

18 January 2017

## QUARTERLY ACTIVITIES REPORT TO 31 DECEMBER 2016

### *Pivotal quarter for Dacian paves way for start of construction at Mount Morgans*

#### Highlights

##### **Mt Morgans Gold Project (MMGP) Feasibility Study completed with key outcomes including:**

- An initial Ore Reserve of 18.6Mt @ 2.0 g/t Au for 1.2Moz at an AISC of A\$1,039/oz comprising:
  - The Westralia Mine Area (Beresford and Allanson underground mines) initial Ore Reserve of 492Koz at an AISC of A\$837/oz over an initial 4 year period; and
  - The Jupiter Mine Area Ore Reserve of 643Koz from a 1.8km long open pit at an AISC of A\$1,193/oz mined over an 8 year period;
- Infrastructure capital costs of A\$172M including:
  - New 2.5Mtpa CIL treatment facility and tailings storage facility; 416-person accommodation village, construction of mine service facilities at the Westralia and Jupiter Mine Areas; administration complex, power reticulation, establishment of raw water supply; re-establishment of haul and service roads; and phone, data and radio communications;
- Mine-establishment capital costs of A\$48M at the Beresford and Allanson underground mines; and the Jupiter open pit;
- Gold production to commence in Q1 CY2018; and
- Project payback period of 21 months using A\$1,600/oz gold price (US\$1,200/oz).

##### **MMGP expansion Pre-Feasibility Study (which incorporates the MMGP Feasibility Study) also completed with key outcomes including:**

- Potential increase of the 1.2Moz MMGP Ore Reserve to 21.4Mt @ 2.4g/t Au for 1.7Moz;
- Corresponding MMGP AISC improves to potentially A\$970-975/oz;
- Westralia Mine Area potentially increases to 938Koz at an AISC of A\$795-805/oz;
- 73% of ounces considered in the expansion PFS underpinned by the existing high confidence Ore Reserves;
- Mine life potentially extends to 9 years with first 7 years averaging 197Koz of annual gold production; and
- An additional capital expenditure of approximately A\$3M with no additional financing or material permitting requirements assumed in the expansion PFS.

**A \$150M Project Facility Agreement signed with Westpac, ANZ and BNP Paribas.**

**A \$26M placement at \$2.50 per share completed to new and existing sophisticated and institutional investors.**

**Construction activities, including earthworks at both the site of the accommodation village and the Westralia Mine Area, commenced at Mt Morgans following receipt of the following key regulatory approvals and permits:**

- Mine Proposal and Mine Closure Plan;
- Mt Morgans Project Management Plan; and
- Native Vegetation Clearing Permit.

**Ten 50m x 50m spaced infill diamond drill holes completed to test the Inferred Mineral Resource at the south end of the Allansons underground Ore Reserve. Best results include:**

- 1.4m @ 7.8 g/t Au from 471m
- 3m @ 4.6 g/t Au from 285m
- 7m @ 3.9 g/t Au from 339m
- 3.2m @ 3.3 g/t Au from 272m

Dacian Gold Executive Chairman, Rohan Williams said “the December quarter marked the culmination of a very busy and highly successful year for the Company. We began 2016 with a major 90,000m resource drill-out which then underpinned a maiden Ore Reserve of well over one million ounces of gold and the delivery of a robust definitive Feasibility Study and expansion PFS, both of which were completed in November.

We ended the year by announcing a \$150 million project facility and a \$26 million share placement, giving us the momentum to commence construction works at Mt Morgans early in 2017. We remain on track to be Australia’s next mid-tier gold producer with first production scheduled for Q1 in CY2018”

“We are also very excited about what our exploration activities will deliver for this coming year. We will be focusing initially on increasing the Jupiter Ore Reserve, where we have already seen numerous shallow, high grade drill results near the proposed open pit; and we are planning on a major infill drill program over the multi-kilometre Cameron Well near-surface gold anomaly.”

## INTRODUCTION

Dacian Gold's 100% owned Mt Morgans Gold Project (MMGP) is located 25km south-west 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, and in less than three years Dacian Gold has discovered two +1 million ounce gold deposits at Westralia and Jupiter.

In the June 2016 quarter, the Company released the final drilling results from the 90,000m in-fill drilling programs at both the Jupiter and Westralia deposits that commenced in early 2016. In the September 2016 quarter, the Company announced the upgraded Mineral Resources for Westralia and Jupiter giving rise to a total of 3.3 million ounces for the MMGP, including 2.2 million ounces of Measured and Indicated Mineral Resource.

A key highlight of the December 2016 quarter was the release of MMGP Feasibility Study and the MMGP expansion Pre-Feasibility Study (see ASX announcement 21 November 2016), with results of both studies described in more detail below.

Additionally, the Company signed a A\$150 million senior project debt facility (see ASX announcement 21 December 2016) as well as completing a A\$26 million placement to new and existing sophisticated and institutional investors (see ASX announcement 5 December 2016).

Exploration drilling completed during the quarter is also described below, and remains an ongoing and important initiative for the Company.

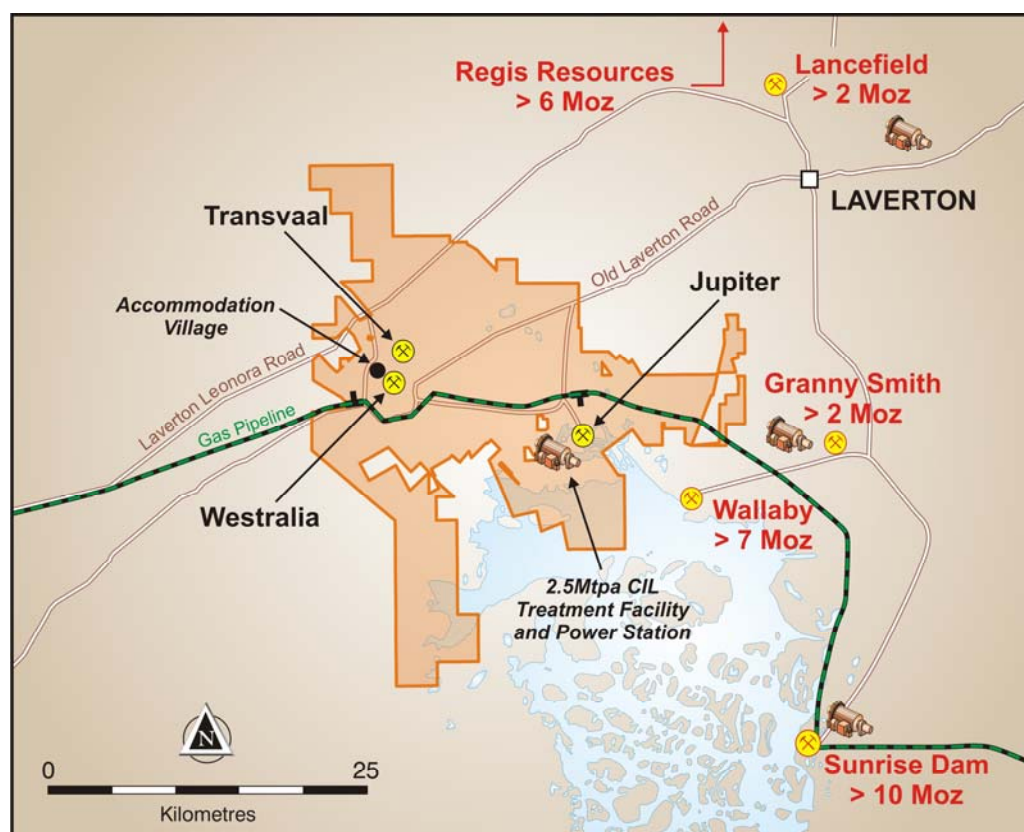


Figure 1: Location map showing Dacian Gold's 100% owned MMGP tenure (orange), including the Westralia and Jupiter Deposits. Also shown is the location of existing and proposed infrastructure as well as proximal multi-million ounce gold deposits.

## **MMGP FEASIBILITY STUDY**

The Mt Morgans Gold Project (MMGP) Feasibility Study shows the MMGP is both technically and economically feasible beginning its life with an initial Ore Reserve of 18.6Mt @ 2.0g/t Au for 1.2Moz over an 8 year period with an average all-in-sustaining-cost (AISC) of A\$1,039/oz (US\$779/oz). Key outcomes from the Feasibility Study include:

- 3.8Mt @ 4.5g/t Au for 557Koz is mined from underground mines of which 492Koz is mined from the Westralia Mine Area (Beresford and Allanson) at an AISC of A\$837/oz (US\$628/oz);
- 14.8Mt @ 1.4 g/t Au for 643Koz is mined from a single open pit, 1.8km long, up to 650m wide and 220m deep in the Jupiter Mine Area at an AISC of A\$1,193/oz (US\$895/oz);
- Infrastructure capital costs of A\$172M (US\$129M) include a new 2.5Mtpa CIL treatment facility and tailing storage facility; establishment of raw-water supply infrastructure, a new 416-person accommodation village, construction of mine service area facilities (including offices, workshops, fuel storage and power distribution) at both the Westralia and Jupiter Mine areas; administration complex, reticulation of overhead power from the power station, re-establishment of previously used haul roads and service roads; and installation of mobile phone, data, voice and radio communications infrastructure;
- Mine-establishment capital costs of A\$48M (US\$36M) at Beresford, Allanson and the Jupiter open pit so as to deliver high grade stocks to the ROM pad ahead of Q1 CY2018 commissioning of the 2.5Mtpa CIL treatment facility;
- The Feasibility Study production schedule delivers 171Koz in year 1, 224Koz in year 2, 196Koz in year 3 and 152Koz in year 4 as the impact of the high-grade high-margin Westralia Mine Area ores reduces with the depletion of its initial Ore Reserve;
- The low-cost nature of the preferentially mined high-grade ores from the Westralia Mine Area provides a Project payback period of less than 21 months using a \$A1,600/oz (US\$1,200/oz) gold price; and
- The initial Ore Reserve period to payback period ratio of 4.3 confirms the MMGP as a new, high quality Australian mid-tier gold production centre.

