

11 JULY 2018

A\$37M INSTITUTIONAL PLACEMENT TO ACCELERATE EXPLORATION PROGRAMS AT WESTRALIA AND CAMERON WELL AND EXTINGUISH JUPITER LIFE OF MINE ROYALTY OBLIGATION

Highlights:

- Dacian announces an Institutional Placement of approximately A\$37 million, with the ability to take oversubscriptions to raise up to an additional A\$3 million, to fund accelerated exploration programs at Westralia and Cameron Well and extinguish a Jupiter life of mine royalty obligation.
- Accelerated exploration programs designed to bring asset value forward by extending Westralia to potentially increase mine life and/or production rates and potentially unlocking Cameron Well as a third mining hub at Mt Morgans.
- Mt Morgans produced 34,155 ounces in the June quarter – within original guidance of 30,000-40,000 ounces – and remains on track and fully funded to achieve commercial production in the December quarter and deliver production of 180,000-210,000 ounces in FY2019 (see ASX release 6 July 2018).
- Institutional Placement of approximately 13.7 million¹ new shares issued at A\$2.70 per share, representing a 10.3% discount to last close².
- Institutional Placement will be accompanied by a Share Purchase Plan to raise up to A\$5 million, which will be applied to fund exploration activities at Mt Morgans.

Dacian Gold Limited (**Dacian** or the **Company**) is pleased to announce the launch of a A\$37 million Institutional Placement, with the ability to take oversubscriptions to raise up to an additional A\$3 million, to fund an accelerated exploration program and extinguish a royalty at its 100% owned Mt Morgans Gold Operation (**MMGO**), located 20km south-west of Laverton in Western Australia.

¹ Excludes any funds of up to A\$3m taken up in oversubscriptions to the Institutional Placement or any funds of up to A\$5m raised under the SPP.

² Based on the last close price of A\$3.01 per share as at 10 July 2018.

The Offer:

The Institutional Placement will raise approximately A\$37 million through the issuance of approximately 13.7 million¹ shares at A\$2.70 per share (**Institutional Placement**), with the proceeds to be used for:

- A\$25 million³ to bring forward asset value ~24 months through aggressive exploration programs at the MMGO, including:
 - A\$12 million on near-mine targets at Westralia targeting higher production rates and longer mine life;
 - A\$10 million on new-mine targets at Cameron Well to potentially unlock it as the third mining hub at MMGO; and
 - A\$3 million on new syenite-hosted targets that share similar geological and geophysical settings as other syenite deposits in the region, including Wallaby, Jupiter, Cameron Well and Butcher Well.
- A\$12 million to extinguish a royalty obligation at the Jupiter mine, eliminating a life of mine cost from open pit production.

At the completion of the Institutional Placement, the Company will have approximately 219.5 million shares on issue and a pro forma cash position of A\$92 million⁴.

The Institutional Placement will be accompanied by a Share Purchase Plan (**SPP**) of up to A\$5 million at the same issue price (together with the Institutional Placement, the **Offer**), the proceeds of which will be applied to fund exploration activities at Westralia and Cameron Well.

Bringing Forward Exploration Value Following Successful First Quarter Production at MMGO

Following the recent achievement of producing 34,155 ounces in the June quarter and meeting maiden guidance of 30,000-40,000 ounces for the first quarter of production at MMGO, Dacian is positioned as the next significant mid-tier gold producer in Australia with production forecast at 180-210Koz for FY2019; targeting +200Koz pa for +10 years at an AISC of ~A\$1,000/oz.

Dacian's exploration program is designed to accelerate asset value at Cameron Well and Westralia following recent exploration success at Cameron Well (see ASX Announcement 9 July 2018), which is not presently part of the production outlook for MMGO. In addition, extinguishing the Jupiter royalty unencumbers MMGO of a life of mine cost and removes uncapped royalty on other highly prospective tenements.

Commentary

Dacian's Executive Chairman & CEO Rohan Williams commented:

"This equity raising provides shareholders the opportunity to capitalise on the recent significant advances made on the exploration front at Mt Morgans. We have substantially improved the exploration optionality at Mt

³ If the Company accepts up to an additional A\$3m in oversubscriptions, the additional funds will be used for exploration purposes.

⁴ As at 30 June 2018. Cash and cash equivalents of A\$73 million as per Appendix 5B less creditor payments post quarter end of A\$18 million. Excludes any funds of up to A\$3m taken up in oversubscriptions to the Institutional Placement or any funds of up to A\$5m raised under the SPP.

Morgans with a new interpretation of the high grade zones at Westralia trending into areas of BIF never previously drill tested, and the new drill results at Cameron Well, which including 97m @ 3.1 g/t gold speak for themselves. Our intent with this equity raising is to fast-track the value-realisation of this enhanced exploration optionality by bringing forward discovery of new Mineral Resources and potentially new mines and higher production levels.”

“We are also pleased to be able to cancel the Jupiter life-of-mine production royalty with proceeds of this equity raising. This will allow the operations to generate more cash that provides added benefit to shareholders.”

Placement and Share Purchase Plan

Eligible institutional investors with registered addresses in the offering jurisdictions will be invited to participate in the Placement, which is being conducted between Wednesday, 11 July 2018 and Thursday, 12 July 2018.

Dacian intends to undertake a SPP to allow for the participation of eligible shareholders for an amount up to A\$15,000 per shareholder, at a price of A\$2.70 (the offer price under the Institutional Placement). The SPP is not underwritten and aims to raise up to A\$5 million with a maximum of approximately 1.9 million shares to be issued. An eligible shareholder is any shareholder recorded on Dacian’s share register at 5:00pm on Tuesday, 10 July 2018 with a registered address in Australia or New Zealand. Shareholder approval is not required in respect of the SPP.

