

27 JULY 2015

POSITIVE RESULTS FROM JUPITER METALLURGICAL TESTWORK

Mt Morgans Pre-Feasibility Study Update No.2

Highlights – Gravity Recovery for CIL Testwork

- High gravity gold recoveries of up to 62.9% reported from initial gravity separation testwork conducted on over 300kg of higher grade Cornwall Shear Zone mineralised samples collected from five purpose–drilled, large–diameter diamond drill holes.

Highlights – Heap Leach Testwork

- An average gold recovery of 58.1% was reported from initial heap leach testwork conducted on over 800kg of lower grade syenite mineralisation sample collected from seven purpose–drilled, large–diameter diamond drill holes.
- Twenty–six composite samples of the lower grade mineralised syenite representing different crush sizes (19mm, 12.5mm or 6.3mm) and weathering states were subjected to a 10 day leach period.
- The highest gold recovery recorded at 81% was from moderately weathered low grade syenite crushed to 6.3mm.
- Fourteen of the 26 composite syenite samples were fresh rock (i.e. unweathered), and returned an average recovery of 58.6% for samples crushed to 6.3mm.

All initial metallurgical testwork results are consistent with Dacian’s expectations as it continues to advance the Mt Morgans Pre–Feasibility Study.

Introduction

Dacian Gold Ltd (“Dacian” or “the Company”) (ASX:DCN) is pleased to announce the initial results received from its metallurgical testwork programmes being conducted on mineralised samples obtained from its 709,000 ounce Heffernans gold deposit. The Heffernans deposit forms part of the Jupiter Prospect, located within the Company’s 100% owned Mt Morgans Project in WA which, together with the Company’s 853,000 ounce, high grade Westralia gold deposit, is being evaluated as a part of the Mt Morgans Pre-Feasibility Study (PFS).

As announced to the market on 13 July 2015, Dacian has recently completed a 9 hole programme of large-diameter diamond drill holes at its Heffernans deposit, specifically for the purpose of collecting drill core representing a variety of mineralisation and weathering styles for metallurgical testwork. The metallurgical testwork discussed within this announcement has been conducted on selected intervals taken from 863m of PQ (85mm) diameter and 248m of HQ (63.5mm) diameter core obtained from this drill programme.

The Company believes the treatment strategy for the Heffernans deposit will be analogous to that successfully employed at the nearby (<1km) and geologically similar Jupiter open pit, mined during the mid-1990s. At Jupiter, higher grade ore was treated via CIP/CIL methods and lower grade ores via dump leaching methods. As the gold mineralisation at Heffernans occurs as either shallow-dipping higher grade lodes or as broad zones of lower grade syenite-hosted mineralisation, CIL treatment and heap leach treatment is considered to be applicable to the respective mineralisation types.

This announcement reports and discusses initial results from metallurgical testwork programmes underway to test the Heffernans deposit for CIL and heap leach treatment. The testwork is being completed in consultation with Kappes, Cassidy & Associates Australia Pty Ltd and Como Engineers Pty Ltd at the laboratories of SGS Lakefield Oretest Pty Ltd in Malaga WA and ALS Metallurgy Pty Ltd in Balcatta WA.

Drill Sample Selection for Metallurgical Testwork

The siting of purposed–drilled, large–diameter diamond drill holes that could be used to collect samples for initial metallurgical testwork studies was based on capturing a range of lithologies, weathering states (fresh versus weathered) and gold grades that would reasonably likely to be mined from a potential Heffernans open pit.

Drilling details of all holes used in the initial metallurgical testwork studies, the subject of this announcement, are provided in Table 1 of Appendix A. Please also refer to Dacian’s ASX release of 13 July 2015 for all original drill assay results and requisite disclosures.

Intervals of higher grade drill core selected for the CIL process metallurgical testwork comprise 3 major mineralisation types, and are listed below (note “fresh” refers to unweathered rock material):

1. Fresh Cornwall Shear Zone (CSZ) Syenite – syenite hosted mineralisation within the CSZ.
2. Fresh Syenite – syenite hosted mineralisation outside the CSZ.
3. Fresh CSZ Basalt – basalt hosted mineralisation within the CSZ.

Table 2 in Appendix A provides drill hole information from those holes where selected intervals of higher grade were composited into the three major mineralisation types (as above) and subjected to the CIL testwork programmes. A total of 301.9kg of drill core was composited into the three major mineralisation types.

