

MT MORGANS OPERATION & CORPORATE UPDATE

Dacian provides revised production and cost guidance and commences strategic review to consider corporate approaches

- **Production guidance for the June quarter revised to 36,000-38,000oz at an MMGO All-in Sustaining Cost (AISC) of A\$1,500-\$1,600/oz (previous guidance was 50,000-55,000oz at MMGO AISC of A\$1,050-\$1,150/oz)**
 - **The guidance revision follows underground contractor performance issues resurfacing, which have resulted in lower productivity than previously anticipated;**
 - **In addition, lower-than-expected grade performance on subordinate lodes at Westralia and the hangingwall lodes at Jupiter impacted planned production;**
 - **The mining of the thicker, higher grade Cornwall Shear Zone at Jupiter is progressing well;**
 - **On the 1st June, the ball mill motor failed. Gold production was suspended from the treatment plant for 3 days whilst the motor was replaced.**
- **Operation-to-date grade control model to mill production reconciliation remains at 98%**
- **Operation-to-date 2018 Ore Reserve to mill production reconciliation is 85%**
- **An updated 5-year Mine Plan is set to be released by the end of June**
 - **The Company's preliminary review anticipates an annual average production level over the 5 years in the range of 160,000-180,000oz;**
 - **Several additional production sources that could increase this range are also being considered including from the Cameron Well, Morgans North and Mt Marven deposits**
 - **The Company is confident ongoing exploration success will continue the indicative production levels of the 5-Year Mine Plan well beyond 5 years**
- **The Company's preliminary FY2020 production and cost guidance anticipates production will be in the range of 150,000-170,000oz at an MMGO AISC of A\$1,350-\$1,450/oz**
 - **Final FY2020 guidance will be released by the end of June following completion of further optimisation analysis**
- **Following several recent unsolicited enquiries from corporate entities, the Company has commenced a strategic review process to consider potential corporate and funding initiatives which may culminate in a change of control transaction**
- **A conference call to discuss today's announcement will be held at 10.30am AEST, Wednesday 5th June 2019**

Dacian Gold Ltd (**Dacian Gold or the Company**) (ASX: DCN) provides the following operational and corporate update. The update includes:

- A revised June quarter production update;
- An analysis of the 2018 Ore Reserve to mill reconciled production reconciliation; and
- A preliminary estimate of FY2020 production guidance and a preliminary 5-Year Mine Plan for the Mt Morgans Gold Operation (**MMGO**), both of which will be released by the end of June

Dacian Gold Executive Chairman Rohan Williams said “whilst the downgraded June quarter production guidance is disappointing the Company notes improvements in both equipment availability and mine development advance at Westralia are clearly evident and heading in the right direction.

Mr Williams said “Many of the issues with fleet availability have already been resolved and a focus on capital development in the short term will open up more work areas thus improving production going forward.”

Barry Upton, Managing Director of RUC Cementation Mining Contractors Pty Ltd (Dacian Gold’s underground mining contractor at Westralia) said “Dacian Gold and RUC Mining are both committed to maintaining a highly cooperative working relationship at Mt Morgans in order to maximise the production opportunities for the benefit of both parties.”

Local grade underperformance on certain subordinate lodes at Westralia and the hangingwall lodes at Jupiter have also impacted the forecast production levels. The Company retains an excellent Operation-to-date grade control to mill production reconciliation at 98% and is confident this key mine performance indicator will continue to confirm that the grade estimation techniques employed across site are appropriate for forecasting planned production.

The 5-Year Mine Plan will be based on an improved understanding of the geological and structural controls of gold mineralisation at both Westralia and Jupiter which has led to an improved level of confidence in lode geometry, continuity and predictability.

The preliminary view of the 5-Year Mine Plan anticipates an average production range of 160,000-180,000oz per annum.

The final FY2020 budget is subject to further review and optimisation, which will be completed by the end of June, however the Company’s preliminary guidance anticipates production of between 150,000-170,000oz at an estimated MMGO AISC of A\$1,350-1,450/oz.

JUNE QUARTER PRODUCTION UPDATE

Due to a combination of mining contractor underperformance and mined grade underperformance, principally at Westralia, the Company provides a revised production guidance for the June quarter.

In addition, on the 1st June, the ball mill motor at the processing plant suffered an irreparable failure that required a replacement motor unit to be installed. The ball mill motor failure further impacted planned gold production with 3 days of lost gold production.

The Company now advises the revised production range for the June quarter is 36,000-38,000oz¹ at an estimated MMGO AISC of between \$1,500/oz-\$1,600/oz.