Dacian reserves the right to close the SPP early and scale back applications at its absolute and sole discretion should the total demand exceed A\$5 million. When determining the amount (if any) by which to scale back an SPP application, Dacian may consider a number of factors, including the size of an applicant’s shareholding in the Company after the SPP record date, and the date on which an application was made with earlier applications given precedence.

Eligible shareholders will receive further information in relation to the SPP shortly.

Key Dates

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

Key Event	Date⁵
Record Date for Eligibility to Participate in the SPP	Tuesday, 10 July 2018
Trading Halt and Announcement of Equity Raising	Wednesday, 11 July 2018
Trading Halt Lifted and Dacian Shares Resume Trading	Friday, 13 July 2018
Settlement of New Shares Issued Under Institutional Placement	Wednesday, 18 July 2018
Issue and Quotation of New Shares Issued Under Institutional Placement	Thursday, 19 July 2018
Dispatch of SPP Offer Documents	Monday, 16 July 2018
SPP Acceptance Period	Tuesday, 17 July 2018 to Monday, 30 July 2018
Issue of New Shares Under SPP	Early August 2018
Quotation of New Shares Under SPP	Early August 2018

Additional Information

Additional information regarding the Offer is contained in the investor presentation released to the ASX today. The SPP offer documentation will be released separately and mailed to eligible retail shareholders.

Nothing contained in this announcement constitutes investment, legal, tax or other advice. You should seek appropriate professional advice before making any investment decision.

Argonaut Securities Pty Limited, Canaccord Genuity (Australia) Limited and RBC Capital Markets are acting as joint lead managers to the equity raising.

Treadstone Resource Partners act as strategic and financial advisor and Corrs Chambers Westgarth act as legal advisor to Dacian.

For and on behalf of the Board



Rohan Williams
Executive Chairman & CEO

⁵ The above timetable is indicative only and subject to change. Dacian, in conjunction with the Joint Lead Managers, reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws. All times and dates are in reference to AEST.

About Dacian Gold Limited

Dacian Gold Limited (ASX: DCN) has achieved its first gold production milestone at its planned 200,000ozpa, 100%-owned Mt Morgans Gold Operation (MMGO), located near Laverton in Western Australia. With an initial Ore Reserve of 1.2Moz, a Mineral Resource of 3.3Moz (including the Ore Reserve) and highly prospective exploration tenure, Mt Morgans is set to become Australia's next significant, mid-tier gold producer.

Total capital cost to develop the MMGP was approximately A\$200M with A\$107M dedicated to the construction of a 2.5Mtpa CIL treatment plant. Project construction was completed on time and on budget with first gold poured in the March 2018 quarter.

The June 2018 quarter was the Company's maiden gold production quarter achieving 34,155 oz in line with stated guidance of 30,000-40,000 oz.

The key Company focus for the remainder of CY2018 is to complete the ramp-up to commercial production at Mt Morgans in order to deliver 180,000-210,000 oz in FY2019.

Additionally Dacian Gold will also maintain an aggressive exploration spend at the MMGO as it believes the project will continue to yield new gold discoveries that will increase mine life and Company value.

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

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

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APPENDIX 1

Mount Morgans Gold Project Mineral Resources as at 28 July 2016

Deposit	Cut-off Grade	Mount Morgan Gold Project Mineral Resources as at 28 July 2016											
		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
Total		5,263,000	1.5	246,000	28,287,000	2.1	1,954,000	11,138,000	3.1	1,115,000	44,688,000	2.3	3,315,000

* 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
INITIAL ORE RESERVE		1,110,000	2.4	85,000	17,475,000	2.0	1,115,000	18,585,000	2.0	1,200,000

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 16 September 2015) and the Ramornie Deposit Mineral Resource (see ASX announcement 24 February 2015) is based on information compiled

by Mr Shaun Searle who is a Member of Australian Institute of Geoscientists and a full-time employee of RungePincockMinarco. Mr Searle has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Searle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates the Jupiter Low Grade Stockpile (see ASX announcement – 16 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 (see ASX announcement 21 November 2016) is based on information compiled or reviewed by Mr Matthew Keenan and Mr Shane McLeay. Messrs Keenan and McLeay have confirmed that they have read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition). They are

Competent Persons as defined by the JORC Code 2012 Edition, having more than five years experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity for which they are accepting responsibility. Messrs Keenan and McLeay are both a Member of The Australasian Institute of Mining and Metallurgy and full time employees of Entech Pty Ltd and consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Ore Reserves for the Jupiter Mining Area (see ASX announcement 21 November 2016) 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 Oreology 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.

Summary Information

The following disclaimer applies to this announcement and any information contained in it (the Information). The Information in this announcement is of general background and does not purport to be complete. It should be read in conjunction with Dacian's other periodic and continuous disclosure announcements lodged with ASX Limited, which are available at www.asx.com.au. You are advised to read this disclaimer carefully before reading or making any other use of this announcement or any Information contained in this announcement.

Forward looking statements

Any forward looking statements that may be in this announcement involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies and other factors. Such risks may be outside the control of, and are unknown to, Dacian and its officers, employees, agents or associates. Any forward looking statements included in this announcement are provided as a general guide only. Such statements are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected in any forward looking statements. No representation or warranty, express or implied, is made by the Company that the matters stated in this announcement will be achieved or prove to be correct. Recipients of this announcement must make their own investigations and inquiries regarding all assumptions, risks, uncertainties and contingencies which may affect the future operations of the Company or the Company's securities.

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