



ABN 61 154 262 978

Financial Statements

For The Half-Year Ended
31 December 2015

Contents

	Page
Director's Report	3 - 5
Auditor's Independence Declaration	6
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11 – 15
Directors' Declaration	16
Independent Auditor's Review Report	17

Director's Report

The Directors present the financial statements of Dacian Gold Limited for the half-year ended 31 December 2015.

Directors

The following persons were directors of Dacian Gold Limited during the whole of the half-year and up to the date of this report, unless stated otherwise:

Rohan Williams	<i>(Executive Chairman)</i>
Robert Reynolds	<i>(Non-Executive Director)</i>
Barry Patterson	<i>(Non-Executive Director)</i>
Ian Cochrane	<i>(Non-Executive Director) (Appointed 26 February 2016)</i>

Company Secretary

Kevin Hart

Significant Changes in the State of Affairs

During the period the Company issued 36,256,254 ordinary fully paid shares pursuant to a fully underwritten accelerated institutional and retail non-renounceable entitlement offer and share placement raising approximately \$25 million before costs.

There have been no other significant changes to the state of affairs of the Company during or since the 6 months ended 31 December 2015.

Review of Operations

The net loss after income tax for the half-year was \$4,999,157 (31 December 2014: \$3,505,709), included in this loss for the half-year period is an amount of \$4,031,090 (31 December 2014: \$2,974,162) in respect of exploration and evaluation costs incurred during the period which were not capitalised.

At the end of the half-year the Company had \$24,436,924 (30 June 2015: \$4,624,894) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure is \$8,131,847 (30 June 2015: \$8,131,847).

The Company incurred exploration costs of \$4,031,090 during the 6 months ended 31 December 2015 (31 December 2014: \$2,974,162).

Exploration and Feasibility

During the 6 months to 31 December 2015 the Company's exploration and feasibility activities have been focussed on the Company's Jupiter and Westralia prospects at the Mt Morgan's Gold Project (MMGP), resulting in an upgraded mineral resource estimate for the MMGP (refer ASX release 16 September 2015). The upgraded mineral resource estimate was used as the basis for the MMGP Scoping Study, which was subsequently released on 30 September 2015. Key highlights of the MMGP Scoping Study are:

- Life of mine gold production of 1.2 million ounces of gold at an All-In Sustaining Cost of A\$929 per ounce;
- Average production for the first five years of 220,000 ounces of gold per annum; and
- Large open pit mining complex and three underground mines feeding a purpose built standalone 2.5mtpa treatment plant.

Following a competitive tender process the Company has appointed GR Engineering Services Limited to assess the ore processing and site infrastructure requirements for the ongoing Definitive Feasibility Study (DFS). The Company has scheduled the completion of the DFS and Ore Reserve statement for the end of the 2016 calendar year.

Director's Report

Review of Operations (continued)

Exploration and Feasibility (continued)

Jupiter

During the six months to 31 December 2015 the Company completed an infill drill program at Ganymede which resulted in a maiden mineral resource for the prospect. The Ganymede deposit forms part of the wider Jupiter Prospect resource. The inclusion of Ganymede means that continuous mineralisation at Jupiter has been intersected over a 1.8km strike length.

The Company also completed a 378 line km ultra-detailed ground magnetic survey over the Jupiter Prospect to identify further drill targets which includes buried syenites and new structures. Targets generated from this geophysical survey will be drill tested in the first two quarters of the 2016 calendar year.

In December 2015 the Company commenced a major resource drill out at the Jupiter Deposit, which will include up to 30,000 metres of predominantly RC drilling.

Westralia

During the six months to 31 December 2015 the Company announced the discovery of a new high grade footwall Banded Iron Formation (BIF) unit in the 800 metre "gap" between the existing Westralia and Morgans North open pits. Further drilling was undertaken during the period to allow for further understanding of its interpreted extent. In December 2015 the Company commenced a major resource drill out at the Westralia Deposit, which will include up to 50,000 metres of predominantly diamond core drilling.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

The Company confirms that the form and context in which the Competent Person's findings are presented have not materially changed from the original market announcement.