The Board of Dacian Gold approved the Feasibility Study and, subject to completion of financing, approved the MMGP to proceed to construction targeting gold production in Q1 CY2018.

## **Mining/Ore Reserves**

The initial Ore Reserve for the MMGP is 18.6Mt @ 2.0g/t Au for 1.2Moz over an initial mining and treatment period of 8 years. Table 1 below is a summary of the MMGP Ore Reserve.

The MMGP is essentially a large underground mining complex at Westralia and a single large open pit at Jupiter, both feeding a new 2.5Mtpa CIL treatment facility to be built close to Jupiter. The initial Ore Reserve for the MMGP shows that Jupiter contributes approximately 80% of the tonnage feed to the treatment plant for 54% of the ounces. Correspondingly, the initial Ore Reserve for the underground mines contributes 46% of the ounces to the treatment plant and only 20% of the tonnage.

### 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
<b>INITIAL ORE RESERVE</b>		<b>1,110</b>	<b>2.4</b>	<b>85</b>	<b>17,475</b>	<b>2.0</b>	<b>1,115</b>	<b>18,585</b>	<b>2.0</b>	<b>1,200</b>

Table 1 – Initial Ore Reserves for the Mt Morgans Gold Project. Rounding errors may occur.

Given the high-grade and high-margin nature of the Westralia Mine Area ores, all material mined from the Beresford and Allanson underground mines is prioritised as early production sources in the mining and treatment schedules in order to maximise the cash-margin from the early stage mining at Mt Morgans.

A core focus for Dacian Gold is to extend the Westralia Mine Area Ore Reserve life beyond 2021, and the Inferred Mineral Resource of 3.5Mt @ 6.5g/t Au for 715,000 ounces that lies directly along strike and beneath, and is contiguous with, the Beresford and Allanson Ore Reserves provides the Company with the potential to extend the mine life at both Beresford and Allanson.

The Feasibility Study was managed by Dacian Gold with several well-regarded mining consultants assisting in the estimation of Ore Reserves, including Orelogy Consulting Pty Ltd, Entech Pty Ltd, Peter O'Bryan & Associates, Groundwater Resource Management Pty Ltd and Blueprint Environmental Strategies. GR Engineering Services Ltd completed all infrastructure designs and costings including the 2.5Mtpa CIL treatment facility.

#### Westralia Mine Area

The Westralia Mine Area comprises the Beresford and Allanson underground mines, both of which lie beneath the historic 900,000 ounce Westralia open pit, and both of which contain the down dip-continuation of those lodes mined in the historic open pit (see Figure 2).

The Westralia Mine Area contains a Mineral Resource of 8.6Mt @ 5.8g/t Au for 1.62Moz of which 5.2Mt @ 5.4g/t Au for 905Koz is defined as Measured and Indicated. It is from the 905Koz Measured and Indicated Mineral Resource that 3.3Mt @ 4.6g/t Au for 492Koz has been estimated as initial Ore Reserves. The forecast all-in-sustaining-cost (AISC) of the Westralia Mine Area Ore Reserves is A\$837/oz (US\$628/oz). It is likely the Beresford and Allanson underground mines will become two of the lowest cost underground gold mines in Australia.



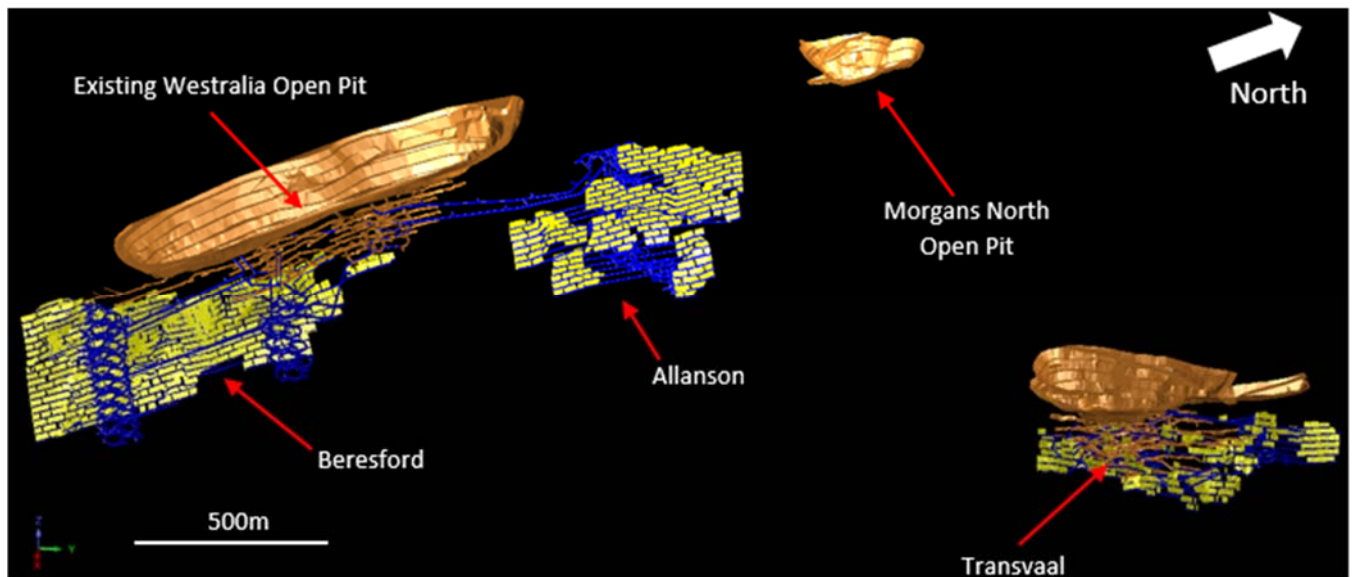


Figure 2 – Isometric long section of the Beresford and Allanson Ore Reserves (together Westralia Mine Area); and the Transvaal Ore Reserve. New mine development is blue and stoping is yellow. Existing mine development shown in brown.

Beresford's initial Ore Reserve is 2.4Mt @ 4.2g/t Au for 331Koz which is to be mined at an AISC of A\$845/oz (US\$634/oz), whereas the Allanson initial Ore Reserve of 0.9Mt @ 5.7g/t Au for 162Koz ounces has a corresponding AISC of A\$819/oz (US\$614/oz). For both the Beresford and Allanson mine designs, Dacian Gold focused on maximising cash-margins, and in doing so, omitted several stoping blocks and associated development despite these areas having production grades in excess of cut-off grades. The Company's early-production objective is to maximise the cash-generating ability of the mines to accelerate pay-back.

Both Beresford and Allanson will be mined utilising a top-down, sub-level open stoping arrangement commonly seen throughout the Western Australian gold fields. Both mines will be accessed off existing mine development associated with the historic Westralia open pit and underground mine.

The Transvaal Ore Reserve of 0.5Mt @ 3.9g/t Au for 65Koz mines ore that lies beneath the previously mined underground mine. The estimated AISC is A\$1,074/oz (US\$806/oz) and is scheduled for commencement of mining in 2020.

### Jupiter Mine Area

The Jupiter Mine Area is defined principally by a single large open pit measuring 1.8km long, up to 650m wide and up to 220m deep (see Figure 3). The initial Ore Reserve at Jupiter is 14.8Mt @ 1.4g/t Au for 643Koz and with a strip ratio of 7.5. It will be mined and treated over the 8 year period of the MMGP Ore Reserve. As noted above, a key focus for Dacian Gold is to preferentially mine and process the high-grade, high-margin ores from the Westralia Mine Area. Such ores will take priority in the treatment schedule with any available treatment capacity to be consumed by treating the Jupiter ores.

The individual deposits that make up the large 1.8km long Jupiter open pit comprise Doublejay, Heffernans and Ganymede. Each of the three deposits can be mined and scheduled separately and have been assumed for the Feasibility Study to follow the production schedule:



- Heffernans: 323Koz mined at an AISC of A\$1,108 (US\$831/oz);
- Doublejay: 268Koz mined at an AISC of A\$1,241 (US\$931/oz); and
- Ganymede: 52Koz mined at an AISC of A\$1,485 (US\$1,114/oz).

Should Dacian Gold be successful in identifying higher-value ores during its aggressive exploration campaigns or converting high grade Inferred Mineral Resource at Westralia Mine Area to Ore Reserves, then it will have the option to preferentially mine and treat such material in place of the Jupiter ores.

