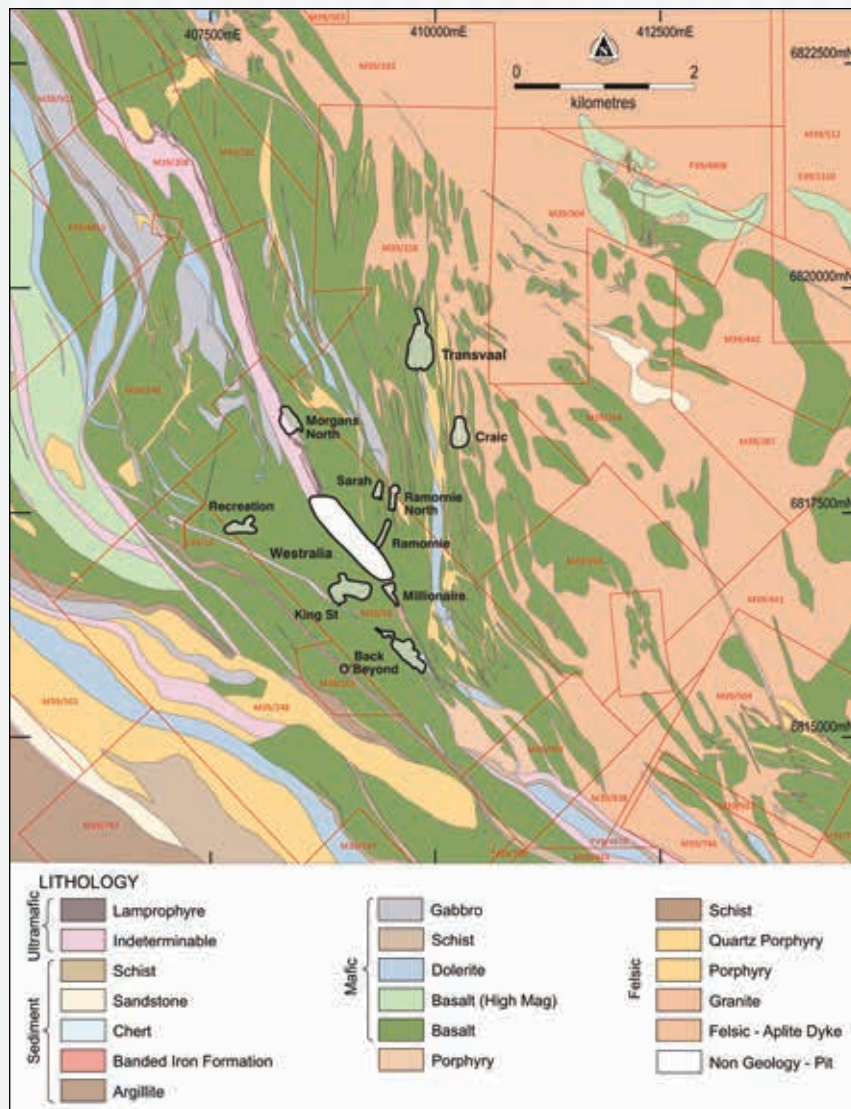
Several styles of mineralisation are encountered on the Mount Morgans Project, including banded iron formation (**BIF**) hosted, shear hosted quartz lodes, splay shear hosted vein arrays and syenite related gold mineralisation. BIF hosted deposits (such as those located at the Westralia and Morgans North deposits) are typically large tonnage, medium to high grade deposits, and have yielded the bulk of the gold mined on the Project. For example, over 800,000 ounces of gold at an average gold grade of approximately 5g/t has been mined from the Westralia deposit.

Deposits from shear hosted quartz lodes (including those located at the Transvaal, Craic and Ramornie deposits) typically contain narrow, high grade veins and breccia veins within broader mineralised alteration haloes. Lodes may occur as single structures or stacked across strike (such as those at the Transvaal deposit).

Splay shear hosted vein arrays (being those located at the Recreation, King Street and Back O'Beyond deposits) have yielded modest production from three pits (less than 100,000 ounces of gold). However, they demonstrate that multiple orientations of style and orientation of mineralisation occur across the Project.

The most significant existing deposits on the Project (other than Jupiter), and the associated geology, are shown in Figures 5.5 and 5.6.

**Figure 5.5 – Main Deposits of the Mount Morgans Project**



Mineral Resources and Ore Reserves that have been reported at the Mount Morgans Project are outlined in the following tables 5.2.1 and 5.2.2. The basis for these estimates is included in the Summary Independent Technical Report that appears at Section 8.

## 5. COMPANY OVERVIEW - CONTINUED

**Table 5.2.1 – Reported Mineral Resources at the Mount Morgans Project**

Mount Morgans Project Mineral Resources as at 31 October 2012									
Deposit	Measured		Indicated		Inferred		Total Mineral Resource		
	Tonnes	Aug/t	Tonnes	Aug/t	Tonnes	Aug/t	Tonnes	Aug/t	Au Oz
King Street <sup>1</sup>					532,000	2.0	532,000	2.0	33,000
Jupiter <sup>2</sup>					811,000	2.8	811,000	2.8	73,000
Westralia/ Millionaires <sup>3</sup>	646,000	3.9	1,385,000	2.9	1,300,000	3.7	3,331,000	3.4	364,000
Craic <sup>3</sup>			69,000	8.2	120,000	7.1	189,000	7.5	46,000
Transvaal <sup>3</sup>	1,549,000	3.2	1,176,000	2.7	926,000	2.2	3,650,000	2.8	327,000
<b>Total</b>	<b>2,194,000</b>	<b>3.4</b>	<b>2,629,000</b>	<b>2.9</b>	<b>3,689,000</b>	<b>3.0</b>	<b>8,513,000</b>	<b>3.1</b>	<b>842,000</b>

<sup>1</sup> Competent Person signoff by Danny Kentwell at SRK Consulting (Australasia) Pty Ltd. Reported at 0.5g/t Au cut off grade.

<sup>2</sup> Competent Person signoff by Stuart Hutchin at Mining One Pty Ltd. Reported at 1.5g/t Au cut off grade.

<sup>3</sup> Competent Person signoff by Stuart Hutchin at Mining One Pty Ltd. Reported at 0.5g/t Au cut off grade.

Note: Mineral Resources are Inclusive of Ore Reserves.

**Table 5.2.2 – Reported Ore Reserves at the Mount Morgans Project**

Mount Morgans Project Ore Reserve as at 31 October 2012							
Deposit	Proved		Probable		Total Ore Reserve		
	Tonnes	Aug/t	Tonnes	Aug/t	Tonnes	Aug/t	Au Oz
Craic (3.9 g/t Au lower cut off grade) <sup>1</sup>			28,000	9.2	28,000	9.2	8,000
Transvaal (3.4g/t Au lower cut off grade) <sup>1</sup>	380,000	6.2	271,000	6.0	651,000	6.1	128,000
<b>Total</b>	<b>380,000</b>	<b>6.2</b>	<b>299,000</b>	<b>6.3</b>	<b>679,000</b>	<b>6.2</b>	<b>136,000</b>

<sup>1</sup> Competent Person is Bill Frazer of Mining One Pty Ltd.

### 5.4 EXPLORATION STRATEGY

The exploration strategy developed by the Company for the Project comprises testing of high grade gold mineralisation from a number of known deposits, as well as exploration for undiscovered deposits and new styles of mineralisation. Planned work includes reconnaissance rotary air blast (**RAB**) or aircore drilling, reverse circulation (**RC**) and diamond drilling; and resource estimation and evaluation.

Based on historical exploration results on the Tenements, the Directors anticipate that after two years of exploration, sufficient additional Mineral Resource inventory would have been defined to justify the commencement of a mining feasibility study. Such a study would be prepared to estimate Ore Reserves and determine the feasibility of developing mining operations on the Tenements.



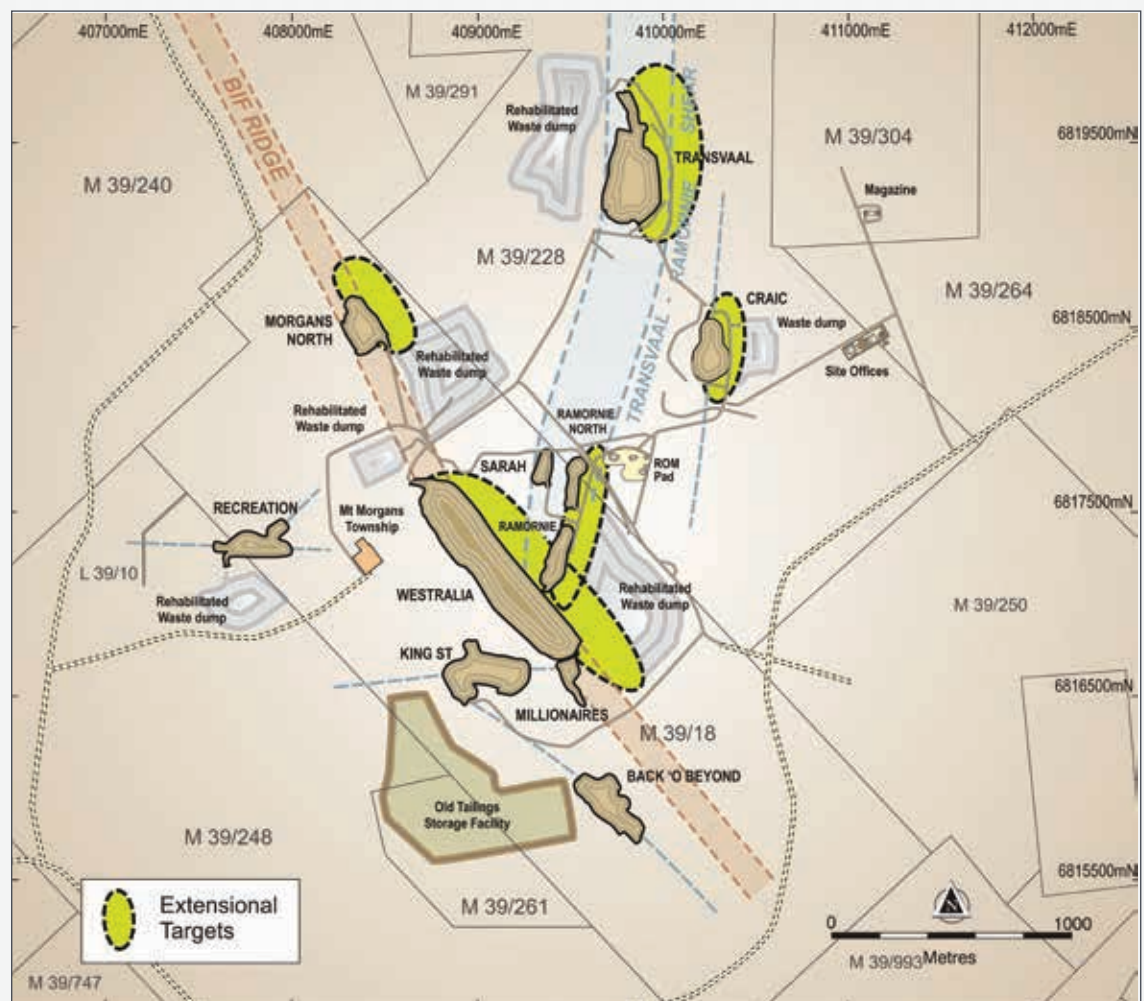
While the Project has two partially developed underground gold mines at the Craic and Transvaal deposits and nearby toll treatment options, the Company does not intend to recommence operations immediately. Instead, management intends to implement an exploration strategy with the aim of identifying a substantially increased resource base on which a five year mine plan and Ore Reserve could be established. If the Project proceeds to development stage, the currently developed mines will facilitate a rapid and lower cost ramp up to gold production.

A substantial camp has been established on the site and is currently owned by the Shire of Laverton. The Company has entered into discussions with the Shire regarding the opportunity to utilise this as the exploration camp for the Project. Use of the camp would facilitate commencement of the exploration program.

#### 5.4.1 Extensional Targets

Figure 5.6 (below) shows part of the Project area and, in particular, the previous mining areas (excluding the Jupiter deposit) on which targets for extensional exploration are located. Such exploration would be undertaken to identify possible extensions to already defined Mineral Resources and to test for zones of high grade gold mineralisation for which Mineral Resources are not yet estimated.

**Figure 5.6 – Extensional Targets at the Mount Morgans Project**



## 5. COMPANY OVERVIEW - CONTINUED

The key areas for extension / definition drilling are as follows:

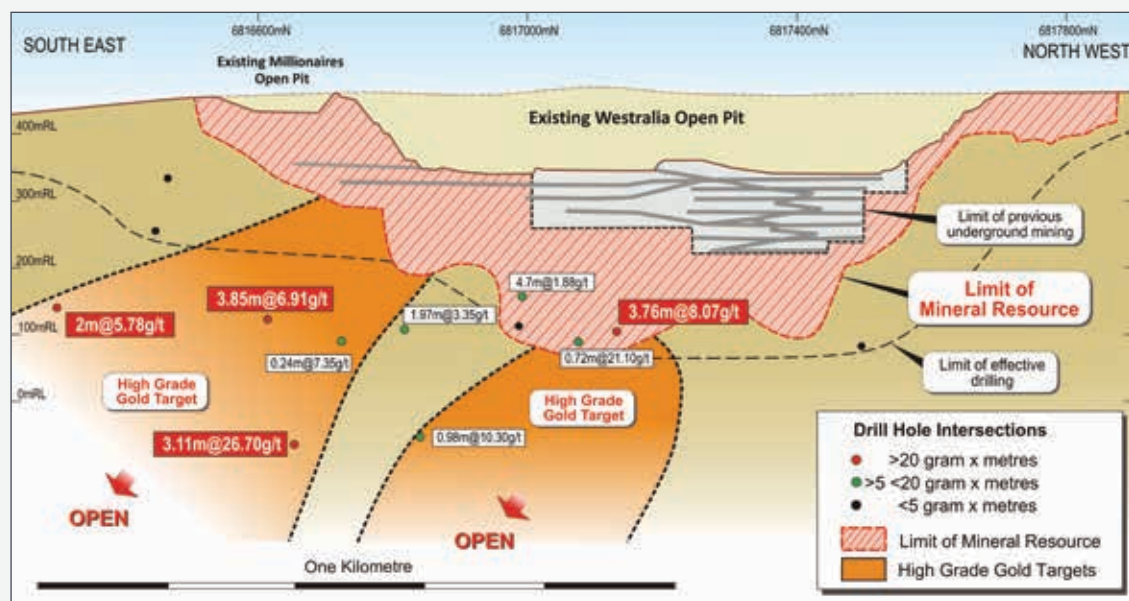
### Westralia

Westralia is the largest deposit on the Project having produced approximately 4.1Mt of ore at an average gold grade of 3.7g/t for 484,000oz of gold between 1989 and 1999 from both open pit and underground operations. There remains a number of exploration opportunities at the Westralia deposit, including:

- a broad area of high grade mineralisation defined by a small number of diamond drill holes at the south end of the deposit below 300m depth;
- an area below a zone of flattening of the main host structure at the northern part of the deposit;
- the intersection of the Back O'Beyond fault and the Westralia deposit; and
- areas to the north of Westralia and south of Morgans North which have only been tested with superficial shallow drilling.

Figure 5.7 shows where previous mining and drilling has occurred and indicates the location of certain target areas.

**Figure 5.7 - Westralia Long Section**



Note: All drilling intersections beneath the mine workings and the existing resource limits are shown in Figure 5.7.

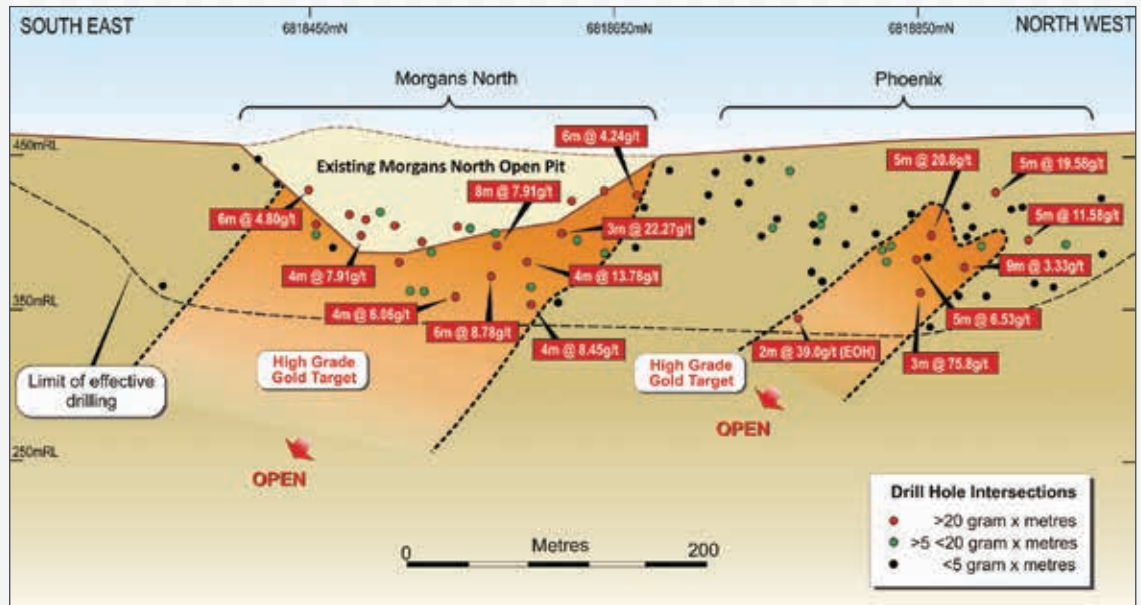
### Morgans North

The Morgans North deposit has not been drilled below 120m from the surface. A number of drill holes to the north of the pit have returned high grade results which have yet to be followed up.

Two zones of high grade gold mineralisation have been identified in previous drilling. One of these is beneath the existing Morgans North pit, and the other is 200m north along the BIF where limited previous shallow drilling has returned significant intersections in the Phoenix area which require follow up drilling.

The two zones, previous drilling and target areas are shown in Figure 5.8.

**Figure 5.8 – Morgans North Long Section**



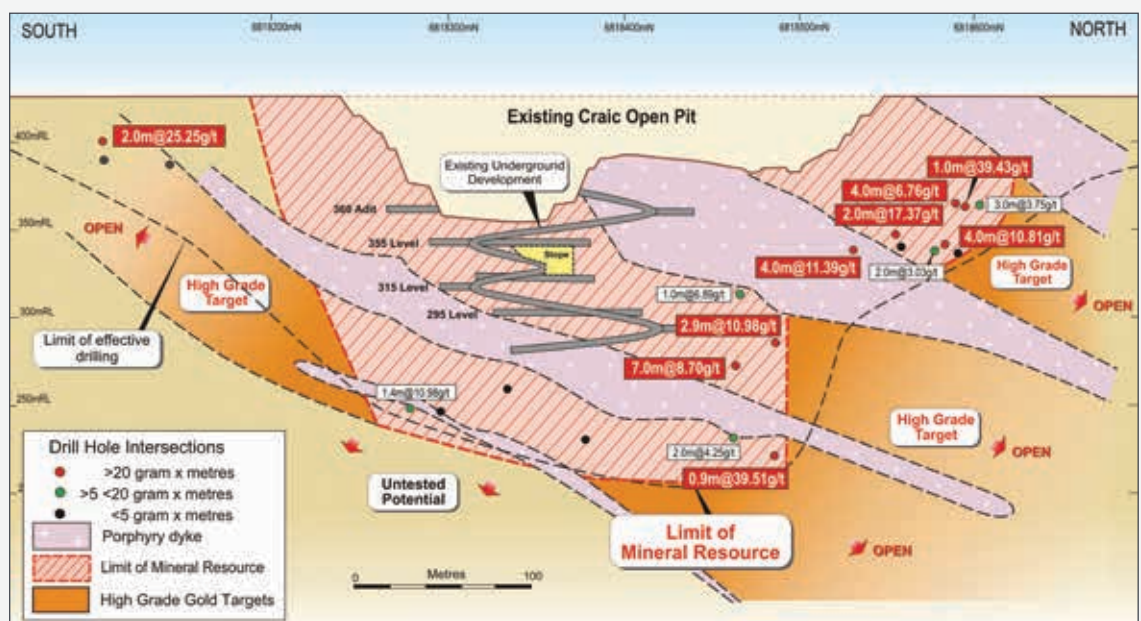
Note: All drilling intersections beneath or to the north of the existing pit are shown in Figure 5.8.

#### Craic

At Craic, high grade gold mineralisation appears to remain open down plunge to the north of the deposit and below the developed underground mine. This represents an excellent opportunity to define a direct extension to the already defined high grade Mineral Resource.

Figure 5.9 shows the Craic deposit, including the existing mine, previous drilling and target areas.

**Figure 5.9 – Craic Long Section**



Note: All drilling intersections beneath the mine workings and existing resource boundary are shown in Figure 5.9.



## 5. COMPANY OVERVIEW - CONTINUED

### *Transvaal – Ramornie – Ramornie North*

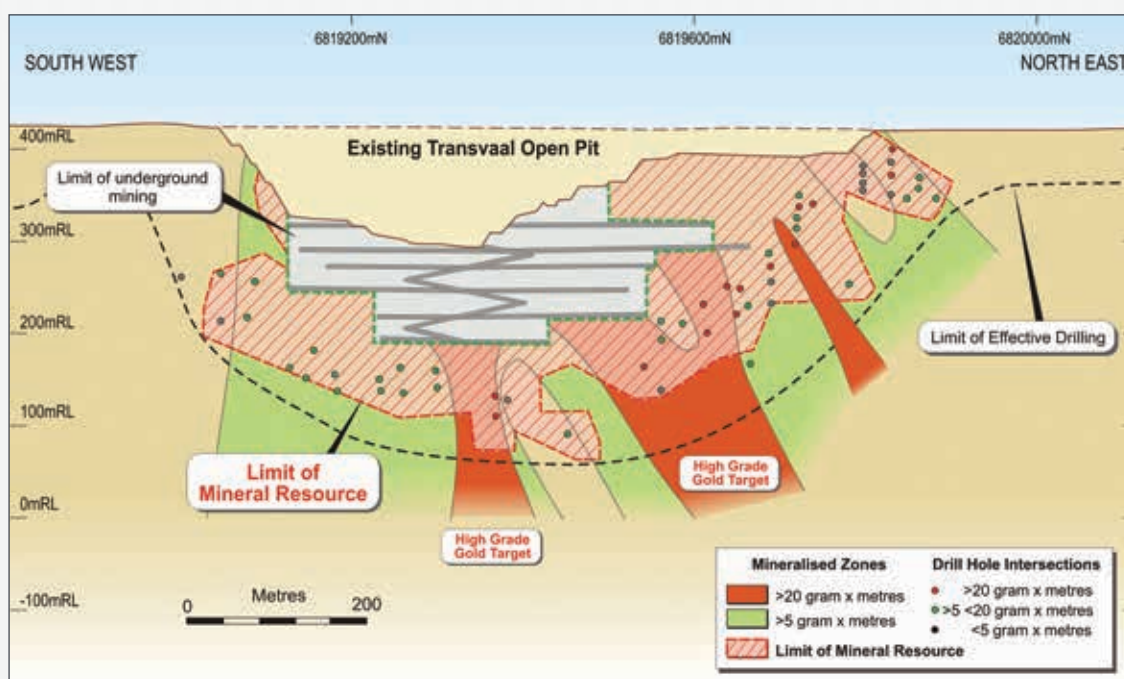
Three mines have been developed on the Transvaal – Ramornie shear corridor including the Ramornie open pit (mined to 45m depth), the Ramornie North open pit (mined to 30m depth) and the Transvaal open pit and underground mine (mined to 230m depth). These pits, underground mine and related drill holes are shown in Figures 5.10, 5.11, 5.12 and 5.13.

Remaining exploration targets include:

- testing for high grade gold mineralisation extending below the pit floors at all three mines where minimal drill testing has shown high grade results; and
- testing along the Transvaal-Ramornie shear corridor which has generally only been tested with shallow RAB geochemical drilling and has the potential for significant lodes at depth.

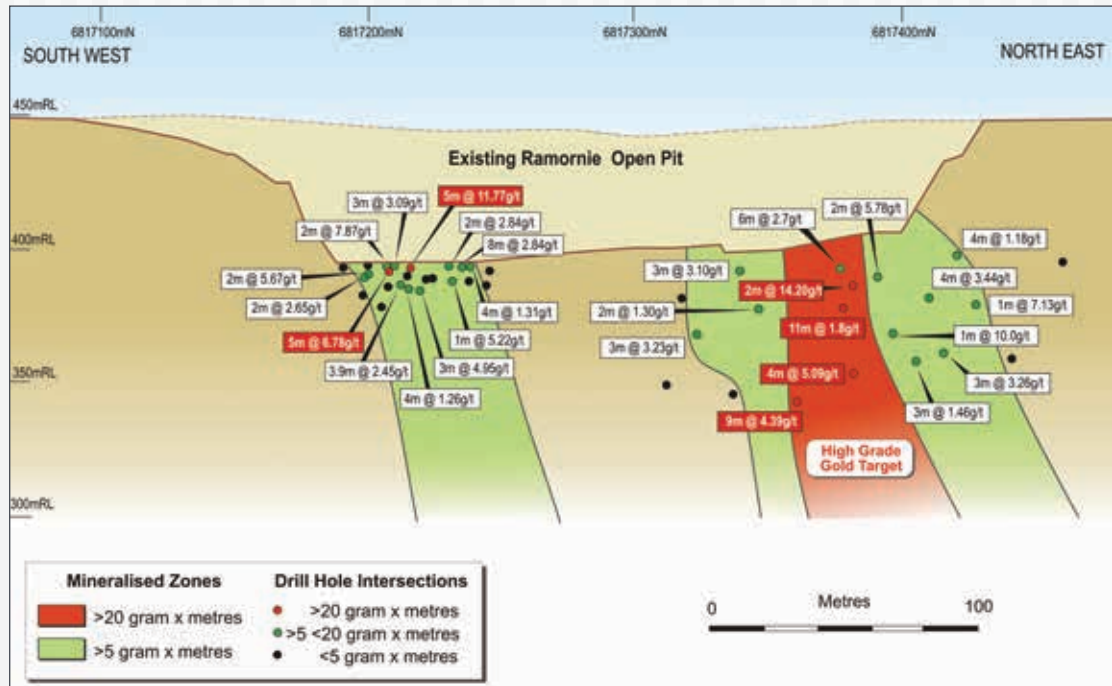
The exploration targets along the Transvaal – Ramornie corridor are shown in Figure 5.14.

**Figure 5.10 – Transvaal Long Section**



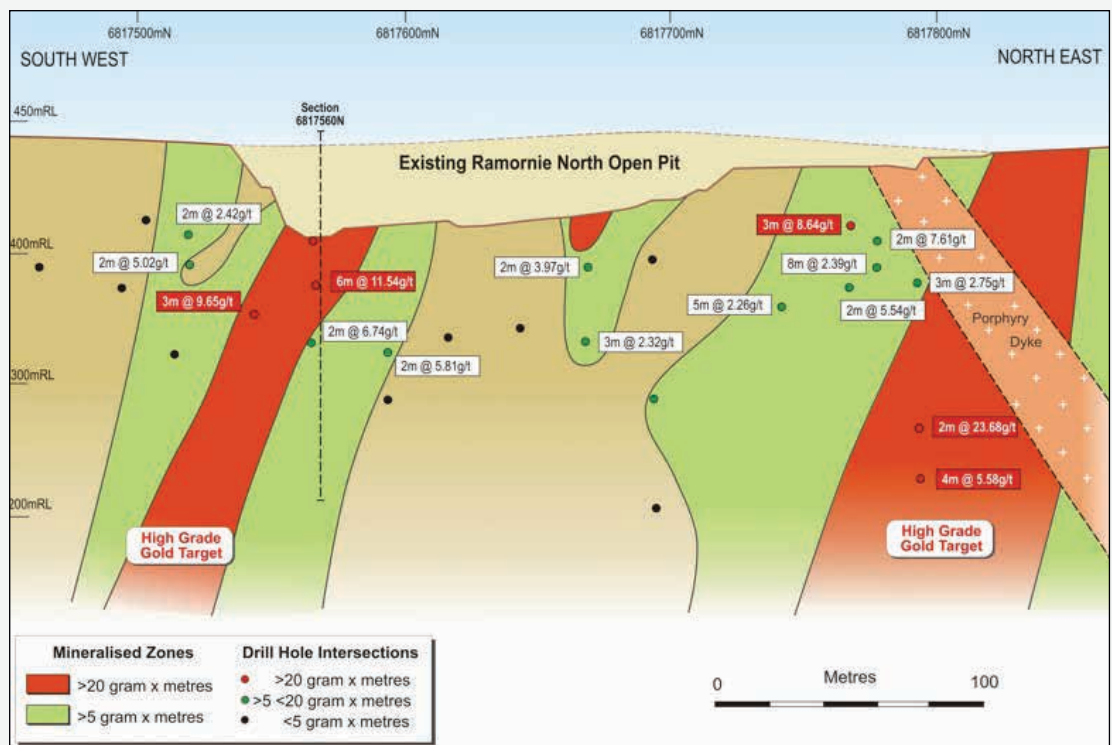
Note: All drilling intersections beneath the mine workings and at the base of, or below, the existing resource boundary are shown in Figure 5.10.

**Figure 5.11 – Ramornie Long Section**



Note: All drilling intersections beneath the existing open pit are shown in Figure 5.11.

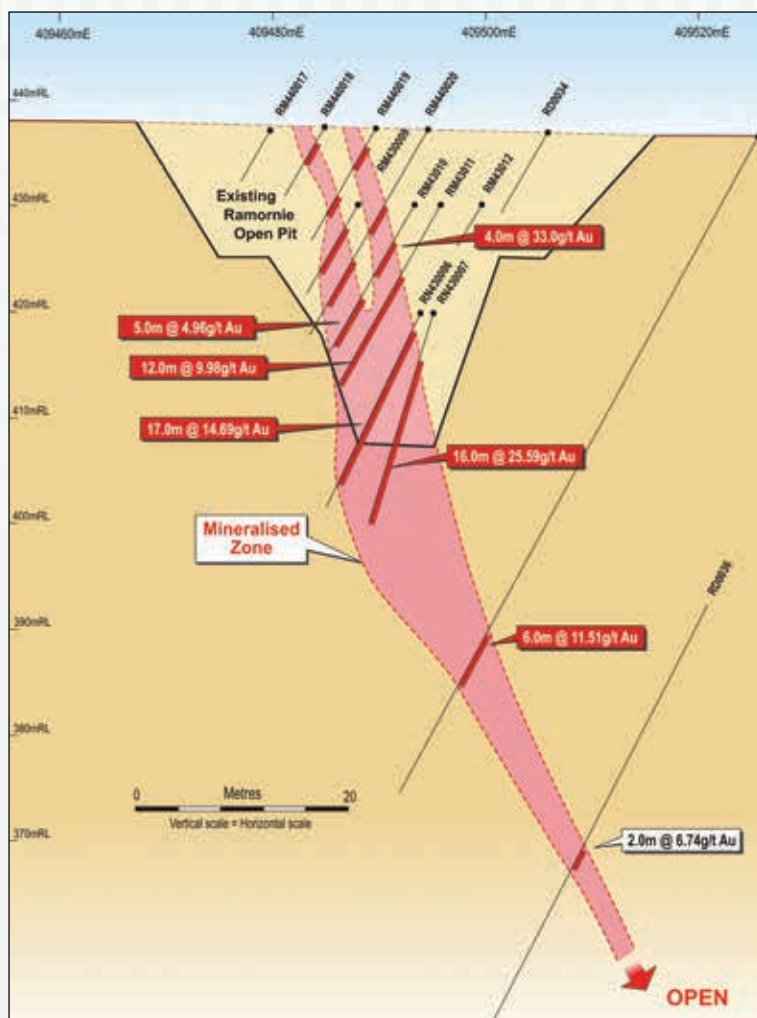
**Figure 5.12 – Ramornie North Long Section**



Note: All drilling intersections beneath the existing open pit are shown in Figure 5.12.

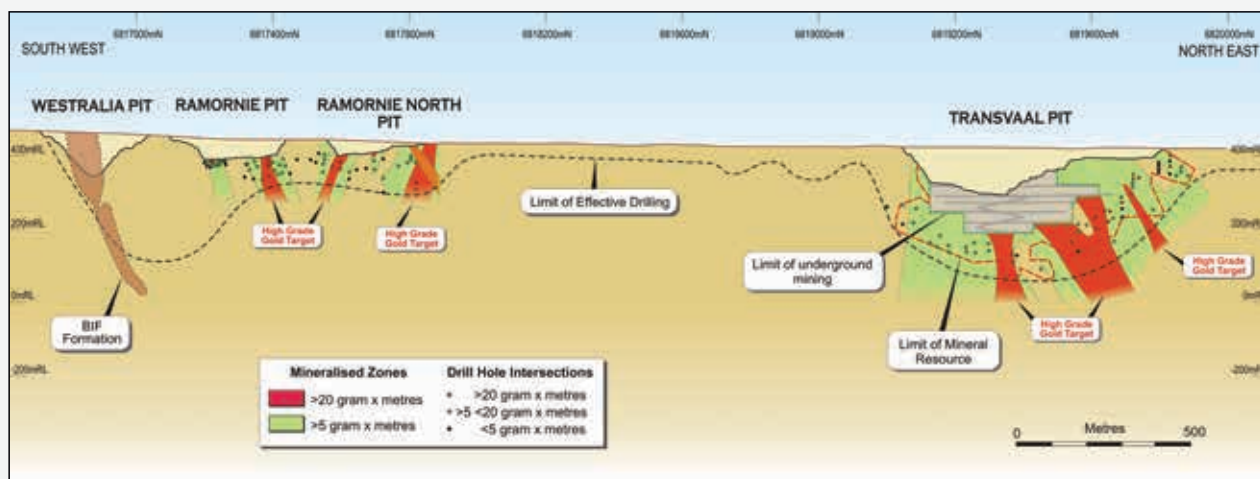
## 5. COMPANY OVERVIEW - CONTINUED

**Figure 5.13 – Ramornie North Cross Section**



Note: Lines marked with rectangular red boxes show drill holes with intercepts (width at g/t Au).

**Figure 5.14 - Transvaal Ramornie Corridor Exploration Targets**



Note: In Figure 5.14, no drilling intersections exist below the limit of effective drilling.



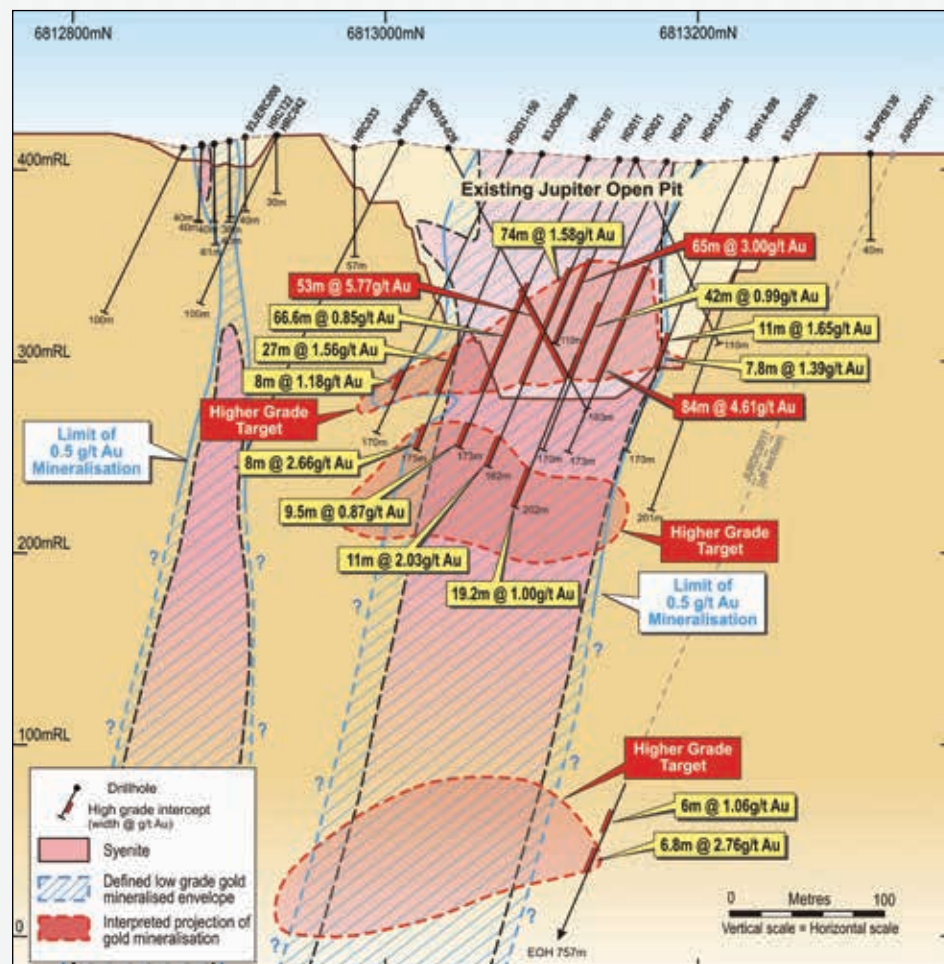
### Jupiter

The Jupiter deposit is hosted by syenite intrusions. It was discovered in the 1980s and mined in the 1990s. The Jupiter deposit has been mined at the interconnected Joanne and Jenny pits and includes the following targets:

- mineralisation which is open to the north east (and down dip) of the Joanne pit and is tested below 150m by only one drill hole which itself intersected zones of gold mineralisation; and
- an interpreted improving gold grade in the Jenny pit mineralisation which remains open to the north below the Joanne pit.

Figure 5.15 shows the open mine pit and related drilling holes at the Jupiter deposit.

**Figure 5.15 – Jupiter Cross Section**



### Jupiter Region - The Wallaby Analogy

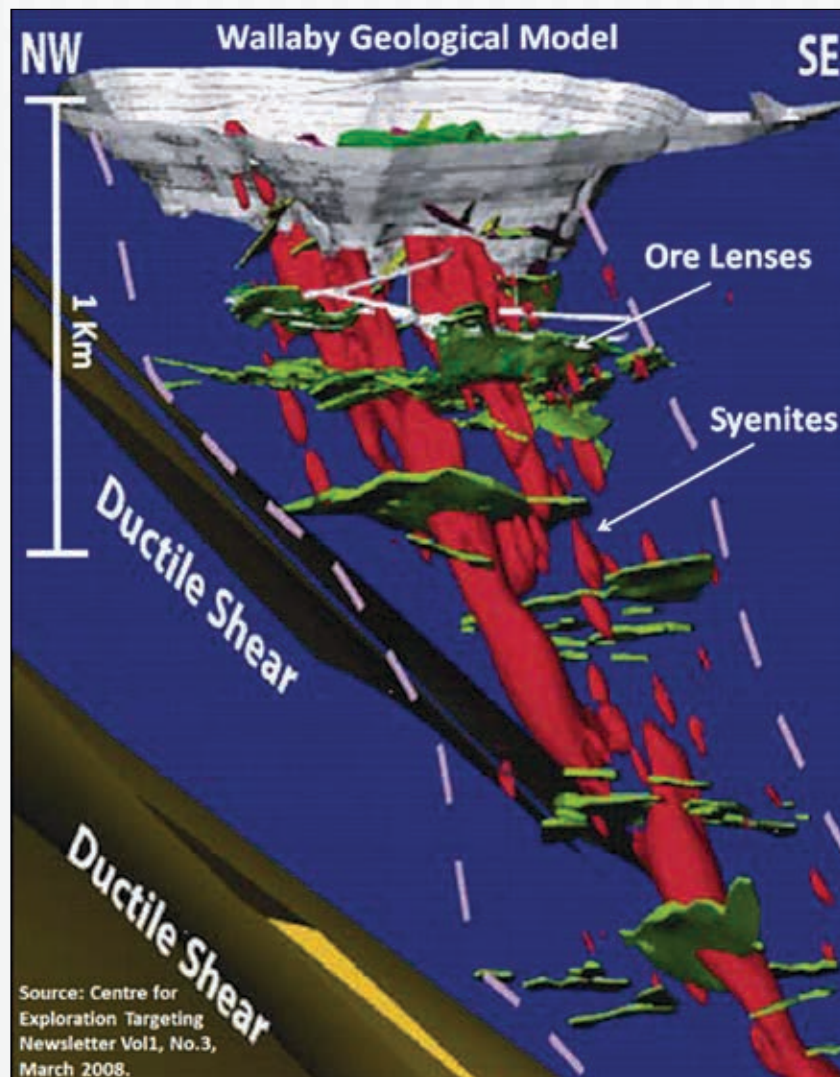
Immediately south of the Jupiter mine, drilling has defined two gold mineralised syenite bodies (Heffernans Find and Jupiter South) which host substantial gold mineralisation including zones of flat dipping, high grade mineralisation analogous to the nearby Wallaby deposit. Figure 5.16 is a geological model of the Wallaby deposit showing the broad geological framework of that deposit. It is interpreted that the three syenite bodies described above (at Jupiter, Heffernans Find and Jupiter South) are part of a single intrusive syenite complex.

## 5. COMPANY OVERVIEW - CONTINUED

Drilling in the area rarely extends beyond 60-80m depth and further testing is required at depth and between the areas of defined gold mineralisation to delineate the full potential of this area. Jupiter South is located approximately 1 kilometre south of the existing Jupiter mine site.

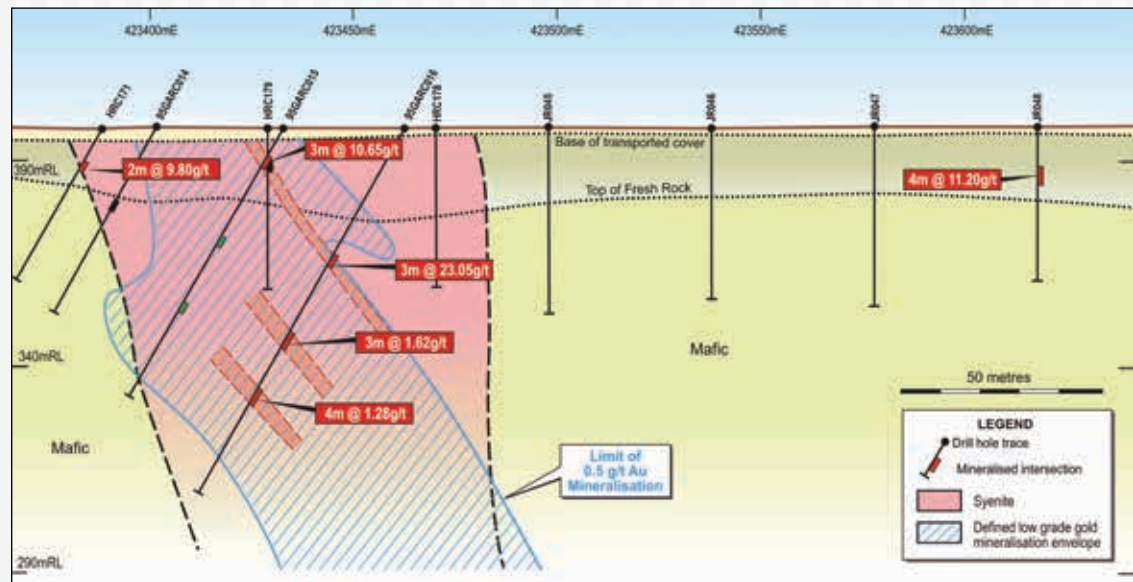
A cross section through the Jupiter South prospect showing drill holes and target areas is shown in Figure 5.17.

**Figure 5.16 – Wallaby Geological Model**





**Figure 5.17 – Jupiter South Cross Section 6,811,750N**



#### 5.4.2 Further Exploration on the Tenements

In addition to the targets described above, excellent potential remains at the Project for the discovery of new deposits given large areas of the project are covered by lake sediments or alluvial cover and have not been subject to modern exploration techniques. Targets include:

##### *Cameron Well*

- further testing of the defined syenite hosted high grade mineralisation that may be analogous to that observed at the Wallaby and Jupiter deposits; and
- testing the limits of the broadly defined gold mineralisation that has been intersected by shallow RAB drilling of magnetic targets and exploring depth extents of this mineralisation.

##### *Mount Marven*

The Mount Marven deposit lies on the north trending Mount Margaret shear, south of the Mount Margaret community. Features of the Mount Marven deposit include:

- Dominion Mining Limited mined 20,000oz of gold in 1996 and there has been no drilling since mining operations concluded;
- Plutonic Resources Limited reviewed the drilling data in 1997 and concluded that a small resource remained within 20m of the historical pit boundaries; and
- rock chip sampling suggests that the mineralisation of this deposit continues to the south, but little other work has been done in the Mount Marven area.

## 5. COMPANY OVERVIEW - CONTINUED

### *Rainbow Bore*

Several high grade gold drilling results have been returned from broad space drilling over two kilometres along the Rainbow Bore BIF. More work is required to investigate this mineralisation to test its depth potential and possible economic significance.

### 5.5 MOUNT MORGANS PROJECT BUDGET

An exploration budget has been prepared to cover the first two years after listing, with approximately \$13.6 million being spent across resource extension and regional exploration, as set out below:

**Table 5.3 – Exploration Budget**

Program	Activity	Year 1 (\$m)	Year 2 (\$m)	Total (\$m)
Drilling of known deposits (Resource Extension)	RC Drilling & Sampling	1.00	1.50	2.50
	Diamond Drilling & Sampling	1.60	2.40	4.00
	Estimation & Evaluation Studies	0.20	0.25	0.45
	<b>Sub Total</b>	<b>2.80</b>	<b>4.15</b>	<b>6.95</b>
Exploration of new areas (Other Exploration)	Geology & Geophysics	0.25	0.00	0.25
	Geochemical Drilling & Surface Sampling	0.60	0.40	1.00
	RAB and RC Drilling & Sampling	1.60	1.60	3.20
	<b>Sub Total</b>	<b>2.45</b>	<b>2.00</b>	<b>4.45</b>
Rents and Rates		0.67	0.70	1.37
Site Administration & Overheads		0.40	0.40	0.80
<b>Total</b>		<b>6.32</b>	<b>7.25</b>	<b>13.57</b>

As illustrated, the majority of the exploration budget comprises drilling and sampling costs. It is expected that 50-60,000m of reverse circulation drilling, 20-30,000m of diamond drilling and 20,000m of RAB and air core drilling will be completed on the Tenements in the first two years after listing as described in this Section 5.

The majority of the planned expenditure on resource extension targets will occur mainly on Tenements M39/18 and M39/228. The initial expenditure on other exploration targets is expected to occur on Tenements M39/236 (Jupiter), M39/287 (Cameron Well) and M39/745 (Rainbow Bore).



# SECTION

BOARD, MANAGEMENT AND  
CORPORATE GOVERNANCE

6

## 6. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE



### 6.1 BOARD OF DIRECTORS

The Company will be led by a Board comprising three non-executive Directors and the Managing Director. All Directors have experience sitting on the boards of other ASX-listed entities, and each has extensive experience in the mining or mining service industries.

#### **Rohan Williams** **Non-Executive Chairman**

*BSc (Hons), MAusIMM*

Mr Williams was founding Chief Executive Officer and Managing Director of Avoca Resources Ltd, and led that company from its \$7 million exploration initial public offering in 2002 until its merger with Anatolia Minerals Development Company in 2011 to form Alacer Gold Corporation, which valued Avoca Resources Ltd at \$1 billion. At the time of the merger, Avoca Resources Ltd was the third largest ASX-listed Australian gold producer.

Mr Williams served as the merged group's Chief Strategic Officer until the end of 2011 and remains a non-executive director of Alacer Gold Corporation as at the date of this Prospectus.

Prior to his time with Avoca Resources Ltd, Mr Williams worked with WMC Resources Ltd where he held the positions of Chief Geologist at the St Ives gold mines and the Norseman gold operation. Mr Williams has 25 years of mining experience, including over 19 years experience working in the Kalgoorlie-Norseman gold belt.

As Mr Williams controls Vitesse Pty Ltd, which is expected to be a substantial Shareholder on completion of the Offer, he is not considered independent.

#### **Paul Payne** **Managing Director**

*B App Sc, Grad Dip Min Ec, Grad Cert (Geostats), MAusIMM*

Mr Payne is a geologist with 25 years industry experience encompassing exploration, mining geology, resource estimation and project development, including three years as Geology Superintendent at the Mount Morgans gold mine.

Having served in senior roles with various Australian mining companies including Plutonic Resources Limited, Normandy NFM Limited and Dominion Mining Limited, Mr Payne has a wealth of experience in project evaluation.

Mr Payne has also had extensive involvement with international gold projects spanning exploration, feasibility studies, development work and mine establishment.

In 1998 Mr Payne founded the successful resource consulting business Resource Evaluations Pty Ltd which he managed until its sale to the ASX-listed Runge Limited in 2007.



From left to right.

**Rohan Williams**

Non-Executive Chairman

**Paul Payne**

Managing Director

**Barry Patterson**

Non-Executive Director

**Robert Reynolds**

Non-Executive Director

Prior to joining Dacian, Mr Payne served as Technical Director of Bright Star Resources Limited from February 2011 until the June 2012 merger of that company with Rift Valley Resources Limited.

Mr Payne has post graduate qualifications in Mineral Economics and Geostatistics.

As Mr Payne is an executive Director, he is not considered independent. Details of Mr Paul Payne's Executive Services Agreement are set out in Section 12.3.

**Barry Patterson**  
**Non-Executive Director**

*ASMM, MAusIMM, FAICD*

Mr Patterson is a mining engineer with over 50 years of experience in the mining industry and is a co-founder and non-executive Chairman, of ASX listed GR Engineering Limited.

Mr Patterson was also a founding shareholder of leading engineering services provider JR Engineering, which became Roche Mining Limited after being taken over by Downer EDI Limited in 2002. He also co-founded contract mining companies Eltin Mining Limited, Australian Mine Management Pty Ltd and National Mine Management Pty Ltd.

Mr Patterson has served as a director of a number of public companies across a range of industries. He was formerly the non-executive chairman of Sonic Healthcare Limited for 11 years, during which time the company's market capitalisation increased from \$20 million to \$4 billion, and Silex Systems Limited.

Mr Patterson is considered to be an independent Director. Details of interests in the Company that are held directly or indirectly by Mr Patterson are set out in Section 13.11.

**Robert Reynolds**  
**Non-Executive Director**

*CA, MAICD, MAusIMM*

Mr Reynolds was the non-executive Chairman of Avoca Resources Limited from 2002 until it merged with Anatolia Minerals Development Limited in 2011, and has extensive experience in mineral exploration, development and mining operations.

A Chartered Accountant with over 35 years of commercial experience in the mining sector, Mr Reynolds has worked on mining projects in a number of locations including Australia, Africa and across the Oceania region.

Mr Reynolds was a long term director of Delta Gold Limited and was a director of Extonne Gold Mines Limited when it was acquired by Yamana Gold Inc. for CAD\$414 million on 22 August 2012. Mr Reynolds also currently holds directorships with Rugby Mining Limited, Exeter Resource Corporation and Convergent Minerals Limited.