Events Subsequent to the Reporting Date

Other than the following matters, there has not arisen in the interval between the end of the reporting period and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

- On 5 February 2016, the Company issued 1,650,000 unlisted options to employees pursuant to the terms of the Company's employee option plan;
- On 5 February 2016, the Company announced the appointment of Mr Grant Dyker as Chief Financial Officer of the Company;
- On 29 February 2016, the Company announced the appointment of Mr Ian Cochrane as a non-Executive Director of the Company. On Mr Cochrane's appointment he was granted 300,000 unlisted options, subject to the terms and conditions of the Company's Employee Option Plan.

Director's Report

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on the following page.

This report is made in accordance with a resolution of the Directors.

DATED at Perth this 11th day of March 2016.



Rohan Williams
Executive Chairman

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**Auditor's Independence Declaration
To The Directors of Dacian Gold Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Dacian Gold Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



C A Becker
Partner - Audit & Assurance

Perth, 11 March 2016

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**Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2015**

	Note	31 December 2015 \$	31 December 2014 \$
Revenue	3	114,590	204,038
Total Revenue		114,590	204,038
Employee expenses		(385,391)	(260,608)
Share based employee expense	6	(188,617)	(141,978)
Depreciation and amortisation expenses		(99,340)	(105,696)
Corporate expenses		(208,644)	(88,378)
Occupancy expenses		(69,804)	(37,589)
Marketing expenses		(82,812)	(16,506)
Financing expenses		(1,391)	(1,391)
Exploration costs expensed and written off	9	(4,031,090)	(2,974,162)
Movement in rehabilitation provisions		-	(18,659)
Administration and other expenses		(269,833)	(64,780)
Loss before income tax		(5,222,332)	(3,505,709)
Income tax benefit	4	223,175	-
Net loss for the half-year attributable to the members of the parent entity	4	(4,999,157)	(3,505,709)
Other comprehensive income, net of tax		-	-
Total comprehensive loss for the period attributable to the members of the company		(4,999,157)	(3,505,709)
Loss per share			
Basic and diluted loss per share (cents)		(4.8)	(3.7)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**Statement of Financial Position
As at 31 December 2015**

	Note	31 December 2015 \$	30 June 2015 \$
Current assets			
Cash and cash equivalents		24,436,924	4,624,894
Trade and other receivables		406,345	418,034
Total current assets		24,843,269	5,042,928
Non-current assets			
Other financial assets		34,211	34,211
Property, plant and equipment		718,547	396,225
Exploration and evaluation assets	9	8,131,847	8,131,847
Total non-current assets		8,884,605	8,562,283
Total assets		33,727,874	13,605,211
Current liabilities			
Borrowings		2,610	18,265
Trade and other payables	10	2,763,312	1,437,632
Total current liabilities		2,765,922	1,455,897
Non-current liabilities			
Provisions		1,914,600	1,914,600
Total non-current liabilities		1,914,600	1,914,600
Total liabilities		4,680,522	3,370,497
Net assets		29,047,352	10,234,714
Equity			
Issued capital	5	52,828,000	29,204,822
Share based payments reserve	6	963,503	774,886
Accumulated losses		(24,744,151)	(19,744,994)
Total equity		29,047,352	10,234,714

The above statement of financial position should be read in conjunction with the accompanying notes.

**Statement of Changes in Equity
For the half-year ended 31 December 2015**

	Issued capital \$	Accumulated losses \$	Share based payments reserve \$	Total \$
At 1 July 2014	29,227,606	(11,696,566)	479,707	18,010,747
Total comprehensive loss for the half-year:				
- Loss for the half-year	-	(3,505,709)	-	(3,505,709)
Movement in share based payments reserve in respect of options vesting	-	-	141,978	141,978
Transactions with owners in their capacity as owners:				
- Cost of securities issued on release from escrow	(22,784)	-	-	(22,784)
At 31 December 2014	29,204,822	(15,202,275)	621,685	14,624,232
At 1 July 2015	29,204,822	(19,774,994)	774,886	10,234,714
Total comprehensive loss for the half-year:				
- Loss for the half-year	-	(4,999,157)	-	(4,999,157)
Movement in share based payments reserve in respect of options vesting	-	-	188,617	188,617
Transactions with owners in their capacity as owners:				
- Shares issued	25,016,818	-	-	25,016,818
- Share issue costs	(1,393,640)	-	-	(1,393,640)
At 31 December 2015	52,828,000	(24,744,151)	963,503	29,047,352

