

30 SEPTEMBER 2015

# Scoping Study shows Mt Morgans Gold Project to be a likely low-cost mid-tier producer

## Key Points

- Detailed Scoping Study finds Mt Morgans will be a significant WA gold project
- Forecast estimated annual production of 220,000oz (years 1-5) with LOM AISC of A\$929/oz and C1 cash cost of A\$812/oz
- Site infrastructure capital of A\$157m
- Stand-alone 2.5Mtpa plant servicing major mining complex comprising 4 open pits and 3 underground mines
- Initial seven-year life producing 1.2Moz at 2.5g/t including underground production of 818,000oz at 5.4g/t
- Extensive infrastructure in place, including gas pipeline, haul roads and camp
- DFS and Ore Reserve scheduled for completion end of CY2016; first production 2018
- Significant scope to grow inventory and mine life through exploration
- Drilling at the highly promising Callisto target (a Wallaby deposit look-a-like) to start next month

“This detailed Scoping Study shows that Mt Morgans is set to be an outstanding WA gold project at every level. Strong production rates and low costs will likely deliver robust margins and cashflow, particularly at the current Australian-dollar gold price. We are confident that Mt Morgan’s strong economic and technical merits will enable us to secure the funding required on attractive terms. This will help ensure Mt Morgans delivers strong returns for Dacian shareholders. With the definitive Feasibility Study on track for completion late next year and extensive infrastructure already in place, we expect to begin production in 2018. While this schedule is implemented, we intend to continue an aggressive exploration campaign to unlock the full value of the Mt Morgans project area.” – **Dacian Executive Chairman Rohan Williams**

## Cautionary Statement

Dacian Gold has concluded it has a reasonable basis for providing the forward looking statements included in this announcement (see also Appendix 2). The detailed reasons for that conclusion are outlined throughout this announcement and all Material Assumptions are disclosed in Appendix 3.

This announcement has been prepared in accordance with the JORC Code (2012) and the ASX Listing Rules. The Company advises that the Scoping Study results, Production Targets and Forecast Financial Information contained in this announcement are preliminary in nature as the conclusions are based on low-level technical and economic assessments, and are insufficient to support the estimation of Ore Reserves or to provide an assurance of economic development at this stage. There is a low level of geological confidence associated with Inferred Mineral Resources used in this report and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the Production Target itself will be realised. The stated Production Target is based on the Company's current expectations of future results or events and should not be relied upon by investors when making investment decisions. Further evaluation work and appropriate studies are required to establish sufficient confidence that this target will be met.

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Dacian Gold Limited (**Dacian or the Company**) (ASX:DCN) is pleased to present the findings of the Mt Morgans Gold Project (**MMGP**) Scoping Study. Whilst the Company is advancing its Pre-feasibility Study (**PFS**) on the MMGP, and indeed has completed certain parts of MMGP studies at a PFS level, it is thought appropriate to update the market with the Scoping Study Results contained herein.

The Scoping Study has determined that the **MMGP demonstrates robust project fundamentals with low technical risk**. It contemplates the co-development of a large open pit mining complex at the Jupiter Prospect and a large underground mining complex at the Westralia Prospect, located 15km to the west. Central to the MMGP is the construction of a stand-alone 2.5 million tonne per annum (**Mtpa**) ore processing facility located close to the Jupiter Prospect.

The Company considers the project is economically viable based on its ability to rapidly pay back project start-up capital and provide ongoing positive operational cash flows. The current mining inventory has an 82:18 proportionate split of Measured and Indicated Mineral Resource to Inferred Mineral Resource for the first two years where in excess of 400,000 ounces of gold is produced as considered in this Scoping Study. Over the production schedule as contemplated in this study, the remaining 3–7 years taken with the initial 2 years has a proportionate Measured and Indicated Mineral Resource to Inferred Mineral Resource ratio of 49:51. It is anticipated that the lower confidence material (Inferred Mineral Resource) in the later years of the proposed production schedule will increase in confidence (to Measured and Indicated Mineral Resource) through infill drilling as the MMGP progresses through Pre-feasibility to a definitive Feasibility Study.

As discussed in more detail below, Dacian believes an initial 7 year production life for 1.2 million ounces of gold produced is possible and will be assessed more fully in detailed

Feasibility Study aimed for completion at the end of CY2016. Following the delineation of Ore Reserves, the Dacian Board will then consider a decision to proceed with project construction.

The MMGP is located in the heart of the Laverton gold mining district in Western Australia. Existing infrastructure within and adjacent to the project, coupled with industry-standard mining and treatment options available to Dacian, make **the MMGP a standout new Australian gold project.**

This announcement reports the results of the MMGP Scoping Study and is divided into the following sections.

### Scoping Study Report Sections

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## 1. Scoping Study Summary

<b>MMGP LOM</b>		<b>LOM Underground Mining</b>	
Initial Life of Mine (LOM)	7 years	No. of Underground Mines	3
LOM Mined Tonnes (HG)	12.7 Mt	Underground Mined Tonnes	4.7 Mt
LOM Mine Grade (HG)	3.1 g/t Au	Underground Mined Grade	5.4 g/t Au
LOM Mined Tonnes (LG)	3.4 Mt	Underground Mined Ounces	818 Koz
LOM Mined Grade (LG)	0.6 g/t Au	<b>LOM Open Pit Mining</b>	
LOM Contained Gold Mined	1.3 Moz	No. of open pit mines	4
Treatment Throughput	2.5Mtpa	Open Pit Mined Tonnes (HG)	7.9 Mt
Treatment Recovery	91%	Open Pit Mined Grade (HG)	1.7 g/t Au
LOM Gold Production	1.2 Moz	Open Pit Mined Ounces (HG)	424 Koz
LOM C1 Cash Cost	A\$812 /oz	Open Pit Mined Ounces (LG)	69Koz
LOM AISC	A\$929 /oz	Average Strip Ratio (w:o)	6.5
<b>Annual Average Production (Years 1-5)</b>		<b>Infrastructure Capital</b>	
Mined Tonnes (HG)	2.4Mt		A\$157M
Mined Grade (HG)	3.1 g/t Au	<b>Completion of DFS</b>	
Mined Tonnes (LG)	0.7 Mt		end of CY2016
Mined Grade (LG)	0.6 g/t Au	<b>Possible Project Construction</b>	
Treated Tonnes	2.5 Mt		CY2017
Gold Production	220 Koz	<b>Possible Gold Production</b>	
			CY2018

**Table 1:** Mt Morgans Gold Project Scoping Study summary

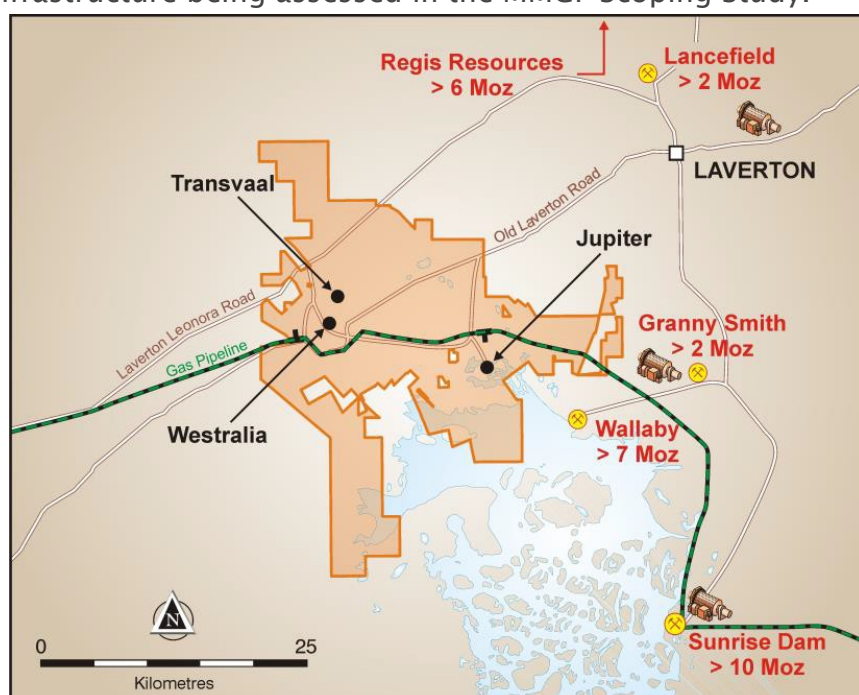
## 2. Mt Morgans Gold Project

Dacian's 100% owned MMGP is located 25km southwest of Laverton in Western Australia (see Figure 1). The MMGP has been the Company's sole focus since its IPO on the ASX in November 2012. In less than 3 years since the Company's IPO, Dacian has discovered two +1 million ounce gold deposits at Westralia and Jupiter. During the same time the Company's MMGP Mineral Resource has grown over 250% from 0.8Moz to 3.0Moz at a discovery cost of less than A\$7/oz.

The Mt Morgans Scoping Study, the subject of this announcement, investigates the MMGP's potential economic viability centred principally on mining and on-site treatment of the Westralia and Jupiter Prospects, with lesser material mined from the Transvaal Prospect. The location of all potential mines are shown in Figure 1.

The Jupiter Prospect is being considered as a potential new open pit mining complex comprising three open pits, and the Westralia Prospect as a potential new, two-mine, three-decline underground mining operation. The Transvaal Prospect has been evaluated as accessing existing underground development to mine a selection of newly defined stoping areas. All mined material is being considered for treatment at a purpose-built 2.5Mtpa treatment plant located proximal to the Jupiter Prospect.

Approximately 70% of the 520km<sup>2</sup> area of tenure that comprises the MMGP is currently granted Mining Leases, including all the tenure hosting the potential mining inventory and infrastructure being assessed in the MMGP Scoping Study.



**Figure 1:** Regional location map showing Dacian's Westralia, Jupiter and Transvaal Prospects as well as major infrastructure items and proximal multi-million ounce gold deposits.

### 3. Mineral Resources

Table 2 below is a summary of the MMGP Mineral Resources. See Appendix 1 and ASX announcement 16 September 2015 for a full technical description and requisite disclosures. The Mineral Resources that are the subject of the MMGP Scoping Study and this announcement are Jupiter, Westralia and Transvaal.

#### Mount Morgans Gold Project Mineral Resources as at 16 September 2015

	Cut-off Grade	Measure d			Indicator			Inferred			Total		
	Au g/t	Tonnes	Au g/t	Au Oz	Tonnes	Au g/t	Au Oz	Tonnes	Au g/t	Au Oz	Tonnes	Au g/t	Au Oz
King Street*	0.5	0	-	0	0	-	0	532,000	2.0	33,000	532,000	2.0	33,000
Jupiter	0.5	0	-	0	13,066,000	1.4	605,000	13,484,000	1.1	480,000	26,550,000	1.3	1,085,000
Jupiter LG	0.5	3,494,000	0.5	58,000	0	0.0	0	0	0.0	0	3,494,000	0.5	58,000
Westralia	2.0	235,000	4.6	35,000	1,961,000	4.6	293,000	7,074,000	5.2	1,192,000	9,269,000	5.1	1,520,000
Craic*	0.5	0	-	0	69,000	8.2	18,000	120,000	7.1	27,000	189,000	7.5	46,000
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	0	-	0	156,000	4.1	21,000	285,000	3.9	36,000	442,000	4.0	57,000
<b>Total</b>		<b>4,096,000</b>	<b>1.2</b>	<b>161,000</b>	<b>15,656,000</b>	<b>2.0</b>	<b>1,005,000</b>	<b>21,978,000</b>	<b>2.6</b>	<b>1,841,000</b>	<b>41,730,000</b>	<b>2.2</b>	<b>3,008,000</b>

\* JORC 2004

**Table 2: Mt Morgans Gold Project Mineral Resources**

### 4. Mining

Detailed mine design studies were completed on seven separate deposits within the Mineral Resources comprising four potential open pits and three potential underground mines (see Material Assumptions in Appendix 3). Three potential open pits lie within the Jupiter Prospect and comprise the Heffernans, Doublejay and Ganymede deposits; as well as a small potential open pit cut-back at Morgans North; which is part of the Westralia Prospect.

Of the three potential underground mines, two are located at the Westralia Prospect (Westralia and Morgans); and the third at Transvaal Prospect, located 1.7km north-east of Westralia (Figure 1).

Each of the potential mines underwent detailed mine design studies and are described below under Westralia Prospect, Jupiter Prospect and Transvaal Prospect (see also Material Assumptions in Appendix 3).

Common to all potential MMGP open pit mines is a truck and excavator mining technique involving conventional drill, blast, load and truck haulage to an onsite treatment plant.

Common to all potential MMGP underground mines is the narrow sub-level open stoping mining technique (often referred to as “bench stoping”) in a top-down sequence. Suitable pillars are left behind to ensure ground stability during the mining. Ore is trucked to the

surface and hauled separately to an onsite treatment plant.

Dacian anticipates all mining will be completed by mining contractors whilst all management and technical services will be undertaken by Dacian personnel.

The relative sequencing of each of the respective potential mines was specifically designed to ensure the higher confidence Mineral Resources (ie Measured and Indicated Resources) were prioritised for production in the mining sequence ahead of the lower confidence Mineral Resources (Inferred).

Section 4.1 below provides an overview of the potential MMGP production schedule and is followed by detailed mining descriptions and assumptions for the Westralia Prospect (section 4.2), Jupiter Prospect (section 4.3) and the Transvaal Prospect (section 4.4)

#### **4.1 MMGP Production Schedule**

The detailed mine designs referred to below in sections 4.2 to 4.4 have been used to schedule a potential production profile for Mt Morgans. As referred to above in section 4, the mining inventory associated with the higher confidence Measured and Indicated Mineral Resources have been specifically scheduled as the early production sources. The mining inventory associated with the lower confidence Inferred Resources have been scheduled as later production sources.

Table 3 below is a summary mine and gold production schedule of the potential mining inventory that comprises the MMGP at the time of this Scoping Study. Key features from Table 3 include:

- An initial LOM of 6 years of mining and treatment followed by one year of treating low grade stocks delivers a 1.31 million ounce mine production schedule.
- Total mine production is estimated at 16Mt @ 2.54 g/t for 1.31 million ounces. Open pit production totals 11Mt and underground production totals 5Mt.
- Total gold produced is estimated at 1.2 million ounces.
- Peak production is in Year 3 where over 280,000 ounces of gold is produced.
- Jupiter Prospect open pits mine an estimated 484,000 ounces of gold for 445,000 ounces produced (assuming 92% recovery).
- Westralia Prospect mines an estimated 745,000 ounces of gold at a mined grade of 5.5 g/t gold for 678,000 ounces produced (assuming 91% recovery).