Mr Reynolds is considered to be an independent Director. Details of interests in the Company that are held directly or indirectly by Mr Reynolds are set out in Section 13.11.

## 6. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE - CONTINUED

### 6.2 MANAGEMENT, CONSULTANTS AND CONTRACTORS

The Company considers it is important to retain experienced, skilled and motivated employees to successfully supervise the exploration and (if successful) development of the projects in which the Company has, or will in the future have, an interest. The Board will continually monitor the management and staffing roles in the Company to achieve this outcome.

The Company intends to retain the services of an experienced Exploration Manager to manage the Company's exploration program after the Company has listed on ASX.

As the exploration program is implemented, the Company will look to retain the services of experienced mining services companies to perform the required works on terms that are satisfactory to the Company.

### 6.3 CORPORATE GOVERNANCE

The Board is responsible for the overall corporate governance of the Company, including establishing and monitoring key performance goals. It is committed to attaining standards of corporate governance that are commensurate with the Company's needs. In this regard, the Board has created a framework for managing the Company, including internal controls and a business risk management process. This framework is reflected, in part, in the policies and charters described in this Section 6.

The Board endorses The ASX Corporate Governance Council Principles and Recommendations (2nd Edition) as amended from time to time (ASX Recommendations) and has adopted the ASX Recommendations that are considered appropriate for the Company given its size and the scope of its proposed activities. Details of the Company's compliance with the ASX Recommendations are set out in Section 6.4.

In light of the Company's current stage of development, size and proposed operations, the Board considers that its current composition is appropriate. As the Company's activities change in nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed and may change.

The Company's corporate governance policies and practices as at the date of this Prospectus are outlined below and are available on the Company's website ([www.daciangold.com.au](http://www.daciangold.com.au)):

#### Board Charter

The Board guides and monitors the business and management of the Company. Under its Charter, the Board is responsible for, amongst other things:

- (i) corporate governance and the strategic direction of the Company;
- (ii) protecting and enhancing Shareholder value;
- (iii) supervising the Company's framework of control and accountability systems;
- (iv) reviewing performance and responsibilities within the Company to ensure division of functions are appropriate to the Company's needs and that the Company is properly managed;
- (v) monitoring and managing the financial performance of the Company;
- (vi) approving the annual budget and statutory reports;
- (vii) developing and implementing the Company's policies and procedures and assessing their adequacy;
- (viii) monitoring and ensuring compliance with the Company's continuous disclosure obligations;
- (ix) convening and attending general meetings of Shareholders; and
- (x) assessing and approving all transactions which would impact on Shareholder value and, where relevant, make recommendations to shareholders.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully informed basis.

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### **Audit Committee Charter**

The Board has adopted an Audit Committee Charter which outlines the composition of the committee, its purpose, its responsibilities and requirements of its meetings. In summary the audit committee is responsible for ensuring the integrity of the Company's financial statements, the effectiveness of financial reporting and liaison with the Company's auditor. Until the size and/or activities of the Company warrant the creation of a separate audit committee, the committee will be comprised of the full Board.

### **Remuneration Committee Charter**

The Board has adopted a Remuneration Committee Charter which outlines the composition of the committee, its role, its responsibilities, its authority, and requirements of its meetings. In summary the remuneration committee is responsible for preparing and reviewing the Company's strategy with regard to remunerating, recruiting, incentivising, retaining and (where appropriate) terminating the Company's executives, non-executive directors and employees. Until the size and / or activities of the Company warrant the creation of a separate remuneration committee, the committee will be comprised of the full Board.

### **Code of Conduct for Directors, Senior Executives and Employees**

The Board has adopted a Code of Conduct for Directors, senior executives and employees to promote ethical and responsible decision making and execution of their roles and responsibilities. The code is based on a code of conduct prepared by the Australian Institute of Company Directors.

### **Continuous Disclosure Policy**

Once listed, and subject to the exceptions contained in the Listing Rules, the Company will be required to disclose to ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material impact on the price or value of Shares.

The Company is committed to observing its disclosure obligations under the Corporations Act and the Listing Rules. The policy encourages a culture of openness which is conducive to fulfilment of the Company's disclosure obligations and creates clear lines of communication and authority with regard to the dissemination of information and continuous disclosure issues. The Company Secretary is responsible for co-ordinating and overseeing the disclosure of information to ASX. In accordance with this policy, all information provided to ASX will be made available on the Company's website **[www.daciangold.com.au](http://www.daciangold.com.au)**.

### **Share Trading Policy**

The Company has adopted a Share Trading Policy to maintain investor confidence in the integrity of Company's internal controls and procedures, and to provide guidance on avoiding any breach of insider trading laws.

Under the policy, all employees and Directors are prohibited from trading in the Company's securities, except during a 10 day trading window that opens 24 hours after the Company makes a public announcement on ASX, including after a general meeting, and on disclosure of half year, full year and quarterly results. Before performing the trade, the relevant person must obtain consent from the Chief Executive Officer or, if the Chief Executive Officer is unavailable, the Chairman.

An employee or Director who is in possession of price sensitive information which is not generally available to the market must not deal in the Company's securities at any time, even if a trading window is open.

In addition, a Director who wishes to trade in the Company's securities must first inform the Board of their intention to trade.

### **Directors' Disclosure Obligations**

This policy provides that, in addition to Corporations Act disclosures, any change in a Director's direct or indirect interest in Company securities must be disclosed to the Company so that appropriate disclosure can be made by the Company to ASX in accordance with the Listing Rules.



## 6. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE - CONTINUED

### Shareholder Communications Policy

This policy details how the Company is committed to keeping Shareholders apprised of the Company's activities, including by providing regular communications that are balanced and understandable, ensuring information is easily accessible, and facilitating Shareholder participation in the Company's general meetings.

### Risk Management Policy

The Chief Executive Officer is primarily responsible for administering this policy, which sets out the way in which various types of risk are to be managed, including by reviews of internal controls, financial reporting, operational activities, investment proposals and environmental and safety risks.

### Environment Policy

The Company recognises that it has a fundamental requirement to conduct its proposed activities in an environmentally responsible manner. Under this policy, the Company will develop an environmental management system to ensure legislative compliance, high levels of employee awareness, stakeholder participation when developing project systems, best practice performance by contractors and continual improvement in respect of environmental protection issues and hazard minimisation.

### Diversity policy

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled Board and workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, and a work environment that values and utilises the contributions of all employees, irrespective of gender, culture, disability, age or religion. In accordance with this policy, the Company will employ and reward staff based on merit.

## 6.4 COMPLIANCE WITH ASX RECOMMENDATIONS

Following admission to the Official List, the Company will be required to report any departures from ASX Recommendations in its annual financial report.

The Company's compliance with, and departures from, the ASX Recommendations as at the date of the Prospectus are set out below. Where the Company has departed from the ASX Recommendations, it has done so due to its size, stage of development and proposed operations, as set out in Section 6.3.

ASX RECOMMENDATION	COMPANY'S COMMENT
<b>1. Lay solid foundations for management and oversight</b>	
1.1. Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	The Board has adopted a Board Charter which defines the respective roles of the Board and senior management and decision making processes.
1.2. Companies should disclose the process for evaluating the performance of senior executives.	The Board does not have a formal policy for the evaluation of the performance of its senior executives. As the Company grows, the Board intends to establish formal, quantitative and qualitative performance evaluation procedures.
1.3. Companies should provide the information indicated in the Guide to report on Principle I.	The Company has provided the information indicated in the Guide in this Prospectus and will publish the relevant policies on its website.



ASX RECOMMENDATION	COMPANY'S COMMENT
<b>2. Structure the board to add value</b>	
2.1. As half of the Board Members are considered independent, the Company does not comply with Recommendation 2.1.	As a majority of Board members are not considered to be independent, the Company does not comply with Recommendation 2.1.
2.2. The chair should be an independent director.	The Chairman, Mr Rohan Williams, is not considered as independent, and as such the Company does not comply with Recommendation 2.2.
2.3. The roles of chair and chief executive officer should not be exercised by the same individual.	The roles of Chairman and Chief Executive Officer are carried out by separate individuals, and as such the Company complies with Recommendation 2.3.
2.4. The board should establish a nomination committee.	The Company does not have a separate Nomination Committee and does not comply with Recommendation 2.4. The selection and nomination of Directors will be carried out by the full Board.
2.5. Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	The Company does not have a formal process for the evaluation of the performance of the Board and as such does not comply with Recommendation 2.5. Until such time as a formal process is developed, the Chairman will assess the performance of the Directors and the Board will assess the performance of management.
2.6. Companies should provide the information indicated in the <i>Guide to reporting on Principle 2</i> .	The Company has provided the information indicated in the Guide in this Prospectus.
<b>3. Promote ethical and responsible decision making</b>	
3.1. Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> <li>the practices necessary to maintain confidence in the company's integrity;</li> <li>the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and</li> <li>the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul>	<p>The Board has adopted a Code of Conduct that applies to Directors, executives and employees of the Company and as such complies with Recommendation 3.1.</p> <p>A copy of the Code of Conduct will be made available on the Company's website.</p>
3.2. Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	The Board has adopted a Diversity Policy that details the purpose of the policy and employee selection and appointment guidelines, and as such complies with Recommendation 3.2.

## 6. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE - CONTINUED

ASX RECOMMENDATION	COMPANY'S COMMENT
3.3. Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress in achieving them.	The Company will disclose in its annual report its measurable objectives for achieving gender diversity and its progress towards achieving them, and as such will comply with Recommendation 3.
3.4. Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	The Company will disclose in its annual report the proportion of women employees in the Company, women in senior executive positions and women on the Board, and as such will comply with Recommendation 3.
3.5. Companies should provide the information indicated in the <i>Guide to reporting on Principle 3</i> .	The Company has provided the information indicated in the Guide in this Prospectus and will publish the relevant policies on its website.
<b>4. Safeguard integrity in financial reporting</b>	
4.1. The board should establish an audit committee.	The Company does not have a separate Audit Committee and as such does not comply with Recommendation 4.1. The full Board will carry out the function of an Audit Committee. The Board believes that the Company is not of sufficient size to warrant a separate Audit Committee and that the full Board is able to meet objectives of best practice and discharge its duties in this area.
4.2. The audit committee should be structured so that it: <ul style="list-style-type: none"> <li>• consists only of non-executive directors;</li> <li>• consists of a majority of independent directors;</li> <li>• is chaired by an independent chair, who is not chair of the board; and</li> <li>• has at least three members.</li> </ul>	The Company does not have a separate Audit Committee and as such does not comply with the composition requirements of Recommendation 4.2.
4.3. The audit committee should have a formal charter.	The Company does not have a separate Audit Committee and as such does not comply with Recommendation 4.3. The Board has adopted a formal Audit Committee Charter.
4.4. Companies should provide the information indicated in the <i>Guide to reporting on Principle 4</i> .	The Company has provided the information indicated in the Guide in this Prospectus and will publish the relevant policies on its website.

ASX RECOMMENDATION	COMPANY'S COMMENT
<b>5. Make timely and balanced disclosure</b>	
5.1. Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those.	The Board has adopted a Continuous Disclosure Policy and practice note on Directors' Disclosure Obligations that are designed to ensure compliance with the ASX Listing Rules requirements, in accordance with Recommendation 5.1.
5.2. Companies should provide the information indicated in <i>Guide to reporting on Principle 5</i> .	The Company has provided the information indicated in the Guide in this Prospectus and will publish the relevant policies on its website.
<b>6. Respect the rights of shareholders</b>	
6.1. Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	The Board encourages security holder participation at general meetings and has adopted a Shareholder Communication Policy that is designed to ensure that communications with its security holders are effective and clear. A copy of the Shareholder Communication Policy will be made available on the Company's website. As such, the Company complies with Recommendation 6.1.
6.2. Companies should provide the information indicated in the <i>Guide to reporting on Principle 6</i> .	The Company has provided the information indicated in the Guide in this Prospectus and will publish the relevant policies on its website.
<b>7. Recognise and manage risk</b>	
7.1. Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The Board has adopted a Risk Management Policy which sets out a framework for a system of risk management and internal compliance and control, whereby the Board delegates day to day management of risk to the Chief Executive Officer. A copy of the Risk Management Policy will be made available on the Company's website. As such, the Company complies with Recommendation 7.1.
7.2. The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	The Board will require that management design, implement and report on risk management and internal control systems to manage the Company's material business risks. The Board intends to report on the matters required by Recommendation 7.2.

## 6. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE - CONTINUED

ASX RECOMMENDATION	COMPANY'S COMMENT
7.3. The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	The Board has not required the Chief Executive Officer or Chief Financial Officer to provide the assurances required by section 295A of the Corporations Act to date, but intends to do so once the Company is listed on ASX.
7.4. Companies should provide the information indicated in <i>Guide to reporting on Principle 7</i> .	The Company has provided the information indicated in the Guide in this Prospectus and will publish the relevant policies on its website.
<b>8. Remunerate fairly and responsibly</b>	
8.1. The Board should establish a remuneration committee.	The Board does not have a separate Remuneration Committee and as such does not comply with Recommendation 8.1. Remuneration arrangements for Directors and senior executives are determined by the full Board (excluding the relevant Director in question). Given its size and the scope of its current operations, the Board considers that the Company is effectively served by the full Board acting as a whole in respect of remuneration matters.
8.2. The remuneration committee should be structured so that it: <ul style="list-style-type: none"> <li>• consists of a majority of independent directors;</li> <li>• is chaired by an independent director; and</li> <li>• has at least three members.</li> </ul>	The Board does not have a separate Remuneration Committee and as such does not comply with Recommendation 8.2.
8.3. Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	As set out in Sections 3.9 and 12.3, executive Directors are paid more than non-executive Directors, commensurate with their day-to-day responsibilities. Non-executive remuneration is paid from a pool set aside for this purpose. The maximum amount of the pool is determined by Shareholder resolution and is currently set at \$500,000. The Board determines, as appropriate, the quantum of executive Director remuneration.
8.4. Companies should provide the information indicated in the <i>Guide to reporting on Principle 8</i> .	The Company has provided the information indicated in the Guide in this Prospectus and will publish the relevant policies on its website.



# SECTION

## RISK FACTORS

7

## 7. RISK FACTORS

### 7.1 INTRODUCTION

There are a number of factors, both specific to the Company and of a general nature, which may, either individually or in combination, affect the future operation, exploration, development and financial performance and/or financial position of the Company, its prospects, and/or the value of the Shares. Many of the circumstances giving rise to these risks are beyond the control of the Company, the Directors or its management.

This Section identifies the areas the Directors regard as the major risks associated with an investment in the Company that an investor would reasonably regard as material and which investors and their professional advisers would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of the Offer. The list of risk factors identified below ought not to be taken as exhaustive. There may also be additional risks (including financial and taxation risks) that you should consider in light of your own personal circumstances.

An investment in the Company should be considered speculative. Such an investment involves a number of risks that may be greater than the risks associated with an investment in other companies. It is not expected that the Company will make a profit in the short to medium term. As such, the Shares carry no guarantee with respect to the payment of dividends, return of capital or capital appreciation.

The Directors strongly recommend that potential investors:

- i) consider the risk factors set out in the Section, together with the information contained elsewhere in this Prospectus, and their own personal circumstances before deciding whether to apply for Shares; and
- ii) seek professional advice from a stockbroker, lawyer, accountant or other professional adviser before deciding whether to apply for Shares.

### 7.2 COMPANY SPECIFIC RISK FACTORS

The Directors consider that there are number of risk factors specific to the Company and its circumstances that should be taken into account before a potential investor decides to invest in the Company. These are set out in this Section 7.2.

#### a) Exploration and development

The Company intends to undertake an intensive, two year exploration drilling program on the Tenements that comprise the Mount Morgans Project. In the event that the planned drilling program produces poorer than expected results, the value of the Company's assets and the viability of the Company's future operations may be significantly diminished.

The Tenements are at various stages of exploration, and potential investors should understand that mineral exploration and development are high risk enterprises that only occasionally provide high rewards. Even a combination of experience, knowledge and careful evaluation may not be able to overcome the inherent risk associated with exploring prospective tenements.

There can be no assurance that exploration of the Tenements (or any other tenements that may be acquired in the future), will result in the discovery of an economically viable deposit of gold or other minerals. In addition to the high average costs of discovery of an economic deposit, factors such as demand for commodities, fluctuating gold prices and exchange rates, limitations on activities due to weather, difficulties encountered with geological structures and technical issues, labour disruptions, problems obtaining project finance, stock price movements that affect access to new capital, counterparty risks on contracts, proximity to infrastructure (given the size of the area covered by the Tenements), changing government regulation (including with regard to taxes, royalties, the export of minerals, employment and environmental protection), Native Title issues and equipment shortages can all affect the ability of a company to profit from any discovery.

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If a viable mineral deposit is discovered, the Company will need to apply for a range of environmental and development authorisations which may or may not be granted on satisfactory terms. Even if an apparently viable mineral deposit is identified, there is no guarantee that it can be profitably mined.

The discovery of mineral deposits is dependent on a number of factors, including the technical skill of the exploration personnel involved and the success of the adopted exploration plan. In addition, there can be a time lag between the commencement of drilling and, if a viable mineral deposit is discovered, the commencement of commercial operations. Reasons for this include the need to build and finance significant infrastructure.

The exploration costs of the Company described in the Summary Independent Technical Report are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

Although the exploration program detailed in this Prospectus sets out the Company's current intentions, the actual expenditure and exploration work undertaken will depend on the results generated. As such, actual expenditure may differ from the budgeted expenditure presented in Section 5.5.

#### **b) Dependence on key personnel**

The Company is dependent on the experience of its Directors and Chief Executive Officer. Whilst the Board has sought to and will continue to ensure that Directors and any key employees are appropriately incentivised, their services cannot be guaranteed. Although the Managing Director and Chief Executive Officer, Mr Paul Payne, is retained under an Executive Services Agreement (see Section 12.3), there can be no assurance that his services will continue to be available to the Company on an indefinite basis. The loss of Mr Payne's or the other Directors' services to the Company may have an adverse effect on the performance of the Company pending replacements being identified and retained by or appointed to the Board of the Company.

As a result of demand for commodities and a strong pipeline of project development, Western Australia's mining industry is currently experiencing a skills shortage. As the Company grows, it will need to employ and retain appropriately motivated, skilled and experienced staff. Difficulties in attracting and retaining such staff may have an adverse effect on the performance of the Company.

#### **c) Commodity prices**

The value of the Company's assets may be affected by fluctuations in commodity prices and exchange rates, such as the USD and AUD denominated gold prices and the AUD / USD gold price.

These prices can fluctuate rapidly and widely, and are affected by numerous factors beyond the control of the Company. These factors include world demand for precious and other metals, forward selling by producers, and production cost levels in major metal producing regions. Other factors include expectations regarding inflation, the financial impact of movements in interest rates, gold price forward curves, global economic trends, confidence and conditions, and domestic and international fiscal, monetary and regulatory policy settings.

If the Company achieves exploration success which leads to viable mining production, its financial performance will be highly dependent on the prevailing commodity prices and exchange rates.

These factors can affect the value of the Company's assets and the supply and demand characteristics of gold, and may have an adverse effect on the viability of the Company's exploration, development and production activities, its ability to fund those activities and the value of its assets.

## 7. RISK FACTORS - CONTINUED

### **d) The Tenements**

Interests in tenements in Western Australia are governed by legislation and are evidenced by the granting of leases and licences by the State. The Company is subject to the Mining Act 1978 (WA) and the Company has an obligation to meet conditions that apply to the Tenements, including the payment of rent and prescribed annual expenditure commitments.

The Tenements held by the Company are subject to annual review and periodic renewal. The minimum annual expenditure requirements for a number of Tenements have not been met, the details of which are set out in the Solicitor's Report on Tenements which appears at Section 11. Although exemption applications have been lodged and are pending in respect of these Tenements (or will be lodged within time), if the exemptions are not granted, the failure to meet the expenditure requirements may result in forfeiture of the relevant Tenements.

It is the Company's intention to satisfy the conditions that apply to the Tenements. However, there are no guarantees that, in the future, the Tenements that are subject to renewal will be renewed or that minimum expenditure and other conditions that apply to the Tenements will be satisfied. If the conditions that apply to a Tenement are not satisfied, it may be subject to additional conditions, penalties, objections or forfeiture applications. Alternatively, applications, transfers, conversions or renewals in respect of such a Tenement may be refused, objected to or may not be approved with favourable terms. Any of these events could have a materially adverse effect on the Company's prospects and the value of its assets.

For further information on the Tenements refer to the Solicitor's Report on the Tenements in Section 11.

### **e) Grant of future authorisations to explore and mine**

The Company currently holds all material authorisations required to undertake its two year exploration program described in this Prospectus. However, many of the mineral rights and interests held by the Company are subject to the need for ongoing or new Government approvals, licences and permits which will change as the scope of the Company's operations develop. The granting and renewal of such approvals, licences and permits including work permits and environmental approvals are, as a practical matter, subject to the discretion of applicable Government agencies or officials.

If the Company discovers an economically viable mineral deposit that it intends to develop, it will, among other things, require various approvals, permit and licences before it will be able to mine the deposit, and need to satisfy certain environmental approval processes.

There is no guarantee that the Company will be able to obtain, or obtain in a timely fashion, all required approvals, licences or permits or satisfy all environmental approval processes. To the extent that required authorisations are not obtained or are delayed, the Company's operations may be significantly impacted.

### **f) Capital requirements**

The Company considers that, absent any unforeseen issues, it will have sufficient funds after completion of the Offer to meet its capital requirements for its proposed exploration program and other expenses described in Sections 3 and 5.

However, it may require additional financial resources to continue funding the future exploration, expansion and development, or a change in the development, of the Mount Morgans Project and any other tenements that it may acquire. It is difficult to predict the level of funding that may be required with any accuracy at this time. No assurance can be given that any such additional financing will be available or that, if available, it will be available on terms acceptable to the Company or its Shareholders.

If additional funds are raised through the issue of equity securities, the capital raising may be dilutive to Shareholders and such securities may, subject to requisite Shareholder approval, have rights, preferences or privileges senior to those of the holders of the Company's Shares then on issue. Debt finance, if available on terms acceptable to the Company, may involve restrictions on financing and operating activities.

If sufficient funds are not available from either debt or equity markets to satisfy the Company's short, medium or long-term capital requirements, when required, the Company may be required to limit the scope of its anticipated operations, which could adversely impact on its business, financial condition and value of its Shares.



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**g) The Company has a limited operating history**

The Company has a limited operational and financial history on which an evaluation of its future prospects can be based. Since the Company acquired the tenements, it has not performed any exploration of its own and is relying on historical geological information as the basis of its intended exploration plan. The prospects of the Company should be considered speculative in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly in the mineral exploration and production sectors, which have a high level of inherent uncertainty. Unless and until the Company is able to realise value from the Tenements (or any other tenements that it may acquire in the future), it is likely to incur ongoing operational losses. If the Company's business model does not prove capable of realising the value of the Tenements, investors may lose their investment.

**h) Dependence on external contractors**

The Company intends to outsource substantial parts of its exploration activities pursuant to services contracts with third party contractors. The Company has not yet entered into these formal agreements. Such contractors may not be available to perform services for the Company when required, or may only be willing to do so on terms that are not acceptable to the Company. Once in contract, performance may be constrained or hampered by labour disputes, plant, equipment and staff shortages, and default. Contractors may not comply with provisions in respect of quality, safety, environmental compliance and timeliness, which may be difficult to control. In the event that a contractor underperforms or their contract is terminated, the Company may not be able to find a suitable replacement on satisfactory terms within time, or at all. These circumstances could have a material adverse effect on the Company's operations and give rise to claims against the Company.

**i) Concentration of shareholding and liquidity**

Securities issued to seed investors and related parties prior to the listing of the Company on ASX may be designated as "restricted securities" by ASX. As such, a proportion of those securities, to be determined by ASX, may be required to be held in escrow for a period of up to two years from the date of official quotation on ASX. Details of securities of the Company on issue immediately before the completion of the Offer are set out in Section 4.6.

A significant sale of Shares by any one or more of those parties following expiry of the escrow period, or the perception that those sale may or have occurred, could adversely affect the price for Shares. Alternatively, the absence of any sale of those Shares may cause or at least contribute to an illiquid market for Shares. For details on the existing Shareholders' current intentions with regard to the sell down of their Shares, see Section 4.9.

**j) Ore Reserve and Mineral Resource Estimates**

Ore Reserve and Mineral Resource estimates are expressions of judgement based on knowledge, experience and industry practice. The reported estimates, which were valid when originally estimated, may alter significantly when new information or techniques become available. As the Company obtains new information through additional drilling and analysis, Ore Reserve and Mineral Resource estimates are likely to change. This may result in alterations to the Company's exploration, development and production plans which may, in turn, negatively affect the Company's operations and financial position.

In addition, by their very nature, Ore Reserve and Mineral Resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. The Company has reviewed historical drilling results and data produced by previous holders of the Tenements. These results have been utilised in part when formulating the Company's exploration activities. In the event that the historical information proves to be unreliable or inaccurate, the effectiveness of the exploration program may be diminished.

## 7. RISK FACTORS - CONTINUED

### **k) Native Title and cultural heritage**

The effect of the present laws in respect of Native Title that apply in Australia is that the Tenements may be affected by Native Title claims or procedures. This may preclude or delay the granting of exploration and mining tenements or the ability of the Company to explore, develop and/or commercialise the resources on the Tenements. Considerable expenses may be incurred negotiating and resolving issues, including any compensation arrangements reached in settling Native Title claims lodged over any of the Tenements held or acquired by the Company.

The presence of Aboriginal sacred sites and cultural heritage artefacts on the Tenements is protected by State and Commonwealth laws. Any destruction or harming of such sites and artefacts may result in the Company incurring significant fines and Court injunctions, which may adversely impact on exploration and mining activities. The Company will review and, as required, conduct surveys before conducting exploration work which could disturb the surface of the land. The Tenements currently contain, and may contain additional, sites of cultural significance which will need to be avoided during field programs and any resulting mining operations. The existence of such sites may limit or preclude exploration or mining activities on those sites and delays and expenses may be experienced in obtaining clearances.

The Company intends to re-engage with identified stakeholders as part of executing its exploration program.

### **l) Operational risk**

The Company's exploration activities will be subject to numerous operational risks, many of which are beyond the Company's control. The Company's operations may be curtailed, delayed or cancelled as a result of factors such as adverse weather conditions, mechanical difficulties, shortages in or increases in the costs of consumables, spare parts, plant and equipment, external services failure (such including energy and water supply), industrial disputes and action, difficulties in commissioning and operating plant and equipment, IT system failures, mechanical failure or plant breakdown, and compliance with governmental requirements. Hazards incidental to the exploration and development of mineral properties such as unusual or unexpected geological formations may be encountered by the Company. Industrial and environmental accidents could lead to substantial claims against the Company for injury or loss of life, and damage or destruction to property, as well as regulatory investigations, clean up responsibilities, penalties and the suspension of operations.

The Company will endeavour to take appropriate action to mitigate these operational risks (including by ensuring legislative compliance, properly documenting arrangements with counterparties, and adopting industry best practice policies and procedures) or to insure against them, but the occurrence of any one or a combination of these events may have a material adverse effect on the Company's performance and the value of its assets.

### **m) Royalties**

Each gold mining project operated by the Company may be subject to Western Australian royalties. If State royalties rise, the profitability and commercial viability of the Company's projects may be negatively impacted.

### **n) Environment**

The operations and proposed activities of the Company are subject to State and Commonwealth laws and regulations concerning the environment. If such laws are breached, the Company could be required to cease its operations and/or incur significant liabilities including penalties, due to past or future activities.

As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including in compliance in all material respects with relevant environmental laws. Nevertheless, there are certain risks inherent in the Company's activities which could subject the Company to extensive liability.

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Further, the Company may require approval from relevant authorities before it can undertake activities that are likely to impact the environment, including those requirements set out in the Solicitor's Report on Tenements in Section 11. Failure to obtain such approvals could prevent the Company from undertaking its desired activities.

The cost and complexity in complying with the applicable environmental laws and regulations may affect the viability of potential developments of the Company's projects, and consequently the value of those projects, and the value of the Company's assets.

### **7.3 GENERAL RISK FACTORS**

The Directors also consider that potential investors should be aware of the following general risk factors.

#### **a) Economic conditions**

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company and the value of its assets. Factors which contribute to that general economic climate include:

- i) contractions in the world economy or increases in rates of inflation resulting from domestic or international conditions (including movements in domestic interest rates and reduced economic activity);
- ii) international currency fluctuations and changes in interest rates;
- iii) changes in investor attitudes towards particular market sectors;
- iv) the demand for and supply of capital and finance;
- v) changes in government legislation and regulatory policy, including with regard to rates and types of taxation; and
- vi) domestic and international economic and political conditions.

#### **b) Changes in law, government policy and accounting standards**

The Company's activities may be impacted by regulatory or other changes implemented by the Commonwealth or Western Australian Governments. A change in laws that impact on the Company's operations, such as land access, Native Title, environmental protection, carbon emissions, labour, mining, taxation and royalties, could have an adverse impact on the Company's operations. Mining industry activities are subject to discretionary regulations and approvals, the exercise of which cannot always be predicted.

Changes in accounting standards or the interpretation of those accounting standards that occur after the date of this Prospectus may impact adversely on the Company's reported financial performance.

#### **c) Market conditions**

There are a number of risks associated with any stock market investment. Factors affecting the price at which the Shares are traded on ASX may be unrelated to the Company's operating and financial performance and beyond the control of the Directors. Such factors include those matters set out in Sections 7.3(a), 7.3(b) and 7.3(f)(vi). As such, Shares offered under this Prospectus may trade at prices above or below the Offer Price or the net asset value of the Company per Share. Investors who sell their Shares after listing may not receive the full amount of their original investment.

## 7. RISK FACTORS - CONTINUED

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### **d) Insurance**

The Company intends to ensure that insurance is maintained to address insurable risks within ranges of coverage the Company believes to be consistent with industry practice, having regard to the nature of the Company's activities. However, no assurance can be given that the Company will be able to obtain insurance cover for all risks faced by the Company at reasonable rates or that the insurance cover it arranges will be adequate and available to cover all possible claims. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

### **e) Liquidity and realisation risk**

There can be no guarantee that an active market in the Shares will develop or continue, or that the market price of the Shares will increase. If a market does not develop or is not sustained, it may be difficult for investors to sell their Shares, as there may be relative few, if any, potential buyers or sellers of the Shares on ASX at any time. Volatility in the market price for Shares may result in Shareholders receiving a price for their Shares that is less or more than the Offer Price.

### **f) Other general risks**

The future viability of and profitability of the Company is also dependent on a number of other factors which affect the performance of all industries, and not just mineral exploration and mining. These include, but are not limited to:

- i) default by a party to any contract to which the Company is, or may become, a party;
- ii) insolvency or other managerial failure by any of the contractors used by the Company in its activities;
- iii) industrial disputation by the Company's workforce or that of its contractors;
- iv) litigation;
- v) natural disasters and extreme weather conditions; and
- vi) acts of war and terrorism or the outbreak or escalation of international hostilities and tensions.

# SECTION

INDEPENDENT  
TECHNICAL REPORT

8



## 8. INDEPENDENT TECHNICAL REPORT



### **Summary Independent Technical Report**

**Dacian Gold Limited**

**Mt Morgans Gold Project**

MINEWPER01030AA

## Summary Independent Technical Report

12 October 2012

The Directors  
Dacian Gold Limited  
Ground Floor 26 Clive St.,  
West Perth, WA, 6005.

Dacian Gold Limited (Dacian Gold) has commissioned Coffey Mining Pty Ltd (Coffey Mining) to prepare a Summary Independent Technical Report (ITR) for the Mt Morgans Gold Project (the "Project"). The summary is based on the full ITR dated October 12<sup>th</sup> 2012 previously provided to Dacian Gold. It is understood that the Summary ITR is required for inclusion in a Prospectus to support the listing of Dacian Gold on the Australian Securities Exchange (ASX). Mt Morgans is an advanced exploration and pre-development project in the Yilgarn Province of Western Australia. Dacian Gold intends raising \$20 million through the issuance of 40 million shares at \$0.50 cents per share. Of this, a minimum of \$13.6 million has been allocated for site exploration to advance the project.

The Project lease holding comprises 69 tenements covering 31,963.4ha of the West Laverton region in Western Australia. The present status of tenements, agreements and legislation described in this report is based on information provided by Dacian Gold and the report has been prepared on the assumption that exploration and development of the project will prove to be lawfully allowable.

Coffey Mining has based its review of the Projects on information provided by Dacian Gold, along with technical reports prepared by government agencies, independent consultants, and other relevant published and unpublished data. In addition, a site visit was undertaken to the project areas by Mr Paul Mazzoni between the 20<sup>th</sup> and 21<sup>st</sup> of August 2012. Coffey Mining has endeavoured, by making all reasonable enquiries, to confirm the authenticity and completeness of the technical data upon which the ITR is based and a draft copy of the report was provided to Dacian Gold for identification of any material errors or omissions. The Independent Technical Report has been prepared on information available up to and including 21 September, 2012.

Coffey Mining is an exploration, mining and resource consulting firm, which has been providing services and advice to the international mineral industry and financial institutions for over 50 years. The primary author of this report is Mr Paul Mazzoni. Mr Mazzoni is a professional geologist with 40 years experience in the exploration, development and mining of base and precious metal properties and industrial mineral properties internationally. Mr Mazzoni is the Chief Geologist at Coffey Mining, is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM), has Chartered Professional (CP) accreditation and is a Member of the Society of Economic Geologists (MSEG).

Mr Mazzoni and all other Coffey Mining contributors to this report have the appropriate relevant qualifications, experience, competence and independence to be considered an "Expert" or "Specialist" under the definitions provided in the VALMIN Code and as "Competent Persons" under the definition provided in the JORC Code.

The Independent Technical Report has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports ("The Valmin Code"), which is binding upon Members of the Australasian Institute of Mining and Metallurgy (AusIMM), the Australian Institute of Geoscientists (AIG), and the rules and guidelines issued by such bodies as the ASIC and Australian Securities Exchange (ASX), which pertain to Independent Expert Reports. The report is also consistent with the 'Australasian Code for Reporting of Mineral Resources and Ore Reserves' of December 2004 (the Code) as prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Mineral Council of Australia (JORC).

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## 8. INDEPENDENT TECHNICAL REPORT - CONTINUED



Neither Coffey Mining, nor the authors of this report have, or have had previously, any material interest in Dacian Gold or the mineral properties or companies in which Dacian Gold has, or is earning, an interest. Our relationship with Dacian Gold is solely one of professional association between client and independent consultant. This report is prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this report.

For and on behalf of Coffey Mining Pty Ltd

 This is a scanned signature held on file by Coffey Mining. The person and signatory consents to its use for the purpose of this document.

Paul Mazzone  
Chief Geologist

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## 8. INDEPENDENT TECHNICAL REPORT - CONTINUED

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### EXECUTIVE SUMMARY

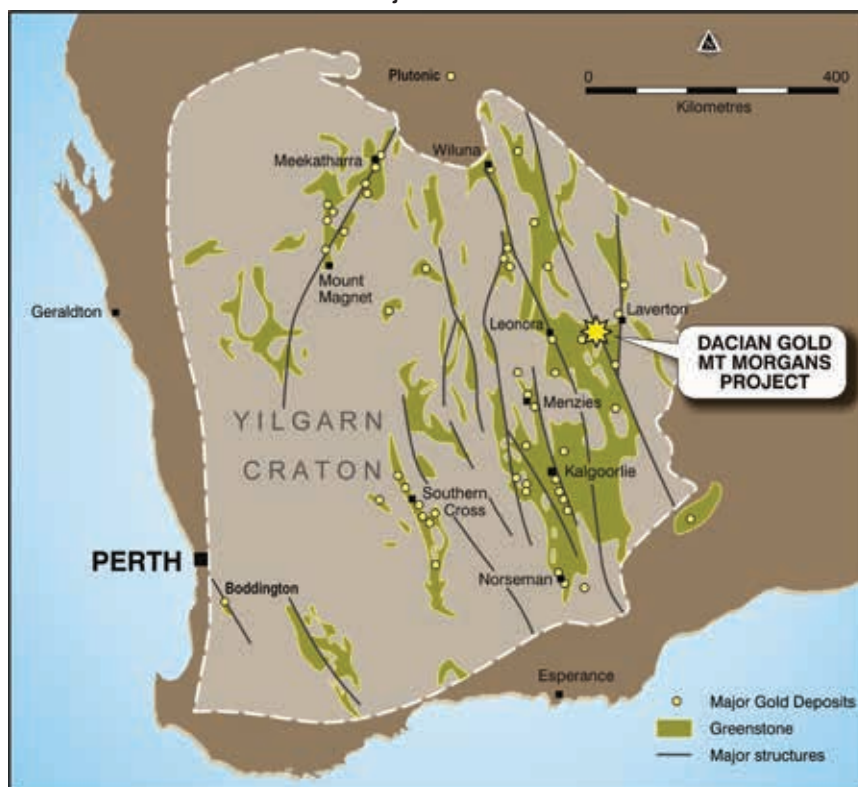
#### Introduction

Dacian Gold Limited (Dacian Gold) has commissioned Coffey Mining Pty Ltd (Coffey Mining) to prepare a Summary Independent Technical Report (ITR) for the Mt Morgans Gold Project (the "Project"). For a more comprehensive description of the Project the reader is referred to the full ITR dated October 12<sup>th</sup> 2012.

The ITR has been requested to accompany a prospectus to be prepared by Dacian Gold and lodged with ASIC on or around 12<sup>th</sup> October 2012. Dacian Gold intends raising \$20 million through the issuance of 40 million shares at \$0.50 cents per share. Of this, a minimum of \$13.6 million has been allocated for site exploration to advance the project.

Mt Morgans is an advanced exploration and pre-development project in the Yilgarn Province of Western Australia. The Project lease holding comprises 69 tenements covering 31,963.4ha near Laverton (Figure 1). Dacian Gold acquired the Mt Morgans tenements in 2012 from Range River Gold Limited (RNG; Administrators appointed), the previous operator. From 1896 until the most recent cessation of mining activities in 2011, more than 1 million ounces of gold have been produced from a number of open pit and underground mines in the Project area.

**Figure 1**  
Project Location



### Geology and Mineralisation

The Project tenements are located within the North-Eastern Goldfields (NEG) Province of the Archaean Yilgarn Craton and cover a large portion of the highly gold prospective Laverton Tectonic Zone (LTZ). Within the LTZ, the Laverton Greenstone Belt (LGB) is bounded by the granitoids of the Laverton Dome to the northwest and the Kirgella Dome to the southeast and by the north-northwest trending Mt Celia and Burtville Fault Zones. The geology of the LGB is generally poorly exposed, deeply weathered and extensively covered by Tertiary laterite. Recent sediments are extensive, particularly adjacent to the Lake Carey salt lake system.

The LGB can be subdivided into three north-south trending litho-tectonic domains which control the distribution of the Archaean sequences. The gold mineralisation in the region is associated with these domain bounding structures and second or third order subsidiary structures related to them. A multiplicity of gold mineralisation styles exist within the region, typical of mesothermal lode gold provinces world -wide. In the immediate vicinity of the Project, major gold deposits include Sunrise Dam (total endowment >10Moz), Wallaby (> 7.5Moz), Granny Smith (>2Moz) and Lancefield (>2Moz).

Within the Project area, the Westralia deposit was the largest historic producer with distinctly stratabound gold mineralization hosted by a 60m thick, steeply NE-dipping to vertical sequence of lenticular, jaspilitic BIF and quartz-feldspar porphyry dykes. There is also a pronounced structural control on the localization of the lodes. Mineralisation style at the other major deposits in the Mt Morgans centre, Transvaal and Craic, is hosted by shear zones in intimately interdigitated pillowed metabasalts and quartz-feldspar porphyry dykes. In the Jupiter mining centre, gold mineralisation is associated with a deformed package of basalts and dolerites which have been intruded by quartz-feldspar porphyry sills and hematite altered syenite stocks and dykes. The gold mineralisation is associated with disseminated pyrite-ankerite and quartz micro veining hosted mostly by the syenite with the strongest grades associated with brittle fracture systems related to the Jupiter Fault Zone which cuts the syenite intrusive.

### Exploration and Development History

Gold was first discovered in the Mt Morgans area in 1896, and production continued until 1914. There was a brief resurgence in the 1930s and total recorded lode and alluvial gold recovered from the Mt Morgans Mining Camp (MMC) from discovery until 1973 was 370,972oz Au. The Mount Margaret camp yielded an additional 5,563oz Au during this period. Mining at a number of deposits in the Project area recommenced in 1988 and continued until early 1999. The main production came from the Westralia mine with significant additional gold production from the Transvaal, Back O' Beyond, Recreation Reserve, King Street, Ramornie, and Morgans North deposits as well as the Mount Marven and Jupiter Mines. Milling of stockpiled ore was completed in early 1999 and the total production from this period was 8.99Mt @ 3.17g/t Au for 917,000oz.

RNG acquired the project tenements and recommenced open pit mining in 2009. Three new pits were developed at Craic, Sarah and Ramornie North with minor additional open pit production from Ramornie and King Street. Ore was delivered to the Barrick Gold Granny Smith mill for processing. Open pit mining was completed in April 2011 with total production of 18,284oz. Underground stoping at Craic commenced in April 2011 and the Craic underground mine produced 14,021t @ 4.91g/t Au for 2,214oz before closing in May 2011. Minor (108oz) amounts of development ore was also produced from the Transvaal underground mine during this period.



## 8. INDEPENDENT TECHNICAL REPORT - CONTINUED

### Coffey Mining Pty Ltd

Associated with the modern mining history of the field, a significant amount of exploration was completed by the different operators, mostly associated with the definition of resources and reserves around the known deposits. Away from these, exploration relied on surface geochemical sampling, largely shallow geochemical drilling and targeting based on magnetic interpretations of lithology and structures.

#### Mineral Resources

Current Mineral resources for the Project are shown in Table 1. Coffey Mining has not independently validated these resources but reports them here as reported by the relevant Competent Persons as described in Section 1.4. Coffey Mining completed a high level review of the Mineral Resource information, principally reports dealing with the estimation and the methodology employed. This focused on the Westralia and Transvaal deposits since these account for 85% of the total gold resources. Coffey Mining has reviewed the available documentation, associated with the Mineral Resources and considers that they have been derived using industry standard approach by Competent Persons and are based on sufficient data from which to derive a reasonable estimate of the global resources present at each deposit.

Re-estimation of the Mineral Resources using all available data should be completed following the planned extensional and infill drilling by Dacian Gold. Implementation of more stringent QAQC protocols is recommended for all future drilling and should include ongoing insertion of duplicates, blanks and standards and progressive analysis of QAQC data. Systematic collection of additional density data for ore and waste should be ongoing.

#### Exploration Potential

The Project contains a significant exploration package of some 319.6km<sup>2</sup> prospective for mesothermal lode gold deposits. Similar deposits give the Eastern Goldfields of Western Australia a total endowment of over 200Moz. Within the Project area, the multiplicity of orientations of well mineralised structures and the variety of lithologies hosting economic mineralisation are characteristics of significant gold camps. The concentration of previously mined deposits in the outcrop and subcrop areas is regarded as a function of ease of discovery rather than a fundamental control on the localisation of the mineralisation.

In spite of this extended history of exploration, there are still areas where previous surface geochemical exploration and shallow geochemical drilling are likely to have been ineffective in testing for bedrock mineralisation. In addition to this, the depth extent of testing the known mineralised structures has been relatively shallow (generally <200m) while mesothermal lode gold systems characteristically may have vertical extents of >1000m. A previous production history (1896 – 2011) of about 1.3Moz from the Mt Morgans camp, combined with an approximate additional 0.8Moz in current resources, confirm this as a major gold camp. However, despite this, the two major deposits in the camp (Westralia and Transvaal) have almost no drilling below 350m vertical depth.

Coffey Mining considers that significant potential exists to add to the Mt Morgans Mineral Resources through extensional exploration drilling around the existing deposits and on the mineralised structures between deposits such as the Ramornie-Transvaal trend and the Millionaires-Morgans North trend. The Project area also contains numerous already defined prospects which require follow up; including Jupiter South, Rainbow Bore, Cameron Well, BIF Ridge and Mt Mackenzie.

Table 1 Mt Morgans Mineral Resources (September 2012)											
Deposit	Competent Person	Lower Cut		Top Cut		Measured			Indicated		
		Au (g/t)		Au (g/t)		Tonnes	Grade Au (g/t)	Total Material Au (oz)	Tonnes	Grade Au (g/t)	Total Material Au (oz)
Jupiter	Mr S Hutchin	1.5		IDWS					811,000	2.8	73,000
Westralia/ Millionaires	Mr S Hutchin	0.5		60		646,000	3.9	80,000	1,385,000	2.9	129,000
Craic	Mr S Hutchin	0.5		80					69,000	8.2	18,000
Transvaal	Mr S Hutchin	0.5		100		1,549,000	3.2	159,000	1,176,000	2.7	102,000
King Street	Mr D Kentwell	0.5							532,000	2.0	33,000
<b>Totals</b>						<b>2,194,000</b>	<b>3.4</b>	<b>239,000</b>	<b>2,629,000</b>	<b>2.9</b>	<b>249,000</b>
									<b>3,689,000</b>	<b>3.0</b>	<b>354,000</b>
									<b>8,513,000</b>	<b>3.1</b>	<b>842,000</b>

**Note:** Mineral Resources are inclusive of Ore Reserves

## 8. INDEPENDENT TECHNICAL REPORT - CONTINUED

### Coffey Mining Pty Ltd

The largest extensional opportunity is associated with the Westralia Deposit which has only been mined to ~ 300m vertical depth. The apparent termination of mineralisation associated with the “flattening zone” in the northern part of the deposit is more likely to represent a local disruption to the mineralised system than a fundamental termination.

The most important specific regional opportunity in the portfolio is the Cameron Well prospect based on a geological analogy with the Wallaby deposit. At both Wallaby and Cameron Well, a vertically-stacked set of shallowly dipping lode-structures are hosted by syenite intrusions. However, while these flat structures have been defined to a depth of about 1.5km at Wallaby, Cameron Well has not been tested below 80m. Coffey Mining also considers that the other regional exploration opportunities such as Rainbow Bore, Maxwell's, Mt McKenzie and BIF Ridge all hold potential to lead to the discovery of additional resources.

#### Mining

Coffey Mining has not independently validated the Mt Morgans Ore Reserves but has reviewed and commented on the underlying assumptions used to derive the reserves. The Ore Reserves for Craic and Transvaal as reported in September 2012 by Mining One are shown in Table 2. They contain a combined total of ~ 136,000 ounces of gold.

The Ore Reserves were derived from previous studies which were completed for RNG in 2010. They have been updated and verified by Mining One. However development of these Reserves is not being considered. Dacian Gold's strategy for advancing the Project depends on substantially increasing Mineral Resources and through exploration re-developing the Project as a stand-alone gold producer.

Table 2 Mt Morgans September 2012 Ore Reserves										
Gold Ore Reserve		Proven			Probable			Totals		
Mine	Lower Cut (g/t Au)	Tonnes	Grade (g/t Au)	Total Metal (oz)	Tonnes	Grade (g/t Au)	Total Metal (oz)	Tonnes	Grade (g/t Au)	Total Metal (oz)
Transvaal	3.4	380,000	6.2	76,000	271,000	6.0	52,000	651,000	6.1	128,000
Craic	3.9				28,000	9.2	8,000	28,000	9.2	8,000
Total		380,000	6.2	76,000	299,000	6.3	61,000	679,000	6.2	136,000

#### Processing

Between 1989 and 1999, when the majority of the previous gold production occurred, a blend of ore was processed through the on-site processing plant located immediately west of the Westralia pit. Processing was via a conventional CIL route. The plant was decommissioned and sold off at cessation of mining and processing at the end of the 90's. During the most recent production period by RNG, ore was crushed onsite then toll treated through the Barrick Pty Ltd – Granny Smith (Barrick) mill.

Coffey Mining has reviewed the available documentation for metallurgical testwork and historical processing which relates to mining and processing operations prior to RNG restart of operations. No significant metallurgical issues were identified in previous testwork or processing operations. The ore can be categorised as free milling, with historical combined gravity and cyanidation gold recoveries typically in the range of 85-95%. There is a high proportion of gravity recoverable gold, stated as 20 to 70% of total contained gold. Coffey Mining notes that the physical and performance characteristics of each deposit indicate significant variability. The processing methodology applied to future gold production operations will be a significant contributor to achieving desired performance outcomes.

#### **Community and Environment**

Coffey Mining's review of the available environmental and community information associated with the mining activities that have been undertaken on the Mt Morgans Gold Project tenements did not identify that any significant issues existed at the time that Dacian Gold acquired the Project. Before recommencement of mining activities on the Project tenements, Dacian Gold will need to apply to the relevant statutory authorities for new environmental approvals.

#### **Key Conclusions and Recommendations**

There are immediate exploration opportunities which, with additional drilling and positive results, could potentially add additional Mineral Resources. Significant exploration potential exists away from the known mining centres for the discovery of additional gold resources blind to the surface.

## 8. INDEPENDENT TECHNICAL REPORT - CONTINUED

Coffey Mining Pty Ltd

### 1 INTRODUCTION

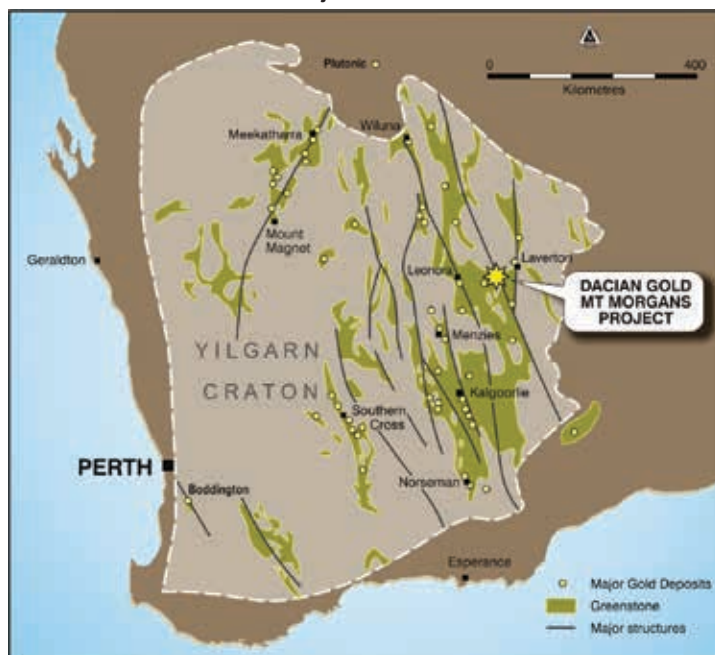
#### 1.1 Terms of Reference

Dacian Gold Limited (Dacian Gold) has commissioned Coffey Mining Pty Ltd (Coffey Mining) to prepare a Summary Independent Technical Report (ITR) for the Mt Morgans Gold Project (the "Project"). For a more comprehensive description of the Project the reader is referred to the full ITR dated October 12<sup>th</sup> 2012.