UNDERGROUND CONTRACTOR PERFORMANCE ISSUES RESURFACED DURING THE JUNE QUARTER

The Company considered and allowed for a level of productivity from its underground contractor in its estimates for the June quarter. At the end of May, the level of productivity seen during the quarter to date has been below that incorporated in the Company's guidance for the June quarter.

Reduced underground equipment availability caused in part by an insufficient number of maintenance personnel hampered the Company's ability to sufficiently develop and access scheduled higher grade stopes at Westralia during the quarter.

The underground equipment availabilities and reliability have improved during May with the required level of personnel on site to allow necessary productivity rates to be maintained by the contractor.

Improved rates of capital development are now evident which will provide for an increase in level development and scheduled stoping areas at Westralia going forward.

GRADE PERFORMANCE AT BERESFORD AND HANGINGWALL LODES AT JUPITER BELOW EXPECTATIONS

The current grade control model to mill production reconciliation across all production sources at Mt Morgans sits at 98%, confirming that good agreement between grade control models and mill reconciliation is evident over extended periods of assessment.

For the June quarter to date, the claimed grade to mill reconciled production across site is currently at 85%. While more work is required to account for this variance, it appears that grade underperformance in localised areas at Westralia and at Jupiter are contributing to this result.

On a monthly basis the reconciliation between the grade control model and the mill production can vary +/- 15%. This short-range variability (eg monthly) of reconciliation between grade control models and mill reconciled production is typical throughout the industry, and hence longer periods of time are used to assess the performance of resource models to reconciled mine production.

At Westralia, mining has included production from a number of subordinate mineralised BIF (Banded Iron Formation) lodes. The subordinate lodes that were planned to be mined during the quarter are narrow and high grade, however it appears that a combination of the high-nugget gold distribution in the lodes and higher levels of mined dilution than planned has contributed to a grade underperformance of the mining of these lodes.

¹ Production target is underpinned by Ore Reserves

Additionally, some dilution is presenting into stopes from the mined void sitting above the current stoping levels. This has been observed at Beresford South, where the stoping height on the main lode is now 100 vertical metres in height.

The combination of grade underperformance as indicated by the 85% reconciliation of grade control to mill production for the quarter to date, the high-nugget/dilution seen in the subordinate BIF lodes and the dilution presenting from the stoped panels sitting above the current stoping levels are the key contributors to the grade underperformance being observed at Westralia during the June quarter.

At Jupiter, mining of the thicker and higher grade Cornwall Shear Zone (**CSZ**) is performing well with the average (unreconciled) claimed grade of approximately 1.6g/t Au to date for the quarter.

Several of the narrower, subordinate hangingwall lodes that sit above the CSZ appear to be mined at a lower grade than planned. It is believed the cause of the lower grade of the hangingwall lodes is due to higher levels of mined dilution for the narrower lodes.

FAILURE AND REPLACEMENT OF BALL MILL MOTOR AT THE TREATMENT PLANT

As noted above, on the 1st of June, the ball mill motor that drives the ball mill at the treatment plant sustained an irreparable failure that required replacement of the motor.

The ball mill is back up in operation after gold production was suspended for three days.

2018 ORE RESERVE TO MILL RECONCILED PRODUCTION IS APPROXIMATELY 85% AT EACH OF WESTRALIA AND JUPITER

In the plus two-year term since the completion of the Mt Morgans Feasibility Study (see ASX release 21 November 2016), the Company has significantly improved the geological and structural understanding of the Westralia and Jupiter gold deposits.

This greater understanding has contributed to improved resource modelling that has increased the confidence in lode predictability and continuity at both Westralia and Jupiter.

It has also significantly improved the Company's opportunity for continued exploration success, particularly at the large Westralia gold deposit.

Following the first 12 months of mining and treatment of the Westralia and Jupiter ores, the Company is now in the position to provide 2018 Ore Reserve to reconciled mill production data for the processed ores of these mines.

The reconciliation of the 2018 Ore Reserve to mill reconciled production across the Mt Morgans site is at approximately 85%, by ounces. For each of Westralia and Jupiter the reconciliation is at approximately 85%, by ounces.

PRELIMINARY FY2020 GUIDANCE AND 5-YEAR MINE PLAN

The Company's preliminary FY2020 production and cost guidance anticipates that production will be in the range of 150,000-170,000oz² at an MMGO AISC of A\$1,350-\$1,450/oz.

Importantly, at Westralia approximately 80% of the forecasted FY2020 production is based on infill grade control drilling, providing a higher degree of confidence in forecasted production levels. At Westralia, the forecast capital and operating development is accelerated in the first half of the FY2020 budget year in order to provide increased flexibility for optimised stope production.