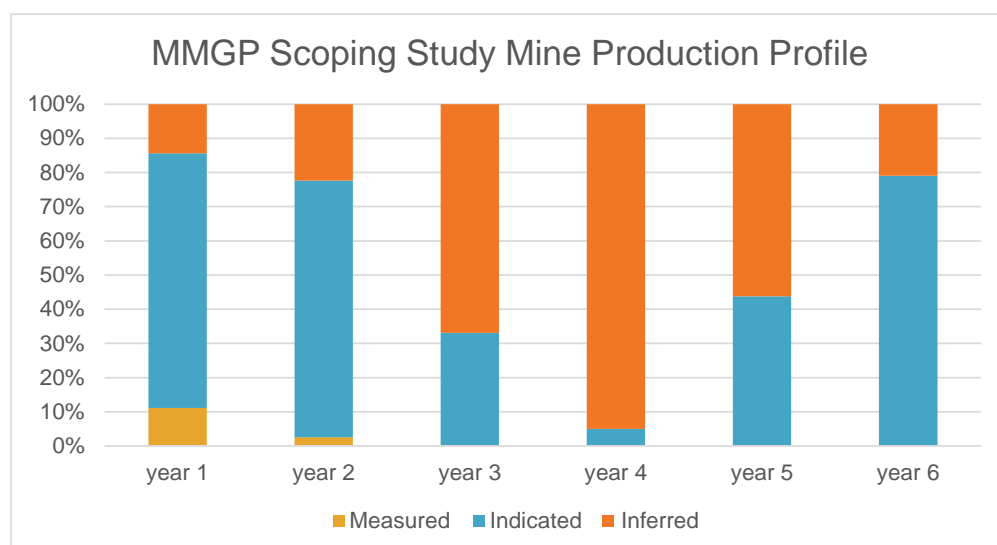


## Potential Mine and Gold Production Schedule

			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Jupiter Prospect Open Pits (HG)	tonnes grade ounces	7,874,876 1.65 416,526	1,186,684 1.60 61,103	1,603,801 1.86 96,066	1,717,831 1.84 101,665	647,346 1.25 26,024	2,151,807 1.47 101,599	567,407 1.65 30,070	
Jupiter Prospect Open Pits (LG)	tonnes grade ounces	3,330,192 0.62 66,825	827,382 0.64 17,141	855,816 0.64 17,485	603,005 0.62 12,104	385,244 0.55 6,812	490,249 0.59 9,353	168,496 0.73 3,929	
Westralia Prospect Underground	tonnes grade ounces	4,230,209 5.47 744,606	638,049 4.43 90,876	800,454 4.56 117,365	1,228,710 5.92 233,909	1,259,581 5.97 241,962	303,414 6.20 60,494		
Westralia Prospect Open Pit	tonnes grade ounces	101,246 3.03 9,871	101,246 3.03 9,871						
Transvaal Prospect Underground	tonnes grade ounces	507,134 4.52 73,777	440,918 4.38 62,020	66,216 5.52 11,757					
<b>TOTAL</b>	tonnes grade ounces	16,043,657 2.54 1,311,605	3,194,279 2.35 241,011	3,326,287 2.27 242,673	3,549,547 3.05 347,678	2,292,171 3.73 274,798	2,945,469 1.81 171,447	735,903 1.44 33,999	- - -
<b>Ore Treated</b>	tonnes grade	16,043,657 2.54	2,273,288 3.00	2,500,000 2.82	2,506,849 3.81	2,500,000 3.75	2,500,000 1.89	2,500,000 0.99	1,263,520 0.63
<b>Gold Produced</b>		1,198,592	200,160	207,628	280,179	274,608	139,087	73,548	23,381

**Table 3: Mt Morgans Gold Project potential production plan**

Figure 2 below charts what proportion of each year's potential mined production is sourced from Measured, Indicated and Inferred Mineral Resources, respectively. It is clear from Figure 2 that the potential production prioritises Measured and Indicated Mineral Resources ahead of Inferred Mineral Resources in the early planned production for the MMGP. The first two years of production comprises an 82:18 proportionate ratio of Measured and Indicated Mineral Resource to Inferred Mineral Resource. As shown in Table 3, over 400,000 ounces of gold is produced over this period.



**Figure 2: Proportion of Mineral Resource classification used in mine production plan shown in Table 3.**

Table 4 below summarises the respective Mineral Resource classification (by ounces) that gives rise to the potential MMGP mining inventory. For the 1.31 million ounce LOM, 49% is classified as Measured and Indicated Mineral Resource, and 51% as Inferred Mineral Resource.

<b>Ounces by Mineral Resource Classification for Scoping Study Mining Inventory</b>				
	tonnes	grade	ounces	%
Measured	184,471	5.55	32,897	3
Indicated	10,220,034	1.80	592,821	46
Inferred	5,638,688	3.78	685,870	51
<b>TOTAL</b>	<b>16,043,193</b>	<b>2.54</b>	<b>1,311,588</b>	<b>100</b>

**Table 4:** Mineral resource classification of MMGP Mining Inventory

There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

The Company notes however the Mt Morgans goldfield has a long history of converting Inferred Mineral Resources to Indicated Mineral Resources with ongoing drilling. The Company believes there is a reasonable expectation that a material conversion of Inferred Mineral Resources to Indicated Mineral Resources will occur from infill drilling at Mt Morgans as the MMGP progresses through Pre-feasibility to Feasibility.

## 4.2 Westralia Prospect

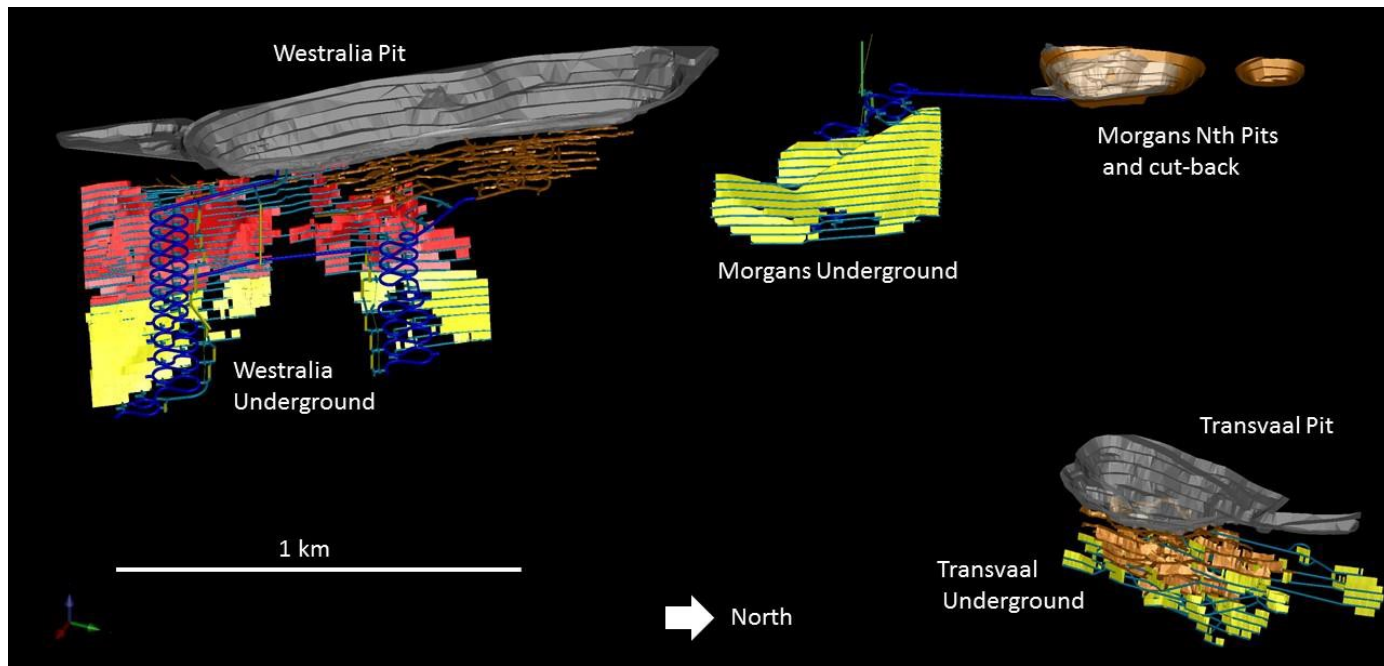
Dacian's Westralia Prospect is centred on the historic and dominant gold producer at Mt Morgans. Previously, over 900,000 ounces of gold has been produced from Westralia since its discovery in 1896 through to the completion of a large open pit in the late 1990s. The calculated recovery of gold from Westralia during the latter stages of its production history, and using conventional CIP / CIL treatment methods at the historic Mt Morgans plant, was 91–93%.

Dacian's Westralia Prospect contains three separate potential mines:

1. Westralia Underground
2. Morgans Underground
3. Morgans North Open Pit cut-back

All three potential mines are proximal to one another and are shown below in Figure 3; as well as individually in Figures 4 and 5.





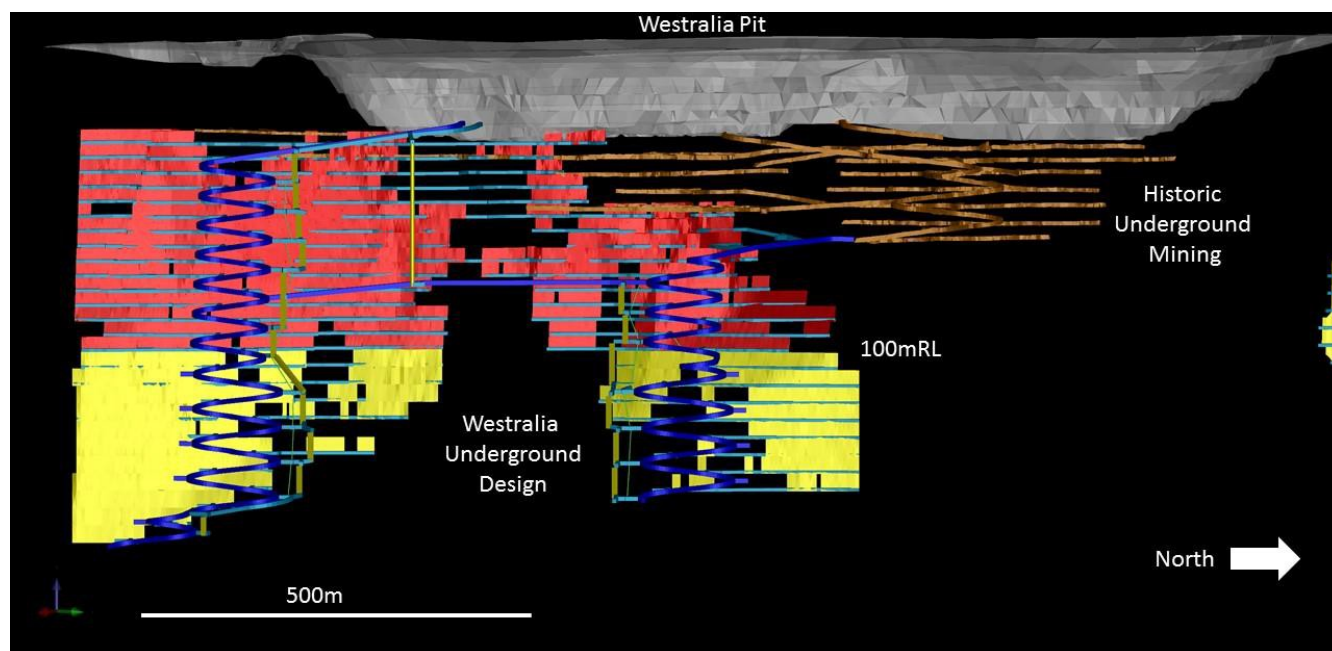
**Figure 3:** Location of, and respective mine designs for, the Westralia Underground, Morgans Underground, Morgans North open pit cut-back and Transvaal Underground. See Figures 4, 5 and 7 for explanation of the different coloured designs.

#### 4.2.1 Westralia Underground

Westralia Underground describes the potential underground mine associated with the Mineral Resource located beneath the southern and central sections of the previously mined Westralia open pit (see Figure 4). The Westralia open pit was mined predominantly during the 1990s and the ore was successfully treated (with an average recovery of 91% at the Mt Morgans CIP / CIL treatment plant).

The designed mine plan considers two declines from separate portals located within the open pit, each accessing one of the two steep plunging lodes identified from drilling. A planned link drive between the two declines is designed to aid ventilation and further optimise mine logistics.

Estimated production from the Westralia Underground is **3.1Mt @ 4.97 g/t for 491,000 ounces**. Production is scheduled to mine the shallow higher confidence Measured and Indicated Resources from 355RL (75m below surface) to 100RL (330m below surface) before mining the lower confidence and deeper Inferred Resources from 100RL to -120RL (550m below surface), see Figure 4. Material planned to be mined from the higher confidence Mineral Resource is scheduled predominantly in Years 1 to 3; and from the lower confidence Mineral Resource from Years 3 to 5, as shown in Table 3.



**Figure 4:** Detailed view of the potential mine design for Westralia Underground. Red shaded mining areas are the predominantly higher confidence Measured and Indicated Mineral Resources and lie from 355RL to 100RL; and yellow shaded mining areas are from 100RL to -120RL, representing Inferred Mineral Resource. Note existing underground mining is brown and the historic Westralia pit is grey.

The underground mine design parameters for Westralia, Morgans and Transvaal Underground are summarised below in Table 5.