Mt Morgans is an advanced exploration and pre-development project in the Yilgarn Province of Western Australia. The ITR has been requested to accompany a prospectus to be prepared by Dacian Gold and lodged with ASIC on or around 12<sup>th</sup> October 2012. Dacian Gold intends raising \$20 million through the issuance of 40 million shares at \$0.50 cents per share. Of this, a minimum of \$13.6 million has been allocated for site exploration to advance the project.

The Project lease holding comprises 69 tenements covering 31,963.4ha of the West Laverton region in Western Australia (Figure 1.1\_1). Dacian Gold acquired the Mt Morgans tenements in 2012 from the previous operator, Range River Gold Limited (Administrators appointed; RNG). Relevant titles and agreements have been transferred to and/or registered in the name of Dacian Gold. The various agreements covering the assets, and the specific exploration, mining and minerals processing legislation applicable to the Project tenements have not been independently verified by Coffey Mining. The Independent Technical Report has been prepared on information available up to and including 21 September. All monetary figures included in this report are expressed in Australian dollars (A\$) unless otherwise stated.

**Figure 1.1\_1  
Project Location**



From Dacian Gold 2012

MMG Mining Pty Ltd was incorporated as a proprietary limited company on 23 November 2011. The company changed its name to Mount Morgans Gold Mining Pty Ltd on 30 May 2012. On 11 October 2012 the company converted from a proprietary limited company to a public company and changed its name to Dacian Gold Limited. Use of the name "Dacian Gold Limited" or "Dacian Gold" in this report should be treated as a reference to the company when it was known as MMG Mining Pty Ltd and Mount Morgans Gold Mining Pty Ltd, as applicable.

## **1.2 Qualifications, Experience and Independence**

Coffey Mining is an exploration, mining and resource consulting firm, which has been providing services and advice to the international mineral industry and financial institutions for over 50 years. The primary author of this report is Mr Paul Mazzoni, who is a professional geologist with 40 years experience in the exploration, development and mining of base and precious metal properties and industrial mineral properties internationally. Mr Mazzoni is the Chief Geologist at Coffey Mining and is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM), holds Chartered Professional Status (CP-Management) and is a Member of the Society of Economic Geologists (MSEG).

Additional Coffey Mining consultants Mr Errol McDonald (Principal Mining Consultant), Ms Melinda Robertson (Senior Consultant - Metallurgy) and Ms Anne Price (Principal with Coffey Environments) were variously retained as "Specialists" to respectively assist in the mining review, the review of the metallurgy and processing and the community and environmental aspects of the Project. Each of the authors has the appropriate relevant qualifications, experience, competence and independence to be considered an "Expert" under the definitions provided in the Valmin Code and as "Competent Persons" under the definition provided in the JORC Code.

Neither Coffey Mining, nor the authors of this report have, or have had previously, any material interest in Dacian Gold or the mineral properties in which Dacian Gold has an interest. This report is prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this report.

## **1.3 Principal Sources of Information**

The principal sources of information used to compile this report comprise technical records, along with technical reports and data variously compiled by Dacian Gold and its consultants, RNG, previous Project operators and government agencies, along with discussions with Dacian Gold technical and corporate management. A listing of the principal sources of information is included in Section 13 of this report. In addition, a site visit was undertaken to the Project area between the 20<sup>th</sup> and 21<sup>st</sup> of August 2012 by Mr Paul Mazzoni.

All reasonable enquiries have been made to confirm the authenticity and completeness of the technical data upon which this report is based. A final draft of this report was also provided to Dacian Gold, along with a written request to identify any material errors or omissions.



## 8. INDEPENDENT TECHNICAL REPORT - CONTINUED

**Coffey Mining Pty Ltd**

### **1.4 Reliance on Other Experts and Competent Person Statements**

The information in this report that relates to exploration results and to Mineral Resources for the Westralia-Millionaires, Transvaal, Craic and Jupiter deposits is based on information compiled by Mr Stuart Hutchin who is a Member of the Australian Institute of Geoscientists and who has the appropriate relevant qualifications, experience, competence and independence to be considered a "Competent Person" under the definition provided in the JORC Code. Mr Hutchin is a full-time employee of Mining One. Mr Hutchin consents to the inclusion of the exploration results and Mineral Resource information in this report in the form and context in which it appears.

The information in this report that relates to Mineral Resources for King Street Deposit is based on information compiled by Mr Danny Kentwell who is a Fellow of the Australasian Institute of Mining and Metallurgy and who has the appropriate relevant qualifications, experience, competence and independence to be considered a "Competent Person" under the definition provided in the JORC Code. Mr Kentwell is a full-time employee of SRK Consulting (Australasia) Pty Ltd (SRK). Mr Kentwell consents to the inclusion of the Mineral Resource information in this report in the form and context in which it appears.

The information in this report that relates to Ore Reserves is based on information compiled by Mr Bill Frazer who is a Member of the Australasian Institute of Mining and Metallurgy and who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves'. Mr Frazer is a full-time employee of Mining One Pty Ltd. Mr Frazer consents to the inclusion of the Ore Reserve information in this report in the form and context in which it appears.

## 2 PROJECT BACKGROUND

### 2.1 Location and Infrastructure

The Project tenements are located within the North-Eastern Goldfields Province of the Archaean Yilgarn Craton. The Project is very well located with respect to existing regional infrastructure including the sealed Leonora to Laverton road which passes through the Project tenements. The Project area is characterised by flat to gently undulating terrane comprising low ridges and extensive areas of sand plain and more restricted saline drainage channels.

There are currently three operating gold mills in the region including the 1mtpa Barnicoat Mill (Focus Minerals Limited), the 4mtpa Granny Smith Mill (Barrick) and the 3.6mtpa Sunrise Mill (Anglogold Ashanti Australia Limited). The Murrin Murrin nickel-cobalt laterite mine and processing plant also lie immediately to the northwest of the Project.

### 2.2 Project Tenements

The Project tenements cover an area of approximately 319.6km<sup>2</sup> comprising 69 granted tenements. The tenement schedule is listed in Appendix A and the tenement coverage is illustrated in Figure 2.2\_1. Coffey Mining has not independently validated mineral tenure or the status of surface access agreements. The present status of tenements, agreements and legislation described in this report is based on information provided by Dacian Gold and its solicitors and the report has been prepared on the assumption that exploration and possible future development of the Projects will prove to be lawfully allowable.

### 2.3 Exploitation History

Gold was first discovered in the Mt Morgans area in 1896, and the "Lily of the Valley" mine was the first established. Production reached a peak in about 1905, but there was a rapid decline after this, until 1914, when mining ceased. At this stage, Mt Morgans had produced about 0.59Mt @ 15g/t Au for 288,000oz of gold from underground mining at Westralia and Transvaal. There was a brief resurgence in the 1930s and total recorded lode and alluvial gold recovered from the Mt Morgans Mining Camp (MMMC) to 1973 was 370,972oz Au and 5,132oz Ag was also obtained. The Mount Margaret camp yielded an additional 5,563oz Au and 11.5oz (0.356kg) of silver (Gower, 1976).

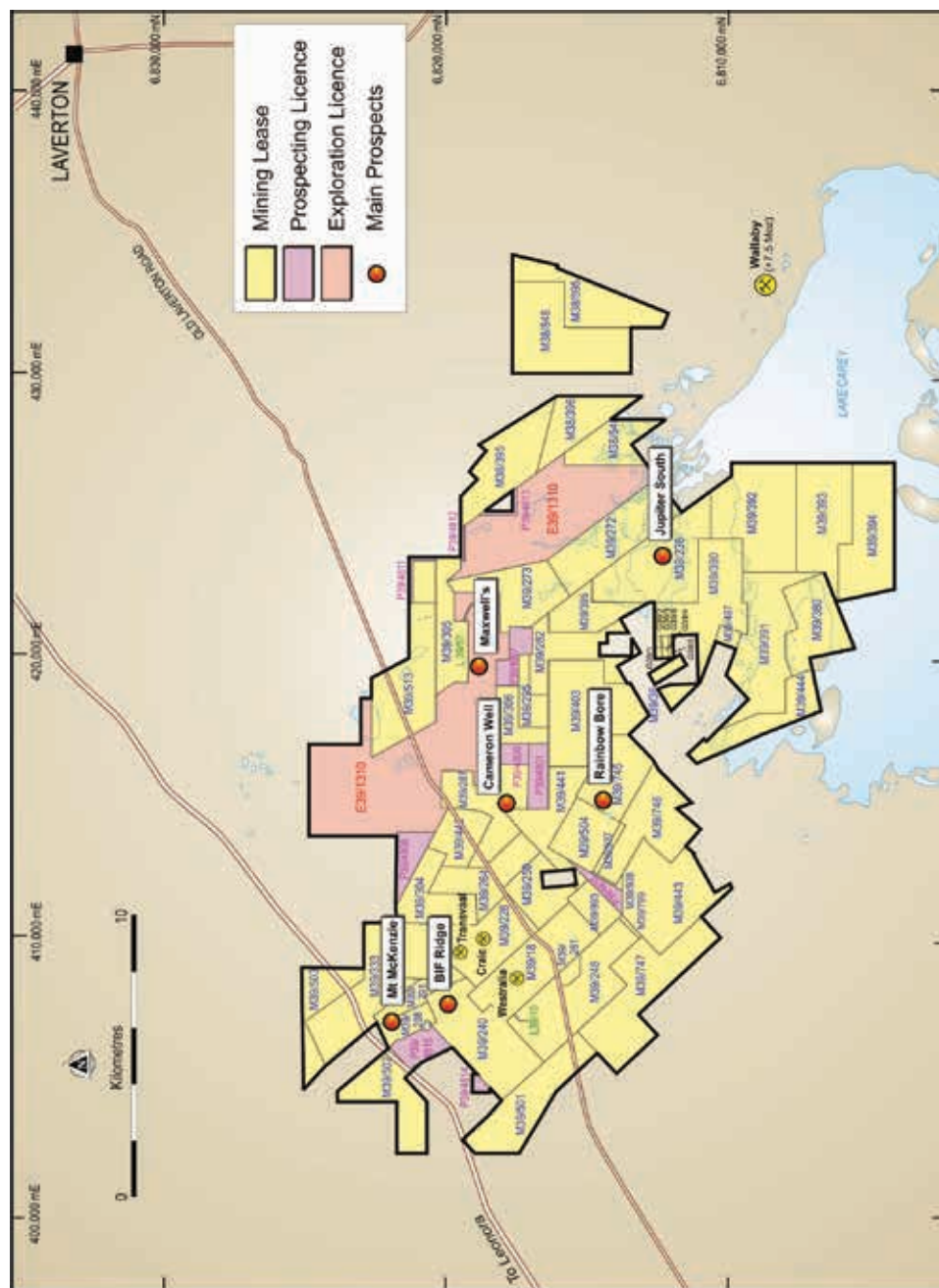
The first modern major gold discovery in the region was Granny Smith in 1979 followed by Sunrise Dam in 1991 and Wallaby in 1997. During the late 1980's and early 1990's numerous other smaller, but significant discoveries were made including Jupiter, Red October, Keringal and the Chatterbox group. The revitalization of the MMC commenced in March 1988, when Whim Creek, through its subsidiary Austwhim Resources, entered into a Joint Venture with Coolawin Resources to develop a gold mining and processing operation at Mt Morgans. Dominion consequently bought a controlling interest in Austwhim, then was itself bought by Plutonic Resources in 1995. Plutonic Resources was acquired by Homestake Gold Australia Limited (Homestake) in early 1998.

The larger of the old Mt Morgans workings were first developed as the Westralia open cut, followed by other pits at; Transvaal, Back O' Beyond, Recreation Reserve, King Street, Ramornie, and Morgans North as well as the Mount Marven and Jupiter pits, about 15km to the ESE of Westralia.

## 8. INDEPENDENT TECHNICAL REPORT - CONTINUED

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**Figure 2.2\_1**  
**Project Tenements**



Source Dacian Gold 2012

Mt Morgans Gold Project – MINEWPER01030AAMINEWPER01030AA  
Summary Independent Technical Report – 12 October 2012

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The Homestake May 1998 mine closure report documents mining from several pits in the Jupiter complex from January 1994 to October 1996. Total open pit production at Jupiter was 1.134Mt @ 2.58g/t Au for 86,459oz and 36,134oz from a low grade dump leach for total 122,593oz. Open pit mining had ceased by 1996, but the underground operations in the Westralia and Transvaal orebodies continued until early 1998.

The Homestake mine closure report for Westralia documented Westralia underground production from October 1994 to January 1998 from 7 levels down to 220RL (Westralia and Guest shoots) and south of 10904N (Strong shoot, Lily shoot and Millionaires shoot) was 711,940t @ 3.7g/t Au for 77,178oz. Production records show the average grade increased from 2.94g/t Au in 1994 to 4.1g/t in the last full year of underground operations (1997). The Homestake mine closure report (May 1998) for Transvaal underground, (1996-1998) recorded production at 578,695t @ 4.10g/t Au, for 69,319oz. The deposit was mined on six ~25m levels and the decline finished below the 195mRL. Only three stopes were mined on the lowest (195m) level and these produced 63,315t @ 4.54g/t Au.

By the 1990s three small open pits ≤20m deep were also being mined at the Mt Marven workings. Total production for historic and modern mining was estimated at 442,110t @ 2.14g/t Au for 34,323oz (Twomey, 2000).

Milling of stockpiled ore was completed in early 1999 and the total production from 1988 until this time was 8.99Mt @ 3.17g/t Au for 917,000oz. All processing was done on site in a dedicated processing plant near the Westralia Pit. Dominion also commenced dump leaching ~3.5Mt @ 0.83g/t Au at Jupiter in 1997 but recovered only part of the contained gold before the operation was closed. Total gold production from the MMMC and Mount Margaret Camps (Jupiter) between 1896 and the end of 1999, was 1.29 million ounces.

Ownership of the Mt Morgans tenements passed to the control of Barrick Gold Corporation with the merger of Homestake with Barrick in December 2001. In February 2008, Barrick commenced divesting these tenements. There was no recorded production from the field during this period although exploration activities continued.

RNG acquired the Mt Morgans project tenements in May 2009 and recommenced open pit mining six months later. Three new pits were developed at Craic (historical Sons of Gowrie Mine), Sarah and Ramornie North. First ore was delivered to the Barrick Gold Granny Smith mill for processing in February 2010. Open pit mining was completed at the start of April 2011 with total production of 18,284oz. The Craic decline commenced in October 2010 from the 365mRL in the pit in October 2010 and the first stope mined in April 2011 (315m-335mRL). The Transvaal portal was exposed (dewatered) in December 2010 and the decline rehabilitated down to the 253mRL. The Craic underground mine produced 14,021t @ 4.91g/t Au for 2,214oz and there was minor development ore produced from the Transvaal underground mine (1,338t @ 2.51g/t Au for 108oz).

RNG went into voluntary administration on April 21<sup>st</sup> 2011 after rain in February and equipment delays in March impaired production. RNG's financial position had already been weakened by a reduced capital raising in late 2010.

## 8. INDEPENDENT TECHNICAL REPORT - CONTINUED

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### 3 GEOLOGY AND MINERALISATION

#### 3.1 Regional Setting

The Mt Morgans Gold Project tenements are located within the North-Eastern Goldfields (NEG) Province of the Archaean Yilgarn Craton and cover a large portion of the highly gold prospective Laverton Tectonic Zone (LTZ). The NEG Province hosts a number of important gold and nickel deposits. In the immediate vicinity of the Project, major gold deposits include Sunrise Dam (total endowment >10Moz), Wallaby (> 7Moz), Granny Smith (>2Moz) and Lancefield (>2Moz). Within the LTZ, the Laverton Greenstone Belt (LGB) is bounded by the granitoids of the Laverton Dome to the northwest and the Kergella Dome to the southeast and by the north-northwest trending Mt Celia and Burtville Fault Zones

Archaean stratigraphy is subdivided into; the Lower Sequence, dominated by a series of tholeiitic basalts underlain by komatiitic, peridotitic and high-Mg basaltic lavas with minor turbiditic and conglomeratic sediments; and the Upper Sequence, comprising felsic volcanics and volcanoclastics interbedded with basalt and in turn overlain by chemical and epiclastic sedimentary units. The LGB can be subdivided into three north-south trending litho-tectonic domains. The Western or Mt Margaret Domain is dominated by the mafic-ultramafic volcanics of the Lower Sequence around the granite cored Mt Margaret Anticline, and hosts the Mt Morgans and Jupiter deposits in the center and west with the Craiggiemore-Euro trend of deposits in BIF to the east. The Central Laverton Domain comprises calc-alkaline felsic to intermediate volcanics and siliciclastics of the Upper Sequence, and hosts the Granny Smith and Sunrise Dam deposits. The Eastern or Burtville Domain which has been further subdivided into the East Barnicoat and Wilga Domains is characterized by the mafic/ultramafic volcanics of the Lower Sequence. It includes the Keringal, Admiral Hill, Burtville and Barnicoat deposits. A number of "late" elongate clastic basins are localized along the flanks of the domain bounding structures and include the Wallaby- Lancefield Basin which hosts the Wallaby deposit and the Mt Lucky Basin (Figure 3.1\_1).

The LGB hosts a number of unusual intrusions including layered noritic complexes, porphyritic syenites, carbonatites tonalites, and lamprophyres. Some of these are small "internal" intrusives closely associated with, or hosting gold mineralization at Granny Smith, Jupiter, Wallaby, Lancefield, Burtville and Sunrise Dam.

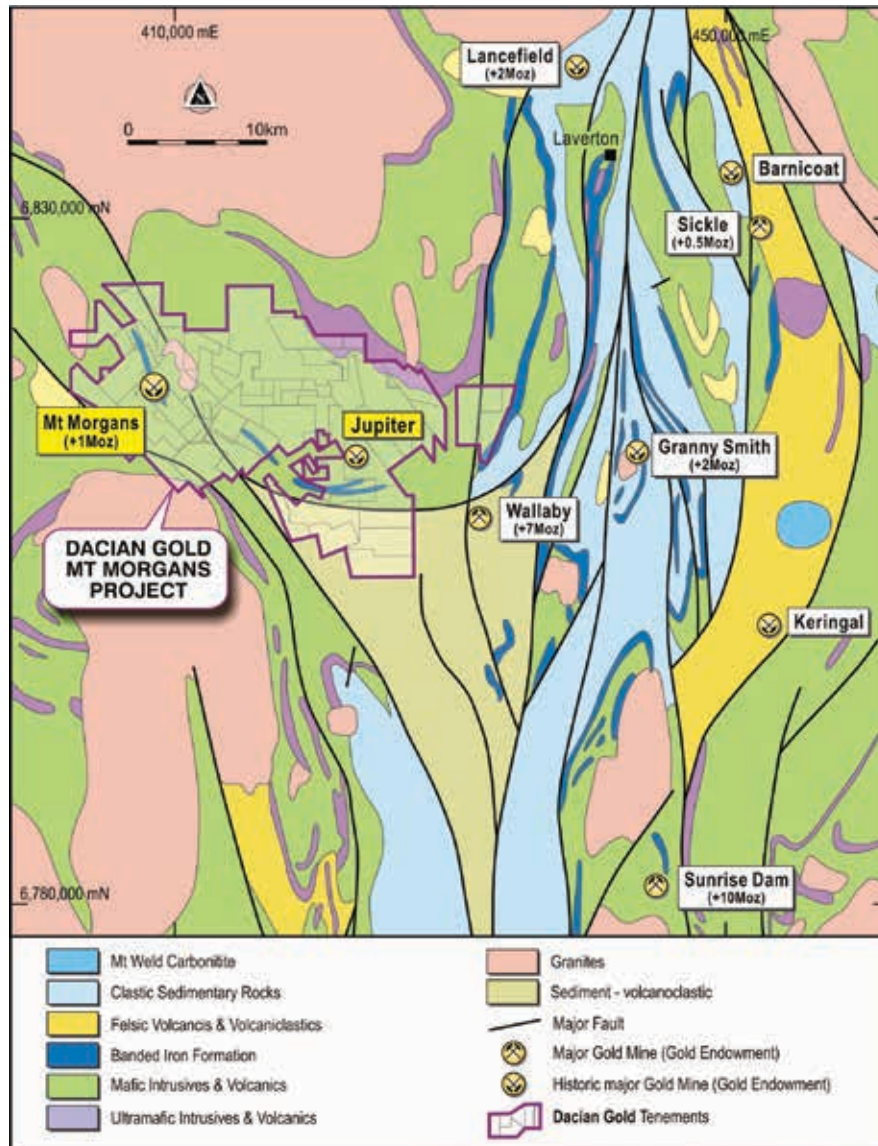
#### 3.2 Project Geology and Mineralisation

##### 3.2.1 Mount Morgan Mining Camp Geology

The MMMC lies in the overturned western limb of the Mt Margaret anticline which plunges moderately to the south and has a north-north west trending fold axis. The MMMC is located adjacent to the boundary between the Laverton Terrane and the Kurnalpi Terrane. The terrane boundary is known as the Celia Tectonic Zone (CTZ). The CTZ varies from several hundred metres to several kilometres in width and comprises three main first order shear zones designated; Celia West Shear, Celia Main Break (the terrane boundary) and Celia East Shear.



Figure 3.1\_1  
Mt Morgans Gold Project - Regional Geology



Source: Dacian Gold 2012

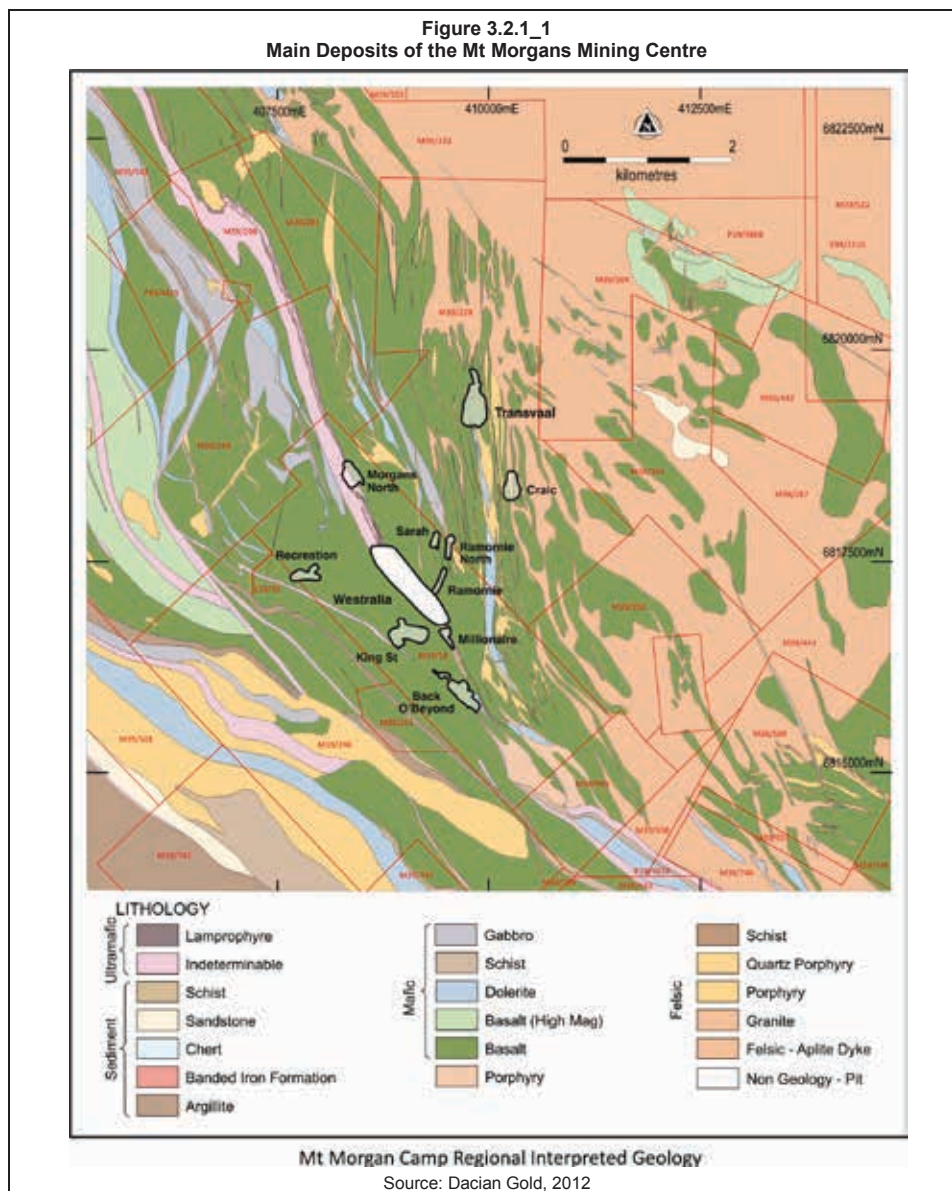
The stratigraphy of the MMC is dominated by mafic volcanics (predominantly massive tholeiitic basalt), mafic intrusives, minor ultramafics and metasediments, and a narrow band (<80m wide) of a regionally continuous BIF. These primary rock types have been intruded by concordant and discordant felsic porphyry dykes and sills as well as local thin lamprophyre dykes. All rocks have undergone regional greenschist facies metamorphism.



## 8. INDEPENDENT TECHNICAL REPORT - CONTINUED

Coffey Mining Pty Ltd

A number of sub-parallel to oblique second order shear zones splay off the CTZ and these play a major role in mineralisation. These subsidiary structures have controlled the introduction of gold rich fluids which formed the mines making up the MMMC, namely the Westralia, Transvaal, Craic, King Street, Recreation, Morgans North, Millionaires, Back O' Beyond (BOB) and Ramornie (Figure 3.2.1\_1).



### 3.2.2 MMMC Mineralisation and Alteration

Two main styles of mineralisation are known in the MMMC; BIF-hosted replacement style characterised by large tonnage, moderate-high grade and shear-hosted quartz lode style characterised by narrow high-grade veins and vein arrays. A less significant style is represented by splay shear zone hosted vein arrays. In the MMMC, the main lodes are oriented NW (Westralia, Morgans North, Back'o Beyond); NNE (Ramornie, Ramornie North, Sarah, Craic, Transvaal) or E-W (Recreation, King St). The mined deposits are shown in Figure 3.2.1\_1.

BIF-replacement-style deposits (Westralia and Morgans North) have yielded the bulk of the gold won from the camp with >800,000oz at an average grade ~5g/t Au mined from Westralia since 1896. The mineralisation in the BIF units can best be described as sulphide replacements of magnetite. The sulphide replacements occur both sub-parallel to BIF layering and also in *en echelon* tensional veins oblique to layering.

Shear-hosted quartz lode deposits (Transvaal, Ramornie, Craic) typically contain narrow, high-grade shear veins and breccia veins. One or more steeply plunging discontinuous quartz vein lodes characterize the deposits. The lodes may be stacked across strike, such as at Transvaal, making them attractive exploration targets. Alteration around the lodes comprises sericite-ankerite-pyrite with local biotite in well-foliated zones. Veins are quartz-dominated and contain carbonate and pyrite with trace sphalerite, chalcopyrite and galena. Vein style varies from brecciated to weakly laminated.

Splay shear hosted vein arrays (Recreation, King Street, Back O` Beyond) contain networks of tensional veins controlled by splay shears off the Celia East Shear. These deposits have limited extent, and have yielded only modest production from three pits (< 100,000oz).

### 3.2.3 Westralia Deposit

The Westralia pit is by far the largest in the region, being about 1.2km long and 250m wide. Gold mineralization is distinctly stratabound, being confined mainly to the BIF, but there is also a pronounced structural control on the localization of the lodes. Gold mineralization is hosted by a thin (~60m), steeply NE-dipping to vertical sequence of lenticular, jaspilitic BIF and quartz-feldspar ("rhyolitic") porphyry dykes. Lamprophyre dykes are common, predominantly parallel to the various foliations in the pit, but also including minor, sub horizontal intrusives.

There are four main, high-grade but discontinuous ore shoots in the Westralia pit and extending to the underground workings, each about 80m long by 50m wide, and plunging 40-45° SE-SSE to depths exceeding 300m. Individual ore shoots have a pipe-like alteration envelope with a distinct zonation.

## 8. INDEPENDENT TECHNICAL REPORT - CONTINUED

**Coffey Mining Pty Ltd**

Gold occurs in the inner alteration zone, spatially associated with massive replacement of magnetite in BIF by pyrite with minor pyrrhotite and chalcopyrite. Gold occurred as free grains with an average fineness of 866 in: quartz-Fe-carbonate veins; along fractures in and between magnetite grains; as inclusions and late fracture fill in pyrite; attached to or as inclusions in chalcopyrite; and as inclusions in sphalerite. There is a pronounced spatial association between Au, Ag and Cu, and to a lesser extent Te and Bi. Gold is also locally associated with Pb, Zn, W and Sb.

### **3.2.4 Transvaal Deposit**

The geology in the Transvaal pit comprises intimately interdigitated steeply E-dipping (overturned) pillowed metabasalts and quartz±feldspar felsic porphyry dykes. Basalts are more abundant in the western half of the pit, and porphyries in its eastern half; the mine lies close to or straddles the contact between basalts and a monzogranite pluton. The felsic porphyry dykes appear to have preferred N- or NNE strikes, and to have been emplaced largely along shear zones in the metabasalts. The dykes are generally massive and well jointed in habit, although shearing is known to cut across them.

Gold mineralisation occurs within the metabasalt and is hosted within multiple NNE striking shear zones which form the extension of the Ramornie Transvaal Shear Zone. Lower grade material is usually associated with chlorite alteration, while the higher grades are usually typified by biotite and silica alteration. The true width of the mineralisation averages 3m, but can vary from 0.5m to 8m. The strike length of the major individual lodes averages 230m and the strike length of the entire deposit is approximately 830m.

The major structures at Transvaal consist of the NNE trending mineralised shears and a northerly dipping thrust fault called the Johannesburg Fault. The Johannesburg Fault dips at 30° to the north and displaces both the porphyry dykes and the mineralisation sinistrally.

The mineralisation only propagates through the porphyry dykes where these are narrow. Quartz-rich (~90%) veins 5-40cm wide are commonly associated with high-grade mineralization, and are parallel with foliation. Free gold has been observed in such veins. Quartz-carbonate alteration is common is generally associated with higher gold grades. Gold and sulphide mineralization are closely associated and there is an inferred genetic correlation between them.

### **3.2.5 Craic Deposit**

The Craic Deposit consists of a shear zone hosted high grade lode characterized by silicification and veining with grey gold-bearing quartz veins. The primary host lithologies are sheared and altered metabasalts and the style of mineralisation is similar to that at Transvaal. The deposit is crosscut at an oblique angle by numerous moderate dipping quartz-feldspar porphyries. The thicker porphyries are barren however the thinner porphyries may be sheared and mineralised.

### 3.2.6 Jupiter Geology and Mineralisation

The Jupiter mining centre comprises the connected Joanne and Jenny Pits. The host rocks comprise a deformed package of basalts and dolerites which have been intruded by quartz-feldspar porphyry sills and hematite altered syenite stocks and dykes. These syenites have a strong magnetic signature and the application of this "Jupiter exploration model" resulted in the discovery of the +7Moz Wallaby deposit (Barrick, 2008). The gold mineralisation is associated with disseminated pyrite-ankerite and quartz micro veining hosted mostly by the syenite with the strongest grades associated with brittle fracture systems related to the Jupiter Fault Zone which cuts the syenite intrusive. In the Joanne pit, the higher grade distribution in the main lode was controlled by the intersection of the flat NNE dipping Jupiter Fault and the main syenite mass.

## 8. INDEPENDENT TECHNICAL REPORT - CONTINUED

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### 4 MINERAL RESOURCES

#### 4.1 Introduction

The total Mineral Resources for the Mt Morgans Project are reported as 8.513Mt @ 3.1g/t Au for 842,000oz (Hutchin, 2012 and Kentwell, 2012). Of these; 2.194Mt @ 3.4g/t Au are classified as Measured Resources, 2.629Mt @ 2.9g/t Au are classified as Indicated Resources and 3.689Mt @ 3.0g/t Au are classified as Inferred Resources. A full table of the Mineral Resources for the Mt Morgans Gold Project is given in Table 4.1\_1 and the location of these deposits is shown in Figure 3.2.2\_1. Coffey Mining has not independently validated these resources but reports them here as reported by the relevant Competent Persons listed in Section 1.4.

In July 2012, Dacian Gold engaged Mining One to provide Competent Person sign off for the Jupiter, Craic, Transvaal, and Westralia resources. Resource estimates for those deposits had been completed for RNG (and in the case of Jupiter, by Homestake Gold Limited) by other consultants and companies. Mining One was able to review the available relevant reports and was satisfied that the Mineral Resources met the requirements for public reporting as defined by the recommendations of the Joint Ore Reserves Committee (JORC 2004). The Jupiter and Westralia resource areas were not subject to any drilling or mining post December 2010 so only a high level overview of the previous resource estimation work was required. Since open pit and underground mining activity was conducted by RNG at Craic and Transvaal mines after December 2010, a review of these deposits was completed to take into account additional drilling, sampling and reconciliation data from mining.

In July 2012, SRK was engaged by Dacian Gold to sign off on the previously estimated but unclassified King Street Resource. This unpublished Resource estimate was completed for RNG by SRK in July 2010 to be used for internal planning purposes. SRK re-evaluated the previous estimate with respect to material changes since the July 2010 Resource estimate and provided JORC Code classification and Competent Person sign off.

Coffey Mining completed a high level review of the Mineral Resource information, principally reports dealing with the estimation and the methodology employed. This focused on the Westralia and Transvaal deposits since these account for 85% of the total gold resources.

#### 4.2 Resource Review

##### 4.2.1 Westralia

The Mineral Resource for the Westralia deposit was completed for RNG by KRC Mining Consultants (KRC) in November 2010 (White, 2010b). At a 0.5g/t Au lower cut-off the Mineral Resource totalled 3.331Mt @ 3.4g/t Au for 363,500oz. The Mining One review (Hutchins, 2012) re-stated these resources as 3.331Mt @ 3.4g/t Au for 363,690oz (as detailed in Table 4.1\_1) which is not materially different to the statement from the 2010 estimate with the difference attributed to rounding.

Table 4.1_1 Mt Morgans Mineral Resources (September 2012)																	
Deposit	Competent Person	Lower Cut	Top Cut	Measured			Indicated			Inferred			Totals				
		Au (g/t)	Au (g/t)	Tonnes	Grade Au (g/t)	Total Material Au (oz)	Tonnes	Grade Au (g/t)	Total Material Au (oz)	Tonnes	Grade Au (g/t)	Total Material Au (oz)	Tonnes	Grade Au (g/t)	Total Material Au (oz)		
Jupiter	Mr S Hutchin	1.5	IDWS									811,000	2.8	73,000	811,000	2.8	73,000
Westralia/ Millionaires	Mr S Hutchin	0.5	60	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	Mr S Hutchin	0.5	80				69,000	8.2	18,000			120,000	7.1	27,000	189,000	7.5	46,000
Transvaal	Mr S Hutchin	0.5	100	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
King Street	Mr D Kentwell	0.5										532,000	2.0	33,000	532,000	2.0	33,000
Totals				2,194,000	3.4	239,000	2,629,000	3.0	249,000			3,689,000	3.0	354,000	8,513,000	3.1	842,000

**Note:** Mineral Resources are inclusive of Ore Reserves



## 8. INDEPENDENT TECHNICAL REPORT - CONTINUED

**Coffey Mining Pty Ltd**

Data validation work was reported as part of the Millionaires resource estimation exercise also by KRC (White, 2010e). The work comprised collar validation, downhole survey validation and assay table validation. No major issues were reported. Density and QAQC data were also reviewed and it was noted that there was a general paucity of these data and that this would need to be rectified for the resources to achieve a higher classification.

Geological modelling comprised wireframing; BIF, porphyry, ultramafic and dolerite. The remaining country rock was interpreted to be basalt. Mineralisation was initially interpreted using a 0.15g/t Au lower cutoff. Subsequently, wireframes were created of all the intercepts greater than 1.35g/t. The orientation of the BIF and porphyry were used to guide the interpretation of mineralisation. Thirty mineralised lodes were wireframed for estimation.

Sample compositing was done at 1m and geostatistical analysis was undertaken on the 1m composites. Variography, utilising Vulcan™ mining software, was undertaken on the lodes with the highest volumes. Top cuts varied from 25g/t Au in Lode105 to 80g/t Au in Lodes 102 and 104. Each oxidation zone was estimated only using samples within that zone.

The resource was categorised into levels of high, medium and low geological confidence based on the number of drillholes used per estimate and the distance to samples. These were accounted for by the number of estimation passes required.

Coffey Mining considers the 2010 Westralia resource estimation is “current” since it was based on all existing data and no subsequent mining depletion occurred since the model was produced. It was done using industry standard methodologies, by reputable consultants with the appropriate qualifications and experience to be considered as “Competent Persons” under the definition provided in the JORC Code.

### **4.2.2 Transvaal**

The February 2010, Mt Morgans Transvaal Resource Report for RNG by Mining One (White, 2010c) and the 15<sup>th</sup> February 2010 KRC Transvaal Grade Estimation Report for Mining One (White, 2010d); report the total Measured, Indicated and Inferred Resources for Transvaal as 3,650,000t @ 2.8g/t for 328,800oz.

White (2010c) discussed aspects of the resource estimation. Prior to geological modelling, numerous database validation checks were done to ensure the integrity of the geological data. Wireframes were created for the porphyries and the mineralisation using face channel data, drillhole data, pre-existing geological maps and the position of existing underground development. The position of major faults was inferred from the displacement of the lithology and mineralisation.

The density data was derived from geophysical logging completed by Homestake. Densities were assigned as follows; fresh porphyry 2.69, fresh basalt 2.83, oxidised zone 2.2, transported (cover) zone 1.8. No separate density values appear to have been assigned to mineralisation.

Data used for the grade estimation included face channel data and drillhole data composited to 1m intervals. Statistical analysis was used to define 0.15g/t Au as the cutoff grade for interpretation of the mineralisation outlines and a top cut of 100g/t Au. Gold grade values were interpolated into a resource block model using the inverse distance squared algorithm.

The Resources were reviewed and restated by Mining One in its August 2012 report for Dacian Gold (Hutchin, 2012). The total Measured, Indicated and Inferred Resources were reported as 3,650,400t @ 2.8g/t Au for 326,880oz (as detailed in Table 4.1\_1) which is not materially different to the 2010 estimate.

No significant ore production was sourced from underground development or stoping during the phase of mining undertaken by RNG, reconciliation data was therefore not available to compare with the 2010 estimate. The 2010 classification of blocks within the Resource was based on estimation runs that were driven by drill spacing and confidence of mineralisation zones. A review of the categories assigned to blocks within the resource was completed (Hutchin, 2012) and essentially confirmed the classification using this methodology.

Close spaced underground diamond drilling in late 2010 and early 2011 was completed to define stopes for mining on the 315m and 295m levels. Mining One compared these drilling results with the wireframes and resource blocks from the 2010 models but did not use these data in re-estimation. Coffey Mining considers the resource estimation and review has been done using industry accepted methodologies by reputable consultants with the appropriate qualifications and experience to be considered as "Competent Persons" under the definition provided in the JORC Code. Updating of the resource model to account for all available data as well as mining depletion should logically take place following the next round of extensional exploration drilling.

#### 4.2.3 Craic

The Craic Mineral Resource was reviewed and restated by Mining One in its September 2012 report for Dacian Gold (Hutchin, 2012). The 2012 report lists the current Mineral Resource as 188,726t @ 7.5g/t Au for 45,504oz (Table 4.1\_1). This estimate is based on the December 2009 model prepared for RNG by Andrew White of Mining One (White, 2009) but takes into account open pit and underground mining depletion based on end of mine surveys.

Subsequent to the December 2009 estimate, further drilling was completed at the Craic deposit comprising 47 new exploration and 977 open pit grade control drillholes for a total of 17,509m. Mining One compared the new drilling and face sampling data with the original drilling data and the 2009 resource model. Mining One concluded that the underground diamond drilling was successful in defining stoping areas on the 295 and 275 levels. Results on the 315 level were impacted by the location of the cross cutting porphyry unit. Given the frequency of porphyry units within the resource area it is expected that spatial variances will be encountered once detailed infill drilling is completed. Grade and thicknesses of ore lenses defined by the underground drilling correlated well with the resource in the area accessed (albeit a relatively small area of the resource), face samples taken on the 315, 295 and 275 levels also provided generally a high degree of confirmation for the geometry and grade within the resource estimate on those levels in the mine.

## 8. INDEPENDENT TECHNICAL REPORT - CONTINUED

### Coffey Mining Pty Ltd

Coffey Mining considers the resource estimation and review to have been done using industry accepted methodologies by reputable consultants with the appropriate qualifications and experience to be considered as “Competent Persons” under the definition provided in the JORC Code. Updating of the resource model to account for all available data as well as mining depletion should logically take place following the next round of extensional exploration drilling. Appropriate QAQC procedures should be implemented with this next round of drilling.

#### 4.2.4 King Street

In July 2012, SRK re-evaluated the previous July 2010 King Street Resource estimate with respect to material changes and noted the current pit topography showed some material removal (mining) had taken place since that estimate. This impacted on the gold lode 3 (L3) and the wireframes were updated to reflect this. The current remnant Inferred Resource below the pit, was stated as 532,000t @ 1.95g/t Au, for 33,500oz (Kentwell, 2012). Issues identified which impacted on classification were the paucity of QAQC documentation and density measurements together with some drillhole survey uncertainties.

The south eastern extent of lode L1\_E (the largest lode) had previously been identified as still open with hole 94KSRC002 containing 7m @ 2.87g/t Au including 3m @ 5.7g/t at 120m below surface. Lodes L4 and L5 higher in the sequence were also described as open for 50m to 75m to the south east (Kentwell, 2010).

#### 4.2.5 Jupiter

In 1998, Plutonic Resources Limited reported the CIL Measured and Indicated Resource at Jupiter was 504,114t @ 2.83g/t Au for 45,904oz at a 1.5g/t Au lower cutoff. The resource was mainly in the walls outside the boundary of the completed pit. The CIL Inferred Resource was stated as 307,256t @ 2.76g/t Au for 27,243oz. Total (remnant CIL) Resource for Jupiter was 811,370t @ 2.8g/t Au for 73,148oz. In addition to this, total Measured, Indicated and Inferred Leach Resource at a 0.4g/t Au cutoff was reported as 3,361,498t @ 0.75g/t Au (Lewin, 1998).

A full copy of Plutonic's report was not available and little comment can be made by Coffey Mining in regard to the estimation methodology. An average density of 2.84 was used for fresh rock, the modelling extended from the 260mRL to the 410mRL (pit floor was at 280mRL), wire framing was based on 25m spaced sectional interpretations and grade interpolation was by indicator kriging (IK).

The Mineral Resources (all Inferred) were restated by Mining One in 2012 as 811,000t @ 2.8g/t Au for 73,010oz at a 1.5g/t cutoff (Hutchin, 2012). This effectively replicates the 1998 estimate.

#### 4.2.6 Coffey Mining Conclusions and Recommendations

Coffey Mining has reviewed the available documentation, associated with the Mineral Resources and considers that they are based on sufficient data from which to derive a reasonable estimate of the global resources present at each deposit. The Mineral Resources for Craic and Transvaal listed in Table 4.1\_1 do not account for the additional drilling and sampling data collected since December 2010. Mining One recommended future updates of the resource models be completed for both Craic and Transvaal to incorporate all available data obtained post December 2010. Mining depletion at the Craic deposit was accounted for in the Mining One report. In the case of Transvaal, mining depletion was accounted for, except for minor development work completed in 2011, but this depletion is very minor and not considered material. The additional drilling data available at Transvaal were from such a restricted area that inclusion of these data would be unlikely to materially affect the global resource estimate.

More rigorous QAQC procedures need to be implemented for the next rounds of resource (extensional) drilling. Current QAQC data seems to consist only of duplicates. Future QAQC programs require systematic insertion of standards (CRMs) and Blanks at the appropriate frequency.

## 8. INDEPENDENT TECHNICAL REPORT - CONTINUED

Coffey Mining Pty Ltd

### 5 EXPLORATION HISTORY

The following summary details historical exploration activity since recent redevelopment of the field in the 1980s. A significant amount of surface exploration and prospecting preceded this and was associated with the historical mining activities. Similarly the bulk of the exploration completed in more recent times was focused in and around the operating mines. These activities are not considered relevant when assessing the current exploration potential of the wider Project area and are not discussed here.

The region covered by the current Mt Morgans Project has been explored since the late 1980s under the same project name, with reporting completed under different tenement groupings; Mt Morgans North, Mount McKenzie, Mount Marven, Cameron Well, Rainbow Well and Jupiter. The Mt Morgans Project was originally held under Austwhim Resources Limited (Austwhim), a wholly own subsidiary of Dominion Mining Ltd on behalf of the Mt Morgans Joint Venture between Austwhim (80%) and Morgans Gold Mines (20%). Dominion operated the project from 1990 until its divestment to Plutonic Resources in 1995. Plutonic was acquired by Homestake in 1997 and from that time Homestake operated and managed all mining and exploration activities on behalf of the JV. Austwhim became a subsidiary of Homestake Mining Company in 1999. In 2001 Homestake merged with Barrick Gold of Australia Ltd (Barrick) and Barrick became the operators of all the exploration activities. In 2003 the Mt Morgans tenements were transferred from Austwhim to Placer (Granny Smith) Pty Ltd (PGS). In 2005 Barrick merged with Placer and became Barrick (Granny Smith). RNG acquired the project from Barrick in May 2009.

Prior to 1988 the Mt Morgans area had been covered by various regional mapping surveys. In 1988 an aeromagnetic survey was flown over the Laverton area including Jupiter, a 1:10,000 scale aerial photography survey in 1990 and a regional gravity survey in the Laverton-Leonora area in 1992.

During 1993 Dominion completed a regional review to identify possible exploration strategies, re-interpreted the aeromagnetics from 1988, and conducted vacuum bedrock geochemical program south of Terlinga workings (Rohde, 1995). In 1994 Dominion completed bedrock drilling in the Cameron Well area on three prospects (Rohde, 1995); Cameron Well East, Cameron Well and Cameron Well West. The Cameron Well West drilling was considered to show poor continuity but significant intercepts included: 2m @ 11.2g/t Au from 1m (94CWRB014) and 2m @ 15.3g/t Au from 7m (94CWRB031). Cameron East and Cameron Well were drilled using aircore and RAB drilling during 1995 (Evans, 1996) but no significant intercepts were identified. Dominion drilled Mt McKenzie West in early 1995 using 70 angled RAB holes for 1,434m. The most significant intercept was 5m @ 1.14g/t Au from 0m in hole 95MKAR049 (Evans, 1996).

In 1997 (McMahon and Gargiulo, 1998) Homestake tested the Jupiter-style, bulls-eye, aeromagnetic, Anomaly H located along the eastern boundary of M39/305 using ground magnetics, three angled RAB holes for 92m and four vertical AC holes for 309m. No significant assays >0.1g/t Au was recorded from any of the holes. The magnetic anomaly was attributed to deeper ironstone gravels as no anomalous bedrock responses were recorded. Anomaly H was considered poorly tested.

Homestake reviewed the Cameron Well East and Terlinga exploration data identifying three prospective areas, including two east-west striking BIF/chert ridges, a northwest trending line of historical workings along a narrow sheared sedimentary horizon and an untested area under transported cover.

The McKenzie Bore North Area, identified from low-order soil anomalies, was drill tested using four RAB drillholes for 135m during 1998 (McMahon, 1998). Results were considered disappointing with the most significant intercept being 4m @ 0.12g/t Au from 0m (98MERB0197).

During the 1998 to 1999 reporting period (Nixon, 2000), Homestake conducted a regolith study to assess the effectiveness of historical geochemical data using colour aerial photography and airborne radiometrics at 1:25,000 scale and completed extensive RAB and AC drilling over a number of prospects. Regional RAB and AC drilling identified the Jupiter East prospect (Jupiter Project) during 1999 (Moroney, 2000b). The most significant intercept was: 7m @ 1.80g/t Au from 62m including 1m @ 10.4g/t Au from 66m (AC drillhole: MEAC0288).

Further exploration over the Jupiter Project by Homestake in 2000 (Moroney, 2001b) comprised detailed mapping and 11.2 line kilometres of rock chip sampling (143 samples) over BIF ridges, covering two prospects, MM23 and MM28. MM23 had a number of elevated coincident Au (0.1-0.2g/t Au), As and Cu assay values and the highest gold assay was 0.25g/t Au. The results from MM28 were considered disappointing with no significant gold or multi-element values. The Monte Video prospect (M39/282, 306) was tested with 13 RAB holes for 988m and four AC holes for 414m. An encouraging intercept of 16m @ 0.50g/t Au, including 3m @ 1.87g/t Au was recorded but the anomaly was considered unlikely to contain a significant resource. Jupiter East had 18 RC holes for 2,789m drilled to follow-up on moderate to strong mineralisation previously encountered. The most significant intercept was 7m @ 2.21g/t Au from 136m (MERC0062). RC drilling designed to test the depth projections of the mineralisation did not increase the tenor of the grade, resulting in the potential of the prospect being down-graded.

Ground magnetic surveys were conducted over the Max Well (currently known as Maxwells) and Rainbow Bore prospects (Mt Morgans tenement group; Nixon, 2001) and mapping and rock chip geochemical sampling over MM29 (M39/497). The banded ironstone sampled in the area was considered highly prospective. The highest gold value was 1830ppb Au with coincident 915ppm As and 270ppm Cu values. The magnetic anomaly at Max Well was drill tested with 56 AC holes for 5,792m. Two targets, MM39 (M39/747) and MM47 (M39/501), both possible dilational jogs along the Celia Tectonic Zone were tested with five RAB holes for 339m and five RAB holes for 389m respectively. Gold values were generally <0.10ppm Au and overall considered disappointing.

Rainbow Bore was drilled using 31 RC drillholes for 6,068m. Significant intersections were returned for all but two of the holes. High grade intersections such as 11m @ 9.10ppm Au (MERC0092) were hosted in highly brecciated zones. Despite the encouraging results the grades, widths and continuity were not considered economic at the time.



## 8. INDEPENDENT TECHNICAL REPORT - CONTINUED

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During 2001 Homestake completed two line kilometres of dipole-dipole IP/Resistivity survey over Rainbow Bore and 160m of down hole IP/Resistivity to try and map mineralisation within the banded ironstone units (Nixon, 2002). Rock chip samples were collected along the outcropping banded ironstone units at 10m intervals. Most of the samples were considered anomalous with a number >1.0ppm Au. However, drill testing of similar targets suggested that the surface anomaly did not increase with depth so no follow-up work was conducted.

Max Well (E39/349) was followed up with six AC holes for 565m and three RC holes for 553m. Only one AC hole had values >0.1ppm Au and the most significant RC intercept was in hole MERC0103 with 1m @ 2.67g/t Au from 193m. The anomaly was considered adequately tested with no further work warranted.

