

A\$150M EQUITY RAISING TO CO-FUND DEVELOPMENT OF THE MT MORGANS GOLD PROJECT, AUSTRALIA'S NEXT SIGNIFICANT HIGH-GRADE MID-TIER GOLD PROJECT

Highlights

- Dacian Gold launches a A\$150 million equity raising comprising an Institutional Placement to raise approximately A\$50 million and an Accelerated Non-Renounceable Entitlement Offer to raise approximately A\$100 million
- Approximately 54 million new shares to be issued at A\$2.75 per share, representing a 7.4% discount to the last close and a 5.6% discount to the 5 day VWAP
- Equity raising to contribute to the development of the Mt Morgans Gold Project (MMGP) following the release of the positive MMGP Feasibility Study and expansion Pre-Feasibility Study (PFS)
- The Feasibility Study delivers a 1.2 million ounces Ore Reserve and confirms the MMGP's robust economic and technical viability. An expeditious mine development and project construction timeline will allow gold production to commence in 16 months time in Q1 CY2018
- The expansion PFS demonstrates the potential to increase average production to 197koz per annum for the first 7 years, and lower AISC¹ to potentially A\$970-975/oz (US\$730-735/oz²) and extend the mine life to 9 years
- The Board of Dacian Gold has approved the Feasibility Study and the expansion PFS; and, subject to procuring a suitable project financing package, approved the MMGP to proceed to construction targeting gold production in Q1 CY2018

¹ AISC = C1 Cash Cost (site-based mining, processing operating costs + administration costs + transport + refining charges) + royalties + sustaining capital costs

² AUD:USD exchange rate set at \$A1.00 = US\$0.75

Dacian Gold Limited (**Dacian Gold** or the **Company**) is pleased to announce the launch of a A\$150 million equity raising to co-fund the development of its 100% owned MMGP, located 20km south-west of Laverton in Western Australia.

The Offer

The A\$150 million equity raising will comprise a placement of 18 million new shares to raise A\$50 million (**Institutional Placement**) and the issue of 36 million new shares from a 4 for 15 accelerated non-renounceable entitlement offer to raise up to A\$100 million (**Entitlement Offer**) (together, **the Offer**). The Company will seek to place any shortfall from the Entitlement Offer to new and/or existing shareholders. At the Completion of the Offer, the Company will have approximately 190 million shares on issue.

The proceeds of the Offer will be used for:

- MMGP construction and development expenditure:
 - Project infrastructure including a new 2.5Mtpa treatment facility;
 - Mine-establishment costs;
- Exploration expenditure; and
- Corporate expenditure, working capital and contingency costs.

Development of the MMGP and continued exploration activities

The equity raising will contribute to the development of Australia's next high-grade mid-tier gold project with the MMGP Feasibility Study (see ASX announcement 21 November 2016) delivering:

- An initial Ore Reserve of 18.6Mt @ 2.0 g/t Au for 1.2Moz at an AISC of A\$1,039/oz (US\$779/oz);
- Initial 8 year mine and treatment schedule producing an average 186Koz per annum for the first 4 years;
- Infrastructure capital costs of A\$172M (US\$129M) and mine-establishment capital costs of A\$48M (US\$36M); and
- First gold production expected to commence in 16 months time in Q1 CY2018.

The MMGP has a payback period of less than 21 months using a A\$1,600/oz (US\$1,200/oz) gold price and an initial Ore Reserve period to payback period ratio of 4.3, confirming the MMGP as a new, high quality Australian mid-tier gold production centre.

All operational and financial approvals are progressing well with the key project permitting approvals having been submitted and expected to be obtained shortly. Additionally, project debt discussions are advanced with a number of reputable domestic and international banks; with the Company anticipating entering into a Project Facility Agreement in December 2016, with first draw down anticipated to be in Q2 CY2017.