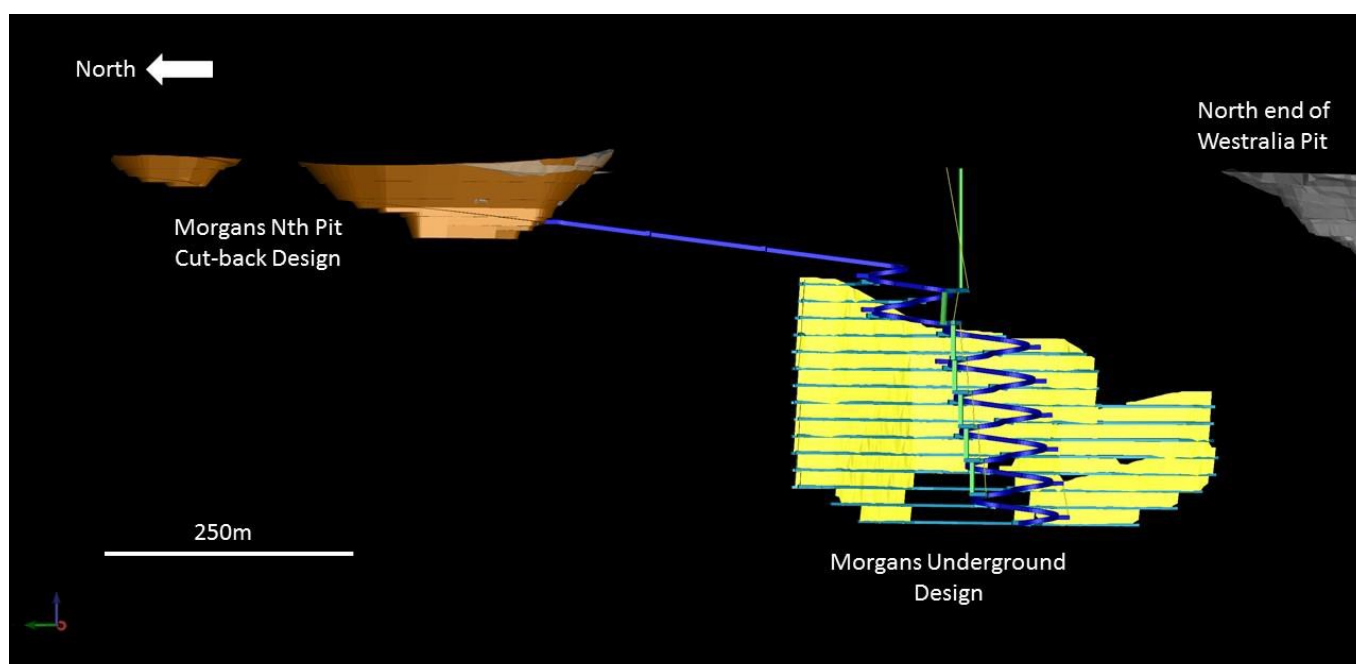
#### Westralia, Morgans & Transvaal Underground Mine Design Parameters

Decline gradient	1 in 7
Decline profile	5.5m x 5.8m
Stoping minimum mining width	1.0m & 2.0m
Level spacing - mining width 1m (floor-to-floor)	17m
Level spacing - mining width 2m (floor-to-floor)	20m
Ore drive development profile	4m x 4m
Stoping height - mining width 1m	13m
Stoping height - mining width 2m	16m
Assumed stope dilution - mining width 1m	0.10m (HW & FW)
Assumed stope dilution - mining width 2m	0.25m (HW & FW)
Mining recovery	95%
Rib pillars	5m every 30m strike
Haulage	60t trucks

**Table 5:** Mine design parameters used for all potential underground mining.

#### 4.2.2 Morgans Underground

Morgans Underground lies 1km north of, and along strike to, the Westralia Underground (see Figure 3). Potential mine access is via a portal excavated from the deepened Morgans North open pit (via a cut-back, see section 4.2.3 below, and Figure 5). The Morgans Underground contemplates the mining of the recently discovered high grade Footwall BIF mineralisation that is part of the Westralia Prospect (see ASX announcement dated 30 July 2015).



**Figure 5:** Detailed mine design for Morgans Underground and Morgans North open pit cut-back. Note the Morgans Underground planned portal is to be excavated from the deepened Morgans North open pit (brown).

The underground mine design parameters for Morgans Underground are summarised in Table 5 above.

The designed production from the potential Morgans Underground estimates **1.2Mt @ 6.83 g/t for 254,000 ounces**.

All of the estimated production from Morgans Underground is from lower confidence Inferred Resources and accordingly is scheduled to be mined in Years 3–5 (Table 3) after the majority of the higher confidence Indicated Resources have been mined from Westralia Underground and Transvaal Underground (see section 4.4 below).

There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

The Company also notes the Mt Morgans goldfield has a long history of converting Inferred Mineral Resources to Indicated Mineral Resource with ongoing drilling. The Company believes there is a reasonable expectation that infill drilling at Morgans Underground will improve the confidence of the resource category to Indicated Mineral Resource.

#### 4.2.3 Morgans North Open Pit Cut-back

The Morgans North cut-back involves a minor cut-back of the existing Morgans North open pit, located 800m north of Westralia (see Figure 3), as well as a small open pit located immediately north of the Morgans North pit. The estimated production from the open pit mining at Morgans North amounts to **101Kt @ 3.0 g/t for 10,000 ounces**. The deepening of the open pit allows for the development of a portal to access the Morgans Underground potential mine (see Figure 5 above).

All of the resources that are contemplated for mining in the Morgans North open pit are higher confidence Indicated Resources, and accordingly have been scheduled as early production sources in the MMGP mine and treatment schedule that is part of this Scoping Study.

### **4.3 Jupiter Prospect**

Dacian's Jupiter Prospect is situated 15km east of Westralia (see Figure 1). An open pit was mined during the mid-1990s from which approximately 150,000 ounces was produced. Minimal exploration was conducted post the completion of mining until Dacian commenced exploration in the area in September 2013. In two years of exploration, Dacian has enjoyed considerable success having discovered over one million ounces of gold over a 1.8km strike extent.

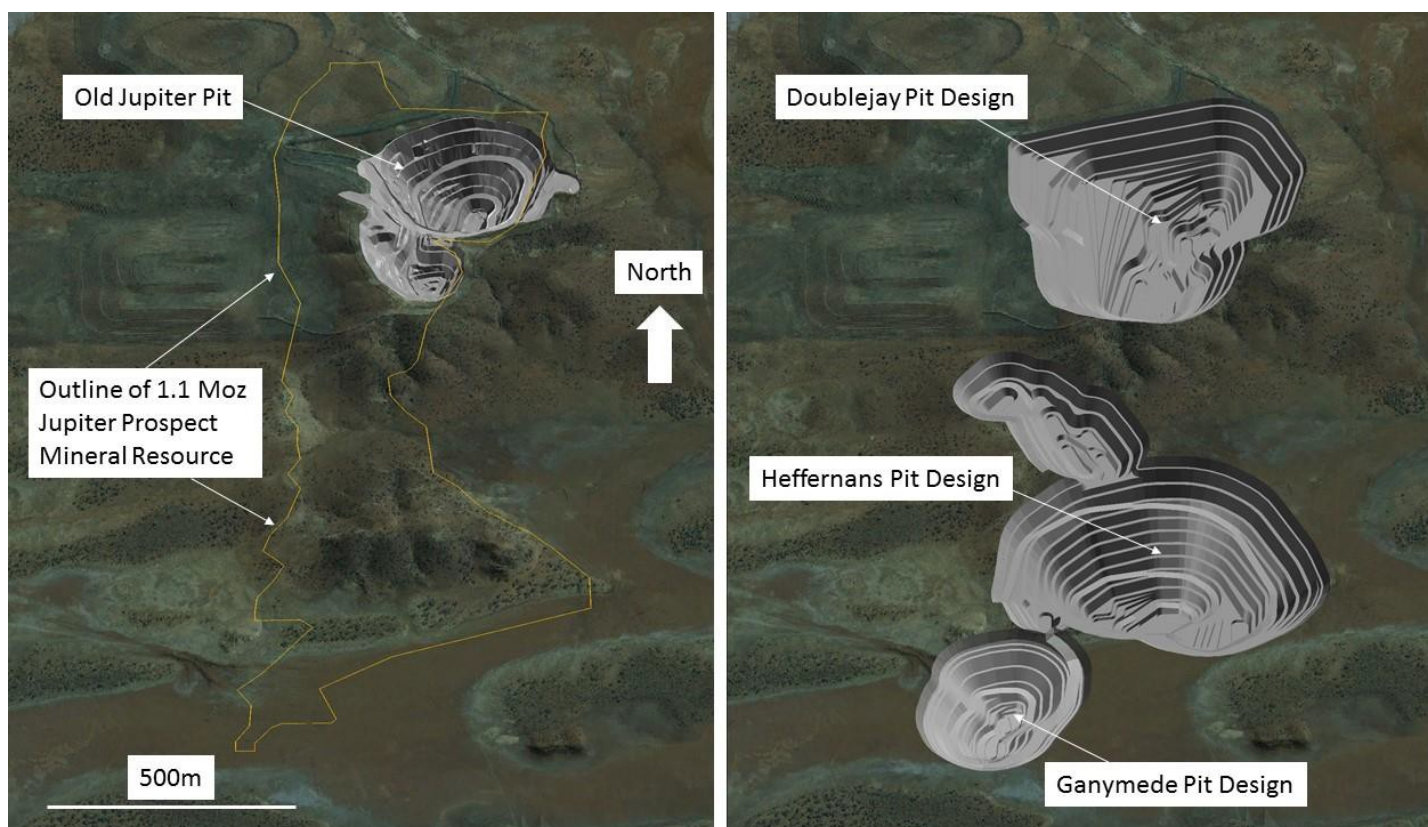
The Mineral Resource has increased from 73Koz at the time of Dacian commencing exploration to 1.1 million ounces (see ASX announcements dated 29 July 2015 and 16 September 2015). The majority of the new Mineral Resource is situated within 200m of the surface, and is therefore potentially amenable to economic extraction by open pit mining techniques.



The 1.1 million ounce Jupiter Prospect Mineral Resource is principally contained within the Heffernans and Doublejay gold deposits; with minor mineralisation recently discovered within the Ganymede syenite (see ASX announcement dated 10 September 2015). Mineralisation has now been continuously defined over a 1.8km strike, see Figure 6.

Preliminary Whittle optimisations were conducted on the Heffernans, Doublejay and Ganymede Mineral Resources. Subsequently, and following Dacian's selection of optimum pit shells, detailed open pit mine design was completed on all three deposits over the 1.8km of mineralised strike (see Figure 6). Key parameters used in the potential open pit mine designs for the Jupiter Prospect Mineral Resources are shown below in Table 6.

The largest and first scheduled of the potential open pits at the Jupiter Prospect is Heffernans (see section 4.3.1), and has, at its centre, a 25m high outcropping hill that is itself mineralised. As such, there is no pre-strip required to mine the first production from the Jupiter Prospect.



**Figure 6:** Comparison of existing 1.1Moz Jupiter Mineral Resource outline and historic Jupiter open pit with the new open pit designs of Doublejay, Heffernans and Ganymede. The three open pit designs extend over approximately 1.8km in strike.

### Jupiter Prospect Open Pit Design Parameters

Face height (weathered rock)	15m
Face height (unweathered rock)	20m
Berm width (weathered rock)	3 to 5m
Berm width (unweathered rock)	7m
Face angle (weathered rock)	40 to 55 degrees
Face angle (unweathered rock)	75 degrees
Inter-ramp angle (weathered rock)	29 to 44 degrees
Inter-ramp angle (unweathered rock)	58 degrees
Haul road width	14.7m
Calculated cut off grades Doublejay	0.5g/t LG and 0.8 g/t HG
Calculated cut off grades Heffernans	0.5g/t LG and 1.0 g/t HG
Calculated cut off grades Ganymede	0.5g/t LG and 1.0 g/t HG
Mining recovery	95%
Mining dilution	10%
Mining fleet (peak)	2 x 200t excavator
Trucking fleet (peak)	14 x 150t trucks

**Table 6:** Mine design parameters used for possible Jupiter Prospect open pits.

The total estimated high grade production from the three pits is **7.9Mt @ 1.65g/t for 417,000 ounces**, and the estimated low grade production totals 3.3Mt @ 0.60g/t for 67,000 ounces. The sections below describe the individual high grade and low grade estimated production levels from each of the three deposits.

#### 4.3.1 Heffernans

The Heffernans pit is the largest of the three potential open pits that comprise the Jupiter Prospect. Figure 6 shows the final design achieved. The estimated high grade production from the Heffernans open pit is **4.5Mt @ 1.79g/t for 259,000 ounces** and estimated low grade production of 2.3Mt @ 0.64g/t for 47,000 ounces. The potential open pit mines to a depth of 200m below surface and has a calculated strip ratio (W:O) of 6.7.

Ninety three percent of the estimated production from Heffernans is higher confidence Indicated Mineral Resources and is therefore prioritised and scheduled as the first production source from the Jupiter Prospect. It represents production in Years 1–3 as shown on Table 3.

#### 4.3.2 Doublejay

The Doublejay pit is the second largest of the three potential open pits that comprise the Jupiter Prospect. It is principally a cut-back of the previously mined open pit from the mid-1990s, as shown in Figure 6. The estimated high grade production from the Doublejay open pit is **2.9Mt @ 1.40g/t for 133,000 ounces**; and estimated low grade production of 0.9Mt @ 0.57g/t for 16,000 ounces. It represents production in Years 4–6 as shown on Table 3.



The potential open pit mines to a depth of 170m below surface and has a calculated strip ratio (W:O) of 5.2.

#### 4.3.3 Ganymede

The Ganymede pit is the smallest of the three potential open pits that comprise the Jupiter Prospect. Like Heffernans above there has been no previous modern mining at Ganymede. Figure 6 is the design chosen to best optimise the existing current Mineral Resource. The estimated high grade production from the Ganymede open pit is **0.4Mt @ 1.74g/t for 25Koz**; and estimated low grade production of 0.2Mt @ 0.73g/t for 4Koz. The potential open pit mines to a depth of 90m below surface and has a calculated strip ratio (W:O) of 8.0. Production from this open pit is scheduled in Year 6 as shown in Table 3.

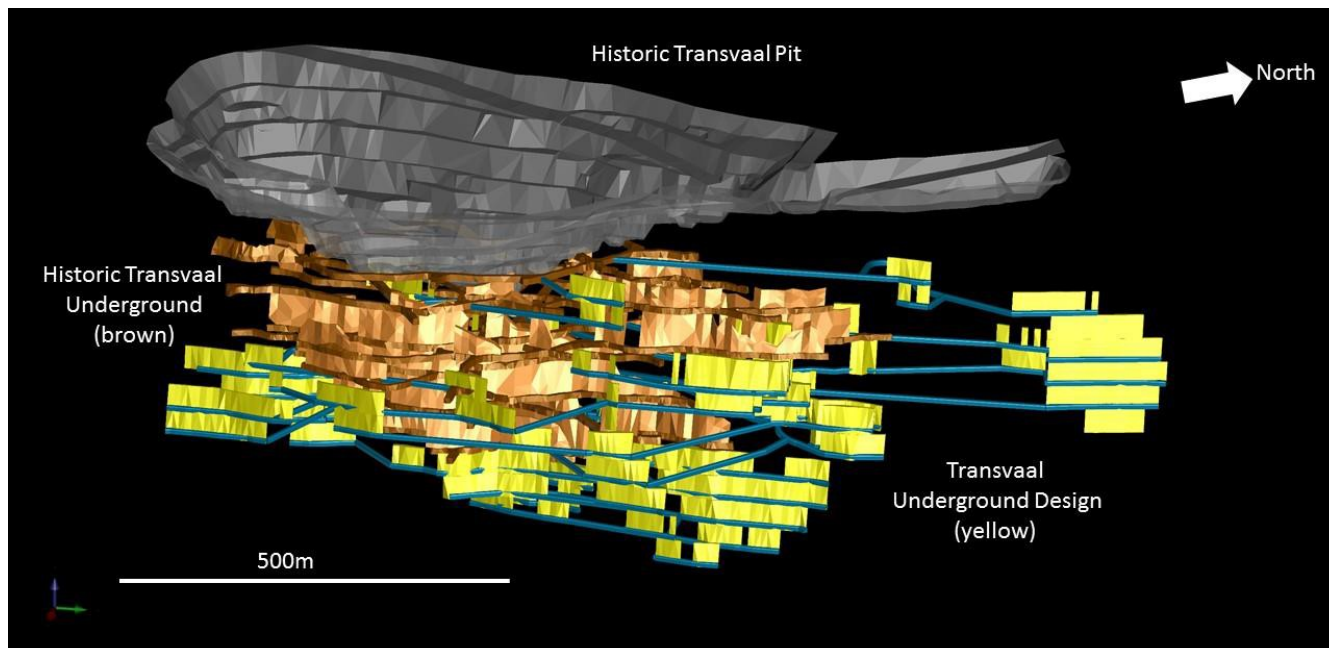
#### **4.4 Transvaal Prospect**

The Transvaal Prospect is located 1.7km north-east of Westralia (see Figures 1 and 3). Previously the Transvaal open pit and underground mine was a production source for the Mt Morgans operation during the 1990s and produced 170,000 ounces of gold. Ore was treated at the Mt Morgans CIP / CIL treatment plant (since removed) where recoveries for treating Transvaal ore were recorded at 90%.