The Celia Tectonic Zone (M39/747 and M39/501) was drill tested with 139 RAB holes for 8,739m and 60 AC holes for 4,902m. A number of anomalous areas were identified but were classified as transported anomalies or gold associated with northerly trending structures. Overall the results were considered disappointing, with discontinuous anomalous zones of low tenor.

In 2003 PGS conducted a gravity survey and completed regional geological mapping (May and O'Sullivan, 2004). Spoil samples from historic drilling were submitted for multi-element analysis and analysed using the PIMAIL infrared spectrometer. Regional rock chip samples were also collected.

During 2004 PGS (May and O'Sullivan, 2005) focussed on target generation through review of existing data and drilled 75 AC holes for 5,134m in the south of the project on the Magneto and Storm prospects over Lake Carey. One end of hole rock chip sample from each of the holes was analysed using the PIMAIL infrared spectrometer. An Airborne Spectral Hymapper survey was flown over the Laverton 1:100,000 sheet in December 2004.

No annual reports lodged with the mines department were identified for the years 2005 to 2008 covering the Mt Morgans project except for four reports covering individual P tenements (P39/4281; Johnson and O'Sullivan, 2005a; P39/4283, Johnson and O'Sullivan, 2005b; P39/4306, Fairall and O'Sullivan, 2006a; and P39/4318, Fairall and O'Sullivan, 2006b). These reports discuss reviewing regional geology and geophysics and processing data from the regional airborne spectral survey.

In early 2009 Barrick drilled four RC holes for 564m in tenement M39/18 and one RC hole for 100m in tenement P39/4815. None of the results were considered significant and the targets were downgraded (Dabire et al., 2010). When RNG took over operations in March 2009 drilling was concentrated on updating the resource estimates for Craic, Ramornie, King Street and Transvaal (Higgins and Chintock, 2009). In 2010 RNG (Chintock, 2010) conducted a data review of all previous exploration. Field reconnaissance was conducted across all the tenements and drilling again concentrated on deposit extensions. Rockchip samples were collected across numerous prospects with the highest values from Sweet Nell (M39/304) at 81.48g/t, 44.49g/t and 33.25g/t Au.

## 6 EXPLORATION POTENTIAL

### 6.1 Introduction

The exploration potential of the Mt Morgans Project comprises exploration opportunities around the extensions (e.g. probable depth and less-so immediate strike) of known deposits and the exploration potential of the greater project area away from the known deposits (Figure 6.1\_1).

### 6.2 Mine Areas

It is considered that potential still exists to add to the Mt Morgans Mineral Resources through exploration drilling around the known deposits.

#### 6.2.1 Westralia

Westralia was a significant deposit in the district. The open pit mine was followed up with an underground operation producing approximately 712,000t @ 3.7g/t Au from the underground mine. The gold occurred in south plunging shoots where north trending cross faults cut the NW trending BIF. Within the footprint of the main deposit, there are few drillholes below 300m depth.

The Westralia mineralisation is truncated at depth to the north by a structural feature called “the flattening zone” which plunges moderately south in the plane of the lode. It manifests as a change in dip of the BIF from sub vertical to 60-65°E. Gold mineralisation is clearly associated with the steep portions of the BIF above this zone and grades die away as the BIF dips flatten. A return to steep dips below this zone may be associated with increased grade and represents an additional exploration target. Deeper drill intersections such as 81MMDI015 3.85m @ 6.9g/t from 378.55m, and MPRCD0036 3.1m @ 26.7g/t from 568.89 have not had sufficient follow up and may well warrant additional drilling to establish their significance (Figure 6.2.1\_1).

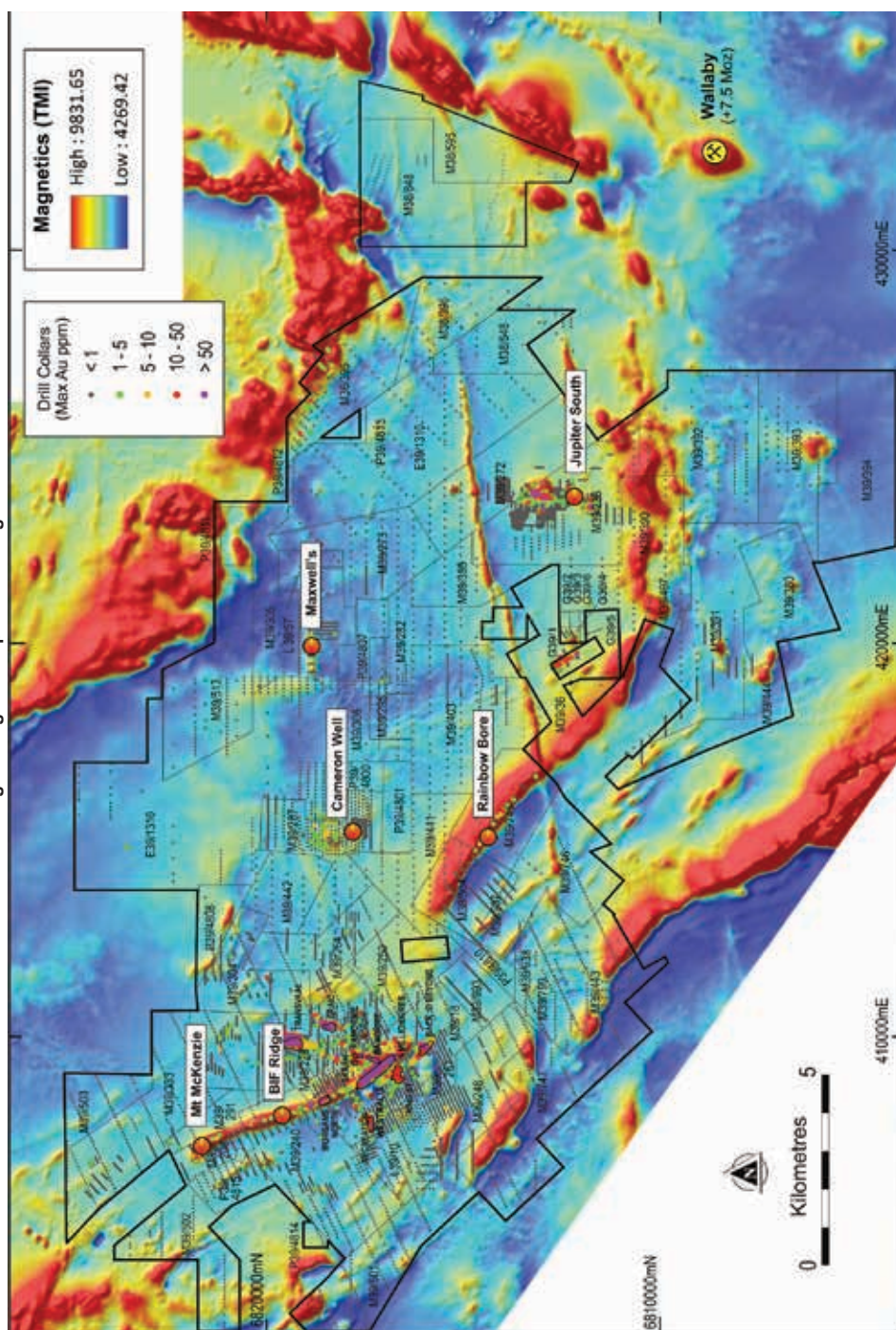
Another exploration target at depth is represented by the intersection of the Back of Beyond (B.O.B) Fault and the Westralia lode. The intersection is interpreted to plunge moderately to the north and may localize an ore shoot of particularly strong mineralisation. The 3.1m @ 26.7g/t Au intersection in hole MPRD0036 is close to this targeted position and supports the conceptual interpretation (Figure 6.2.1\_1).

In addition to these specific targets at Westralia, areas along strike to the north between Westralia and Morgans North may warrant further testing to supplement the existing shallow drilling.

## 8. INDEPENDENT TECHNICAL REPORT - CONTINUED

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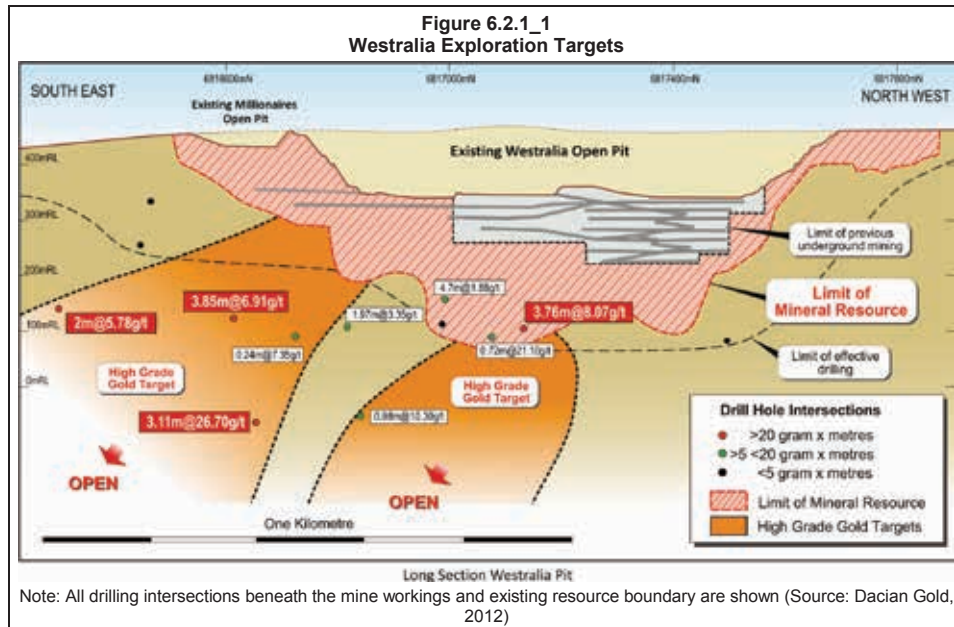
Figure 6.1\_1  
Mt Morgans Regional Exploration Targets



Source: Dacian Gold, 2012

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## 6.2.2 Morgans North

The Morgan's North deposit has not been drilled below 120m below surface. A number of drillholes to the north of the pit returned high grade results which have yet to be followed up. These include downhole intersections of: 3m @ 22.3g/t Au from 62m (90MNRC006); and 4m @ 13.7g/t Au from 84m (90MNRC005; Figure 6.2.2\_1).

Approximately 200m to the north along the BIF, limited previous shallow drilling has returned significant intersections in the Phoenix area which were not followed up. Better intersections include: 5m @ 19.58g/t, from 14m and 5m @ 20.8g/t from 51m (MMN016); and 3m @ 75.8g/t, from 87m (92MNRC015). The deepest hole to the south of the Phoenix area finished in mineralisation with 2m @ 39g/t at the end of the hole 88MMRC130 from 109m to 111m.

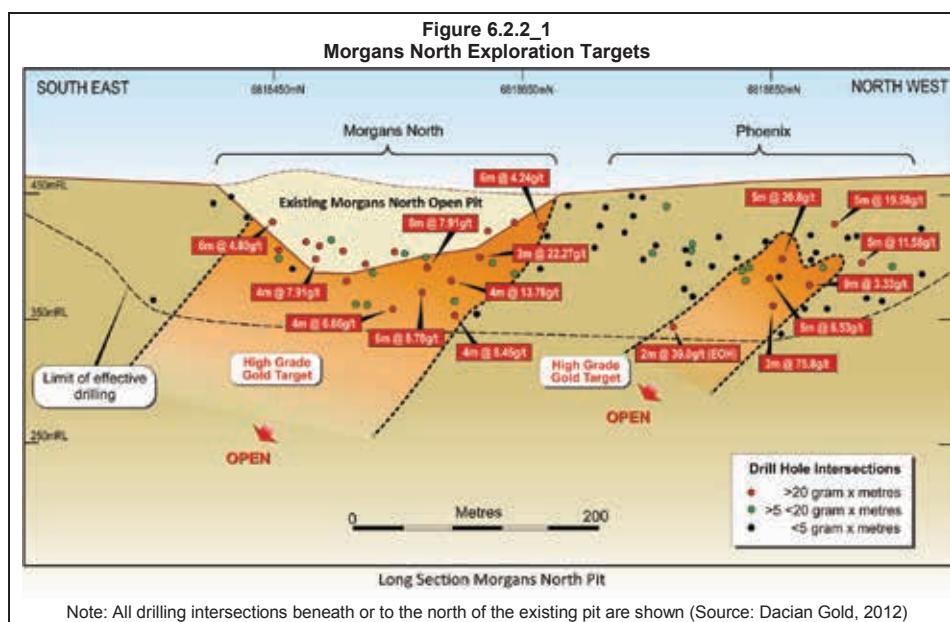
The BIF which hosts the Westralia and Morgans North deposits continues for a further 3km north to Mt McKenzie where a number of old shafts and adits are located. The BIF at this location has been structurally disturbed and mineralized. Early drilling led to the estimation of a small resource. Further drilling was carried out but near the time of the operation shut down and the data does not appear to have been used in any updated resource estimate. Better results include: 11m @ 2.55g/t Au from 61m (97MPRC0001); and 7m @ 4.99g/t Au from 69m (96MPRC0045). These results may warrant incorporation into a model in order to establish if a small near surface resource exists and to assist in the planning additional drilling.



## 8. INDEPENDENT TECHNICAL REPORT - CONTINUED

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Numerous topographic breaks along the line of the BIF ridge appear to be associated with cross cutting structures mineralising the BIF and making it more susceptible to weathering. These topographic breaks often have associated historical prospecting shafts. Previous shallow drilling along the strike of the BIF was at fixed 200m intervals and did not specifically target breaks which may have capacity to host individual short strike length mineralised shoots. Exploration drilling to test these areas may be warranted.



### 6.2.3 Craic

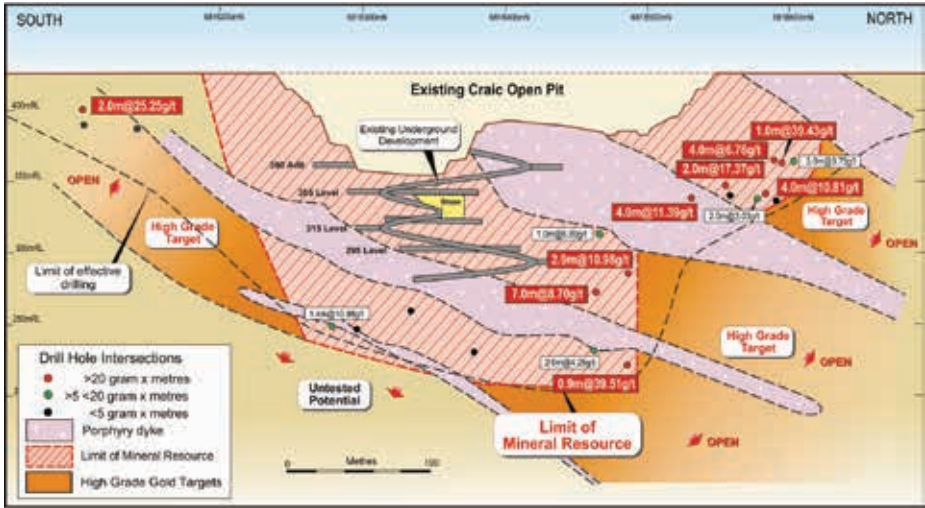
At Craic, high grade gold mineralisation appears to be open down plunge to the north. Zones of thinner porphyry development represent exploration targets particularly where the lode extends to the south. There appear to be fewer porphyries in this area which may be indicative of potential to host a more continuous lode (Figure 6.2.3\_1). The shallow north plunging shoots do not appear to have been well constrained at depth by the current drilling and plunge extensions may offer potential targets.

A potential fault offset of the Craic lode has been intersected just to the south of the pit. The intersection of 2m @ 25.25g/t Au from 29m in hole CD0026 warrants further investigation.

### 6.2.4 Transvaal – Ramornie

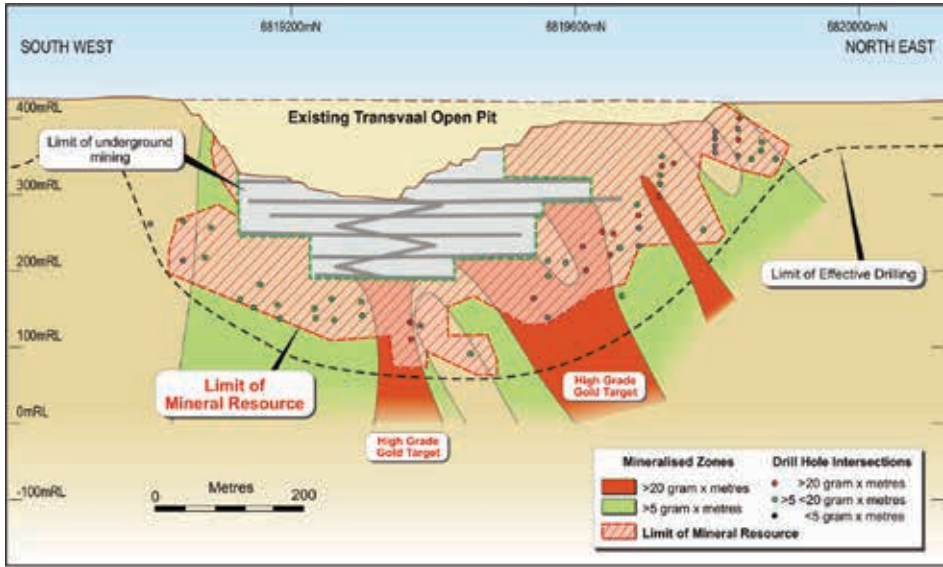
Three mines have been developed on the Transvaal-Ramornie shear corridor including the Ramornie open pit (mined to 45m), the Ramornie North open pit (mined to 30m) and the Transvaal open pit and underground mine (mined to 230m). High grade gold mineralisation extends below the limit of workings at all three mines with limited drill testing of known mineralised shoots having been undertaken as depicted in Figure 6.2.4\_1 and Figure 6.2.4\_2.

Figure 6.2.3\_1  
Craic Extensional Exploration Targets



Note: All drilling intersections beneath the mine workings and existing resource boundary are shown  
(Source: Dacian Gold, 2012)

Figure 6.2.4\_1  
Transvaal Extensional Exploration Targets

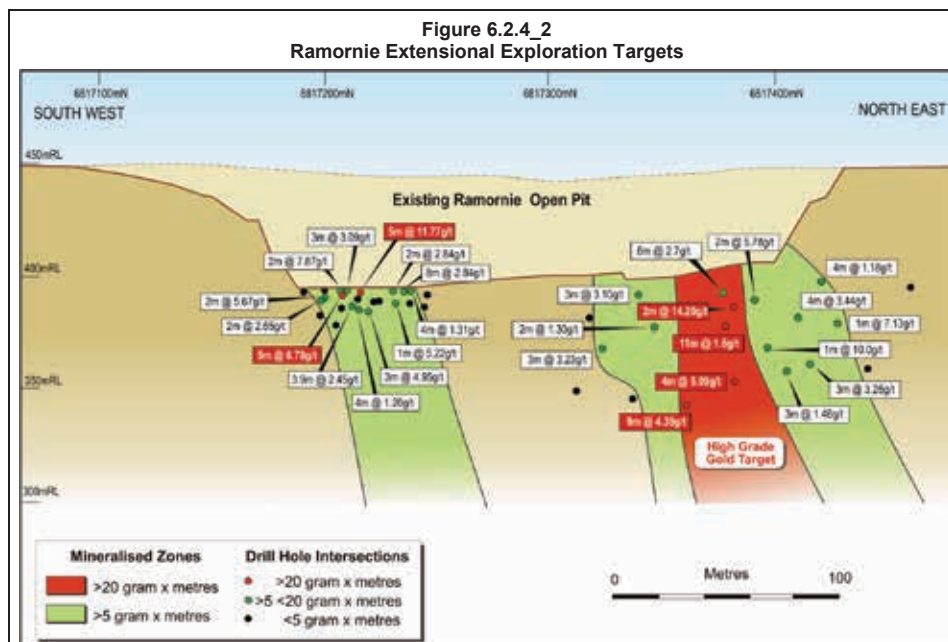


Note: All drilling intersections beneath the mine workings and at the base of or below the existing resource boundary are shown (Source: Dacian Gold, 2012)



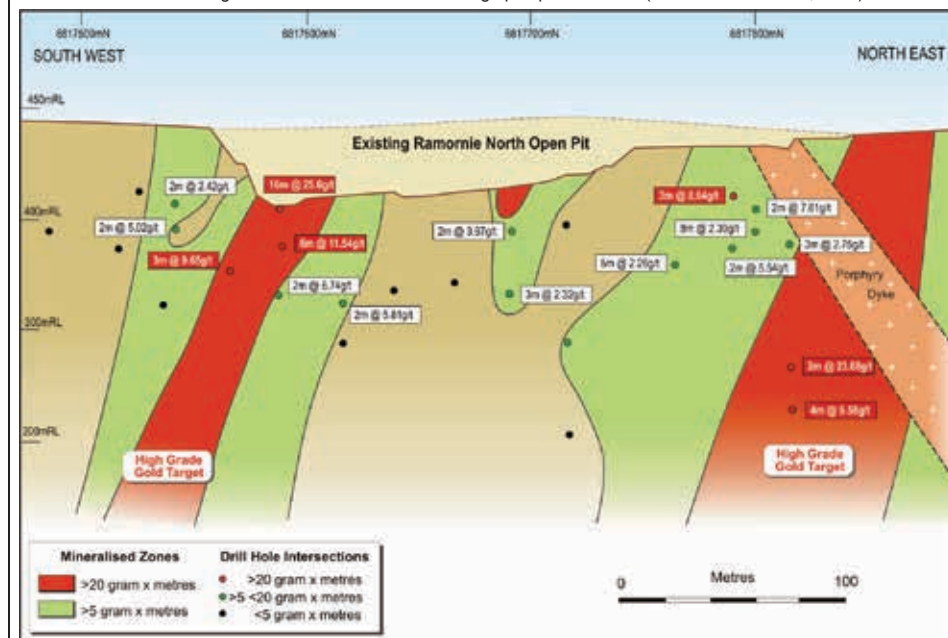
## 8. INDEPENDENT TECHNICAL REPORT - CONTINUED

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Long Section Ramornie Pit

Note: All drilling intersections beneath the existing open pit are shown (Source: Dacian Gold, 2012)



Long Section Ramornie North Pit

Note: All drilling intersections beneath the existing open pit are shown (Source: Dacian Gold, 2012)

At Ramornie and Ramornie North, no Mineral Resources have been estimated even though high grade mineralisation has been delineated in a number of areas. An example is on Section 6817590N is presented in Figure 6.2.4\_3. Potential exists to define immediate extensions to the high grade mineralisation mined within the three deposits of Transvaal, Ramonie North and Ramornie. All three deposits remain open at depth and in some cases along strike from previously exploited ore zones. A substantial drilling program to assess the potential of these deposits may be warranted.

More regionally, the Ramornie-Transvaal shear corridor has been tested with shallow RAB geochemical drilling typically with 40m spaced holes on 100m spaced east-west cross sections. Several anomalous areas with results >5g/t Au have been identified and have received only limited drill follow up. The anomalous zones appear narrow and of limited strike extent but may indicate potential for lodes at depth or concealed between porphyry bodies and requires assessment. RNG reported evidence of near surface gold depletion however further investigation may be warranted to determine if any further potential exists.

#### **6.2.5 Jupiter Area**

The Jupiter mining centre comprises the interconnected Joanne and Jenny pits. Gold mineralisation in quartz vein swarms with apparently predominant flat NNE dips is hosted by irregular syenite intrusives and metamafics. To date the syenite appears to be the preferred host. In the Joanne pit, the higher grade distribution in the main lode was controlled by the intersection of the flat NNE dipping Jupiter Fault and the main syenite mass. This structure and mineralisation are open to the north east down dip and it is possible that additional mineralisation might have formed where the structure intersects another syenite body or similar rock mass. There is some speculation that some of the mineralisation in the Jenny pit is controlled by a separate (deeper structure) which remains open to the north below the Joanne pit (Figure 6.2.5\_1).

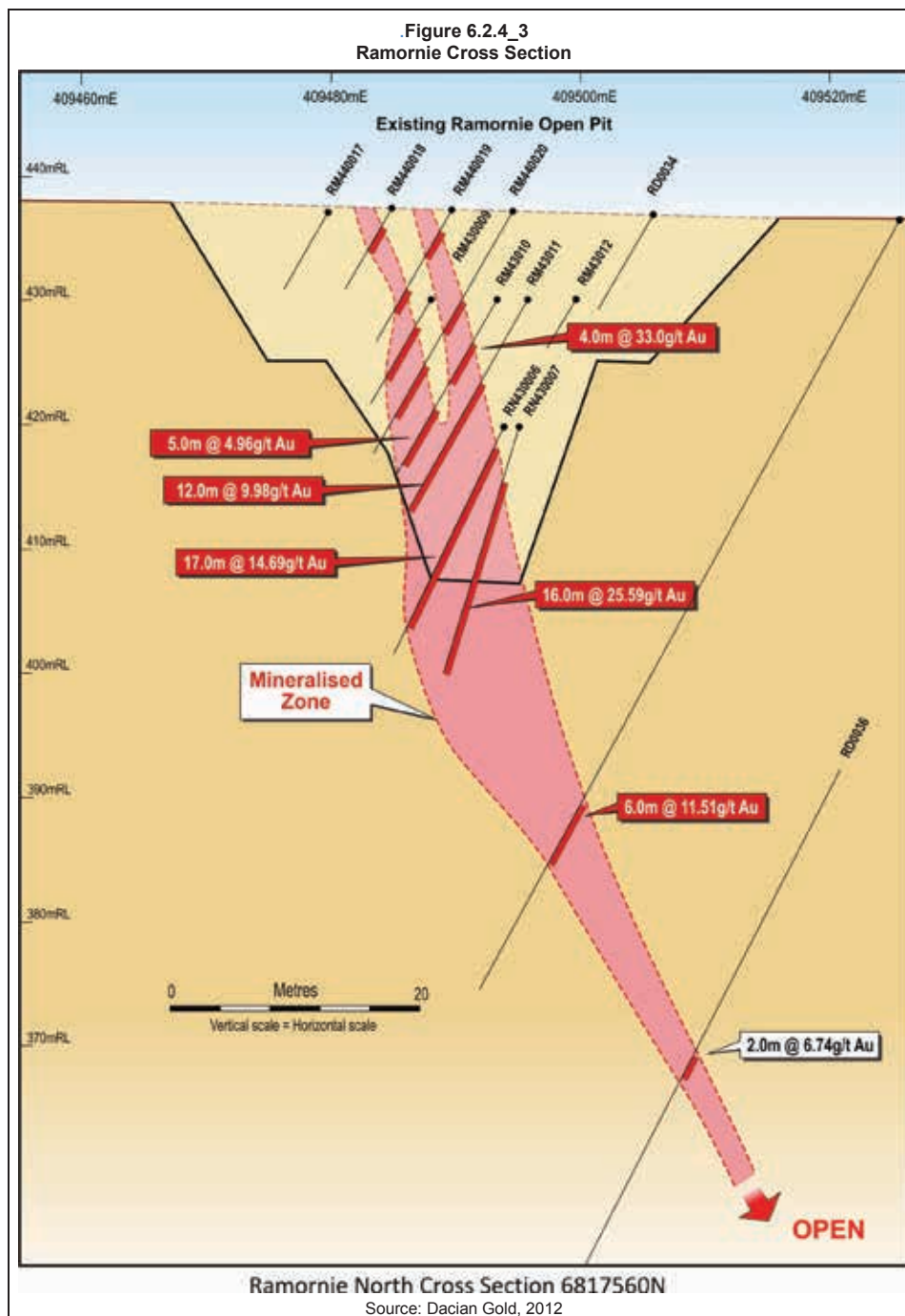
Other prospects in the Jupiter camp include the syenite related mineralisation at Heffernans Find and Fortress Hill (collectively Jupiter South). The Jupiter mine closure report by Homestake suggests the drilling at Heffernans Find was spasmodic and not on any regular pattern and that Fortress Hill was only tested by grade control drilling. The drilling in the Jupiter area has demonstrated that the syenite bodies have potential to host gold mineralisation including zones of flat dipping mineralisation analogous to the Wallaby deposit (Figure 6.2.5\_2). Drilling in the area rarely extends beyond 80m depth.

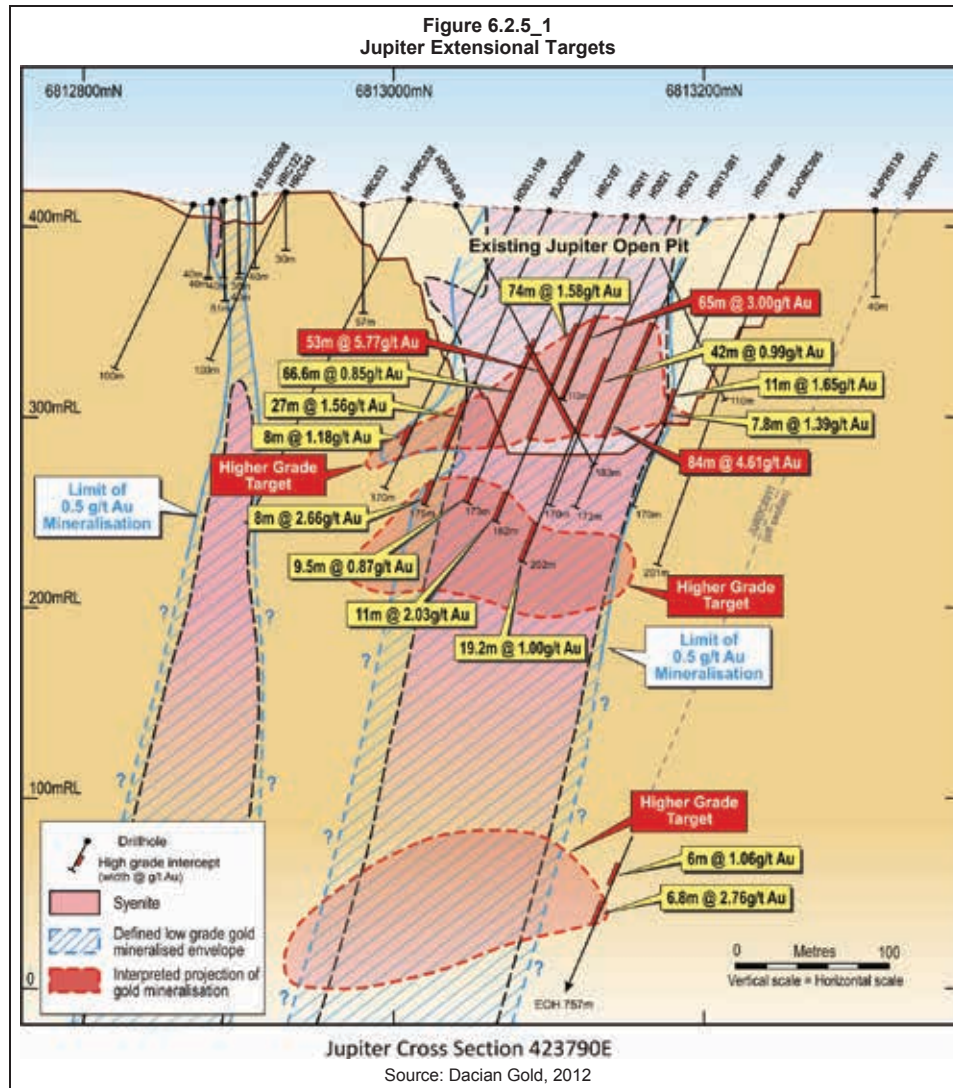
#### **6.2.6 Recreation - Westralia**

This exploration target lies on the intersection of the E-W trending Recreation Deposit structure and the NW trending Westralia Deposit. The intersection point was previously inaccessible for exploration due to the presence of mine infrastructure. These no longer exist and some further work may be warranted to test this target.

## 8. INDEPENDENT TECHNICAL REPORT - CONTINUED

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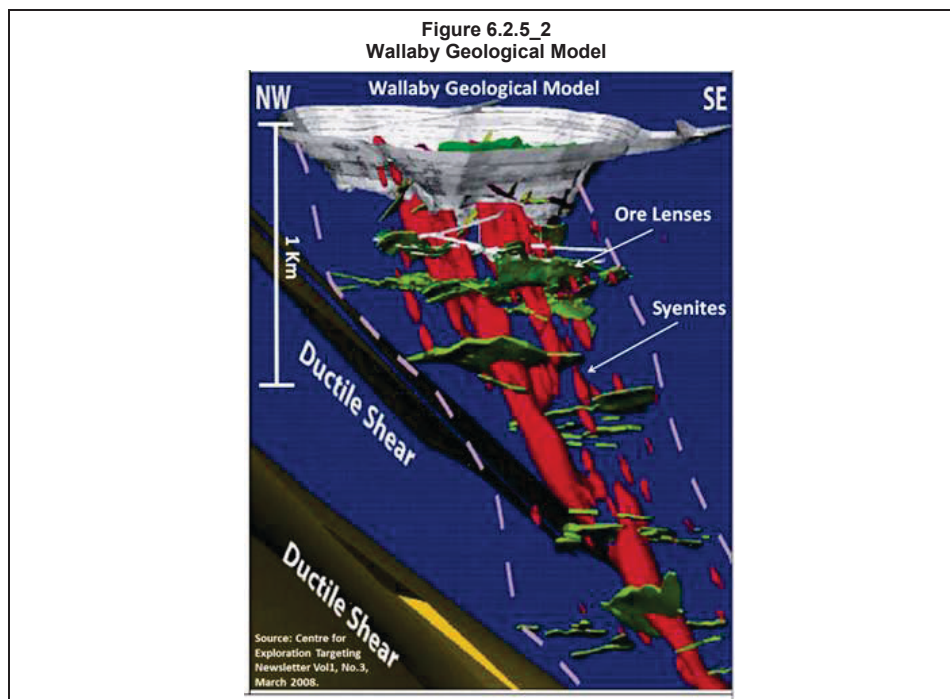


### 6.2.7 Other Deposits

The King Street and BOB pits lie on secondary structures immediately south of the Westralia Deposit. At King Street, mineralization is open at depth on several structures and further drilling to test these structures at depth may be justified.

## 8. INDEPENDENT TECHNICAL REPORT - CONTINUED

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### 6.2.8 Recreation - Westralia

This exploration target lies on the intersection of the E-W trending Recreation Deposit structure and the NW trending Westralia Deposit. The intersection point was previously inaccessible for exploration due to the presence of mine infrastructure. These no longer exist and some further work may be warranted to test this target.

### 6.2.9 Other Deposits

The King Street and BOB pits lie on secondary structures immediately south of the Westralia Deposit. At King Street, mineralization is open at depth on several structures and further drilling to test these structures at depth may be justified.

## 6.3 Regional Exploration Potential - Project Tenements

### 6.3.1 Mt Marven

The Mt Marven pits lie on the north trending Mt Margaret Shear south of the Mt Margaret community. Mineralisation associated with strong shearing is locally developed in basalt, high-Mg basalt and felsic porphyries. The shear zone also disrupts the BIF ridges along strike to the south. Dominion extracted about 20,000oz of gold in 1996, and there has apparently been no drilling since. Mineralisation also extends south of the Dominion pits and a small area of mineralisation was defined at the Bonanza Prospect. Plutonic reviewed the drilling data in 1997 and estimated that a small resource remained within 20m of the historical pit boundaries. Homestake subsequently also reviewed the data but conducted no physical exploration.



Rock chip sampling results suggest that mineralization continues to the south but there appears to have been little other work done over the remainder of the Mt Marven lease.

### 6.3.2 Rainbow Bore Area

Some high grade gold results have been returned from broad spaced drilling. The gold is localized within the BIF extensions to the southeast toward Mt Marven and northeast cross cutting structures are evident in some of the enhanced magnetic data. More work is required to investigate this mineralization.

### 6.3.3 Cameron Well

There are a number of isolated aeromagnetic anomalies which may have potential for syenite hosted gold deposits such as Jupiter. A number of these are untested but one at Cameron Well returned anomalous lag sampling results defining strong northeast trending anomalies to the north of the main bull's eye magnetic anomaly. The anomalous lag results are open to the southwest and some weakly gold anomalous (shallow) drill results were generated from vertical pattern air core drilling completed at 200m spacing and reached a maximum depth of 13m. Follow up angle RAB drilling returned sporadic high grade intersections including 7m @ 15.4g/t Au from 15m in hole CWRB074. Given that there is well recognized depletion in the top 10-20m of the regolith profile, and the limited deeper drill testing, the Cameron Well area can be considered to have not been adequately tested and has been demonstrated to host mineralisation.

## 6.4 Coffey Mining Conclusions and Recommendations

The Project contains a significant exploration package of some 319.6km<sup>2</sup> prospective for mesothermal lode gold deposits. Similar deposits give the Eastern Goldfields of Western Australia a total endowment of over 200Moz and include the Golden Mile deposit with 68Moz and numerous large to giant deposits containing 5-10Moz (Figure 1.1\_1). The North Eastern Goldfields Mineral Province, which includes the Mt Morgans Project, has a total endowment of over 70Moz and hosts 15 deposits with >1Moz Au. It includes the nearby major gold deposits at Sunrise Dam, Wallaby, Granny Smith and Lancefield (Barnett and Williams, 2012). Coffey Mining regards the Mt Morgans tenement package as highly prospective for the discovery of additional gold resources.

Within the Project area, the multiplicity of orientations of well mineralised structures and the variety of lithologies hosting economic mineralisation are characteristic of significant gold camps. The concentration of previously mined deposits in the outcrop and subcrop areas is regarded as a function of ease of discovery rather than a fundamental control on the localisation of the mineralisation. The only mineralised prospects in the extensively covered area (Maxwell's and Rainbow Bore) are both associated with BIFs which are easily traced under cover by their magnetic signatures. Approximately half of the Project area is characterised by regolith profiles with a significant transported component and it seems reasonable to conclude that similar endowment, blind to the surface, could exist elsewhere in the Project area. Careful interpretation of surface geochemistry and shallow geochemical drilling is required.



## 8. INDEPENDENT TECHNICAL REPORT - CONTINUED

### Coffey Mining Pty Ltd

Weak anomalies in structurally favourable areas should not be discounted, especially given the evidence for near surface depletion of gold in the first 12-15m even where the regolith is geochemically well coupled to the bedrock.

A previous production history of about 1.3Moz from the Mt Morgans camp, combined with an approximate additional 0.8Moz in current resources, confirm this as a major gold camp. However, despite this, the two major deposits in the camp (Westralia and Transvaal) have almost no drilling below 350m vertical depth. Those few deep holes below this depth include intersections such as 3.1m @ 26.7g/t (Westralia) and 2.1m @ 15.5g/t (Transvaal). This depth of drilling is anomalously shallow relative to almost all other comparable major gold camps of this type elsewhere. The reason for this relatively shallow drilling appears to be that the exploration focus during both the recent (2010-2011) RNG phase of mining and the later stages of the previous phase of mining by Dominion Mining (which terminated in 1998) were driven by short-term operational considerations (Hronsky, 2011)

The largest extensional opportunity at Mt Morgans is associated with the Westralia Deposit which has only been mined to ~ 300m vertical depth. There is very little drilling below 350m and the available data indicate that the steeply-plunging ore-shoots mined in the south and central parts of the deposit continue to depth. The apparent termination of mineralisation associated with the "flattening zone" in the northern part of the deposit is more likely to represent a local disruption to the mineralised system than a fundamental termination. One possible interpretation is that the Morgans North mineralisation might represent the northerly up-plunge extension of as yet undetected high grade mineralisation present below the "flattening zone" (Hronsky, 2011). A similar local disruption at depth to an ore-hosting shear zone, separating major high-grade shoots above and below it, occurs at the Lancefield gold deposit (also within the Laverton region).

Coffey Mining also considers that the extensional exploration targets at Transvaal, Craic, and Ramornie represent strong opportunities to add to the Mineral Resources in the MMMC.

The most important specific regional opportunity in the portfolio is the Cameron Well prospect based on a geological analogy with the Wallaby deposit. At both Wallaby and Cameron Well, a vertically-stacked set of shallowly dipping lode-structures occur hosted by syenite intrusions. However, while these flat structures have been defined to a depth of about 1.5km at Wallaby, Cameron Well has not been tested below 80m.

Coffey Mining also considers that the other regional exploration opportunities such as Rainbow Bore, Maxwell's, Mt McKenzie and BIF Ridge all hold potential to lead to the discovery of additional resources.

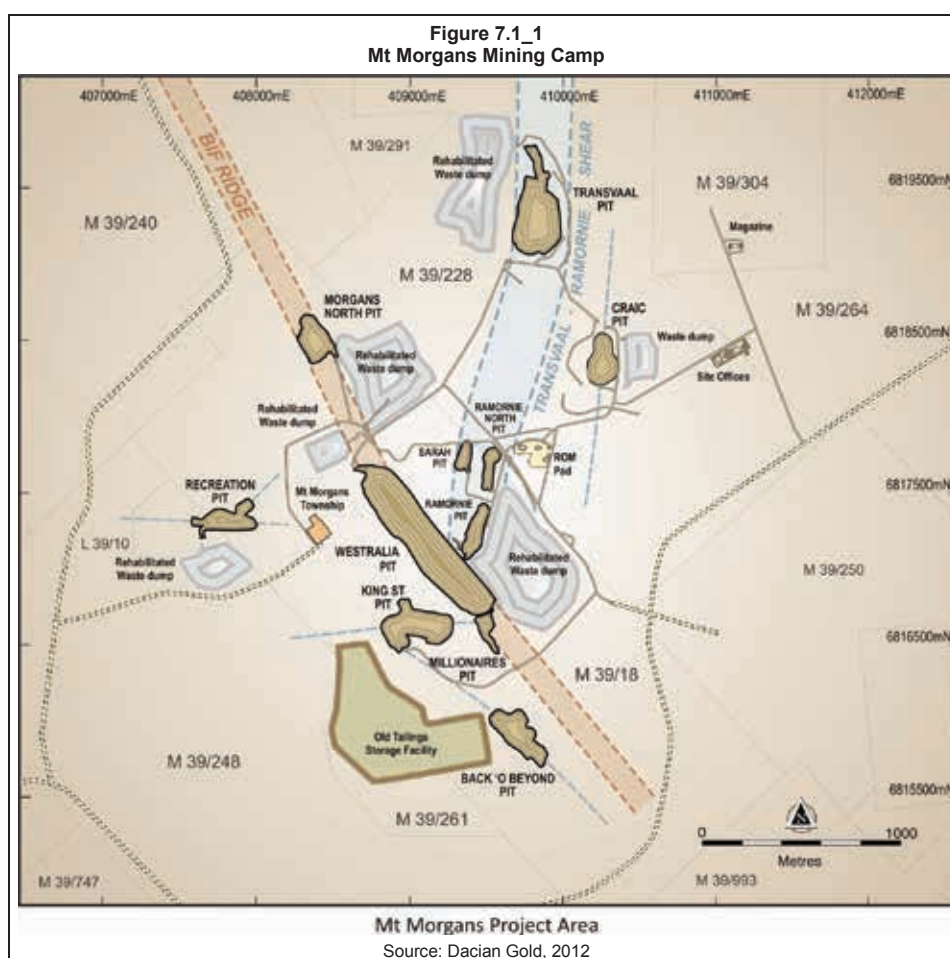
Significant potential also exists for the discovery of as yet undetected mineralisation associated with areas concealed by deep and or complex transported regolith. A significant part of the Project area is concealed by such regolith materials (Figure 6.4\_1). Similarly areas which have only been tested with shallow geochemical drilling which may not have effectively tested bedrock are also regarded as prospective for new gold discoveries. Large parts of the Project area conceivably fall into this category.

Coffey Mining considers that surface (ground) EM and downhole EM are exploration methods which could be effective in the search for mineralised shoots associated with sulphidised BIF.

## 7 MINING

### 7.1 Introduction

The bulk of the >1Moz of gold production from the Mt Morgans Project occurred during the 1980s and 1990s as described in Section 2.3 of this report. Gold production was predominantly from mines in the MMMC (Figure 7.1\_1).



In September 2012, Mining One was engaged by Dacian Gold to undertake a review of the Ore Reserve for the Craic and Transvaal deposits. The review was based on the initial mine planning study work completed in June 2010 by Mining One for RNG which was amended in December 2010 to include additional resources and a small gold price increase and again in September 2012 to take into account mining depletion at Craic which occurred early in 2011.

## 8. INDEPENDENT TECHNICAL REPORT - CONTINUED

### Coffey Mining Pty Ltd

Coffey Mining has not independently validated the Mt Morgans Ore Reserves but has reviewed and commented on the underlying methodology and assumptions used to derive the Reserves. The Competent Persons Statement for information relating to the Ore Reserve can be found in Section 1.4

#### 7.2 Mt Morgans 2010 Ore Reserves

The June 2010 mine planning study by Mining One for RNG was specifically aimed at the Craic, Transvaal and Ramornie deposits. The Ramornie deposit did not contain sufficient material above the calculated cutoff grade to warrant an underground operation and was not included in the study.

Four possible mining scenarios were examined during that study including the Base Case that examined only Measured and Indicated Mineral Resource categories excluding any material adjacent to previous stoping at Transvaal (called slivers). Craic was planned as an initial open pit and it was assumed that the underground operation would commence from the base of the open pit. Based on the mine planning work and technical assumptions, the operating costs used to calculate the mining cutoff grade was \$250 per ore tonne for Craic and \$120 per ore tonne for Transvaal. The cutoff grade for each operation was 6.92g/t Au for Craic, and 3.45g/t Au for Transvaal.

In December 2010, RNG engaged Mining One to complete additional mining planning work to establish an Ore Reserve for the Craic and Transvaal deposits. All technical assumptions remain unchanged as per the June 2010 study except for the gold price which was increased to AU\$1,350 per ounce. The Ore Reserve for Transvaal included the sliver material that was excluded from the mining inventory work completed by Mining One in June 2010. The Ore Reserves as at December 2010 are shown in Table 7.2\_1.

Table 7.2_1 Mt Morgans December 2010 Ore Reserves					
Mine	Lower Cut (g/t Au)	Gold Ore Reserve	Tonnes	Grade (g/t Au)	Total Metal (oz)
Transvaal	3.4	Proved	380,170	6.2	75,780
		Probable	271,040	6.0	52,290
		Totals	651,210	6.1	128,070
Craic	3.9	Proved			
		Probable	29,680	10.1	9,620
		Totals	29,680	10.1	9,620
All Reserves		Proved	380,170	6.2	75,780
		Probable	300,720	8.1	61,910
		Totals	680,890	6.2	137,690

### 7.3 Mining Methods

For the determination of the Craic and Transvaal Ore Reserves, long hole open stoping with pillar spacing in accord with experience elsewhere for similar shallow deposits was the mining method used. This method is widely used throughout the industry and given the ground conditions reported in the geotechnical report is considered to be appropriate. The equipment assumed in the study is also used successfully throughout the industry.

Access to the orebodies using declines (5m x 5m) at a grade of 1 in 7 was assumed. This configuration is standard practice and provides adequate space for all of the equipment items selected in the mining study for the planned operations. It also provides for adequate ventilating air flow at acceptable velocities.

Proposed ore and waste haulage was as follows. Broken rock to be removed from the working areas using an LHD machine fitted with a 4.8m<sup>3</sup> bucket and delivered to one of several stockpiles located beside the main decline. At these stockpiles material to be loaded into trucks of about 40t capacity by an LHD fitted with a 7.2m<sup>3</sup> bucket. The plan called for one each of the LHDs and three 40t trucks. The spread of equipment is more than capable of moving the nominal 200,000tpa assumed for the Base Case in the mining study. Ancillary equipment included in the mining plan was considered to be appropriate and sufficient in quantity.

### 7.4 Mine Geotechnical

In association with the Mine Planning study Mining One conducted a geotechnical investigation during November 2009 to determine the rock mass condition in the vicinity of the proposed stoping areas. The input data was obtained by logging selected core from diamond drillholes that intersected Craic and Transvaal. The core was stored in the Mt Morgans core shed. No other mapping or data gathering was done.

A rock mass assessment was completed and Modified Tunnelling Quality Index (Q') values calculated for the rock mass in the vicinity of the proposed stopes. Results for Craic indicated a lower range value for Q' of 12 indicating good conditions and for Transvaal the lower range value for Q' was 6 indicating fair conditions.

Analysis using a program called UNWEDGE with logged data from the selected drillholes identified many wedges in the backs and sides indicating the need for support such as split sets and their use was recommended for planning pending the gathering of better structural data. While rock quality was analysed to determine stoping spans, pillar sizes were not analysed. From experience 5m long pillars were deemed to be adequate at the prevailing shallow depths.

Portals were not mapped but ground conditions were expected to be good in the basalt or porphyry rocks existing. It was recommended that ground conditions be monitored and pit wall mapping carried out as the pits areas around proposed portals are developed.

Interaction between the pit floor and underground mining was not studied. As the underground mine develops induced stresses may affect the pit floor so procedures need to be established to monitor this interaction. Overall 3D stress modelling needs to be established in association with the construction of a geological structural model to examine stresses on pillars and aid in extraction sequencing for optimal recovery.

## 8. INDEPENDENT TECHNICAL REPORT - CONTINUED

**Coffey Mining Pty Ltd**

### 7.5 Current Ore Reserve

Following the December 2010 Ore Reserve estimate, a small amount of underground mining occurred at Craic in early 2011. Mining One adjusted the Ore Reserve for Craic to account for any development tonnes that were removed from the mine. The adjustment was based on surveys completed in May 2011 that show the location of the underground development. The current Mt Morgans Ore Reserves are shown in Table 7.5\_1.

Mining One in its 2012 report (Frazer, 2012) state that the Ore Reserve issued by RNG in 2010 is still valid at a gold price of \$1,350 per ounce. The factors influencing this Ore Reserve have been verified by Mining One and remain valid assessments of the costs and recoveries that could be expected should mining recommence at Craic and/or Transvaal. There is no legal or other impediment to operations recommencing. The combined total Ore Reserve for Craic and Transvaal is approximately 136,400 ounces as detailed in Table 7.5\_1.

Table 7.5_1 Mt Morgans September 2012 Ore Reserves					
Mine	Lower Cut (g/t Au)	Gold Ore Reserve	Tonnes	Grade (g/t Au)	Total Metal (oz)
Transvaal	3.4	Proven	380,000	6.2	76,000
		Probable	271,000	6.0	52,000
		<b>Totals</b>	<b>651,200</b>	<b>6.1</b>	<b>128,000</b>
Craic	3.9	Proven			
		Probable	28,000	9.2	8,000
		<b>Totals</b>	<b>28,000</b>	<b>9.2</b>	<b>8,000</b>
All Reserves		Proven	380,000	6.2	76,000
		Probable	299,000	7.6	61,000
		<b>Totals</b>	<b>679,000</b>	<b>6.2</b>	<b>136,000</b>

### 7.6 Coffey Mining Conclusions and Recommendations

Coffey Mining was able to review the process of mine planning used by Mining One for the four cases studied in June 2010. The mining method and equipment assumed for the studies was considered to be appropriate. The subsequent cost estimates were also reasonable. However only the Base Case could be considered as an Ore Reserve as all the other cases included Inferred Material in the resource.