Intervals of lower grade drill core selected for heap leach metallurgical testwork were selected over lengths in excess of 5m, representing approximate likely mining bench heights. The lower grade syenite material was categorised by degree of weathering, namely:

- Fresh – unweathered rock
- Transitional – moderately weathered rock
- Oxide – highly weathered material

Table 3 of Appendix A provides drilling details and descriptions of the 24 different mineralised intervals that were composited into 11 separate metallurgical testwork samples to be used for the heap leach testwork. Significantly 811.6kg of purposed–drilled drill core has been used in this initial heap leach testwork studies.

CIL Process Metallurgical Testwork Results for Heffernans Higher Grade Mineralisation

The CIL process metallurgical testwork programme testing the amenability of the 3 major high grade mineralisation types at Heffernans is specifically designed to:

- Make preliminary determinations of gold recovery by:
 - Gravity separation method, and
 - Cyanide leaching at various grind sizes
- Estimate process plant operating parameters and costs.

The first results of the CIL metallurgical testwork programme that have been received relate to gold recovery by gravity separation. Table 4 of Appendix A shows the results of the gravity recoverable gold on the 3 major high grade mineralisation styles seen at Heffernans. Dacian is pleased to report the results are highly encouraging with gravity recoveries ranging from 62.9% from CSZ in fresh syenite to 40% recovery seen in CSZ within fresh basalt.

Heap Leach Process Metallurgical Testwork Results for Heffernans Lower Grade Mineralisation

The heap leach process metallurgical testwork programme is testing the amenability of the lower grade Heffernans syenite mineralisation to heap leach treatment.

A series of intermittent bottle roll tests (IBRTs) has been conducted on lower grade syenite samples to assess gold recoveries at various crush sizes (19mm, 12.5mm, 6.3mm). Each of the IBRTs took place over a 10 day period. Once an optimum crush size is selected (showing best recoveries), that crush size fraction will become the subject of more detailed testwork.

Table 5 of Appendix A shows the gold recovery results obtained from each of the 11 composite samples (see Table 3, Appendix A) at various crush sizes (19mm, 12.5mm and 6.3mm). A total of 26 results are shown in Table 5. Key points able to be identified from the IBRTs results are:

- a maximum recovery of 81% was obtained from moderately weathered syenite crushed to 6.3mm;
- the average gold recovery for all samples tested was 58.1%;
- gold recovery was found to improve for all samples as crush size was reduced;
- the average recovery for all samples crushed to 6.3mm was 66.1%;
- of the 26 composite samples tested, 14 were fresh (unweathered) syenite for which the average gold recovery was 58.6%.

Discussion

Results from the gravity separation tests conducted as the first component of the CIL process testwork programme demonstrate the free-milling nature of Heffernans mineralisation and suggest that a significant proportion of gold could be recovered from Heffernans high grade mineralisation by gravity methods. As such, a gravity recovery circuit may be a beneficial CIL process design inclusion that may have the potential to reduce ore processing operating costs.

Results from the intermittent bottle roll tests conducted as a component of the heap leach testwork programme, confirm Dacian's belief that Heffernans low grade syenite mineralisation is likely to be amenable to heap leaching. The importance of these results is that there may be significant economic benefit in heap leach treating the large quantity of low grade syenite material that may be otherwise regarded as waste rock in a potential Heffernans open pit.

Preliminary economic modelling used by the Company has assumed a gold recovery of 60% from heap leaching of Heffernans low grade syenite material. The average recovery of 58.6% reported from IBRTs conducted on fresh low grade syenite at 6.3mm crush size supports this assumption and the average recovery of 75% reported for weathered low grade syenite indicates potential upside.

Next Steps

Metallurgical testwork programmes on high grade and low grade mineralised samples from the Heffernans deposit will continue to be progressed over coming months for both CIL processing and heap leaching treatment methods respectively.

In relation to the CIL process testwork programme, cyanide leach testwork is currently in progress to determine optimum grind size and cyanide concentrations for gold recovery; and will be released to the market once the results come to hand.

The results from the heap leach testwork IBRTs will be used to determine optimum crush size ahead of confirmatory IBRTs and prior to commencing column leach tests to further understand the heap leaching recovery performance of Heffernans low grade mineralisation.