A recent detailed geological reinterpretation of the host geology and mineralisation at Transvaal was completed by Dacian and led to a new Mineral Resource estimate (see ASX announcement 16 September 2015; and Table 2 of this announcement).

Following the geological reinterpretation and resource modelling, a detailed underground mine design was completed on the new Mineral Resource. Figure 7 below shows the location of the potential underground mining areas lying near to the existing decline and operating development levels. Dacian plans to utilise the existing decline and operating development where possible to mine designed stoping areas.

The estimated production from the Transvaal Underground is **0.5Mt @ 4.52 g/t for 74,000 ounces**. The majority (75%) of the potential production from Transvaal is from higher confidence Measured and Indicated Resources and consequently will be scheduled in Years 1 and 2 as shown in Table 3.



**Figure 7:** Detailed mine design of Transvaal Underground. Note existing underground mining is brown and new mine development is blue and new planned stoping is yellow. The historic Transvaal open pit is grey.

## 5. Processing

The MMGP Scoping Study considers the construction of a new 2.5Mtpa CIL treatment plant producing an estimated average 220Koz of gold per annum in the first 5 years, and located adjacent to the Jupiter Prospect (see Figures 1 and 10). As described above in section 4.1, the potential Jupiter open pits yield in excess of 11 million tonnes of high grade and low grade material which will likely provide the base feed for a treatment plant. Given the higher volume and lower grade of material that may be mined from the Jupiter open pits (compared to the Westralia Prospect), it follows that any treatment facility will be optimally located close to the Jupiter open pits.

An important consideration in assessing the amenability of the different potential mines in this Scoping Study to conventional CIL treatment, is that each of the seven Mineral Resources contemplated as production sources (see section 4) are associated with the same mines that have demonstrated a long history of free-milling recoveries at the historic Mt Morgans Plant.

Each of the Westralia, Jupiter and Transvaal Prospects has the following free-milling production and treatment history when those deposits were mined and treated at the old Mt Morgans CIP / CIL treatment plant.

- Westralia Mine produced over 420,000 ounces of gold between 1988 and 1998. Site management reports record CIL recovery of Westralia ores at between 91–93%.
- The Jupiter mine produced approximately 150,000 ounces of gold between 1994 and 1998. Site management reports record CIL recovery of Jupiter ores at 92%.
- The Transvaal mine produced approximately 170,000 ounces of gold between 1994 and 1998. Site management reports record CIL recovery of Transvaal ores at 90%.

Dacian has undertaken the following metallurgical testwork as part of the MMGP Scoping Study:

- Gravity recoverable gold and cyanide leach tests for the Heffernans deposit at the Jupiter Prospect. Results showed gravity recoverable gold ranged between 40% and 63% (refer ASX announcement 27 July 2015).
- Preliminary gravity recoverable gold and cyanide leach tests for the southern end of the Westralia Underground deposit. Results showed recoveries ranging between 90 and 95%.

The historic average 91% recovery performance of Westralia, Jupiter and Transvaal ores, that together yielded 740,000 ounces of gold in the 10 year period to 1998, provides the Company a reasonable basis to use a 91% recovery assumption for the mining inventory associated with the Westralia, Jupiter and Transvaal Prospects, the subject of this Scoping Study. The preliminary testwork results obtained by Dacian are consistent with this assumption.

As part of the MMGP Scoping Study, an independent process engineering company has completed scoping study-level estimates for the capital and operating costs of a new 2.5 Mtpa purpose-built CIL treatment facility (see Appendix 3). Sections 6 and 8 below address the estimated operating and estimated capital costs respectively. Figure 8 below is a scoping study-level process flow sheet design for a new 2.5 Mtpa MMGP CIL treatment facility. The flow sheet design assumes similar ore characteristics to those observed in the previous successful CIL treatment of Westralia, Jupiter and Transvaal ores and assumes that these are reasonably applicable for treating the potential ores from the same sites that form the MMGP. As noted above, results from the preliminary testwork completed by Dacian are consistent with those observed during historic CIL treatment.

Additional detailed metallurgical testwork and process design studies will feature in Dacian's ongoing feasibility studies.

Figure 8 below is the process flowsheet for the potential new 2.5Mtpa MMGP treatment facility. The main elements that comprise the MMGP CIL treatment facility are very similar to numerous other CIL treatment facilities that are found throughout the Western Australian

goldfields. Ore is crushed and fed to a large SAG and ball mill configuration, following which the ground product is slurried to a cyclone classification circuit where coarse particles are passed through a gravity concentrator. The finer particles enter a CIL circuit where gold is adsorbed to carbon, which is collected and then subjected to an elution cycle. Product from both the gravity concentrator and the elution cycle undergoes an electrowinning process and subsequent smelting to produce gold dore which is then transported offsite to a refinery and for sale.

The estimated capital cost for the construction of the 2.5Mtpa CIL MMGP treatment facility plus associated infrastructure at a scoping study level (ie +/- 30%) is \$131 million. See section 8 for all MMGP capital cost estimates.

The process engineering company that estimated the capital cost for the 2.5Mtpa CIL MMGP treatment facility also estimated the operating costs for the same plant, assuming power is supplied from a gas-fired power station. The estimated operating cost for the MMGP treatment plant is \$18/t. See section 6 for all MMGP operating cost estimates.

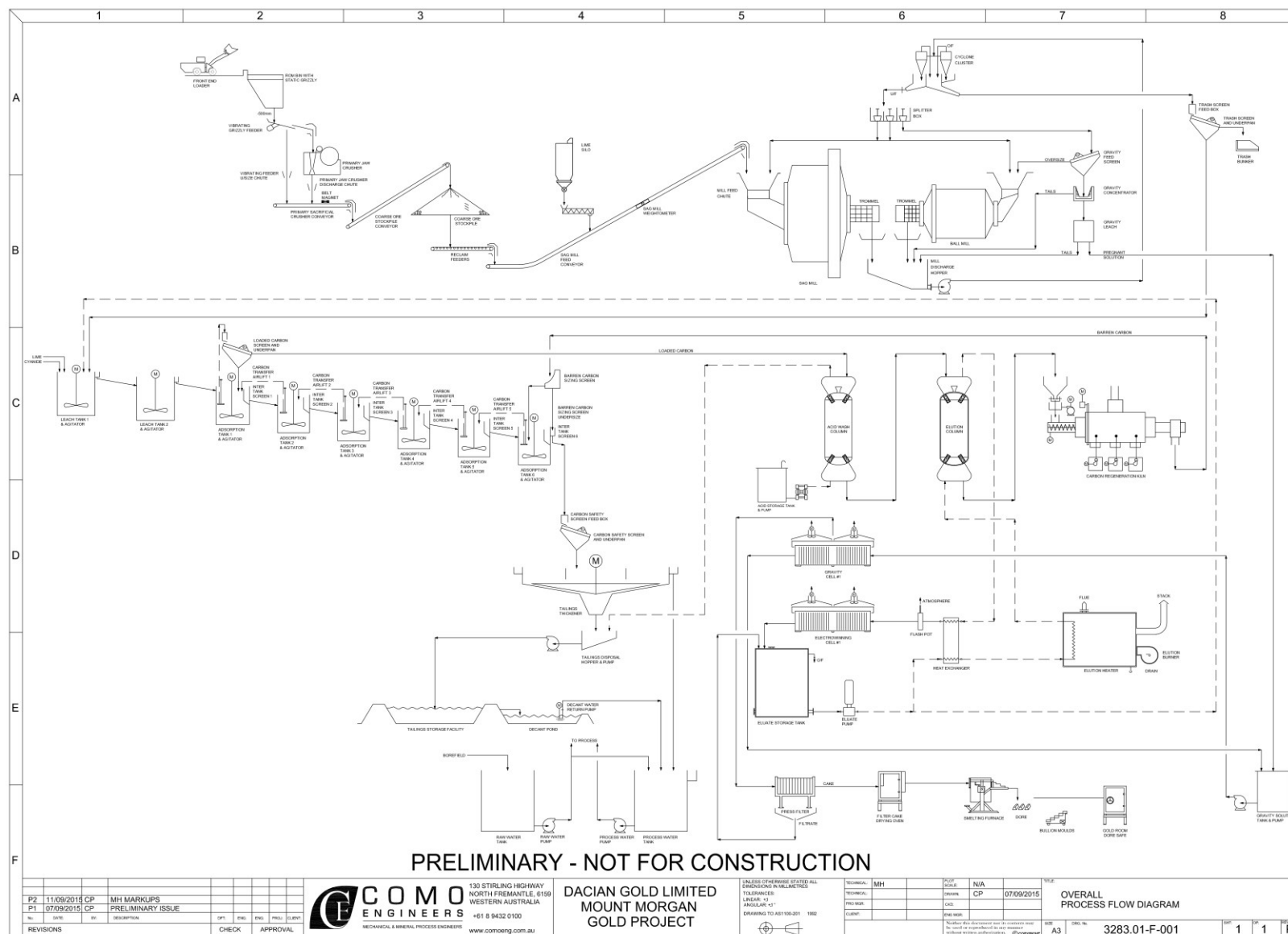


Figure 8: Process flow sheet for 2.5Mtpa Mt Morgans treatment plant.

## 6. Operating Costs

Table 7 below is a summary of the key estimated operating cost items for underground and open pit mining at MMGP, shown in A\$/t, C1 costs as A\$/oz and all in sustaining costs (AISC) as A\$/oz.

The estimated costs shown in Table 7 have been derived from independent mining and process engineering consultants. Operating cost sources for unit rates include budget pricing and estimates from similar operations. See Appendix 3 for a detailed description of the cost basis observed in Table 7.

As can be seen from Table 7, both the potential open pit and underground mines have estimated C1 and AISC less than A\$1000/oz. Applying a production ounce weighted calculation to the LOM AISC, the MMGP has an average estimated AISC of A\$929/oz. On an assumed A\$ gold price of \$1500/oz, the MMGP clearly has the potential to be a high margin, high cash generating gold mining operation.

<b>LOM Mt Morgans Operating Costs</b>		<b>A\$/t</b>	<b>A\$/oz C1</b>	<b>A\$/oz AISC</b>
<b>Open Pit</b>				
	Mining	\$25	\$621	\$621
	Sustaining Capital	-	-	\$4
	Processing	\$18	\$240	\$240
	G & A	\$2	\$32	\$32
	<b>Total</b>	<b>\$45</b>	<b>\$893</b>	<b>\$897</b>
<b>Underground</b>				
	Mining	\$77	\$490	\$490
	Sustaining Capital	-	-	\$115
	Processing	\$18	\$240	\$240
	G & A	\$2	\$32	\$32
	<b>Total</b>	<b>\$97</b>	<b>\$762</b>	<b>\$877</b>
<b>Project</b>				
	Royalties	-	-	\$44
	Refining	-	-	\$1
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>\$45</b>
	<b>LOM Mining Total</b>	<b>\$61</b>	<b>\$812</b>	<b>\$929</b>

**Table 7:** Summary of possible MMGP open pit and underground operating costs.



## 7. Infrastructure

A key factor supporting the possibility of Dacian developing the MMGP into a substantial new West Australian gold mining centre is the significant advantage it has in established infrastructure. Section 7.1 below describes many of the existing facilities and services Dacian has available to it; whilst section 7.2 describes new infrastructure under consideration in this Scoping Study.

### 7.1 Existing Infrastructure

In addition to all contemplated production sources (ie from the Westralia, Jupiter and Transvaal Prospects) lying on granted Mining Leases, as well as all planned supporting infrastructure, the following services are available to Dacian:

- A new gas pipeline that crosses the entire Dacian tenement package west to east has recently been constructed and is undergoing wet commissioning (see Figures 1, 9 and 10). As part of the access agreement negotiated between the Company and the owner of the gas pipeline, two Barred-Tees were installed where the pipeline is (i) closest to the Westralia Prospect and (ii) where it is closest to the Jupiter Prospect. The rationale for the installation of the Barred-Tees was that in the event the Company might consider construction of a treatment plant, it would most likely be near Westralia or Jupiter. Subject to executing gas supply agreements, Dacian is well positioned to have access to gas to fuel a power station for mining and treatment operations.
- Existing haul roads between Westralia and Jupiter support ore haulage from Westralia and Transvaal Prospects to Jupiter should Dacian proceed with construction of a 2.5Mtpa process plant near Jupiter, as contemplated by this Scoping Study (see Figures 9 and 10). Existing public road access to the MMGP will allow easy transport of infrastructure and services to complete site construction, and maintain production, as required.
- Dacian has an excellent exploration camp in place that will serve as a construction camp during site construction (see Figure 9). As described below, Dacian is considering a purpose built 320-person camp to be constructed proximal to the location of the MMGP treatment facility (see Figure 10).
- An existing bore field located approximately 5–10km north-west of Jupiter with serviceable water bores in place (Figure 10). Preliminary test work on the bore field indicates it will likely accommodate the site's water supply requirements.



- An existing Telstra microwave tower is located 6km north of the Westralia Prospect. Site communications will likely use this facility as a communications base receiver and transmitter (see Figure 9).
- The established regional towns of Laverton and Leonora are within easy access of the site. Laverton is only 25km to the north-east and Leonora 80km to the west. Both towns have sealed airstrips and regular air service; as well as provision of numerous services common to regional towns.



**Figure 9:** Existing infrastructure at MMGP. Clockwise from top left: camp facilities; barred-tee gas connection point near Jupiter along the newly constructed gas pipeline; existing public and private road network to and throughout the site and Telstra microwave tower located 6km north of Westralia.

## 7.2 New Infrastructure

Key elements comprising required infrastructure to service a 2.5Mtpa gold mining and treatment operation at Mt Morgans will include:

- A new 2.5Mtpa treatment facility with tailings storage facility (TSF);
- Administration offices and maintenance workshops;
- 320-person accommodation and messing facilities;
- Gas-fired power station and power reticulation; and
- Site-based communications

Dacian contracted an independent engineering firm to complete a possible site layout, and is shown below in Figure 10 (see also Appendix 3).

## 8. Capital Costs

Table 8 below is a summary of key site infrastructure and respective estimated capital cost items as defined in this Scoping Study. All capital costs have been provided by independent engineering companies and range from feasibility level quotes to estimates (see Material Assumptions listed in Appendix 3).

The total infrastructure capital costs at MMGP are estimated at A\$157 million. The main capital cost is A\$131 million for the 2.5Mtpa treatment plant. The treatment plant capital includes borefield refurbishment and expansion, construction of a tailings storage facility for life of mine and a 20% contingency allowance.