Coffey Mining had no access to data used for the December 2010 revision or to the revised Ore Reserve estimate nor to the September 2012 statement so is unable to comment.

Coffey Mining recommends that no further studies to define Ore Reserves be conducted until a significant increase in the total Measured and Indicated Resources is demonstrated.

## 8 METALLURGY AND PROCESSING

### 8.1.1 Metallurgical Testwork Summary

The metallurgical testwork results reviewed provided no detail on the sample origin therefore Coffey Mining cannot verify the representivity of the samples to the overall deposits. For the purposes of this report, it is assumed the samples are indicative of the ore type for that deposit.

Testwork results indicated significant gravity recoverable gold was evident in all of the tested ore samples. The gravity concentration process in most of the testwork was undertaken at a  $P_{80}$  of 75 $\mu$ m. During site operations the gravity gold recovery equipment is commonly fed from a cyclone underflow stream split which is significantly coarser grind size and therefore the reported gravity gold head grade and recovery may not be practicably achievable depending upon liberation characteristics and plant design.

Gold recoveries of >90% were able to be achieved with cyanidation leaching however some ores (Transvaal and King Street) required further grinding to liberate the locked gold and improve recoveries. Transvaal (recent testwork) and King Street (historical testwork) underwent UFG on the residue gravity concentrate, achieving  $P_{80}$ 's of approximately 20 to 25 $\mu$ m, which was then subjected to intensive cyanide leaching to further improve gold recovery. Most deposits showed improved recoveries with increased grinding. Gravity concentrates were subject to intensive cyanide leaching and achieved acceptable gold recoveries.

Westralia Underground and Westralia Deeps indicated particular sensitivity to grind, with Westralia Deeps being a significant lime consumer. Historical Transvaal testwork indicated low recoveries with little success in flotation concentration or direct cyanidation leaching, with recoveries at approximately 80%. Further metallurgical testwork and mineralogy is required to determine mineral species and gold deportment.

Bond Ball Mill Work Index testwork indicate most of the ore is classified as moderately hard however recent testwork showed Craic Primary ore as high hardness at 19.8kWh/t. Lime and cyanide consumptions varied over different ore types. Testwork results indicated most ore types have an oxygen uptake rate > -0.05mg/L/min and with oxygen addition during leaching the kinetics of precious metal dissolution will increase.

The carbon speciation assays indicate for the majority of ore types there is no organic/graphitic carbon content (below the analytical detection limit of 0.03%) and therefore pregnant solution robbing is not anticipated to occur during the cyanidation leach process.

### 8.2 Processing

Historically a blend of ore was processed through the Dominion Mining processing plant. The plant feed rate was a 100 tonnes per hour through a conventional Semi Autogenous - Ball milling - Crushing (SABC), gravity and Carbon in Pulp (CIP) configuration.

Recently, ore was crushed onsite then toll treated through Barrick's Granny Smith operation. RNG had an Ore Supply Agreement (OSA) with Barrick to purchase ore from Mt Morgans for treatment through the Granny Smith gold processing plant.



## 8. INDEPENDENT TECHNICAL REPORT - CONTINUED

**Coffey Mining Pty Ltd**

Testwork reviewed on material from the Craic deposit suggests this high grade deposit has corresponding high recovery. Residue grades also are high >1 Au g/t. The Transvaal and Westralia deposit are more complex and recovery performance is significantly impacted by processing methodology. To reduce this risk, further testwork on representative domain samples is required. An Underground Study by Mining One (2010) made the following assumptions on mill gold recovery based on all previous testwork; Craic (93%), Transvaal (89%) and Westralia (89%).

### **8.3 Conclusions and Recommendations**

The ore is categorised as free milling, with historical combined gravity and cyanidation gold recoveries typically in the range of 85-95% from a P<sub>80</sub> grind size of 106µm. There is a high proportion of gravity recoverable gold, in the range of 20 to 70% of contained gold.

The majority of reported primary ore gold losses to tailings were locked in the coarser particles with fine grinding testwork results typically realising higher recoveries. Further mineralogy and metallurgical testwork is required to determine mineral species and gold deportment across representative domain samples. On assessment of the testwork results from historical through to recent reports, the physical and performance characteristics of each deposit indicates significant variability. The processing methodology will be a significant contributor to achieving desired performance outcomes.

## 9 ENVIRONMENT AND COMMUNITY

### 9.1 Introduction

The *Environmental Protection Act 1986* (EP Act) and the *Mining Act 1978* (Mining Act) are central to environmental regulation of the mining industry in Western Australia. Approvals for mining proposals need to be sought under both these Acts. The EP Act is administered by the Western Australian Department of Environment and Conservation (DEC) and the Office of the Environmental Protection Authority (EPA), whilst the Mining Act is administered by the Department of Mines and Petroleum (DMP).

### 9.2 Current Permitting

RNG acquired the Project from Barrick in May 2009. At the time of acquisition there were no reported active mining and milling operations being undertaken on the tenements, and as a result, no active mining related environmental approvals. There are historic disturbance areas on the tenements including open cut pits, waste dumps, heap leach facilities and tailings storage facilities. It was reported (Lincoln Capital, 2008) that all of the waste dumps and tailings facilities had been rehabilitated and all mining, milling and camp infrastructure had been removed prior to acquisition by RNG. No information was available to Coffey Environments in relation to the presence of historic contamination on the tenements.

RNG sought environmental approval to recommence mining of a number of existing open cut pits between May 2009 and November 2010, before RNG went into voluntary administration in April 2011. These approvals were as follows:

- Stage 1 Mt Morgans- The Craic and Ramornie Project Mining Proposal – approved November 2009 (Aquaterra, August 2009) included:
  - mining approximately 2Mt of waste and ore from the existing Craic pit (open cut pit and underground mine) and approximately 0.5Mt from the existing Ramornie pit, development of a ROM pad, waste dumps, magazine, offices, workshop, fuel farm, storage tanks and access roads
- Stage 2 Mt Morgans – Transvaal and King Street Project Mining Proposal – approved June 2010 (Aquaterra, December 2009) included:
  - recommencement of underground mining of the Transvaal deposit and the cut-back expansion of the King Street pit, development of ROM pads, a waste dump, and access roads, all other associated infrastructure required was already approved under the Stage 1 Mining Proposal
- Stage 3 Mt Morgans – Sarah and Ramornie North Project Mining Proposal – approved November 2010. No additional information was available to Coffey Environments on the scope of the Stage 3 Mining Proposal during the course of the desktop review

## 8. INDEPENDENT TECHNICAL REPORT - CONTINUED

**Coffey Mining Pty Ltd**

Coffey Environments understands that Dacian Gold is aware of the requirement to submit Mine Closure Plan(s) for Stages 1, 2 and 3 and has negotiated with the DMP to extend the submission date of the Mine Closure Plan(s) until November 2, 2012.

Coffey Environments did not sight any information to indicate whether Decommissioning Plans (for mine abandonment) or a Care and Maintenance Plans (for temporary closure) were submitted to the DMP when RNG went into voluntary administration. A Care and Maintenance Plan would typically indicate how the proponent of an approved Mining Proposal intended to comply with specified environmental management commitments whilst the project was temporarily closed.

As the expansion of both the Transvaal and King Street pits required the dewatering of more than 500,000 tonnes of water in the first year (a prescribed activity under Part V of the EP Act), a Works Approval and a Licence to Operate (L8391/2009/1) were obtained from the DEC. Licence L8391/2009/1 was issued to RNG in June 2010 and is valid for five years. It is noted that under the EP Act, Dacian Gold would be required to apply to the DEC to transfer the licence from RNG to Dacian Gold before dewatering activities could be recommenced at the site.

### Permitting Reporting Obligations

The Mt Morgans tenements require the submission of an Annual Environment Report (AER) to the DMP in August of each year for the previous 12 month period. AERs were submitted to the DMP by RNG for the 2010-2011 reporting period and by Dacian Gold for the 2011-2012 reporting period. The AERs indicate there were no site non-compliances in question for the reporting periods, but do not contain an audit table outlining compliance against all relevant tenement conditions and other approval conditions as required by the DMP. It is noted that the Mt Morgans Gold Mine Annual Environmental Report 2010/11 (Aquaterra, 2011) indicates that the total area disturbed on M39/228 exceeded the approved disturbance area by 0.72ha.

### **9.3 Environment**

The tenements associated with the Stage 1 and Stage 2 Mining Proposals are located in the Goldfields region within the boundaries of the Glenorn pastoral station lease and occupy relatively flat, mulga dominated country. The tenements have supported a number of gold mining operations since the late 1800s and feature a range of historic disturbance areas including open cut pits, waste dumps, heap leach facilities and tailings storage facilities. The tenements have also been disturbed due to grazing and through the activities of feral animals. Parts of the tenements are described (Aquaterra, 2009) as being in a condition approaching degraded.

The vegetation present on the tenements is described (Aquaterra, 2009) as being regionally common (with the exception of one P3 species) and the areas associated with the Stage 1 and Stage 2 Mining Proposals do not support species of conservation significance. No groundwater dependent vegetation was identified as occurring on the tenements.

None of the nine conservation significant fauna species identified that could potentially occur within the Project tenements (Aquaterra, 2009), were considered to be dependent on the tenements for survival. No fauna habitats were identified as significant, and the broad fauna habitats were reported to be widely represented throughout the region. Any exploration or mining activities proposed by Dacian Gold in the vicinity of BIF north of the Westralia Pit may be subject to greater scrutiny by the relevant statutory authorities. BIF is known as an area with high biodiversity values, leading to potentially increased difficulty with obtaining approvals to disturb.

There are historic disturbance areas on the Project tenements including open cut pits, waste dumps, heap leach facilities and tailings storage facilities. It was reported (Lincoln Capital, 2008) that all of the waste dumps and tailings facilities had been rehabilitated and all mining, milling and camp infrastructure had been removed prior to acquisition by RNG. However, it is noted that Barrick received written correspondence from the Department of Industry and Resources (now DMP) in September 2007 after an environmental inspection that suggested that a number of previously rehabilitated landform areas needed further attention. It is also noted in the Mt Morgans Gold Mine Annual Environmental Report 2010/11 (Aquaterra, 2011) that RNG intended to further investigate the rehabilitation status of a number landform areas through the re-commencement of the Ecosystem Function Analysis and Rehabilitation Classification Program previously commissioned by Barrick. There is no evidence to suggest that RNG re-commenced this Program.

#### **9.4 Community and Native Title**

The Stage 1 and Stage 2 Mining Proposals indicate that RNG undertook consultation with a number of relevant stakeholders during the preparation of the Mining Proposals.

During the desktop study Coffey Environments sighted Agreements for Heritage Protection Over Mining Tenure between Barrick, IDA Gold Pty Ltd and the Goldfields Land and Sea Council. It is understood that the Heritage Agreements were transferred to Dacian Gold in September 2012, however Coffey Environments did not sight the relevant Agreements during the desktop study.

#### **9.5 Conclusions**

A review of the available environmental information suggests RNG obtained all of the relevant environmental approvals required to undertake mining activities.

The licensee/proponent for all existing environmental approvals is RNG, which should be changed to Dacian Gold prior to recommencement of mining activities. Alternatively, it is recommended that Dacian Gold applies for new approvals should future mining activities be likely to differ significantly from those already approved.

Coffey Environments recommends that Dacian Gold considers undertaking a review of the status of the environmental management commitments made by RNG and considers re-commencing the Ecosystem Function Analysis and Rehabilitation Classification Program previously commissioned by Barrick (GSM) Limited.

## 8. INDEPENDENT TECHNICAL REPORT - CONTINUED

Coffey Mining Pty Ltd

### 10 EXPLORATION PROGRAM AND BUDGETS

#### 10.1 Exploration Strategy and Proposed Program

##### 10.1.1 Strategy

An exploration strategy and work program for the Project has been provided by Dacian Gold. The strategy is focused on resource extension and definition drilling at a number of the known deposits, as well as the discovery of new deposits elsewhere in the Project tenements. Planned work includes RC and diamond drilling and resource estimation and evaluation. Dacian Gold's objective over the two year exploration programs is to define sufficient additional Mineral Resources to allow scoping or feasibility studies to proceed.

##### 10.1.2 Resource Extension/Definition Program

The key areas for extension/definition drilling are as follows:

- Transvaal Deposit – the high grade shoots and structures defined and previously mined at Transvaal remain open down plunge in a number of areas and along strike to the north. RC and diamond drilling is planned to delineate extensions to the deposit, particularly focussed on the potential high grade shoots which can be easily accessed from the existing underground infrastructure;
- Craic Deposit – The high grade mineralisation defined in the existing Mineral Resource and Ore Reserve at the Craic deposit remains open at depth. Production sampling on the deepest level (295mRL) of the existing underground mine at the deposit has confirmed the high grade tenor of the deposit and the deposit remains open below this level. RC and diamond drilling is planned to better define the existing Mineral Resource and to test for extensions to the known high grade gold mineralisation;
- Ramornie/Ramornie North – The shallow pits on the Ramornie/Ramornie North deposits have demonstrated that high grade mineralisation is open at depth in a number of areas. RC and diamond drilling is planned to delineate extensions to the high grade shoots with the expectation of delineating resources which are amenable to exploitation via underground mining;
- Westralia – wide spaced, high grade intersections immediately south of the Westralia underground mine are present in historic drilling. Diamond drilling is planned to infill this area with the expectation of defining further Mineral Resources;
- Jupiter – extensive gold mineralisation around the Jupiter deposit remains open at depth beneath and adjacent to the existing pit. RC and diamond drilling is planned to further test these zones.

### 10.1.3 Lease Exploration

Good potential remains at the Project for the discovery of new deposits. Early stage prospects with demonstrated resource potential include syenite intrusive related mineralisation analogous to the nearby 7.5Moz Wallaby deposit. These prospects include Jupiter South/Heffernans and Cameron Well. At both prospects historic drilling has intersected multiple zones of gold mineralisation requiring follow up RAB and RC drilling.

Other early stage prospects include the BIF hosted gold mineralisation at Rainbow Bore, Maxwells and the BIF Ridge to the north of the Westralia deposit. RC drilling is planned at these prospects.

A substantial portion of the project area is covered by transported material including lake sediments, paleo-channels and alluvial sheet wash rendering large areas of historic surface sampling and shallow drilling ineffective. Assessment of these areas is planned using geophysical methods, advanced geochemical methods and orientation drill programs.

## 10.2 Project Budget

An exploration budget has been prepared by Dacian Gold to cover the first two years after listing. The total proposed exploration budget including rents and rates is \$13.6 million as shown in Table 10.2\_1 below.

Table 10.2_1 Mt Morgans Project Exploration Budget				
Program	Activity	Year 1	Year 1	Total
Resource Extension	RC Drilling & Sampling	1,000,000	1,500,000	2,500,000
	Diamond Drilling & Sampling	1,600,000	2,400,000	4,000,000
	Estimation/Evaluation Studies	200,000	250,000	450,000
	<b>Sub-total</b>	<b>2,800,000</b>	<b>4,150,000</b>	<b>6,950,000</b>
Exploration	Geology & Geophysics	250,000		250,000
	Geochemical Drilling/ Surface Sampling	600,000	400,000	1,000,000
	RC Drilling & Sampling	1,600,000	1,600,000	3,200,000
	<b>Sub-total</b>	<b>2,450,000</b>	<b>2,000,000</b>	<b>4,450,000</b>
Rents and Rates		670,000	700,000	1,370,000
Site Administration and Overheads		400,000	400,000	800,000
<b>Total</b>		<b>6,320,000</b>	<b>7,250,000</b>	<b>13,570,000</b>

Coffey Mining considers that the proposed exploration programs are appropriate for the nature of the opportunity at Mt Morgans and that they are designed to achieve the stated objectives. Exploration budgets appear sufficient to meet those objectives and consistent with the physical activity planned and the statutory annual expenditure commitments for the project of \$2.7M.



## 8. INDEPENDENT TECHNICAL REPORT - CONTINUED

Coffey Mining Pty Ltd

### 11 COFFEY MINING CONCLUSIONS AND RECOMMENDATIONS

#### 11.1 Key Conclusions

The Mt Morgans Gold Project is located in the exceptionally well endowed Eastern Goldfields Province of Western Australia. Past mining activity at Mt Morgans, from 1896 to 2011, has produced over 1Moz of gold from a variety of mineralisation styles which are characteristic of mesothermal lode gold deposits. Similar deposits elsewhere in the Eastern Goldfields have contributed to a total gold endowment of over 200Moz.

Coffey Mining has reviewed the available documentation, associated with the current Mineral Resources at the Mt Morgans Gold Project and considers that they are based on sufficient data from which to derive a reasonable estimate of the global resources present at each deposit. Significant potential exists to add to the Mt Morgans Mineral Resources through extensional exploration drilling around the existing deposits and on the mineralised structures between deposits such as the Ramornie-Transvaal trend and the Millionaires-Morgans North trend. Elsewhere, the Project contains a significant exploration package of some 319.6km<sup>2</sup> prospective for mesothermal lode gold deposits. The Project area contains numerous already defined prospects which require follow up; including Jupiter South, Rainbow Bore, Cameron Well, BIF Ridge and Mt Mackenzie.

Coffey Mining has reviewed the available documentation, associated with the current Ore Reserves at the Transvaal and Craic deposits and considers that they are based on sufficient appropriate data to be reported as stated by Mining One. Coffey Mining notes however that the current Ore Reserves are largely underpinned by work completed in 2010 which has been reviewed, slightly modified and re-stated by Mining One in September 2012. Coffey Mining understands that in 2010 the Ore Reserves as declared were increased subsequent to increasing the realised gold price to \$1,350/oz and by including the “sliver” material associated with Transvaal. Coffey Mining has not reviewed the revised calculations so is unable to comment. Ore Reserves will require re-estimation following the extensional drilling program and re-estimation of Mineral Resources planned by Dacian Gold. Notwithstanding these comments, the Project plans do not include a resumption of production based on these Ore Reserves and these issues are not regarded as material. Dacian Gold intends to update all Mineral Resource and Ore Reserve estimates following the acquisition of new extensional and infill drilling data.

Coffey Mining has reviewed the available documentation related to metallurgical testwork and historical processing information which relates to mining and processing operations prior to the RNG restart of operations on a toll treat basis through the Granny Smith mill. No significant metallurgical issues were identified in previous testwork or processing operations. The ore can be categorised as free milling, with historical combined gravity and cyanidation gold recoveries typically in the range of 85-95% from a P<sub>80</sub> grind size of 106µm. There is a high proportion of gravity recoverable gold, in the range 20 to 70% of contained gold. Coffey Mining notes that the physical and performance characteristics of each deposit indicate significant variability. The ore types from the region show variable treatment requirements for adequate recoveries; the processing methodology applied to any future gold production operations needs to be flexible to achieve consistent performance outcomes.

A review of the available environmental information associated with the mining activities that have been undertaken on the Project tenements suggest that RNG obtained all of the relevant environmental approvals (i.e. Mining Proposals, Native Vegetation Clearing Permits, Licences to Operate and Groundwater Abstraction Licences) required to undertake those activities.

From the information made available to Coffey Mining, it appears that RNG largely complied with the reporting requirements of the environmental approvals, the exception being the provision of an Annual Audit Compliance Report required under Licence to Operate L8391/2009/1 to be submitted to the Director or the DEC by 28 February of each year.

It is noted that condition #27 for tenement M39/228 and condition #46 for tenement M39/18 require the submission of a Mine Closure Plan(s) to the DMP by August 2012. These Plans have not yet been submitted. Coffey Environments understands that Dacian Gold is aware of this requirement and has negotiated with the DMP to extend the submission date of the Mine Closure Plan(s) until November 2, 2012.

## 11.2 Key Recommendations

Significant exploration potential exists both adjacent to current Mineral Resources and away from the known mining centres. Orientation electrical geophysics and structural studies should be completed as well as integration of existing detailed regolith mapping with surface geochemical sampling and shallow geochemical drilling data to provide a context for detailed exploration and drill target definition. Orientation geochemistry should be completed over known blind mineralisation and an appropriate surface geochemical program completed over structural and geophysical targets concealed under cover in the Project tenements.

Extensional and infill resource exploration drilling to expand the Project resource base should precede re-estimation of the Mineral Resources. Implementation of more stringent QAQC protocols is recommended for all future drilling and should include ongoing insertion of duplicates, blanks and standards and progressive analysis of QAQC data. Systematic collection of additional density data for ore and waste should be ongoing.

All Project Ore Reserves should be re-estimated following Mineral Resource upgrades from extensional exploration at the known deposits. These should be based on the proposed mining methods, taking into account the planned and unplanned dilution, recovery estimates, process plant recoveries for each of the individual orebodies, current cost estimates, expected long term exchange rates estimates and prevailing gold prices.

It is recommended that further metallurgical testwork, be performed on all ore types which make up a significant contribution to any future life of mine plan.

A comprehensive management plan should be implemented to manage the environmental and community aspects associated with the exploration phase and any subsequent return to production. Given the change in ownership of the Mt Morgans tenements, it is recommended that Dacian Gold re-engage with the identified stakeholders before commencing any significant exploration or mining activities. Dacian Gold will need to apply for relevant approvals once an operational plan is established.

## 8. INDEPENDENT TECHNICAL REPORT - CONTINUED

Coffey Mining Pty Ltd

### 12 GLOSSARY OF TECHNICAL TERMS

<i>AAS</i>	Atomic absorption spectrophotometry, an analytical method for determining concentrations of elements.
<i>Adamellite</i>	A variety of granite.
<i>andesite</i>	An intermediate to mafic volcanic rock.
<i>Ag</i>	The chemical symbol for silver.
<i>Au</i>	The chemical symbol for gold.
<i>BIF</i>	Banded iron formation.
<i>Capex</i>	Capital expenditure required at the start to "build" a project
<i>Cenozoic (or Cainozoic)</i>	An era of geologic time, from the beginning of the Tertiary period to the present, commencing about 65 million years ago.
<i>chalcopyrite</i>	A copper iron sulphide, $\text{CuFeS}_2$ .
<i>CIL</i>	Carbon in leach. A common processing method for extracting gold from oxidised and non refractory gold ores
<i>clastic</i>	Pertaining to a rock made up of grains, fragments or pebbles (clasts).
<i>cleavage</i>	Close-spaced, planar fabric in a rock produced by the alignment and segregation of platy minerals during folding and shearing.
<i>Cretaceous</i>	The third and final Period of the Mesozoic Era, between 141 and 65 million years ago.
<i>cyanidation</i>	The process of gold dissolution in sodium cyanide solution.
<i>diorite</i>	The coarse-grained plutonic equivalent of an andesite.
<i>Eocene</i>	The Period of geologic time between 54.8 and 33.7Ma.
<i>feasibility study</i>	An advanced study undertaken to determine the economic viability of a mineral deposit to a high degree of accuracy.
<i>ferruginous</i>	Containing or rich in iron.
<i>fire assay</i>	The assaying of metallic ores, usually gold and silver, by methods requiring a furnace heat.
<i>geotechnical study</i>	A study of the mechanical properties of a rock mass to determine its likely behaviour on mining.
<i>granite</i>	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.
<i>granodiorite</i>	A coarse-grained igneous rock containing mainly quartz and feldspar minerals with biotite and or hornblende.
<i>g/t</i>	Grams per tonne
<i>hematite</i>	An iron oxide mineral with the formula $\text{Fe}_2\text{O}_3$ .
<i>IK</i>	Indicator Kriging. A geostatistical method for modelling grade distribution.
<i>Indicated Mineral Resource</i>	That part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence.
<i>Inferred Mineral Resource</i>	That part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence.
<i>jaw crushing</i>	The preliminary partial reduction of a rock sample or ore material.
<i>JORC</i>	Joint Ore Reserves Committee of the Australian Institute of Mining and Metallurgy. Code of reporting of exploration results, mineral resources and ore reserves.
<i>free milling</i>	A term, generally applied to gold ores, in which the gold is readily extractable during normal processing and size reduction techniques.
<i>lamprophyre</i>	A rare alkaline (usually potassic) igneous rock commonly emplaced as dykes.
<i>Ma</i>	Millions of years before the present (geologic time).

<i>Measured Mineral Resource</i>	That part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence.
<i>Mesozoic</i>	The Era of geologic time between approximately 250Ma and 65Ma, following the Palaeozoic and preceding the Cainozoic Era.
<i>metabasalt</i>	Metamorphosed basalt.
<i>MMMC</i>	Mt Morgans Mining Camp
<i>Miocene</i>	The Series of geologic time between 22.9 and 5.33Ma.
<i>monzonite</i>	A granular plutonic rock containing approximately equal amounts of orthoclase and plagioclase with subordinate mafic minerals(usually amphiboles) and thus, intermediate between syenite and diorite.
<i>Moz</i>	Million ounces
<i>Mtpa</i>	Million tonnes per annum.
<i>Opex</i>	Operating costs
<i>ordinary kriging</i>	A grade estimation technique using geostatistical methods which reproduces modelled spatial variability for a given block size.
<i>Ore Reserve</i>	That portion of a resource that can be economically extracted and processed.
<i>oz</i>	Ounces
<i>P<sub>80</sub></i>	Particle size for which 80% of the material is finer than that size
<i>Permian</i>	The last geological Period of the Palaeozoic era, between about 298 and 251 million years ago.
<i>Pliocene</i>	The Series of geologic time between 5.33 and 1.78Ma
<i>porphyry</i>	A rock (usually felsic intrusive or subvolcanic) with conspicuous larger crystals in a fine grained ground mass.
<i>pre-feasibility study</i>	PFS An intermediate study to determine the likely economic viability of a project to a moderate degree of accuracy.
<i>Probable Reserve</i>	The economically mineable part of an Indicated, and in some circumstances Measured, Mineral Resource. It includes diluting minerals and allowances for losses which may occur when the material is mined and processed.
<i>Proved Reserve</i>	The economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined and processed.
<i>pyrite</i>	An iron sulphide mineral with the chemical formula FeS <sub>2</sub> .
<i>quartz</i>	A mineral composed of silicon dioxide, SiO <sub>2</sub> .
<i>QAQC</i>	Quality assurance and quality control.
<i>Quaternary</i>	That period of time between 1.8 million years before present and the present day.
<i>refractory</i>	Referring to mineralisation where gold is locked in other mineral phases (usually sulphides) and requires special processing to liberate
<i>RQD</i>	Rock quality designation,; a core logging technique to determine the geotechnical or mechanical properties of rocks.
<i>S</i>	The chemical symbol for sulphur.
<i>scoping study</i>	A preliminary study to determine the likely viability of a project to a relatively low degree of accuracy.
<i>shale</i>	A fine grained, laminated sedimentary rock formed from clay, mud and silt.
<i>shear zone</i>	A zone in which shearing has occurred on a large scale, such that the rock is deformed in a dominantly ductile manner.
<i>silicification</i>	Replacement by, or introduction of, appreciable quantities of silica, via hydrothermal alteration.
<i>specific gravity</i>	The weight of a substance compared with the weight of an equal volume of pure water at 4°C.
<i>stibnite</i>	An antimony sulphide mineral having the chemical formula Sb <sub>2</sub> S <sub>3</sub> ; the chief source of the metal Antimony.
<i>strike</i>	Horizontal direction or trend of a geological structure.

## 8. INDEPENDENT TECHNICAL REPORT - CONTINUED

**Coffey Mining Pty Ltd**

<i>strike length</i>	The horizontal distance along the long axis of a structural surface, mineral deposit or geochemical anomaly.
<i>syncline</i>	A fold in rocks in which the strata dip inward from both sides towards the axis.
<i>syenite</i>	An intrusive igneous rock composed essentially of alkali feldspar and little or no quartz and ferromagnesian minerals.
<i>Total endowment</i>	Historical production plus remaining estimated Mineral Resources
<i>tpa</i>	Tonnes per annum
<i>Tertiary</i>	Subdivision of geological time covering the period from 65 million years to 1.8 million years ago.
<i>Triassic</i>	Subdivision of geological time covering the period from 248 million years to 206 million years ago.
<i>µm</i>	Micrometers, 10 <sup>-6</sup> m.
<i>ultramafic</i>	Igneous rocks containing less than 45% silica and consisting essentially of ferromagnesium minerals with trace quartz and feldspar.
<i>unconformably</i>	Having the relation of uniformity to the underlying rocks; not succeeding the underlying strata in immediate order of age or parallel position.
<i>waste</i>	The portion of material in an open pit which has to be removed during normal mining operations but which contains no elements of economic interest, or which are below the economic cutoff grade.
<i>Weathering</i>	The effect on rocks and ore minerals of prolonged exposure to atmospheric elements such as water and oxygen.
<i>wireframe</i>	A computer technique to enclose a volume of interest within a series of three-dimensional coordinates, which form an enveloping surface.
<i>WRD</i>	Waste rock development
<i>XRF</i>	X Ray Fluorescence, a common analytical method for determining the chemical composition of rocks and minerals.

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# Appendix A

## **Mt Morgans Gold Project Tenement Schedule**



# 8. INDEPENDENT TECHNICAL REPORT

## - CONTINUED

Mt Morgans Project Schedule of Titles (last amended 31/7/12)												
Tenement Type	Number	Registered Holders	Equity %	Date Granted	Date Expiry	Application Date	Area (ha)	Annual Expenditure Commitment	Annual Rent	Estimated Annual Rates	Bond R Requirements	Comments
E	39/1310	Mount Morgans Gold Mining Pty Ltd	100	28/07/2010	27/07/2015	9/02/2007	4320.02	\$26,000.00	\$4,717.70	\$1,475.00	\$-	
G	39/0001	Mount Morgans Gold Mining Pty Ltd	100	10/10/1988	9/10/2030	29/04/1988	10.00	\$-	\$136.50	\$250.00	\$5,000	Bond (Security) 349493
G	39/0002	Mount Morgans Gold Mining Pty Ltd	100	10/10/1988	9/10/2030	29/04/1988	10.00	\$-	\$136.50	\$250.00	\$19,000	Bond (Security) 349495
G	39/0003	Mount Morgans Gold Mining Pty Ltd	100	10/10/1988	9/10/2030	29/04/1988	10.00	\$-	\$136.50	\$250.00	\$6,000	Bond 373565
G	39/0004	Mount Morgans Gold Mining Pty Ltd	100	10/10/1988	9/10/2030	29/04/1988	10.00	\$-	\$95.55	\$250.00	\$-	Bond 373567
G	39/0005	Mount Morgans Gold Mining Pty Ltd	100	10/10/1988	9/10/2030	29/04/1988	6.56	\$-	\$95.55	\$250.00	\$-	
G	39/0006	Mount Morgans Gold Mining Pty Ltd	100	10/10/1988	9/10/2030	29/04/1988	6.56	\$-	\$95.55	\$250.00	\$5,000	Bond (Security) 349496
L	39/0007	Mount Morgans Gold Mining Pty Ltd	100	8/02/1989	7/02/2014	20/08/1987	0.61	\$-	\$13.65	\$-	\$-	
L	39/0008	Mount Morgans Gold Mining Pty Ltd	100	15/02/1995	14/02/2015	5/12/1994	9.23	\$-	\$136.50	\$-	\$5,000	Bond (Security) 349498
M	38/0395	Mount Morgans Gold Mining Pty Ltd	100	16/11/1994	15/11/2015	30/06/1994	648.00	\$64,800.00	\$9,979.20	\$6,237.00	\$-	
M	38/0396	Mount Morgans Gold Mining Pty Ltd	100	16/11/1994	15/11/2015	30/06/1994	421.00	\$42,100.00	\$6,483.40	\$4,053.00	\$-	
M	38/0548	Mount Morgans Gold Mining Pty Ltd	100	18/01/2008	17/01/2029	14/02/1997	375.00	\$37,500.00	\$5,775.00	\$3,610.00	\$-	\$87 conversion from E38/404
M	38/0595	Mount Morgans Gold Mining Pty Ltd	100	18/01/2008	17/01/2029	14/02/1997	624.00	\$62,400.00	\$9,609.60	\$6,008.00	\$-	\$87 conversion from E38/531
M	38/0648	Mount Morgans Gold Mining Pty Ltd	100	18/11/2008	17/11/2029	14/10/1997	983.00	\$98,300.00	\$15,138.20	\$9,462.00	\$-	\$87 conversion from E38/531
M	39/0018	Mount Morgans Gold Mining Pty Ltd	100	9/05/1984	8/05/2026	16/08/1983	760.65	\$76,000.00	\$11,719.40	\$7,225.00	\$466,100	Bond 373549
M	39/0036	Mount Morgans Gold Mining Pty Ltd	100	4/12/1984	3/12/2026	9/07/1984	58.09	\$10,000.00	\$908.60	\$569.00	\$14,000	Bond 373550
M	39/0028	Mount Morgans Gold Mining Pty Ltd	100	6/11/1989	5/11/2031	30/06/1989	162.35	\$16,300.00	\$2,510.20	\$1,569.00	\$-	
M	39/0028	Mount Morgans Gold Mining Pty Ltd	100	26/07/1990	25/07/2032	22/03/1990	958.95	\$95,900.00	\$9,231.00	\$14,788.60	\$274,600	Bond 373552
M	39/0028	Mount Morgans Gold Mining Pty Ltd	100	16/12/2032	16/12/2032	21/06/1990	909.65	\$91,000.00	\$14,014.00	\$8,759.00	\$181,000	Bond 373554
M	39/0240	Mount Morgans Gold Mining Pty Ltd	100	28/12/1990	27/12/2012	6/08/1990	831.50	\$83,200.00	\$12,812.80	\$8,008.00	\$-	
M	39/0248	Mount Morgans Gold Mining Pty Ltd	100	2/09/1991	1/09/2012	27/11/1990	868.15	\$88,900.00	\$15,690.60	\$8,597.00	\$62,000	Bond 373556
M	39/0250	Mount Morgans Gold Mining Pty Ltd	100	8/05/1991	7/05/2033	17/12/1990	326.35	\$32,700.00	\$5,036.80	\$3,448.00	\$-	
M	39/0261	Mount Morgans Gold Mining Pty Ltd	100	1/09/1991	10/09/2012	1/03/1991	53.29	\$10,000.00	\$331.60	\$520.00	\$72,000	Bond 373557
M	39/0264	Mount Morgans Gold Mining Pty Ltd	100	2/09/1991	1/09/2012	24/04/1991	449.65	\$45,000.00	\$6,930.00	\$4,332.00	\$10,000	Bond 373559
M	39/0272	Mount Morgans Gold Mining Pty Ltd	100	11/03/1992	10/03/2013	10/10/1991	737.00	\$73,700.00	\$11,349.80	\$7,094.00	\$5,000	Bond 373560
M	39/0273	Mount Morgans Gold Mining Pty Ltd	100	11/03/1992	10/03/2013	10/10/1991	542.45	\$54,300.00	\$8,362.20	\$5,227.00	\$-	
M	39/0282	Mount Morgans Gold Mining Pty Ltd	100	20/01/1993	19/01/2014	14/10/1992	508.00	\$50,800.00	\$7,823.20	\$4,890.00	\$-	
M	39/0287	Mount Morgans Gold Mining Pty Ltd	100	11/02/1993	10/02/2014	16/12/1992	586.90	\$58,700.00	\$9,039.80	\$5,650.00	\$-	
M	39/0291	Mount Morgans Gold Mining Pty Ltd	100	26/06/1993	27/06/2014	30/03/1993	190.00	\$19,000.00	\$2,926.00	\$1,629.00	\$-	
M	39/0295	Mount Morgans Gold Mining Pty Ltd	100	5/10/1993	4/10/2014	18/06/1993	183.00	\$18,300.00	\$2,818.20	\$1,762.00	\$-	
M	39/0304	Mount Morgans Gold Mining Pty Ltd	100	4/02/1994	3/02/2015	9/09/1993	435.95	\$43,600.00	\$6,714.40	\$4,197.00	\$-	
M	39/0305	Mount Morgans Gold Mining Pty Ltd	100	17/02/1994	16/02/2015	30/09/1993	429.00	\$42,900.00	\$6,606.60	\$4,130.00	\$-	
M	39/0306	Mount Morgans Gold Mining Pty Ltd	100	17/02/1994	16/02/2015	30/09/1993	202.00	\$20,200.00	\$3,110.80	\$1,945.00	\$-	
M	39/0333	Mount Morgans Gold Mining Pty Ltd	100	15/03/1995	14/03/2016	19/09/1994	744.00	\$74,400.00	\$11,457.60	\$7,161.00	\$-	
M	39/0380	Mount Morgans Gold Mining Pty Ltd	100	18/01/2008	17/01/2029	25/07/1995	600.00	\$60,000.00	\$9,240.00	\$5,775.00	\$-	
M	39/0390	Mount Morgans Gold Mining Pty Ltd	100	20/11/2008	19/11/2029	10/10/1995	867.00	\$86,700.00	\$13,351.80	\$8,645.00	\$-	
M	39/0391	Mount Morgans Gold Mining Pty Ltd	100	18/01/2008	17/01/2029	10/10/1995	924.00	\$92,400.00	\$14,229.60	\$8,984.00	\$-	
M	39/0392	Mount Morgans Gold Mining Pty Ltd	100	18/01/2008	17/01/2029	10/10/1995	983.00	\$98,300.00	\$15,138.20	\$9,462.00	\$-	
M	39/0393	Mount Morgans Gold Mining Pty Ltd	100	18/01/2008	17/01/2029	10/10/1995	756.00	\$75,600.00	\$11,642.40	\$7,277.00	\$-	
M	39/0394	Mount Morgans Gold Mining Pty Ltd	100	18/01/2008	17/01/2029	10/10/1995	800.00	\$80,000.00	\$12,320.00	\$7,700.00	\$-	
M	39/0395	Mount Morgans Gold Mining Pty Ltd	100	18/01/2008	17/01/2029	10/10/1995	319.00	\$31,900.00	\$4,912.60	\$3,071.00	\$-	
M	39/0403	Mount Morgans Gold Mining Pty Ltd	100	18/01/2008	17/01/2029	8/11/1995	982.00	\$98,200.00	\$15,122.80	\$9,452.00	\$-	
M	39/0441	Mount Morgans Gold Mining Pty Ltd	100	9/03/2009	8/03/2030	11/07/1996	472.00	\$47,200.00	\$7,268.80	\$4,543.00	\$-	
M	39/0442	Mount Morgans Gold Mining Pty Ltd	100	9/03/2009	8/03/2030	11/07/1996	330.00	\$33,000.00	\$5,082.00	\$3,177.00	\$-	
M	39/0443	Mount Morgans Gold Mining Pty Ltd	100	9/03/2009	8/03/2030	11/07/1996	918.00	\$91,800.00	\$14,137.20	\$8,836.00	\$-	
M	39/0444	Mount Morgans Gold Mining Pty Ltd	100	9/03/2009	8/03/2030	11/07/1996	450.00	\$45,000.00	\$6,930.00	\$4,332.00	\$-	
M	39/0487	Mount Morgans Gold Mining Pty Ltd	100	9/03/2009	8/03/2030	11/07/1996	50.50	\$10,000.00	\$785.40	\$491.00	\$-	
M	39/0501	Mount Morgans Gold Mining Pty Ltd	100	9/03/2009	8/03/2030	19/05/1997	724.00	\$72,400.00	\$11,149.60	\$6,969.00	\$-	
M	39/0502	Mount Morgans Gold Mining Pty Ltd	100	9/03/2009	8/03/2030	19/05/1997	517.00	\$51,700.00	\$7,961.80	\$4,977.00	\$-	
M	39/0503	Mount Morgans Gold Mining Pty Ltd	100	9/03/2009	8/03/2030	19/05/1997	298.00	\$29,800.00	\$4,589.20	\$2,969.00	\$-	
M	39/0504	Mount Morgans Gold Mining Pty Ltd	100	20/11/2008	19/11/2029	19/05/1997	391.00	\$39,100.00	\$6,021.40	\$3,764.00	\$-	
M	39/0513	Mount Morgans Gold Mining Pty Ltd	100	9/03/2009	8/03/2030	19/05/1997	804.00	\$80,400.00	\$12,381.60	\$7,738.50	\$-	
M	39/0745	Mount Morgans Gold Mining Pty Ltd	100	18/01/2008	17/01/2029	17/11/1999	544.00	\$54,400.00	\$8,377.60	\$5,236.00	\$-	
M	39/0746	Mount Morgans Gold Mining Pty Ltd	100	22/01/2008	21/01/2029	17/11/1999	701.00	\$70,100.00	\$10,795.40	\$6,748.00	\$-	
M	39/0747	Mount Morgans Gold Mining Pty Ltd	100	22/01/2008	21/01/2029	19/11/1999	950.00	\$95,000.00	\$14,630.00	\$9,144.00	\$-	
M	39/0799	Mount Morgans Gold Mining Pty Ltd	100	22/01/2008	21/01/2029	10/08/2000	12.00	\$10,000.00	\$164.80	\$250.00	\$-	
M	39/0937	Mount Morgans Gold Mining Pty Ltd	100	20/11/2008	19/11/2029	18/05/2005	40.00	\$10,000.00	\$616.00	\$85.00	\$-	
M	39/0938	Mount Morgans Gold Mining Pty Ltd	100	19/03/2009	18/03/2030	18/05/2005	85.00	\$10,000.00	\$1,309.00	\$819.00	\$-	
M	39/0953	Mount Morgans Gold Mining Pty Ltd	100	2/06/2009	1/06/2030	23/01/2006	180.00	\$18,000.00	\$2,772.00	\$1,733.00	\$-	
P	39/4800	Mount Morgans Gold Mining Pty Ltd	100	16/01/2009	15/01/2013	9/02/2007	80.20	\$3,240.00	\$182.25	\$250.00	\$-	
P	39/4801	Mount Morgans Gold Mining Pty Ltd	100	16/01/2009	15/01/2013	9/02/2007	153.80	\$6,160.00	\$346.50	\$250.00	\$-	
P	39/4807	Mount Morgans Gold Mining Pty Ltd	100	16/01/2009	15/01/2013	9/02/2007	161.00	\$6,440.00	\$362.25	\$250.00	\$-	
P	39/4808	Mount Morgans Gold Mining Pty Ltd	100	16/01/2009	15/01/2013	9/02/2007	171.00	\$6,840.00	\$384.75	\$250.00	\$-	
P	39/4810	Mount Morgans Gold Mining Pty Ltd	100	16/01/2009	15/01/2013	9/02/2007	15.00	\$2,000.00	\$33.75	\$250.00	\$-	
P	39/4811	Mount Morgans Gold Mining Pty Ltd	100	16/01/2009	15/01/2013	9/02/2007	35.00	\$2,000.00	\$78.75	\$250.00	\$-	
P	39/4812	Mount Morgans Gold Mining Pty Ltd	100	16/01/2009	15/01/2013	9/02/2007	18.00	\$2,000.00	\$40.50	\$250.00	\$-	
P	39/4813	Mount Morgans Gold Mining Pty Ltd	100	16/01/2009	15/01/2013	9/02/2007	29.00	\$2,000.00	\$65.25	\$250.00	\$-	
P	39/4814	Mount Morgans Gold Mining Pty Ltd	100	16/01/2009	15/01/2013	9/02/2007	32.00	\$2,000.00	\$72.00	\$250.00	\$-	
P	39/4815	Mount Morgans Gold Mining Pty Ltd	100	16/01/2009	15/01/2013	9/02/2007	180.00	\$7,200.00	\$405.00	\$250.00	\$-	
Totals								\$2,766,980	\$418,941	\$262,733	\$1,232,700	



# SECTION

## FINANCIAL INFORMATION

9



## 9. FINANCIAL INFORMATION

### 9.1 INTRODUCTION

The financial information set out in this section summarises the Company's selected financial data which is comprised of the Company's reviewed consolidated statement of financial position as at 30 June 2012 in addition to a pro forma consolidated statement of financial position as at 30 June 2012.

This Section contains the following financial information for the Company, prepared by Directors of the Company;

1. The reviewed historical statement of financial position as at 30 June 2012; and
2. A pro forma statement of financial position as at 30 June 2012, which assumes completion of the pro forma transactions set out in Section 9.5 (Note 1) as at that date, including the Offer under this Prospectus.

The Directors of the Company are responsible for the inclusion of all financial information included in the Prospectus. The historical and pro forma statements of financial position have been reviewed by Grant Thornton Corporate Finance Pty Ltd, whose Investigating Accountant's Report appears at Section 10.

The information set out in this Section 9 and the Company's selected consolidated financial information should be read together with:

- a) the Company Overview set out in Section 5;
- b) the risk factors described in Section 7;
- c) the Investigating Accountant's Report on the Historical and Pro Forma Financial Information set out in Section 10; and
- d) the other information contained in this Prospectus.

Applicants should be aware that past performance is not an indication of future performance.

### 9.2 MANAGEMENT'S DISCUSSION & ANALYSIS OF THE HISTORICAL FINANCIAL INFORMATION

#### Overview

Dacian is a mineral exploration company that was incorporated on 23 November 2011 to acquire and hold the prospective exploration assets of the Mount Morgans Project. The objective of the Company is to explore the Tenements with a view to increasing the existing Mineral Resource definition and, if successful, developing mining operations on the Mount Morgans Project.

In the seven months ended 30 June 2012, the Company has acquired the tenements relating to the Mount Morgans Project (set out in Section 5.2). Other than these transactions, the Company has had limited operating history.

### 9.3 REVIEWED HISTORICAL STATEMENT OF FINANCIAL POSITION

The Company's historical statement of financial position as at 30 June 2012 was reviewed by Grant Thornton Audit Pty Ltd who provided an unqualified opinion.

#### 9.4 PRO FORMA STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

The following pro forma consolidated statement of financial position has been prepared to illustrate the effects of the pro forma adjustments including the Offer which are set out below and in Section 9.5 (Note 1) as if they had occurred on or before 30 June 2012.

		Reviewed 30 June 2012 (1) \$	Adjustments \$	Pro forma 30 June 2012 (2) \$
	Notes			
<b>Current Assets</b>				
Cash and cash equivalents	2	1,590,779	18,727,062	20,317,841
Trade and other receivables		24,633	-	24,633
<b>Total current assets</b>		<b>1,615,412</b>	<b>18,727,062</b>	<b>20,342,474</b>
<b>Non-Current Assets</b>				
Bonds		1,207,700	-	1,207,700
Property, plant and equipment		492,605	-	492,605
Deferred exploration and evaluation costs		8,131,847	-	8,131,847
<b>Total non-current assets</b>		<b>9,832,152</b>	<b>-</b>	<b>9,832,152</b>
<b>Total Assets</b>		<b>11,447,564</b>	<b>18,727,062</b>	<b>30,174,626</b>
<b>Current Liabilities</b>				
Trade and other payables	3	713,547	615,007	98,540
Interest bearing liabilities		7,444	-	7,444
<b>Total current liabilities</b>		<b>720,991</b>	<b>615,007</b>	<b>105,984</b>
<b>Non-current Liabilities</b>				
Provisions		1,207,700	-	1,207,700
<b>Total non-current liabilities</b>		<b>1,207,700</b>	<b>-</b>	<b>1,207,700</b>
<b>Total Liabilities</b>		<b>1,928,691</b>	<b>615,007</b>	<b>1,313,684</b>
<b>Net Assets</b>		<b>9,518,873</b>	<b>19,342,069</b>	<b>28,860,942</b>
<b>Equity</b>				
Issued capital	4	10,000,090	19,649,272	29,649,362
Accumulated losses	6	(481,217)	(307,203)	(788,420)
<b>Total Equity</b>		<b>9,518,873</b>	<b>19,342,069</b>	<b>28,860,942</b>

<sup>(1)</sup> The historical consolidated statement of financial position has been extracted from the reviewed statement of financial position as at 30 June 2012.

<sup>(2)</sup> The pro forma consolidated statement of financial positions as at 30 June 2012 reflect the pro forma adjustments, the application of the funds from the Offer less the costs associated with the Offer.

The historical and pro forma consolidated statement of financial position should be read in conjunction with the following notes.

## 9. FINANCIAL INFORMATION - CONTINUED

### 9.5 NOTES TO THE PRO FORMA STATEMENT OF FINANCIAL POSITION

#### Note 1. Summary of Pro forma Adjustments

The following transactions and events contemplated in this Prospectus, referred to as the **Pro Forma Adjustments** which are to take place on or before the completion of the Offer are presented as if they together with the Offer had occurred on or before 30 June 2012.

Subsequent events:

- i) the issue by the company prior to the date of the Prospectus of 1,100,000 Shares at an issue price of \$0.50 each, raising \$550,000.

Pro forma adjustments:

- i) the issue by the Company pursuant to the Prospectus of 40,000,000 Shares at an issue price of \$0.50 each, raising \$20,000,000;
- ii) payment of the estimated stamp duty and other associated acquisition costs of \$615,007 arising on the transfer of exploration assets to the Company; and
- iii) expenses associated with the Offer (including advisory, legal, accounting and administrative fees as well as printing, advertising and other expenses), estimated to be \$1,207,931 (excluding GST). An amount of \$900,728 has been charged against issued capital and \$307,203 against accumulated losses. At 30 June 2012, none of the Offer costs had been paid.

#### Recognition of a deferred tax asset

A deferred tax asset has not been recognised in relation to the capitalised Offer costs due to uncertainty surrounding the flow of economic benefits that will flow in future periods.

	Reviewed 30 June 2012 \$	Pro forma 30 June 2012 \$
<b>Note 2. Current Assets - Cash and Cash Equivalents</b>		
Balance as at 30 June 2012	1,590,779	1,590,779
<b>Subsequent event</b>		
Cash raised pursuant to seed capital investment prior to the date of the Prospectus	-	550,000
	1,590,799	2,140,779
<b>Pro forma transactions</b>		
Proceeds from Shares issued under the Offer raised pursuant to the Prospectus	-	20,000,000
Payment of estimated stamp duty and other associated acquisition costs arising on the transfer of exploration assets to the Company	-	(615,007)
Cash costs of Offer	-	(1,207,931)
	<b>1,590,779</b>	<b>20,317,841</b>

	Reviewed 30 June 2012 \$	Pro forma 30 June 2012 \$
<b>Note 3. Current Liabilities – Trade and Other Payables</b>		
Balance as at 30 June 2012	713,547	713,547
<b>Pro forma transactions</b>		
Payment of stamp duty and other associated acquisition costs arising on the transfer of exploration assets to the Company	-	(615,007)
	-	20,000,000
	<b>713,547</b>	<b>98,540</b>

	Reviewed 30 June 2012 \$	Pro forma 30 June 2012 \$
<b>Note 4. Issued capital</b>		
Balance as at 30 June 2012	10,000,090	10,000,090
<b>Subsequent event</b>		
Shares issued pursuant to seed capital investment after 30 June 2012 but prior to the date of the Prospectus	-	550,000
	10,000,090	10,550,090
<b>Pro forma transactions</b>		
Shares expected to be issued under the Offer	-	20,000,000
Cash costs of the Offer	-	(900,728)
	<b>10,000,090</b>	<b>29,649,362</b>

	Reviewed 30 June 2012 #	Pro forma 30 June 2012 #
<b>Pro forma Movement in the Number of Shares</b>		
Number of Shares at 30 June 2012	55,000,000	55,000,000
Shares issued pursuant to seed capital investment after 30 June 2012 but prior to the date of the Prospectus	-	1,100,000
	55,000,000	56,100,000
Shares expected to be issued under the Offer	-	40,000,000
	<b>55,000,000</b>	<b>96,100,000</b>

## 9. FINANCIAL INFORMATION - CONTINUED

### Note 5. Share based payments

Subsequent to 30 June 2012 9,500,000 Options over unissued Shares of the Company have been issued to the Directors and past directors of the Company or their nominees, as follows:

- 5,000,000 Options exercisable at \$0.84 each, expiring 5 years from the date of grant and vesting 24 months from the date of quotation of the Shares on ASX;
- 2,250,000 Options exercisable at \$0.84 each, expiring 5 years from the date of grant and vesting 36 months from the date of grant; and
- 2,250,000 Options exercisable at \$0.84 each, expiring 5 years from the date of grant and vesting 42 months from the date of grant.