For and on behalf of the Board



Rohan Williams
Executive Chairman

About Dacian Gold Limited

The Mt Morgans Project hosts high grade Mineral Resources of 2.1 million ounces at an average grade of 2.6 g/t gold, including Ore Reserves of 136,000 ounces at an average grade of 6.2 g/t gold. In addition, the Company has identified multiple exploration targets and resource extension opportunities. If proven, they will enable growth of the Mt Morgans' existing Mineral Resource and Ore Reserve base.

Dacian Gold has a strong Board and Management team which includes Rohan Williams as Executive Chairman; Robert Reynolds (formerly non-executive Chairman of Avoca Resources Ltd) and Barry Patterson (co-founder and non-executive Director of GR Engineering Ltd) as non-executive directors.

Dacian's strategy at Mt Morgans is evolving toward mine feasibility and potential mine development. It has identified two large mineralised systems at Westralia and Jupiter where it believes mine development at each site is a possibility, and will be the subject of ongoing drilling and feasibility studies. Dacian considers a high grade Ore Reserve of at least 600,000 ounces of gold is reasonably likely to provide sufficient returns to justify the investment capital required to construct an ore processing facility at the project.

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

Rohan Williams
Executive Chairman
Dacian Gold Limited +61 8 9226 4622 or rohan.williams@daciangold.com.au

APPENDIX A

Hole	Easting	Northing	RL	Drill Hole & Diameter	Total Depth	Dip	Azimuth
15JURD014	1,400	1,040	400	PQ (85mm core)	376	-60	270
15JURD015	1,440	1,040	400	PQ (85mm core)	348	-60	270
15JUDD043	1,040	1,000	399	HQ (63.5mm core)	51	-90	0
15JUDD044	1,370	1,080	401	PQ (85mm core)	160	-90	0
15JURD045	1,198	1,161	419	PQ (85mm core)	337	-90	0
15JUDD046	1,362	1,160	424	HQ (63.5mm core)	111	-50	90
15JUDD053	1,362	1,160	424	PQ (85mm core)	180	-90	0
TOTAL					1,563		

Table 1: Details of large-diameter diamond drill holes drilled to collect core for metallurgical testwork. Note large core diameter and significant metres drilled.

Sample Type	Hole	mFrom	mTo	Core Weight (kg)	Core Assay Grade (g/t Au)
Syenite Fresh	15JURD015	118.0	128.8	63.5	2.0
	15JUDD053	133.7	142.3	59.2	1.7
CSZ Syenite Fresh	15JURD015	153.0	159.5	42.4	2.9
	15JUDD044	127.4	138.3	71.0	2.4
CSZ Basalt Fresh	15JURD045	81.4	92.0	65.9	2.5
TOTAL				301.9	

Table 2: Details of Heffernans high grade mineralised drill core samples undergoing CIL process testwork.



Composite ID	Hole	mFrom	mTo	Core Weight (kg)	Core Assay Grade (g/t Au)	Mineralised Sample Type
SyOx-SC1	15IUDD044	10.5	16.6	23.0	0.3	Strongly weathered syenite, low grade
	15IUDD044	4.7	10.5	39.7	2.3	Strongly weathered syenite, high grade
SyTr-SC3	15IUDD044	29.3	36.1	25.9	0.3	Weak to moderately weathered syenite, low grade
	15IUDD046	12.0	18.0	19.7	0.4	Moderately weathered syenite, low grade
	15IUDD046	18.0	24.0	19.5	0.3	Moderately weathered syenite, low grade
	15IUDD046	59.0	65.0	32.5	0.4	Weakly weathered syenite, low grade
SyTr-SC4	15IUDD046	0.0	5.0	16.9	0.6	Moderately weathered syenite, low grade
	15IUDD046	6.0	12.0	19.4	0.5	Moderately weathered syenite, low grade
	15IUDD046	35.0	41.0	20.5	0.7	Weakly to moderately weathered syenite, low grade
	15IUDD053	21.0	26.8	40.1	0.6	Moderately weathered syenite, low grade
SyTr-SC5	15IUDD044	22.9	29.2	41.5	1.0	Moderately weathered syenite, high grade
	15IUDD053	11.1	17.3	37.4	1.2	Moderately weathered syenite, high grade
SyFr-SC6	15IUDD044	59.0	65.2	38.5	0.4	Fresh syenite, low grade
	15IUDD044	76.0	82.0	40.2	0.4	Fresh syenite, low grade
SyFr-SC7	15IUDD044	99.9	106.0	34.1	0.8	Fresh syenite, low grade
	15IUDD053	80.4	86.3	44.5	0.8	Fresh syenite, low grade
SyFr-SC8	15IUDD046	76.0	82.0	15.9	1.6	Fresh syenite, high grade
	15IUDD046	89.5	95.0	23.8	0.9	Fresh syenite, high grade
SyFr-SC9	15IUDD044	147.4	154.1	49.2	0.6	Fresh syenite, low grade
	15IURD045	113.0	119.3	41.1	0.5	Fresh syenite, low grade
SyFr-SC10	15IUDD044	113.5	120.0	43.7	0.8	Fresh syenite, low grade
	15IURD052	147.3	152.4	33.2	0.9	Fresh syenite, high grade
SyFr-SC11	15IURD014	133.8	140.3	66.9	1.4	Fresh syenite, high grade
	15IUDD053	142.3	148.4	44.4	1.2	Fresh syenite, high grade
TOTAL				811.6		