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows
For the half-year ended 31 December 2015

Note	31 December 2015 \$	31 December 2014 \$
Cash flows from operating activities		
	555,670	-
Research and development tax credit received		153,760
Interest received	38,883	
Other income	6,686	57,449
Interest paid	(1,391)	(1,391)
Payments for exploration and evaluation	(3,498,516)	(3,023,312)
Payments to suppliers and employees	(798,598)	(467,447)
Net cash used in operating activities	(3,697,266)	(3,280,941)
Cash flows from investing activities		
Payments for bonds and security deposits	-	(34,211)
Payments for plant and equipment	(226,699)	(29,845)
Net cash used in investing activities	(226,699)	(64,056)
Cash flows from financing activities		
Payments for repayment of finance leases	(15,655)	(15,655)
Proceeds from shares issued	25,016,818	-
Payments relating to shares issued	(1,265,168)	(22,784)
Net cash received from/(used in) financing activities	23,735,995	(38,439)
Net increase/(decrease) in cash held	19,812,030	(3,383,436)
Cash at the beginning of the period	4,624,894	10,948,885
Cash at the end of the period	24,436,924	7,565,449

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements For the half-year ended 31 December 2015

Note 1 Summary of Significant Accounting Policies

(a) Basis of preparation of half-year report

These general purpose financial statements for the half-year reporting period ended 31 December 2015 have been prepared in accordance with Australian Accounting Standard 134: *Interim Financial Reporting* and the Corporations Act 2001. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This condensed half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report.

Accordingly, these half-year financial statements are to be read in conjunction with the public announcements made by Dacian Gold Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

These financial statements have been prepared on the going concern basis.

Adoption of new and revised accounting standards

In the half year ended 31 December 2015, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2015.

It has been determined by the Company that, there is no material impact of the new and revised standards and interpretations on its business and therefore no change is necessary to the Company's accounting policies.

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2015. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

No retrospective change in accounting policy or material reclassification has occurred requiring the inclusion of a third Statement of Financial Position as at the beginning of the comparative financial period, as required under AASB 101.

The half-year financial statements were approved by the Board of Directors on 11th March 2016.

Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation of uncertainty were the same as those applied in the Company's annual financial statements for the year ended 30 June 2015.

Notes to the Financial Statements For the half-year ended 31 December 2015

Note 2 Segment information

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources.

Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. The Company's sole activity is mineral exploration wholly within Australia, therefore it has aggregated all operating segments into the one reportable segment being mineral exploration.

The reportable segment is represented by the primary statements forming these financial statements.

Note 3 Revenue

	31 December 2015 \$	31 December 2014 \$
Interest income	107,904	146,589
Other income	6,686	57,449
	114,590	204,038

Note 4 Net Loss

Loss after tax includes the following specific income and (expenses):

	31 December 2015 \$	31 December 2014 \$
Research and development tax credit receivable	223,175	-
Movement in rehabilitation provision	-	(18,659)
Insurance	(75,362)	(32,626)
Share based employee expense	(188,617)	(141,978)
Exploration costs expensed and written off	(4,031,090)	(2,974,162)

**Notes to the Financial Statements
For the half-year ended 31 December 2015**

Note 5 Issued capital

Issued capital - Shares	31 December 2015 #	30 June 2015 #	31 December 2015 \$	30 June 2015 \$
Ordinary shares	132,356,254	96,100,000	52,828,000	29,204,822

Movements in share capital:

Details	No. Shares	\$
At beginning of the period	96,100,000	29,204,822
Shares issued	36,256,254	25,016,818
Costs related to share issues	-	(1,393,640)
Balance at 31 December 2015	132,356,254	52,828,000

During the period the Company issued 36,256,254 ordinary fully paid shares at 69 cents per share pursuant to a fully underwritten accelerated institutional and retail non-renounceable entitlement offer and share placement raising approximately \$25 million before costs.

Note 6 Share based payments

During the period the Company issued 1,500,000 (31 December 2014: 3,000,000) unlisted options over unissued shares in the Company.

The share based payments expense for the period of \$188,617 (31 December 2014: \$141,978) relates to the fair value of options apportioned over the respective vesting periods.