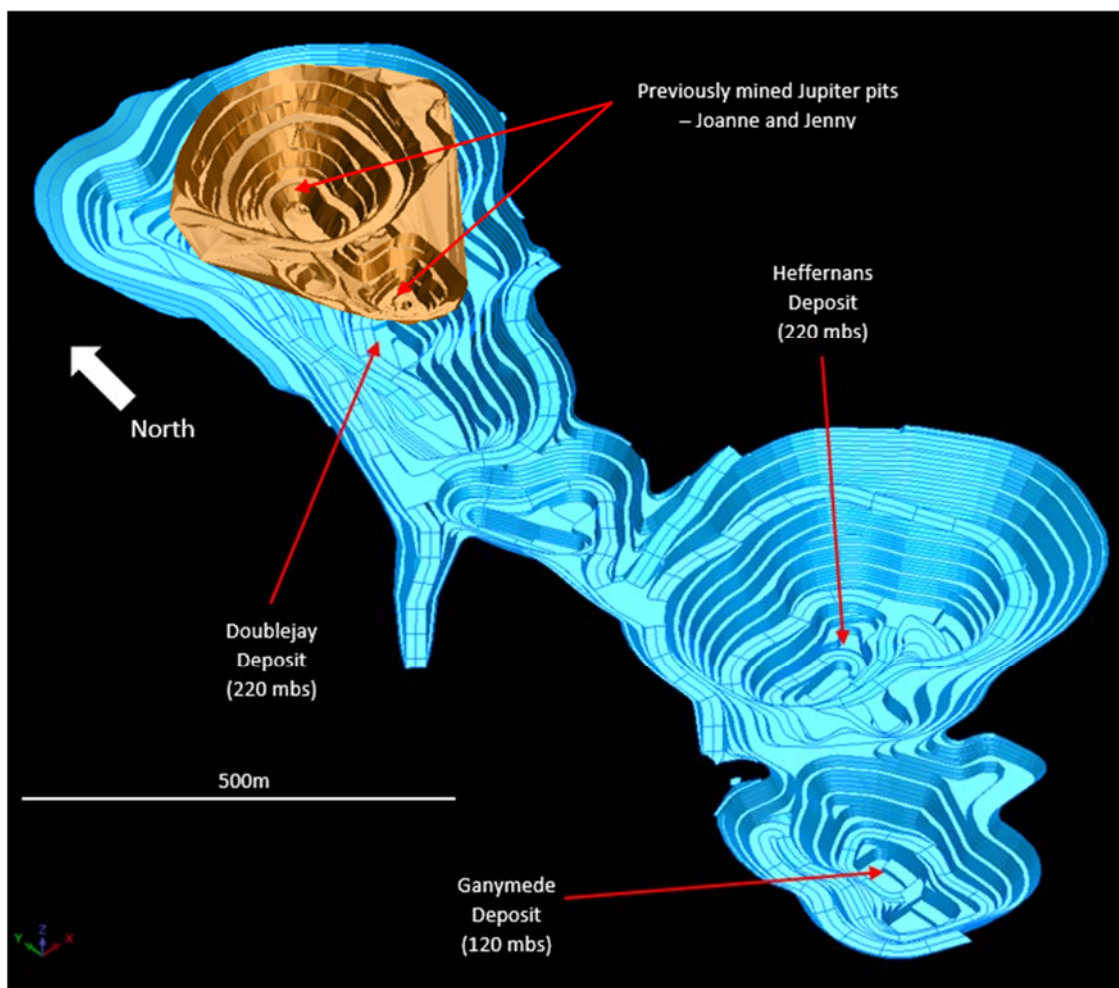


Figure 3 – Jupiter Mine Area open pit Ore Reserve design in blue, with the historic open pit mine in brown.

### Processing

Over 100 leach testwork programs on top of extensive comminution and gravity recovery tests of ores from Beresford, Allanson and Jupiter have determined an average expected recovery of 90.7% for the new 2.5Mtpa MMGP processing facility. This compares favourably with the historic recovery achieved from the old Mt Morgans CIP/CIL treatment plant (since removed) which recorded a recovery of 91.4% from a 10 year treatment history during the 1990s that processed over 10Mt of ore and produced over 740,000 ounces of gold.

The main ore feed sources for the historic treatment facility during the 1990s at Mt Morgans were Westralia, Jupiter and Transvaal. The main ore feed sources for the newly proposed 2.5Mtpa CIL treatment plant at the MMGP is also Westralia (Beresford and Allanson), Jupiter and Transvaal.

The proposed process design for the new plant incorporates an SABC configuration (primary crush, SAG mill, pebble crush and ball mill, see Figure 4) which is similar to the configuration used during the 1990s at Mt Morgans.

The crushing and milling of ores is designed to produce a P80 passing 106 microns. The MMGP ores exhibit coarse gold able to be recovered using gravity concentrators. Leach residence time will be 28 hours. Gold dore will be smelted on site and transported to the refinery prior to sale.

The process flowsheet for the new 2.5Mtpa CIL treatment facility at the MMGP is similar to many other treatment plants seen throughout the Western Australian gold fields.

Treatment costs are estimated at A\$17.88/t.

Power will initially be provided by a diesel-fuelled 20MW power station built close to the site of the treatment plant near to the Jupiter open pit mine. It is anticipated the power station will be constructed under a build-own-operate arrangement. Dacian Gold may investigate gas-fired power once it is able to measure power draw from the site after an initial 12 month operating period.

A breakdown of ore mined and ounces produced over the initial 8 year Ore Reserve, by year, is shown in Table 2.



Figure 4 – 3D-image of new 2.5Mtpa CIL treatment facility with Jupiter open pit in the background.



### MMGP Initial Ore Reserve Mine and Gold Production Schedule

			2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>UG Mined</b>	Kt	<b>3,834</b>	38	734	1201	1221	613	27			
	g/t	<b>4.5</b>	3.4	5.3	4.2	4.3	4.7	5.1			
	Koz.	<b>558</b>	4	124	164	167	93	4			
<b>OP Mined</b>	Kt	<b>14,752</b>	4	1869	1713	1585	1986	3124	2503	1861	107
	g/t	<b>1.4</b>	0.7	1.2	1.6	1.1	1.2	1.5	1.2	1.6	2.3
	Koz.	<b>643</b>	0.1	72	90	55	77	152	93	97	8
<b>TOTAL MINED</b>	Kt	<b>18,585</b>	42	2,602	2,914	2,806	2,599	3,151	2,503	1,861	107
	g/t	<b>2.0</b>	3.1	2.3	2.7	2.5	2.0	1.5	1.2	1.6	2.3
	Koz.	<b>1,200</b>	4	197	254	222	170	156	93	97	8
<b>Ore Treated</b>	Kt	<b>18,585</b>		1,991	2,500	2,507	2,500	2,500	2,500	2,507	1,581
	Recovery	<b>90.7%</b>		90.8%	90.7%	90.6%	90.2%	89.9%	89.6%	88.7%	85.3%
<b>Gold Produced</b>	Koz.	<b>1,089</b>		171	224	196	152	130	82	100	33

Table 2 – Ore mining and gold production schedule for the MMGP initial Ore Reserves

### Infrastructure Capital Costs

The estimated capital cost for all Project infrastructure is A\$172M (US\$129M).

The estimated cost of the new 2.5Mtpa treatment facility, including associated infrastructure, is \$134.2M. Other material capital items include a new 416-person accommodation village at A\$20.8M, Mine Service Areas Facilities at \$7.3M, communications at \$4M and earthworks and roads at \$4M.

Dacian Gold believe there are opportunities to improve on the estimated process plant and infrastructure capital costs. These include possible savings on the estimated cost of A\$20.8M for a new accommodation village as well as over A\$4M for a fleet of new light vehicles in the treatment plant capital cost. The Company believes it may be able to procure a second-hand accommodation village and lease new vehicles – all of which may positively impact the capital cost outlay.

### Project Permitting

Key approvals including the Mining Proposal and Mine Closure Plan application; and the Native Vegetation Clearing Permit application were approved during the December quarter. The Works Approval and Licence application required for dewatering is expected to be approved during the March quarter.

All tenure required to develop the Project lies on granted Mining Leases and Miscellaneous Licences.

## Project Finance

The total capital cost to develop the Project is A\$220M (US\$165M) which includes A\$172M (US\$129M) for site-infrastructure including a new 2.5Mtpa CIL processing facility, and A\$48M (US\$36M) for mine-establishment capital to develop the Beresford and Allanson underground mines; and the Jupiter open pit ahead of the commencement of ore treatment in Q1 CY2018.

As noted above, Project payback occurs in less than 21 months at a gold price of A\$1,600/oz. The initial Ore Reserve period to Payback ratio of 4.3 provides the Company with confidence it will be able to finance the Project on attractive terms.

During the quarter the Company signed a \$150M Project Facility and completed a \$26M share placement. Refer to the section of this report titled *Financings Completed During the Quarter* (page 19).

## Project Schedule

Table 3 summarises the key milestones and timelines required to achieve gold production in Q1 CY2018.