Table 3: Details of Heffernans low grade mineralised syenite drill core samples undergoing heap leach testwork. Samples are categorised based on degree of weathering and grade . Hole numbers referenced are as per those listed in Table 1 and Composite ID codes correspond to those listed in results Table 5. Note total sample weight in excess of 800 kg.



Sample Type	Sample Grade (g/t Au)	Gravity Recovery (%)
Syenite Fresh	1.4	50.4
CSZ Syenite Fresh	2.6	62.9
CSZ Basalt Fresh	2.4	40.0

Table 4: High initial gravity recovery results for Heffernans high grade mineralised samples undergoing CIL process testwork. See Table 2 for sample details.



Composite ID	Crush Size (mm)	1 Residue Assay (ppm Au)	2 Extracted Grade (ppm Au)	3 (1+2) Calculated Head (ppm Au)	4 Head Assay (ppm Au)	5 (2÷3) Extraction (% Au)
SyOx-SC1 (19)	19	0.16	0.17	0.33	0.25	51.30
SyOx-SC1 (6.3)	6.3	0.13	0.22	0.35	0.25	62.80
SyOx-SC2 (19)	19	0.26	0.78	1.04	1.15	75.10
SyOx-SC2 (6.3)	6.3	0.24	0.89	1.13	1.15	78.70
SyTr-SC3 (19)	19	0.11	0.12	0.23	0.34	52.00
SyTr-SC3 (12.5)	12.5	0.10	0.21	0.31	0.34	67.20
SyTr-SC3 (6.3)	6.3	0.07	0.30	0.37	0.34	81.00
SyTr-SC4 (19)	19	0.10	0.21	0.31	0.49	68.00
SyTr-SC4 (12.5)	12.5	0.15	0.24	0.39	0.49	61.70
SyTr-SC4 (6.3)	6.3	0.07	0.29	0.36	0.49	80.40
SyTr-SC5 (12.5)	12.5	0.33	0.41	0.74	0.54	55.50
SyTr-SC5 (6.3)	6.3	0.19	0.49	0.68	0.54	72.20
SyFr-SC6 (19)	19	0.20	0.22	0.42	0.32	51.90
SyFr-SC6 (12.5)	12.5	0.36	0.23	0.59	0.32	39.20
SyFr-SC6 (6.3)	6.3	0.17	0.29	0.46	0.32	62.70
SyFr-SC7 (12.5)	12.5	0.27	0.44	0.71	0.57	62.00
SyFr-SC7 (6.3)	6.3	0.32	0.46	0.78	0.57	59.20
SyFr-SC8 (12.5)	12.5	0.33	0.33	0.66	0.66	49.90
SyFr-SC8 (6.3)	6.3	0.34	0.42	0.76	0.66	55.10
SyFr-SC9 (12.5)	12.5	0.52	0.15	0.67	0.82	22.30
SyFr-SC9 (6.3)	6.3	0.27	0.20	0.47	0.82	42.90
SyFr-SC10 (19)	19	0.38	0.35	0.73	0.58	47.60
SyFr-SC10 (12.5)	12.5	0.67	0.33	1.00	0.58	33.10
SyFr-SC10 (6.3)	6.3	0.24	0.58	0.82	0.58	70.90
SyFr-SC11 (12.5)	12.5	0.68	0.61	1.29	1.27	47.30
SyFr-SC11 (6.3)	6.3	0.51	0.79	1.30	1.27	60.80

Table 5: Gold recovery results from 10 day intermittent bottle roll tests (IBRTs) conducted on Heffernans low grade mineralised syenite samples at a range of crush sizes which have been completed as a component of heap leach amenability testwork. Composite IDs correspond to those listed in Table 3.