The expansion PFS demonstrates the potential to expand the MMGP to 1.7Moz and extend the mine life from 8 years of Ore Reserves to 9 years with minimal additional capital expenditure of approximately A\$3 million. The expansion PFS includes:

- Potential increase of the 1.2Moz MMGP Ore Reserve to 21.4Mt @ 2.4g/t Au for 1.7Moz;
- Potential average gold production of 197koz per annum for the first 7 years; and
- Improvement in the corresponding MMGP AISC to potentially A\$970–975/oz (US\$730–735/oz)

Dacian Gold will maintain an aggressive exploration spend on the MMGP as the Company believes this will continue to yield gold discoveries that will increase the Ore Reserve life and project value.

Cautionary Statement – Expansion PFS

The Production Target described in the Expansion PFS comprises 1.2Moz of Ore Reserves and the potential mining of Inferred Mineral Resources that are contiguous with the Ore Reserves. There is a low level of confidence associated with the Inferred Mineral Resource and there is no certainty that further exploration will result in the conversion to Ore Reserves and that the Production Target itself will be realised.

Commentary

Dacian Gold’s Executive Chairman Rohan Williams said the equity raising would take the Company a key step closer to achieving its goal of becoming Australia’s next significant mid-tier gold producer.

“Mount Morgans is an outstanding project financially and technically with immense scope for growth in both the short and long term,” he said.

“It has a 16-month timeline to first production, an attractive capital and operating cost profile and a projected capital payback of just 21 months. It also has a compelling growth profile, as outlined in the recent expansion PFS, above the initial 1.2 million ounce Ore Reserve.

“The raising will pave the way for us to proceed quickly with project construction and mine development at Westralia and Jupiter, keeping us firmly on track to achieve our timetable of delivering first production and cash-flow in Q1 CY2018.

“It will also fund exploration campaigns aimed at making more discoveries on our extensive and highly prospective land-holding at Mt Morgans, where we believe the opportunity to continue to grow our gold inventory is exceptional.

“Project debt discussions to cover the balance of the estimated A\$220 million capital cost plus contingency are well advanced, and we expect to complete the project finance package this quarter - allowing us to begin construction early next year.

Canaccord Genuity (Australia) Limited and Euroz Securities Limited are joint lead managers to the Offer.

Treadstone Resource Partners acted as strategic and financial advisor to Dacian Gold.

Key Dates

Key dates for the Offer are outlined in the timetable below:

Key Event	Date ¹
Announcement of Outcome Under Placement and Institutional Entitlement Offer	Thursday, 1 December 2016
Trading in Dacian Gold Shares Recommences on an Ex-entitlement Basis	Thursday, 1 December 2016
Record Date for Entitlement Offer	7:00pm Thursday, 1 December 2016
Retail Entitlement Offer Opens	Monday, 5 December 2016
Retail Offer Booklet Dispatched	Monday, 5 December 2016
Settlement of New Shares Issued Under Placement and Institutional Entitlement Offer	Thursday, 8 December 2016
Allotment and Trading of New Shares Issued Under Placement and Institutional Entitlement Offer	Friday, 9 December 2016
Retail Entitlement Offer Closes	5:00pm Friday, 16 December 2016
Announcement of Outcome Under the Retail Entitlement Offer	Tuesday, 20 December 2016
Settlement of New Shares Issued Under Retail Entitlement Offer	Thursday, 22 December 2016
Allotment of New Shares Issued Under Retail Entitlement Offer	Friday, 23 December 2016
Dispatch of Holding Statements and Trading of New Shares Issued Under Retail Entitlement Offer	Wednesday, 28 December 2016

Note: (1) The above timetable is indicative only and subject to change. Dacian Gold, in conjunction with the Joint Lead Managers, reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws. All times and dates are in reference to AEDT.

For and on behalf of the Board



Rohan Williams

Executive Chairman

About Dacian Gold Limited

Dacian Gold Ltd listed on the ASX on 14 November 2012 after raising \$20M in its IPO to fund a 3 year exploration program at the Mt Morgans project it had acquired near Laverton, in Western Australia.

During the 3 years of intensive exploration, Dacian Gold discovered two plus one million ounce gold deposits at Westralia and Jupiter; and following the completion of a Scoping Study in September 2015, completed a \$25 million equity raising to complete a 90,000m resource–infill drill out and to fund a definitive Feasibility Study.

