



DACIAN
GOLD

ABN 61 154 262 978



ANNUAL REPORT

2017

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CORPORATE GOVERNANCE

Please refer to the Company's website www.daciangold.com.au for the 2017 Corporate Governance Statement and Policies.

CORPORATE DIRECTORY

DIRECTORS

Rohan Williams	Executive Chairman
Barry Patterson	Non-Executive Director
Robert Reynolds	Non-Executive Director
Ian Cochrane	Non-Executive Director

COMPANY SECRETARY

Kevin Hart

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 2
1 Preston Street
Como WA 6152

AUDITOR

Grant Thornton Audit Pty Ltd
10 Kings Park Road
West Perth WA 6005

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2
45 St Georges Terrace
Perth WA 6000

STOCK EXCHANGE LISTING

The Company's shares are quoted on the Australian Securities Exchange. The home exchange is Perth, Western Australia.

ASX CODE

DCN – Ordinary shares

COMPANY INFORMATION

The Company was incorporated and registered under the Corporations Act 2001 in Western Australia on 23 November 2011.

The Company is domiciled in Australia.

CONTACT

Telephone: 08 6323 9000
Facsimile: 08 6323 9099
Email: info@daciangold.com.au
Website: www.daciangold.com.au



CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Fellow Shareholder,

It is with much pleasure that I present to you Dacian Gold's fifth annual report.

In last year's annual report I commented that the 2016 financial year was the most significant year of your Company's short history. Whilst true at the time, it does pale against what the 2017 year has achieved. To borrow from the pages that follow in the last 12 months, Dacian Gold has completed:

- A bankable feasibility study delivering an initial Ore Reserve of 1.2 million ounces;
- A \$150 million senior bank facility from three highly regarded banks on very favourable terms to the Company;
- A \$136 million equity raising through the issue of 65.5 million new shares;
- Its first hedge program selling 52,000 ounces of gold in FY2020 at an average price of A\$1,782 per ounce; and
- All requisite permitting to build the Mt Morgans Gold Project.

With the funding locked away and the permitting in place, Dacian Gold has commenced the following project and construction activities at Mt Morgans:

- started underground mining at Beresford;
- started construction of the new 2.5Mtpa CIL treatment facility near Jupiter;
- nearly completed construction of a 400-room accommodation village; and
- started construction of all the mine-support buildings, workshops, temporary power station, changerooms etc at Westralia.

There are some excellent photographs in this annual report that clearly show the rate of advance of mine development and construction on numerous fronts.

And we are also very busy on the exploration campaign having completed over 850 drill holes at Cameron Well alone during the year. We believe Cameron Well is shaping up as an emerging gold discovery, and possibly the third large mineralised system at Mt Morgans, after Westralia and Jupiter. We have just drilled the very first diamond drill holes into Cameron Well and recorded our best ever intersection of 2.3m @ 311.3 g/t gold from a depth of just 100m below the surface. This is the best intersection we have recorded from all 3,204 holes drilled for a total of 313,000m at Mt Morgans over the last 5 years, since the IPO.

We are busy recruiting people for the project and to resource head office for when we are in production early next year. This financial year we have added 31 people to the Dacian workforce – the majority site based, although this doesn't include contractors on site, which at the time of writing amounted to an additional 335 personnel.

Everyone in the Company is very focussed on our stated objective of joining the gold producer ranks in March next year. There is still a lot to do of course, but the Company is very fortunate to have a dedicated and hardworking team of Dacian people and contractors, whom together I am confident will deliver this project on time and on budget.

I would also like to extend my thanks to you, the Shareholders, who have supported the Company in its capital raising endeavours over the last 12 months, and your genuine interest in how the Company is progressing.



Rohan Williams
Executive Chairman



REVIEW OF OPERATIONS

INTRODUCTION AND DACIAN GOLD'S CORPORATE OBJECTIVE

Dacian Gold's Mt Morgans Gold Project (**MMGP**) is located 25km west of Laverton, being approximately 750km north-east of Perth in Western Australia (see Figure 1). The MMGP is a 520 km² tenement package comprising predominantly granted mining leases. It is situated in the Laverton gold district which is known to contain approximately 30 million ounces of gold, making it the second highest endowed gold district in Western Australia, behind Kalgoorlie.

The MMGP has been the Company's sole focus since its IPO on the ASX in November 2012. In less than five years since the Company's IPO, Dacian Gold has achieved the following key milestones at the MMGP:

- discovered two +1 million ounce gold deposits at Westralia and Jupiter (see Figure 2);
- published an initial Ore Reserve of 1.2 million ounces of gold following the completion of a bankable Feasibility Study;
- published an expansion PFS totalling 1.7 million ounces, including the Ore Reserve;
- executed a A\$150 million senior project debt facility for project development;
- completed A\$136 million equity funding for project development; and

- commenced infrastructure construction and underground mining.

It was during the 2017 financial year that Dacian Gold completed the bankable Feasibility Study delivering an initial 1.2 million ounce Ore Reserve, the expansion PFS, the project financing, the equity financing and the commencement of construction and underground mining at the MMGP.

Each of the key achievements completed during FY2017 is described in more detail in the following pages under the headings *Project Construction and Mine Development*, *Project Financing*, *MMGP Feasibility Study*, *Ore Reserves and Expansion PFS*. Also included in this Annual Report are descriptions of exploration activities at Mt Morgans, under *Exploration and Drilling*, as well as the *Mineral Resource and Ore Reserve Statement*.

Dacian Gold's corporate objective is to develop the MMGP into a leading, high-margin, long-life goldfield, with first gold production in Q1 of CY2018. In addition, Dacian Gold will maintain aggressive exploration programs at the MMGP so as to realise the undiscovered gold endowment that Company management believes exists within the MMGP.

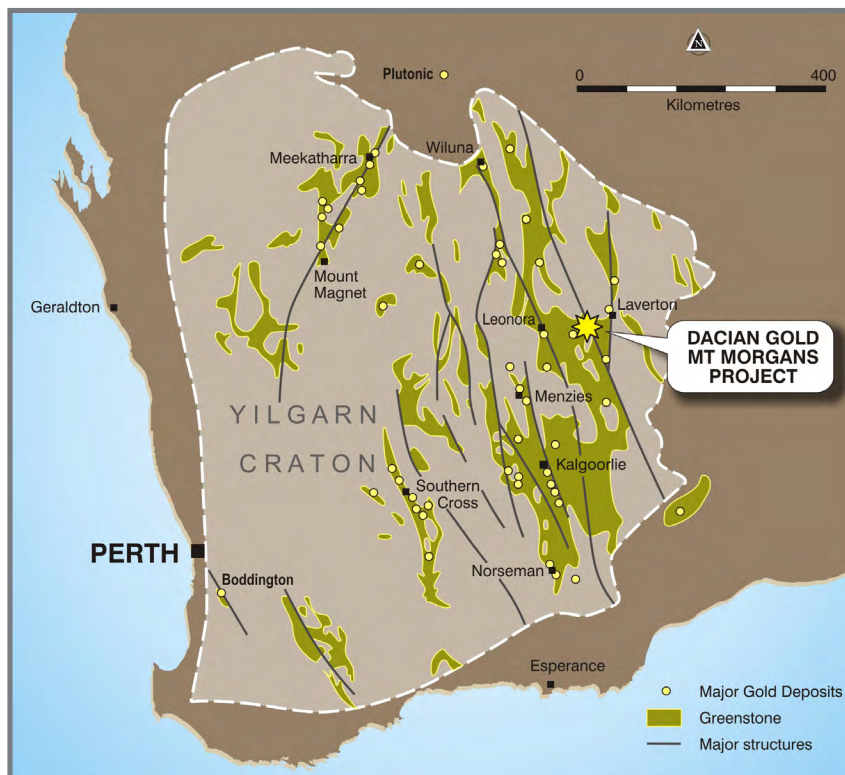


Figure 1: Location of Dacian Gold's Mt Morgans Project Area in Western Australia.

REVIEW OF OPERATIONS

MT MORGANS PROJECT CONSTRUCTION AND MINE DEVELOPMENT

Following completion of the A\$150 million senior debt facility in the December 2016 quarter and the A\$136 million equity capital raising in early 2017, the Board of Dacian Gold approved management to proceed with development of the MMGP.

The infrastructure required to construct and develop the MMGP comprised a new 2.5Mtpa CIL treatment facility and tailing storage facility (TSF); establishment of raw-water supply infrastructure (Borefield), a 400-person accommodation village, construction of mine service area facilities (including offices, workshops, fuel storage and power distribution) at both the Westralia and Jupiter Mine areas; administration complex, reticulation of overland power from the power station, re-establishment of previously used haul roads and service roads and installation of mobile phone, data, voice and radio communications infrastructure.

The bankable Feasibility Study capital cost estimate to build the project was initially A\$172 million but later reduced to A\$149 million following recognition of several material cost savings.

There are two principal work areas within the MMGP:

1. The Westralia underground mines (Beresford and Allanson), the accommodation village and the

Westralia mine service facilities (administration, workshops and temporary power station) which are all centred close to the Westralia open pit and historic Mt Morgans township that lie in the western part of the MMGP (Figure 2); and

2. Lying 15km to the east of the Westralia area is the Jupiter mine area where the new treatment facility, Jupiter mine service facilities, haul road and the main gas-fired power station will be constructed.

The 2.5Mtpa CIL treatment facility and TSF, together with the Borefield and mine service infrastructure at Jupiter are to be built by GR Engineering Services Ltd (GRES) under a guaranteed maximum price (GMP) engineering, procurement and construction (EPC) contract, signed in April 2017.

The underground mining contract for Beresford and Allanson was awarded to RUC Cementation Mining (RUC), also signed in April 2017.

Construction of infrastructure around the Westralia Mine Area, including the accommodation village and Westralia Mine Service facilities, is being managed by Dacian Gold.

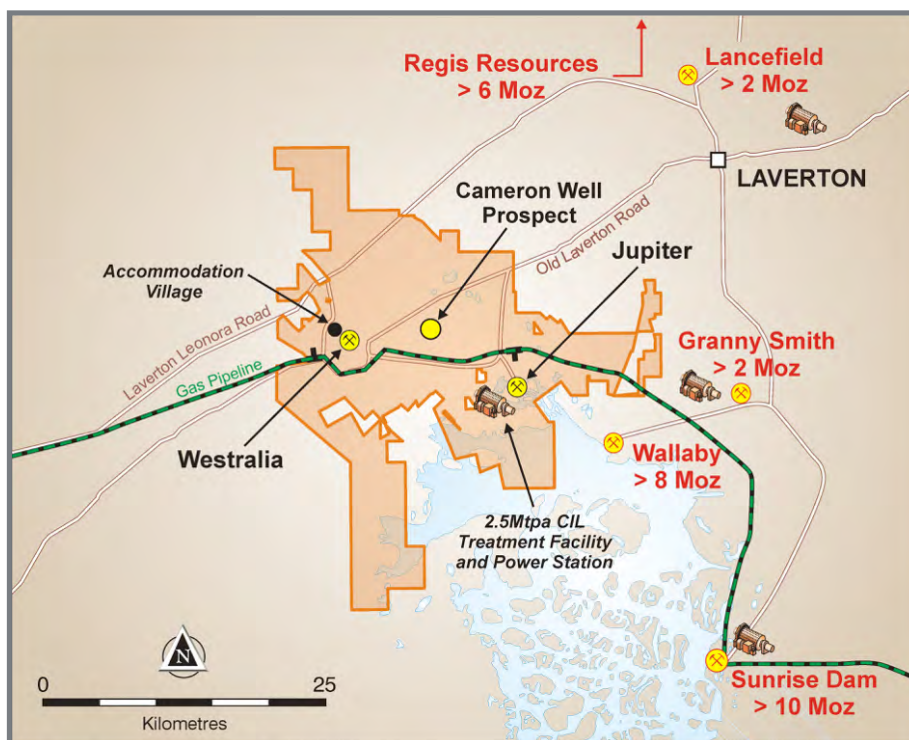


Figure 2: Location map showing Dacian Gold's 100%-owned MMGP tenure (orange), including the Westralia and Jupiter Deposits; and the Cameron Well Prospect. Also shown is the location of existing and under construction infrastructure, as well as proximal multi-million ounce gold deposits.