MMGP Project Delivery Schedule	2016	2017				2018
	Q4	Q1	Q2	Q3	Q4	Q1
Regulatory Approvals Granted	assessment →	★				
Commence Plant Construction			processing plant construction →			
Processing Plant Commissioned						★
Commence Beresford UG mine dev't			★	mine development to steady state production →		
First ore mined from Beresford					★	
Commence Jupiter OP pit mine dev't					★	mine dev →
Commence Allanson UG mine dev't						★ mine →
First gold production						★

Table 3 – MMGP milestones and Project delivery schedule

## MMGP EXPANSION PRE-FEASIBILITY STUDY

Reported at the same time as the MMGP Feasibility Study, the Company also released the results of the MMGP expansion Pre-Feasibility Study (PFS) assessing the potential impact of expanding the Westralia Mine Area (see ASX announcement 21 November 2016). Key outcomes from the PFS include:

- The MMGP production may increase from an Ore Reserve of 18.6Mt @ 2.0g/t Au for 1.20 million ounces to 21.4Mt @ 2.4 g/t Au for 1.65 million ounces;



- The corresponding MMGP Ore Reserve AISC could improve from A\$1,039/oz (US\$779/oz) in the current Feasibility Study to a possible AISC of A\$970-975/oz (US\$730-735/oz) for the expansion PFS;
- The expansion PFS focused on the potential expanded production from the Westralia Mine Area (Beresford and Allanson mines). The expansion PFS does not include any changes to the mining of the Jupiter and Transvaal Ore Reserves;
- A potential increase of the Westralia Mine Area Ore Reserve of 492,000 ounces at an AISC of A\$837/oz (US\$628/oz) to 938,000 ounces at an AISC of A\$795-805/oz (US\$595-605/oz) is indicated by the expansion PFS;
- A potential average gold production of 197,000 ounces per annum for the first 7 years;
- The mine life increases from 8 years in Ore Reserve to potentially 9 years; and
- An assumed additional capital expenditure of approximately \$3 million to increase capacity of tailings storage facility. No other infrastructure, material changes to permitting or financing requirements are assumed to be necessary for the PFS.

The Westralia Mine Area is located in the western half of the MMGP and comprises two underground gold mines (Beresford and Allanson), which together have an estimated Ore Reserve of 3.3Mt @ 4.6g/t Au for 492Koz with a corresponding forecast AISC of A\$837/oz (US\$628/oz). The initial Ore Reserves of the Westralia Mine Area sit along strike, above, and are geologically continuous with, an Inferred Mineral Resource of 3.5Mt @ 6.5g/t Au for 715Koz (see Figure 5).

By applying the same mine design parameters used in estimating the Westralia Mine Area Ore Reserves to the contiguous Inferred Mineral Resource, it shows the potential for an increased production scenario of the MMGP to 21.4Mt @ 2.4g/t Au for 1.65 million ounces.

The potential future expanded production profile from 1.2 million ounces of Ore Reserves to 1.7 million ounces as determined from the PFS accounts for a 38% increase in ounces. Significantly the 1.7 million ounces remains underpinned by 73% high confidence Ore Reserves, and assumes a successful upgrade and conversion of the lower confidence Mineral Resources at depth.

No material changes to the Westralia mineralisation are anticipated at depth, and the forecast AISC of the expanded MMGP potential production profile improves from A\$1,039/oz in the Ore Reserve to potentially A\$970-975/oz (US\$730-735/oz), in the case of the PFS.

The expansion PFS further confirms the potential of the Westralia Mine Area to be one of Australia's lowest cost underground gold mines.

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The expansion PFS outcomes are underpinned by a declared Ore Reserve (73%) and include a minor contribution (27%) of Inferred Mineral Resource. The Company notes that an Inferred Mineral Resource has a lower level of confidence 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) can be upgraded to Indicated Mineral Resources with further exploration work.

The MMGP's geology and mineralisation are well understood. 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.

## Mineral Resources

The Mineral Resource used in this expansion PFS is shown in Table 4 and Figure 5.

### 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	Koz Au
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
Ramornie	2.0	-	-	-	0.2	4.1	21	0.3	3.9	36	0.4	4.0	57
<b>TOTAL</b>		<b>5.3</b>	<b>1.5</b>	<b>246</b>	<b>28.3</b>	<b>2.1</b>	<b>1,954</b>	<b>11.1</b>	<b>3.1</b>	<b>1,115</b>	<b>44.7</b>	<b>2.3</b>	<b>3,315</b>
* JORC 2004													

Table 4 – Mount Morgans Gold Project Mineral Resources at 28 July 2016. The Mineral Resources highlighted in white were used in the expansion PFS. Rounding errors may occur. Mineral Resources are inclusive of Ore Reserves.



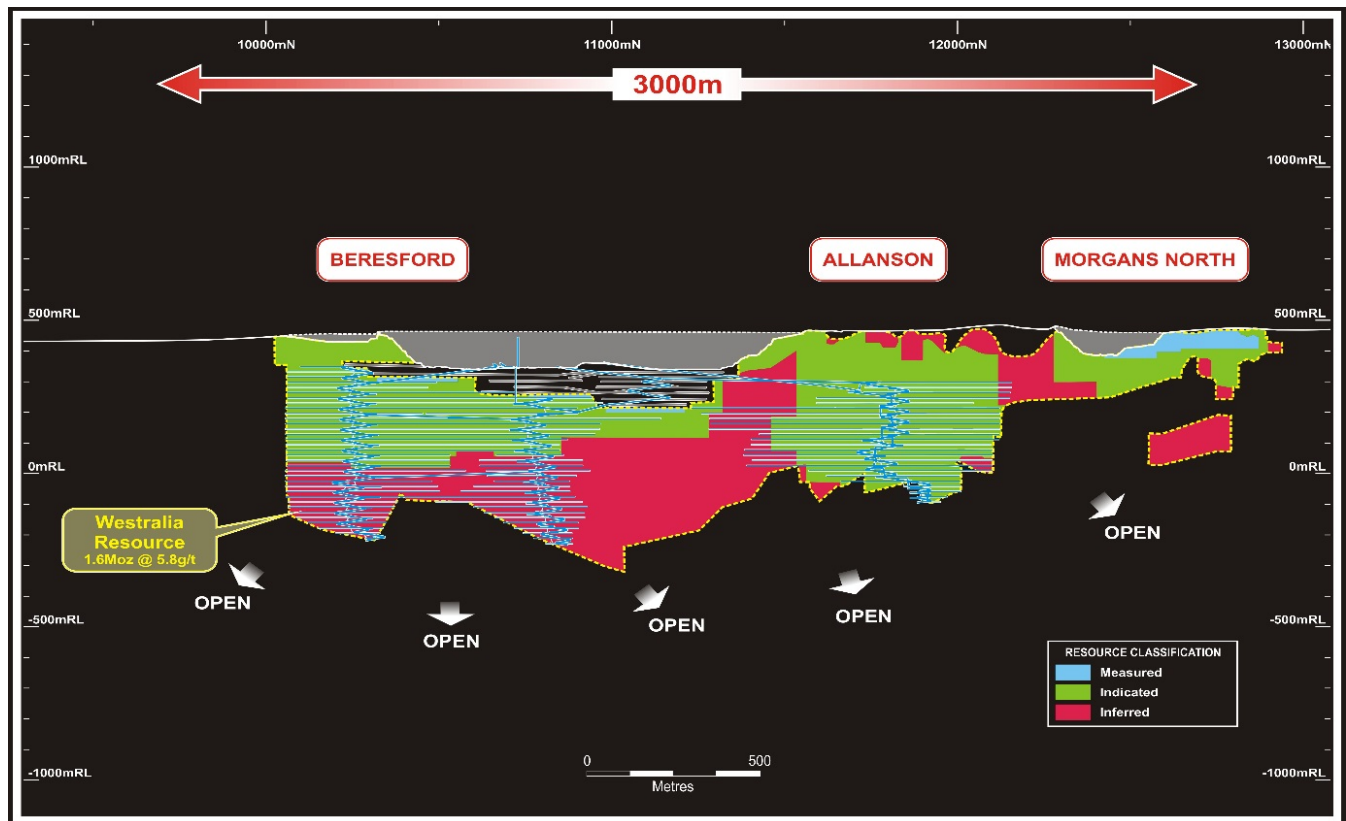


Figure 5 - Westralia Mine Area long section showing the extent of the 715,000oz, 6.5g/t Au Inferred Mineral Resource (area shaded red) that was assessed in the expansion PFS as a potential future production source. Mine design at Beresford and Allanson is shown as the blue development layout: those areas underlain by green shade represents the initial Ore Reserve, whereas those areas underlain by green and red represent the potential outlined in the PFS. Note the MMGP Ore Reserves total 73% of the potential MMGP expansion PFS production scenario.

## Mining

The individual production sources of the 1.7 million ounce potential profile considered in the expansion PFS are shown below in Table 5. The only change from the Ore Reserve production sources described above under the MMGP Feasibility Study section is from the Beresford and Allanson underground mines. This expansion PFS does not contain any material from the Jupiter Mine Area and the Transvaal underground mine additional to the defined Ore Reserves.

### MMGP Expansion PFS Mining Summary

	COG (g/t)	Tonnes (Kt)	Au (g/t)	Au (Koz)
Beresford UG	2.0	4,540	4.7	682
Allanson UG	2.0	1,590	5.0	256
Transvaal UG	1.4	520	3.9	65
Jupiter OP	0.5	14,750	1.4	643
<b>PFS Total Mining</b>		<b>21,400</b>	<b>2.4</b>	<b>1,650</b>
% of PFS comprising Ore Reserves (ounces)	<b>73%</b>	18,590	2.0	1,200
Forecast AISC	A\$970-975/oz			
	US\$730-735/oz			

Table 5 – MMGP expansion PFS production sources and forecast key metrics.

### Westralia Mine Area

The detailed mine design work for the Beresford and Allanson underground mines (together the Westralia Mine Area) that was applied to the initial Ore Reserve estimate for both mines was applied to the mining of the geologically contiguous Inferred Mineral Resource considered in the expansion PFS.

Figure 6 shows the extent of the possible production of the Beresford and Allanson underground mines, considered in the PFS.

