

3 APRIL 2018

DACIAN POURS FIRST GOLD AT MT MORGANS

Achievement of key milestone puts Dacian on track to become a +200,000ozpa producer with a +10-year mine life

- Construction of new A\$200m gold mine completed on time and on budget
- Production ramp-up underway, targeting 180,000-210,000oz in FY2019
- Financial position for ramp-up phase strengthened with 45,000oz hedged through CY2018 at A\$1,727/oz
- Mineral Resource and Ore Reserve updates in progress, including maiden Ore Reserve for Cameron Well

Dacian Gold Ltd (**Dacian Gold** or **the Company**) (ASX: DCN) is pleased to report that the first bar of gold was poured at its 100%-owned Mt Morgans Gold Project in WA on March 29th, 2018.

This key milestone was achieved following a rapid and successful 11-month construction period in which the project construction was completed on time and on budget.



Figure 1: Dacian Gold Executive Chairman and CEO Rohan Williams holding the first gold bar poured from the Mt Morgans Gold Project. The weight of the first gold bar was 12kg.

Dacian Gold Executive Chairman & CEO, Rohan Williams, said the first gold pour was the culmination of a highly successful exploration and development strategy implemented at Mt Morgans over the past five years.

“The attributes which have enabled us to arrive at this very significant occasion are the same attributes that will drive our ramp-up and ongoing growth strategy,” Mr Williams said.

“We started work at Mt Morgans a little over five years ago with several exploration concepts that we tested once we completed our IPO. What has been achieved in that time from discovery, including the drill-out, feasibility studies, financing, permitting and now completion of a major A\$200 million project build on time and on budget is an amazing effort by a very talented and hard-working group of employees, consultants and contractors.

“We stated in our Feasibility Study in late 2016 that we would be pouring our first gold in the March quarter of 2018, and I am very pleased to say that we have done exactly that,” Mr Williams said.

“Our outstanding team is now focused on ramping up the mine to steady-state production of +200,000 ounces a year.

“We also firmly believe Mt Morgans is a highly-endowed goldfield that will continue to deliver new discoveries and additional mine life as we continue an aggressive exploration campaign which has already yielded a highly significant new discovery at Cameron Well.”

PROJECT CONSTRUCTION COMPLETED ON TIME AND ON BUDGET

Mt Morgans poured its first gold bar on 29th March (see Figure 1) following an accelerated 11-month project construction period which, together with underground and open pit mine development, cost A\$200 million.

With the construction of the 2.5Mtpa treatment plant complete, commissioning activities are well progressed. The Company expects to reach practical completion (with the plant operating at nameplate capacity) and achieve associated performance testing requirements with its EPC contractor, GR Engineering Services Ltd (**GRES**), within the June 2018 quarter.

Figures 2 and 3 below show the rapid pace of construction of the 2.5Mtpa treatment plant from when GRES first accessed the site in late April 2017.



Figure 2: Photograph showing the cleared area and construction of the pad for the 2.5Mtpa treatment plant. The photograph was taken on the 24th May 2017.



Figure 3: Corresponding photograph to Figure 2, showing the completed 2.5Mtpa treatment plant. This photograph was taken exactly 10 months after the photo shown in Figure 2, on the 24th March 2018.

Figures 4 and 5 below respectively show the final layout of the run-of-mine (**ROM**) pad and crusher assembly; and the grinding and CIL tanks section of the treatment plant.



Figure 4: Road train delivering high grade ore from the Beresford underground mine at Westralia onto the ROM pad of the new 2.5Mtpa treatment plant. Note the crusher and coarse ore stockpile located to the left of the ROM pad (see Figure 3 for reference).



Figure 5: SAG mill and ball mill assembly with CIL tanks of the new 2.5Mtpa treatment plant at Mt Morgans. Note the treatment plant ponds and power station behind the mills and tanks. See also Figure 3 for reference.

MT MORGANS ENTERS RAMP-UP PHASE WITH TARGETED FY2019 PRODUCTION OF 180,000-210,000oz

Mt Morgans is currently developing its two mining centres – Westralia (Beresford and Allanson) forming its 1Mtpa underground operation, and Jupiter forming its 1.5Mtpa open cut operation. Combined, the two mining centres, which are separated by a distance of 15km, will feed the new Mt Morgans 2.5Mtpa CIL treatment plant.

Underground mining at Beresford and Allanson continues to advance ahead of the Feasibility Study mining schedule with the majority of activity occurring at Beresford which has reported 2,200m of ore development, ore intersected on 6 levels and 6 stopes currently in production.

Open pit mining has recently commenced at Heffernans Hill, within the Jupiter open pit, and has seen the top 15m of the hill mined to date (see Figure 6).

At the end of the March quarter 2018, ROM stockpiles to support commissioning and ramp-up activities ahead, totaled approximately 200,000 tonnes, comprising underground development ore from Beresford and lower grade open pit ore from Jupiter. Grade reconciliation for the underground and open pit ores will be assessed over the ensuing weeks as the treatment plant moves toward continuous operations.



Figure 6: Open pit mining at Jupiter has commenced with mining of the top 15m off Heffernans Hill.

With mining development tracking ahead of Feasibility Study estimates and the treatment plant set to be completed and handed over imminently, Dacian is pleased to provide its first production guidance since November 2016 of 30,000-40,000oz for the remainder of FY2018 and 180,000-210,000oz for FY2019.