REVIEW OF OPERATIONS

MMGP Project Construction – Jupiter Area

As noted above, the principal infrastructure being built around the Jupiter area is the new 2.5Mtpa CIL treatment facility and TSF; the permanent power station, the main site administration complex and the Jupiter mine workshops.

The EPC Contract is being undertaken on a GMP of A\$107.1 million with any under-run of the GMP to be shared between the Company and GRES.

In April 2017 construction commenced on the 2.5Mtpa CIL treatment facility and clearing of the mine service area. Figure 3 shows the excellent progress made by GRES in the 18 weeks from signing the EPC contract and mobilising to site.

Figure 4 is a photograph of the transfer vault that will sit under the coarse ore stockpile (refer Figure 3 for location).

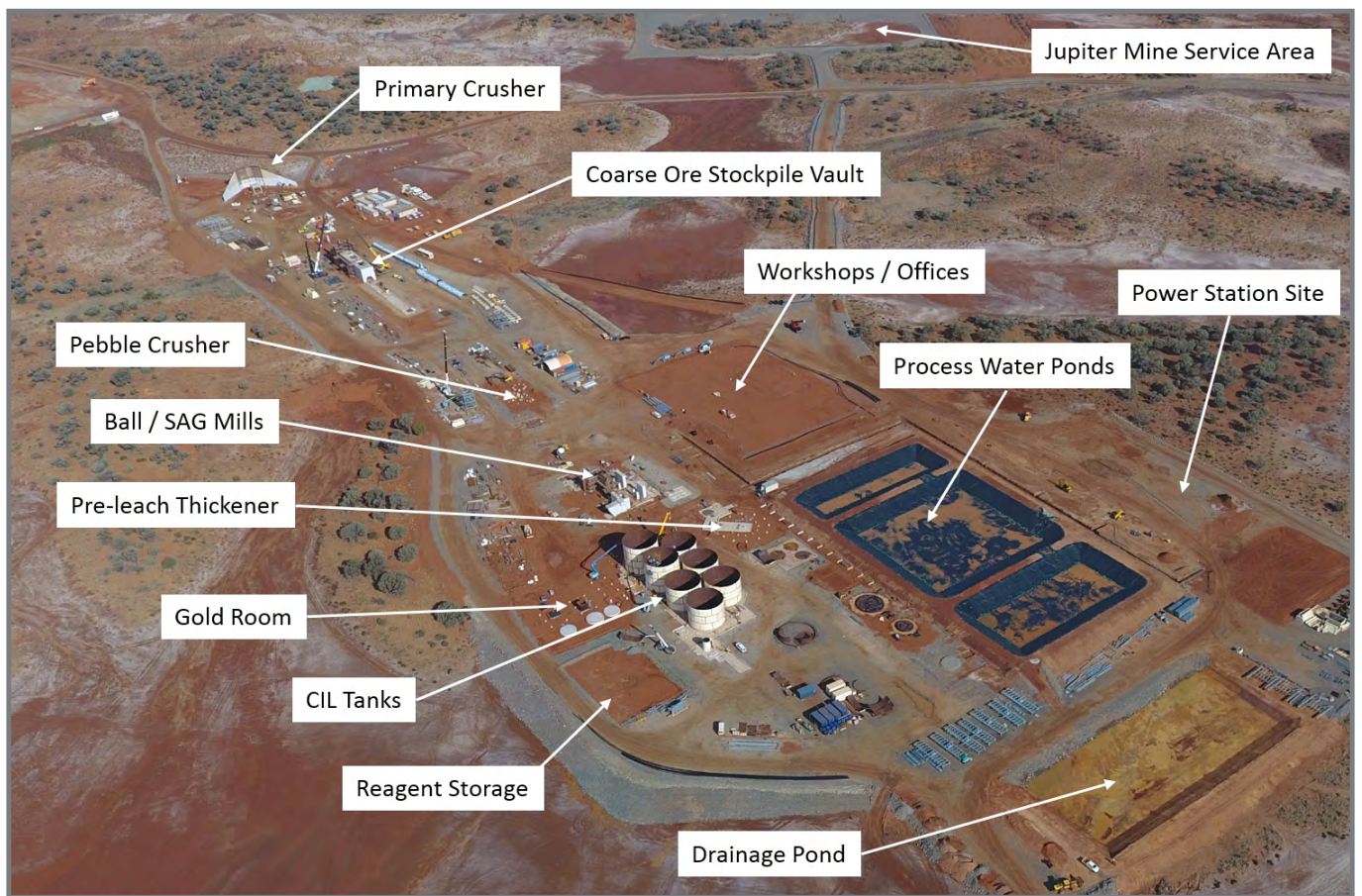


Figure 3: Mt Morgans 2.5Mtpa CIL treatment facility under construction (photograph taken on 28 August 2017), 18 weeks after GRES mobilised to site following execution of the EPC contract on 18 April 2017. See Figure 10 showing conceptual layout and design of the treatment plant.

REVIEW OF OPERATIONS



Figure 4: - Construction of the Transfer Vault that will lie beneath the Coarse Ore Stockpile (refer Figure 3).

MMGP Project Construction – Westralia Area

The principal infrastructure being built around the Westralia area is a 400 room accommodation village and mine service facilities for the two new underground mines located below the Westralia open pit (Beresford and Allanson).

The accommodation village is being constructed on the same site as the 1990s accommodation village (since cleared and rehabilitated). Dacian Gold purchased a high-quality, second hand camp that was built by BHP for the Worsley Alumina upgrade that was completed in 2012.

Clearing for the accommodation village commenced in late February 2017. Figure 5 is an aerial photograph of the accommodation village taken in 2017 showing the layout and progress of the village site.

The Westralia Mine Service Area (**MSA**) is located immediately north-east of the Westralia open pit from

which the access portals to the Beresford and Allanson underground mines are located. Construction of the MSA commenced in April 2017, and upon completion, will comprise:

- Dacian Gold and RUC mine administration complex and change rooms;
- First aid and mine rescue facilities;
- ROM pad;
- Heavy vehicle workshop;
- Light vehicle workshop; and
- 3MW temporary diesel-fired power station to supply power to the underground operation, the MSA generally and the Accommodation Village, located 1 km north-west of the MSA.

Figure 6 is an aerial photograph of the Westralia MSA taken in 2017.



REVIEW OF OPERATIONS



Figure 5: Mt Morgans accommodation village layout (as labelled).



Figure 6: Aerial view of the Westralia Mine Service Area layout and construction. Key sections are labelled.

REVIEW OF OPERATIONS

Mine Development

In April 2017, the Underground Mining Services Contract for both the Beresford and Allanson mines was executed with RUC Cementation Mining, and mining of the Beresford Decline commenced. Figure 7 shows the Ore Reserve mine plan for both Beresford and Allanson beneath the Westralia open pit.

The decline and an associated vent drive are sited approximately 20m above the Westralia pit floor near the southern end of the Westralia open pit. The decline

heads south to commence mining the southern and upper sections of the Beresford lodes.

Good initial progress has been made on the decline development with performance approximately 300m ahead of schedule at the time of this report. Figure 8 shows the decline location in respect of the planned mining at Beresford, as well as a photo of the newly excavated underground decline.

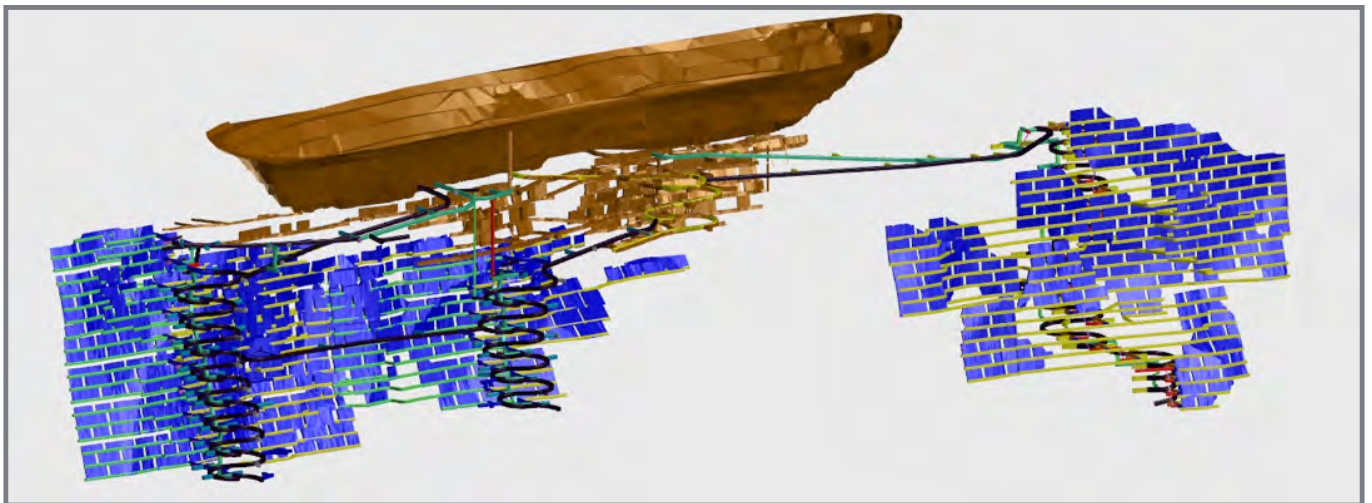


Figure 7: Mine plan layout of the Beresford (left hand side of image) and Allanson (right hand side of image) underground mines below the Westralia open pit. Refer Figure 11 showing potential additional mining identified in the expansion PFS at both Beresford and Allanson.

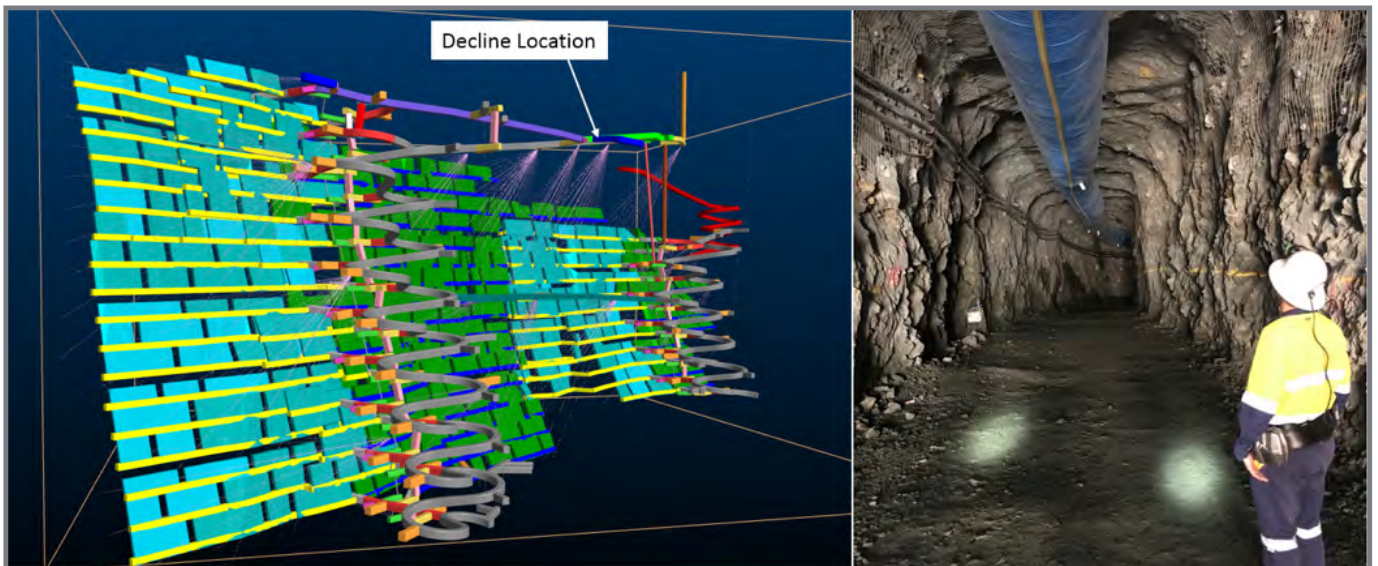


Figure 8: Mine design of Beresford Ore Reserve showing location of the decline (left hand image) as well as a photo of the new underground decline excavation (right hand photo). The decline commenced 20m above the pit floor of the Westralia open pit (not shown, refer Figure 7).



