

MARCH QUARTER PRODUCTION UPDATE, REVISED FY2019 GUIDANCE AND MAIDEN AISC FOR MT MORGANS

**Production for upcoming June quarter expected to be in range of 50,000-55,000oz at
AISC of A\$1,050-\$1,150/oz**

KEY POINTS

- **Reduced underground equipment availability has contributed to lower-than-expected productivity for the March quarter, with gold production for the three months now expected to be between 36,000-38,000oz**
- **All-in sustaining costs (AISC) for the March quarter expected to be A\$1,400 -\$1,500/oz**
- **Equipment availability issues have now been resolved with productivities returning to design levels by the beginning of the June quarter**
- **June quarter production is expected to be in the range of 50,000-55,000oz at an AISC of A\$1,050-\$1,150/oz**
 - **Access to the higher-grade Cornwall Shear Zone at the Jupiter open pit has commenced on schedule and is performing well, underpinning the expected increasing grade profile during the June quarter**
 - **Underground tonnage contribution at Westralia to increase in the June quarter due to equipment availabilities normalising and as mining advances further into the Allanson deposit**
- **Dacian's updated FY2019 production guidance is 150,000-160,000oz, down from the previous target of 180,000oz**

Dacian Gold Ltd (**Dacian Gold** or the **Company**) (ASX: DCN) provides the following operations update for its 100%-owned Mt Morgans Gold Operation (**MMGO**) located near Laverton in Western Australia.

With one remaining gold pour for the March quarter, the Company now expects production to be within the range of 36,000-38,000oz (similar to the December quarter) at an AISC of between A\$1,400-\$1,500/oz. This will be the maiden reported AISC for the MMGO.

The lower-than-expected March quarter production stems mainly from reduced availability of underground equipment at Westralia.

The equipment availability issue has now been resolved and productivity is returning to normal levels. As a result, production for the June quarter is expected to be in the range of 50,000-55,000oz at an AISC of A\$1,050-A\$1,150/oz, representing an annualised production run-rate of over 200,000oz.

In light of these forecasts, FY2019 guidance now stands at 150,000-160,000oz, compared with 180,000oz previously.

Dacian Gold Executive Chairman Rohan Williams said the Company and its underground mining contractor had moved as quickly as possible to resolve the issues around equipment availability and return underground productivity to design levels.

“We are confident that the issues we faced in the March quarter have been resolved and we are forecasting a strong June quarter with a corresponding excellent all-in-sustaining-cost profile which puts us on track to achieve our targeted annualised production run-rate of 200,000oz,” Mr Williams said.

“Importantly, mine-to-mill reconciliation since processing of the Westralia underground and Jupiter open pit ores started in April last year remains very good at 101%. Mining dilution from the underground and the open pit remain at or better than Feasibility Study estimates, which is also a very good result.”

MARCH QUARTER IMPACTED PRINCIPALLY BY UNFAVOURABLE UNDERGROUND EQUIPMENT AVAILABILITIES AT WESTRALIA

Extraction rates for underground ore at Westralia (Beresford South, Beresford North and Allanson declines) were less than forecast production levels during the quarter due largely to underground load and haul equipment availabilities being materially below expectations.

The production shortfall peaked in February and was addressed in March through a number of actions which included the mobilisation to site by the underground mining contractor of two new 60t trucks and a new tele-remote loader. The Westralia underground mine now has a fleet of six 60t trucks and three tele-remote loaders operating and is currently on track to mine 100,000t during the month of March (giving rise to an annualised production rate from underground of 1.2 million tonnes per annum).

The low equipment availability led to lower production levels across the three declines which in turn delayed access to higher grade stopes that were scheduled to be mined during the March quarter.

The reduced number of mined higher grade stopes contributed to the lower production level of 36,000-38,000oz now envisaged for the March quarter.

Underground productivity rates have since returned to design levels during the month of March and the Company is confident that these issues have been largely resolved.

INCREASING OPEN PIT GRADES FROM HEFFERNANS OPEN PIT ON SCHEDULE

As planned, the month of March saw the production grade from Heffernans increase as mining advanced toward the thicker and higher grade mineralised Cornwall Shear Zone. This increase in grade continues during the June quarter where the mined grade is above the average Jupiter Ore Reserve grade.

JUNE QUARTER PRODUCTION TO INCREASE TO 50,000-55,000OZ AS THE HIGHER GRADE CORNWALL SHEAR ZONE UNDERPINS OPEN PIT PRODUCTION AND UNDERGROUND EQUIPMENT AVAILABILITIES RETURN TO DESIGN EXPECTATIONS

The Company expects June quarter production to be within 50,000-55,000oz at an AISC of A\$1,050-\$1,150/oz as both Westralia and Jupiter are set to operate at or above annualised design tonnage rates of 1Mtpa and 1.5Mtpa, respectively.

The combined tonnage rates, with an associated increase in grade profile from both mining areas, underpin the anticipated improvement in forecasted production levels.


MINE RECONCILIATION AND MINING DILUTION CONTINUING TO PERFORM VERY WELL

As at the end of February reconciled mine-to-mill metal reconciliation for all Westralia underground and Jupiter open pit ore processed to date was at 101%.

As at the end of February the net unplanned mining dilution of the first 115 stopes completed from the Westralia underground was less than 1%. Ore loss and dilution from the Jupiter open pit through to the end of February was less than the corresponding ore loss and dilution levels used in the Feasibility Study.

The mine-to-mill reconciliation and mining dilution levels seen since the commencement of ore treatment and mining operations respectively have performed very well. The Company expects similar reconciliation and dilution levels to continue and will remain a key focus for operational personnel.

For and on behalf of the Board



Rohan Williams
Executive Chairman & CEO



About Dacian Gold Limited

Dacian Gold Limited (ASX: DCN) has cemented its position as a significant new mid-tier Australian gold producer with the declaration of Commercial Production on 1 January 2019 at its targeted 200,000ozpa, 100%-owned Mt Morgans Gold Operation (MMGO), located near Laverton in Western Australia.

With an initial Ore Reserve of 1.4Moz, a Mineral Resource of 3.5Moz (including Ore Reserves) and highly prospective exploration tenure, Mt Morgans is the largest new gold mine to come on stream in Australia in the past six years.

Combining a targeted AISC of approximately A\$1,050/oz at MMGO, a focus on expanding operating margins and generating free cash flow will further strengthen the Company's balance sheet while pursuing numerous organic growth options at the MMGO.

The Board comprises Rohan Williams as Executive Chairman & CEO; and Robert Reynolds, Barry Patterson and Ian Cochrane as non-executive directors.

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

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APPENDIX 1

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

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

Mt Morgans Gold Operation Mineral Resources as at 31 July 2018

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

* JORC 2004 Resource. Rounding errors will occur.

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

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

Mt Morgans Gold Operation Ore Reserves as at 1 July 2018

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

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

Competent Person Statement

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

Exploration

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

Mineral Resources

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

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

Ore Reserves

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

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

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

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

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

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