Directors' interests in the Options are disclosed in Sections 3.9 and 13.11.

Subsequent to 30 June 2012 1,650,000 Options exercisable at \$0.84 each, expiring 5 years from the date of grant and vesting 24 months from the date of grant, were issued to Shareholders of the Company.

	Reviewed 30 June 2012 \$	Pro forma 30 June 2012 \$
<b>Note 6. Accumulated losses</b>		
Balance as at 30 June 2012	(481,217)	(481,217)
Costs of the Offer expensed to the statement of comprehensive income	-	(307,203)
	<b>(481,217)</b>	<b>(788,420)</b>

### Note 7. Contingencies and Commitments

Details of planned expenditure commitments are outlined in the Prospectus and include commitments in relation to the:

- Executive Services Agreement with Mr Paul Payne the Managing Director and Chief Executive Officer, a summary of which is set out in Section 12.3.
- Pursuant to the Smelter Return Deed, signed between the Company and Macquarie Bank Limited on 31 January 2012, the Company must pay to Macquarie Bank Limited a royalty equal to the sum of:
  - \$20 per troy ounce of gold produced from the Tenements, and sold by the Company to off-takers, up to a total of 150,000 troy ounces of gold; and
  - a cash payment of \$500,000 that is due and payable at the time of the pour of the 50,000th troy ounce of gold produced from the Tenements.

as summarised in Section 12.2.

The Directors are not aware of any other contingencies or commitments.

## 9.6 NOTES TO AND FORMING PART OF THE HISTORICAL AND PRO FORMA STATEMENTS OF FINANCIAL POSITION

### Summary of significant accounting policies

The significant accounting policies which have been adopted in the preparation of the historical and pro forma financial information reported under Australian Equivalents to International Financial Reporting Standards ("AIFRS") are set out below.

#### a) Basis of preparation

The Pro forma consolidated Statement of Financial Position presented in this financial information represents

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the ongoing business of the Company.

#### *Going Concern Basis*

The consolidated Statement of Financial Position has been prepared on a going concern basis, which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of resource property acquisition cost and exploration expenditure is dependent upon several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties.

For the Company to continue to operate as a going concern in the long term it must continue to obtain additional financing to maintain operations. Although the Company has been successful in the past at raising funds, there can be no assurance that this will continue in the future. At balance date, the Company had working capital of \$(0.7) million.

If the going concern assumption is not appropriate, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such adjustments could be material.

The financial information set out in the Prospectus has been prepared in accordance with the recognition and measurement principles (but not all the disclosure requirements) prescribed by Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board.

#### **b) Other taxes**

Revenues, expenses and assets are recognised net of the amount of GST except:

- i) when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- ii) receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

#### **c) Cash and cash equivalents**

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### **d) Trade and other receivables**

Trade receivables, which generally have 30–90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

#### **e) Property, plant and equipment**

Property, plant and equipment is stated at cost, less accumulated depreciation and any accumulated



## 9. FINANCIAL INFORMATION - CONTINUED

impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the asset as a replacement only if it is eligible for capitalisation. The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Depreciation is calculated on a straight-line basis or written down value over the estimated useful life of the assets as follows:

Office equipment	25% straight line
Fixtures and fittings	25% written down value
Plant and equipment	25% written down value
Motor Vehicles	25% written down value

### (i) Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of property, plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value. An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. For assets measured at cost, impairment losses are recognised in the income statement. However, for assets measured at re-valued amounts, impairment losses on land and buildings are treated as a re-valuation decrement.

### (ii) De-recognition and Disposal

An item of property, plant and equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is de-recognised.

### f) Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- a) the rights to tenure of the area of interest are current; and
- b) at least one of the following conditions is also met:
  - the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
  - exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

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Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

**g) Trade and other payables**

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

**h) Interest bearing liabilities**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

**i) Share based payments**

*Equity Settled Transactions:*

The Company provides benefits to employees (including senior executives) of the Company in the form of Options, whereby employees render services in exchange for Options (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of the Options is determined by using an appropriate valuation model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the underlying Shares to which the Option relates (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the Option (the vesting period).

*Equity Settled Transactions:*

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- a) the extent to which the vesting period has expired; and
- b) the Company's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for Options that do not ultimately vest, except for Options where vesting is only conditional upon a market condition.

If the terms of an Option are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the

## 9. FINANCIAL INFORMATION - CONTINUED

Option, or is otherwise beneficial to the employee, as measured at the date of modification.

If an Option is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled Option and designated as a replacement award on the date that it is granted, the cancelled Option and new awards are treated as if they were a modification of the Option, as described in the previous paragraph.

### **j) Share capital**

Shares are classified as equity. Incremental costs directly attributable to the issue of Shares pursuant to the Offer or Options are shown in equity as a deduction, net of tax, from the proceeds of issue.

### **k) Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

#### *Accounting for capitalised mineral exploration and evaluation expenditure*

The Company's accounting policy is stated at Section 9.6(f). A regular review is undertaken of each area of interest to determine the reasonableness of the continuing carrying forward of costs in relation to that area of interest.

#### *Mine restoration provisions estimates*

The calculation of rehabilitation and closure provisions (and corresponding capitalised closure cost assets where necessary) rely on estimates of costs required to rehabilitate and restore disturbed land to its original condition. These estimates are regularly reviewed and adjusted in order to ensure that the most up to date data is used to calculate these balances.

Significant judgement is required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate costs required to rehabilitate the mine site. Factors that will affect this liability include future development, changes in technology, price increases, changes in interest rates and changes in legislation.



# SECTION

## INVESTIGATING ACCOUNTANTS REPORT

10

## 10. INVESTIGATING ACCOUNTANTS REPORT



Board of Directors  
Dacian Gold Limited  
Ground Floor, 26 Clive Street,  
West Perth WA 6005

11 October 2012

**PRIVATE AND CONFIDENTIAL**

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Dear Directors,

### **INVESTIGATING ACCOUNTANT'S REPORT ON THE HISTORICAL AND PRO FORMA FINANCIAL INFORMATION AND FINANCIAL SERVICES GUIDE**

#### **Introduction**

We have prepared this Investigating Accountant's Report at the request of the Directors of Dacian Gold Limited ("Dacian Gold") for inclusion in a Prospectus ("Prospectus") to be dated on or about 12 October 2012, to be issued by Dacian Gold, in respect of the planned initial public offering of 40,000,000 fully paid ordinary shares at \$0.50 each amounting to \$20,000,000 on the Australian Securities Exchange ("IPO" or "Offer").

Expressions defined in the Prospectus have the same meaning in this report.

#### **Scope**

Grant Thornton Corporate Finance has been requested to prepare this report on the following financial information:

#### **Historical Financial Information**

The Historical Financial Information, as set out in **Section 9** of the Prospectus comprises the reviewed statement of financial position as at 30 June 2012, hereafter, 'Historical Financial Information'.

The Historical Financial Information has been extracted from the reviewed financial statements, which were reviewed by Grant Thornton Audit Pty Ltd and an unqualified opinion issued.

#### **Pro forma Financial Information**

The Pro forma Financial Information as set out in **Section 9** of the Prospectus comprises the pro forma statement of financial position and includes the Pro forma Adjustments ("Pro forma Adjustments") as at that date as disclosed in **Section 9.5 (Note 1)**. Hereafter, the 'Pro forma Financial Information' and collectively the 'Financial Information'.

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This report has been prepared for inclusion in the Prospectus. Grant Thornton Corporate Finance disclaim any assumption of responsibility for any reliance on this report or on the Financial Information to which this report relates for any purpose other than the purposes for which it was prepared. This report should be read in conjunction with the Prospectus.

#### **Directors Responsibility for the Historical and Pro Forma Financial Information**

The Directors have prepared and are responsible for the preparation and presentation of the Historical and Pro forma Financial Information. The Directors are also responsible for the determination of the Pro forma Adjustments as set out in **Section 9.5 (Note 1)** of the Prospectus.

The Financial Information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements.

#### **Our Responsibility**

Our responsibility is to express a conclusion on the Historical and Pro forma Financial Information based on our review. We have conducted an independent review of the Financial Information in order to state whether on the basis of the procedures described, anything has come to our attention that would cause us to believe that:

- a) The Historical Financial Information does not present fairly the statement of financial position in accordance with the measurement and recognition (but not all of the presentation and disclosure requirements ) of applicable Accounting Standards in Australia;
- b) The Pro forma Adjustments do not provide a reasonable basis for the Pro Forma Financial Information;
- c) The Pro forma Financial Information has not been prepared on the basis of the assumptions set out in **Section 9** of the Prospectus; and
- d) The Pro forma Financial Information does not present fairly the pro forma statement of financial position at 30 June 2012 in accordance with the measurement and recognition (but not all of the presentation and disclosure requirements) of applicable Accounting Standards in Australia as if the Pro forma Adjustments set out in **Section 9.5 (Note 1)** of the Prospectus had occurred at 30 June 2012.

Our independent review of the Financial Information has been conducted in accordance with Australian Auditing Standards applicable to review engagements. Our procedures consist of reading relevant Board minutes, reading of relevant contracts and other legal documents, inquiries of management personnel and the Directors and analytical and other procedures applied to Dacian Gold's accounting records.



## 10. INVESTIGATING ACCOUNTANTS REPORT - CONTINUED



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These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Financial Information.

### **Conclusion Statements**

#### *Review conclusion on the Financial Information*

Based on our independent review, which is not an audit, nothing has come to our attention which causes us to believe that:

- a) The Historical Financial Information does not present fairly the statement of financial position at 30 June 2012 in accordance with the measurement and recognition (but not all of the presentation and disclosure requirements) of applicable Accounting Standards in Australia set out in **Section 9**;
- b) The Pro forma Adjustments do not provide a reasonable basis for the Pro Forma Financial Information;
- c) The Pro Forma Financial Information has not been prepared on the basis of the assumptions set out in **Section 9** of the Prospectus; and
- d) The Pro forma Financial Information does not present fairly the pro forma statement of financial position at 30 June 2012 in accordance with the measurement and recognition (but not all of the presentation and disclosure requirements) of applicable Accounting Standards in Australia set out in **Section 9** as if the Pro forma Adjustments set out in **Section 9.5 (Note 1)** of the Prospectus had occurred at 30 June 2012.

### **Independence and Disclosure of Interest**

Grant Thornton Corporate Finance does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Grant Thornton Audit Pty Ltd provide audit services to Dacian Gold and Grant Thornton Corporate Finance will receive a professional fee for the preparation of this report.

### **Financial Services Guide**

We have included our Financial Services Guide as **Appendix A** to this report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in this report.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD



NEIL COOKE  
Partner – Corporate Finance



CARINA BECKER  
Partner – Audit and Assurance

# 10. INVESTIGATING ACCOUNTANTS REPORT

## - CONTINUED



### Appendix A (Financial Services Guide)

This Financial Services Guide is dated 12 October 2012.

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#### 1. About us

Grant Thornton Corporate Finance Pty Ltd (ABN 59 003 265 987, Australian Financial Services Licence no 247140) ("Grant Thornton Corporate Finance") has been engaged by Dacian Gold Limited ("Dacian Gold") to provide a report in the form of an Investigating Accountant's Report for inclusion in a Prospectus dated on or about 12 October 2012 ("the Prospectus") relating to the offer of shares in the Company ("the Issue"). You have not engaged us directly but have been provided with a copy of the report as a retail client because of your connection to the matters set out in the report.

#### 2. This Financial Services Guide

This Financial Services Guide ("FSG") is designed to assist retail clients in their use of any general financial product advice contained in the report. This FSG contains information about Grant Thornton Corporate Finance generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the report, and how complaints against us will be dealt with.

#### 3. Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities and superannuation products and deal in a financial product by applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of securities and superannuation products.

#### 4. General financial product advice

The report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of the report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

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## **5. Fees, commissions and other benefits we may receive**

Grant Thornton Corporate Finance charges fees to produce reports, including this report. These fees are negotiated and agreed with the entity who engages Grant Thornton Corporate Finance to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this report our fees are charged on a fixed basis. Directors or employees of Grant Thornton Corporate Finance, Grant Thornton Australia Ltd, or other associated entities, may receive dividends, salary or wages from Grant Thornton Australia Ltd.

## **6. Associations with issuers of financial products**

Grant Thornton Corporate Finance and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, Grant Thornton Australia Ltd may be the auditor of, or provide financial services to the issuer of a financial product and Grant Thornton Corporate Finance may provide financial services to the issuer of a financial product in the ordinary course of its business. Grant Thornton Audit Pty Ltd are the auditors of Dacian Gold.

## **7. Complaints**

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Financial Ombudsman Service (membership no. 11800). All complaints must be in writing and addressed to the National Head of Corporate Finance at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service who can be contacted at:

PO Box 579 – Collins Street West  
Melbourne, VIC 8007  
Telephone: 1800 335 405

Grant Thornton Corporate Finance is only responsible for this report and FSG. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

## **8. Contact Details**

Grant Thornton Corporate Finance can be contacted by sending a letter to the following address:

National Head of Corporate Finance  
Grant Thornton Corporate Finance Pty Ltd  
Level 17, 383 Kent Street  
Sydney, NSW, 2000

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# SECTION

SOLICITOR'S REPORT  
ON TENEMENTS

11



# 11. SOLICITOR'S REPORT ON TENEMENTS



11 October 2012

The Directors  
Dacian Gold Limited  
Ground Floor, 26 Clive Street  
WEST PERTH WA 6005

**Mills Oakley Lawyers**  
ABN: 51 493 069 734

Your ref:  
Our ref: 3060563

All correspondence to:  
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**Contact**  
Gavin Douglas 02 8289 5800  
Email: gdouglas@millsOakley.com.au

**Partner**  
David Nolan 02 8289 5800  
Email: dnolan@millsOakley.com.au

Dear Sirs

## Solicitor's Report on Tenements – Dacian Gold Limited

### 1 Introduction

This solicitor's report on mining tenements (**Report**) has been prepared for inclusion in a prospectus dated on or about 12 October 2012 (**Prospectus**) for the initial public offering of ordinary shares in the share capital of Dacian Gold Limited (ACN 154 262 978) (**Dacian** or the **Company**).

We have been requested to report on 69 mining tenements located in Western Australia in which the Company has an interest (**Tenements**).

Key details of the Tenements are set out in this Report, including Annexures 1 and 2 which form part of this Report.

### 2 Scope

Mills Oakley Lawyers has conducted the due diligence investigations on the Tenements in the manner described in this Report in accordance with the instructions of the Company. We have been instructed to prepare this Report, relying solely on the results of publicly available searches referred to in Section 3 of this Report and documents provided by the Company referred to in section 2.1 of this Report, on the following matters:

- (a) ownership of the Tenements; and
- (b) native title and cultural heritage issues as they may apply to the Tenements,

on a by exception basis.

The scope of our review in this Report is limited to the matters listed above and we have not been requested to consider any other matters. In particular, this Report does not consider the commercial viability of the Tenements or all issues that may arise in respect of the Tenements.

The review undertaken by Mills Oakley Lawyers in preparing this Report has been limited to the results of the searches of public registers maintained by the Western Australian Department of Mines and Petroleum (**DMP**), the National Native Title Tribunal (**NNTT**) and the Aboriginal Heritage Enquiry System (**AHE**) administered by the Western Australian Department of Indigenous Affairs (**DIA**) referred to in section 3 of this Report. We note that records disclosed by such searches may not be complete or up to date and we have not made any independent investigations or enquiries in relation to those searches. We express no opinion as to the

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accuracy of those searches or any factual matter contained in those searches. We express no opinion on the status of the Tenements after the date of the relevant search in respect of the subject matter of the relevant search.

We have been provided with copies of the royalty arrangements, mining mortgages and Settlement Deed referred to in sections 8, 9 and 10 of this Report.

No additional work was performed in preparing this Report, except as specifically stated in this Report and we have not conducted enquiries in relation to legal matters which may impact the Tenements beyond the scope of work described in this Report. This Report does not comment on the existence of any overlapping pastoral leases or any access agreements in respect of the Tenements.

This Report only relates to relevant laws of Western Australia and the Commonwealth of Australia in force at the date of this Report.

If any of the assumptions set out in this Report are not correct, this Report will need to be reviewed and may need to be amended.

## **2.2 Benefit and Reliance**

This Report is given solely for the benefit of the Company in connection with the issue of the Prospectus. This Report is not to be relied on used for any other purpose or quoted or referred to in any other public document or filed with any government body or other person without our prior written consent. To the maximum extent permitted by law, Mills Oakley Lawyers expressly disclaims any liability in respect of this Report to any person other than the Company.

## **2.3 Assumptions and Qualifications**

- (a) For the purposes of giving this Report, we have assumed:
  - (i) that the information provided to us by the DMP, the NNTT, the AHE and the DIA is correct, accurate, complete and up to date as at the date it was received by us;
  - (ii) that the information provided to us by the Company is correct, accurate, complete and up to date as at the date it was received by us;
  - (iii) the completeness, and conformity to originals of all copies of documents submitted to us, and that such documents are in full force and effect;
  - (iv) the authenticity of all signatures, seals and dates, and of any stamp duty endorsement or marking; and
  - (v) all facts stated in documents and responses to requests for further information, including information provided to the Company by its advisers, are and continue to be correct and that no relevant matter has been misstated or withheld from us.
- (b) We cannot comment on any obligations of the holders of the Tenements that may arise from agreements that are not noted on the searches we have conducted.
- (c) We have relied on instructions from the Company and its advisers, including that the agreements disclosed in this Report are the only material agreements or arrangements relating to the Tenements to which it is a party or of which it is aware and that the matters that are said to have occurred or will occur in this Report have in fact occurred or will occur.
- (d) We note that the holding of the Tenements is subject to compliance with the provisions of applicable legislation. We do not comment on whether the holders of the Tenements have complied with any such obligations.
- (e) We note that all information contained in Annexures 1 and 2 have been extracted from the searches described in section 3 of this Report. We have assumed all factual matters stated in those searches are true and correct and the relevant registers have been properly and accurately recorded and maintained.

# 11. SOLICITOR'S REPORT ON TENEMENTS

## - CONTINUED

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### Solicitor's Report on Tenements

- (f) This is a high level Report covering material legal issues affecting the Tenements and does not purport to cover all possible issues which may affect the Tenements.

### 3 Searches conducted

#### 3.1 Tenement searches

On 17 September 2012 and 18 September 2012, we conducted searches of the Tenements from the public register of tenements maintained by the DMP.

#### 3.2 Native title searches

On 10 September 2012, we conducted searches of the NNTT registers to determine if any native title applications, native title determinations or Indigenous Land Use Agreements (*ILUA*) exist in relation to the land the subject of the Tenements.

#### 3.3 Aboriginal Cultural Heritage

On 10 September 2012, we conducted searches of the AHE administered by the DIA.

### 4 Results of Tenement Searches

#### 4.1 Results

Details of the results of the searches referred to in section 3 are summarised in section 5 and Annexure 1 to this Report. A summary of each type of Tenement is also set out in section 5 of this Report.

Our searches of the public register maintained by the DMP indicate that each of the Tenements is wholly registered in the name of Mount Morgans Gold Mining Pty Ltd, being the name of the Company before it was converted to a public company and changed its name to Dacian Gold Limited. These events occurred on 11 October 2012. We are instructed that the Company will apply to have the name of the registered holder of the Tenements changed from Mount Morgans Gold Mining Pty Ltd to Dacian Gold Limited.

Further, the DMP searches show that no current caveats are registered against the Tenements and no rent in respect of the Tenements is outstanding.

### 5 Rights and obligations of tenement holders

The Tenements comprise one exploration licence (*Exploration Licence*), ten prospecting licences (*Prospecting Licences*), six general purpose leases (*General Purpose Leases*), two miscellaneous licences (*Miscellaneous Licences*) and 50 mining leases (*Mining Leases*). The Tenements are granted under and regulated by the *Mining Act 1978* (WA) (*Mining Act*).

#### 5.1 Prospecting Licences

A prospecting licence entitles a holder to enter the land and undertake operations for the purposes of prospecting for minerals. All of the Tenements that are prospecting licences were granted after 10 February 2006.

A prospecting licence has a term of 4 years from the date of grant. Where a prospecting licence is granted after 10 February 2006, the Minister may extend the term by 4 years. Once the term of the prospecting licence has been renewed for a period of 4 years, it can be renewed for a further period and successive periods of 4 years if the prospecting licence has retention status.

The holder of a prospecting licence granted after 10 February 2006 may apply for retention status in respect of the prospecting licence. The Minister may approve the application where there is an identified mineral resource within the prospecting licence, but it is impractical to mine the resource for prescribed reasons. Where retention status is granted, the minimum expenditure requirements are reduced in the year of grant and cease in future years. However, the Minister has the right to impose a programme of works or require the holder to apply for a mining lease.

A prospecting licence is granted subject to terms and conditions imposed by the Mining Act and the Minister, including conditions specific to the application made, and conditions relating to the

lodgement of geological samples, the requirement to prospect, minimum expenditure, the payment of rent, prevention of damage, restoration, rehabilitation, and the observance of environmental protection and reporting requirements.

A failure to comply with tenement conditions, including minimum expenditure requirements, may lead to the imposition of penalties by the DMP, the refusal of renewal or retention applications by the DMP, the lodgement of objections to exemption from minimum expenditure requirements and / or application being made for forfeiture of the relevant tenement.

The holder of a prospecting licence has priority to apply for a mining lease over any of the land subject to the prospecting licence. An application for a mining lease must be made prior to the expiry of the prospecting licence. The prospecting licence remains in force until the application for the mining lease is determined. An application for a mining lease will usually trigger the right to negotiate procedure which requires negotiations with persons claiming or holding native title over the relevant land. Refer to section 6 of this Report for further details of the right to negotiate procedure.

There is no restriction on transfer or other dealing in relation to a prospecting licence.

## **5.2 Exploration Licences**

An exploration licence entitles the holder to enter the land and carry out exploratory operations of a kind described in the licence with respect to its area. The Tenement that is an exploration licence was granted after 10 February 2006.

An exploration licence has a term of 5 years from the date of grant. At the end of the initial 5 year period, a holder of an exploration licence may apply for renewal, which, in respect of an exploration licence granted after 10 February 2006, may be granted by the Minister for a further period of one or two years followed by a further period of one or two years in certain circumstances.

The holder of an exploration licence granted or applied for before 10 February 2006 must relinquish not less than half of the blocks comprising the exploration licence at the end of the third year. A further relinquishment of not less than half of the remaining blocks is required at the end of the fourth year. The holder of an exploration licence applied for and granted after 10 February 2006 must relinquish not less than 40% of the blocks comprising the exploration licence at the end of the fifth year.

The holder of an exploration licence granted after 10 February 2006 may apply for retention status for the exploration licence. The Minister may approve the application where there is an identified mineral resource within the exploration licence, but it is impractical to mine the resource for prescribed reasons. Where retention status is granted, the minimum expenditure requirements are reduced in the year of grant and cease in future years. However, the Minister has the right to impose a programme of works or require the holder to apply for a mining lease.

An exploration licence is granted subject to terms and conditions imposed by the Mining Act and the Minister, including conditions specific to the application made, and conditions relating to the lodgement of geological samples, minimum expenditure, the payment of rent and royalties, the prevention of damage, restoration, rehabilitation and the observance of environmental protection and reporting requirements.

We are instructed that, since the date of our DMP searches, the Company has lodged an exemption application from minimum expenditure requirements in respect of the Exploration Licence for the current year, which is pending.

A failure to comply with tenement conditions, including minimum expenditure requirements, may lead to the imposition of penalties by the DMP, the refusal of renewal or retention applications by the DMP, the lodgement of objections to exemption from minimum expenditure requirements, the Minister forfeiting the exploration licence or applications being made for forfeiture of the relevant tenement.

Subject to the terms of the Mining Act, the holder of an exploration licence has priority to apply for a mining lease over any of the land the subject of the exploration licence. Any application for a mining lease must be made prior to the expiry of the exploration licence. The exploration

# 11. SOLICITOR'S REPORT ON TENEMENTS

## - CONTINUED

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### Solicitor's Report on Tenements

licence remains in force until the application for the mining lease is determined. An application for a mining lease will usually trigger the right to negotiate procedure which requires negotiations with persons claiming or holding native title over the relevant land. Refer to section 6 of this Report for further details of the right to negotiate procedure.

No legal or equitable interest in an exploration licence can be transferred or otherwise dealt with during the first year of its term without the prior written consent of the Minister.

#### 5.3 Mining Leases

A mining lease entitles the holder to enter the land and undertake operations for the purpose of mining and extracting minerals.

Any person may lodge an application for a mining lease, however a holder of an existing prospecting licence or exploration licence has priority. An application for a mining lease must be accompanied by either a mining proposal or a statement which outlines the proposed mining operations, together with a mineralisation report prepared by a qualified person. An application in the form of a statement accompanied by a mineralisation report will only be approved where the Director Geological Survey is satisfied that there is a reasonable prospect that there is significant mineralisation identified in, on or under, the land to which an application for a mining lease relates.

A mining lease has a term of 21 years and may be renewed for a further 21 years and successive periods of 21 years at the Minister's discretion .

A mining lease is granted subject to terms and conditions imposed by the Mining Act and the Minister, including conditions relating to conducting surveys, minimum expenditure, the payment of rent and royalties, restoration, rehabilitation, and the observance of environmental protection and reporting requirements.

Exemption applications from minimum expenditure requirements for past years are recorded for a number of the Mining Leases (M38/548, M39/36, M39/236, M39/282, M39/380, M39/392, M39/393, M39/394, M39/395, M39/745, M39/746, M39/747 and M39/799). The affected Mining Leases were subject to the legal proceedings described in section 10 of this Report. As the relevant proceedings are subject to the Settlement Deed, and we are instructed that consent orders withdrawing and dismissing the proceedings have been filed at the relevant courts, we expect that the DMP will now process these exemption applications.

We are further instructed that the Company and the DMP have agreed that Mine Closure Plans that apply to a number of the Mining Leases (M39/261, M39/248, M39/18, M39/36, M39/228, M39/236 and M39/240) will be lodged on or before 2 November 2012 and that, since the date of our DMP searches:

- an exemption from minimum expenditure requirements has been granted in respect of a Mining Lease (M39/993) that was under-expended in the current year;
- an exemption from minimum expenditure requirements has been lodged in respect of a Mining Lease (M39/291) that was under-expended in the current year, and the application is pending;
- a Form 5 (Operations Report) has been lodged in respect of a Mining Lease (M39/228) which reports that the expenditure requirement for that Tenement in the current was satisfied;
- applications for exemption from minimum expenditure requirements for the current year will be lodged before the applicable due dates in respect of three Mining Leases (M39/248, M39/261 and M39/264); and
- a Form 5 (Operations Report) will be lodged before the applicable due date in respect of a Mining Lease (M39/295). The Company expects that the Form 5 will report that the expenditure requirement for that Tenement was satisfied in the current year.

A failure to comply with tenement conditions, including minimum expenditure requirements, may lead to the imposition of penalties by the DMP, the refusal of renewal applications by the DMP,

the lodgement of objections to exemption from minimum expenditure requirements and / or application being made for forfeiture of the relevant tenement.

The consent of the Minister is required to transfer or mortgage a legal interest in a mining lease.

#### **5.4 General Purpose Leases**

A general purpose lease entitles the holder to the exclusive occupation of the land the subject of the lease for the purpose of erecting, placing and operating machinery on the land in connection with the mining operations carried on by the holder, for depositing or treating minerals or tailings obtained from any land or for any other specified purpose directly connected with mining operations. The area of land in respect of which a general purpose lease may be granted may not exceed 10 hectares.

A general purpose lease has a term of either:

- (a) where is it granted in relation to a particular mining lease and contains no other provision for expiry, then:
  - (i) until it is surrendered or forfeited; or
  - (ii) the date of surrender, forfeiture or expiry of the mining lease in relation to which it was granted or 21 years from the date deemed to be the date on which the term of the general purpose lease commenced or, if any other date of commencement is specified in the general purpose lease, the specified date, whichever is the longer period; or
- (b) 21 years and may be renewed for successive periods of 21 years.

An application for a general purpose lease must be accompanied by either a mining proposal or a statement which outlines the proposed mining operations.

A general purpose lease is granted subject to terms and conditions imposed by the Mining Act and the Minister including conditions relating to use of the land, the payment of rent and observance of reporting requirements.

A failure to comply with tenement conditions may lead to the imposition of penalties by the DMP, the refusal of renewal applications by the DMP and / or the Minister forfeiting the relevant tenement.

The consent of the Minister is required to transfer a general purpose lease.

#### **5.5 Miscellaneous Licences**

A miscellaneous licence may be granted for prescribed purposes, which must be directly connected with mining operations. A miscellaneous licence is typically granted for the use of the land for one or more of a number of purposes prescribed in the *Mining Regulations 1981* (WA), including (for example) for the purpose of a road, a pipeline, a tunnel, a bridge, a pump station, a bore or a workshop and storage facility.

A miscellaneous licence has a term of 21 years and may be renewed for successive periods of 21 years.

A miscellaneous licence is granted subject to terms and conditions imposed by the Mining Act and the Minister including conditions relating to the continuous use of the miscellaneous licence for the purpose for which it is granted, payment of rent, restoration, rehabilitation and observance of environmental protection and reporting requirements.

A failure to comply with tenement conditions may lead to the imposition of penalties by the DMP, the refusal of renewal applications by the DMP and / or the DMP applying for forfeiture of the relevant tenement.

The consent of the Minister is required to transfer or mortgage a legal interest in a miscellaneous licence.

# 11. SOLICITOR'S REPORT ON TENEMENTS

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### Solicitor's Report on Tenements

#### 6 Native Title

##### 6.1 The Native Title Act

The *Native Title Act 1993* (Cth) (**NTA**) was enacted in response to the common law recognition of native title in Australia. Amongst other things, the NTA:

- (a) provides for the recognition and protection of native title rights;
- (b) provides a process by which indigenous people can lodge claims for native title rights over land, for those claims to be registered by the NNTT and for Australian Courts to assess native title claims and determine if native title rights exist;
- (c) provides (together with associated State legislation) that land tenures granted or renewed before 1 January 1994 are valid, and that certain grants or renewals of land tenure (including freehold and certain leasehold interests) after 1 January 1994, but before 23 December 1996 are valid;
- (d) provides a framework within which certain acts (such as the grant of a mining tenement or the renewal of a mining tenement where certain conditions are satisfied) (**Future Acts**) that are carried out after 23 December 1996 and which may affect native title must comply in order to be valid under the NTA (**Future Act Provisions**); and
- (e) provides native title holders and claimants with various procedural rights, including rights to negotiation, consultation and compensation.

##### 6.2 Process for claiming native title

Persons claiming to hold native title may lodge an application for determination of native title with the Federal Court. The Federal Court will refer a native title claim to the NNTT for the purposes of determining the claim. If the Native Title Registrar is satisfied that the claim meets the registration requirements set out in the NTA, it will be entered on the Register of Native Title Claims maintained by the NNTT. Registered native title claimants are afforded certain procedural rights under the NTA, including the right to negotiate.

##### 6.3 Native title and the Tenements

To ascertain whether native title may be successfully claimed relation to the land underlying any of the Tenements, it is first necessary to determine whether there is current or former land tenure (e.g. freehold) or use made of the land which has already extinguished native title. Native title is extinguished in respect of land the subject of freehold, public works and other previous "exclusive possession" acts.

We have not undertaken searches in respect of the underlying land tenure of the Tenements in order to determine the extent of the extinguishment of native title for the purposes of this Report. It follows that we are unable to determine whether or not native title has been extinguished in relation to any part of the land underlying the Tenements.

Further, we have not undertaken the considerable historical, anthropological or ethnographic work that would be required to determine whether any native title finding over the land the subject of the Tenements could be challenged or if any further native title claims in respect of such land could be made in the future.

Unless it is clear that native title does not exist, the usual practice of the State Government is to comply with the Future Act Provisions when granting a tenement. This provides State and the applicant with a degree of certainty that the grant will be valid in the event that it is determined that native title rights do exist over the land the subject to the tenement and the Future Act Provisions apply.

Where a tenement has been retrospectively validated or validly granted under the NTA, the rights conferred by the tenement prevail over any inconsistent native title rights.



**6.4 Future Act Provisions - Right to negotiate and other procedures**

Certain Future Acts done by the Commonwealth or a State government after 23 December 1996, such as the grant of a mining tenement, may be valid to the extent that certain procedures set out in the NTA are followed. These include (but are not limited to):

- (a) following the right to negotiate process or an expedited procedure; and
- (b) performing the Future Act pursuant to an ILUA.

The right to negotiate process gives registered native title claimants (or claimants who lodge a native title claim within three months of the State giving notice of the proposed grant of a mining tenement, which is subsequently registered with the NNTT within four months of receiving such notice) a right to negotiate with a tenement applicant and the relevant State government, with the view to obtaining an agreement to the grant of the relevant tenement. The parties to a negotiation may agree on conditions that apply to activities that are to be carried out the Tenements and any compensation arrangements. If an agreement cannot be reached (usually within six months of the commencement of negotiations), the matter may be referred to the NNTT for arbitration.

In addition, the NTA establishes a simplified process for the carrying out of a Future Act that is unlikely to adversely affect native title holders or registered claimants. This expedited procedure can apply to applications for exploration titles, but does not preclude parties from reaching separate agreement.

An ILUA is a contractual arrangement that must be agreed to by all registered native title holders in the relevant area. The State and the applicant for the tenement are usually party to an ILUA. Once agreed, an ILUA must be registered under the NTA.

**6.5 Native Title Search Results**

Our searches of the NNTT indicate that a registered native title claim affects the land the subject of the Tenements, except for that land the subject of Mining Leases M38/395, M38/396, M38/548, M38/595 and M39/848 and Prospecting Licence P39/4813.

The 'Kurrku' native title claim, with Federal Court of Australia number WAD385/10 and NNTT number WC10/18, was registered with the NNTT on 21 January 2011.

The application to which the 'Kurrku' native title claim relates is between Mr Fabian Tucker, Mr Nigel Dann, Mr Wayne Smith, Ms Donna-Marie Johnston, Ms Celia Sullivan, Mr Delson Stokes, Mr Linden Brownley, Mr Cyril Barnes, Mr Aubrey Lynch, Mr Murray Stubbs, Mr Eric Thomas Snr and the State of Western Australia. The Tenements that are subject to the 'Kurrku' native title claim are shown in Annexure 1.

Registered native title claimants and the holders of native title under any native title determinations are entitled to certain rights under the Future Act Provisions.

Our searches of the DMP and NNTT indicate that:

- (a) except as set out below, all Tenements were granted before 1 January 1994. The grant of these Tenements has been validated under the NTA;
- (b) the following Tenements were granted after 1 January 1994 and before 23 December 1996: Miscellaneous Licence L39/57 and Mining Leases M38/395, M38/396, M39/304, M39/305, M39/306 and M39/333. As such, the grant of these Tenements has been retrospectively validated under the NTA (and associated State legislation) provided the Tenements are over freehold or pastoral leases, or other leasehold interests that are recognised by the High Court of Australia. If the Tenements are not over such land (which we have not determined), we assume that the Future Act Provisions were complied with and that the Tenements are therefore valid under the NTA;
- (c) the following Tenements were granted after 23 December 1996: the Exploration Licence, Mining Leases M38/548, M38/595, M38/848, M39/391 - M39/395, M39/403, M39/441 - M39/444, M39/497, M39/501 - M39/504, M39/513, M39/745 - M39/747,

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### Solicitor's Report on Tenements

M39/799, M39/937, M39/938, M39/993 and Prospecting Licences P39/4800, P39/4801, P39/4807, P39/4808, P39/4810 - P39/4815. We assume that the Future Act Provisions were complied with in respect of the grant of these Tenements and that, as such, the grant of these Tenements is valid under the NTA; and

- (d) all of the Tenements were originally granted before the 'Kurrku' native claim was registered with the NNTT; and
- (e) there are no ILUAs registered against any of the Tenements.

The Future Act Provisions apply in limited circumstances where a validly granted mining tenement is renewed after 23 December 1996. In general, the Future Act Provisions will not apply where the area, terms and duration of the new right do not differ from the existing right. To the extent that the Future Act Provisions applied to any Tenement renewals, we have assumed that the renewal occurred in compliance with the Future Act Provisions.

## 7 Aboriginal Heritage

### 7.1 Overview

Aboriginal heritage sites and objects are located on a number of the Tenements, details of which are set out in Annexure 1.

The principal legislation which applies to the Tenements to protect any Aboriginal cultural heritage in Western Australia is the *Aboriginal Heritage Act 1972 (WA) (AHA)*. It is an offence under the AHA for a person to damage or in any way alter an Aboriginal site or any object on or under an Aboriginal site. Consent from the Minister of Indigenous Affairs is required pursuant to section 18 of the AHA in the event that any use of land is likely to result in the excavation, destruction, concealment of, or alteration or damage to, an Aboriginal site or object.

Other statutory obligations that relate to the preservation and protection of Aboriginal areas and objects apply under the *Aboriginal and Torres Strait Islander Heritage Protection Act 1984 (Cth)*. If a interim or permanent declaration under has been made that Act, the terms of the declaration must be adhered to.

When undertaking activities on the Tenements, the Company must ensure that it does not breach the Commonwealth and applicable State legislation relating to Aboriginal heritage. Any interference with protected sites or objects and the conduct of any operations must occur in compliance with the provisions of the applicable legislation, any applicable declarations and any applicable agreements.

Agreements are commonly made between representative groups and tenement holders to regulate the management of Aboriginal heritage issues on the tenement area. We have not been instructed to review any such agreements for the purposes of this Report.

In preparing this Report, we have not obtained information from the Commonwealth in connection with any places, areas and objects which are registered or recognised in the National Heritage List, the Commonwealth Heritage List or other heritage lists or registers maintained by the Commonwealth.

### 7.2 Aboriginal Heritage Search Results

We have obtained searches from the online AHE maintained by DIA for the Aboriginal sites registered over the WA Tenements. According to our searches of the DIA, all Tenements, other than L39/10, L39/57, M38/595, M38/848, M39/228, M39/240, M39/248, M39/261, M39/287, M39/291, M39/304, M39/333, M39/393, M39/394, M39/442, M39/501, M39/502, M39/503, M39/747, M39/799, P39/4808, P39/4810, P39/4812, P39/4814 and P39/4815 contain Aboriginal heritage sites or other heritage places registered under the AHA. Details of the registered sites and objects of Aboriginal significance on the Tenements are set out in Annexure 1.

There is no obligation under the relevant legislation to register sites or objects and our searches of the DIA may not reflect the actual number of Aboriginal heritage sites located on the Tenements.

**8 Royalties**

The Company has entered into five royalty agreements in respect of each of the Tenements, details of which are set out below:

- (a) **Smelter Return Deed:** The Company entered into the Smelter Return Deed with Macquarie Bank Limited (**MBL**) on 31 January 2012. MBL's rights under the Smelter Return Deed are secured by a mining mortgage registered over the Tenements;
- (b) **Sirius Royalty:** The Company assumed the obligations under this royalty arrangement with Sirius Resources NL (**Sirius**) on 31 January 2012. Sirius' rights to payment of the royalty are secured by a mining mortgage registered over the Tenements to which the royalty relates;
- (c) **Richmond Royalty:** The Company assumed the obligations under this royalty arrangement with William Robert Richmond on 31 January 2012;
- (d) **Technomin Royalty:** The Company assumed the obligations under this royalty arrangement with Technomin Australia Pty Ltd on 31 January 2012; and
- (e) **Smith Royalty:** The Company assumed the obligations under this royalty arrangement with Raymond Lincoln Smith on 31 January 2012.

Material terms of each royalty arrangements are set out in Section 11 of the Prospectus.

The Tenements to which each royalty arrangement applies are shown in Annexure 1.

**9 Registered mining mortgages**

The Company has granted mining mortgages that secure payments due under two of the royalty agreements referred to in section 8 of this Report, the details of which are set out below:

- (a) MBL's rights under the Smelter Return Deed described in section 8(a) of this Report are secured by a mining mortgage registered over the Tenements; and
- (b) Sirius' rights to payment of the royalty described in section 8(b) of this Report are secured by a first ranking mining mortgage registered over the Tenements to which the royalty relates.

The Tenements to which each mining mortgage applies are shown in Annexure 1.

**10 Deed of Settlement**

On 30 August 2012, the Company entered into a Deed of Settlement with Mr Wayne Craig van Blitterswyk (**WCVB**) and a number of other parties (**Settlement Deed**) to resolve proceedings commenced by WCVB in respect of certain Tenements.

Pursuant to the deed, WCVB was granted limited exploration and prospecting rights over the Tenements. A summary of the rights granted to WCVB pursuant to the Settlement Deed is set out below:

- (a) WCVB has the right to explore for alluvial gold to a maximum depth of three metres below the surface on the Tenements. WCVB is only permitted to explore in areas that are not being mined, explored or otherwise used by the Company;
- (b) WCVB must apply to the Company before exercising any prospecting rights. The Company may impose conditions on the grant of any prospecting rights;
- (c) At all times, the Company's operations and activities have priority over WCVB's activities and exercise of any rights granted under the Settlement Deed. The Company may request WCVB immediately cease or relocate his activities;
- (d) The rights of WCVB under the Settlement Deed are personal and may not be assigned without the Company's consent;
- (e) WCVB must comply with all laws and conditions that apply to the Tenements when exercising his rights;

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### Solicitor's Report on Tenements

- (f) The rights granted to WCVB are subject to all other interests and rights of third parties in respect of the Tenements, with which WCVB must comply;
- (g) WCVB provides indemnities in favour of the Company, including for liability that arises from any injury, illness or death to any person or loss or damage of property as a result of WCVB's exercise of rights under the Settlement Deed or presence on the Tenements; and
- (h) The rights granted to WCVB under the Settlement Deed will expire on 29 August 2017.

Based on the DMP searches, a number of Mining Leases are subject to objections to exemption applications or applications for forfeiture made by WCVB. We are instructed that consent orders withdrawing or dismissing the Warden's Court and the Supreme Court of Western Australia proceedings to which these applications relate have been signed by all parties to the proceedings and lodged with applicable courts in accordance with the Settlement Deed. Once the courts have processed these orders, the records of the DMP should be updated to reflect that the objections and applications no longer affect the relevant Mining Leases, being M38/548, M39/36, M39/236, M39/282, M39/380, M39/391, M39/392, M39/393, M39/394, M39/395, M39/403, M39/745, M39/746, M39/747 and M39/799.

#### 11 Conclusions

Material issues identified in this Report in relation to the Tenements are as follows:

- (a) Each of the Tenements is wholly registered in the name of Mount Morgans Gold Mining Pty Ltd. Mount Morgans Gold Mining Pty Ltd changed its name to Dacian Gold Limited on 11 October 2012.
- (b) In order for any of the Tenements to be renewed or assigned, the Tenements must be in good standing. Non-compliance with the conditions of the Tenements may limit the ability of the holder to successfully seek renewal for a further term.
- (c) Certain Tenements are or are expected to be subject to exemption applications from minimum expenditure requirements, which have not yet been determined. These Tenements are or will be at risk of forfeiture for under-expenditure if the exemption applications are refused by the DMP or exemption applications are made out of time.
- (d) A native title claim affects the land underlying most the Tenements. It is possible that native title claims could be made in respect of the Tenements in the future. Accordingly, native title issues will need to be considered by the Company when dealing with the Tenements.
- (e) Registered Aboriginal heritage sites or other heritage places and objects appear on most the Tenements. Additional Aboriginal heritage sites, places or objects may exist in areas covered by the Tenements. Accordingly, heritage reporting and protection issues will need to be considered by the Company when dealing with the Tenements.
- (f) Each of the Tenements is subject to one or more royalty arrangements. Mining mortgages are registered against the Tenements in respect of two of those royalty arrangements.
- (g) Each of the Tenements is subject to the rights granted under the Settlement Deed. The rights granted under the Settlement Deed are not expected to interfere with the Company's use and enjoyment of the Tenements.