<b>Material Capital Items Cost Summary</b>	
	<b>A\$ million</b>
Treatment plant & TSF	<b>\$130.6</b>
Accommodation village	<b>\$14.5</b>
Mine service areas	<b>\$7.9</b>
Power distribution	<b>\$1.9</b>
Communications	<b>\$1.5</b>
Roads	<b>\$0.9</b>
	<b>\$157.3</b>

**Table 8:** Summary of possible capital cost items



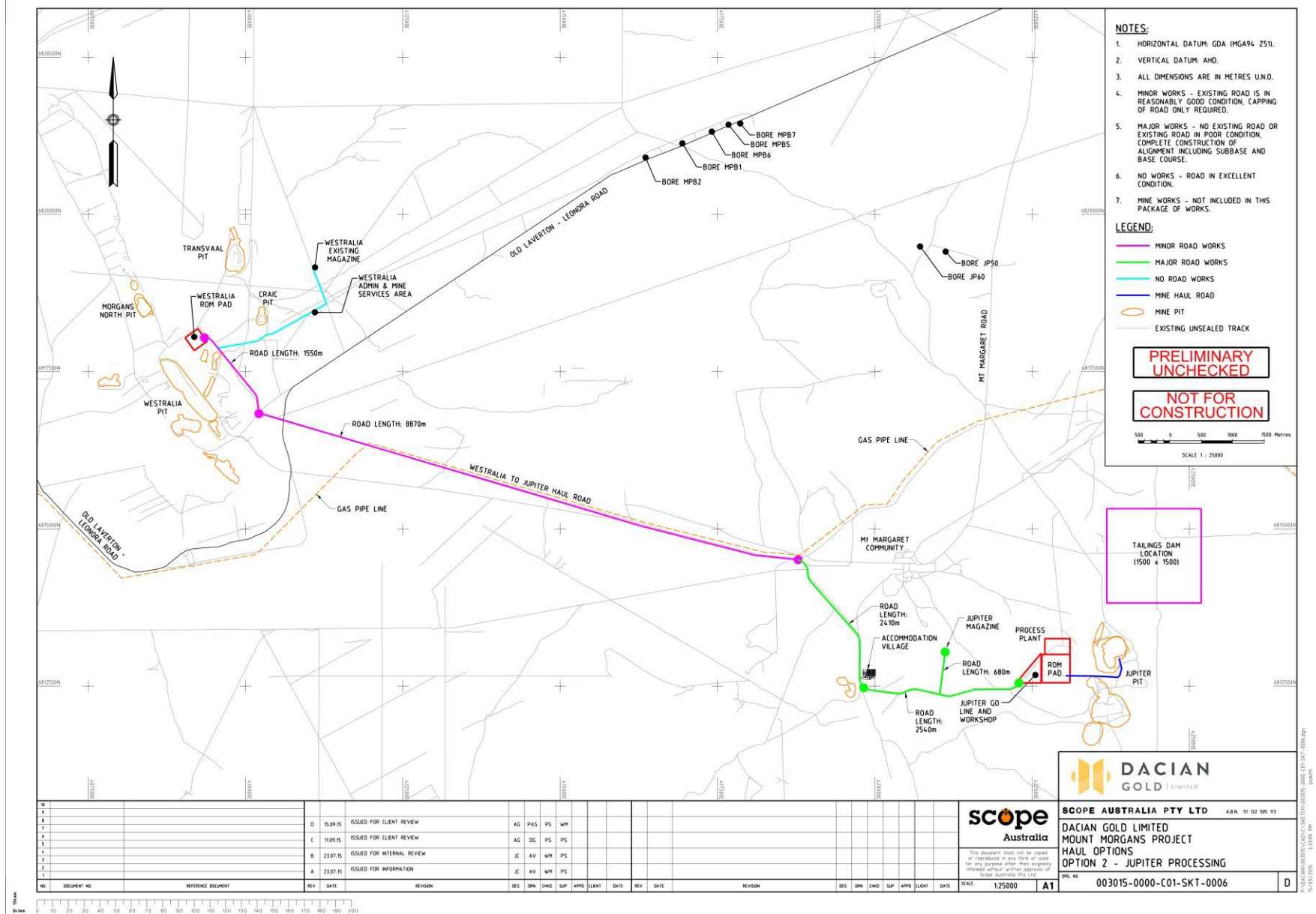


Figure 10: Preliminary layout design for Mt Morgans site infrastructure

## 9. Timeline to Production

This Scoping Study estimates Dacian's commencement of gold production to be at the beginning of CY2018. The estimate assumes a 12 month construction period for the 2.5Mtpa treatment plant being the duration of CY2017. A decision to mine is anticipated to be made following the completion of a detailed Feasibility Study completed at the end of CY2016. Prior to a decision to proceed with construction, and as described in sections 8 and 11, the MMGP requires an estimated \$157 million for site infrastructure capital to first production. It is assumed that financing for the required capital and regulatory approvals to commence construction will be sourced during the second half of CY2016.

Figure 11 below is a diagrammatic timeline showing the timing of the main deliverables to production.

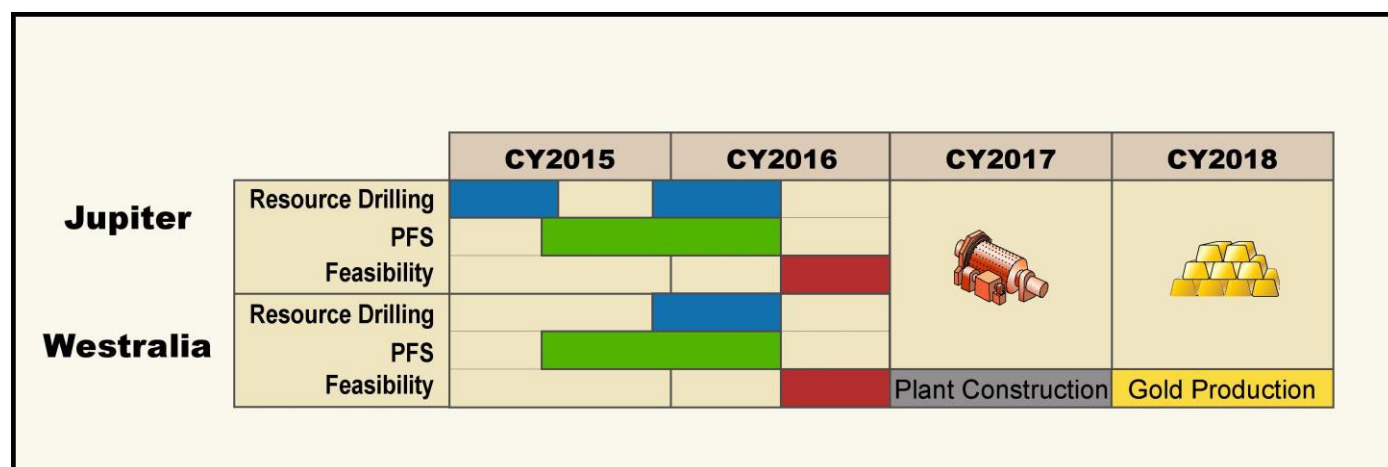


Figure 11: Potential timeline to production for the Mt Morgans Gold Project

## 10. Financing and Permitting

It is clear Dacian is required to raise significant capital to construct the MMGP. The Company has received a letter of support from an Australian commercial bank indicating that, subject to successful completion of a definitive feasibility study delivering similar operating and financial results as that seen in the Scoping Study, the MMGP has a likely significant debt carrying capacity. To that end, the Company has received a significant level of interest from equity capital participants and has formed the view that it is reasonable to assume a combination of debt and equity will likely be sufficient to cover the estimated capital costs of the MMGP.

Given the MMGP is situated on granted Mining Leases within the long-established Laverton gold mining district in WA, the Company anticipates that the regulatory approvals process for the commencement of construction, and subsequent mining approvals, will not likely delay gold production as proposed in Figure 11.

## 11. Next Steps

The Scoping Study has successfully outlined Dacian's preferred mining and treatment plans; scale, treatment rate, mining schedule, capital costs, operating costs and infrastructure requirements to support the potential MMGP production plans. It has determined **the MMGP appears to have strong financial and economic merit; whilst being technically low risk.**

Several parts of this Scoping Study are at a level beyond what would normally be considered standard for such a study, and indeed are at, or close to PFS level. For example:

- Detailed mine designs were completed on all Mineral Resources including dominantly Indicated Mineral Resources at Heffernans, Doublejay, Ganymede (all from the Jupiter Prospect) and Morgans North cut back.
- Operating costs used in the detailed mine designs are based on quoted rates obtained from independent third party mining contractors.
- Dacian has received a letter of support from an Australian commercial bank confirming it is reasonable for Dacian to assume it will be able to finance construction and commencement of mining from conventional debt and equity markets.

In order to advance the MMGP toward a completed pre-feasibility level, the following additional work programs are required:

- Further drilling is required to upgrade Inferred Mineral Resource to Indicated Mineral Resource for areas of respective mine designs where Inferred Mineral Resources comprise part of the production schedule (see section 4.1).
- Detailed metallurgical testwork is to be undertaken on all seven potential mines that comprise the potential production schedule for the MMGP. This Scoping Study has successfully completed preliminary metallurgical testwork on Heffernans and part of the Westralia Underground. It should be noted however, that all seven potential mines are from three mining complexes (Westralia, Jupiter and Transvaal), all of which have shown successful free-milling treatment when the ores were treated at the Mt Morgans CIL treatment plant in the 1990s (see Material Assumptions in Appendix 3).



- Detailed geotechnical assessment is required for all of the seven potential mines that comprise the MMGP. This Scoping Study has completed preliminary geotechnical studies on the potential open pits of the Jupiter Prospect, as well as the Westralia Underground. This Scoping Study did not consider geotechnical studies for the Morgans Underground (see Material Assumptions in Appendix 3).
- Complete detailed environmental surveys and hydrological surveys.

There are clearly defined opportunities that may improve the economic and operational performance of the potential MMGP as described in this Scoping Study. Such improvements, which will be the focus of ongoing analysis and testing, include:

- Discovery of additional high value, high confidence Mineral Resources that may be prioritised into the potential production schedule. For example:
  - Converting the existing high grade Inferred Mineral Resource of the Morgans Underground at Westralia into Indicated Mineral Resource. This will allow prioritising early into the production schedule the higher grade mineralisation.
  - Testing an interpreted 500m long, footwall BIF unit that may be mineralised and lies immediately west of the western wall of the Westralia open pit.
  - Testing for and identifying shallow, near surface supergene mineralisation located west of Heffernans. This target is the up-dip expression of high grade footwall-to-the-CSZ lodes that have never been drill tested.
  - Testing for buried syenite intrusives within the Jupiter Prospect, away from Doublejay, Heffernans and Ganymede.
  - Drill testing the Callisto and Cameron Well syenite-hosted prospects.
- Investigate means of improving treatment recoveries above 91% used in this Scoping Study – being based principally on the historic performance of the Mt Morgans CIP/CIL treatment plant between 1988–1998. Such improvements include investigating a more efficient gravity gold recovery process and a more efficient use of oxygen to increase recoveries.
- Identify savings in infrastructure capital costs, which may include procuring pre-owned offices, accommodation and messing facilities.

Dacian plans to complete the PFS in mid CY2016 and proceed to a definitive Feasibility Study and financing by the end of CY2016. Board approval will then be sought to commence construction.

For and on behalf of the Board



**Rohan Williams**

**Executive Chairman**

## **About Dacian Gold Limited**

The Mt Morgans Project hosts high grade Mineral Resources of 3.0 million ounces at an average grade of 2.2 g/t gold. In addition, the Company has identified multiple exploration targets and resource extension opportunities. If proven, they will enable growth of the Mt Morgans' existing Mineral Resource and Ore Reserve base.

Dacian Gold has a strong Board and Management team which includes Rohan Williams as Executive Chairman; Robert Reynolds (formerly non-executive Chairman of Avoca Resources Ltd) and Barry Patterson (co-founder and non-executive Director of GR Engineering Ltd) as non-executive directors.

Dacian's strategy at Mt Morgans is evolving toward potential mine development. It has identified two large mineralised systems at Westralia and Jupiter where it believes simultaneous mine development at each site is a possibility, and will be the subject of ongoing drilling and feasibility studies. Dacian considers a high grade Ore Reserve of at least 600,000 ounces of gold is reasonably likely to provide sufficient returns to justify the investment capital required to construct an ore processing facility at the project.

For further information visit: [www.daciangold.com.au](http://www.daciangold.com.au) or please contact:

Rohan Williams

Executive Chairman

Dacian Gold Limited    +61 8 9226 4622    or    [rohan.williams@daciangold.com.au](mailto:rohan.williams@daciangold.com.au)

## **Appendix 1 Competent Persons 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 the Westralia Mineral Resource (see ASX announcements – 3 August, 2015 and 16 September 2015), the Jupiter Mineral Resource (see ASX announcements – 29 July, 2015 and 16 September 2015), the Transvaal Mineral Resource (see ASX Announcement 16 September 2015) and the Ramornie Mineral Resource (see ASX announcement – 24 February, 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 RungePincockMinarco. 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 (other than Westralia, Jupiter, and Ramornie which are reported under JORC 2012) is based on information compiled by Mr Rohan Williams, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Williams holds shares and options in, and is a director and full time employee of, Dacian Gold Ltd.

Where the Company refers to the Mineral Resources 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 resource estimate with that announcement continue to apply and have not materially changed.

Mr. Williams has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Williams consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

All information relating to Mineral Resources and Ore Reserve (other than the King Street and Craic) were prepared and disclosed under the JORC Code 2012. The JORC Code 2004 Mineral Resource and Ore Reserves have 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.

## Appendix 2 – Forward Looking and Cautionary Statements

This announcement has been prepared in compliance with the current JORC Code 2012 Edition and the ASX Listing Rules. All material assumptions on which the forecast financial information is based have been included in this announcement, and are also outlined in Appendix 3.

The Company notes that an Inferred Mineral Resource has a lower level of confidence than an Indicated Mineral Resource and that the JORC Code 2012 advises that to be an Inferred Mineral Resource it is reasonable to expect that the majority of the Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration. Based on advice from relevant Competent Persons, the Company is confident that a significant portion of the Inferred Mineral Resources for the Mt Morgans Gold Project (**MMGP**) will be upgraded to Indicated Mineral Resources with further exploration work.

The MMGP's geology and mineralisation are well understood across all three prospects: Westralia Prospect, Jupiter Prospect and Transvaal Prospect. Detailed logging of all drill holes together with excellent mine geological documentation undertaken during the mining at the three prospects in the 1990s provides Dacian with a high level of confidence it understands the lithologies and mineralisation characteristics of the potential mines that comprise the MMGP.