REVIEW OF OPERATIONS

PROJECT FINANCING

During the 2017 financial year, Dacian Gold completed the financing for the development and construction of the MMGP with a combination of debt funding (A\$150 million) and equity funding (A\$136 million). The equity funding was completed by way of share placements and a non-renounceable accelerated entitlement offer; whereas the debt financing was completed under a senior project debt facility with Westpac Banking Corporation, Australia and New Zealand Banking Group and BNP Paribas (**Financiers**).

The combined funding of A\$286 million (excluding costs) will finance project construction, mine development, exploration programs, an over-run facility, head office costs and general working capital requirements up to planned cash flow in April 2018.

The A\$150 million Facility (**Facility**) contained terms that 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;

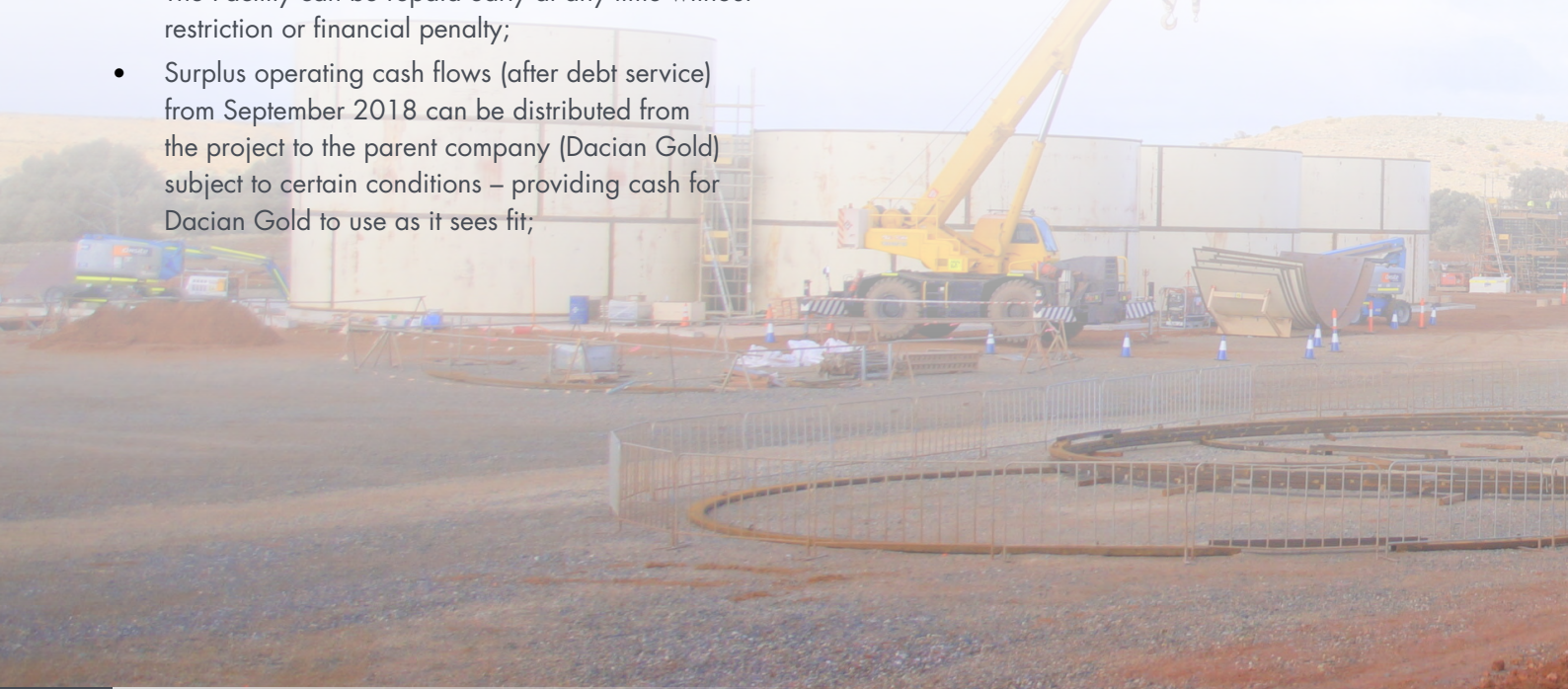
- No mandatory hedging required, but a discretionary hedging facility is available for gold and currency;
- Minimal level of cash reserving and no mandatory cash sweeping;
- Security is provided via a fixed and floating charge over the assets of Dacian Gold's operating subsidiary – Mt Morgans WA Mining 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.

Financial Close of the Facility and the first draw down of A\$45 million occurred in August 2017.

The A\$136 million equity financing (excluding costs) was completed in two separate raisings:

- A A\$26 million share placement in December 2016 at a share price of \$2.50 per share; and
- A fully underwritten A\$110 million institutional share placement and accelerated non-renounceable entitlement offer completed in March at a share price of \$2.00 per share.

The combined equity offerings resulted in the issue of 65.5 million new shares. At the time of writing this Annual Report, the Company had 204.6 million shares on issue.



REVIEW OF OPERATIONS

MMGP FEASIBILITY STUDY, ORE RESERVES AND MMGP EXPANSION PRE-FEASIBILITY STUDY

On 21 November 2016, Dacian Gold published the MMGP Feasibility Study (**Feasibility Study**) and MMGP expansion Pre-Feasibility Study (**PFS**).

The Feasibility Study showed the project had the potential to be a significant and low cost mid-tier WA-based gold producer, with the following key metrics:

- A maiden 8 year Ore Reserve of 18.6Mt @ 2.0g/t Au for 1.2 million ounces of gold that is estimated to produce gold at an all in sustaining cost (AISC) of A\$1,039/oz;
- A site infrastructure capital expenditure of A\$172M that was subsequently reduced to A\$149M after capital savings were identified;
- Mine establishment capital costs of A\$48M at Beresford and Allanson (together the Westralia Mining Area) and Jupiter;
- Total capital costs for the MMGP is now estimated at A\$197M;
- Gold production will be principally sourced from a large open pit mining complex at Jupiter and two underground mines at Westralia; and

- Project payback of less than 21 months (using A\$1,600/oz gold price) and initial Ore Reserve to payback period ratio of 4.3, confirming the MMGP's potential as a high quality mid-tier gold production centre.

The MMGP expansion PFS (see Cautionary Statement below), assessed the potential impact of expanding the Westralia Mine Area, with key outcomes including:

- Potential increase of Ore Reserves to 21.4Mt @ 2.4g/t Au for 1.65 million ounces of gold;
- Potential increase in mine life from 8 to 9 years;
- Potential reduction in AISC to A\$970-975/oz;
- Potential average gold production of 197,000 ounces per annum for the first 7 years; and
- Increase in required capital expenditure of only A\$3M.

CAUTIONARY STATEMENT

Dacian Gold has concluded it has a reasonable basis for providing the forward-looking statements that relate to the Mt Morgans expansion PFS that is included in this Annual Report. The detailed reasons for that conclusion are outlined in ASX announcement dated 21 November 2016, which has been prepared in accordance with the JORC Code (2012) and the ASX Listing Rules.

The expansion PFS outcomes are underpinned by a declared Ore Reserves (73%) and include a minor contribution (27%) of Inferred Mineral Resource. The Company notes that an Inferred Mineral Resource has a lower level of confidence and that the JORC Code 2012 advises that to be an Inferred Mineral Resource it is reasonable to expect that the majority of the Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration. Based on advice from relevant Competent Persons, the Company is confident that a significant portion of the Inferred Mineral Resources for the MMGP can be upgraded to Indicated Mineral Resources with further exploration work.

The MMGP's geology and mineralisation are well understood. Detailed logging of all drill holes together with excellent mine geological documentation undertaken during the mining at Westralia, Jupiter and Transvaal in the 1990s provides Dacian Gold with a high level of confidence it understands the lithologies and mineralisation characteristics of the mines that comprise the MMGP.

The Company confirms that all material assumptions underpinning the Production Target and Forecast Financial Information contained in the Company's ASX announcement released on 21 November 2016 continue to apply and have not materially changed.



REVIEW OF OPERATIONS

MMGP Feasibility Study

The MMGP Feasibility Study confirms a technically and economically feasible gold project beginning its life with an initial Ore Reserve of 18.6Mt @ 2.0g/t Au for 1.2Moz over an 8 year period with an estimated average AISC of A\$1,039/oz (US\$779/oz).

Key outcomes from the Feasibility Study include:

- 3.8Mt @ 4.5g/t Au for 557Koz is mined from underground mines of which 492Koz is mined from the Westralia Mine Area (Beresford and Allanson) at an estimated AISC of A\$837/oz (US\$628/oz);
- 14.8Mt @ 1.4 g/t Au for 643Koz is mined from a single open pit, 1.8km long, up to 650m wide and 220m deep in the Jupiter Mine Area at an estimated AISC of A\$1,193/oz (US\$895/oz);
- Infrastructure capital costs of A\$172M (US\$129M) which were subsequently reduced to A\$149M;
- Mine-establishment capital costs of A\$48M (US\$36M) at Beresford, Allanson and the Jupiter open pit so the mines can deliver high grade stocks to the ROM pad ahead of Q1 CY2018 commissioning of the 2.5Mtpa CIL treatment facility;
- The Feasibility Study production schedule delivers 171Koz in year 1, 224Koz in year 2, 196Koz in year 3 and 152Koz in year 4 as the impact of the high-grade high-margin Westralia Mine Area ores reduces with the depletion of its initial Ore Reserve;
- The low-cost nature of the preferentially mined high-grade ores from the Westralia Mine Area provides a Project payback period of less than 21 months using a \$A1,600/oz (US\$1,200/oz) gold price; and
- The initial Ore Reserve period to payback period ratio of 4.3 confirms the MMGP as a new, high quality Australian mid-tier gold production centre.

Mining / Ore Reserves

The initial Ore Reserve for the MMGP is 18.6Mt @ 2.0g/t Au for 1.2Moz over an initial mining and treatment period of 8 years. Table 1 is a summary of the MMGP Ore Reserve.

The MMGP is essentially a large underground mining complex at Westralia and a single large open pit at Jupiter, both feeding a new 2.5Mtpa CIL treatment facility. Of the initial Ore Reserve, Jupiter contributes approximately 80% of the tonnage feed to the treatment plant for 54% of the ounces. Correspondingly, of the initial Ore Reserve, the underground mines contribute 46% of the ounces to the treatment plant and only 20% of the tonnage.

Given the high-grade and high-margin nature of the Westralia Mine Area ores, all material mined from the Beresford and Allanson underground mines is prioritised as early production sources in the mining and treatment schedules in order to maximise the cash-margin from the early stage mining at Mt Morgans.