Mineral Resources and Ore Reserves

Mount Morgans Gold Project Mineral Resources as at 11 May 2015

Deposit	Cut-off Grade Au g/t	Measured			Indicated			Inferred			Total Mineral Resource		
		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	-	0	-	-	0	-	532,000	2.0	33,000	532,000	2.0	33,000
Jupiter	1.5	-	0	-	-	0	-	811,000	2.8	73,000	811,000	2.8	73,000
Heffernans*	0.5	-	0	-	9,065,000	1.6	456,000	4,638,000	1.1	169,000	13,704,000	1.4	625,000
Westralia*	3	117,000	5.9	22,000	1,123,000	6.0	215,000	3,374,000	5.7	616,000	4,614,000	5.8	853,000
Craic	0.5	-	0	-	69,000	8.2	18,000	120,000	7.1	27,000	189,000	7.5	46,000
Transvaal	0.5	1,549,000	3.2	159,000	1,176,000	2.7	102,000	926,000	2.2	66,000	3,650,000	2.8	327,000
Ramornie*	2	-	0	-	156,000	4.1	21,000	285,000	3.9	36,000	442,000	4.0	57,000
Morgans North*	0.5	-	0	-	290,000	2.6	25,000	169,000	3.8	20,000	459,000	3.1	45,000
Total		1,665,000	3.4	181,000	11,878,000	2.2	835,000	10,856,000	3.0	1,041,000	24,400,000	2.6	2,058,000

* JORC 2012

Mount Morgans Gold Project Heap Leach Mineral Resources as at 11 May 2015

Deposit	Cut-off Grade Range Au g/t	Measured			Indicated			Inferred			Total Mineral Resource		
		Tonnes	Au g/t	Au Oz	Tonnes	Au g/t	Au Oz	Tonnes	Au g/t	Au Oz	Tonnes	Au g/t	Au Oz
Heffernans*	0.3 - 0.5	-	0	-	3,020,000	0.4	38,000	3,660,000	0.4	47,000	6,680,000	0.4	84,000
Total		-	0	-	3,020,000	0.4	38,000	3,660,000	0.4	47,000	6,680,000	0.4	84,000

Mount Morgans Gold Project Mineral Resources as at 11 May 2015

Deposit		Measured			Indicated			Inferred			Total Mineral Resource		
		Tonnes	Au g/t	Au Oz	Tonnes	Au g/t	Au Oz	Tonnes	Au g/t	Au Oz	Tonnes	Au g/t	Au Oz
Total		1,665,000	3.4	181,000	14,895,000	1.8	873,000	14,517,000	2.3	1,087,000	31,080,000	2.1	2,143,000

Mount Morgans Gold Project Ore Reserves

Deposit	Cut-off Grade Au g/t	Proved			Probable			Total		
		Tonnes	Au	Au	Tonnes	Au	Au	Tonnes	Au	Au
		kt	g/t	'000's Oz	kt	g/t	'000's Oz	kt	g/t	'000's Oz
Craic	3.9				28	9.2	8	28	9.2	8
Transvaal	3.4	380	6.2	76	271	6.0	52	651	6.1	128
Total		380	6.2	76	299	6.3	61	679	6.2	136

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.

Competent Person Statement

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 and Ore Reserves

The information in this report that relates the Heffernans Mineral Resource (see ASX announcement – 11th May 2015) and the Westralia and Ramornie Mineral Resources (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 RPM. 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 to Mineral Resources (other than Heffernans, Westralia, 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.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the respective announcements and all material assumptions and technical parameters underpinning the resource estimate with those announcements continue to apply and have not materially changed.

The information in this report that relates to Ore Reserves is based on information compiled by Mr Bill Frazer, a director and full time employee of Mining One Pty Ltd and a Member of The Australasian Institute of Mining and Metallurgy. Mr. Williams and Mr Frazer have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Williams and Mr Frazer consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

All information relating to Mineral Resources and Ore Reserves (other than the Heffernans – see ASX announcement 11th May 2015 and Westralia and Ramornie Mineral Resource estimates, see ASX announcement 24th February, 2015) was prepared and disclosed under the JORC Code 2004. It 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.