

6 March 2017

DACIAN SET TO AWARD KEY PLANT CONSTRUCTION CONTRACT AT MT MORGANS TO GR ENGINEERING

Final EPC contract expected to be signed by mid-March ensuring Dacian remains on track to achieve its timetable of pouring first gold within 13 months

Dacian Gold Limited (ASX: DCN) (**Dacian Gold** or the **Company**) is pleased to advise that it has taken another important step towards development of its 100%-owned Mt Morgans Gold Project (**MMGP**) in Western Australia after issuing a conditional Letter of Intent for the award of the principal engineering, procurement and construction (**EPC**) contract to Australian engineering company GR Engineering Services Ltd (ASX: GNG) (**GRES**).

The conditional Letter of Intent relates to the engineering, procurement and construction of a new 2.5 million tonne per annum (**Mtpa**) carbon-in-leach (**CIL**) treatment facility and certain other supporting infrastructure to be constructed at the MMGP, located 25km south-west of Laverton in WA.

The Letter of Intent follows the recent announcement by Dacian Gold of a fully underwritten \$110 million equity raising (see ASX Announcements, 22 and 24 February 2017) which completes its funding arrangements for the MMGP and puts it on track to commence full-scale construction within weeks.

The treatment facility will be constructed proximal to the Jupiter open pit, which lies in the eastern half of the 640km² MMGP and is one of two key ore sources for the project. Ore will also be sourced from two new high-grade underground gold mines at Westralia, located only 15km west of the site of the new treatment facility.

In addition to the new 2.5Mtpa CIL treatment facility, the conditional Letter of Intent is for the EPC of:

- the tailings storage facility;
- the raw water supply infrastructure;
- workshops, offices and other infrastructure to support the Jupiter open pit;
- a site main administration complex; and
- construction of a new section of haul road between the new treatment facility and the existing Jupiter haul road.

It is envisaged that the final EPC contract will be signed around the middle of March 2017, following agreement of the final terms and conditions in the EPC contract and the receipt of approval from the Dacian Gold Board. It is expected that the form of the EPC contract will be a Guaranteed Maximum Price (**GMP**) with any under-run of the GMP to be shared between GRES and Dacian Gold.

GRES has already commenced an Early Works Program focussing on the completion of final engineering drawings, procuring tenders and placing orders for certain critical items ahead of the signing of the final EPC contract.

GRES is a leading WA-based engineering consulting and contracting company that specialises in providing high-quality engineering design and construction services to the mining and mineral processing industries. Its clients range from junior and mid-tier resource companies through to international mining houses.

Dacian Gold’s Executive Chairman Rohan Williams said the issue of a conditional Letter of Intent to GRES marked another significant milestone in the Company’s journey towards becoming Australia’s next significant mid-tier gold producer.

“This follows hard on the heels of the recently announced fully underwritten A\$110 million equity raising that now completes the financing required for the construction of the MMGP, ensuring that we remain on track to achieve our timetable of delivering first gold production in the first quarter of next year.

“We have enjoyed a long-standing relationship with GRES at Mt Morgans which has included the metallurgical testwork and treatment plant design work for the MMGP Feasibility Study, as well as with previous EPC contracts with other organisations where some of our senior executives have been involved.

“The GRES team know the Mt Morgans project well and they have a strong understanding of our culture and objectives. They represent an excellent fit for us, and we are looking forward to working closely with them as we begin construction of the project in the coming weeks.

“In the meantime, we are continuing to make strong progress at Mt Morgans on numerous other fronts, including the recent commencement of exploration drilling at Cameron Well with two rigs. This should ensure that we can deliver strong news-flow over the coming months from both project development activities and organic exploration and growth initiatives – a great combination for any emerging gold company.”

For further information please visit www.daciangold.com.au or contact:

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For and on behalf of the Board



Rohan Williams
Executive Chairman