The Feasibility Study was managed by Dacian Gold with several well-regarded mining consultants assisting in the estimation of Ore Reserves, including Orelogy Consulting Pty Ltd, Entech Pty Ltd, Peter O'Bryan & Associates, Groundwater Resource Management Pty Ltd and Blueprint Environmental Strategies. GR Engineering Services Ltd completed all infrastructure designs and costings including the 2.5Mtpa CIL treatment facility.

	COG (g/t)	Proved Ore Reserves			Probable Ore Reserves			Total Initial Ore Reserves		
		Tonnes (Kt)	Au g/t	Au (Koz)	Tonnes (Kt)	Au g/t	Au (Koz)	Tonnes (Kt)	Au g/t	Au (Koz)
Beresford UG	2.0	50	4.9	8	2,383	4.2	323	2,433	4.2	331
Allanson UG	2.0	-	-	-	882	5.7	162	882	5.7	162
Transvaal UG	1.4	193	4.7	29	325	3.4	36	518	3.9	65
Jupiter OP	0.5	867	1.7	48	13,884	1.3	595	14,751	1.4	643
INITIAL ORE RESERVES		1,110	2.4	85	17,475	2.0	1,115	18,585	2.0	1,200

Table 1: Initial Ore Reserves for the Mt Morgans Gold Project. Rounding errors may occur.

REVIEW OF OPERATIONS

Westralia Mine

The Westralia Mine Area comprises the Beresford and Allanson underground mines, both of which lie beneath the historic 900,000 ounce Westralia open pit, and both of which contain the down dip-continuation of those lodes mined in the historic open pit (see Figure 7).

Beresford's initial Ore Reserve is 2.4Mt @ 4.2g/t Au for 331,000 ounces which is to be mined at an estimated AISC of A\$845/oz (US\$634/oz), whereas the Allanson initial Ore Reserve of 0.9Mt @ 5.7g/t Au for 162,000 ounces has a corresponding estimated AISC of A\$819/oz (US\$614/oz).

The Transvaal Ore Reserve of 0.5Mt @ 3.9g/t Au for 65Koz, mines ore that lies beneath the previously mined open pit and underground mine. The estimated AISC is A\$1,074/oz (US\$806/oz) and is scheduled for commencement of mining in 2020.

Jupiter Mine

The Jupiter Mine Area is a single large open pit measuring 1.8km long, up to 650m wide and up to 220m deep (see Figure 9). The initial Ore Reserve at Jupiter is 14.8Mt @ 1.4g/t Au for 643,000 ounces and with an average strip ratio of 7.5 over its 8 year mine life.

The three closely-spaced gold deposits that are mined within the single 1.8km long Jupiter open pit are Doublejay, Heffernans and Ganymede. Each of the three deposits can be mined and scheduled separately and have been assumed for the Feasibility Study to follow the production schedule:

- Heffernans: 323Koz mined at an estimated AISC of A\$1,108 (US\$831/oz);
- Doublejay: 268Koz mined at an estimated AISC of A\$1,241 (US\$931/oz); and
- Ganymede: 52Koz mined at an estimated AISC of A\$1,485 (US\$1,114/oz).

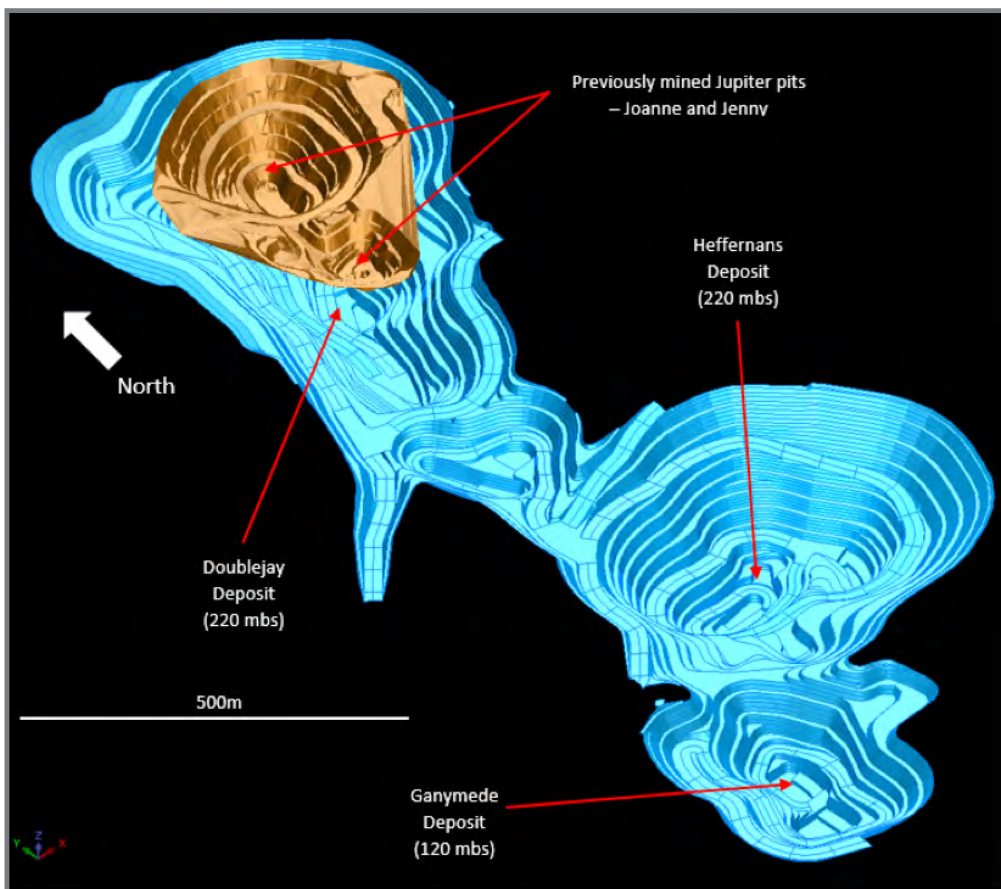


Figure 9: Jupiter Mine Area open pit Ore Reserve design in blue, with the historic open pit mine in brown.



REVIEW OF OPERATIONS

Processing

Over 100 cyanide-leach tests on top of extensive comminution and gravity recovery tests of ores from Beresford, Allanson and Jupiter have determined an average expected recovery of 90.7% for the new 2.5Mtpa MMGP processing facility. This compares favourably with the historic recovery achieved from the old Mt Morgans CIP/CIL treatment plant (since removed) which recorded a recovery of 91.4% from a 10 year treatment history during the 1990s that processed over 10 million tonnes of ore and produced over 740,000 ounces of gold.

The main ore feed sources for the historic treatment facility during the 1990s at Mt Morgans were Westralia, Jupiter and Transvaal. The main ore feed sources for the newly proposed 2.5Mtpa CIL treatment plant at the MMGP is also Westralia (Beresford and Allanson), Jupiter and Transvaal.

The proposed process design for the new plant incorporates an SABC configuration (primary crush, SAG mill, pebble crush and ball mill, see Figure 10 and compare with Figure 3) which is similar to the configuration used during the 1990s at Mt Morgans.

The crushing and milling of ores is designed to produce a P_{80} passing 106 microns. The MMGP ores exhibit coarse gold able to be recovered using gravity concentrators. Leach residence time will be 28 hours. Gold doré will be smelted on site and transported to the refinery prior to sale.

The process flowsheet for the new 2.5Mtpa CIL treatment facility at the MMGP is similar to many other treatment plants seen throughout the Western Australian gold fields.

Treatment costs are estimated at A\$17.88 per tonne of ore processed.

For the Feasibility Study, power was to be provided by a diesel-fuelled 20MW power station built close to the site of the treatment plant near to the Jupiter open pit mine. It is anticipated the power station will be constructed under a build-own-operate arrangement. Dacian Gold has since determined gas-fired power as the preferred power solution at Mt Morgans.

A breakdown of ore mined and ounces produced over the initial 8 year Ore Reserve, by year, is shown in Table 2.

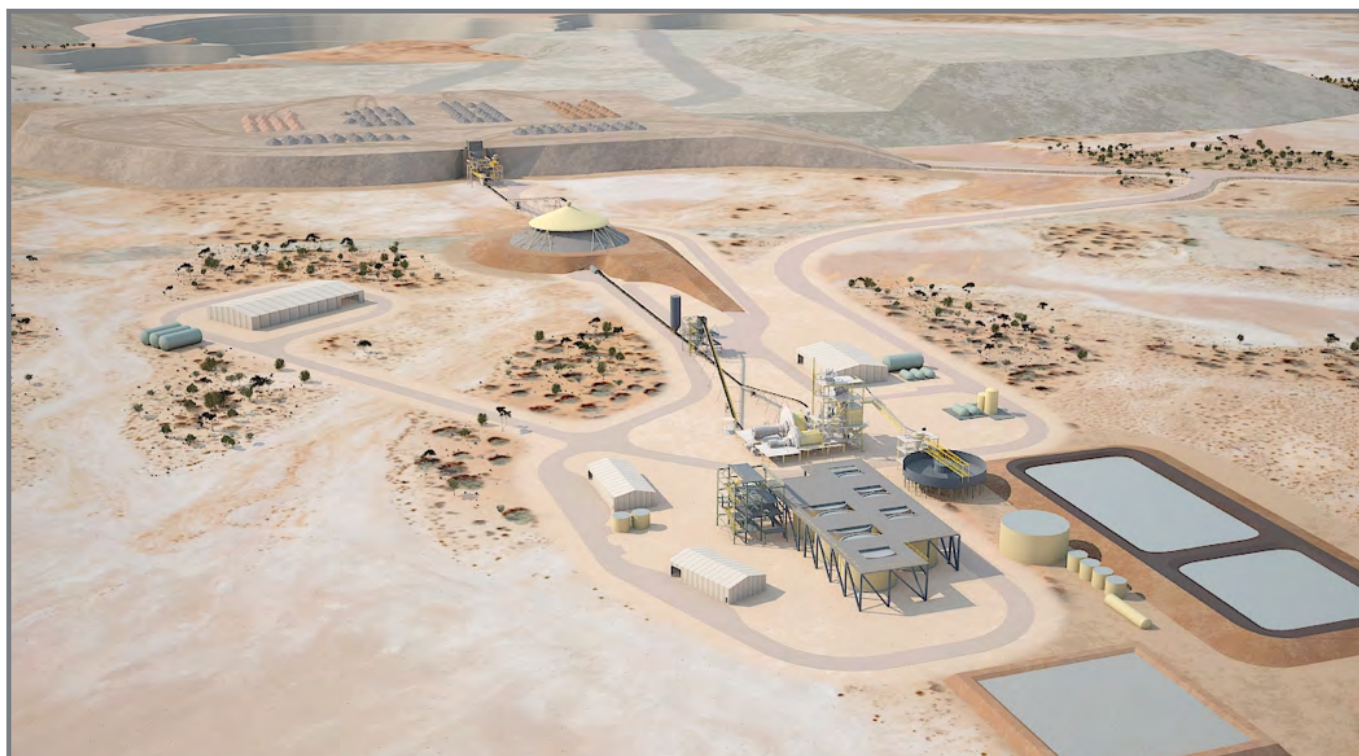


Figure 10: 3D-image of new 2.5Mtpa CIL treatment facility with Jupiter open pit in the background.