The 30,000-40,000oz for FY2018 (June quarter 2018) is in line with the Company's expectations for the beginnings of Mt Morgans ramp up phase. As noted above, the production reflects primarily underground development ore at Beresford and lower grade from the initial mining activities at Jupiter.

The 180,000-210,000oz FY2019 guidance is consistent with the Company's stated goal of becoming a +10 year, +200,000oz per year gold producer and is reflective of a conservative 6-9 month ramp-up period during 2018 at Mt Morgans. The ramp-up period allows for:

- the Jupiter open pit to reach a steady-state production of 5,000 tonnes of ore per day – Dacian expects Jupiter operations to reach steady-state during the June 2018 quarter and be the primary source of feed in the coming quarter until underground tonnages increase during FY2019;
- the Beresford and Allanson underground mines to reach steady-state operations of approximately 3,000 tonnes of ore mined per day. Steady-state ore development of approximately 1,000 tonnes per day and stoping of approximately 2,000 tonnes of ore per day is the designed production rate from the underground mines. The underground operations continue to build in line with expectations through 2018 and are set to underpin Mt Morgans 2HFY2019 weighted production as higher grade underground ore increases contribution to production;
- throughput, reagent consumption and recovery optimisations for the new 2.5Mtpa treatment plant; and
- to provide a meaningful period for grade reconciliation analysis.

Reflective of normal ramp-up activities, FY2019 production guidance is expected to be 2HFY2019 weighted and excludes any incremental production from a potential third mining centre at Mt Morgans, being Cameron Well, where current work activities are focused on delivering a maiden Mineral Resource and Ore Reserve.

Beyond FY2019 guidance, and excluding any potential incremental production from Cameron Well, Dacian Gold expects initial reserve life annual production numbers to be in line with Feasibility Study guidance (see ASX release 21 November 2016) with normal variances year-to-year.

PRUDENT FINANCIAL PROTECTION MEASURES IMPLEMENTED DURING RAMP-UP PHASE – HEDGING 45,000oz AT A\$1,727/oz

Dacian Gold expects Mt Morgans to be cash flow positive during the ramp-up towards design production levels during 2018 with combined production over FY2018 and FY2019 to be sufficient to support forecast capital and operating spend requirements for the anticipated 6-9 months ramp-up profile of the mine.

At the end of the March quarter 2018, and following the completion of project construction activities, the estimated overall liquidity available to the Company was approximately A\$50 million, consisting of A\$40 million in cash and A\$10 million available from its debt facility, which combined with positive cash flows from Mt Morgans, position Dacian favourably towards achieving producer status during FY2019.

In line with this estimated ramp-up period, Dacian Gold intends to continue to capitalise all associated Mt Morgans costs through CY2018 (1HFY2Q19) with the mine anticipated to reach the commercial production milestone towards the end of CY2018.

In addition, to further bolster the Company's financial position Dacian Gold forward sold 45,000oz at an average price of A\$1,727/oz during the quarter. Dacian Gold can deliver into these contracts between

April 2018 and October 2018. To confirm, there is no mandatory hedging requirement under the Company's debt facility agreement with the financiers, with Dacian Gold able to enter into hedging programs on a discretionary basis.

EXPLORATION CAMPAIGNS TARGETING ORE RESERVE AND MINERAL RESOURCE UPDATES, INCLUDING THE MAIDEN ORE RESERVE FOR CAMERON WELL

Dacian Gold has continued its aggressive exploration campaigns at Mt Morgans throughout the project construction period. The majority of the exploration focus has been on the new Cameron Well discovery (see ASX release 14 February 2018) and below the underground Ore Reserve at Beresford.

Currently there are four diamond rigs drilling below the Beresford Ore Reserve and two RC rigs at Cameron Well infill drilling the 80m x 40m RC drill results reported in the 14 February 2018 ASX release to 40m x 40m spacings.

The Cameron Well oxide drilling is targeting a maiden Mineral Resource and Ore Reserve; and the Beresford drilling an updated Indicated Mineral Resource and new Inferred Mineral Resource and potential updated Ore Reserve in 1HFY2019.

UPCOMING NEWS FLOW

Dacian Gold is set to complete or embark on the following activities, all of which will contribute to near-term news flow:

- Completion of commissioning at the new 2.5Mtpa treatment plant;
- Completion of performance tests at the new 2.5Mtpa treatment plant;
- Complete 40m x 40m infill oxide resource definition RC drilling at Cameron Well and release of drill results;
- Complete a maiden Mineral Resource estimate for the oxide mineralisation at Cameron Well;
- Complete Feasibility Studies on the Cameron Well Mineral Resource with a view to declaring a maiden Ore Reserve for the Cameron Well oxide;
- Complete infill drilling the Inferred Mineral Resource below the Beresford Ore Reserve, release drill results and complete an updated Indicated Mineral Resource;
- Complete drilling below all Mineral Resources at Beresford, release results and complete a new Inferred Mineral Resource at Beresford; and
- Complete mining design studies on the new Indicated Mineral Resource at Beresford with a view to declaring an updated Ore Reserve.
- Confirm Mt Morgans attaining commercial production.

The Company will release the results of these activities to the market as information becomes available.

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 Project, 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 Australia's next significant, mid-tier gold producer.

Total capital cost to develop the project was \$A200M with A\$107M dedicated to the construction of a 2.5Mtpa CIL treatment facility being commissioned.

The Board, which comprises Rohan Williams as Executive Chairman and Robert Reynolds, Barry Patterson and Ian Cochrane as non-executive directors, approved the construction of the project in late 2016 with first gold poured in March 2018.

Dacian Gold 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 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	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 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.