The Company believes it has a reasonable basis for making the forward-looking statements in this announcement, including with respect to any Production Targets and economic evaluation based on information contained in this announcement and in particular:

- In relation to Mineral Resources, the Company confirms that all material assumptions and technical parameters that underpin the relevant market announcement continue to apply and have not materially changed.
- Dacian has a highly experienced management team with a proven track record in discovering, developing and mining Western Australian gold mines. In particular Mr Rohan Williams, Executive Chairman of Dacian, was previously the founding CEO and Managing Director of Avoca Resources Limited, where he oversaw its growth from a \$7M IPO to a \$1B ASX200 gold mining company, at which time it merged with Anatolia Minerals to form the +\$2B Alacer Gold Corp. Mr James Howard, Dacian's Project Manager was formerly Avoca's Mining Manager at its 170,000 ounce per annum Higginsville Gold Operation, and Mr Dan Baldwin, Dacian's Exploration Manager was formerly Avoca's and subsequently Alacer's Australian Exploration Manager.
- Dacian's Board members also include Mr Barry Patterson as a Non-executive Director and Mr Rob Reynolds, also a Non-executive Director. Both Mr Patterson and Mr Reynolds have decades of experience in financing, building and operating mines both throughout Australia and overseas.
- Dacian's MMGP is located on granted Mining Leases and no Native Title claims exist within the project area.



- Mr Matthew Keenan is an independent mining engineering consultant and a full time employee of Entech Pty Ltd, and has sufficient relevant experience to advise Dacian on matters relating to mine design, mine scheduling, mining methodology and mining costs for the MMGP. Mr Keenan is satisfied that the information provided in this ASX announcement has been determined to a Scoping Study level of accuracy and, based on the data provided by Dacian, considers that there is a reasonable likelihood that progress to a Pre-feasibility Study can be justified.
- Messrs Alisdair Finnie and Mark Haslam, both employees of Como Engineers Pty Ltd, both with over 20 years of experience as Process Engineers, have sufficient experience to advise Dacian on matters relating to metallurgical testwork program, flow sheet design, operating and capital cost estimates for the MMGP.
- Mr Robert Garnham and Mr Alistair Lowry, employees of Groundwater Resource Management Pty Ltd, both with 25 years experience as a hydrogeologist and civil engineering hydrologist respectively, have sufficient experience to advise Dacian on matters relating to groundwater and surface water assessments for the MMGP.
- Messrs Peter O'Bryan, Scott Campbell and John Keogh, all employees of Peter O'Bryan & Associates Pty Ltd, and with 30 years of experience as geotechnical engineers have sufficient experience to advise Dacian on matters relating to geotechnical matters relating to potential underground and open pit mines for the MMGP.
- Mr Paul Scott, an employee of Scope Australia Pty Ltd with more than 25 years engineering industry experience has sufficient experience to advise Dacian on matters related to preliminary design and cost estimates for site non-process infrastructure for the MMGP.
- The Company has received a letter of support from an Australian commercial bank indicating that, subject to successful completion of a definitive feasibility study delivering similar operating and financial results as that seen in the Scoping Study, the MMGP has a likely significant debt carrying capacity. To that end the Company has received a significant level of interest from equity capital markets and has formed the view that it is reasonable to assume a combination of debt and equity will likely be sufficient to cover the estimated capital costs of the MMGP.

## Appendix 3 Material Assumptions used in the MMGP Scoping Study

(Template based on Section 4, Table 1 of JORC Code (2012))

Item	Criteria	Commentary
1	<b>Mineral Resource estimate used for assessment of potential Mining Inventory for MMGP Scoping Study</b>	<ul style="list-style-type: none"> <li>No Ore Reserves are estimated as part of the MMGP Scoping Study.</li> <li>For the purpose of this Scoping Study, the following Mineral Resource Estimates that have been used:               <ul style="list-style-type: none"> <li><b>Westralia Underground:</b> Westralia Mineral Resource as published in ASX announcement dated 3 August 2015.</li> <li><b>Morgans Underground:</b> Westralia Mineral Resource as published in ASX announcement dated 3 August 2015.</li> <li><b>Transvaal Underground:</b> Transvaal Mineral Resource as published in ASX announcement dated 16 September 2015.</li> <li><b>Morgans North Open Pit:</b> Westralia Mineral Resource as published in ASX announcement dated 3 August 2015.</li> <li><b>Heffernans Open Pit:</b> Jupiter Mineral Resource as published in ASX announcement dated 29 July 2015.</li> <li><b>Doublejay Open Pit:</b> Jupiter Mineral Resource as published in ASX announcement dated 29 July 2015.</li> <li><b>Ganymede Open Pit:</b> Jupiter Mineral Resource as published in ASX announcement dated 16 September 2015.</li> </ul> </li> </ul>
2		<ul style="list-style-type: none"> <li>There is no change to the Company's stated 16 September 2015 Ore Reserve Estimate for the Mt Morgans Gold Project as a result of this Scoping Study.</li> </ul>
3	<b>Site visits</b>	<ul style="list-style-type: none"> <li>The following persons have provided input to this Scoping Study:               <ul style="list-style-type: none"> <li><b>Mr Rohan Williams</b> (Dacian Gold Ltd) – Mr Williams has visited the site and understands the detail associated with the site. Mr Williams is a Geologist by profession and is the Executive Chairman for Dacian Gold Ltd.</li> <li><b>Mr Dan Baldwin</b> (Dacian Gold Ltd) – Mr Baldwin has visited the site and understands the detail associated with the site. Mr Baldwin is a Geologist by profession and is the Exploration Manager for Dacian Gold Ltd.</li> <li><b>Mr James Howard</b> (Dacian Gold Ltd) – Mr Howard has visited the site and understands the detail associated with the site. Mr Howard is a Mining Engineer by profession and is the Project Manager for Dacian Gold Ltd.</li> <li><b>Mr Robert Garnham and Mr Alistair Lowry</b> (Groundwater Resource Management Pty Ltd) – Messrs Garnham and Lowry are Principal Hydrogeologists who have coordinated the groundwater and surface water assessments for the Jupiter area, specifically focusing on the Heffernans deposit. Messrs Garnham and Lowry were engaged as independent consultants by Dacian Gold to assist with the Scoping Study. Messrs Garnham and Lowry have visited the site and understand the detail associated with the site.</li> <li><b>Mr Peter O'Bryan</b> (Peter O'Bryan &amp; Associates Pty Ltd) – Mr O'Bryan is the Principal Consultant who has overseen the preliminary geotechnical assessments completed for the Heffernans deposit at Jupiter and Westralia. Mr O'Bryan was engaged as an independent consultant by Dacian Gold to assist with the Scoping Study. Mr O'Bryan has historically visited the site and Associates Scott Campbell and John Keogh have both visited the site during the completion of the assessments.</li> <li><b>Mr Matthew Keenan</b> (Entech Pty Ltd) – Mr Keenan is a Senior Mining Engineer who has coordinated the mining study work associated with the Westralia, Transvaal and Jupiter Mineral Resources for the Scoping Study and the compilation of the economic model for the project. Entech was engaged as an independent consultant by Dacian Gold to assist with the Scoping Study. Mr Keenan has visited site and understands the detail associated with the site.</li> <li><b>Mr Alisdair Finnie and Mr Mark Haslam</b> (Como Engineers Pty Ltd) – Messrs Finnie and Haslam are the Manager – Process Engineering and Senior Process Engineer respectively who have coordinated the metallurgical study work as well as the capital and operating cost estimate for the ore processing facility. Como Engineers were engaged as an independent consultant by Dacian Gold to assist with the Scoping Study. Messrs Finnie and Haslam have not visited the site and have completed work based on information provided by Dacian Gold.</li> </ul> </li> </ul>

Item	Criteria	Commentary
		<ul style="list-style-type: none"> <li><b>Mr Paul Scott</b> (Scope Australia Pty Ltd) – Mr Scott is the Engineering Manager who has coordinated the capital cost estimate for non-process infrastructure deemed to be required to service the site. Scope Australia was engaged as an independent consultant by Dacian Gold to assist with the Scoping Study. Mr Scott has not visited the site and has completed work based on information provided by Dacian Gold.</li> </ul>
4	<b>Study status</b>	<ul style="list-style-type: none"> <li>The type and level of study is Scoping Study as defined in Section 38 of the JORC Code, 2012 Edition.</li> </ul>
5		<ul style="list-style-type: none"> <li>The Scoping Study has not been used to convert Mineral Resources to Ore Reserves. Modifying Factors based on information currently available have been applied to the Scoping Study.</li> </ul>
6	<b>Cut-off parameters used in potential mine analysis</b>	<ul style="list-style-type: none"> <li>Cut-off grades (COGs), expressed as grams per tonne of gold (g/t Au) were determined by dividing the estimated operating cost per tonne of ore treated by the revenue per gram of gold produced.</li> <li>The following inputs were used to estimate revenue per gram of gold produced:               <ul style="list-style-type: none"> <li>Gold price: A\$1,500 per troy ounce</li> <li>Metallurgical recovery: 91% by CIL treatment</li> <li>WA state royalty: 2.5% of revenue</li> </ul> </li> <li>The following inputs were used to estimate operating cost per tonne of ore treated, for potential open pit and underground mines:               <ul style="list-style-type: none"> <li>Mining cost</li> <li>Surface haulage cost</li> <li>Processing cost</li> <li>Other royalty charges</li> <li>General &amp; administration costs</li> </ul> </li> </ul>
7		<ul style="list-style-type: none"> <li><b>Westralia underground COGs</b> <ul style="list-style-type: none"> <li>Economic stope COG: 3.5g/t (to 100mRL), 3.0g/t (below 100mRL &amp; north of ~6,817,000N), 2.7g/t (below 100mRL &amp; south of ~6,817,000N)</li> <li>Incremental stope COG: 3.5g/t (to 100mRL), 3.0g/t (below 100mRL &amp; north of ~6,817,000N), 2.5g/t (below 100mRL &amp; south of ~6,817,000N)</li> <li>Incremental development COG: 0.9g/t</li> </ul> </li> </ul>
8		<ul style="list-style-type: none"> <li><b>Morgans underground COGs</b> <ul style="list-style-type: none"> <li>Economic stope COG: 2.7g/t</li> <li>Incremental stope COG: 2.5g/t</li> <li>Incremental development COG: 0.9g/t</li> </ul> </li> </ul>
9		<ul style="list-style-type: none"> <li><b>Transvaal underground COGs</b> <ul style="list-style-type: none"> <li>Same as Morgans underground COGs (item 8)</li> </ul> </li> </ul>
10		<ul style="list-style-type: none"> <li><b>Jupiter open pit COGs</b> <ul style="list-style-type: none"> <li>Economic pit COG: 0.9g/t</li> <li>Incremental pit COG: 0.5g/t</li> </ul> </li> </ul>
11		<ul style="list-style-type: none"> <li><b>Morgans North open pit COGs</b> <ul style="list-style-type: none"> <li>Economic pit COG: 2.3g/t</li> <li>Incremental pit COG: 0.5g/t</li> </ul> </li> </ul>
12	<b>Mining factors or assumptions used in the MMGP Scoping Study</b>	<ul style="list-style-type: none"> <li><b>Westralia</b> <ul style="list-style-type: none"> <li>No conversion of the Mineral Resource to Ore Reserves.</li> <li>Mining inventory estimation: Stope shapes were initially delineated by application of stope optimisation software (Mineable Shape Optimiser by CAE) to the Mineral Resource block model and subsequently output shapes were manually reviewed and edited to ensure mineable stope geometries. Development designs were then completed to access stoping areas. All work has been completed by mining consultants Entech Pty Ltd.</li> </ul> </li> </ul>
13		<ul style="list-style-type: none"> <li><b>Morgans</b> <ul style="list-style-type: none"> <li>Same as Westralia above (item 12)</li> </ul> </li> </ul>
14		<ul style="list-style-type: none"> <li><b>Transvaal</b></li> </ul>

Item	Criteria	Commentary
15	<b>Mining Methods</b>	<ul style="list-style-type: none"> <li>Same as Westralia above (item 12)</li> </ul>
16		<ul style="list-style-type: none"> <li><b>Jupiter</b> <ul style="list-style-type: none"> <li>No conversion of the Mineral Resource to Ore Reserves.</li> <li>Mining inventory estimation: A range of pit shells were generated by application of pit optimisation software (NPV Scheduler 4 by CAE) to the Mineral Resource block model. Pit shells to be used as the basis for pit design were selected by considering NPV, contained gold and estimated cost per ounce of gold produced. Mining inventory has hence been based on pit designs. All work has been completed by mining consultants Entech Pty Ltd.</li> </ul> </li> </ul>
17		<ul style="list-style-type: none"> <li><b>Morgans North</b> <ul style="list-style-type: none"> <li>Same as Jupiter above (item 15)</li> </ul> </li> </ul>
18		<ul style="list-style-type: none"> <li><b>Westralia</b> <ul style="list-style-type: none"> <li>Mining method: underground mechanised top-down sublevel open stoping as per that used in the Western Australian mining industry. This mining method is deemed to be appropriate for the steeply dipping and prevailing ground conditions.</li> <li>Orebody access: Twin declines from the existing Westralia open pit on the hangingwall side of the orebody with cross-cut sub-level development from the decline to the orebody. Decline cross-sectional dimensions of 5.5m wide by 5.8m high and gradient of 1 in 7 down.</li> <li>Sublevel spacing: 17m floor-to-floor in zones of narrow orebody width (to 100mRL) and 20m floor-to-floor in wider zones of the orebody (below 100mRL).</li> <li>Orebody development: Strike driving along the orebody under geological control at cross-sectional dimensions of 4.0m wide by 4.0m high.</li> <li>Operating model: Mining contractor.</li> </ul> </li> </ul>
19		<ul style="list-style-type: none"> <li><b>Morgans</b> <ul style="list-style-type: none"> <li>Same as Westralia above (item 17), other than:</li> <li>Orebody access: Single decline proposed to be developed from the existing Morgans North open pit on the footwall side of the orebody with cross-cut sub-level development from the decline to the orebody. Decline cross-sectional dimensions of 5.5m wide by 5.8m high and gradient of 1 in 7 down.</li> <li>Sublevel spacing: 20m floor-to-floor.</li> </ul> </li> </ul>
20		<ul style="list-style-type: none"> <li><b>Transvaal</b> <ul style="list-style-type: none"> <li>Same as Westralia above (item 17), other than:</li> <li>Orebody access: via existing Transvaal open pit and decline development. Extensions to the existing decline and lateral development from existing as required to access remnant and new stoping areas.</li> <li>Sublevel spacing: 17m floor-to-floor for new development, circa 25m floor-to-floor in existing development areas.</li> </ul> </li> </ul>
21		<ul style="list-style-type: none"> <li><b>Jupiter</b> <ul style="list-style-type: none"> <li>Mining method: open pit mining utilising conventional drill and blast methods with 200t class hydraulic excavators and dump truck fleet as generally used in the Western Australian mining industry.</li> <li>Selection of excavator class for the purpose of the Scoping Study was in consultation with mining consultants Entech Pty Ltd and mining contractors.</li> <li>Open pit development is assumed to be worst case top-down mining. Further work will be completed as study work progresses to optimise pit sequencing.</li> </ul> </li> </ul>
22	<b>Geotechnical Considerations</b>	<ul style="list-style-type: none"> <li><b>Morgans North</b> <ul style="list-style-type: none"> <li>Same as Jupiter above (item 20), other than:</li> <li>Mining method: open pit mining utilising conventional drill and blast methods with 120t class hydraulic excavators and dump truck fleet as generally used in the Western Australian mining industry.</li> </ul> </li> <li><b>Westralia</b> <ul style="list-style-type: none"> <li>Geotechnical considerations: a desktop geotechnical study was conducted by Peter O'Bryan &amp; Associates (May 2015) to determine the conceptual stope design parameters for the Scoping Study. The information used for the geotechnical study included as-built models of the existing Westralia open pit</li> </ul> </li> </ul>