REVIEW OF OPERATIONS

			2017	2018	2019	2020	2021	2022	2023	2024	2025
UG Mined	Kt	3,834	38	734	1,201	1,221	613	27			
	g/t	4.5	3.4	5.3	4.2	4.3	4.7	5.1			
	Koz	558	4	124	164	167	93	4			
OP Mined	Kt	14,752	4	1,869	1,713	1,585	1,986	3,124	2,503	1,861	107
	g/t	1.4	0.7	1.2	1.6	1.1	1.2	1.5	1.2	1.6	2.3
	Koz	643	0.1	72	90	55	77	152	93	97	8
TOTAL MINED	Kt	18,585	42	2,602	2,914	2,806	2,599	3,151	2,503	1,861	107
	g/t	2.0	3.1	2.3	2.7	2.5	2.0	1.5	1.2	1.6	2.3
	Koz	1,200	4	197	254	222	170	156	93	97	8
Ore Treated	Kt	18,585		1,991	2,500	2,507	2,500	2,500	2,500	2,507	1,581
	Recovery	90.7%		90.8%	90.7%	90.6%	90.2%	89.9%	89.6%	88.7%	85.3%
Gold Produced	Koz	1,089		171	224	196	152	130	82	100	33

Table 2: Feasibility Study mining and gold production schedule for the MMGP initial Ore Reserves

Infrastructure Capital Costs

The original estimated capital cost for all MMGP infrastructure was A\$172M (US\$129M). As noted above, this capital cost has now been reduced to A\$149M after identifying several capital savings from areas including the treatment plant and the second-hand accommodation village.

Project Permitting and Scheduling

All regulatory approvals required to commence mining and construction at the MMGP are in place. Table 3 is a project schedule showing key deliverables leading to gold production in Q1 CY2018.

MMGP Project Delivery Schedule	2016	2017				2018	
	Q4	Q1	Q2	Q3	Q4	Q1	
Regulatory Approvals Granted		◆					
Commence Plant Construction	assessment →	◆					
Processing Plant Commissioned			processing plant construction →				◆
Commence Beresford UG mine dev't			◆				
First ore mined from Beresford				mine development to steady state production →			
Commence Jupiter OP pit mine dev't					◆	mine dev. →	
Commence Allanson UG mine dev't						◆ mine dev. →	
First gold production						◆	

Table 3: MMGP milestones and Project delivery schedule



REVIEW OF OPERATIONS

MMGP Expansion Pre-Feasibility Study (PFS)

Reported at the same time as the MMGP Feasibility Study on 21 November 2016, the Company also released the results of the MMGP expansion PFS assessing the potential impact of expanding the Westralia Mine Area. The expansion PFS does not include any changes to the mining of the Jupiter and Transvaal Ore Reserves. Key outcomes from the expansion PFS include:

- The MMGP production may increase from an Ore Reserve of 18.6Mt @ 2.0g/t Au for 1.2 million ounces to 21.4Mt @ 2.4 g/t Au for 1.7 million ounces;
- The corresponding MMGP Ore Reserve AISC may improve from A\$1,039/oz (US\$779/oz) in the current Feasibility Study to a possible AISC of A\$970-975/oz (US\$730-735/oz);
- A potential increase of the Westralia Mine Area Ore Reserve of 492,000 ounces at an estimated AISC of A\$837/oz (US\$628/oz) to 938,000 ounces at a possible AISC of A\$795-805/oz (US\$595-605/oz);
- A potential average gold production of 197,000 ounces per annum for the first 7 years;
- The mine life increases from 8 years in Ore Reserve to potentially 9 years; and
- An assumed additional capital expenditure of approximately \$3 million to increase the capacity of the tailings storage facility. No other infrastructure, material changes to permitting or financing requirements are assumed to be necessary for the PFS.

The initial Ore Reserves of the Westralia Mine Area sit along strike, above, and are geologically continuous with an Inferred Mineral Resource of 3.5Mt @ 6.5g/t Au for 715,000 ounces.

By applying the same mine design parameters used in estimating the Westralia Mine Area Ore Reserves to the contiguous Inferred Mineral Resource, it shows the potential for an increased production scenario of the MMGP to 21.4Mt @ 2.4g/t Au for 1.7 million ounces.

The potential future expanded production profile from 1.2 million ounces of Ore Reserves to 1.7 million ounces as determined from the expansion PFS, accounts for a 38% increase in ounces. Significantly, the 1.7 million ounces remains underpinned by 73% high confidence Ore Reserves, and assumes a successful upgrade and

conversion of the lower confidence Mineral Resources at depth.

No material changes to the Westralia mineralisation is anticipated at depth, and the potential AISC of the expanded MMGP potential production profile improves from A\$1,039/oz in the Ore Reserve to A\$970-975/oz (US\$730-735/oz), in the case of the expansion PFS.



REVIEW OF OPERATIONS

Expansion PFS – Mining

The individual production sources for the potential 1.7 million ounces considered in the expansion PFS is shown in Table 4. The only change from the Ore Reserve production sources described above under the MMGP Feasibility Study section is from the Beresford and Allanson underground mines. This expansion PFS does not contain any material from the Jupiter Mine Area

and the Transvaal underground mine additional to the defined Ore Reserves.

Figure 11 shows the extent of the possible production of the Beresford and Allanson underground mines, considered in the PFS.

MMGP Expansion PFS Mining Summary				
	COG (g/t)	Tonnes (Kt)	Au (g/t)	Au (Koz)
Beresford UG	2.0	4,540	4.7	682
Allanson UG	2.0	1,590	5.0	256
Transvaal UG	1.4	520	3.9	65
Jupiter OP	0.5	14,750	1.4	643
PFS Total Mining		21,400	2.4	1,650
% of PFS comprising Ore Reserves (ounces)	73%	18,590	2.0	1,200
Forecast AISC	A\$970-975/oz			
	US\$730-735/oz			

Table 4: MMGP expansion PFS production sources and forecast key metrics.

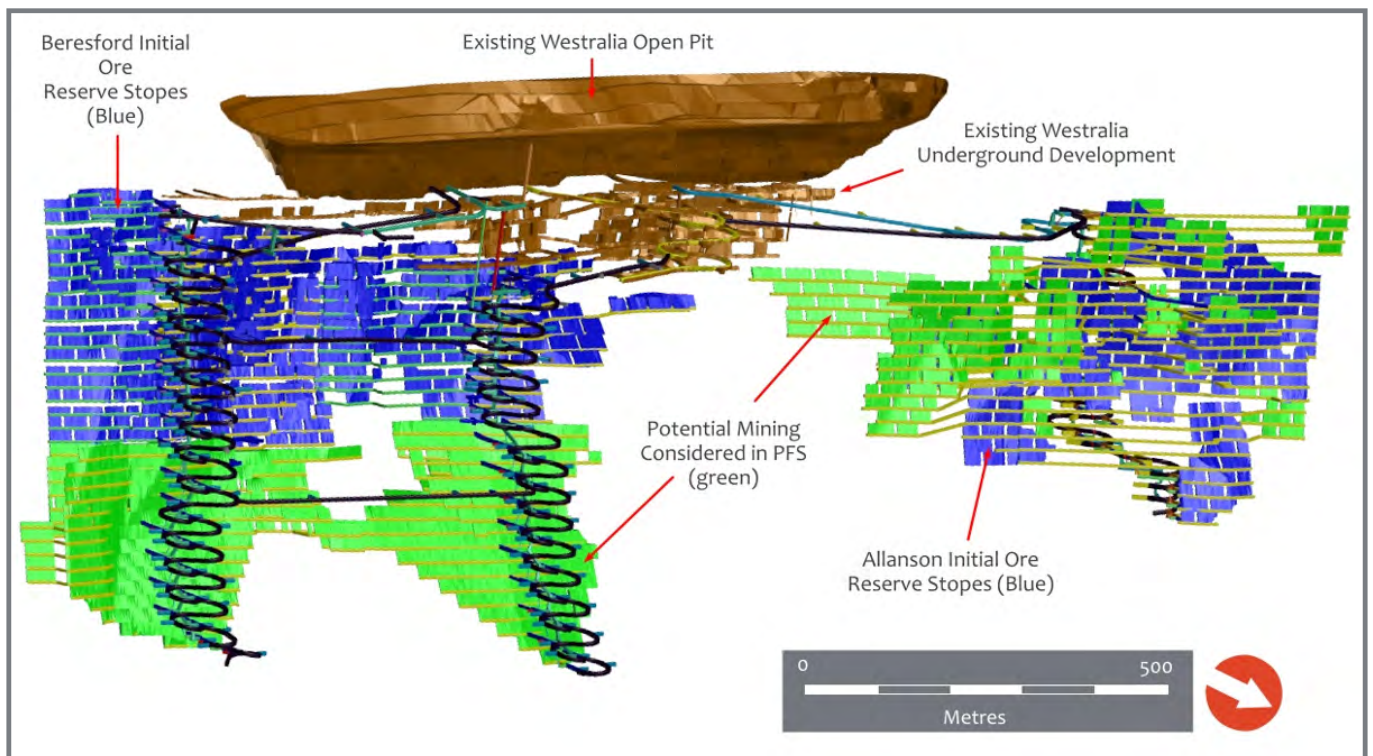


Figure 11: Westralia Mine Area isometric view showing the extent of Ore Reserve mine development and stoping at Beresford and Allanson (blue) and the potential future production considered in the expansion PFS (green).



REVIEW OF OPERATIONS

EXPLORATION AND DRILLING

Cameron Well Prospect

The Cameron Well Prospect is a large and high-quality gold target located only 9km north-west from where the Company is building a new 2.5Mtpa treatment facility (see Figure 2). Since the mid-1990s, when minor exploration identified shallow gold mineralisation, there has been negligible exploration undertaken at Cameron Well.

Dacian Gold's first exploration campaign into the Cameron Well area was a 133-hole, wide-spaced reconnaissance drilling program (see ASX release 1 September 2016). Since then the Company has completed an additional 722 aircore/RAB drill holes (see ASX releases of 1 May 2017 and 21 June 2017).

Dacian Gold's exploration drilling has confirmed an extensive zone of mineralisation and anomalism within the near-surface oxide material over an area in excess of 6km² at Cameron Well. The drilling completed by Dacian Gold is a combination of aircore and RAB drilling, which is designed to drill through the near-

surface oxide material without drilling into fresh rock. Given the general reconnaissance nature of aircore and RAB drilling, much of Dacian Gold's exploration drilling was initially completed on a 100m x 100m drilling grid or a broader 200m x 100m drill pattern.

Following Dacian Gold's recognition of outcropping and mineralised syenite centrally located within a 1.1km diameter magnetic complex (named the Cameron Well Syenite Complex - see ASX announcement 7 February 2017), it has completed a 50m x 50m infill drilling grid over the magnetic complex.

In total, Dacian Gold has now drilled 855 aircore/RAB drill holes for a total of 34,359m; the average drill hole depth (or depth of oxidised material at surface) is 40m. The large-scale +6km² oxide gold anomaly at Cameron Well defined by the 855 drill holes completed by Dacian Gold is shown in plan view in Figure 12.