In November 2016, Dacian Gold released the results of the Feasibility Study which showed the Mt Morgans Gold Project to have an Initial Ore Reserve of 1.2 million ounces with an AISC of A\$1,039/oz over an initial 8 year period. The capital cost to build the project, including a new 2.5 Mtpa CIL treatment facility, is A\$220M which includes A\$172M of site–based infrastructure and A\$48M of mine establishment costs for the underground Westralia Mine Area and the open pit at Jupiter.

The Board, which includes Rohan Williams as Executive Chairman and Robert Reynolds, Barry Patterson and Ian Cochrane as non–executive directors, approved the construction of the project, subject to the Company entering into acceptable financing arrangements, which is targeting gold production in the first quarter of CY2018.

Dacian Gold will also maintain an aggressive exploration spend on the project it believes will continue to yield gold discoveries that will increase mine life and project value.

For further information on the equity raising please visit www.daciangold.com.au to view the Company’s presentation or contact:

Rohan Williams Executive Chairman Dacian Gold Limited +61 8 6263 9000	Paul Armstrong Investor Relations Read Corporate +61 8 9388 1474
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Appendix I

Mount Morgans Gold Project Mineral Resources at 28 July 2016

	COG	Measured			Indicated			Inferred			Total Mineral Resource		
		Au g/t	Mt	Au g/t	Koz Au	Mt	Au g/t	Koz Au	Mt	Au g/t	Koz Au	Mt	Au g/t
King Street*	0.5	-	-	-	-	-	-	0.5	2.0	33	0.5	2.0	33
Jupiter	0.5	1.0	1.7	54	23	1.4	1,006	5.7	1.1	197	29.6	1.3	1,257
Jupiter UG	1.5	-	-	-	-	-	-	0.5	2.0	34	0.5	2.0	34
Jupiter LG Stockpile	0.5	3.5	0.5	58	-	-	-	-	-	-	3.5	0.5	58
Westralia	2.0	0.4	5.0	65	4.8	5.5	840	3.5	6.5	715	8.6	5.8	1,621
Craic*	0.5	-	-	-	0.1	8.2	18	0.1	7.1	27	0.2	7.5	46
Transvaal	2.0	0.4	5.8	68	0.4	5.3	69	0.5	4.7	73	1.3	5.2	210
Ramomie	2.0	-	-	-	0.2	4.1	21	0.3	3.9	36	0.4	4.0	57
TOTAL		5.3	1.5	246	28.3	2.1	1,954	11.1	3.1	1,115	44.7	2.3	3,315
* JORC 2004													

*Refer to ASX release – 28 July 2016

Mount Morgans Gold Project Initial Ore Reserves

	COG (g/t)	Proved Ore Reserves			Probable Ore Reserves			Total Initial Ore Reserves		
		Tonnes (Kt)	Au g/t	Au (Koz)	Tonnes (Kt)	Au g/t	Au (Koz)	Tonnes (Kt)	Au g/t	Au (Koz)
Beresford UG	2.0	50	4.9	8	2,383	4.2	323	2,433	4.2	331
Allanson UG	2.0	-	-	-	882	5.7	162	882	5.7	162
Transvaal UG	1.4	193	4.7	29	325	3.4	36	518	3.9	65
Jupiter OP	0.5	867	1.7	48	13,884	1.3	595	14,751	1.4	643
INITIAL ORE RESERVE		1,110	2.4	85	17,475	2.0	1,115	18,585	2.0	1,200

*Refer to ASX release – 21 November 2016

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.

Competent Person Statement

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 Deposit Mineral Resource (see ASX Announcement 28 July 2016), Jupiter Prospect (see ASX Announcement 19 July 2016) and Transvaal Mineral Resources (see ASX announcement 16th September, 2015) and Ramornie Mineral Resources (see ASX announcement 24th 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 the Jupiter Low Grade Stockpile (see ASX announcement – 16th September, 2015) and is based on information compiled by Mr Rohan Williams who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Williams holds shares and options in, and is a director and full time employee of, Dacian Gold Ltd. Mr Williams has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 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 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, Jupiter Low Grade Stockpile, Transvaal, 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. Mr Williams has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Williams consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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

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

and Craic Mineral Resource has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last updated.

Ore Reserves

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

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

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