Basis and assumptions used in the valuation of options.

The options issued during the current reporting period were valued using the Black-Scholes option valuation methodology, as follows:

2015

Date granted	Number of options granted	Exercise price (cents)	Expiry date	Risk free interest rate used	Volatility applied	Value per Option (cents)
5 Oct 2015	1,500,000	122	30 Sept 2020	2.06%	65%	25.1

Historical volatility has been used as the basis for determining expected share price volatility, as it is assumed that this is an indicator of future share price performance, which may not eventuate. A discount of 30% in respect of a lack of marketability has been applied to the Black-Scholes option valuation to reflect the non-negotiability and non-transferability of the unlisted options granted.

Notes to the Financial Statements
For the half-year ended 31 December 2015

Note 7 Options

	31 December 2015	31 December 2014
	#	#
At the beginning of the period	10,150,000	7,150,000
Options issued as remuneration	1,500,000	3,000,000
At the end of the period	11,650,000	10,150,000

Note 8 Reconciliation of loss after tax to net cash outflow from operating activities

	31 December 2015	31 December 2014
	\$	\$
Loss from ordinary activities after income tax	(4,999,157)	(3,505,709)
<i>Non-cash items in profit or loss:</i>		
Depreciation	99,340	105,696
Share based payments expense	188,617	141,978
<i>Movement in assets and liabilities:</i>		
(Increase)/decrease in prepaid expenses	(62,257)	(10,367)
(Increase)/decrease in accrued income	263,474	7,171
(Increase)/decrease in other receivables	(178,070)	(7,067)
Increase/(decrease) in payables	955,095	(57,406)
Increase/(decrease) in rehabilitation provision	-	18,659
Increase/(decrease) in employee leave provisions	35,692	26,104
Net cash flow from operating activities	(3,697,266)	(3,280,941)

Note 9 Exploration costs expensed and written off

The exploration expense for the period of \$4,031,090 (31 December 2014: \$2,974,162) relates to exploration and evaluation costs incurred during the period at the Company's Mt Morgan's Gold Project on areas of interest other than those containing ore reserves and as such they have not been capitalised, in accordance with the Company's accounting policy, as disclosed in the most recent annual report.

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent upon the successful development or commercial exploitation of the respective areas.

**Notes to the Financial Statements
For the half-year ended 31 December 2015**

Note 10 Trade and other payables

	31 December 2015 \$	31 December 2014 \$
Trade and other payables	2,658,237	1,368,249
Employee leave liabilities	105,075	69,383
	2,763,312	1,437,632

Note 11 Dividends

No dividends were paid or proposed during the period.

The Company has no franking credits available as at 31 December 2014 or 31 December 2015.

Note 12 Contingencies

There have been no material changes in contingent assets or liabilities since the signing of the audited 30 June 2015 financial statements.

Note 13 Events occurring after the balance date

Other than the following matters, there has not arisen in the interval between the end of the reporting period and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

- On 5 February 2016, the Company issued 1,650,000 unlisted options to employees pursuant to the terms of the Company's employee option plan;
- On 5 February 2016, the Company announced the appointment of Mr Grant Dyker as Chief Financial Officer of the Company;
- On 29 February 2016, the Company announced the appointment of Mr Ian Cochrane as a non-Executive Director of the Company. On Mr Cochrane's appointment he was granted 300,000 unlisted options, subject to the terms and conditions of the Company's Employee Option Plan.

Note 14 Commitments

There have been no material changes in operational or capital commitments since the signing of the audited 30 June 2015 financial statements.

Directors' Declaration

The Directors of Dacian Gold Limited ("the Company") declare that:

- (a) the half-year financial statements and notes set out on pages 7 to 15 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Australian Accounting Standard AASB 134 – *Interim Financial Reporting*, and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the Company's financial position as at 31 December 2015 and of its performance for the half-year ended on that date.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Signed at Perth this 11th day of March 2016.



Rohan Williams
Executive Chairman

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Independent Auditor's Review Report To the Members of Dacian Gold Limited

We have reviewed the accompanying half-year financial report of Dacian Gold Limited ('the Company'), which comprises the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of Dacian Gold Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Dacian Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Dacian Gold Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the Company's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



C A Becker
Partner - Audit & Assurance

Perth, 11 March 2016