

21 December 2016

DACIAN GOLD SECURES \$A150M IN PROJECT DEBT FUNDING FOR THE MT MORGANS GOLD PROJECT

Key points

- Project debt finance facility of up to A\$150 million completed with three tier-one banks
- The key terms of the Facility Agreement, which include low interest rates, no hedging requirement, early repayment flexibility and an ability to distribute and use free cash; provides Dacian Gold with a highly flexible and competitively priced financing package
- The lenders' agreement to provide the facility follows an extensive due diligence process and is a strong vote of confidence in the Mt Morgans Gold Project
- The Mt Morgans Native Vegetation Clearing Permit has been approved by the WA Department of Mines and Petroleum. Other permits to enable Dacian Gold to commence project development early in 2017 ahead of scheduled gold production at the end of the March 2018 quarter are on track

Dacian Gold Limited (ASX:DCN) (**Dacian Gold** or **the Company**) advises that it has completed and signed a Syndicated Facility Agreement (**Facility**) to fund the development of its 100% owned Mt Morgans Gold Project (**MMGP** or the **Project**) in Western Australia.

Westpac Banking Corporation, Australia and New Zealand Banking Group Limited and BNP Paribas (**Financiers**) will each participate equally in the Facility, which resides with Dacian Gold's operating subsidiary Mt Morgans WA Mining Pty Ltd.

The A\$150 million Facility, which takes advantage of the current low interest rate environment ensures 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 (**Project Completion**).

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.

Permitting and Approvals

The Western Australian Department of Mines and Petroleum (**DMP**) has approved the Native Vegetation Clearing Permit that is required to commence earthworks at Mt Morgans ahead of infrastructure construction.

The Company has been notified by the DMP and the Department of Environment Regulation (**DER**) that the respective Mt Morgans Mining Proposal and Works Approval will likely be approved in the near-term.

The DMP also recently approved the grant of the remaining Mining Lease application required for the mining of gravel material to be used for the walls of the proposed tailings storage facility (**TSF**).

Next Steps

The statutory permitting process is proceeding to schedule and subject to the receipt of the remaining permits, dewatering of the Westralia open pit ahead of the development of the Beresford underground mine, construction of the accommodation village and access roads will commence early in 2017.

Dacian Gold’s Executive Chairman Rohan Williams said: “The lenders have conducted extensive due diligence on Mt Morgans and their agreement to provide the Facility is a strong vote of confidence in the project.

Our ability to secure project finance on such favourable terms from both domestic and international lenders also highlights the quality of Mt Morgans. With this facility in place, the project is on track to start construction early next year, with first production scheduled for the March quarter, 2018.”

For and on behalf of the Board



Rohan Williams

Executive Chairman

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