Yours faithfully



**DAVID NOLAN**  
**PARTNER**

## Solicitor's Report on Tenements

## Annexure 1

## Summary of WA Tenements

Tenement	Registered Holder/Applicant	Shares held	Area	Grant Date	Expiry Date	Annual Rent	Annual Expenditure Commitment	Bonds	Registered Security Interests / Royalties	Native Title Claims / ILUAs	Aboriginal Heritage Sites
E39/1310	Mount Morgans Gold Mining Pty Ltd	100	26BL	28 July 2010	27 July 2015	\$4,717.70	\$25,000	n/a	1.6	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>• Mt Margaret Pipeline 1 200 Modified Tree, Artefacts/Scatter</li> <li>• Mt Margaret Pipeline 2 201 Artefacts/Scatter</li> <li>• Mt Margaret Pipeline 3 202 Artefacts/Scatter</li> <li>• Winpatjurgurpa 1729 Ceremonial, Mythological</li> <li>• Kapi Yandining 3130 Artefacts/Scatter</li> <li>• Manda Piti 3131 Artefacts/Scatter, camp</li> <li>• The Swimming Hole 1157 Mythological, Water Source</li> <li>• Mt Margaret Sacred Store 3080 Repository/Cache/Artefacts/Scatter</li> <li>• Mt Margaret Ceremonial Site 3081 Ceremonial</li> <li>• Sacred Snake Female 18882 Mythological</li> <li>• Kelly's Well 18910 Meeting Place, Water Source</li> <li>• Edge of Lake Carey 18911 Mythological</li> <li>• Limestone Quarry 18912 Man-Made Structure</li> <li>• Sacred Snake Male 18914 Mythological</li> <li>• Lake Swamp Dreaming Track 18924</li> </ul>

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Tenement	Registered Holder/Applicant	Shares held	Area	Grant Date	Expiry Date	Annual Rent	Annual Expenditure Commitment	Bonds	Registered Security Interests / Royalties	Native Title Claims / ILUAs	Aboriginal Heritage Sites
											Mythological <ul style="list-style-type: none"> <li>Cashi Pool 18925 Mythological, Meeting Place, Water Source</li> <li>Clay Pans 18926 Mythological</li> <li>Jenkins Swamp 18926 Camp, Water Source</li> <li>Dreaming Track 18928 Ceremonial, Mythological</li> <li>Pumping Station Dreaming Track 18929 Mythological</li> </ul>
G39/1	Mount Morgans Gold Mining Pty Ltd	100/100	9.999 HA	10 October 1988	9 October 2030	\$136.50	n/a	\$5,000	1,6	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>Garr-Gu 16078 Ochre</li> <li>Cave Painting 18933 Mythological, Painting</li> </ul>
G39/2	Mount Morgans Gold Mining Pty Ltd	100/100	10HA	10 October 1988	9 October 2030	\$136.50	n/a	\$5,000	1,6	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>Christian Grave 18913 Skeletal material/Burial</li> <li>Cave Painting 18933 Mythological, Painting</li> </ul>
G39/3	Mount Morgans Gold Mining Pty Ltd	100/100	10HA	10 October 1988	9 October 2030	\$136.50	n/a	\$19,000	1,6	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>Christian Grave 18913 Skeletal material/Burial</li> <li>Cave Painting 18933 Mythological, Painting</li> </ul>
G39/4	Mount Morgans Gold Mining Pty Ltd	100/100	9.998 HA	10 October 1988	9 October 2030	\$136.50	n/a	\$6,000	1,6	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>Garr-Gu 16078 Ochre</li> <li>Cave Painting 18933 Mythological, Painting</li> </ul>
G39/5	Mount Morgans Gold Mining Pty Ltd	100/100	6.5575 HA	10 October 1988	9 October 2030	\$95.55	n/a	n/a	1,6	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>Garr-Gu 16078 Ochre</li> <li>Bulba 18932 Mythological</li> <li>Cave Painting 18933 Mythological, Painting</li> </ul>

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## Solicitor's Report on Tenements

Tenement	Registered Holder/Applicant	Shares held	Area	Grant Date	Expiry Date	Annual Rent	Annual Expenditure Commitment	Bonds	Registered Security Interests / Royalties	Native Title Claims / ILUAs	Aboriginal Heritage Sites
G39/6	Mount Morgans Gold Mining Pty Ltd	100/100	6.5595 HA	10 October 1988	9 October 2030	\$95.55	n/a	\$5,000	1,6	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>Christian Grave 18913 Skeletal material/Burial</li> <li>Cave Painting 18933 Mythological, Painting</li> </ul>
L39/10	Mount Morgans Gold Mining Pty Ltd	100/100	0.61 HA	8 February 1989	7 February 2014	\$13.65	n/a	n/a	1,6	Kurku NNTT No. WC10/18	n/a
L39/57	Mount Morgans Gold Mining Pty Ltd	100/100	9.23 HA	15 February 1995	14 February 2015	\$136.50	n/a	\$5,000	1,6	Kurku NNTT No. WC10/18	n/a
M38/395	Mount Morgans Gold Mining Pty Ltd	100/100	648HA	16 November 1994	15 November 2015	\$9,979.20	\$64,800	n/a	1,2,6,7	n/a	<ul style="list-style-type: none"> <li>Edge of Lake Carey 18911 Mythological</li> <li>Limestone Quarry 18912 Man-Made Structure</li> <li>Jenkins Swamp 18927 Camp, Water Source</li> </ul>
M38/396	Mount Morgans Gold Mining Pty Ltd	100/100	421HA	16 November 1994	15 November 2015	\$6,483.40	\$42,100	n/a	1,2,6,7	n/a	<ul style="list-style-type: none"> <li>Edge of Lake Carey 18911 Mythological</li> <li>Limestone Quarry 18912 Man-Made Structure</li> </ul>
M38/548	Mount Morgans Gold Mining Pty Ltd	100/100	375HA	18 January 2008	17 January 2029	\$5,775	\$37,500	n/a	1,6	n/a	<ul style="list-style-type: none"> <li>Edge of Lake Carey 18911 Mythological</li> </ul>
M38/595	Mount Morgans Gold Mining Pty Ltd	100/100	624HA	18 November 2008	17 November 2029	\$9,609.60	\$62,400	n/a	1,6	n/a	n/a
M38/648	Mount Morgans Gold Mining Pty Ltd	100/100	983HA	18 November 2008	17 November 2029	\$15,138.20	\$98,300	n/a	1,6	n/a	n/a

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Tenement	Registered Holder/Applicant	Shares held	Area	Grant Date	Expiry Date	Annual Rent	Annual Expenditure Commitment	Bonds	Registered Security Interests / Royalties	Native Title Claims / ILUAs	Aboriginal Heritage Sites
M39/18*	Mount Morgans Gold Mining Pty Ltd	96/96	760.65 HA	9 May 1984	8 May 2026	\$11,719.40	\$76,100	\$466,100	1,6	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>Grave Area 18931 Skeletal material/Burial</li> </ul>
M39/36	Mount Morgans Gold Mining Pty Ltd	100/100	58.085 HA	4 December 1984	3 December 2026	\$908.60	\$10,000	\$14,000	1,6	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>Garr-Gu 16078 Ochre</li> <li>Bulba 18932 Mythological</li> <li>Cave Painting 18933 Mythological, Painting</li> </ul>
M39/208	Mount Morgans Gold Mining Pty Ltd	100/100	162.35 HA	6 November 1989	5 November 2031	\$2,510.20	\$16,300	n/a	1,5,6	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>Mt McKenzie 1607 Artefacts/Scatter</li> </ul>
M39/228*	Mount Morgans Gold Mining Pty Ltd	100/100	958.95 HA	26 July 1990	25 July 2032	\$14,768.60	\$95,900	\$274,600	1,6	Kurku NNTT No. WC10/18	n/a
M39/236*	Mount Morgans Gold Mining Pty Ltd	100/100	909.65 HA	12 December 1990	16 December 2032	\$14,014	\$91,000	\$181,000	1,2,6,7	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>Montevideo Hill 2 881 Artefacts/Scatter</li> <li>Ethnographic Site 1 1146 Mythological, Water Source</li> <li>Mt Margaret 05 1679 Artefacts/Scatter</li> <li>Mt Margaret 06 1680 Artefacts/Scatter</li> <li>Mt Margaret 07 1681 Artefacts/Scatter</li> <li>Mt Margaret 09 1683 Quarry, Artefacts/Scatter</li> <li>Mt Margaret 10 1684 Artefacts/Scatter</li> <li>Mt Margaret 11 1685 Quarry, Artefacts/Scatter</li> <li>Mt Margaret 12 1686 Quarry, Artefacts/Scatter</li> <li>Mt Margaret 13 1687 Artefacts/Scatter</li> <li>Mt Margaret 14 1688 Artefacts/Scatter</li> </ul>

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Tenement	Registered Holder/Applicant	Shares held	Area	Grant Date	Expiry Date	Annual Rent	Annual Expenditure Commitment	Bonds	Registered Security Interests / Royalties	Native Title Claims / ILUAs	Aboriginal Heritage Sites
											<ul style="list-style-type: none"> <li>• Mt Margaret 15 1689 Artefacts/Scatter</li> <li>• Wiltjintj 1726 Mythological, Water Source</li> <li>• Winpatjurgurpa 1729 Mythological</li> <li>• Mt Margaret 01 1730 Artefacts/Scatter</li> <li>• Mt Margaret 02 1731 Man-Made Structure, Artefacts/Scatter, Camp</li> <li>• Mt Margaret 03 1732 Artefacts/Scatter</li> <li>• Mt Margaret 04 1733 Artefacts/Scatter</li> <li>• Mt Margaret (Near) 16080 Ceremonial, Mythological, Natural Feature</li> <li>• Mt Margaret 08 1682 Artefacts/Scatter</li> <li>• Camping and Corroboree Ground 18908 Ceremonial, Camp</li> <li>• Christian Grave 18913 Skeletal material/Burial</li> <li>• Clay Pans 18926 Mythological</li> </ul>
M39/240	Mount Morgans Gold Mining Pty Ltd	100/100	831.5 HA	28 December 1990	27 December 2032	\$12,812.80	\$83,200	n/a	1,4,6	Kurku NNTT No. WC10/18	n/a
M39/248	Mount Morgans Gold Mining Pty Ltd	100/100	888.15 HA	2 September 1991	1 September 2033	\$13,690.60	\$88,900	\$62,000	1,6	Kurku NNTT No. WC10/18	n/a
M39/250	Mount Morgans Gold Mining Pty Ltd	100/100	326.35 HA	8 May 1991	7 May 2033	\$5,035.80	\$32,700	n/a	1,6	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>• Grave Area 18931 Skeletal material/Burial</li> </ul>

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Tenement	Registered Holder/Applicant	Shares held	Area	Grant Date	Expiry Date	Annual Rent	Annual Expenditure Commitment	Bonds	Registered Security Interests / Royalties	Native Title Claims / ILUAs	Aboriginal Heritage Sites
M39/261	Mount Morgans Gold Mining Pty Ltd	100/100	53.285	11 September 1991	10 September 2033	\$631.60	\$10,000	\$72,000	1,6	Kurku NNTT No. WC10/18	n/a
M39/264	Mount Morgans Gold Mining Pty Ltd	100/100	449.65 HA	2 September 1991	1 September 2033	\$6,930	\$45,000	\$10,000	1,6	Kurku NNTT No. WC10/18	• Grave Area 18931 Skeletal material/Burial
M39/272	Mount Morgans Gold Mining Pty Ltd	100/100	737HA	11 March 1992	10 March 2013	\$11,349.80	\$73,700	\$5,000	1,2,6,7	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>• Ethnographic Site 1 1146 Mythological, Water Source</li> <li>• Wiljiniij 1726 Mythological, Water Source</li> <li>• Winpatjgurpa 1729 Mythological</li> <li>• Mt Margaret 01 1730 Artefacts/Scatter</li> <li>• The Swimming Hole 1157 Mythological, Water Source</li> <li>• Mt Margaret Sacred Store 3080 Repository/Cache, Artefacts/Scatter</li> <li>• Cashi Pool 18925 Mythological, Meeting Place, Water Source</li> <li>• Clay Pans 18926 Mythological</li> <li>• Dreaming Track 18928 Ceremonial, Mythological</li> <li>• Cameron Well 18930 Mythological</li> </ul>

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Tenement	Registered Holder/ Applicant	Shares held	Area	Grant Date	Expiry Date	Annual Rent	Annual Expenditure Commitment	Bonds	Registered Security Interests / Royalties	Native Title Claims / ILUAs	Aboriginal Heritage Sites
M39/273	Mount Morgans Gold Mining Pty Ltd	100/100	542.45 HA	11 March 1992	10 March 2013	\$8,362.20	\$54,300	\$5,000	1,2,6,7	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>The Swimming Hole 1157 Mythological, Water Source</li> <li>Mt Margaret Ceremonial Site 3081 Ceremonial</li> <li>Sacred Snake Female 18882 Mythological</li> <li>Cashi Pool 18925 Mythological, Meeting Place, Water Source</li> <li>Clay Pans 18926 Mythological</li> <li>Dreaming Track 18928 Ceremonial, Mythological</li> <li>Cameron Well 18930 Mythological</li> </ul>
M39/282	Mount Morgans Gold Mining Pty Ltd	100/100	508HA	20 January 1993	19 January 2014	\$7,823.20	\$50,800	n/a	1,2,6,7	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>Cache 1728 Ceremonial</li> <li>Mt Margaret Ceremonial Site 3081 Ceremonial</li> <li>Sacred Snake Female 18882 Mythological</li> <li>Cashi Pool 18925 Mythological, Meeting Place, Water Source</li> <li>Cameron Well 18930 Mythological</li> <li>Scarred Tree 18945 Modified Tree</li> <li>Mt Morgans Burial 3 22615 Skeletal material/Burial, Man-Made Structure</li> </ul>
M39/287*	Mount Morgans Gold Mining Pty Ltd	100/100	586.9 HA	11 February 1993	10 February 2014	\$9,039.80	\$58,700	\$56,000	1.6	Kurku NNTT No. WC10/18	n/a
M39/291	Mount Morgans Gold Mining Pty Ltd	100/100	190HA	28 June 1993	27 June 2014	\$2,926	\$19,000	n/a	1.6	Kurku NNTT No. WC10/18	n/a

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### Solicitor's Report on Tenements

Tenement	Registered Holder/Applicant	Shares held	Area	Grant Date	Expiry Date	Annual Rent	Annual Expenditure Commitment	Bonds	Registered Security Interests / Royalties	Native Title Claims / ILUAs	Aboriginal Heritage Sites
M39/295	Mount Morgans Gold Mining Pty Ltd	100/100	183HA	5 October 1993	4 October 2014	\$2,818.20	\$18,300	n/a	1,2,6,7	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>Tjilla Rockhole 1727 Mythological</li> <li>Cache 1728 Ceremonial</li> <li>Mt Margaret Ceremonial Site 3081 Ceremonial</li> <li>Sacred Snake Female 18882 Mythological</li> <li>Sacred Snake Male 18914 Mythological</li> </ul>
M39/304	Mount Morgans Gold Mining Pty Ltd	100/100	435.95 HA	4 February 1994	3 February 2015	\$6,714.40	\$43,600	\$42,000	1,6	Kurku NNTT No. WC10/18	n/a
M39/305	Mount Morgans Gold Mining Pty Ltd	100/100	429HA	17 February 1994	16 February 2015	\$6,606.60	\$42,900	n/a	1,6	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>Sacred Snake Male 18914 Mythological</li> <li>Lake Swamp Dreaming Track 18924 Mythological</li> </ul>
M39/306	Mount Morgans Gold Mining Pty Ltd	100/100	202HA	17 February 1994	16 February 2015	\$3,110.80	\$20,200	n/a	1,2,6,7	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>Tjilla Rockhole 1727 Mythological</li> <li>Sacred Snake Male 18914 Mythological</li> </ul>
M39/333	Mount Morgans Gold Mining Pty Ltd	100/100	744HA	15 March 1995	14 March 2016	\$11,457.60	\$74,400	n/a	1,6	Kurku NNTT No. WC10/18	n/a
M39/380	Mount Morgans Gold Mining Pty Ltd	100/100	600HA	18 January 2008	17 January 2029	\$9,240	\$60,000	n/a	1,6	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>Mt Margaret 18 1692 Artefacts/Scatter</li> <li>Mt Margaret 19 1693 Artefacts/Scatter</li> </ul>
M39/390	Mount Morgans Gold Mining Pty Ltd	100/100	867HA	20 November 2008	19 November 2029	\$13,351.80	\$86,700	n/a	1,2,6,7	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>Montevideo Hill 1 880 Quarry, Artefacts/Scatter</li> <li>Montevideo Hill 2 881 Artefacts/Scatter</li> <li>Mt Margaret 05 1679 Artefacts/Scatter</li> <li>Mt Margaret 07 1681 Artefacts/Scatter</li> <li>Mt Margaret 12 1686 Quarry,</li> </ul>

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## Solicitor's Report on Tenements

Tenement	Registered Holder/Applicant	Shares held	Area	Grant Date	Expiry Date	Annual Rent	Annual Expenditure Commitment	Bonds	Registered Security Interests / Royalties	Native Title Claims / ILUAs	Aboriginal Heritage Sites
											Artefacts/Scatter
											<ul style="list-style-type: none"> <li>• Mt Margaret 13 1687 Artefacts/Scatter</li> <li>• Mt Margaret 14 1688 Artefacts/Scatter</li> <li>• Mt Margaret 15 1689 Artefacts/Scatter</li> <li>• Mt Margaret 17 1691 Artefacts/Scatter</li> <li>• Mt Margaret 04 1733 Artefacts/Scatter</li> <li>• Wonga-Jina (Mt Margaret) 3129 Painting</li> <li>• Golden Cliff 16077 Mythological, Rockshelter</li> <li>• Mt Margaret (Near) 16080 Ceremonial, Mythological, Natural Feature</li> <li>• Mt Margaret 08 1682 Artefacts/Scatter</li> <li>• Garr-Gu 16078 Ochre</li> <li>• Mt Margaret (Hill Near) 16079 Mythological, Man-Made Structure</li> <li>• Camping and Corroboree Ground 18908 Ceremonial, Camp</li> <li>• Christian Grave 18913 Skeletal material/Burial</li> <li>• Bulba 18932 Mythological</li> <li>• Cave Painting 18933 Mythological, Painting</li> <li>• Seven Sisters Rock 18935 Mythological</li> </ul>

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# 11. SOLICITOR'S REPORT ON TENEMENTS

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### Solicitor's Report on Tenements

Tenement	Registered Holder/Applicant	Shares held	Area	Grant Date	Expiry Date	Annual Rent	Annual Expenditure Commitment	Bonds	Registered Security Interests / Royalties	Native Title Claims / ILUAs	Aboriginal Heritage Sites
M39/391	Mount Morgans Gold Mining Pty Ltd	100/100	924HA	18 January 2008	17 January 2029	\$14,229.60	\$92,400	n/a	1,2,6,7	Kurru No. WC10/18	<ul style="list-style-type: none"> <li>• Mt Margaret 16 1690 Artefacts/Scatter</li> <li>• Mt Margaret 17 1691 Artefacts/Scatter</li> <li>• Millililpa 1724 Mythological, Camp</li> <li>• Tjilla Kaninpa 1725 Mythological</li> <li>• Wonga-Jina (Mt Margaret) 3129 Painting</li> <li>• Mt Margaret (Near) 16080 Ceremonial, Mythological, Natural Feature</li> <li>• Mt Margaret (Hill Near) 16079 Mythological, Man-Made Structure</li> <li>• Bulba 18932 Mythological</li> <li>• Seven Sisters Rock 18935 Mythological</li> </ul>
M39/392	Mount Morgans Gold Mining Pty Ltd	100/100	983HA	18 January 2008	17 January 2029	\$15,138.20	\$98,300	n/a	1,2,6,7	Kurru No. WC10/18	<ul style="list-style-type: none"> <li>• Mt Margaret (Near) 16080 Ceremonial, Mythological, Natural Feature</li> <li>• Seven Sisters Rock 18935 Mythological</li> </ul>
M39/393	Mount Morgans Gold Mining Pty Ltd	100/100	756HA	18 January 2008	17 January 2029	\$11,642.40	\$75,600	n/a	1,2,6,7	Kurru No. WC10/18	n/a
M39/394	Mount Morgans Gold Mining Pty Ltd	100/100	800HA	18 January 2008	17 January 2029	\$12,320	\$80,000	n/a	1,2,6,7	Kurru No. WC10/18	n/a
M39/395	Mount Morgans Gold Mining Pty Ltd	100/100	319HA	18 January 2008	17 January 2029	\$4,912.60	\$31,900	n/a	1,2,6,7	Kurru No. WC10/18	<ul style="list-style-type: none"> <li>• Montevideo Hill 2 881 Artefacts/Scatter</li> <li>• Mt Margaret 05 1679 Artefacts/Scatter</li> <li>• Mt Margaret 04 1733 Artefacts/Scatter</li> <li>• Mt Margaret Ceremonial Site 3081 Ceremonial</li> <li>• Camping and Corrooree Ground 18908 Ceremonial, Camp</li> </ul>

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## Solicitor's Report on Tenements

Tenement	Registered Holder/Applicant	Shares held	Area	Grant Date	Expiry Date	Annual Rent	Annual Expenditure Commitment	Bonds	Registered Security Interests / Royalties	Native Title Claims / ILUAs	Aboriginal Heritage Sites
M39/403	Mount Morgans Gold Mining Pty Ltd	100/100	982HA	18 January 2008	17 January 2029	\$15,122.80	\$98,200	n/a	1,2,6,7	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>Christian Grave 18913 Skeletal material/Burial</li> <li>Cashi Pool 18925 Mythological, Meeting Place, Water Source</li> <li>Clay Pans 18926 Mythological</li> <li>Cameron Well 18930 Mythological</li> <li>Tjilla Rockhole 1727 Mythological</li> <li>Cache 1728 Ceremonial</li> <li>Golden Cliff 16077 Mythological, Rockshelter</li> <li>Brewery Well 882 Ceremonial, Artefacts/Scatter, Meeting Place, Water Source</li> <li>Mt Margaret Ceremonial Site 3081 Ceremonial</li> <li>Cooking Grounds 18944 Camp</li> <li>Scarred Tree 18945 Modified Tree</li> <li>Mt Morgans Burial 2 22614 Skeletal material/Burial, Man-Made Structure</li> <li>Mt Morgans Burial 3 22615 Skeletal material/Burial, Man-Made Structure</li> <li>Grave Area 18931 Skeletal material/Burial</li> </ul>
M39/441	Mount Morgans Gold Mining Pty Ltd	100/100	472HA	9 March 2009	8 March 2030	\$7,268.80	\$47,200	n/a	1,6	Kurku NNTT No. WC10/18	n/a
M39/442	Mount Morgans Gold Mining Pty Ltd	100/100	330HA	9 March 2009	9 March 2030	\$5,082	\$33,000	n/a	1,3,6	Kurku NNTT No. WC10/18	n/a

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### Solicitor's Report on Tenements

Tenement	Registered Holder/ Applicant	Shares held	Area	Grant Date	Expiry Date	Annual Rent	Annual Expenditure Commitment	Bonds	Registered Security Interests / Royalties	Native Title Claims / ILUAs	Aboriginal Heritage Sites
M39/443	Mount Morgans Gold Mining Pty Ltd	100/100	918HA	9 March 2009	8 March 2030	\$14,137.20	\$91,800	n/a	1.6	Kurru No. WC10/18	<ul style="list-style-type: none"> <li>Mt Morgans Burial 22613 Skeletal material/Burial, Man-Made Structure</li> <li>Mt Morgans Burial 4 22616 Skeletal material/Burial, Man-Made Structure</li> </ul>
M39/444	Mount Morgans Gold Mining Pty Ltd	100/100	450HA	9 March 2009	8 March 2030	\$6,930	\$45,000	n/a	1.6	Kurru No. WC10/18	<ul style="list-style-type: none"> <li>Tijila Kaninpa 1725 Mythological</li> <li>Lake Carey 2710 Mythological</li> <li>Golden Cliff 16077 Mythological, Rockshelter</li> <li>Red Ochre Quarry 18934 Quarry, Ochre</li> </ul>
M39/497	Mount Morgans Gold Mining Pty Ltd	100/100	50.5H A	9 March 2009	8 March 2030	\$785.40	\$10,000	n/a	1.6	Kurru No. WC10/18	<ul style="list-style-type: none"> <li>Milmiilpa 1724 Mythological Camp</li> <li>Wonga-Jina (Mt Margaret) 3129 Painting</li> <li>Mt Margaret (Hill Near) 16079 Mythological, Man-Made Structure</li> <li>Bulba 18932 Mythological</li> </ul>
M39/501	Mount Morgans Gold Mining Pty Ltd	100/100	724HA	9 March 2009	8 March 2030	\$11,149.60	\$72,400	n/a	1.6	Kurru No. WC10/18	n/a
M39/502	Mount Morgans Gold Mining Pty Ltd	100/100	517HA	9 March 2009	8 March 2030	\$7,961.80	\$51,700	n/a	1.6	Kurru No. WC10/18	n/a
M39/503	Mount Morgans Gold Mining Pty Ltd	100/100	298HA	9 March 2009	8 March 2030	\$4,589.20	\$29,800	n/a	1.6	Kurru No. WC10/18	n/a

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## Solicitor's Report on Tenements

Tenement	Registered Holder/Applicant	Shares held	Area	Grant Date	Expiry Date	Annual Rent	Annual Expenditure Commitment	Bonds	Registered Security Interests / Royalties	Native Title Claims / ILJAs	Aboriginal Heritage Sites
M39/504	Mount Morgans Gold Mining Pty Ltd	100/100	391HA	20 November 2008	19 November 2029	\$6,021.40	\$39,100	n/a	1,6	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>Grave Area 18931 Skeletal material/Burial</li> <li>Mt Morgans Burial 22613 Skeletal material/Burial, Man-Made Structure</li> <li>Mt Morgans Burial 4 22616 Skeletal material/Burial, Man-Made Structure</li> <li>Mt Morgans Artefact Scatter 22617 Artefacts/Scatter</li> </ul>
M39/513	Mount Morgans Gold Mining Pty Ltd	100/100	804HA	9 March 2009	8 March 2030	\$112,381.60	\$80,400	n/a	1,6	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>Pump Well 1 195 Artefacts/Scatter</li> <li>Pump Well 2 196 Artefacts/Scatter</li> <li>Pump Well 3 197 Artefacts/Scatter</li> <li>Pump Well 4 198 Artefacts/Scatter</li> <li>Pump Well 5 199 Artefacts/Scatter, Camp</li> <li>Kapi Yandining 3130 Artefacts/Scatter</li> <li>Lake Swamp Dreaming Track 18924 Mythological</li> <li>Pumping Station Dreaming Track 18929 Mythological</li> </ul>

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### Solicitor's Report on Tenements

Tenement	Registered Holder/Applicant	Shares held	Area	Grant Date	Expiry Date	Annual Rent	Annual Expenditure Commitment	Bonds	Registered Security Interests / Royalties	Native Title Claims / ILUAs	Aboriginal Heritage Sites
M39/745*	Mount Morgans Gold Mining Pty Ltd	100/100	544HA	18 January 2008	17 January 2029	\$8,377.60	\$54,400	n/a	1,6	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>Lake Carey 2710 Mythological</li> <li>Golden Cliff 16077 Mythological, Rockshelter</li> <li>Leo's Granny's Grave 18198 Skeletal material/Burial</li> <li>Grave 18946 Skeletal material/Burial</li> <li>Mt Morgans Burial 22613 Skeletal material/Burial, Man-Made Structure</li> <li>Mt Morgans Burial 2 22614 Skeletal material/Burial, Man-Made Structure</li> <li>Mt Morgans Burial 4 22616 Skeletal material/Burial, Man-Made Structure</li> <li>Mt Morgans Artefact Scatter 22617 Artefacts/Scatter</li> </ul>
M39/746	Mount Morgans Gold Mining Pty Ltd	100/100	701HA	22 January 2008	21 January 2029	\$10,795.40	\$70,100	n/a	1,6	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>Lake Carey 2710 Mythological</li> <li>Red Ochre Quarry 18934 Quarry, Ochre</li> <li>Grave 18946 Skeletal material/Burial</li> <li>Mt Morgans Burial 22613 Skeletal material/Burial, Man-Made Structure</li> <li>Mt Morgans Burial 4 22616 Skeletal material/Burial, Man-Made Structure</li> </ul>
M39/747	Mount Morgans Gold Mining Pty Ltd	100/100	950HA	22 January 2008	21 January 2029	\$14,630	\$95,000	n/a	1,6	Kurku NNTT No. WC10/18	n/a
M39/799	Mount Morgans Gold Mining Pty Ltd	100/100	12HA	22 January 2008	21 January 2029	\$184.80	\$10,000	n/a	1,6	Kurku NNTT No. WC10/18	n/a

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## Solicitor's Report on Tenements

Tenement	Registered Holder/Applicant	Shares held	Area	Grant Date	Expiry Date	Annual Rent	Annual Expenditure Commitment	Bonds	Registered Security Interests / Royalties	Native Title Claims / ILJAs	Aboriginal Heritage Sites
M39/937	Mount Morgans Gold Mining Pty Ltd	100/100	40HA	20 November 2008	19 November 2029	\$616.00	\$10,000	n/a	1,6	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>Mt Morgans Burial 22613 Skeletal material/Burial, Man-Made Structure</li> <li>Mt Morgans Burial 4 22616 Skeletal material/Burial, Man-Made Structure</li> </ul>
M39/938	Mount Morgans Gold Mining Pty Ltd	100/100	85HA	19 March 2009	18 March 2030	\$1,309	\$10,000	n/a	1,6	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>Grave Area 18931 Skeletal material/Burial</li> </ul>
M39/993	Mount Morgans Gold Mining Pty Ltd	100/100	180HA	2 June 2009	1 June 2030	\$2,772	\$18,000	n/a	1,6	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>Grave Area 18931 Skeletal material/Burial</li> </ul>
P39/4800	Mount Morgans Gold Mining Pty Ltd	100/100	80.2H A	16 January 2009	15 January 2013	\$182.25	\$3,240	n/a	1,6	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>Tjilla Rockhole 1727 Mythological</li> </ul>
P39/4801	Mount Morgans Gold Mining Pty Ltd	100	153.8 HA	16 January 2009	15 January 2013	\$346.50	\$6,160	n/a	1,6	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>Tjilla Rockhole 1727 Mythological</li> </ul>
P39/4807	Mount Morgans Gold Mining Pty Ltd	100/100	161HA	16 January 2009	15 January 2013	\$362.25	\$6,440	n/a	1,6	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>Manda Piti 3131 Artefacts/Scatter, Camp</li> <li>Mt Margaret Ceremonial Site 3081 Ceremonial</li> <li>Sacred Snake Female 18882 Mythological</li> <li>Sacred Snake Male 18914 Mythological</li> <li>Cameron Well 18930 Mythological</li> </ul>
P39/4808	Mount Morgans Gold Mining Pty Ltd	100/100	171HA	16 January 2009	15 January 2013	\$384.75	\$6,840	n/a	1,6	Kurku NNTT No. WC10/18	n/a
P39/4810	Mount Morgans Gold Mining Pty Ltd	100/100	15HA	16 January 2009	15 January 2013	\$33.75	\$2,000	n/a	1,6	Kurku NNTT No. WC10/18	n/a

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# 11. SOLICITOR'S REPORT ON TENEMENTS

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### Solicitor's Report on Tenements

Tenement	Registered Holder/Applicant	Shares held	Area	Grant Date	Expiry Date	Annual Rent	Annual Expenditure Commitment	Bonds	Registered Security Interests / Royalties	Native Title Claims / ILUAs	Aboriginal Heritage Sites
P39/4811	Mount Morgans Gold Mining Pty Ltd	100/100	35HA	16 January 2009	15 January 2013	\$78.75	\$2,000	n/a	1.6	Kurku NNTT No. WC10/18	<ul style="list-style-type: none"> <li>Kelly's Well 18910 Meeting Place, Water Source</li> </ul>
P39/4812	Mount Morgans Gold Mining Pty Ltd	100/100	18HA	16 January 2009	15 January 2013	\$40.50	\$2,000	n/a	1.6	Kurku NNTT No. WC10/18	n/a
P39/4813	Mount Morgans Gold Mining Pty Ltd	100/100	29HA	16 January 2009	15 January 2013	\$65.25	\$2,000	n/a	1.6	N/A	<ul style="list-style-type: none"> <li>Limestone Quarry 18912 Man-Made Structure</li> <li>Jenkins Swamp 18927 Camp, Water Source</li> </ul>
P39/4814	Mount Morgans Gold Mining Pty Ltd	100/100	32HA	16 January 2009	15 January 2013	\$72	\$2,000	n/a	1.6	Kurku NNTT No. WC10/18	n/a
P39/4815	Mount Morgans Gold Mining Pty Ltd	100/100	180HA	16 January 2009	15 January 2013	\$405	\$7,200	n/a	1.6	Kurku NNTT No. WC10/18	n/a

### Notes to Schedule

Unless otherwise indicated, capitalised terms have the same meaning given to them in the Prospectus.

References to numbers in the "Registered Security Interests / Royalties" column refers to the following royalty arrangements and mining mortgages referred to in sections 8 and 9 of the Report:

1. Smelter Return Deed
2. Sirius Royalty Agreement
3. Richmond Royalty Agreement
4. Technomin Royalty Agreement

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## Solicitor's Report on Tenements

5. Smith Royalty Agreement
6. Macquarie Mining Mortgage
7. Sirius Mining Mortgage

We have been instructed that the Company considers that those Tenements marked with an asterisk are material to the proposed exploration program set out in Section 5 of the Prospectus. The material conditions that apply to these Tenements are set out in Annexure 2.

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# 11. SOLICITOR'S REPORT ON TENEMENTS

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### Annexure 2 - Material Conditions

#### M39/18

1. All topsoil being removed ahead of mining operations and stockpiled for replacement in accordance with the directions of the Mining Engineer – District Inspector for Mines.
2. No mining on Warden's Quarters Reserve 7982, Official Quarters Reserve 9491, Trig Reserve 7155, Recreation Reserve 10429, Club Reserve 7305, Rifle Range Reserve 8561 and Mt Morgans Town site Reserve (as applicable to the relevant Tenement ) without the prior written consent of the Minister for Minerals and Energy.
3. The rights of ingress to and egress from the tailings the subject of Licence to Treat Tailings No 3792H and 4349H being at all times preserved to the licensee.
4. Mining on any road or road reserve being confined to below a depth of 15 metres from the natural surface.
5. Consent to mine on certain parts of the Tenement subject to compliance with the following conditions. The construction and operation of the project and measures to protect the environment being carried out generally in accordance with the document titled:
  - "Mt Morgans Gold Project, Notice of Intent" dated March 1987;
  - "Road Diversion, Mt Morgans Gold Project, Laverton" dated 15 January 1992;
  - "Notice of Intent – Major Expansion – Recreation, King Street, Ramornie and Morgans North Pits" dated March 1992;
  - "Back of Beyond Project Mt Morgans, Laverton Notice of Intent" dated 25 August 1993;
  - "Back O' Beyond Notice of Intent" received at Kalgoorlie Inspectorate office 16 September 1993;
  - "Back of Beyond Project Amendment to Notice of Intent" dated 5 October 1993;
  - "Appendment to Notice of Intent Westralia Underground Project" received at the Department of Minerals and Energy 30 May 1994;
  - "Westralia Notice of Intent" received at the Department of Minerals and Energy 7 July 1994;
  - "Tailings in Waste Research and Development Project Mt Morgans Works Approval Application" dated 10 June 1994;
  - "Tailings in Waste Research and Development Project: Mt Morgans" dated 21 June 1994;
  - "Interim Approval to Start Low Impact Mining at Westralia Decline, Mt Morgans" 24 August 1994;
  - "Austwhim Resources NL Mt Morgans Tailings Dam" dated November 1988;
  - "Tailings Dam 2 Raising and Rehabilitation Works Approval Application" dated February 1995;
  - "Tailings Disposal Mt Morgans Gold Mine addendum to Works Approval Application" dated 25 July 1995;
  - "Mount Morgans Gold Mine Westralia Tailings Project Notice of Intent" dated March 1996;
  - "Tailings Disposal Back of Beyond Pit, Mt Morgans, Works Approval Application" dated 7 December 1995; letter dated 2 May 1996 from Plutonic to the Department of Environmental Protection; letter dated 3 May 1996 from Soil and Rock Engineering Pty Ltd to BSD Consultants Pty Ltd;
  - "Tailings Disposal to Back of Beyond Pit Notice of Intent Addendum" dated 23 September 1997, signed by Resident Manager Mr L Quan;
  - "Notice of Intent Low Impact Mining Operation for scraping, detecting and dryblowing" signed by Mr Emilio Valenti, dated 10 May 1998;
  - "Mt Morgans Gold Mine Proposal for BOB Pit Tailings Solution Disposal in Westralia Pit" dated December 1998;
  - Six page facsimile by Kim Bartlett, dated 3 February 1999;
  - Four page facsimile by Kim Bartlett, dated 4 February 1999 and retained on Department of Minerals and Energy File No. 237/88, 2137/92, 2182/93, 2032/95, 2291/95, 2103/97, 1062/91 and 2117/98;
  - Mt Morgan's The Craic and Ramornie Project Mining Proposal M39/228, M39/304, M39/264, M39/18, M39/403, M39/282, M39/273 and M39/395 (Reg ID 23797) dated 18 August 2009 signed by Peter Johnston and retained on Department of Mines and Petroleum File No. E0306/200601;
  - "Mt Morgans – Mining Proposal Stage 2 – Transvaal and Kind Street" (Reg ID 24751) dated 5 February 2012 signed by Peter Johnston and retained on Department of Mines and Petroleum File No. E0306/200601;
  - "Mt Morgans Project – The Craic and Ramornie Mining Proposal – Amendment 1 (Reg ID 26141) dated 3 February 2010 signed by Peter Johnston and retained on Department of Mines and Petroleum File No. E0306/200601
  - "Mt Morgans Stage 3 (Sarah-Ramornie North Project) Mining Proposal – Minor Expansion of Approved Stage 1 (the Craic and Ramornie Project) Mining Proposal" (Reg ID 28242) dated 10 September 2012 signed by Matt Holmes and retained on Department of Mines and Petroleum File No. E0271/200403.
6. The development and operation of the project being carried out in such a manner so as to create the minimum practicable disturbance to the existing vegetation and natural landform, to the satisfaction of an Environmental Officer, DMP.

7. All topsoil and vegetation being removed ahead of all mining operations and being stockpiled appropriately for later respreading or immediately respread as rehabilitation progresses.
8. The final outslope batters of the waste dump not exceeding a maximum of 20 degrees from the horizontal.
9. For every 10 metres of vertical height the waste dump must have a minimum 4 metre berm. At the completion of dumping, the berm being used as a catchment drainage channel, having a 0.5% slope to a central rock lined waterway to remove rainfall from the dump without causing erosion.
10. At the completion of the operations, or progressively if possible, the waste dumps being covered with topsoil, being ripped and revegetated with local native grasses, shrubs and trees to the satisfaction of the State Mining Engineer or his nominee.
11. The construction and operation of the tailings dam being such as to maximise settled tailings density, minimise water seepage and to collect any such seepage and return it to the tailings dam process plant circuit.
12. The area of water ponded in the tailings dam being kept to a practical minimum and any fauna mortalities in the tailings dam reported to the District Mining Engineer.
13. The walls of the tailings dam being constructed from or have a substantial outer covering of competent waste rock which will prevent long term erosion and when completed the outer slopes being contoured such that the maximum angle to the horizontal is 20 degrees.
14. The outsoles of the tailings dam being progressively covered with topsoil and revegetated with local native grasses, shrubs and trees to the satisfaction of the State Mining Engineer or his nominee.
15. At the completion of operations and when the tailings have dried sufficiently, the surface of the tailings dam being covered with at least 0.5 metres of waste rock, covered with topsoil and revegetated with local native grasses, shrubs and trees.
16. At the completion of operations, or progressively if possible, all access roads, ore stockpile areas and other disturbed areas being covered with a layer of waste soil, respread with topsoil, deep ripped and revegetated to the satisfaction of the State Mining Engineer or his nominee.
17. At the completion of the operation, all buildings and structures being removed from site or demolished and buried to the satisfaction of an Environmental Officer, DMP.
18. All rubbish and scrap is to be progressively disposed of in a suitable manner, to the satisfaction of an Environmental Office, DMP.
19. The upper face of the open pit being battered to a safe angle and the perimeter of each pit protected by a substantial bund of waste rock.
20. Any alteration or expansion of operations within the lease boundaries beyond that outlined in the above document(s) not commencing until a plan of operations and a program to safeguard the environment are submitted to the Director, Environment, Department of Mines and Petroleum (DMP) for his assessment and until his written approval to proceed has been obtained.
21. If for any reason the proposed new road is not gazetted and therefore does not replace the existing road, as identified in the document titled "Road Diversion, Mt Morgans Gold Project Laverton" dated 15 January 1992 the new road being respread with topsoil, deep ripped and revegetated with local native grasses, shrubs and trees to the satisfaction of the State Mining Engineer.
22. The lessee submitting to the Director, Environment Division, DMP, in August of each year a brief annual report outlining the project operations, mine site environmental management and rehabilitation work undertaken in the previous 12 months and the proposed operations, environmental management plans and rehabilitation programs for the next 12 months.
23. The active tailings facility / facilities being checked on a routine daily basis by site personnel.
24. A complete review of the active tailings facility being provided by an engineering / geotechnical specialist on an annual basis. This review being submitted to the State Mining Engineer and shall review the performance, validate the design, examine the tailings management and present and review the results of all environmental monitoring. The annual review report should be accompanied by a recent survey pick-up of the facility and updated storage data sheets. The first annual review should be provided before the end of 1994.
25. At the time of decommissioning of the tailings facilities and prior to rehabilitation, a satisfactory further review of the tailings storage facilities by a geotechnical/engineering specialist being submitted to the State Mining Engineer. This report should review the status of the structure and its contained tailings, examine and address the implications of the physical and chemical characteristics of the materials, and present and address the results of all environmental monitoring. The rehabilitation stabilisation works proposed and any on-going remedial requirements should also be addressed.
26. The construction of any tailings impoundment buttressing works and subsequent raising being supervised by an engineering / geotechnical specialist.
27. Within 1 month of the completion of the construction of any tailings impoundment buttressing works and subsequent raising, a detailed construction report by an engineering / geotechnical specialist being submitted to the State Mining Engineer to certify that the construction satisfies the design intent. The report shall include the results of any rolled compaction trials, the basis of any method specification adopted, the results of all construction quality control and soil testing records, and shall also present as-built drawings for the embankment earthworks and pipework.

# 11. SOLICITOR'S REPORT ON TENEMENTS

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28. The tailings facilities shall be checked on a routine daily basis by site personnel during periods of deposition. The operators providing the Department with a copy of the written standard operating procedure that is used by the CIP/CIL treatment plant operators in the day to day management of the tailings storage facilities. The issue of single spigot tailings discharge being specifically addressed in some detail in the standard operating procedure.
29. Construction of the proposed second lift, above 451m RL, of the tailings facility referred to in "Tailings Dam 2 Raising and Rehabilitation Works Approval Application" dated February 1995 not proceeding until approved in writing by the State Mining Engineer.
30. A complete geotechnical audit and review of the active tailings facility being provided to the State Mining Engineer, prior to the proposed second lift, above 451m RL, being constructed. The audit and review will thereafter be submitted on an annual basis with the annual environmental review. The documentation being submitted to the State Mining Engineer and will review the past performance, validate the design, examine the tailings management, and present and review the results of all environmental monitoring. The annual audit should be accompanied by a recent survey pick-up of the facility, and updated storage data sheets for each cell.
31. Documentation detailing the implementation of improved tailings storage and groundwater monitoring, including an ongoing remedial action plan for tailings seepage mound recovery, being provided to the State Mining Engineer for assessment prior to the construction of the proposed second lift proceeding (above 451m RL).
32. A suitable vegetation monitoring programme to indicate whether seepage from the tailings storage facility is having an impact on vegetation surrounding the tailings storage facility, being implemented prior to construction of the proposed second tailings lift, above 451m RL, and being continued throughout the operating life and decommissioning of the project. Detail regarding this programme being reported to the State Mining Engineer prior to construction of the proposed tailings storage lift above 451m RL.
33. A plan detailing the proposed decommissioning and rehabilitation of existing tailings storage facilities, including an account of the hydrology and seepage status and ongoing remedial works to recover the seepage, being submitted to the satisfaction of the State Mining Engineer, prior to the construction of the proposed second tailings lift above 451m RL.
34. Tailings deposition to the Back of Beyond (BOB) Pit shall continue until reaching a level above the height of natural groundwater able to provide a safe, stable and consolidated cover to the satisfaction of the State Mining Engineer.
35. Discharge of tailings heap leach or recovery bore solution to the Westralia Pit must not exceed a WAD CN level of 0.5 mg/L.
36. Should WAD CN levels of 0.5 mg/L be exceeded in solution discharged to the Westralia pit, discharge is to cease immediately and not resume until the levels of WAD CN can be reduced to less than 0.5 mg/L.
37. Results from monitoring programs specified in Notice of Intents being summarised and included in the Annual Environmental Report.
38. Should a failure in an inspected pipeline be discovered, or discharge limits exceeded, the discharge is to be ceased immediately and not resume until the problem is repaired. The Inspectorate Environmental and Rehabilitation Officer being notified within one week of the failure or exceedance and provided with estimation of impact and a program of corrective action.
39. The lessee taking all reasonable measures to prevent or minimise the generation of dust from all materials handling operations, stockpiles, open areas and transport activities, to the satisfaction of an Environmental Officer, DMP.
40. Where saline is used for dust suppression, all reasonable measures being taken to avoid any detrimental effects to surrounding vegetation and topsoil stockpiles, to the satisfaction of an Environmental Officer, DMP.
41. Placement of waste material must be such that the final footprint after rehabilitation will not be impacted upon by pit wall subsidence or be within the zone of instability.
42. On the completion of operations or progressively when possible, all waste dumps, tailings storage facilities, stockpiles or other mining related landforms must be rehabilitated to form safe, stable, non-polluting structures which are integrated with the surrounding landscape and support self sustaining, functional ecosystem comprising suitable, local provenance species or an alternative agreed outcome to the satisfaction of an Environmental Officer, DMP.
43. A Mine Closure Plan is to be submitted in the Annual Environmental Reporting month specified in tenement conditions in 2012, unless otherwise directed by an Environmental Officer, DMP. The Mine Closure Plan is to be prepared in accordance with the "Guidelines for Preparing Mine Closure Plans" available on DMP's website.

### **M39/228**

1. Conditions 4, 6, 17, 18, 22, 39, 40, 42 and 43 that apply to M39/18 also apply to M39/228.
2. All surface holes drilled for the purpose of exploration are to be capped, filled or otherwise made safe after completion.
3. All costeans and other disturbances to the surface of the land made as a result of exploration, including drill pads, grid lines and access tracks, being backfilled and rehabilitated to the satisfaction of the Environmental Officer, DMP. Backfilling and rehabilitation being required no later than 6 months after excavation unless otherwise approved in writing by the Environmental Officer, DMP.



4. All waste materials, rubbish, plastic bag samples, abandoned equipment and temporary buildings being removed from the mining tenement prior to or at termination of the exploration program.
5. Unless the written approval of the Environment Officer, DMP is first obtained, the use of drilling rigs, scrapers, graders, bulldozers, backhoes or other mechanised equipment (as applicable in respect of the relevant Tenement) for surface clearing or the excavation of costeans is prohibited. Following approval, all topsoil being removed ahead of mining operations and separately stockpiled for replacement after backfilling and/or completion of operations.
6. No developmental or productive mining or construction activity being commenced until the tenement holder has submitted a plan of the proposed operations and measures to safeguard the environment to the Director, Environment, DMP for assessment and until his final written approval has been obtained.
7. Any alteration or expansion of operations within the lease boundaries beyond that outlined not commencing until a plan of operations and a program to safeguard the environment are submitted to the Director, Environment, DMP for his assessment and until his written approval to proceed has been obtained.
8. All topsoil and vegetation being removed ahead of mining operations and stockpiled appropriately for later respreading or immediately respread as rehabilitation progresses.
9. Placement of waste material must be such that the final footprint after rehabilitation will not be impacted upon by pit wall subsidence or be within the zone of instability.
10. No mining on Cemetery Reserve 4387 or Cemetery Reserve 7391 (as applicable to the relevant Tenement) and mining within a distance of 140 metres laterally from the Reserve being confined to below a depth of 50 metres from the lowest part of the surface of the land with rights of ingress to and egress from the said Reserve being at all times preserved to the Public.
11. Approval was given to a dry blowing operation provided the following conditions are satisfied. The construction and operation of the project and measures to protect the environment being carried out generally in accordance with the document titled:
  - "Notice of Intent - Major Expansion, Transvaal Open Pit, Mt Morgans Gold Project" dated July 1991;
  - "Road Diversion, Mt Morgans Gold Project, Laverton" dated 15 January 1992;
  - "Mt Morgans Gold Project Addendum to Notice of Intent Major Expansion – Transvaal Open Cut Mining Lease 39/228 Dominion Mining Ltd" dated March 1992;
  - "Mt Morgans Gold Project Appendix to Notice of Intent, Minor Expansion Transvaal Open Cut Mining Lease 39/228" dated November 1994;
  - "Appendment to Notice of Intent Transvaal Underground Project" received at Kalgoorlie office 19 October 1994;
 and all retained on Department of Minerals and Energy File No. 237/88, 937/88 and 2220/94;
  - "Mt Morgan's The Craic and Ramornie Project Mining Proposal M39/228, M39/304, M39/264, M39/18, M39/403, M39/282, M39/273 and M39/395" (Reg ID 23797) dated 18 August 2009 signed by Peter Johnston and retained on Department of Mines and Petroleum File No. E0306/200601;
  - "Mt Morgans - Mining Proposal Stage 2 - Transvaal and King Street" (Reg ID 24751) dated 5 February 2010 signed by Peter Johnston and retained on Department of Mines and Petroleum File No. E0306/200601
  - "Mt Morgans Stage 3 (Sarah-Ramornie North Project) Mining Proposal – Minor Expansion of Approved Stage 1 (the Craic and Ramornie Project) Mining Proposal" (Reg ID 28242) dated 10 September 2010 signed by Matt Holmes and retained on Department of Mines and Petroleum File No. E0271/200403.
12. The lessee submitting to the State Mining Engineer within 60 days of notification of this condition, a report detailing all mining activities and rehabilitation work undertaken on this lease and the proposed operations and rehabilitation work to be undertaken in the 12 month period following.
13. If for any reason the proposed new road is not gazetted and therefore does not replace the existing road as identified in the document "Road Diversion, Mt Morgans Gold Project, Laverton", the new road being respread with topsoil, deep ripped, and revegetated with local native grasses, shrubs and trees to the satisfaction of that State Mining Engineer.

### M39/236

1. Conditions 4, 6, 16, 17 and 43 that apply to M39/18 also apply to M39/236.
2. Conditions 2, 3, 4, 5 and 6 that apply to M39/228 also apply to M39/236.
3. The construction and operation of the project and measures to protect the environment being carried out generally in accordance with the document titled:
  - "Jupiter Gold Project Mt Morgans, Laverton - Notice of Intent" dated 18 June 1993;
  - Correspondence titled "Jupiter Gold Project - Notice of Intent" dated 14 July 1993;
  - Correspondence titled "Jupiter Gold Project - Access Road" dated 25 August 1993;
  - "Jupiter Project Amendment to Notice of Intent" dated 5 January 1994;
  - "Amendment to Notice of Intent - Jupiter Project" dated 8 June 1994;
  - Correspondence titled "Haul Road Construction - Jupiter to Mount Marven" dated 20 June 1994;
  - "Amendment to the Jupiter Gold Project Mt Morgans, Laverton Notice of Intent" dated 4 August 1994;

# 11. SOLICITOR'S REPORT ON TENEMENTS

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- "Amendment to Commitments made in Notice of Intent documents for M39/236, M39/272 'Jupiter', M39/36 and L39/54 'Mt Marven' " dated 5 March 1996, signed by Alan Coles;
  - "Amendment to Notice of Intent Jupiter Project" dated 22 July 1996;
  - "Mt Morgan's Gold Mine Proposal for BOB pit Tailings Solution Disposal to Westralia pit" dated December 1998;
  - Six page facsimile by Kim Bartlett dated 3 February 1999;
  - Four page facsimile by Kim Bartlett dated 4 February 1999;
- and all retained on Department of Minerals and Energy File No. 2081/93, 2113/94, 1062/91 and 2117/98.
4. All topsoil being removed ahead of all mining operations from sites such as pit areas, waste disposal areas, ore stockpile areas, pipeline, haul roads and new access roads and being stockpiled for later respreading or immediately respread as rehabilitation progresses.
  5. At completion of the operation, all buildings and structures to are to be removed from site or demolished and buried to the satisfaction of the State Mining Engineer.
  6. All rubbish and scrap is to be progressively disposed of in a manner agreeable to the District Inspector.
  7. Any alteration or expansion of operations within the lease boundaries beyond that outlined not commencing until a plan of operations and a program to safeguard the environment are submitted to the State Mining Engineer for his assessment and until his written approval to proceed has been obtained.
  8. The lessee submitting to the State Mining Engineer a brief annual report outlining the operations and rehabilitation work undertaken in the previous 12 months and the proposed operations and rehabilitation programmes for the next 12 months. The report is to be submitted each year in August.
  9. The lessee taking all reasonable measures to prevent or minimise the generation of dust from all materials handling operations, stockpiles, open areas and transport activities.
  10. Where saline is used for dust suppression, all reasonable measures being taken to avoid any detrimental effects to surrounding vegetation and topsoil stockpiles, to the satisfaction of an Environmental Officer, DMP.
  11. The lessee maintaining all installed dust collection or dust control systems including;
    - coverings or conveyors, transfer points and discharge points;
    - skirtings; and
    - dust filters;
 so as to achieve a consistent and acceptable level of dust emissions control.
  12. The lessee directing stormwater runoff away from areas adjacent to heap leach facilities to minimise accidental loss of stored matter due to flooding or erosion.
  13. The lessee ensuring that all matter containing saline, alkaline, cyanide or other process chemical constituents being retained within holding facilities, such that there is no impairment of surface or underground waters.
  14. The lessee installing and maintaining, where practicable, a perimeter drain immediately downstream of the heap leach facilities to collect and recover any liquid matter resulting from seepage or collapse of the heaps.
  15. All process components and the water supply pipeline being inspected at least once per shift for leakage. Detected leaks being corrected immediately.
  16. Monitor bores being established and a full analysis of groundwater chemistry (pH, salinity, cyanide and metals) being undertaken prior to commencement of processing to establish baseline water quality.
  17. The results of quarterly groundwater monitoring being reported to the Inspectorate Environmental Inspector.
  18. Any failure of components of the heap leach system resulting in a loss of potentially polluting matter to the environment, shall be immediately reported to the Inspectorate Environmental and Rehabilitation Officer of the Department of Minerals and Energy. This report being accompanied by a program for corrective action.
  19. Upon discontinuation of use, or abandonment, the lessee to flush each leach pad, if necessary with a suitable oxidising agent, such that subsequent testing confirms the absence of free cyanide within the heap leach deposit.
  20. As far as is practicable, larger shrubs and trees being left untouched.
  21. Following operations, the soil being respread over the worked area so as to reconstitute the original landform, in particular, creeks and channels being reconstituted.
  22. The affected area being reseeded with local native trees, shrubs and grasses in the autumn following cessation of operations.
  23. The Inspectorate Environmental and Rehabilitation Officer being notified prior to cessation of operations for a joint inspection.
  24. Results from monitoring programs specified in Notice of Intent being summarised and included in the Annual Environmental Report.
  25. Should a failure in an inspected pipeline be discovered, the discharge limits exceeded, the discharge is to be ceased immediately and not resume until the pipeline has been repaired. The Inspectorate Environmental and Rehabilitation Officer being notified within one week of the failure or exceedance and provided with estimation of impact and a program of corrective action.
  26. Discharge of tailings heap leach or recovery bore solution to the Jupiter pit must not exceed a WAD CN level of 0.5 mg/L.
  27. Should WAD CN levels of 0.5 mg/L be exceeded in solution discharged to the Jupiter pit, discharge is to cease immediately and not resume until the levels of WAD CN can be reduced to less than 0.5 mg/L.

**M39/287**

1. Conditions 4, 6, 16 and 43 that apply to M39/18 also apply to M39/287.
2. Conditions 2, 3, 4, 5 and 6 that apply to M39/228 also apply to M39/287.
3. Conditions 4, 5 and 8 that apply to M39/236 also apply to M39/287.
4. The rights of ingress to and egress from Miscellaneous Licence 39/47 being at all times preserved to the licensee and no interference with the purpose or installations connected to the licence.
5. No interference with the telegraph line or the installations in connection therewith, and the rights of ingress to and egress from the facility being at all times preserved to the owners thereof.
6. The construction and operation of the project and measures to protect the environment being carried out generally in accordance with the document titled "Cameron Well Project, Mt Morgans Laverton Notice of Intent" dated 19 June 1993 and further information attached to cover letter dated 13 September 1993 retained on DMP File No. 2182/93.
7. All rubbish and scrap is to be progressively disposed of in a suitable manner.
8. Any alternation or expansion of operations within the lease boundaries beyond that outlined in the above documents, not commencing until a plan of operations and a programme to safeguard the environment are submitted to the State Mining Engineer for his assessment and until his written approval to proceed has been obtained.