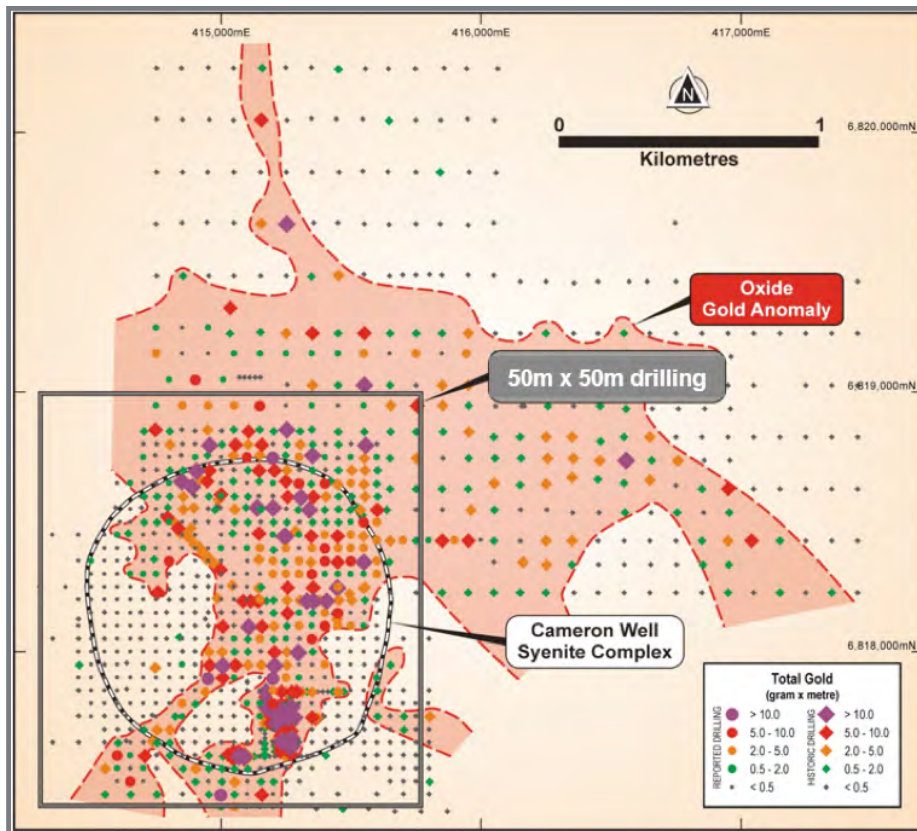


Figure 12: The Cameron Well Prospect showing the +6km² Oxide Gold Anomaly which contains the circular Cameron Well Syenite Complex (labelled) now drilled to 50m x 50m drill-centres using aircore/RAB drilling (highlighted by grey box). The Oxide Gold Anomaly is based on Total Gold intersected in the broad-spaced reconnaissance aircore/RAB drilling.

REVIEW OF OPERATIONS

There is no Mineral Resource associated with the Cameron Well Prospect, however, given the extensive nature of near-surface mineralisation and anomalism the Company has identified, it is optimistic that there is excellent potential for the discovery of both near-surface oxide and deeper fresh rock-hosted gold mineralisation.

Clearly, any new Mineral Resource discovery at Cameron Well has the potential to provide a material benefit to the MMGP.

Key outcomes returned from the aircore/RAB drill holes drilled during the FY2017 year include:

- Numerous mineralised and highly anomalous intersections were returned;
- The syenite that is centrally located within the Cameron Well Syenite Complex is larger than the mineralised Heffernans syenite at Jupiter;
- Four bedrock targets identified within the Cameron Well Syenite Complex are ready for immediate drill testing, including a 1.5km long gold-bearing structure; and
- Much of the magnetically altered rocks within the Cameron Well Syenite Complex are resistive to weathering which may be due to the silicification effects associated with gold mineralisation.

Table 5 lists several of the mineralised intersections returned from the 50m x 50m drilling within the Cameron Well Syenite Complex. Figure 13 shows the location of several of the intersections (see also ASX releases of 1 May 2017 and 21 June 2017). The widespread extent of mineralised intersections from within the Cameron Well Syenite Complex is clearly evident in Figure 13.

Drill hole	Intersection	From (m)
17CWAC0533	4m @ 15.2 g/t Au	8
17CWAC0279	4m @ 4.0 g/t Au	8
17CWAC0336	8m @ 3.3 g/t Au	0
<i>including</i>	4m @ 6.4 g/t Au	4
17CWRB0317	15m @ 1.0 g/t Au	20*
<i>including</i>	4m @ 2.2 g/t Au	20
17CWAC0367	4m @ 3.4 g/t Au	20
17CWAC0843	4m @ 3.2 g/t Au	36
17CWAC0716	4m @ 3.0 g/t Au	24*
17CWAC0335	2m @ 4.9 g/t Au	38^
<i>and</i>	5m @ 0.8 g/t Au	52*
17CWAC0375	4m @ 2.0 g/t Au	24
17CWAC0838	4m @ 1.8 g/t Au	48
17CWAC0719	8m @ 1.3 g/t Au	20
17CWAC0269	8m @ 1.1 g/t Au	28
<i>and</i>	14m @ 1.1 g/t Au	44*
17CWAC0237	8m @ 1.6 g/t Au	40*
17CWAC0291	7m @ 1.5 g/t Au	44*
17CWAC0374	4m @ 1.5 g/t Au	12
17CWRB0315	5m @ 1.3 g/t Au	0*
17CWAC0406	4m @ 1.2 g/t Au	32
17CWAC0431	4m @ 1.1 g/t Au	16
17CWAC0365	4m @ 1.1 g/t Au	28
17CWAC0337	8m @ 0.5 g/t Au	28
<i>and</i>	5m @ 1.1 g/t Au	45

Table 5: Significant intersections from aircore/RAB drilling within the Cameron Well Syenite Complex. Note * denotes gold at end of hole (an open intersection) and ^ denotes visible gold seen in logging the drill chips.



REVIEW OF OPERATIONS

Figure 13 also shows the centrally located syenite body within the core of the Cameron Well Syenite Complex. The syenite body measures 500m x 200m in size with approximately half of this dimension outcropping and containing mineralised quartz veins assaying up to

12.1g/t Au (see ASX release of 7 February 2017). The Cameron Well syenite is physically similar in appearance and approximately twice the size of the mineralised Heffernans syenite at Jupiter, located 10km to the south-east.

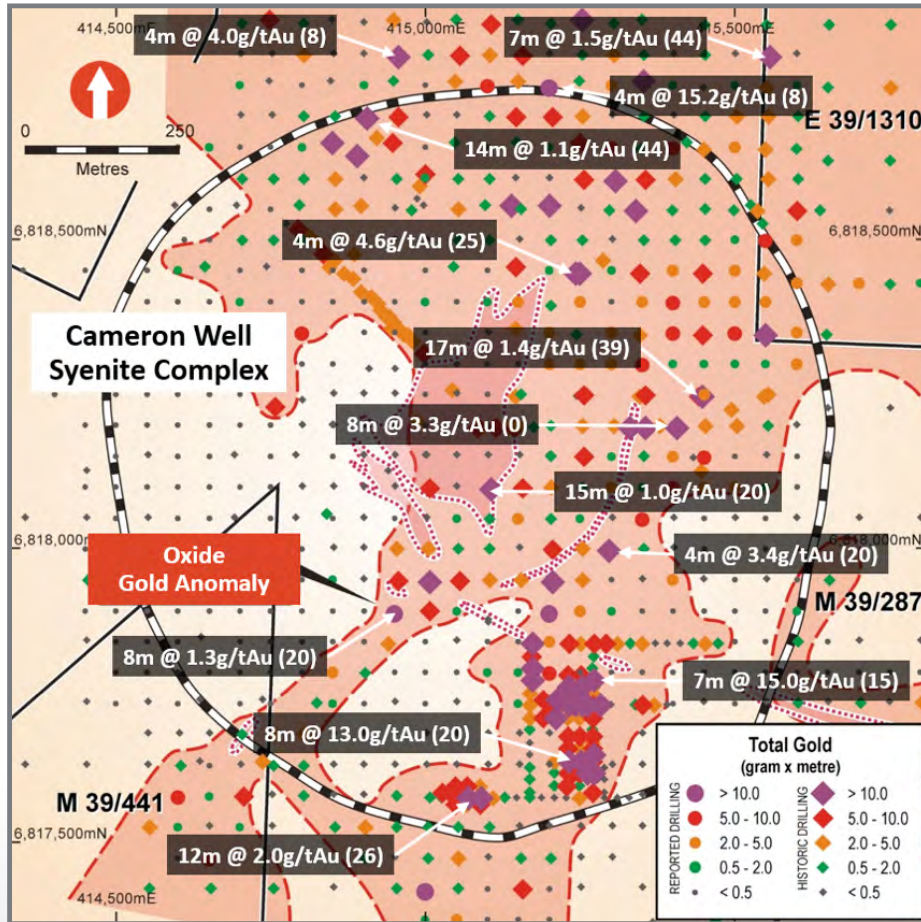


Figure 13: Location of significant intersections from in-fill drilling program of the Cameron Well Syenite Complex (intersection from depth is shown in brackets). Note the position of a large 500m x 200m syenite body centrally located in the core of the 1.1km diameter Cameron Well Syenite Complex (black and white dotted outline).



REVIEW OF OPERATIONS

Westralia Exploration Activity

In order to accurately place the initial mine development for the planned stopes into the upper sections of the Beresford orebody, Dacian Gold completed 24 surface diamond drill holes in the second quarter of CY2017 (see ASX release 15 May 2017).

Numerous high-grade results were received from the drilling program confirming:

- The extensive nature of gold mineralisation within banded iron formation (BIF) units at Beresford;

- The hangingwall and central BIFs are the better mineralised lode structures;
- The two high grade shoot directions are steep (ca. 60 degrees) south and flat (ca. 20 degrees) to the north; and
- Additional and potentially early mining opportunities exist in the upper part of the Beresford mine with high grade intersections reported outside the Ore Reserve (see Table 6 and Figure 14).

Drill hole id	Intersection from inside Ore Reserve			Intersection from outside Ore Reserve	
	Intersection	From		Intersection	From
16MMRD0164W1	16.5m @ 10.9g/t Au	265.6m			
17MMDD0343	4.4m @ 11.2g/t Au	223.4m	and	12m @ 2.2g/t Au	204.0m
17MMDD0339	3.0m @ 10.7g/t Au	130.0m			
17MMDD0349	3.3m @ 9.3g/t Au	237.7m			
17MMDD0341	0.9m @ 19.5g/t Au	203.7m	and		
17MMDD0337	4.8m @ 3.7g/t Au	178.9m	and	1.7m @ 56.5g/t Au	189.0m
17MMDD0335	5.0m @ 2.1g/t Au	157.0m	and	7m @ 31.0g/t Au	174.0m
17MMDD0345	5.4m @ 4.6g/t Au	167.0m	and	2.9m @ 9.4g/t Au	198.0m
17MMDD0353	12.1m @ 3.4g/t Au	235.3m	and	1.9m @ 46.8g/t Au	288.0m

Table 6: Significant intersections from the surface diamond drilling program into the upper levels of the planned Beresford Ore Reserve. Note the right-hand column reports significant intersections from outside the Ore Reserve from the same drill holes.