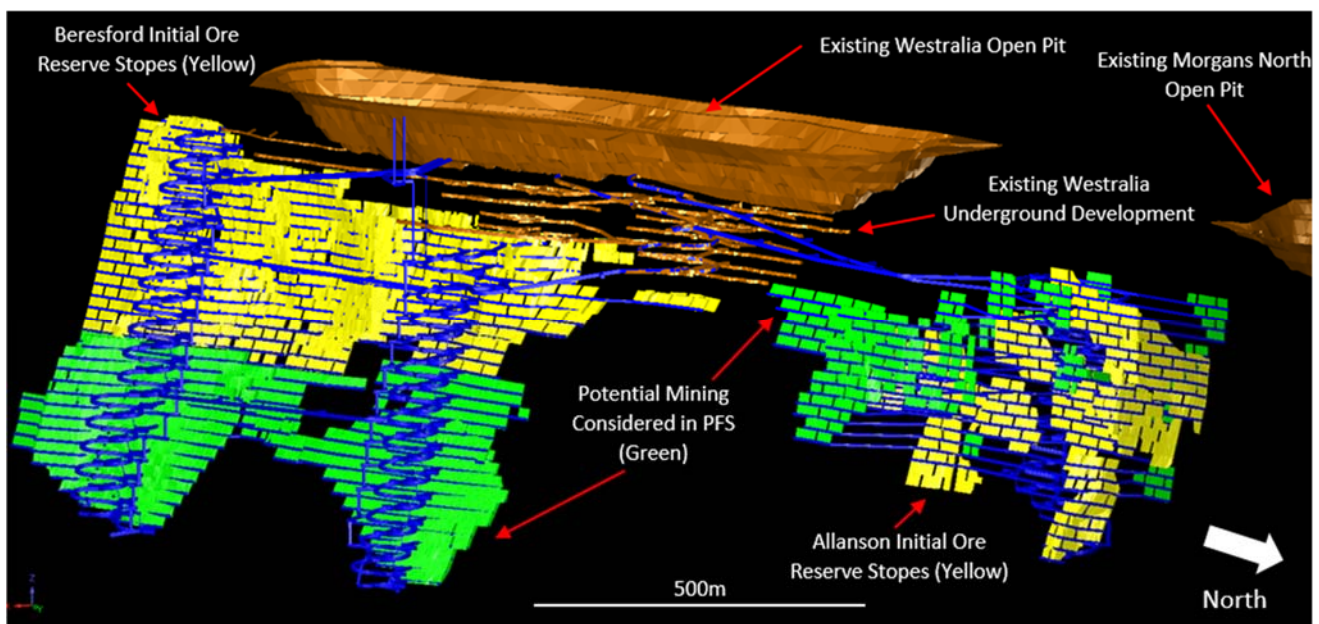


Figure 6 - Westralia Mine Area isometric view showing the extent of Ore Reserve mine development and stoping at Beresford and Allanson (yellow) and the potential future production considered in the expansion PFS (green). Note the mine development for each of the Ore Reserve and PFS additional production is shown in blue.

Table 6 provides a breakdown of the Westralia Mine Area PFS potential mining sources. The total potential future mine production from the Westralia Mine Area increases to 938,000 ounces from an Ore Reserve of 492,000 ounces. The forecast AISC for the 938,000 ounces is A\$795-805/oz (US\$595-605/oz) whereas the corresponding AISC for the Ore Reserve is A\$837/oz (US\$628/oz).

WESTRALIA MINE AREA	Expansion PFS Physicals			
	COG (g/t)	Tonnes (Kt)	Au (g/t)	Au (Koz)
<b>High Grade</b>				
Beresford UG	2.5	3,300	5.7	602
Allanson UG	2.5	1,150	6.2	227
<b>Low Grade</b>				
Beresford UG	2.0	1,240	2.0	81
Allanson UG	2.0	450	2.0	28
<b>TOTAL</b>				
Beresford UG		4,540	4.7	682
Allanson UG		1,590	5.0	256
<b>TOTAL</b>		<b>6,130</b>	<b>4.8</b>	<b>938</b>
<b>Forecast AISC</b>	<b>\$A795-805/oz US\$595-605/oz</b>			

Table 6 – Westralia Mine Area potential future mine production of 938Koz based on the PFS.

#### Expansion PFS Mine Production and Gold Production

The PFS considers the potential for 1.7 million ounces to be mined and producing 1.5 million ounces assuming a 91% recovery over a 9 year period. The potential gold production levels average 197,000 ounces per annum for the first 7 years.

#### Processing

It is anticipated that processing requirements for the PFS potential production schedule will be met by the new 2.5Mtpa CIL treatment facility designed and costed in the MMGP Feasibility Study.

Operating costs for the treatment of the PFS production are assumed to be \$18.20/t, slightly higher than that used in the Feasibility Study at \$A17.88/t.

The Company notes that in respect of the potential expanded production profile, the subject of the PFS, the potential mining and treatment of the Inferred Mineral Resource does not feature in the early mine and treatment plan.

#### Infrastructure

No additional infrastructure requirements are anticipated to mine and treat the PFS production scenario from that identified and costed in the MMGP Feasibility Study.

### Capital Costs

The only material additional capital cost required to mine and treat ore in the expansion PFS production schedule over that estimated in the Feasibility Study, is approximately \$3 million to increase the capacity of the tailings storage facility. This estimate has been provided by G R Engineering Services Ltd; the same engineering company that completed the MMGP Feasibility Study infrastructure designs and costings.

### Financing and Permitting

It is anticipated that there is no additional financing or material permitting above that described in the MMGP Feasibility Study required to potentially mine and treat the PFS production.

The Feasibility Study confirms the MMGP is a technically and economically viable project. Project cash flows generated from the mining and treatment of the Ore Reserves provides sufficient working capital to develop the potential production outlines in the expansion PFS.

## **CONSTRUCTION WORKS COMMENCE AT MT MORGANS**

Construction works commenced at Mt Morgans in early January following receipt of key regulatory approvals and permits, including:

- Approval from the Western Australian Department of Mines and Petroleum (DMP) Environment branch for the Mining Proposal and Mine Closure Plan for Mt Morgans;
- The Company's Project Management Plan (PMP) has been approved by the DMP's Resources Safety branch allowing mining operations to start; and
- The Native Vegetation Clearing permit from the DMP's Environment branch.

The following site-based activities are underway or set to commence shortly:

- Earthworks associated with construction of the permanent, 416-person accommodation village. Dacian Gold is in the final stages of negotiating the purchase of a quality second-hand village from a site south of Perth, WA;
- Earthworks associated with the Westralia Mine Area including offices, workshop, temporary power station, overhead power line; and
- Preparations for the installation of pumping infrastructure for dewatering the Westralia open pit ahead of underground mining, which is scheduled to commence in May 2017.

Pit dewatering from the Westralia open pit will commence once the Company receives the Western Australian Department of Environment Regulation Works Approval / Licence, which is currently being processed.



## **EXPLORATION ACTIVITY**

The Company's exploration work completed in the December Quarter was focused on:

- Infill drilling immediately south of, and along strike to, the Allanson Ore Reserve. All drilling was completed within the Allanson Inferred Mineral Resource with better results including 7.0m @ 3.9g/t Au, 3m @ 4.6 g/t Au and 3.2m @ 3.3 g/t Au.
- Follow up reconnaissance drilling at the Cameron Well gold-in-regolith 2.5km x 2km anomaly continued with 73 aircore holes completed for 2,520m to the north of a previously identified zone of high tenor widespread anomalism (+1.5 gram.metre). Assays are pending; and
- Further drilling totalling 366 holes for 19,129m following up numerous shallow gold intersections from reconnaissance exploration drilling at Jupiter Regional. Assays are pending for this program, which was designed to follow up Dacian intersections of 8m @ 2.15g/t Au from 4m, 4m @ 2.98 g/t Au from 12m, 8m @ 0.85 g/t Au from 0m, 4m @ 1.54 g/t Au from 24m and 4m @ 0.84 g/t Au from 44m (see ASX announcement - 10<sup>th</sup> October, 2016).

### **Westralia**

A 10 hole diamond drilling program for 4,534m was completed late in 2016 infill drilling previously reported high grade intersections that make up the Inferred Mineral Resource south of, and along strike to, the 162,000 ounce Allanson Ore Reserve.

The drilling infilled the Allanson Inferred Mineral Resource to a 50m x 50m drill spacing along strike of the Allanson Underground Ore Reserve of 882,000t at 5.7 g/t Au for 162,000 oz (see ASX announcement 21 November 2016).

The newly reported intersections were designed to infill test the 16MMDD0105 intersections of 4.3m @ 22.4 g/t Au and 12m @ 5.7 g/t; and the 16MMRD0125 intersections which returned 5.1m @ 7.4 g/t Au and 5.6m @ 5.1 g/t (see ASX announcement 1 June 2016). The location of the new infill drill holes is shown by the yellow box in Figure 7 below. Better results of the new drilling include:

- 3.0m @ 4.6 g/t Au from 285m in 16MMDD0306;
- 6.95m @ 3.9 g/t Au from 339.1m in 16MMDD0307;
- 3.2m @ 3.3g/t Au from 272.3m in 16MMDD0310; and
- 1.35m @ 7.8g/t Au from 470.8m in 16MMDD0304.

All drilling results are summarised in Table 7 below. Appendix 2 details all requisite disclosures in respect of this infill drilling program.

The infill drilling will allow the Inferred Mineral Resource classification of the 16MMDD0105 and 16MMRD0125 intersections to be upgraded to Indicated Mineral Resource, thereby enabling those intersections to form part of future mine design studies for the Allanson Deposit.