**M39/745**

1. Condition 4 that applies to M39/18 also applies to M39/745.
2. Conditions 2, 3 and 4 that apply to M39/228 also apply to M39/745.
3. The lessee must submit a plan of proposed operations and measures to safeguard the environment to the Director, Environment, DMP, for his assessment and written approval prior to commencing any development or productive mining or construction activity.
4. The lessee notifying the holder of any underlying pastoral or grazing lease by telephone or in person, or registered post if contact cannot be made, prior to undertaking airborne geophysical surveys or any ground disturbing activities utilising equipment such as scrapers, graders, bulldozers, backhoes, drilling rigs, water carrying equipment or other mechanised equipment.
5. The lessee or transferee, as the case may be, must with 30 days of receiving written notification of the grant of the lease or the registration of the transfer of a transfer introducing a new lessee, advise, by registered post, the holder of any underlying pastoral or grazing lease details of the grant or transfer.
6. No interference with the transmission line or the installations in connection therewith, and the rights of ingress and egress from the facility being at all times preserved to the owners thereof.

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# SECTION

## MATERIAL CONTRACTS

12

## 12. MATERIAL CONTRACTS

### 12.1 INTRODUCTION

The Directors consider that the contracts described below are the contracts which an investor would reasonably regard as material and which investors and their professional advisers would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of the Offer.

The following is a summary only of the material contracts and their substantive terms.

### 12.2 MATERIAL CONTRACTS

#### Historical Acquisition Contract

Pursuant to a deed dated 14 December 2011, the Company acquired the Tenements and ancillary assets from Range River Gold Limited (Administrators appointed). The acquisition completed on 31 January 2012. The consideration for the Tenements and assets totalled \$7,515,989.68 (including GST), which has been paid in full.

Although no experts' reports were commissioned when determining the quantum of the consideration for the Tenements and the assets, the acquisition occurred after completion of a competitive bid process and extensive negotiation with the vendor and its advisors.

#### Agreement with the Lead Manager and Corporate Advisor

On 30 August 2012, the Company retained the Lead Manager and Corporate Advisor to:

- a) provide corporate advisory services;
- b) manage the Offer; and
- c) provide settlement support for the Broker Firm Offer and the Institutional Offer, including allocation advice and services.

On completion of the Offer, the Company must pay the Lead Manager:

- a) a management fee of \$50,000 (plus GST); and
- b) a capital raising fee of 4.0% of the Offer proceeds, out of which the Lead Manager will pay any fees to any other brokers or intermediaries who assist with the Offer at the request of the Lead Manager, including broker stamping fees.

The Company must also pay or reimburse the Lead Manager and Corporate Advisor for reasonable costs (including legal costs and all costs payable in relation to ASX's delivery versus payment settlement service) incurred in respect of the Offer.

Subject to certain exclusions relating to, among other things, unlawful acts or omissions, negligence and wilful misconduct by an indemnified party, the Company agrees to indemnify the Lead Manager and certain affiliated parties against certain losses suffered in connection with the Offer.

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The Lead Manager may terminate its agreement with the Company by notice to the Company if one or more of the termination events set out below occurs. However, in the case of the termination events in paragraphs (g) to (i) below, the Lead Manager may not terminate the agreement unless in its reasonable opinion the event would have a material effect on the Offer or the value of the Shares that are subject to the Offer.

- a) **(Material breach)** If the Company commits a or allows to be committed a material breach of the agreement with the Lead Manager and the Company fails to rectify the breach within 14 days of receiving notice from the Lead Manager.
- b) **(Breach of warranty)** any warranty or representation given or made by the Company is not complied with or proves to be untrue, and the Company fails to rectify the matter within 14 days of receiving notice from the Lead Manager.
- c) **(Insolvency)** the Company becomes insolvent, has a receiver, manager or administrator (or other similar form of official manager) appointed over all or any of its assets, enters into any composition with creditors general or has an order made or resolution passed for it to be wound up.
- d) **(Market change)** At any time following the execution of this agreement, the Standard & Poors/ ASX Small Ordinaries Index fall more than 10% over a period of three continuous business days (as defined in the Listing Rules).
- e) **(Movement in gold price)** If the spot price for gold as listed on Bloomberg falls below US\$1,450 for three consecutive business days.
- f) **(ASX does not approve)** ASX fails to give approval for the Company's ordinary shares to be officially quoted on ASX or, if approval is granted, the approval is subsequently withdrawn, qualified or withheld.
- g) **(Breach of material obligations)** The Company fails to comply with its Constitution, any statute by which it is bound, a requirement, order or request made by ASIC, ASX or any other Government agency, or any material contract entered into by the Company.
- h) **(Significant change)** a crisis or calamity occurs or there is a change in the financial, political or economic conditions or currency exchange rates or control in Australia or any restriction or limitation on the nature or basis of trading equities on ASX occurs.
- i) **(Hostilities)** Hostilities not presently existing commence or a major escalation in existing hostilities occur involving any one or more of Australia, the United States of America, any member of the European Union, Russia, Japan or the People's Republic of China, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries.
- j) **(ASIC notification)** ASIC holds or gives notice of an intention to hold a hearing or investigation under section 739(2) of the Corporations Act or makes an interim order under section 739(3) of the *Corporations Act*.
- k) **(ASIC proceedings)** ASIC prosecutes, commences proceedings against or gives notice of an intention to prosecute or commence proceedings against, the Company any of the Directors, or any of the Company's officers, employees or agents in respect of the Offer.
- l) **(Indictable offences)** Any Director or officer of the Company is charged with an indictable offence.
- m) **(Material adverse event)** A material adverse event or change occurs that in the circumstances would make it reasonable for the Lead Manager to terminate its agreement with the Company.

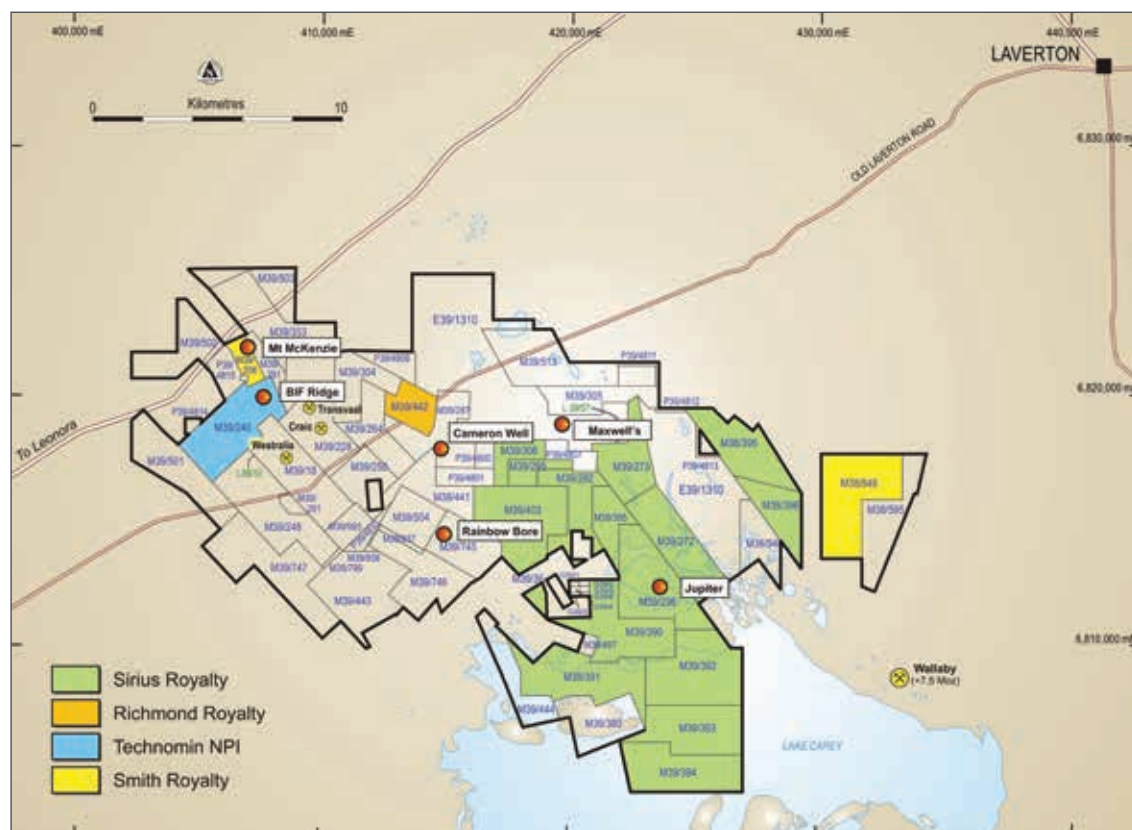
## 12. MATERIAL CONTRACTS - CONTINUED

## Royalty Agreements

The Tenements are subject to five royalty arrangements, the material terms of which are set out below. A map of those Tenements that are affected by royalty arrangements is set out at Figure 12.1.

No amounts are currently payable under the royalties described in this Section, except for the Smith Royalty Agreement (as set out below). In general, royalties under these agreements will only become payable once the Company commences production of minerals from the Tenements affected by the relevant royalty.

**Fig 12.1 - Tenements Affected by Royalty Agreements\***



*\* All Tenements, being those within the black highlighted area of the above map, are subject to the Smelter Return Deed between the Company and Macquarie Bank Limited, described below.*

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**a) Smelter Return Deed**

On 31 January 2012, the Company and Macquarie Bank Limited entered into a deed under which the Company agreed to pay Macquarie Bank a royalty based on the amount of gold produced and sold from the Tenements.

The material terms of the Smelter Return Deed are:

- i) the Company will pay Macquarie Bank Limited:
  - A) a royalty of \$20 per troy ounce of gold produced from the Tenements and sold to off-takers, up to a total of 150,000 troy ounces; and
  - B) a cash payment of \$500,000 at the time of the pour of the 50,000th troy ounce of product.
- ii) if, amongst other things, the Company fails to pay the royalty noted above to Macquarie Bank Limited (totalling \$3,500,000) on or by 31 January 2015, the Company must instead pay Macquarie Bank Limited a royalty of 1% of gross revenue earned on 491,617.23 troy ounces of gold produced from the Tenements and sold to an off-taker;
- iii) the Company has granted a mining mortgage over the Tenements to secure the payment obligations under the Smelter Return Deed; and
- iv) the Company may only assign its interest in the Tenements with the prior written consent of Macquarie Bank Limited, provided the assignee first agrees to be bound by the terms of the Smelter Return Deed.

**b) Sirius Royalty Agreement**

By deed dated 31 January 2012 between Range River Gold Limited (Administrators appointed), the Company and Sirius Resources NL, the Company agreed to assume the obligations to pay a royalty to Sirius Resources NL with effect from 31 January 2012 based on the amount of gold produced from certain of the Tenements.

The material terms of the royalty arrangement are:

- i) on and from the commencement of production on the affected Tenements (being M38/395, M38/396, M39/236, M39/272, M39/273, M39/282, M39/295, M39/306, M39/403, M39/391, M39/392, M39/393, M39/394, M39/395 and M39/390), the Company will pay Sirius Resources NL:
  - A) a "CIP Ore" royalty based on the average ore grade for ore mined from the affected Tenements for the purpose of processing that is treated through a CIP (carbon in pulp) plant (excluding "Leach Ore"). The CIP Ore royalty is determined by multiplying the a base royalty amount (of between \$1 and \$4 per tonne of CIP Ore) with the then current buying price per ounce of gold bullion in Australian dollars and the dry tonnes of CIP Ore which are crushed in the CIP plant, and then dividing that number by 565 (before overall royalty payments exceed \$4,500,000) and 1,130 (after overall royalty payments exceed \$4,500,000);
  - B) a "Leach Ore" royalty for ore which is treated by heap, dump or vat leaching (excluding "CIP Ore"). The Leach Ore royalty is determined by multiplying \$17.50 with the then current buying price per ounce of gold bullion in Australian dollars and the number of ounces of gold bullion recovered by heap, dump, or vat leaching, and then dividing that number by 565 (before overall royalty payments exceed \$4,500,000) and 1,130 (after overall royalty payments exceed \$4,500,000);
  - C) a royalty to be negotiated in good faith if underground ore production commences within the affected Tenements; and
- ii) the Company has granted a first ranking mining mortgage over the Tenements to which the royalty relates to secure the payment obligations under the royalty arrangement.

## 12. MATERIAL CONTRACTS - CONTINUED

### c) **Technomin Royalty Agreement**

By deed dated 31 January 2012 between Range River Gold Limited (Administrators appointed), the Company and Technomin Australia Pty Ltd, the Company agreed to assume the obligations to pay a royalty to Technomin Australia Pty Ltd with effect from 31 January 2012.

The material terms of the royalty arrangement are:

- i) on and from the commencement of mining, carting, treating and selling gold or gold concentrates produced from M39/240, the Company will pay Technomin Australia Pty Ltd a royalty of:
  - A) 10% of the quarterly net profit earned by the Company from the sale of the first 25,000 ounces of fine gold produced from M39/240;
  - B) 12.5% of the quarterly net profit earned by the Company from the sale of the second 25,000 ounces of fine gold produced from M39/240; and
  - C) 15% of the quarterly net profit earned by the Company from the sale of fine gold produced from M39/240 that exceeds \$50,000 ounces; and
- ii) the Company may not assign, transfer or encumber M39/240 unless the assignee first agrees to be bound by the terms of the royalty arrangement.

### d) **Richmond Royalty Agreement**

By deed dated 31 January 2012 between Range River Gold Limited (Administrators appointed), the Company and William Robert Richmond, the Company agreed to assume the obligations to pay a royalty to Mr Richmond with effect from 31 January 2012.

The material terms of the royalty arrangement are:

- i) the Company will pay Mr Richmond a royalty of \$1.00 for every tonne of ore produced from M39/442 and treated for the recovery of gold, silver or other saleable commodities in the first four years of commercial production in respect of M39/442;
- ii) at the end of the first four years of commercial production, the Company will pay Mr Richmond \$1.00 (adjusted for movements in the consumer price index) for every tonne of ore produced from M39/442 and treated for the recovery of gold, silver or other saleable commodities; and
- iii) the royalty arrangement may only be assigned provided the assignee first agrees to be bound by the terms of the royalty arrangement.

### e) **Smith Royalty Agreement**

By deed dated 31 January 2012 between Range River Gold Limited (Administrators appointed), the Company and Raymond Lincoln Smith, the Company agreed to assume the obligations to pay a royalty to Mr Smith with effect from 31 January 2012.

The material terms of the royalty arrangement are:

- i) until the commencement of commercial mining operations on M39/208, the Company will pay Mr Smith a royalty of \$1,500 per quarter; and
- ii) after the commencement of commercial mining operations on M39/208, the Company will pay Mr Smith a royalty of \$0.75 for every tonne of ore mined from M39/208 or \$1,500 per quarter (whichever is greater).

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### **Settlement Deed**

On 30 August 2012, the Company entered into a Deed of Settlement with Mr Wayne Craig van Blitterswyk and a number of other parties to resolve proceedings commenced by Mr van Blitterswyk in respect of a number of the Tenements (**Settlement Deed**).

Pursuant to the Settlement Deed, Mr van Blitterswyk was granted limited exploration and prospecting rights over the Tenements.

The Company does not consider that the rights granted under the Settlement Deed will interfere with its current or future plans for the Tenements as Mr van Blitterswyk is precluded from exercising any rights over an area in use by the Company and the Company can direct Mr van Blitterswyk to cease or relocate his activities at any time.

A summary of the rights granted pursuant to the Settlement Deed is set out in the Solicitors Report on Tenements, which appears at Section 11.

## **12.3 RELATED PARTY TRANSACTIONS**

### **Executive Services Agreement**

Paul Payne, Managing Director and Chief Executive Officer (**Executive**), entered into an executive services agreement with the Company dated 16 August 2012 (**Executive Services Agreement**).

The Executive is required to perform such duties and exercise such powers as are specified in the Executive Services Agreement, including exercising due care and skill and promoting the interests and prosperity of the Company.

The Executive's base salary is \$305,200 (including superannuation). The Company aims to review the performance and salary of the Executive by 1 July each year. Any increase in salary is subject to the discretion of the Company and any reduction must be agreed to by the Executive.

The Board may in its sole discretion grant the Executive a cash bonus for exemplary performance or performance against set criteria (to be determined).

The Executive has been granted 5,000,000 Options in accordance with the Executive Services Agreement. Details of the Options granted to Mr Payne are set out in Section 13.5.

The Executive Services Agreement commenced on 9 July 2012 and will continue until terminated. The Executive may terminate the Executive Services Agreement by giving three months' notice to the Company. The Company may terminate the Executive Services Agreement:

- a) immediately if the Executive engages in conduct that amounts to serious misconduct or the Executive commits a serious breach of the terms and conditions of the Executive Services Agreement;
- b) by giving three months' notice if the Board forms the view that the Executive is not performing to the standard expected on a Managing Director and Chief Executive Officer and the Executive does not rectify the performance issues within two months;
- c) by giving the Executive six months' notice; or
- d) by giving three months' notice if the Executive is ill for a protracted period.

If a change of control transaction occurs in respect of the Company and the Executive forms the view (acting reasonably) that a fundamental change has occurred, such that he ceases to be the Chief Executive Officer of the Company, the Executive may immediately terminate the Executive Services Agreement.

The Directors consider that the terms of the Executive Services Agreement, including those that relate to remuneration, are reasonable.



## 12. MATERIAL CONTRACTS - CONTINUED

### **Services Contract**

The Company executed a services agreement with ACM dated 7 September 2012. Under the services agreement, ACM has provided care and maintenance services to the Project since 1 February 2012 and will continue to provide those services. ACM was retained to provide the services as it was able to quickly mobilise to site and is familiar with the Project.

ACM is related to the Company because Mr Brian Rodan, who is the sole director and shareholder of ACM was, in the six month period before the date of this Prospectus, a director of the Company.

The material terms of the services agreement are:

- i) The services are provided at a cost to the Company of approximately \$31,140 per month (ex GST), subject to the rostering of staff, travel arrangements and the use of consumables (which are charged at cost plus 10%).
- ii) Either party may terminate the services agreement by giving 30 days prior written notice.

Shareholder approval has not been sought in respect of the services agreement because the Company was a proprietary limited company when the services agreement was executed. Further, the Directors consider that the agreement is on arms' length terms.

The key risk associated with the services contract is that ACM could terminate the agreement, in which case the Company would need to retain another provider to supply the services and pay ACM the reasonable costs it incurs when demobilising from the Mount Morgans' site.

As at the date of this Prospectus, the Company's policy on related party transactions is that where such a transaction requires Shareholder approval, such approval will be sought.

### **Deeds of access, indemnity and insurance**

The Company has entered into deeds of access, indemnity and insurance with each Director and the Company's company secretary.

Under the deeds the Company has undertaken, subject to the restrictions in the Corporations Act, to:

- a) indemnify each Director and officer in certain circumstances;
- b) maintain directors' and officers' insurance cover in favour of each Director and officer of the Company whilst holding office and use its best endeavours to maintain run-off insurance:
  - i) for a period of seven years after the Director or officer has ceased to hold office with the Company; or
  - ii) where an action is commenced before the end of that seven year period, until the date the action is finally determined (provided run-off insurance can be procured at reasonable policy premiums); and
- c) provide, in limited circumstances, access to Company records which are relevant to the Director's or officer's holding of office with the Company, for a period of seven years after the Director or officer has ceased to hold office with the Company.



# SECTION 13

ADDITIONAL INFORMATION

## 13. ADDITIONAL INFORMATION

### 13.1 INCORPORATION

The Company was incorporated as a proprietary limited company in Western Australia on 23 November 2011. It converted to a public company and changed its name from Mount Morgans Gold Mining Pty Ltd to Dacian Gold Limited on 11 October 2012. The Company's financial year end is 30 June.

### 13.2 CAPITAL STRUCTURE

As at the date of the Prospectus, the Company only has one class of shares on issue, namely fully paid ordinary shares. All Shares issued pursuant to this Prospectus will, from the time they are issued, rank equally with the Company's existing Shares.

The Shares on issue as at the date of the Prospectus are as disclosed in Section 4.6. The original Shareholders subscribed for Shares at various prices, including nominal consideration, \$0.10 and \$0.25 per Share. Included in the Shares on issue are 1,100,000 Shares that were issued to a number of existing Shareholders on 3 October 2012 at the Offer Price. The funds raised from the issue of these Shares provided additional working capital to the Company.

As at the date of this Prospectus, the Company has 11,150,000 Options on issue. Each Option entitles the holder to subscribe for a Share. Details of the Options on issue as at the date of this Prospectus are set out in Section 13.5. The Company will not seek quotation of the Options as part of the Offer. The Company will apply for quotation of Shares that are issued on exercise of the Options.

### 13.3 SUMMARY OF THE CONSTITUTION AND RIGHTS ATTACHING TO SHARES

The rights and liabilities attaching to ownership of Shares arise from a combination of the Constitution, the Corporations Act, the Listing Rules, the ASX Settlement Operating Rules and general law.

A summary of the key provisions of the Constitution in relation to the principal rights and obligations of Shareholders is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and obligations of Shareholders.

Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which can be inspected free of charge at the Company's registered office (the details of which are set out in the Corporate Directory that appears at the end of this Prospectus) during normal business hours.

#### *Voting*

At a general meeting of the Company, every Shareholder who is entitled to vote and who is present in person or by proxy or representative has one vote on a show of hands and one vote on a poll for each Share held by that Shareholder. In the first instance, voting at meetings will be on a show of hands, unless a poll is demanded either before the vote or the declaration of the result of the vote on a show of hands, or immediately after the voting results on a show of hands is declared. A poll may be demanded by at least five Shareholders, who are present in person or by proxy or representative and entitled to vote, by any one or more Shareholders who are present holding Shares constituting at least 5% of the total votes that may be cast on the resolution to be passed, or by the Chairman. The Chairman does not have a casting vote in addition to any votes to which the Chairman may be entitled as a Shareholder, proxy or representative.

#### *Dividends*

The Directors may determine that a dividend is payable and to declare dividends in accordance with the Corporations Act. The amount and timing for payment and the method of payment of any dividend will be determined by the Directors in accordance with the Constitution. Subject to the Corporations Act, the Constitution and any rights or restrictions attached to a class of shares, dividends are to be apportioned and paid among Shareholders in proportion to the amounts paid up on the Shares held by each Shareholder.

Refer to Section 3.12 for further information on the dividend policy of the Company as at the date of the Prospectus.

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#### *Issue of further Shares and other securities*

Subject to any restrictions imposed by the Corporations Act or the Listing Rules, the Directors may issue Shares with any preferential, deferred or special rights, privileges or conditions or with any restrictions (whether in regard to dividend, voting, return of share capital or otherwise) as the Directors determine.

#### *Variation of class rights*

Subject to the Corporations Act, the Listing Rules and their terms of issue, the rights attaching to any class of Shares may be varied with the written consent of holders of at least 75% of the Shares issued in that class or with the approval of a special resolution passed at a meeting of the holders of the Shares of that class.

#### *Transfer of Shares*

Subject to the Corporations Act, Listing Rules and ASX Settlement Operating Rules, Shareholders may transfer all or any Shares by a written transfer form in the usual form or in any form approved by the Directors. In certain circumstances, the Directors may refuse to register a transfer of Shares, including where the transfer is not registrable or where the refusal is permitted or required by the Listing Rules.

#### *General meetings and notices*

Subject to the rights of the holders of Shares issued on special terms and conditions, Shareholders are entitled to receive:

- a) notice of every annual general meeting, or general meeting or meeting of any class of Shareholders to which that Shareholder belongs; and
- b) all notices, accounts and other document required to be sent under the Constitution or the Corporations Act.

#### *Proportional takeover provisions*

The Constitution contains provisions requiring Shareholder approval in relation to any proportional takeover bid. The provisions must be renewed by a special resolution of Shareholders entitled to vote, three years from the date the provisions were adopted or last renewed, otherwise the provisions will lapse.

#### *Directors – Term of office, appointment and removal*

Subject to the Corporations Act, Listing Rules and the Constitution, a Director, other than the Managing Director, must retire from office or seek re-election by no later than the third annual general meeting following his or her appointment or election, or 3 years, whichever is longer. The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who will then hold office until the next annual general meeting, at which time he will be eligible for re-election.

#### *Non-executive Directors – Remuneration*

The Company in general meeting may from time to time determine the maximum aggregate cash remuneration to be paid to the non-executive Directors for services rendered as non-executive Directors. Until a different amount is determined, the maximum aggregate remuneration is \$500,000.00 per annum.

#### *Winding up*

In a winding up, any assets available for distribution to Shareholders will, subject to the rights of the holders of shares issued on special terms and conditions, the Constitution, the Corporations Act and the Listing Rules, be distributed among Shareholders in proportion to the number of Shares held by them, irrespective of the amounts paid or credited as paid on the Shares, provided that a Shareholder who is in arrears in the payment of a call on a Share, but whose Share has not been forfeited, is not entitled to participate in the distribution on the basis of holding that Share until the amount owing in respect of the call has been fully paid and satisfied.

#### *Amendment*

The Constitution may only be amended by a special resolution passed by at least 75% of the votes cast by Shareholders entitled to vote on the resolution. At least 28 days' written notice specifying the intention to propose the resolution must be given by Shareholders.

## 13. ADDITIONAL INFORMATION - CONTINUED

### 13.4 EMPLOYEE OPTION PLAN

The Company currently has in place an employee option plan (**Option Plan**).

The purpose of the Option Plan, amongst other things, is to provide an incentive to the Company's employees to achieve the Company's long term objectives and to attract employees with experience and ability.

The Option Plan is open to full time or part-time employees, officers and directors of the Company or any related body corporate of the Company (**Employees**).

The principal terms of the Option Plan are summarised below:

- a) the Company may issue Options to Employees (or their approved nominees) to acquire Shares on terms set by the Company in its discretion;
- b) the Board has broad discretions under the Option Plan, including as to determining levels and extent of participation, the terms of issue of Options (such as vesting conditions and performance hurdles) and the ability to waive or shorten restrictions on disposal;
- c) no application will be made for quotation of the Options issued under the Option Plan. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of such Options;
- d) Options issued under the Option Plan are not generally transferable;
- e) the total number of outstanding Options, when added to the total number of shares issued during the previous five years under both the Option Plan and any other incentive plan operated by the Company cannot exceed 5% of the Company's issued capital. Certain exempt offers are excluded when calculating the 5% threshold;
- f) where the current value of Shares is higher than the exercise price of an Option, an Option holder may elect to cancel a number of Options and have the value of those cancelled Options (calculated at the exercise price) set off against the exercise price payable in respect of the remaining Options that are being exercised;
- g) in the event of a takeover bid, scheme or arrangement, or similar transaction, restrictions on disposal will generally (but not always) lapse so that Employees are able to accept the bid or participate in the transaction;
- h) other than as set out below, Option holders are not entitled to participate in a new issue of shares or other securities made by the Company to holders of its shares without exercising their Options before the record date for the relevant issue;
- i) if the Company makes a bonus issue of shares, and an Option is not exercised prior to the record date for that bonus issue, then the number of shares that the Option holder would be entitled to will, in addition to the shares the Option holder is entitled to as a result of holding the Options, be increased by the number of shares the Option holder would have received had the Option holder exercised its Options before the record date for that bonus issue;
- j) if the Company makes a pro-rata issue of securities (other than a bonus issue), and an Option is not exercised prior to the record date for that pro rata issue, then;
  - i) if no amount is payable on exercise of the Option, then Board may, subject to the ASX Listing Rules, adjust the number of Options granted to the Option holder to account for the pro rata issue;
  - ii) if an amount is payable in on exercise of the Option, the exercise price of the Option will be changed as permitted by the ASX Listing Rules; and
- k) if, prior to the exercise of an Option, the Company undergoes a reorganisation of capital (other than by way of a bonus issue or issue for cash) the terms of issued Options will be changed to the extent necessary to comply with the ASX Listing Rules as they apply at the relevant time.

### 13.5 OPTIONS

On 9 October 2012, the Company issued 11,150,000 Options to the Directors and a number of the existing Shareholders. As at the date of this Prospectus, no Options have been issued under the Dacian Gold Employee Option Plan.

#### Paul Payne

In accordance with his Executive Services Agreement (details of which are summarised in Section 12.3), Mr Paul Payne has been issued three tranches of Options as set out in the table below:

**Fig 13.1 - Summary of Options issued to Mr Payne**

Tranche	No. of Options	Exercise Price	Vesting Date	Expiry Date
1	2,500,000	\$0.84	24 months after the date the Company lists on ASX Limited	5 years from the date of grant
2	1,250,000	\$0.84	36 months from the grant date	5 years from the date of grant
3	1,250,000	\$0.84	42 months from the grant date	5 years from the date of grant

A summary of the material terms attaching to the Options issued to Mr Payne is set out below:

- a) the Options are personal and not transferable, except to an entity Mr Payne controls, once approved by the Board;
- b) the Options will be cancelled if the Company does not list on the official list of ASX Limited on or before 31 December 2012; and
- c) if the Executive Services Agreement is terminated by:
  - i) Mr Payne giving three months written notice;
  - ii) the Company because Mr Payne engages in conduct that amounts to serious misconduct or he commits a serious breach of the terms and conditions of the Executive Services Agreement; or
  - iii) the Company in accordance with the Executive Services Agreement because of poor performance,Mr Payne (or any permitted transferee) will be deemed to have forfeited his interest in any Options which have not vested before the date of termination.

#### Non-executive Directors

As part of the consideration of their roles as non-executive Directors, each of Robert Reynolds and Barry Patterson (or his nominee) has been issued the number of Options set out in the table below.

**Fig 13.2 - Summary of Options issued to Messrs Reynolds and Patterson (or their nominees)**

Tranche	No. of Options	Exercise Price	Vesting Date	Expiry Date
1	300,000	\$0.84	24 months after the date on which the Company lists on ASX Limited	5 years from the date of grant

## 13. ADDITIONAL INFORMATION - CONTINUED

As part of the consideration for his role as Chairman of the Company, Rohan Williams (or his nominee) as been issued three tranches of Options as set out in the table below.

**Fig 13.3 - Summary of Options issued to Mr Williams (or his nominee)**

Tranche	No. of Options	Exercise Price	Vesting Date	Expiry Date
1	1,000,000	\$0.84	24 months after the date on which the Company lists on ASX Limited	5 years from the date of grant
2	1,000,000	\$0.84	36 months from the grant date	5 years from the date of grant
3	1,000,000	\$0.84	42 months from the grant date	5 years from the date of grant

A summary of the material terms attaching to the Options issued to these non-executive Directors (or their nominees) is set out below:

- the Options to be granted to each non-executive Director are personal to him or his nominee and are not transferable;
- the Options will be cancelled if the Company does not list on the Official List on or before 31 December 2012; and
- if a non-executive Director resigns or is removed from the Board, the non-executive Director will be deemed to have forfeited his interest in those Options which have not vested before the date of his resignation or removal (as the case may be).

### Existing Shareholders

The existing Shareholders set out in the table below have been issued Options.

**Fig 13.4 - Options issued to certain existing Shareholders**

Shareholder who holds an interest in Options directly or indirectly <sup>1</sup>	Number of Options
MCA Nominees Pty Ltd or its associates <sup>2</sup>	300,000
Sanpoint Pty Ltd as trustee for the Fiore Family Trust	300,000
S G J Investments Pty Ltd as trustee for the Smith Family Trust	300,000
Todtona Pty Ltd	300,000
Kingarth Pty Ltd	300,000
Dalran Pty Ltd as trustee for the Smith Family Trust	300,000
Cautious Pty Ltd as trustee for The Reserve Trust	300,000
Lyrebird Pty Ltd as trustee for the Lyrebird Superannuation Fund	300,000
Redaso Pty Ltd as trustee for the Redaso Family Trust	150,000

<sup>1</sup> None of the Shareholders listed in this table are related to the Directors.

<sup>2</sup> MCA Nominees Pty Ltd is an associate of Redland Plains Pty Ltd by virtue of having the same shareholder. MCA Nominees Pty Ltd and Redland Plains Pty Ltd are controlled by Mr Brian Rodan, who also controls ACM, being an entity with which the Company has a services contract. See Section 12.3 for details.



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A summary of the material terms attaching to the Options issued to the Shareholders is set out below:

- a) the exercise price of each Option is \$0.84;
- b) the Options vest 24 months after the date of their grant; and
- c) the Options expire on the fifth anniversary of the date of their grant.

### 13.6 FOREIGN SELLING RESTRICTIONS

This document does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. Pursuant to the Offer, Shares may not be offered or acquired in any country outside Australia except to the extent permitted below.

#### *Hong Kong*

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (the **Companies Ordinance**), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, no Shares have been or will be offered or sold in Hong Kong other than to “professional investors” (as defined in the SFO).

No advertisement, invitation or document relating to the Shares offered under this document has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except permitted to do so under the securities laws of Hong Kong), other than with respect to Shares offered under this document that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Shares pursuant to the offer may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

#### *New Zealand*

This document has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (New Zealand). The Shares offered under this document are not being offered or sold in New Zealand, or allotted with a view to being offered for sale in New Zealand, and no person in New Zealand may accept a placement of Shares offered under this document other than to:

- a) persons whose principle business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or
- b) persons who are each required to (i) pay a minimum subscription price of at least NZ\$500,000 for the securities before allotment or (ii) have previously paid a minimum subscription price of at least NZ\$500,000 for securities of the Company (**initial securities**) in a single transaction before the allotment of such initial securities and such allotment was not more than 18 months prior to the date of this document.

## 13. ADDITIONAL INFORMATION - CONTINUED

### *Singapore*

This document and any other materials relating to the offer of Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore.

Accordingly, this Prospectus and any other document or materials in connection with the offer or sale, or invitation for subscription purchase, of Shares, may not be issued, circulated or distributed, nor may any Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document to the Company immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer made is not made to you with a view to any Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares under this document. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

### *United Kingdom*

Neither the information in this document nor any other document relating to the Offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Market Act 2000 (UK), as amended (**FSMA**)) has been published or is intended to be published in respect of any Shares offered under this document. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and the Shares offered under this document may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage with investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the Shares offered under this document has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitations, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

### *United States of America*

This document may not be released or distributed in the United States of America. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States of America. Any securities described in this document have not been, and will not be, registered under the U.S. Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the U.S. Securities Act of 1933 and applicable U.S. State securities laws.

## 13.7 TAXATION CONSIDERATIONS

Potential investors are advised to seek their own professional taxation advice before investing in the Company.

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### 13.8 ELECTRONIC PROSPECTUS

Pursuant to Class Order 00/44, ASIC has exempted certain companies from compliance with certain provisions of the Corporations Act to allow distribution of an electronic Prospectus and electronic Application Form on the basis of a paper Prospectus lodged with ASIC, and the publication of notices referring to an electronic Prospectus or electronic Application Form, subject to compliance with certain conditions.

If you have received an electronic version of the Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company so that it may send you, free of charge, either a hard copy or a further electronic copy of the Prospectus or both. Alternatively, if you are an Australian resident, you may obtain a copy of the Prospectus from the Company's website at: **[www.daciangold.com.au](http://www.daciangold.com.au)**.

### 13.9 LITIGATION

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

### 13.10 INTERESTS AND FEES OF CERTAIN PEOPLE INVOLVED IN THE OFFER

This Section sets out the nature and extent of the interests and fees of persons involved in the Offer.

Other than as set out in this Section or elsewhere in this Prospectus no:

- a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- b) promoter of the Company; or
- c) financial services licensee involved in the Offer,

holds at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- d) the formation or promotion of the Company;
- e) property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- f) the Offer,

and no amount has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such persons for services in connection with the formation or promotion of the Company or the Offer.

### 13.11 DIRECTORS' FEES AND INTERESTS

Other than set out in this Section or elsewhere in this Prospectus, no Director or proposed Director holds, at the time of lodgement of this Prospectus with ASIC or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- a) the formation or promotion of the Company;
- b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- c) the Offer.

No amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given to any Director or proposed Director:

- a) to induce a person to become, or qualify as a Director; or
- b) for services provided by a Director or proposed Director in connection with the formation or promotion of the Company or the Offer.

## 13. ADDITIONAL INFORMATION - CONTINUED

### Interests in Shares and Options

Directors are not required under the Constitution to hold any Shares in the Company.

At the date of this Prospectus, the relevant interest of each of the Directors in the Shares and Options of the Company is as follows:

Director who holds an interest in Shares or Options directly or indirectly	Shares	Options
Rohan Williams	5,100,000	3,000,000
Paul Payne	Nil	5,000,000
Robert Reynolds	2,100,000	300,000
Barry Patterson	4,100,000	300,000

The Directors and their associates are entitled to apply for Shares in the Offer. As at the date of the Prospectus, Mr Paul Payne or his nominee intends to apply (either directly or indirectly) for 100,000 Shares and Rohan Williams or his nominee intends to apply (either directly or indirectly) for 200,000 Shares in the Offer.

### Directors' remuneration

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that process. Such remuneration may consist of salary, bonuses and other elements.

In accordance with the Constitution, the non-executive Directors are currently entitled to receive fees not exceeding \$500,000 per annum in aggregate to be divided amongst them as they may determine.

The annual cash remuneration (inclusive of superannuation) payable to each of the Directors as at the date of this Prospectus is as follows:

Director	Remuneration (per annum) <sup>1</sup>
Rohan Williams	\$60,000 <sup>2</sup>
Paul Payne	\$305,200 <sup>1</sup>
Robert Reynolds	\$40,000 <sup>2</sup>
Barry Patterson	\$40,000 <sup>2</sup>

<sup>1</sup> Inclusive of superannuation

<sup>2</sup> Exclusive of superannuation

Details of the Options granted to the Directors is set out in Section 13.5.

Each of the Directors has directorships and holds beneficial interests in entities which are unrelated to the Company and the Mount Morgans Project, details of which are set out in Section 6.1.

### 13.12 FEES PAYABLE TO PROFESSIONAL ADVISERS

This Section applies to persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus.

Argonaut Securities Pty Limited ABN 72 108 330 650 has acted as the Lead Manager to the Offer. The Company has agreed to pay the Lead Manager (on its behalf and on behalf of the Corporate Advisor, Argonaut Capital Limited) a management fee of \$50,000 (excluding disbursements and GST) on the Company's successful admission to the Official List and a capital raising fee of 4% of the total funds raised by the Offer pursuant to an agreement between the Lead Manager and the Company the key terms of which are summarised in Section 12.2.

Mills Oakley Lawyers ABN 40 311 757 524 has acted as legal adviser to the Company in connection with the Offer and has performed work in relation to due diligence enquiries on legal matters. In respect of this work, Mills Oakley Lawyers will be paid approximately \$110,000 (excluding disbursements and GST) for work performed up to the date of this Prospectus. Further amounts may be paid to Mills Oakley Lawyers in accordance with its time-based charge-out rates.

Grant Thornton Corporate Finance Pty Ltd ABN 59 003 265 987 has acted as Investigating Accountant and performed due diligence enquiries in relation to the financial information included in this Prospectus. In respect of this work, Grant Thornton Corporate Finance Pty Ltd will be paid approximately \$7,000 (excluding disbursements and GST) for work performed by it up until the date of this Prospectus. Further amounts may be paid to Grant Thornton Corporate Finance Pty Ltd in accordance with its usual time-based charge-out rates.

Coffey has acted as independent geological and technical consultant and has completed the Full Independent Technical Report (included by reference in this Prospectus) and prepared the Summary Independent Technical Report. In respect of this work, Coffey will be paid approximately \$70,000 (excluding disbursements and GST) up until the date of this Prospectus. Further amounts may be paid to Coffey in accordance with its usual time-based charge-out rates.

### 13.13 COSTS OF THE OFFER

The total costs of the Offer are estimated to be \$1,207,931 (excluding GST and disbursements), comprising the following:

**Table 12.1 – Costs of the Offer**

Cost centre	Cost
Lead Manager's / Corporate Advisor's fees	\$50,000
Broking fees	\$800,000
Legal and accounting fees	\$122,000
Independent Geologist's fees	\$70,000
ASX listing fees	\$91,445
Prospectus design and printing costs	\$17,000
Other costs of the Offer, including Share Registry fees	\$57,486
<b>Total</b>	<b>\$1,207,931</b>

### 13.14 CONSENTS AND DISCLAIMERS

Each of the parties referred to in this Section:

- a) has given its written consent to be named in this Prospectus and any electronic version of it and has not, as at the date of lodgement of this Prospectus with ASIC, withdrawn that consent;
- b) other than as set out below, has not made any statement in this Prospectus or any statement on which a statement made in this Prospectus is based;
- c) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in, or omissions from, this Prospectus other than as set out below; and
- d) has not caused or authorised the issue of this Prospectus or been in any way involved in the making of the Offer.

## 13. ADDITIONAL INFORMATION - CONTINUED

Argonaut Securities Pty Limited ABN 72 108 330 650 consents to the inclusion in this Prospectus of references to it as Lead Manager in the form and context in which those references are included.

Argonaut Capital Limited ABN 18 099 761 547 consents to the inclusion in this Prospectus of references to it as Corporate Advisor in the form and context in which those references are included.

Mills Oakley Lawyers ABN 40 311 757 524 consents to the inclusion in this Prospectus of references to it as solicitors to the Offer in the form and context in which those references are included, to the inclusion of its Solicitor's Report on Tenements in the form and context in which that report is included, and to any express reference to its Solicitor's Report on Tenements in the form and context in which those references are included.

Grant Thornton Corporate Finance Pty Ltd ABN 59 003 265 987 consents to the inclusion in this Prospectus of references to it as Investigating Accountant in the form and context in which those references are included, to the inclusion of its Investigating Accountant's Report in the form and context in which that report is included, and to any express reference to its Investigating Accountant's Report in the form and context in which those references are included.

Grant Thornton Audit Pty Ltd ABN 94 259 609 023 consents to the inclusion in this Prospectus of references to it as the Company's auditor in the form and context in which those references are included.

Coffey Mining Pty Ltd ABN 52 065 481 209 consents to the inclusion in this Prospectus of references to it as Independent Geologist and Coffey in the form and context in which those references are included, to the inclusion of the Full Independent Technical Report (by reference) and the Summary Independent Technical Report in this Prospectus, and to any express reference to the Full Independent Technical Report and the Summary Independent Technical Report in the form and context in which those references are included.

Mining One Pty Limited ACN 114 365 632 and each of Mr Stuart Hutchin and Mr Bill Frazer consent to the inclusion in this Prospectus of references to each of them in the form and context in which those references are included.

SRK Consulting (Australasia) Pty Ltd ABN 56 074 271 720 and Mr Danny Kentwell consent to the inclusion in this Prospectus of references to them in the form and context in which those references are included.

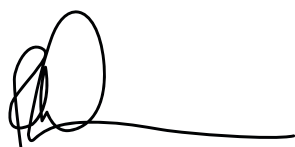
Computershare Investor Services Pty Limited ABN 48 078 279 277 consents to the inclusion in this Prospectus of references to it as Share Registry in the form and context in which those references are included.

### 13.15 DIRECTORS' STATEMENT AND AUTHORISATION

The Directors report that, after making due inquiry, they are of the opinion that no circumstances have occurred since the date of the reviewed financial statements referred to in Section 9 which have materially affected or will materially affect the value of the Company's assets and liabilities, except as disclosed in this Prospectus.

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented in writing to the lodgement of this Prospectus with ASIC and no Director has withdrawn that consent.



**Director**

For and on behalf of Dacian Gold Limited



# SECTION

## GLOSSARY

14



## 14. GLOSSARY

### 14.1 GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

**ACM** means Australian Contract Mining Pty Ltd ABN 47 080 756 172.

**AIFRS** means the Australian Equivalents to International Financial Standards.

**Applicant** means a person who submits an Application in respect to the Offer pursuant to this Prospectus.

**Application** means a valid application to subscribe for Shares in respect to the Offer pursuant to this Prospectus.

**Application Form** means the application form attached to or accompanying this Prospectus (including the electronic version of this Prospectus) pursuant to which Applicants (other than Institutional Investors) apply for Shares.

**Application Monies** means monies payable in respect of an Application.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691.

**ASX Recommendations** means The ASX Corporate Governance Council's Principles and Recommendations (2nd edition) as amended from time to time.

**ASX Settlement** means ASX Settlement Pty Ltd ABN 49 008 504 532.

**ASX Settlement Operating Rules** means operating rules and procedures of ASX Settlement and, to the extent that they are applicable, the operating rules of ASX and ASX Clear Pty Limited ABN 48 001 314 503.

**Au** means gold.

**AUD** or **\$** means an Australian dollar.

**Australian Accounting Standards** means the Australian Accounting Standards and other official pronouncements issued by the Australian Accounting Standards Board, together with its interpretations of the Australian Accounting Standards.

**BIF** means branded iron formation.

**Board** means the board of Directors as constituted from time to time.

**Broker Firm Offer** has the meaning set out in Section 4.10 of the Prospectus.

**CHESS** means ASX Clearing House Electronic Subregistry System.

**Closing Date** means the closing date for receipt of Application Forms under this Prospectus, being 5.00pm (WST) on 30 November 2012 (unless the Offer is extended or closed early).

**Coffey** means Coffey Mining Pty Ltd ABN 52 065 481 209.

**Company** means Dacian Gold Limited ABN 61 154 262 978.

**Competent Person** has the meaning given to it in the JORC Code.

**Constitution** means the constitution of the Company.

**Corporate Advisor** means Argonaut Capital Limited ABN 18 099 761 547.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Dacian** means Dacian Gold Limited ABN 61 154 262 978.

**Directors** means the directors of the Company at the date of this Prospectus.

**Executive Services Agreement** means the agreement with Mr Paul Payne summarised in Section 12.3.

**Exploration Results** means data and information generated by exploration programs, which may or may not be part of a formal declaration of Mineral Resources or Ore Reserves.

**Exposure Period** means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by ASIC by not more than a further 7 days pursuant to Section 727(3) of the Corporations Act.

**Full Independent Technical Report** means the full independent technical report provided by Coffey which has been provided to the Directors and which will be lodged with ASIC.

**g/t** means grams per tonne.

**Glossary** means this glossary of names and terms in this Section 14.

**GST** means goods and services tax.

**high grade** means, in the Board's opinion, gold mineralisation where the average grade is in excess of 3g/t Au.

**Independent Geologist** means Coffey.

**Independent Technical Report** means the report contained in Section 8.

**Institutional Investor** means an investor to whom offers or invitations in respect of Shares can be made without the need for a lodged disclosure document or other formality, being persons in Australia to whom offers or invitations in respect of Shares can be made without the need for a disclosure document under section 708(8), 708(10) or 708(11) of the Corporations Act.

**Institutional Offer** has the meaning set out in Section 4.11.

**Investigating Accountant** means Grant Thornton Corporate Finance Pty Ltd ABN 59 003 265 987.

**Investigating Accountant's Report** means the report contained in Section 10.

**JORC Code** means the 2004 edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves of the Joint Ore Reserves Committee.

**Lead Manager** means Argonaut Securities Pty Limited ABN 72 108 330 650.

**Listing Rules** means the official listing rules of ASX.

**LTZ** means Laverton Tectonic Zone.

**Mineral Resource** means a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. Mineral Resources are subdivided, in order of increasing geological confidence, into Inferred, Indicated, and Measured categories, as defined in the JORC Code.

**Mount Morgans Project** means the gold exploration project situated on the Tenements which are located approximately 30km south west of Laverton in the North-Eastern Goldfields region of Western Australia.

**Moz** means million ounces.

**Mt** means million tonnes.

**Native Title** has the same meaning ascribed to that expression by the Native Title Act 1993 (Cth).

**NEG** means North Eastern Goldfields.

**Offer** means the invitation to investors to apply for Shares pursuant to this Prospectus.

**Offer Period** means the period commencing on the Opening Date and ending on the Closing Date.

**Offer Price** means \$0.50 per Share.

**Official List** means the official list of ASX.

**Opening Date** means the date on which the Offer opens.

**Option** means an option to subscribe for a Share.

**Ore Reserves** means Probable Reserves, being Measured Resources and / or Indicated Resources which are not yet proven, but of which detailed technical and economic studies have demonstrated that extraction can be justified at the time of determination and under specific economic conditions, as defined in the JORC Code.

**Oz** means ounce.

**Project** means the gold exploration project situated on the Tenements which are located approximately 30km south west of Laverton in the North-Eastern Goldfields region of Western Australia.

**Prospectus** means this prospectus.

**RAB** means rotary air blast.

**RC** means reverse circulation.

**Section** means a section of this Prospectus, unless otherwise stated.

**Share** means a fully paid ordinary share in the capital of the Company.

**Share Registry** means Computershare Investor Services Pty Limited ABN 48 078 279 277.

**Shareholder** means a holder of Shares.

**Solicitor's Report on Tenements** means the report contained in Section 11.

**Summary Independent Technical Report** means the report contained in Section 8.

**Tenements** means the 69 tenements that make up the Project as at the date of this Prospectus, further details of which are set out in the Solicitor's Report on Tenements which appears at Section 11.

**total endowment** means historic production plus remaining estimated Mineral Resources.

**U.S.** means the United States of America.

**USD** means United States dollars.

**WST** means Western Standard Time, Perth, Western Australia.

## 15. CORPORATE DIRECTORY

### **Directors**

Rohan Williams

Paul Payne

Barry Patterson

Robert Reynolds

### **Company Secretary**

Kevin Hart

### **Registered Office**

Ground Floor, 26 Clive Street

West Perth WA 6005

### **Lead Manager**

Argonaut Securities Pty Limited

Level 20 77 St Georges Terrace

Perth WA 6000

Email: [argonaut.ecm@argonaut.com](mailto:argonaut.ecm@argonaut.com)

Phone: +61 8 9224 6888

Facsimile: +61 8 9225 5511

### **Corporate Advisor**

Argonaut Capital Limited

Level 20 77 St Georges Terrace

Perth WA 6000

Email: [argonaut.ecm@argonaut.com](mailto:argonaut.ecm@argonaut.com)

Phone: +61 8 9224 6888

Facsimile: +61 8 9225 5511

### **Legal Adviser to the Company**

Mills Oakley Lawyers

Level 12 400 George Street

Sydney NSW 2000

Email: [info@millsoakley.com.au](mailto:info@millsoakley.com.au)

Phone: +61 2 8289 5800

Facsimile: +61 2 9247 1315

### **Independent Geologist**

Coffey Mining Pty Ltd

1162 Hay Street

West Perth WA 6005

### **Auditor**

Grant Thornton Audit Pty Ltd

10 Kings Park Road

West Perth

West Perth WA 6005

### **Investigating Accountant**

Grant Thornton Corporate Finance Pty Ltd

10 Kings Park Road

West Perth WA 6005

### **Share Registry**

Computershare Investor Services Pty Limited

GPO BOX 7045

Sydney NSW 1115

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[www.daciangold.com.au](http://www.daciangold.com.au)