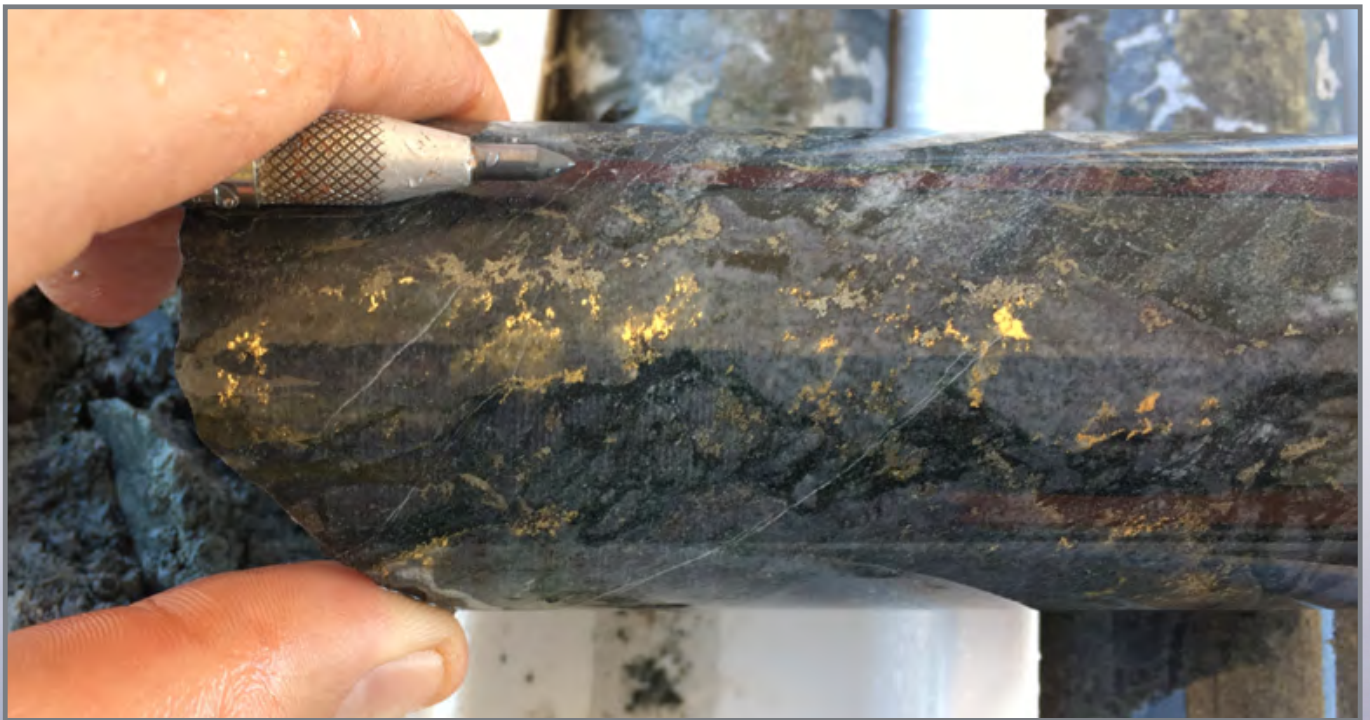


Figure 14: Coarse visible gold with pyrite in drill hole 17MMDD0335 which returned 7m @ 31 g/t Au including 1.45m @ 135.2 g/t Au from outside of the Beresford Ore Reserve.



REVIEW OF OPERATIONS

Jupiter Exploration Activity

During the year, the Company drilled 722 reconnaissance RAB/aircore drill holes to test for potential mineralisation in previously undrilled areas lying adjacent to, and contiguous with, the planned 643,000 ounce Jupiter open pit.

The results of all 722 holes confirm there are large areas of near-surface anomalism/mineralisation lying very

close to the planned open pit. Figure 15 shows the level of the newly discovered anomalism/mineralisation and the location of the planned Jupiter open pit. Key anomalies are named South Cornwall, East Heffernans and Devon.

Many of the better intersections are shallow (less than 20m below surface), with several shown in Table 7.

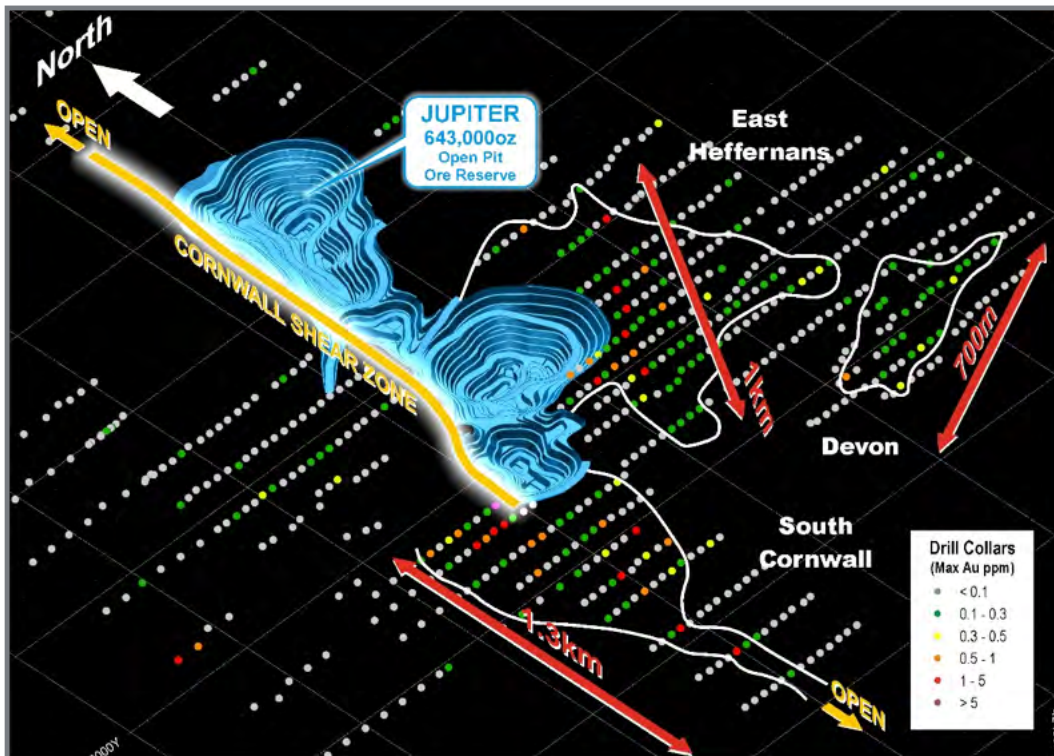


Figure 15: Isometric view of the results of the 722-hole reconnaissance RAB/aircore drilling program along with the location of the planned 643,000 ounce Jupiter open pit, shown in blue. All drilling is colour-coded to show the maximum gold in the drill hole (sampling over 4m intervals). Note the extensive anomalism developed south of the planned open pit (South Cornwall), east (East Heffernans) and south-east (Devon). The dominant ore-hosting structure at Jupiter, the Cornwall Shear Zone, is shown in yellow.

Drill hole	Intersection	From
16JUAC0568	16m @ 1.63 g/t Au	12m
<i>including</i>	4m @ 5.63 g/t Au	20m
16JUAC0552	4m @ 4.50 g/t Au	16m
16JUAC0611	4m @ 3.15 g/t Au	4m
16JUAC0646	3m @ 2.25 g/t Au	56m
16JUAC0553	4m @ 1.97 g/t Au	4m
16JUAC0654	12m @ 0.74 g/t Au	4m
16JUAC0627	8m @ 0.75 g/t Au	56m
16JUAC0555	8m @ 0.67 g/t Au	4m

Table 7: - Significant shallow intersections of reconnaissance aircore drilling from the South Cornwall target which is defined as a coherent 1.3km long gold anomaly.

The 1km long East Heffernans anomaly lies immediately adjacent to, and in places is contiguous with, the planned eastern wall of the Jupiter open pit (see Figure 15). Better results from the East Heffernans are tabled in Table 8.

Drill hole	Intersection	From
16JUAC0398	4m @ 3.57 g/t Au	20m
16JUAC0362	4m @ 0.94 g/t Au	20m
<i>and</i>	8m @ 0.21 g/t Au	32m
16JUAC0365	3m @ 1.20 g/t Au	36m

Table 8: - Significant shallow intersections of reconnaissance aircore drilling from the East Heffernans target which is defined as a coherent 1km long gold anomaly

REVIEW OF OPERATIONS

Europa

The previously undrilled Europa magnetic anomaly, lying immediately south-east of the planned Doublejay sub-pit at Jupiter, was drill tested with three diamond drill holes early in the 2017 financial year. Two of the drill holes intersected mineralisation with 16JUDD404 returning 4.5m @ 6.7g/t Au from 475m and 16JUDD405 returned 4.2m @ 1.7g/t Au from 297.8m with sheared basalt. Visible gold in quartz veining within syenite was evident in the 16JUDD404 intersection (see ASX announcement 10 October 2016).

Callisto

Dacian Gold completed lake diamond drilling at the Callisto Prospect located 7km south of the Jupiter mine and 7km west of the 8 million ounce Wallaby gold mine late in the 2016 calendar year. Three lake diamond drill holes were drilled using specialist lake drilling equipment at Callisto for 2,285m (see ASX announcement 10 October 2016).

The Callisto Prospect is a large pipe-like and unexplained strong magnetic anomaly measuring 1,200m long by 800m. It has a classic “donut” style magnetic anomaly analogous to the large Wallaby gold mine, 7km to the east.

Whilst minor intervals of the magnetic rocks that were similar in magnetic intensity to that targeted were intersected by the Dacian Gold drilling, the large body of magnetic rocks that were considered to account for the magnetic anomaly, were not intersected. The Company interprets the large magnetic body to lie at a depth in excess of 700m below surface, beneath that tested by the three diamond drill holes completed.

Drill hole 16CADD001 did intersect a significant zone of sericite-silica-albite alteration over 106m width (true width unknown) at a depth of around 220m below surface. Abundant extensional quartz veins and minor pyrite / pyrrhotite developed was seen in the drill core. Minor, sub-1 gram gold intersections, were observed in places throughout the broad alteration zone.

The combination of a major gold-bearing structure and alteration zone with the presence of the targeted magnetic rocks (albeit at narrower than targeted intervals), confirms the veracity of the Callisto target. The Company will assess all of the geological and geophysical data collected from the three diamond drill holes, with a view of recommencing exploration at Callisto in the 2017 calendar year.



2017 MINERAL RESOURCES & ORE RESERVES STATEMENT

MOUNT MORGANS GOLD PROJECT MINERAL RESOURCES AS AT 30 JUNE 2017

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

Total Mineral Resources stated in the 2016 Mineral Resources and Ore Reserves Statement (**MROR**) for the Mount Morgans Gold Project was 44,688,000 tonnes at 2.3 g/t Au for 3,315,000 ounces (refer 2016 Annual Report).

Total Mineral Resources between the 2016 and 2017 MROR Statements remain unchanged.

MOUNT MORGANS GOLD PROJECT ORE RESERVES AS AT 30 JUNE 2017

Deposit	Cut-off	Proved			Probable			Total		
	Au g/t	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

Since the date of the 2016 MROR Statement, the Ore Reserve estimates for the Mount Morgans Gold Project have increased from 28,000 tonnes at 9.2 g/t Au for 8,000 ounces to 18,585,000 tonnes at 2.0 g/t Au for 1,200,000 ounces (refer ASX release 21 November 2016).

The change in Ore Reserves between the 2016 and 2017 MROR Statements was due to the completion of extensive resource definition drilling programs at the respective deposits that have significantly increased the confidence of the Mineral Resource estimates and completion of the Mount Morgans Gold Project Feasibility Study, resulting in initial Ore Reserves estimated at the Company's 100% owned Westralia, Transvaal and Jupiter deposits.

The Craic deposit was not included in the Feasibility Study and was removed from the Ore Reserve and is therefore not included in the 2017 MROR Statement.

The initial Westralia underground Ore Reserve was estimated at 3,315,000 tonnes at 4.6 g/t Au for 493,000 ounces (refer ASX release 21 November 2016) which is comprised of the Allanson and Beresford underground mines.

The initial Jupiter open pit Ore Reserve was estimated at 14,751,000 tonnes at 1.4g/t Au for 643,000 ounces (refer ASX release 21 November 2016).

The initial Transvaal underground Ore Reserve was estimated at 518,000 tonnes at 3.9 g/t Au for 65,000 ounces (refer ASX release 21 November 2016).

2017 MINERAL RESOURCES & ORE RESERVES STATEMENT

GOVERNANCE

Dacian Gold maintains strong governance and internal controls in respect of its estimates of Mineral Resources and Ore Reserves and the estimation process.

Dacian Gold ensures its sampling techniques, data collection, data veracity and the application of the collected data is at a high level of industry standard. Contract RC and diamond drilling with QA/QC controls approved by Dacian Gold are used routinely. All completed holes are subject to downhole gyro or EMS surveys and collar coordinates surveyed with DGPS. All drill holes are logged by Dacian Gold geologists. Diamond core is oriented and photographed. Dacian Gold employs field QC procedures, including addition of standards, blanks and duplicates ahead of assaying which is undertaken using industry standards including fire assay at Intertek and Bureau Veritas laboratories in Perth and Kalgoorlie.