With the improved understanding of geological and structural controls of gold mineralisation at both Westralia and Jupiter leading to an improved level of confidence in lode geometry, continuity and predictability, the Company will be in a position to release an updated 5-Year Mine Plan for Mt Morgans by the end of June.

The Company's preliminary view of the 5-Year Mine Plan outlines an indicative average annual range of 160,000-180,000oz³ per annum. Importantly approximately 60% of the Westralia Ore Reserve has now been infill grade control drilled which forms the basis for the 5 Year Mine Plan.

It is important to note the Company is confident that the production profile seen in the 5-Year Mine Plan is expected to continue beyond 5-years and that the Company still holds the view that Mt Morgans will have a +10-year mine life.

The Company continues to aggressively explore the highly endowed Mt Morgans gold field in order to define new areas of mineralisation adjacent to planned mining areas, to identify new production opportunities and to convert existing Mineral Resources.

The Company expects to release final production and cost guidance for FY2020 and an updated 5-Year Mine Plan by the end of June, following further Board review and optimisation.

CORPORATE UPDATE

Following several recent unsolicited enquiries from corporate entities, the Company advises that it has appointed Treadstone Resource Partners to undertake a strategic review.

The strategic review process will consider potential corporate and funding initiatives available to the Company with a focus on maximising shareholder value, which may culminate in a change of control transaction.

The Company makes no assurances that any of these discussions will eventuate in a change of control transaction occurring.

² Production target is underpinned by Ore Reserves

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CONFERENCE CALL

The Company advises that it will host a teleconference for the investment community to discuss this operational and corporate update. Investors, brokers, analysts and media can join the teleconferences, which will be held at **10:30am AEST, Wednesday, 5th June 2019** by dialling the following numbers:

- Within Australia (Toll Free): 1 800 558 698
- Alternate Australia (Toll Free): 1 800 809 971
- International: +612 9007 3187
- Conference ID: 10000658

Alternatively, investors can simply click on the following link to register for the call: <https://services.choruscall.com.au/diamondpass/daciangold-10000658-invite.html>

A recording of the investor call will be available at the following link following the conclusion of the call: <https://webcasting.boardroom.media/broadcast/5cf07abbe06ef06151e9de6a>

For and on behalf of the Board



Rohan Williams
Executive Chairman & CEO

For further information please visit www.daciangold.com.au to view the Company's presentation or contact:

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APPENDIX 1

2018 MINERAL RESOURCES & ORE RESERVES STATEMENT (DCN: 100%)

Table 1: Mt Morgans Gold Operation Mineral Resources as at 31 July 2018
 (Refer ASX release dated 6 August 2018)

Mt Morgans Gold Operation Mineral Resources as at 31 July 2018

Deposit	Cut-off Grade Au g/t	Measured			Indicated			Inferred			Total Mineral Resource		
		Tonnes	Au g/t	Au Oz	Tonnes	Au g/t	Au Oz	Tonnes	Au g/t	Au Oz	Tonnes	Au g/t	Au Oz
Westralia	2.0	1,304,000	5.3	222,000	4,662,000	5.1	767,000	4,018,000	4.1	528,000	9,985,000	4.7	1,518,000
Jupiter	0.5	2,363,000	1.3	101,000	21,979,000	1.3	954,000	5,353,000	1.1	188,000	29,695,000	1.3	1,242,000
Jupiter UG	1.5	-	-	-	-	-	-	525,000	2.0	34,000	525,000	2.0	34,000
Jupiter LG Stockpile	0.5	3,494,000	0.5	58,000	-	-	-	-	-	-	3,494,000	0.5	58,000
Cameron Well	0.4	-	-	-	3,465,000	1.1	117,000	2,808,000	1.4	127,000	6,273,000	1.2	245,000
Transvaal	2.0	367,000	5.8	68,000	404,000	5.3	69,000	482,000	4.7	73,000	1,253,000	5.2	210,000
Ramornie	2.0	-	-	-	160,000	4.1	21,000	422,000	4.0	55,000	582,000	4.1	76,000
Maxwells	0.5	-	-	-	413,000	1.2	16,000	309,000	0.9	9,000	722,000	1.1	25,000
Craic*	2.0	-	-	-	69,000	8.2	18,000	120,000	7.1	27,000	189,000	7.5	46,000
King St*	0.5	-	-	-	-	-	-	532,000	2.0	33,000	532,000	2.0	33,000
Low Grade Stockpiles	0.5	-	-	-	1,276,000	0.7	30,000	-	-	-	1,276,000	0.7	30,000
Mine Stockpiles	0.5	151,000	0.9	4,000	-	-	-	-	-	-	151,000	0.9	4,000
Total		7,678,000	1.8	453,000	32,428,000	1.9	1,992,000	14,570,000	2.3	1,075,000	54,676,000	2.0	3,520,000

* JORC 2004 Resource. Rounding errors will occur.