Item	Criteria	Commentary
		<p>and underground excavations, drillhole database records, core photographs, geological wireframes, historical geotechnical and mining reports and discussions with personnel involved with the historical mining at Westralia. Previous underground mining at Westralia (1990s) found that development ground conditions were generally good. Additionally, stope hangingwalls were predominantly basalt and were found to be stable. The May 2015 geotechnical study reported stable stoping conditions are likely due to surrounding competent rocks. The geotechnical study recommended a stope design of 26m high x 30m long, with rib pillars to maintain stope stability and reduce ore dilution of 5m long x 5m wide x 5m high for stopes <math>\leq</math> 5m wide. The minimum separation distance between sub-parallel stopes of 5m and a sill pillar at 65m vertical intervals. It is likely that development waste rock will be introduced into stope voids on an opportunity basis.</p> <ul style="list-style-type: none"> <li>• Development excavations will be mined by conventional drill and blast methods using electric-hydraulic drill jumbos and industry standard ground support (rockbolts and steel weld-mesh) has been assumed.</li> <li>• Further geotechnical investigation and assessment will be completed as the study work progresses.</li> <li>• Geological drilling: further drilling is required to infill the drill spacing to improve the confidence of the Mineral Resource Estimate. This drilling will generally be diamond drilling from both surface initially and later from underground.</li> </ul>
23		<ul style="list-style-type: none"> <li>• <b>Morgans</b> <ul style="list-style-type: none"> <li>• Geotechnical considerations: the same as that used for Westralia given that the proposed Morgans underground mine has been design to extract a BIF hosted lode system situated within the BIF/porphyry package that hosts Westralia Mineral Resource. The Morgans underground design is situated approximately 600m to the north and along the same strike as the design for the proposed Westralia underground mine.</li> <li>• Geological drilling: further drilling is required to infill the drill spacing to improve the confidence of the Mineral Resource Estimate. This drilling will generally be diamond drilling from both surface initially and later from underground.</li> </ul> </li> </ul>
24		<ul style="list-style-type: none"> <li>• <b>Transvaal</b> <ul style="list-style-type: none"> <li>• Geotechnical considerations: A geotechnical investigation was conducted by Mining One Pty Ltd consultants in June 2010 and the recommended stope design parameters have been used for the Scoping Study. The information used for the geotechnical study included as-built models of the historical Transvaal open pit and underground excavations, drillhole database records, data obtained from geotechnical logging of select core by Mining One and historical reports. The geotechnical study recommended a stope design of 24m high x 40m long to 24m high x 55m long, 5m rib pillars along strike to break stope spans and minimum separation distance between sub-parallel stopes of 5m. For consistency, the more conservative pillar assumptions applied to both Westralia and Morgans have been used for the Scoping Study. It is likely that development waste rock will be introduced into stope voids on an opportunity basis.</li> <li>• Development excavations, further investigation and geological drilling considerations are the same as for Westralia above (item 22).</li> </ul> </li> </ul>
25		<ul style="list-style-type: none"> <li>• <b>Jupiter</b> <ul style="list-style-type: none"> <li>• A preliminary geotechnical investigation and assessment was completed for the Heffernans deposit by Peter O'Bryan &amp; Associates in July 2015. The information used for the geotechnical study included current geological interpretations; review of the Jupiter site area; inspection of selected diamond drill core; structural geological data obtained from diamond drill core, scans of exploration RC holes and photogrammetric mapping of the nearby existing Jupiter open pit; and laboratory measurement of physical properties of representative samples of country rocks. The assessment determined ground conditions within weathered and transitional zones to be poor to good and within fresh rock to be generally good. Pit wall design parameters (face height, face angle, berm width) were determined for three domains, principally based on depth of rock weathering. Inter-ramp angles averaged 40 degrees in weathered rocks and 58 degrees in fresh rocks</li> </ul> </li> </ul>



Item	Criteria	Commentary
		<ul style="list-style-type: none"> <li>A surface water and groundwater assessment was completed for the Heffernans deposit by Groundwater Resource Management Pty Ltd in July 2015, the results of which were included in the geotechnical assessment.</li> <li>Pit wall design parameters for Doublejay were estimated by analysis of the existing Jupiter open pit excavation (Doublejay is a cutback on this pit) and by application of the parameters recommended for comparable Heffernans geotechnical domains.</li> <li>Pit wall design parameters for Ganymede were estimated by application of the parameters recommended for the comparable Heffernans geotechnical domains.</li> <li>Application of Heffernans design parameters is considered reasonable for the Scoping Study given that geological conditions for each deposit are similar.</li> <li>Further geotechnical investigation and assessment will be completed for all deposits as the study work progresses.</li> </ul>
26		<ul style="list-style-type: none"> <li><b>Morgans North</b> <ul style="list-style-type: none"> <li>Pit wall design parameters for Morgans North were estimated by analysis of the existing Morgans North pit (cutback on this pit proposed) and the Westralia open pit excavation, located approximately 750m south and along the same strike to Morgans North. An inter-ramp angle of 40 degrees was assumed for weathered rocks and 60 degrees for fresh rocks.</li> <li>Further geotechnical investigation and assessment will be completed as the study work progresses.</li> </ul> </li> </ul>
27	<i>Application of Mineral Resources into mining studies</i>	<ul style="list-style-type: none"> <li><b>Westralia</b> <ul style="list-style-type: none"> <li>All Mineral Resource categories have been included in the mining study work.</li> <li>Measured and Indicated Mineral Resources were prioritised in the possible production schedule used in the MMGP Scoping Study ahead of scheduling Inferred Mineral Resources.</li> </ul> </li> </ul>
28		<ul style="list-style-type: none"> <li><b>Morgans</b> <ul style="list-style-type: none"> <li>Same as for Westralia above (item 27)</li> </ul> </li> </ul>
29		<ul style="list-style-type: none"> <li><b>Transvaal</b> <ul style="list-style-type: none"> <li>Same as for Westralia above (item 27)</li> </ul> </li> </ul>
30		<ul style="list-style-type: none"> <li><b>Jupiter</b> <ul style="list-style-type: none"> <li>Same as for Westralia above (item 27)</li> </ul> </li> </ul>
31		<ul style="list-style-type: none"> <li><b>Morgans North</b> <ul style="list-style-type: none"> <li>Same as for Westralia above (item 27)</li> </ul> </li> </ul>
32	<i>Mining Dilution</i>	<ul style="list-style-type: none"> <li><b>Westralia</b> <ul style="list-style-type: none"> <li>Dilution for both stope and development excavations incorporated into stope design shapes as detailed in minimum mining width section.</li> </ul> </li> </ul>
33		<ul style="list-style-type: none"> <li><b>Morgans</b> <ul style="list-style-type: none"> <li>Dilution for both stope and development excavations incorporated into stope design shapes as detailed in minimum mining width section.</li> </ul> </li> </ul>
34		<ul style="list-style-type: none"> <li><b>Transvaal</b> <ul style="list-style-type: none"> <li>Dilution for both stope and development excavations incorporated into stope design shapes as detailed in minimum mining width section.</li> </ul> </li> </ul>
35		<ul style="list-style-type: none"> <li><b>Jupiter</b> <ul style="list-style-type: none"> <li>10% dilution assumed for open pit mining</li> </ul> </li> </ul>
36		<ul style="list-style-type: none"> <li><b>Morgans North</b> <ul style="list-style-type: none"> <li>10% dilution assumed for open pit mining</li> </ul> </li> </ul>
37	<i>Mining Recovery</i>	<ul style="list-style-type: none"> <li><b>Westralia</b> <ul style="list-style-type: none"> <li>95% applied to stoping and 100% applied to development.</li> </ul> </li> </ul>
38		<ul style="list-style-type: none"> <li><b>Morgans</b></li> </ul>





Item	Criteria	Commentary
39	<b>Minimum Mining Widths</b>	<ul style="list-style-type: none"> <li>95% applied to stoping and 100% applied to development.</li> </ul>
40		<ul style="list-style-type: none"> <li><b>Transvaal</b> <ul style="list-style-type: none"> <li>95% applied to stoping and 100% applied to development.</li> </ul> </li> </ul>
41		<ul style="list-style-type: none"> <li><b>Jupiter</b> <ul style="list-style-type: none"> <li>95% recovery applied.</li> </ul> </li> </ul>
42		<ul style="list-style-type: none"> <li><b>Morgans North</b> <ul style="list-style-type: none"> <li>95% recovery applied.</li> </ul> </li> </ul>
43		<ul style="list-style-type: none"> <li><b>Westralia</b> <ul style="list-style-type: none"> <li>Stope excavations: <ul style="list-style-type: none"> <li>Within zones of narrower orebody width (surface to 100mRL): stope designs use a 1.0m minimum stoping width and 0.1m of dilution applied to both the hangingwall and footwall, resulting in an overall minimum designed stope excavation width of 1.2m.</li> <li>Within zones of wider orebody width (below 100mRL): stope designs use a 2.0m minimum stoping width and 0.25m of dilution applied to both the hangingwall and footwall, resulting in an overall minimum designed stope excavation width of 2.5m.</li> </ul> </li> <li>Development excavations: 4.0m wide x 4.0m high strike drive development within the orebody has been used.</li> </ul> </li> </ul>
44		<ul style="list-style-type: none"> <li><b>Morgans</b> <ul style="list-style-type: none"> <li>Stope excavations: stope designs use a 2.0m minimum stoping width and 0.25m of dilution applied to both the hangingwall and footwall, resulting in an overall minimum designed stope excavation width of 2.5m.</li> <li>Development excavations: 4.0m wide x 4.0m high strike drive development within the orebody has been used.</li> </ul> </li> </ul>
45		<ul style="list-style-type: none"> <li><b>Transvaal</b> <ul style="list-style-type: none"> <li>Stope excavations: stope designs use a 1.0m minimum stoping width and 0.10m of dilution applied to both the hangingwall and footwall, resulting in an overall minimum designed stope excavation width of 1.2m.</li> <li>Development excavations: 4.0m wide x 4.0m high strike drive development within the orebody has been used.</li> </ul> </li> </ul>
46		<ul style="list-style-type: none"> <li><b>Jupiter</b> <ul style="list-style-type: none"> <li>A minimum mining width of 20m has been assumed for the Scoping Study level open pit design.</li> </ul> </li> </ul>
47		<ul style="list-style-type: none"> <li><b>Morgans North</b> <ul style="list-style-type: none"> <li>A minimum mining width of 20m has been assumed for the Scoping Study level open pit design.</li> </ul> </li> </ul>
48	<b>Infrastructure</b>	<ul style="list-style-type: none"> <li><b>Westralia</b> <ul style="list-style-type: none"> <li>Surface offices and workshops (shared with other underground mines); mine primary and secondary ventilation installations; power supply and reticulation; mine dewatering pumps and reticulation; raw water supply, compressed air supply, second means of egress, explosives storage facilities. All such items have been included in the project costing.</li> </ul> </li> </ul>
49		<ul style="list-style-type: none"> <li><b>Morgans</b> <ul style="list-style-type: none"> <li>Same as Westralia above (item 47)</li> </ul> </li> </ul>
50		<ul style="list-style-type: none"> <li><b>Transvaal</b> <ul style="list-style-type: none"> <li>Same as Westralia above (item 47)</li> </ul> </li> </ul>
51		<ul style="list-style-type: none"> <li><b>Jupiter</b> <ul style="list-style-type: none"> <li>Apart from offices, workshops and explosives storage facilities there is not expected to be any specialised infrastructure required for the open pit mining method. These items have been included in the project costing.</li> </ul> </li> </ul>
51		<ul style="list-style-type: none"> <li><b>Morgans North</b> <ul style="list-style-type: none"> <li>There is not expected to be any specialised infrastructure required for the open</li> </ul> </li> </ul>

Item	Criteria	Commentary
		pit mining method. Given the short mine life, offices, workshops and explosives storage magazines established for longer life mines are intended to be utilised.
52	<b>Metallurgical factors or assumptions</b>	<ul style="list-style-type: none"> <li>The metallurgical process proposed is a conventional carbon-in-leach (CIL) process plant, inclusive of single stage crushing – combination SAG and ball mill comminution circuit and gravity concentrator as typically used in the Australian gold mining industry.</li> </ul>
53		<ul style="list-style-type: none"> <li>The metallurgical process proposed is a well-tested and proven technology, dating back to the 1980s and used extensively in the Australian gold mining industry and internationally.</li> </ul>
54		<b>Metallurgical testwork</b> <ul style="list-style-type: none"> <li>All deposits proposed to be mined in the Scoping Study have been extensively mined and processed during the period from 1988 to 1998 when the former Mt Morgans CIP (then converted to CIL) processing plant was operational.</li> <li>Metallurgical data relating to each respective deposit has been determined by a review of historical testwork results and processing performance statistics by independent consultants Como Engineers Pty Ltd.</li> <li>Over the decade of operation, the Mt Morgans processing plant treated over 10 million tonnes of ore (various blends) and the recovery averaged 91%.</li> <li>Further metallurgical testwork will be completed as study work progresses to determine variability within mineral deposits and understand whether improvements can be made to metallurgical recoveries with the application of improved processing techniques that have been made within the gold mining industry since the late 1990s.</li> </ul>
55		
56		
57		
58		<ul style="list-style-type: none"> <li><b>Westralia</b> <ul style="list-style-type: none"> <li>A 91% metallurgical recovery has been applied to the Westralia underground.</li> <li>This metallurgical recovery has been determined from operational reports and historical testwork data relating to the 0.7 million tonnes mined that was mined from the historical Westralia underground mine and treated through the Mt Morgans processing plant between October 1994 and January 1998.</li> <li>Application of this historical recovery data is considered reasonable for Scoping Study purposes as the proposed Westralia underground is designed to extract the Westralia BIF hosted Mineral Resource that is situated beneath and adjacent to the historical Westralia underground mine.</li> </ul> </li> <li><b>Morgans</b> <ul style="list-style-type: none"> <li>A 91% metallurgical recovery has been applied to the Morgans underground as per that for Westralia.</li> <li>Application of this historical recovery data is considered reasonable for Scoping Study purposes as the proposed Morgans underground is designed to extract a high grade zone the Westralia BIF hosted Mineral Resource deposit that is situated approximately 600m to the north and along the same strike as the historical Westralia underground mine.</li> </ul> </li> <li><b>Transvaal</b> <ul style="list-style-type: none"> <li>A 90% metallurgical recovery has been applied to the Transvaal underground.</li> <li>This metallurgical recovery has been determined from operational reports, results of batch trials and historical testwork data relating to the 0.6 million tonnes mined that was mined from the historical Transvaal underground mine and treated through the Mt Morgans processing plant between March 1996 and May 1998.</li> <li>Application of this historical recovery data is considered reasonable for Scoping Study purposes as the proposed Transvaal underground is designed to extract the remaining basalt hosted Mineral Resource that is situated within and around the historical Transvaal underground mine workings.</li> </ul> </li> <li><b>Jupiter</b> <ul style="list-style-type: none"> <li>A 92% metallurgical recovery has been applied to the Jupiter Mineral Resource and its respective deposits, being Doublejay, Heffernans and Ganymede.</li> <li>This metallurgical recovery has been determined from operational reports, results of batch trials and historical test work data relating to the 1.1 million tonnes of ore that was mined from the historical Jupiter open pit and treated</li> </ul> </li> </ul>