Figure 7: Long section of the Westralia Deposit Mineral Resource with all drilling shown. The yellow box indicates the area of the newly completed drill holes reported in this release.

Collar Location and Orientation								Intersection > 1 ppm * m Au			
Hole	Type	X	Y	Z	Total Depth	Dip	Azimuth	From (m)	To (m)	Length (m)	Au (ppm)
16MMDD0302	DD	408,945	6,817,830	448	396	-61	240	113.40	115.00	1.60	1.4
								242.80	246.45	3.65	0.8
								265.60	268.25	2.65	1.6
								290.40	291.65	1.25	1.6
								372.35	375.00	<b>2.65</b>	<b>3.1</b>
16MMDD0303	DD	408,982	6,817,848	447	460	-59	238	303.30	306.20	2.90	2.3
								393.50	394.45	0.95	1.1
								426.00	429.50	3.50	1.1
								433.00	433.85	0.85	1.1
16MMDD0304	DD	409,074	6,817,839	445	537	-61	236	303.65	304.30	0.65	1.3
								<b>470.80</b>	<b>472.15</b>	<b>1.35</b>	<b>7.8</b>
16MMDD0305	DD	409,070	6,817,836	445	543	-60	240	277.05	277.50	0.45	2.1
16MMDD0306	DD	408,973	6,817,728	446	352	-60	240	<b>285.00</b>	<b>288.00</b>	<b>3.00</b>	<b>4.6</b>
								291.00	292.00	1.00	2.1
16MMDD0307	DD	409,022	6,817,750	445	402	-60	239	289.60	290.80	<b>1.20</b>	<b>5.4</b>
								329.40	331.60	2.20	2.3
								<b>339.10</b>	<b>346.05</b>	<b>6.95</b>	<b>3.9</b>
16MMDD0308	DD	409,070	6,817,784	444	468	-61	234	392.95	395.95	<b>3.00</b>	<b>2.6</b>
								419.35	422.00	2.65	0.7
16MMDD0309	DD	409,108	6,817,800	444	567	-60	236	476.70	477.00	0.30	6.4
16MMDD0310	DD	409,000	6,817,678	446	363	-60	239	<b>272.30</b>	<b>275.50</b>	<b>3.20</b>	<b>3.3</b>
								283.00	284.05	1.05	1.1
16MMDD0311	DD	409,087	6,817,736	443	444	-59	237	369.60	372.95	3.35	1.2
								400.00	402.00	2.00	0.6

Table 7 – Details of the 10-hole diamond drill program infill drilling at the south end of the Allanson Ore Reserve.

## **FINANCINGS COMPLETED DURING THE QUARTER**

### **A\$150M Project Facility**

Westpac Banking Corporation, Australia and New Zealand Banking Group Limited and BNP Paribas (Financiers) have each equally participated in the A\$150M Facility, which resides with Dacian Gold's operating subsidiary Mt Morgans WA Mining Pty Ltd (see ASX announcement 21 December 2016).

The A\$150 million Facility, which takes advantage of the current low interest rate environment, ensures that there is sufficient funding for the debt component of the project finance and contingencies.

The Facility comprises A\$140 million for project development and working capital during the construction, commissioning and ramp up stages of the Project; plus a cost overrun tranche of A\$10 million. Both funding tranches are available to the Company through to the completion of the ramp up and performance testing phase of the Project as defined by the Financiers.

The pricing, terms and conditions agreed with the Financiers are highly favourable to the Company and reflect the Financiers' detailed understanding of the Project. Whilst the full terms of the Facility are confidential, the key points are:

- Project development debt facility of A\$140 million and cost overrun facility of A\$10 million;
- No requirement to fully draw this Facility and no financial penalties should this Facility not be fully drawn;
- Five-year tenor with a fixed schedule of repayments starting September 2018 through to December 2021;
- The Facility can be repaid early at any time without restriction or financial penalty;
- Surplus operating cash flows (after debt service) from September 2018 can be distributed from the project to the parent company (Dacian Gold) subject to certain conditions – providing cash for Dacian Gold to use as it sees fit;
- No mandatory hedging required, but a discretionary hedging facility is available for gold and currency;
- Minimal level of cash reserving and no mandatory cash sweeping;
- Security is provided via a fixed and floating charge over the assets of Dacian Gold's operating subsidiary – Mt Morgans WA Mining Pty Ltd;
- Corporate guarantee provided by Dacian Gold only during the period of construction, commissioning and ramp up – which falls away on achieving Project Completion; and
- The Facility is drawn down in stages when needed with interest payable only on the amounts drawn.

All due diligence requirements have been completed and typical conditions precedent are required to be satisfied prior to first draw down, which is anticipated to occur in mid-2017.

#### A\$26M Placement

Dacian Gold successfully completed an A\$26 million placement to existing and new institutional and sophisticated investors which will allow it to maintain the current development and exploration momentum at its Mount Morgans Gold Project (see ASX announcement 5 December 2016).

The proceeds of the Placement, comprising 10,600,00 fully-paid ordinary shares at A\$2.50 per share, will be used to fund both preliminary development activities at Mount Morgans and ongoing exploration programs as outlined in the Company's MMGP Feasibility Study.

#### CORPORATE

As at 31 December 2016, the Company had cash reserves of \$26.7 million.

Shares on issue at the end of the December quarter were 146.3 million, an increase of 10.6 million from the previous quarter due to the issue of the placement shares described above.



The total number of unlisted options by quarter-end is 12.55 million.

A total of 670,000 performance rights were issued during quarter pursuant to shareholder approval at the Company's AGM held on 10<sup>th</sup> October 2016.

## **PLANNED ACTIVITIES FOR THE MARCH QUARTER**

### **Project Development**

Planned activities for the March quarter include:

- Complete purchase of second-hand accommodation village and mobilise to site;
- Select EPC contractor to construct the 2.5Mtpa treatment facility;
- Order long lead items for the treatment facility including SAG and ball mills;
- Tender underground mining contract;
- Complete earthworks associated with layout and services for the accommodation village;
- Complete earthworks associated with the Westralia Mine Area;
- Obtain Works Approval / Licence in order to commence pit dewatering from the Westralia open pit; and
- Recruit additional senior site-based personnel to manage construction works.

### **Exploration**

Planned activities for the March quarter include:

- Report results of the recently completed 366 aircore drill hole program at Jupiter Regional once all results have been returned;
- Report results of the recently completed 73 aircore drill hole program at Cameron Well once all results have been returned;
- Complete ultra-detailed ground magnetic survey of Cameron Well are;
- Complete in-fill Cameron Well drilling; and
- Commence RC drilling new Jupiter targets.

**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 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 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. At the same time as releasing the Feasibility Study, the Company released an expansion Pre-Feasibility Study which showed that the MMGP had the potential for 1.7 million ounces at an AISC of A\$970-975/oz.

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 which is targeting gold production in the first quarter of CY2018.

Dacian 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 please visit [www.daciangold.com.au](http://www.daciangold.com.au) to view the Company's presentation or contact:

Rohan Williams Executive Chairman Dacian Gold Limited +61 8 6323 9000	Paul Armstrong Investor Relations Read Corporate +61 8 9388 1474
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## APPENDIX 1

Mount Morgans Gold Project Mineral Resources as at 28 July 2016

Deposit	Cut-off Grade	Measured			Indicated			Inferred			Total Mineral Resource		
	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	-	-	-	-	-	-	532,000	2.0	33,000	532,000	2.0	33,000
Jupiter	0.5	994,000	1.7	54,000	22,889,000	1.4	1,006,000	5,739,000	1.1	197,000	29,623,000	1.3	1,257,000
Jupiter UG	1.5	-	-	-	-	-	-	530,000	2.0	34,000	530,000	2.0	34,000
Jupiter LG Stockpile	0.5	3,494,000	0.5	58,000	-	-	-	-	-	-	3,494,000	0.5	58,000
Westralia	2.0	409,000	5.0	65,000	4,769,000	5.5	840,000	3,449,000	6.5	715,000	8,626,000	5.8	1,621,000
Craic*	0.5	-	-	-	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	-	-	-	156,000	4.1	21,000	285,000	3.9	36,000	442,000	4.0	57,000
<b>Total</b>		<b>5,263,000</b>	<b>1.5</b>	<b>246,000</b>	<b>28,287,000</b>	<b>2.1</b>	<b>1,954,000</b>	<b>11,138,000</b>	<b>3.1</b>	<b>1,115,000</b>	<b>44,688,000</b>	<b>2.3</b>	<b>3,315,000</b>

\* JORC 2004

Mt Morgans Gold Project Ore Reserves as at 21 November 2016

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	2.0	50,000	4.9	8,000	2,383,000	4.2	323,000	2,433,000	4.2	331,000
Allanson UG	2.0	-	-	-	882,000	5.7	162,000	882,000	5.7	162,000
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	867,000	1.7	48,000	13,884,000	1.3	595,000	14,751,000	1.4	643,000
<b>INITIAL ORE RESERVE</b>		<b>1,110,000</b>	<b>2.4</b>	<b>85,000</b>	<b>17,475,000</b>	<b>2.0</b>	<b>1,115,000</b>	<b>18,585,000</b>	<b>2.0</b>	<b>1,200,000</b>

## 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 the Westralia Deposit Mineral Resource (see ASX Announcement 28 July 2016), Jupiter Deposit Mineral Resource (see ASX Announcement 19 July 2016), Transvaal Deposit Mineral Resource (see ASX announcement 16th September, 2015) and the Ramornie

Deposit Mineral Resource (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.

