

DACIAN MEETS MAIDEN GUIDANCE WITH PRODUCTION OF 34,155 OZ IN JUNE QUARTER

- ❖ **Mt Morgans produced 34,155 ounces in June quarter – within original guidance of 30,000-40,000 ounces**
- ❖ **Operational results confirm Mt Morgans ramp-up on track for commercial production in December quarter**
- ❖ **FY19 production guidance of 180,000-210,000 ounces confirmed**

Dacian Gold Ltd (“**Dacian Gold**” or “**the Company**”) (ASX: DCN) is pleased to advise that it has met its guidance for the first quarter of gold production at the recently constructed, 100 per cent-owned Mt Morgans Gold Operation (**MMGO**) near Laverton in Western Australia.

The MMGO produced 34,155 ounces in the June quarter, which was within the stated guidance of 30,000-40,000 ounces.

During the June quarter, Mt Morgans met or exceeded the Company’s key performance benchmarks for the mine at the start of its ramp up in respect of throughput, recoveries, grade and mining rates.

The Company remains on course to meet its target of being in commercial production in the December quarter, 2018.

JUNE QUARTER OPERATIONAL HIGHLIGHTS

- Production of 34,155 ounces was in line with stated guidance of 30,000-40,000 ounces
- Mill throughput averaged 6,600 tonnes per day (**tpd**) versus corresponding nameplate of 8,000 tpd
- Recoveries averaged 90.9% versus the Feasibility Study gold recovery of 91.4%
- Underground mining rates of 1,400 tpd versus steady-state rates of 3,000 tpd
- Underground production grade of 4.2 g/t gold versus the corresponding Ore Reserve grade of 4.6 g/t gold
- Open pit ore mining rates of 4,500 tpd versus steady-state rates of 5,000 tpd
- Open pit production grade of 0.9 g/t gold versus the corresponding Ore Reserve grade of 1.4 g/t gold due to higher proportion of initial lower grade material processed
- FY2019 production guidance of 180,000-210,000 ounces reaffirmed

Executive Chairman and CEO Mr Rohan Williams said it was an outstanding performance on all fronts, particularly given that the mine was at the start of its ramp-up.

“We have done precisely what we said we would do,” Mr Williams said. “This should be of much comfort to investors because it reflects the professionalism of our employees and mining contractors (Mcmahon and RUC) as well as our EPC contractor, GR Engineering, which built the 2.5Mtpa treatment plant on time and on budget.

“It also shows that the mine and plant are operating in line with our expectations, which means we are well on track to meeting our next round of performance targets.

“We are on course to achieve commercial production by the end of this calendar year and meet guidance of 180,000-210,000oz for FY2019.”

JUNE QUARTER SUMMARY COMMENTARY

- **2.5 Mtpa CIL Treatment Plant**

Mt Morgans’ new 2.5 Mtpa CIL treatment plant produced 34,155 ounces, within original guidance of 30,000-40,000 ounces. During the June quarter, the mill throughput rate of 6,600 tpd, an average gold recovery of 90.9% and an average combined treatment grade of 1.9 g/t gold was achieved. These results are in line with the Mt Morgans 2016 Feasibility Study (**Feasibility Study**) (see ASX release 21 November 2016) which assumed a processing rate of 8,000 tpd, gold recovery of 91.4% and an Ore Reserve mined grade of 2.3 g/t gold at steady-state levels.

As anticipated for an operation in a ramp-up phase, lower grade stockpiles and open pit material were a large proportion of initial ore feed during the quarter while higher grade underground mining activities are set to increase over the remainder of CY2018.

- **Underground – Westralia Mine Area**

During the quarter, underground mining activities averaged 1,400 tpd from the Beresford South mine area only, with ore development and stoping activities each contributing approximately 50% of the total ore mined. The Feasibility Study assumes that, at reaching steady-state production levels, ore development will comprise one third of total underground production and stoping will contribute two thirds.

The underground production grade during the quarter was 4.2 g/t gold versus the corresponding underground Ore Reserve grade of 4.6 g/t gold.

Ore development is scheduled to commence at Beresford North later this month. Decline development at Westralia’s third underground decline at Allanson has commenced with stoping activities on track to begin in early CY2019.

The Feasibility Study called for steady-state underground mining rates to total approximately 3,000 tpd of ore across Westralia’s three underground mining centres (Beresford North and South, and Allanson).

- **Open Pit – Jupiter Mine Area**

In the June quarter, open pit ore mining rates averaged 4,500 tpd. This compares with the Feasibility Study based on a steady-state open pit ore mining rate of 5,000 tpd. The Company is positioned to maintain the current material movement rates achieved this quarter.

As anticipated, lower grade material associated with mining the top of the Heffernans deposit at surface was a significant contributor to open pit ore production in the quarter, leading to a production grade of 0.9g/t gold versus the corresponding Ore Reserve grade of 1.4 g/t gold. It is expected that as mining progresses toward the higher grade Cornwall Shear Zone, the average mined grade will improve to the Ore Reserve grade.

- **Financial Liquidity and Cost Guidance**

At the end of the June quarter, the Company's cash and cash equivalents position was \$73 million (March quarter also \$73 million), before creditor payments (forecasted at \$18 million). The Company's June quarter Appendix 5B is attached to this release.

To reiterate previous guidance, the Company intends to provide operating cost guidance post declaration of commercial production in the December quarter, and anticipates all-in sustaining costs post declaration to be in line with the Feasibility Study estimates of approximately \$1,000/oz. Unit costs for mining and processing to date have been in line with Company expectations.

FY2019 GUIDANCE OF 180,000-210,000 OUNCES CONFIRMED

The Company reiterates its previously stated guidance for FY2019 of 180,000-210,000 ounces with production anticipated to be weighted towards the second half of the year.

UPCOMING NEWSFLOW

- Westralia Mineral Resource update – July 2018
- Cameron Well maiden Mineral Resource update – July 2018
- Westralia Ore Reserve Update – November 2018
- Cameron Well maiden Ore Reserve update – November 2018
- Mt Morgans Commercial Production milestone – October-December 2018
- Westralia and Cameron Well exploration results – ongoing 2018/2019

For and on behalf of the Board



Rohan Williams
Executive Chairman & CEO

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 \$A200M 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	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
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	Proved			Probable			Total		
		Au g/t	Tonnes	Au g/t	Au Oz	Tonnes	Au g/t	Au Oz	Tonnes	Au g/t
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 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.