Item	Criteria	Commentary
		<p>through the Mt Morgans processing plant between January 1994 and May 1998.</p> <ul style="list-style-type: none"> <li>Application of this historical recovery data is considered reasonable for Scoping Study purposes, given that the Doublejay, Heffernans and Ganymede deposits exhibit similar geology to that mined within the historical Jupiter open pit, specifically syenite hosted gold mineralisation with high grade lode development where intersected by shear zones. Furthermore, mining of the Doublejay deposit is by cutting-back the historical Jupiter open pit.</li> </ul>
59		<ul style="list-style-type: none"> <li><b>Morgans North</b> <ul style="list-style-type: none"> <li>A 93% metallurgical recovery has been applied to the Morgans North open pit.</li> <li>As the existing open pit excavation is of small size, there are no historical operational reports or testwork data that can be attributed directly to Morgans North.</li> <li>The assigned metallurgical recovery has been determined by operational data relating to the historical Westralia open pit.</li> <li>This is considered reasonable given that the Morgans North open pit is designed to extract the remaining BIF hosted Westralia Mineral Resource that lies beneath and adjacent to the existing open pit excavation. This existing pit is located approximately 750m north and along the same strike as the historical Westralia open pit which mined the BIF hosted deposit over a 1.2km strike length.</li> </ul> </li> </ul>
60	<b>Deleterious Elements</b>	<ul style="list-style-type: none"> <li>There have been no assumptions or allowances made for deleterious elements. Based on historical operational and testwork data deleterious elements are not of concern.</li> </ul>
61	<b>Bulk Sampling</b>	<ul style="list-style-type: none"> <li>All deposits proposed to be mined in the Scoping Study have been extensively mined and processed during the period from 1988 to 1998 when the former Mt Morgans CIP (then converted to CIL) processing plant was operational.</li> <li>Historical operational and testwork data relating to these deposits is reasonably considered to be representative of processing performance for Scoping Study purposes.</li> </ul>
62	<b>Environmental</b>	<ul style="list-style-type: none"> <li>The Mt Morgans project area is a brownfields site and as such there is not expected to be any environmental impacts of significance as a result of the proposed mining and processing operation. Previously disturbed areas will be preferentially used for establishing infrastructure where possible.</li> <li>All proposed mining areas lie within granted Mining Leases which in addition to adjoining Mining Leases offer ample area for infrastructure establishment.</li> <li>As a component of statutory approval and permitting applications it is expected that flora and fauna surveys as well as surface water and groundwater studies will be required to be completed.</li> <li>Statutory approval and permitting applications will include DMP Mining Proposal and DER Works Approval and there will be a requirement to update DoW Groundwater Operating Strategy documents and related licences.</li> </ul>
63		<p>Details of waste rock characterisation:</p> <ul style="list-style-type: none"> <li><b>Westralia:</b> <ul style="list-style-type: none"> <li>A waste rock characterisation assessment will be required to be completed for Westralia as study work progresses.</li> <li>Given the low volume of waste rock generated from underground mining compared to open pit mining and the opportunity to introduce waste rock into stope voids, it is anticipated that any issues related to the geochemistry of waste rock can be effectively managed.</li> <li>There has been no allowance made in the Scoping Study for special handling of waste rock material during dump construction or subsequent rehabilitation.</li> </ul> </li> <li><b>Morgans:</b> <ul style="list-style-type: none"> <li>Same as for Westralia above (item 63)</li> </ul> </li> <li><b>Transvaal:</b> <ul style="list-style-type: none"> <li>An acid-base chemistry assessment of waste rock and ore samples from a variety of sources at Mt Morgans, including Transvaal, was completed in February 1996 by Graeme Campbell &amp; Associates Pty Ltd (GCA).</li> <li>Samples of waste rock types were collected from the Transvaal waste dump</li> </ul> </li> </ul>



Item	Criteria	Commentary
64	Infrastructure	<p>and tested where it was determined that the waste rock types should pose no geochemical concern for long term management and dump rehabilitation.</p> <ul style="list-style-type: none"> <li>The GCA report was used in a Mining Proposal submission prepared and subsequently approved for Transvaal underground mining by Range River Gold in 2009 and is considered applicable for Scoping Study purposes.</li> <li><b>Jupiter:</b> <ul style="list-style-type: none"> <li>The February 1996 GCA assessment tested waste rock types from the Jupiter deposit and all were found to be Non-Acid Forming (NAF).</li> <li>It was noted that plant species for rehabilitation should be able to tolerate the alkaline conditions.</li> <li>Soil Water Consultants completed a geochemical characterisation assessment in August 2015 on 305 samples of RC drill cuttings sourced from the Heffernans deposit. This assessment was found to correlate well with the 1996 GCA findings.</li> <li>In consideration of these two assessments, there has been no allowance made in the Scoping Study for special handling of waste rock material during dump construction or subsequent rehabilitation.</li> </ul> </li> <li><b>Morgans North:</b> <ul style="list-style-type: none"> <li>The February 1996 GCA assessment tested samples of waste rock collected from the Morgans north-east waste dump, where it was determined that: <ul style="list-style-type: none"> <li>Ultramafic and porphyry rocks pose no geochemical concern to long term management and dump rehabilitation.</li> <li>BIF rock is classified as Potentially Acid Forming (PAF) (Low Risk), however was expected to pose minimal geochemical risk to long term management and dump rehabilitation.</li> </ul> </li> <li>The GCA report is considered relevant for Scoping Study purposes and as such there has been no allowance made for special handling of waste rock material during dump construction or subsequent rehabilitation.</li> </ul> </li> </ul> <ul style="list-style-type: none"> <li>The Mt Morgans site is well serviced by the nearby townships of Laverton and Leonora in addition to the major regional centre of Kalgoorlie, 300km south-west.</li> <li>Air services operate out of both Laverton and Leonora with sealed airstrips. Laverton is within 30 minutes drive from the site.</li> <li>Extensive good quality, unsealed public roads pass through the project area and the sealed Laverton-Leonora Road is within 6km of the Westralia Prospect area.</li> <li>The recently constructed Eastern Goldfields Pipeline supplying gas to AngloGold Ashanti's Tropicana site from Minara Resources' Murrin Murrin site passes across the Mt Morgans project area from west to east with two connection points installed: one close to Westralia and the other close to the Jupiter Prospect. It is anticipated that a permanent gas supply to the site will be able to be obtained from this pipeline to be used for power generation.</li> <li>The historical borefield used to supply both the Mt Morgans processing plant and Jupiter dump leach remain. Field based investigations completed by consultants Groundwater Resource Management show the bores and are in good order.</li> <li>A haulage route exists between Westralia and a potential processing plant location at Jupiter, some 15km away. Approximately 3 – 4km of the route will require rebuilding as it was rehabilitated post cessation of mining at Jupiter in the 1990s.</li> <li>A Telstra microwave communications tower exists at Mt Mackenzie, 5km NW of Westralia which can be utilised for the site communications network.</li> <li>A well-equipped, permanent exploration camp, located near Westralia currently services the site and can be readily expanded for initial project development work.</li> <li>New infrastructure required for the proposed operation (in addition to mine-specific infrastructure) includes: <ul style="list-style-type: none"> <li>Power station and distribution network</li> <li>Raw water supply infrastructure (pumping equipment &amp; supply reticulation)</li> <li>Processing plant and tailings storage facilities</li> <li>Site offices and workshops</li> <li>Accommodation village</li> <li>Communications infrastructure to connect to the Telstra installation.</li> </ul> </li> <li>All proposed mining areas lie within granted Mining Leases which in addition to adjoining Mining Leases offer ample area for infrastructure establishment which is easily accessed by existing roads and tracks.</li> </ul>

Item	Criteria	Commentary
65	<b>Capital Costs</b>	<ul style="list-style-type: none"> <li>Capital cost estimates have been derived by Entech Pty Ltd for mine related capital costs, Como Engineers for process plant and tailings storage facility capitals costs and Scope Australia Pty Ltd for non-process infrastructure capitals costs (such as accommodation village, site offices, workshops etc).</li> <li>Costs estimates are based on conceptual designs for mines, process plant and site non-process infrastructure and a combination of budget quotations, factored estimates and cost data from similar operations / projects. The derivation of cost estimates is considered reasonable for Scoping Study purposes.</li> </ul>
66	<b>Operating Costs</b>	<ul style="list-style-type: none"> <li>Operating cost estimates have been derived by Entech Pty Ltd for mining costs, Como Engineers Pty Ltd for processing costs and Dacian Gold Ltd in consultation with Entech for general and administration costs.</li> <li>Mining cost estimates have been developed from first principals using budget quotations (obtained by either Dacian or Entech) and cost data held by Entech from similar operations / projects.</li> <li>Processing costs have been estimated by Como Engineers via application of recent consumable costs to historical operational and testwork data collected during operation of the former Mt Morgans processing plant.</li> <li>The total operating cost estimate has been consolidated by Entech.</li> </ul>
67	<b>Costs relating to deleterious elements</b>	<ul style="list-style-type: none"> <li>Not applicable. See item 60.</li> </ul>
68	<b>Exchange rate</b>	<ul style="list-style-type: none"> <li>Not applicable. See item 73.</li> </ul>
69	<b>Haulage Costs</b>	<ul style="list-style-type: none"> <li>Ore transport charges between Westralia and a proposed process plant location at Jupiter have been obtained from contractor budget quotes.</li> <li>No specific allowance has been made for transportation of gold bullion from the site to the Perth Mint.</li> </ul>
70	<b>Refining Costs</b>	<ul style="list-style-type: none"> <li>Gold refining charges have been estimated by independent consultant Entech Pty Ltd.</li> </ul>
71	<b>Royalty Costs</b>	<ul style="list-style-type: none"> <li>The following royalties area applicable to the project and have been allowed for in the Scoping Study:               <ul style="list-style-type: none"> <li>A 2.5% royalty on revenue applicable to gold mining operations is payable to the Western Australian government.</li> <li>A royalty payable to Sirius Resources NL exists over tenement M39/236 (Jupiter Prospect area) and is payable on ore produced from this tenement once treated. The royalty payable is calculated at A\$0.65 per tonne of ore crushed.</li> </ul> </li> </ul>
72	<b>Revenue factors</b>	<ul style="list-style-type: none"> <li>For Scoping Study purposes, it has been assumed that gold will be sold at spot price to the Perth Mint, Western Australia.</li> </ul>
73		<ul style="list-style-type: none"> <li>A gold price of A\$1,500 per ounce has been used for Scoping Study economic modelling.</li> </ul>
74	<b>Market assessment of gold price</b>	<ul style="list-style-type: none"> <li>There is a transparent, quoted market for the sale of gold.</li> </ul>
75	<b>Economic Evaluation</b>	<ul style="list-style-type: none"> <li>There has been no NPV or IRR calculated for the MMGP Scoping Study</li> </ul>
76	<b>Social</b>	<ul style="list-style-type: none"> <li>All proposed mining and infrastructure areas lie within granted Mining Leases.</li> <li>There are no Native Title claims pending over the Mt Morgans project area.</li> <li>The Company has a good relationship with the Shire of Laverton and local Mt Margaret Aboriginal community.</li> <li>The project area is located within the boundary of the Glenorn pastoral station lease (L3114990), an active pastoral station producing sheep and beef cattle which is owned and operated by Minara Resources Ltd.</li> </ul>
77	<b>Other – naturally occurring risks</b>	<ul style="list-style-type: none"> <li>Flooding as a result of rainfall events is the main material naturally occurring risk.</li> <li>Flooding has the potential to restrict access to and around the site.</li> <li>Adequate flood protection bunds, diversion drains and other flood protection methods will be incorporated in to surface designs around open pits and access to underground mines.</li> </ul>





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		<ul style="list-style-type: none"> <li>A preliminary surface water assessment (inclusive of field investigations) for the Jupiter Prospect area was completed in July 2015 by Groundwater Resource Management Pty Ltd. It focused on the proposed open pit mining of the Heffernans deposit. There were no unexpected outcomes from the assessment and recommendations were provided with respect to the geometry and positioning of flood protection bunds for the proposed Heffernans open pit. It was anticipated that an appropriately located and constructed waste dump could effectively service the open pit and offer flood protection.</li> <li>The surface water assessment will be expanded to cover the site as applicable as study work progresses.</li> <li>No specific allowance has been made for flood protection works in the Scoping Study as it is expected that the existing site layout and subsequent waste dump construction will be able to service requirements.</li> </ul>
78	<b>Other – material agreements</b>	<ul style="list-style-type: none"> <li>See item 71.</li> </ul>
79	<b>Other – regulatory approvals</b>	<ul style="list-style-type: none"> <li>All proposed mining areas lie within granted Mining Leases.</li> <li>As the Mt Morgans project area is a brownfields site with historical mining dating back to the 1890s, there are reasonable grounds to expect that Government approvals will be received when required upon successful completion of Feasibility Study.</li> <li>Government approvals required to advance the project include DMP Mining Proposal, DER Works Approval, DMP Project Management Plan and amendments to existing Groundwater Licences and supporting documentation as applicable. Given that such approvals have been granted to previous operators in recent history, there is no reason to suggest that approvals will not be granted once again.</li> <li>There are currently no unresolved matters relating to a third party that would prohibit project development, should that be the decision resulting from completion of further study work.</li> </ul>
80	<b>Classification of Ore Reserves</b>	<ul style="list-style-type: none"> <li>Not applicable as no Ore Reserves at Scoping Study level.</li> </ul>
81	<b>Ore Reserve Audits or reviews</b>	<ul style="list-style-type: none"> <li>Not applicable as no Ore Reserve estimate made.</li> </ul>
82	<b>Discussion of relative accuracy/ confidence</b>	<ul style="list-style-type: none"> <li>No Ore Reserve estimate has been completed as a result of the Scoping Study.</li> <li>Metallurgical recoveries have been based on historical operational and testwork data collected during 10 years of operation between 1988 and 1998.</li> <li>Costs are based on budget quotations provided to Dacian by various contractors or have been estimated by independent consultants generally from budget quotations, factored estimates or cost data from similar operations / projects.</li> <li>Cost estimate accuracy for the Scoping Study is considered to be in the order of <math>\pm 30\%</math>.</li> </ul>