## APPENDIX 2 – JORC TABLE 1

The following Table and Sections are provided to ensure compliance with the JORC Code (2012) edition requirements for the reporting of exploration results on the Mt Morgans Gold Project which includes both Westralia and Jupiter.

### Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
<b>Sampling techniques</b>	<ul style="list-style-type: none"> <li><i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i></li> <li><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></li> <li><i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i></li> </ul>	<ul style="list-style-type: none"> <li>Dacian utilised RC and diamond drilling. Holes were generally angled towards grid west to optimally intersect the targeted mineralised zones.</li> <li>Dacian core was sampled as half core at 1m intervals or to geological contacts</li> <li>To ensure representative sampling, half core samples were always taken from the same side of the core.</li> <li>At Jupiter, the full length of each hole was sampled and at Westralia, the core was selectively sampled.</li> <li>Dacian RC drilling was sampled at 1m intervals via an on-board cone splitter.</li> <li>Minor 4m composite samples were taken via a scoop and submitted for analysis.</li> <li>Historical RC samples were collected at 1m, 2m and 4m intervals using riffle splitters.</li> <li>Dacian samples were submitted to a contract laboratory for crushing and pulverising to produce a 50g charge for fire assay.</li> </ul>
<b>Drilling techniques</b>	<ul style="list-style-type: none"> <li><i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i></li> </ul>	<ul style="list-style-type: none"> <li>Diamond drilling was carried out with NQ2 sized equipment with standard tube.</li> <li>Drill core was orientated using a Reflex orientation tool.</li> <li>For RC holes, a 5¼" face sampling bit was used</li> <li>For deeper holes, RC pre-collars were followed with diamond tails.</li> </ul>
<b>Drill sample recovery</b>	<ul style="list-style-type: none"> <li><i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></li> <li><i>Measures taken to maximise sample recovery and ensure representative nature of the</i></li> </ul>	<ul style="list-style-type: none"> <li>Recoveries from historical drilling are unknown.</li> <li>Recoveries from Dacian core drilling were measured and recorded in the database and</li> </ul>



Criteria	JORC Code explanation	Commentary
	<p><i>samples.</i></p> <ul style="list-style-type: none"> <li><i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i></li> </ul>	<p>recovery was generally 100% in fresh rock with minor core loss in oxide.</p> <ul style="list-style-type: none"> <li>In Dacian drilling no relationship exists between sample recovery and grade.</li> </ul>
<b>Logging</b>	<ul style="list-style-type: none"> <li><i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i></li> <li><i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i></li> <li><i>The total length and percentage of the relevant intersections logged.</i></li> </ul>	<ul style="list-style-type: none"> <li>All diamond drill holes were logged for recovery, RQD, geology and structure. RC drilling was logged for various geological attributes.</li> <li>For Dacian drilling, diamond core was photographed both wet and dry.</li> <li>All drill holes were logged in full.</li> </ul>
<b>Sub-sampling techniques and sample preparation</b>	<ul style="list-style-type: none"> <li><i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></li> <li><i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></li> <li><i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></li> <li><i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></li> <li><i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i></li> <li><i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></li> </ul>	<ul style="list-style-type: none"> <li>Dacian core was cut in half using an automatic core saw at either 1m intervals or to geological contacts.</li> <li>To ensure representivity, all core samples were collected from the same side of the core.</li> <li>Historical RC samples were collected at the rig using riffle splitters. Samples were generally dry.</li> <li>Dacian RC samples were collected via on-board cone splitters. Most samples were dry.</li> <li>For RC drilling, sample quality was maintained by monitoring sample volume and by cleaning splitters on a regular basis.</li> <li>Field duplicates were taken at 1 in 25 for RC drilling.</li> <li>Sample preparation was conducted by a contract laboratory. After drying, the sample is subject to a primary crush, then pulverised to that 90% passing 75µm.</li> <li>For historic drilling detailed information on the QAQC programs used was not available.</li> <li>Sample sizes are considered appropriate to correctly represent the gold mineralisation based on: the style of mineralisation, the thickness and consistency of the intersections, the sampling methodology and assay value ranges for Au.</li> </ul>
<b>Quality of assay data and</b>	<ul style="list-style-type: none"> <li><i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or</i></li> </ul>	<ul style="list-style-type: none"> <li>For Dacian drilling, the analytical technique used was a 50g Lead collection fire assay and analysed by Atomic Absorption</li> </ul>



Criteria	JORC Code explanation	Commentary
<b>laboratory tests</b>	<p><i>total.</i></p> <ul style="list-style-type: none"> <li>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</li> <li>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</li> </ul>	<p>Spectrometry. This is a full digestion technique. Samples were analysed at Bureau Veritas in Canning Vale, Western Australia.</p> <ul style="list-style-type: none"> <li>For Dacian drilling, sieve analysis was carried out by the laboratory to ensure the grind size of 90% passing 75µm was being attained.</li> <li>For Dacian drilling, QAQC procedures involved the use of certified reference materials (1 in 20) and blanks (1 in 50). Results were assessed as each laboratory batch was received and were acceptable in all cases</li> <li>No QAQC data has been reviewed for historic drilling although mine production has largely validated drilling results.</li> <li>Laboratory QAQC includes the use of internal standards using certified reference material, blanks, splits and replicates.</li> <li>Certified reference materials demonstrate that sample assay values are accurate.</li> <li>At both Jupiter and Westralia, umpire laboratory testwork was completed in May 2016 over mineralised intersections with good correlation of results.</li> <li>Commercial laboratories used by Dacian have been audited.</li> </ul>
<b>Verification of sampling &amp; assaying</b>	<ul style="list-style-type: none"> <li>The verification of significant intersections by either independent or alternative company personnel.</li> <li>The use of twinned holes.</li> <li>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</li> <li>Discuss any adjustment to assay data.</li> </ul>	<ul style="list-style-type: none"> <li>At Jupiter and Westralia, significant intersections were visually field verified by company geologists.</li> <li>At Jupiter and Westralia, all significant intersections from the early 2016 resource infill drill program were repeated with 200 – 1000g Leachwell cyanide assay followed by a fire on the residue to determine total gold. This testwork gave good repeatability of results</li> <li>No twin holes were drilled.</li> <li>Primary data was collected into either an Excel spread sheet and then imported into a Data Shed database.</li> <li>Assay values that were below detection limit were adjusted to equal half of the detection limit value.</li> </ul>
<b>Location of data points</b>	<ul style="list-style-type: none"> <li>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</li> </ul>	<ul style="list-style-type: none"> <li>Historic drill hole collar coordinates were tied to a local grid with subsequent conversion to MGA94 Zone 51.</li> <li>Mine workings support the locations of</li> </ul>



Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> <li><i>Specification of the grid system used.</i></li> <li><i>Quality and adequacy of topographic control.</i></li> </ul>	<p>historic drilling.</p> <ul style="list-style-type: none"> <li>All Dacian hole collars were surveyed in MGA94 Zone 51 grid using differential GPS.</li> <li>Dacian holes at Jupiter were downhole surveyed either with multi-shot EMS, Reflex multi-shot tool north seeking gyro tool.</li> <li>Dacian holes at Westralia were downhole surveyed by Gyro Australia using a north seeking gyro tool.</li> <li>Topographic surface prepared from detailed ground and mine surveys.</li> </ul>
<b>Data spacing and distribution</b>	<ul style="list-style-type: none"> <li><i>Data spacing for reporting of Exploration Results.</i></li> <li><i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i></li> <li><i>Whether sample compositing has been applied.</i></li> </ul>	<ul style="list-style-type: none"> <li>At Jupiter, the nominal hole spacing of Dacian drilling is approximately 40 –80m.</li> <li>At Westralia, the Dacian drilling has a nominal spacing of approximately 40–80m along strike and 40–200m down dip.</li> <li>The drilling subject to this announcement has not been used to prepare Mineral Resource estimates for either deposit at this stage.</li> </ul>
<b>Orientation of data in relation to geological structure</b>	<ul style="list-style-type: none"> <li><i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></li> <li><i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i></li> </ul>	<ul style="list-style-type: none"> <li>At Westralia, drill holes are angled to 245°, which is approximately perpendicular to the orientation of the well-defined mineralisation.</li> <li>At Jupiter, most holes are angled to the west so that intersections are orthogonal to the expected trend of mineralisation.</li> <li>No orientation based sampling bias has been identified in the data.</li> </ul>
<b>Sample security</b>	<ul style="list-style-type: none"> <li><i>The measures taken to ensure sample security.</i></li> </ul>	<ul style="list-style-type: none"> <li>Chain of custody is managed by Dacian. Samples are stored on site until collected for transport to Bureau Veritas Laboratories in Canning Vale. Dacian personnel have no contact with the samples once they are picked up for transport. Tracking sheets have been set up to track the progress of samples.</li> </ul>
<b>Audits or reviews</b>	<ul style="list-style-type: none"> <li><i>The results of any audits or reviews of sampling techniques and data.</i></li> </ul>	<ul style="list-style-type: none"> <li>A RungePincockMinarco (RPM) consultant reviewed RC and diamond core sampling techniques in January 2016 and concluded that sampling techniques are satisfactory.</li> </ul>



## Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
<b>Mineral tenement and land tenure status</b>	<ul style="list-style-type: none"> <li>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</li> <li>The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area.</li> </ul>	<ul style="list-style-type: none"> <li>The Westralia deposit is located within Mining Lease 39/18 and is owned by Mt Morgans WA Mining Pty Ltd, a wholly owned subsidiary of Dacian Gold Ltd.</li> <li>The Jupiter deposit is located within Mining Lease 39/236, is owned by Mt Morgans WA Mining Pty Ltd, a wholly owned subsidiary of Dacian Gold Ltd. and has a tonnage based royalty.</li> <li>The tenements are in good standing and have a current mining proposal, granted in December 2016.</li> </ul>
<b>Exploration done by other parties</b>	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>	<ul style="list-style-type: none"> <li>At Westralia, open pit and underground mining has occurred since the 1890's. Other companies to have explored the deposit include Whim Creek Consolidated NL, Dominion Mining, Plutonic Resources, Homestake Gold and Barrick Gold Corporation.</li> <li>At Jupiter, open pit mining occurred in the 1990's. Previous companies to have explored the deposit include Croesus Mining, Dominion Mining and Barrick Gold Corporation.</li> </ul>
<b>Geology</b>	<ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>	<ul style="list-style-type: none"> <li>The Westralia gold deposit is Archaean BIF hosted sulphide replacement mineralisation and is located within the Yilgarn Craton of Western Australia.</li> <li>The Jupiter prospect is interpreted to comprise structurally controlled mesothermal gold mineralisation related to syenite intrusions within altered basalt.</li> </ul>
<b>Drill hole information</b>	<ul style="list-style-type: none"> <li>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:               <ul style="list-style-type: none"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length</li> </ul> </li> <li>If the exclusion of this information is</li> </ul>	<ul style="list-style-type: none"> <li>For drilling not previously reported, the locations and mineralised intersections for all holes completed are summarised in the tables of this ASX release.</li> <li>Refer to previous Dacian ASX releases for information regarding previous Dacian drilling.</li> <li>Reporting of intersection widths in Figures and summary tables are rounded to the nearest 0.1m.</li> </ul>

Criteria	JORC Code explanation	Commentary
	<i>justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i>	
<b>Data aggregation methods</b>	<ul style="list-style-type: none"> <li><i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</i></li> <li><i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i></li> <li><i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></li> </ul>	<ul style="list-style-type: none"> <li>Exploration results are reported as length weighted averages of the individual sample intervals. Zones of particularly high grade gold mineralisation have been separately reported in the tables in the body of this ASX release.</li> <li>No high grade cuts have been applied to the reporting of exploration results.</li> <li>At Westralia, intersections have been reported using a 0.5g/t lower cut-off, and can include up to 4m of internal dilution.</li> <li>At Jupiter, intersections have been reported using a 0.2g/t lower cut-off, and can include up to 4m of internal dilution.</li> <li>No metal equivalent values have been used.</li> </ul>
<b>Relationship between mineralisation widths and intercept lengths</b>	<ul style="list-style-type: none"> <li><i>These relationships are particularly important in the reporting of Exploration Results.</i></li> <li><i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></li> <li><i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</i></li> </ul>	<ul style="list-style-type: none"> <li>At Westralia, drill holes are angled to 245°, which is approximately perpendicular to the orientation of the well-defined mineralised trend and true width is approximately 60–90% of down hole intersections.</li> <li>At Jupiter, most holes are angled to the west so that intersections are orthogonal to the expected trend of mineralisation. It is interpreted that true width is approximately 60–100% of down hole intersections.</li> </ul>
<b>Diagrams</b>	<ul style="list-style-type: none"> <li><i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i></li> </ul>	<ul style="list-style-type: none"> <li>Relevant diagrams have been included within the main body of text.</li> </ul>
<b>Balanced Reporting</b>	<ul style="list-style-type: none"> <li><i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i></li> <li><i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be</i></li> </ul>	<ul style="list-style-type: none"> <li>All exploration results have been reported.</li> </ul>

Criteria	JORC Code explanation	Commentary
	<i>practiced to avoid misleading reporting of Exploration Results.</i>	
<b>Other substantive exploration data</b>	<ul style="list-style-type: none"> <li>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</li> </ul>	<ul style="list-style-type: none"> <li>All interpretations for both Westralia and Jupiter mineralisation are consistent with observations made and information gained during previous mining at the project.</li> </ul>
<b>Further work</b>	<ul style="list-style-type: none"> <li>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large- scale step-out drilling).</li> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>	<ul style="list-style-type: none"> <li>At Jupiter, further broad spaced drilling is planned to extend zones of mineralisation within the Jupiter Corridor. Infill resource definition drilling will occur within the open pit Ore Reserve limits.</li> <li>At Westralia, infill resource definition drilling is planned to improve confidence of the known mineralisation over 3km of strike length and extensional drilling is planned around the boundaries of the resource.</li> <li>Refer to diagrams in the body of this release.</li> </ul>

**APPENDIX 3 – TENEMENT SCHEDULE** (with respect to tenement changes in the quarter, refer to Appendix 5B, sections 6.1 and 6.2).

Tenement Type	Tenement	Status	Location	Ownership
E	39/1950	Application	Mt Morgans WA	Dacian Gold Ltd (100%)
E	39/1951	Application	Mt Morgans WA	Dacian Gold Ltd (100%)
E	39/1967	Application	Mt Morgans WA	Dacian Gold Ltd (100%)
E	39/2002	Application	Mt Morgans WA	Dacian Gold Ltd (100%)
E	38/3212	Application	Mt Morgans WA	Dacian Gold Ltd (100%)
E	38/2951	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
E	39/1310	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
E	39/1713	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
E	39/1787	Application	Mt Morgans WA	Dacian Gold Ltd (100%)
E	39/2004	Application	Mt Morgans WA	Dacian Gold Ltd (100%)
L	39/0010	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
L	39/0057	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
L	39/0244	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
L	39/0245	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
L	39/0246	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	38/0395	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	38/0396	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	38/0548	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	38/0595	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	38/0848	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0018	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0036	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0208	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0228	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0236	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0240	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0248	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0250	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)



Tenement Type	Tenement	Status	Location	Ownership
M	39/0261	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0264	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0272	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0273	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0282	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0287	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0291	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0295	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0304	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0305	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0306	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0333	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0380	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0390	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0391	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0392	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0393	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0394	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0395	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0403	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0441	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0442	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0443	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0444	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0497	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0501	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0502	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0503	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0504	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0513	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)





Tenement Type	Tenement	Status	Location	Ownership
M	39/0745	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0746	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0747	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0799	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0937	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0938	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0993	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/1107	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
P	38/4093	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	38/4094	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	38/4095	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5358	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5359	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5360	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5361	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5362	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5363	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5364	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5365	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5366	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5367	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5368	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5369	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5370	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5371	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5372	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5374	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5375	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5377	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5378	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5379	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5380	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5381	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5382	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5383	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5384	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5385	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5386	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5387	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5388	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5389	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)



Tenement Type	Tenement	Status	Location	Ownership
P	39/5390	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5391	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5392	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5393	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5394	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5426	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5427	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5461	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5469	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5475	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5476	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5477	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5478	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5479	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5491	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5493	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5498	Application	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5787	Application	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5791	Application	Mt Morgans WA	Dacian Gold Ltd (100%)

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

Dacian Gold Limited

### ABN

61 154 262 978

### Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(2,965)	(7,980)
(b) development	-	-
(c) production	-	-
(d) staff costs	(592)	(962)
(e) administration and corporate costs	(312)	(623)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	20	40
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	835
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(3,850)</b>	<b>(8,689)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	(160)	(385)
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(160)</b>	<b>(385)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	26,500	26,500
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	498
3.4	Transaction costs related to issues of shares, convertible notes or options	(546)	(582)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(274)	(327)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>25,681</b>	<b>26,090</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	4,994	9,648
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,850)	(8,689)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(160)	(385)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	25,681	26,090
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>26,665</b>	<b>26,665</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	4,665	6,138
5.2	Call deposits	22,000	3,510
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>26,665</b>	<b>9,648</b>

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	159
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
Remuneration of directors		

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
n/a		



8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	150,000	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Project debt finance facility of up to A\$150 million with Westpac Banking Corporation, Australia and New Zealand Banking Group Limited and BNP Paribas comprising A\$140 million for project development and working capital during construction, commissioning and ramp up stages of the Project plus a cost overrun facility of A\$10 million. Typical conditions precedent are required to be satisfied prior to first draw down which is anticipated to occur in mid-2017.

9. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	3,743
9.2 Development	187
9.3 Production	-
9.4 Staff costs	336
9.5 Administration and corporate costs	703
9.6 Other (provide details if material) <sup>1</sup>	5,740
<b>9.7 Total estimated cash outflows</b>	<b>10,709</b>

<sup>1</sup> Comprises primarily project construction capex (\$4.4 million) and project financing costs (\$1.1 million).

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	G39/0001 G39/0002 G39/0003 G39/0004 G39/0005 G39/0006 P39/4800 P39/4801 P39/4807 P39/4808 P39/4810 P39/4811 P39/4812 P39/4813 P39/4814 P39/4815 P39/5425 P39/5490 P39/5492 P39/5494	Conditional surrender Conditional surrender Conditional surrender Conditional surrender Conditional surrender Conditional surrender Relinquished Relinquished Relinquished Relinquished Relinquished Relinquished Relinquished Relinquished Relinquished Relinquished Conditional surrender Conditional surrender Conditional surrender Conditional surrender	100% 100%	Nil Nil
10.2	Interests in mining tenements and petroleum tenements acquired or increased	M39/1107	Granted	Nil	100%

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which  
comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:

*[Handwritten signature]*

Company secretary

Date: 18 January 2017

Print name:

Kevin Hart

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.