Other than Cameron Well, all Mineral Resource estimates are as of 30 June 2018. Cameron Well Mineral Resource estimate is of 31 July 2018

Table 2: Mt Morgans Gold Operation Ore Reserves as at 1 July 2018
 (Refer ASX release dated 18 December 2018)

Mt Morgans Gold Operation Ore Reserves as at 1 July 2018

Deposit	Cut-off Grade Au g/t	Proved			Probable			Total		
		Tonnes	Au g/t	Au Oz	Tonnes	Au g/t	Au Oz	Tonnes	Au g/t	Au Oz
Beresford UG	1.2 / 2.1*	749,000	4.3	104,000	2,355,000	3.5	265,000	3,104,000	3.7	369,000
Allanson UG	1.2 / 2.1*	-	-	-	1,175,000	5.0	188,000	1,175,000	5.0	188,000
Westralia UG Low Grade	0.5 / 1.8*	-	-	-	458,000	1.2	18,000	458,000	1.2	18,000
Transvaal UG	1.4	193,000	4.7	29,000	325,000	3.4	36,000	518,000	3.9	65,000
Jupiter OP	0.5	2,213,000	1.2	88,000	13,049,000	1.3	523,000	15,262,000	1.2	611,000
Cameron Well OP	0.4	-	-	-	1,300,000	1.1	45,000	1,300,000	1.1	45,000
Jupiter Low Grade Stockpile	0.5	3,494,000	0.5	58,000	-	-	-	3,494,000	0.5	58,000
Low Grade Stockpiles	0.5	-	-	-	1,276,000	0.7	30,000	1,276,000	0.7	30,000
Mine Stockpiles	0.5	151,000	0.9	4,000	-	-	-	151,000	0.9	4,000
ORE RESERVE		6,799,000	1.3	284,000	19,938,000	1.7	1,105,000	26,737,000	1.6	1,389,000

* Development and Stopping cut-off grades. Rounding errors will occur.

Competent Person Statement

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

Exploration

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

Mineral Resources

The information in this report that relates to Mineral Resources for Westralia, Jupiter, Cameron Well, Ramornie, Mine and Low Grade Stockpiles (See ASX release 6 August 2018), and Transvaal (see ASX release 16 September 2015) is based on information compiled by Mr Shaun Searle who is a Member of Australian Institute of Geoscientists and a full-time employee of Ashmore Advisory. Mr Searle has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Searle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources for Craic and King Street is based on information compiled by Mr Rohan Williams, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Williams holds shares and options in, and is a director and full time employee of, Dacian Gold Ltd. Mr Williams has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Williams consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Ore Reserves

The information in this report that relates to Ore Reserves for the Westralia Mining Area is based on information compiled or reviewed by Mr James Howard. Mr Howard has confirmed that he has read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition). Mr Howard is a Competent Person as defined by the JORC Code 2012 Edition, having more than five years’ experience which is relevant to the style of mineralisation and type of deposit under consideration and to the

activity for which they are accepting responsibility. Mr Howard is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of Dacian Gold Limited and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Ore Reserves for the Transvaal Mining Area (see ASX announcement 21 November 2016) is based on information compiled or reviewed by Mr Matthew Keenan and Mr Shane McLeay. Messrs. Keenan and McLeay have confirmed that they have read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition). They are Competent Persons as defined by the JORC Code 2012 Edition, having more than five years' experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity for which they are accepting responsibility. Messrs. Keenan and McLeay are both a Member of the Australasian Institute of Mining and Metallurgy and full time employees of Entech Pty Ltd and consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Ore Reserves for the Jupiter Mining Area and Cameron Well Area is based on information compiled or reviewed by Mr Mathew Lovelock. Mr Lovelock has confirmed that he has read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition). He is a Competent Person as defined by the JORC Code 2012 Edition, having more than five years' experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity for which he is accepting responsibility. Mr Lovelock is a member of The Australasian Institute of Mining and Metallurgy and a full-time employee of Dacian Gold Limited and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Where the Company refers to the Mineral Resources and Ore Reserves in this report (referencing previous releases made to the ASX), it confirms that it is not aware of any new information or data that materially affects the information included in that announcement and all material assumptions and technical parameters underpinning the Mineral Resource estimate and Ore Reserve estimate with that announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons findings are presented have not materially changed from the original announcement.

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