Assay data is continually validated and stored in DataShed. Geological models and wireframes are built using careful geological documentation and interpretations, all of which are validated by peer review. Resource estimation is undertaken by independent consultants and reported under JORC 2012. Estimation techniques are industry standard and include block modelling using Ordinary Kriging. Application of other parameters including cut off grades, top cuts and classification are all dependent on the style and nature of mineralisation being assessed.

Ore Reserve estimation is overseen by in-house mining engineers using third party consultants to complete feasibility studies in mining, metallurgical, geotechnical, environmental and social matters. Results are verified by independent third party ore reserve specialist consultancies.



2017 MINERAL RESOURCES & ORE RESERVES STATEMENT

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 Limited. 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

This Mineral Resources Statement as a whole, has been approved by Mr Rohan Williams. Mr Williams is a holder of shares and options in, and is a director and a full time employee of the Company, and is a Member of the Australasian Institute of Mining and Metallurgy. Mr Williams has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity currently being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Mr Williams has approved this Mineral Resources and Ore Reserves Statement as a whole and consents to its inclusion in the Annual Report in the form and context in which it appears.

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.

The Mineral Resources and Ore Reserves Statement is based on, and fairly represents, information and supporting documentation prepared by the respective competent persons named below:

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 to the Jupiter Low Grade Stockpile (see ASX announcement – 16 September 2015) 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 Limited. 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 Limited. 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

2017 MINERAL RESOURCES & ORE RESERVES STATEMENT

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 Members 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 their 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.



DIRECTORS' REPORT

The Directors present the financial statements of Dacian Gold Limited ("the Company") and its controlled subsidiaries ("the Group") for the year ended 30 June 2017. In order to comply with the provisions of the Corporations Act 2001, the Directors Report is as follows:

DIRECTORS

The following persons were Directors of Dacian Gold Limited during or since the end of the year and up to the date of this report, were in office for this entire period unless stated otherwise:

EXECUTIVE CHAIRMAN

Rohan Williams BSc (Hons), MAusIMM

Mr Williams was founding CEO and Managing Director of Avoca Resources Ltd, and led that company from its \$7 million exploration IPO in 2002 until its merger with Anatolia Minerals in 2011 to form Alacer Gold Corp, which valued Avoca at \$1 billion. At the time of the merger, Avoca Resources Ltd was the third largest ASX listed Australian gold producer.

Serving as the merged group's Chief Strategic Officer until the end of 2011, Mr Williams resigned as a Non Executive Director of Alacer Gold Corp on 10 September 2013.

Prior to his time with Avoca Resources Ltd, Mr Williams worked with WMC Resources Limited where he held Chief Geologist positions at St Ives Gold Mines and

the Norseman Gold Operation. He has 25 years of experience, including over 19 years in the world class Kalgoorlie Norseman gold belt.

Mr Williams also serves on the Board of the Telethon Kids Institute.

On 14 March 2014, Mr Williams became Executive Chairman of the Company. Prior to this date, Mr Williams undertook the Chairman's role on a Non Executive basis.

Other than as stated above, Mr Williams has not served as a Director of any other listed companies in the three years immediately before the end of 2017 financial year.



Board of Directors: (clockwise from top left) Barry Patterson, Robert Reynolds, Ian Cochrane, Rohan Williams and Kevin Hart (Company Secretary).

NON-EXECUTIVE DIRECTOR

Robert Reynolds MAICD, MAusIMM

Mr Reynolds was the Non Executive Chairman of Avoca Resources Ltd from 2002 until it merged with Anatolia Minerals to form Alacer Gold Corp in 2011. Mr Reynolds was Non Executive Chairman of Alacer Gold Corp until 23 August 2011.

With over 35 years' commercial experience in the mining sector, Mr Reynolds has worked on mining projects in a number of locations including Australia, Africa and across the Oceania region and has extensive experience in mineral exploration, development and mining operations.

Mr Reynolds was a long term Director of Delta Gold Limited and was a Director of Exorre Gold Mines Limited when it was acquired by Yamana Gold for CAD\$414 million on 22 August 2012. Mr Reynolds was also previously a Director of Canadian company Exeter Resource Corporation when it was acquired by Goldcorp Inc. on 2 August 2017 for CAD\$184 million. Mr Reynolds currently hold a Directorship with Canadian company Rugby Mining Limited. Mr Reynolds was previously a Director of ASX listed companies Chesser Resources, Convergent Minerals Limited and Global Geoscience Limited.

Other than as stated above, Mr Reynolds has not served as a Director of any other listed companies in the three years immediately before the end of 2017 financial year.

NON-EXECUTIVE DIRECTOR

Barry Patterson ASMM, MAusIMM, FAICD

Mr Patterson is a mining engineer with over 50 years of experience in the mining industry and is co founder and Non Executive Director of ASX listed GR Engineering Limited.

Mr Patterson was also a founding shareholder of leading engineering services provider JR Engineering, which became Roche Mining after being taken over by Downer EDI in 2002. He also co founded contract mining companies Eltin, Australian Mine Management and National Mine Management.

Mr Patterson has served as a Director of a number of public companies across a range of industries. He was formerly the Non Executive Chairman of Sonic Healthcare Limited for 11 years, during which time the company's market capitalisation increased from \$20 million to \$4 billion, and Silex Systems Limited.

Other than as stated above, Mr Patterson has not served as a Director of any other listed companies in the three years immediately before the end of 2017 financial year.

NON-EXECUTIVE DIRECTOR

Ian Cochrane BCom LLB

Mr Cochrane is a corporate lawyer and was widely regarded as one of Australia's leading M&A lawyers until his retirement from the practice of law in December 2013.

Educated in South Africa where he completed degrees in Commerce and Law, he immigrated to Australia in 1986 and joined national law firm Corrs Chambers Westgarth and then Mallesons Stephen Jaques, specialising in Mergers & Acquisitions.

In 2006, Mr Cochrane co established boutique law firm Cochrane Lishman, which was eventually acquired by the global law firm Clifford Chance in early 2011.

Mr Cochrane is currently the Chairman of VOC Group Limited and a Director and Deputy Chairman of diversified ASX listed mining services group Ausdrill Limited. He is also a Director of Wright Prospecting Pty Ltd and Ardross Estates Pty Ltd.

He was previously Chairman of Little World Beverages Limited which produced the Little Creatures beers and was taken over by Lion Nathan in 2012. He was also previously a Director of Rugby WA and the West Australian Ballet.

Other than as stated above, Mr Cochrane has not served as a Director of any other listed companies in the three years immediately before the end of 2017 financial year.

COMPANY SECRETARY

Kevin Hart B.Comm, FCA

Mr Hart is a Chartered Accountant and was appointed to the position of Company Secretary on 27 November 2012. He has over 25 years' experience in accounting and the management and administration of public listed entities in the mining and exploration industry.

He is currently a partner in an advisory firm, Endeavour Corporate, which specialises in the provision of company secretarial and accounting services to ASX listed entities.



DIRECTORS' REPORT

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

The following relevant interests in shares and options of the Company were held by the Directors as at the date of this report:

Director	Number of fully paid ordinary shares	Number of options over ordinary shares
Rohan Williams	6,119,637	5,000,000
Robert Reynolds	2,425,000	300,000
Barry Patterson	6,654,987	300,000
Ian Cochrane	259,840	300,000

MEETINGS OF DIRECTORS

The number of meetings of the Company's board of Directors and each Board Committee held during the year ended 30 June 2017, and the number of meetings attended by each Director were:

Director	Board Meetings		Remuneration Committee		Audit Committee	
	A	B	A	B	A	B
Rohan Williams	7	7	1	1	2	2
Robert Reynolds	7	6	1	1	2	2
Barry Patterson	7	7	1	1	2	2
Ian Cochrane	7	7	1	1	2	2

A = the number of meetings the Director was entitled to attend B = the number of meetings the Director attended

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

The Directors' interests in options over ordinary shares as at the date of this report include the following options that are currently vested and exercisable:

Director	Number of options vested and exercisable
Rohan Williams	5,000,000
Robert Reynolds	300,000
Barry Patterson	300,000
Ian Cochrane	300,000

Further details of the vesting conditions applicable to these options are disclosed in the remuneration report section of this Directors' report.

SECURITIES

Shares

On 9 December 2016, the Company issued 10,600,000 ordinary fully paid shares at \$2.50 per share to existing and new institutional and sophisticated investors raising approximately \$26 million before costs.

During March 2017, the Company issued a further 54,895,485 shares at \$2.00 per share pursuant to a fully underwritten accelerated non-renounceable pro-rata entitlement to raise approximately A\$109.8million.

DIRECTORS' REPORT

During or since the end of the financial year, the Company issued ordinary shares as a result of the exercise of options as follows (there were no amounts unpaid on the shares issued):

Date options granted	Issue price of options	Number of shares issued
9 October 2012	\$0.83	600,000
9 October 2012	\$0.77	900,000
28 February 2014	\$0.50	500,000

Options

At the date of this report unissued ordinary shares of the Company under option are:

Number of options	Exercise price	Expiry date
4,200,000	\$0.77	9 October 2017
1,000,000	\$0.58	24 September 2019
2,000,000	\$0.39	17 November 2019
1,500,000	\$1.15	30 September 2020
1,650,000	\$1.16	31 January 2021
300,000	\$1.99	28 February 2021
500,000	\$3.66	30 June 2021

DIVIDENDS

No dividends have been paid or declared since the start of the financial year and the Directors do not recommend the payment of a dividend in respect of the financial year.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial year was mineral exploration and development. During the period, the Company announced it has commenced site-based construction at its 100% owned Mt Morgans Gold Project following receipt of regulatory approvals. The Company anticipates first gold production in the March quarter, 2018.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial year, not otherwise disclosed in this report.

REVIEW OF OPERATIONS

Operating results and financial position

The net loss after income tax for the financial year was \$18,857,914 (30 June 2016: \$21,832,884). Included in this loss for the financial year is an amount of \$8,858,445 (30 June 2016: \$19,141,580) relating to exploration and evaluation costs not capitalised, and \$6,014,752 for the value of shares issued to Macquarie Bank Limited ("MBL") as settlement for the termination of the MBL Royalty Deed held over certain Mt Morgans Gold Project ("MMGP") tenements.

At the end of the financial year the Group had \$90,163,337 (30 June 2016: \$9,648,425) in cash and an undrawn A\$150 million syndicated debt facility.



DIRECTORS' REPORT

Summary of Activities

Following the release of the MMGP Feasibility Study (see ASX announcement 21 November 2016), the Board approved project construction in late 2016. At 30 June 2017, the Group was approximately 9 months away from first gold production at the MMGP project.

Total capital costs to develop the MMGP project is \$A197M including A\$107M dedicated to the construction of a 2.5Mtpa CIL treatment facility currently under construction. At 30 June 2017, early stage progress had been made on construction of the treatment plant, the 410 person permanent accommodation village and the Westralia Mine Services Area. Underground mining at Beresford had also commenced.

As announced on 21 December 2016, the Group entered into a A\$150M Syndicated Facility Agreement (Facility) with Westpac Banking Corporation, Australia New Zealand Banking Group Ltd and BNP Paribas to fund the development of the MMGP project.

During the period, the Group entered into its first gold forward sales contracts. A total of 51,999oz were forward sold at an average price of A\$1,782/oz. Contract delivery dates are across the 12 month period to 30 June 2020.

Since the end of the financial year the Group has maintained an aggressive exploration spend at the MMGP project including the Cameron Well prospect.

Further details of the Company's activities including significant drill results returned for the 2017 financial year are included in the Review of Operations in the Annual Report.

EVENTS SUBSEQUENT TO THE REPORTING DATE

On 7 August 2017, the Group announced it had drawn down the first \$45.0 million under the debt Facility following the satisfaction of all conditions precedent and first draw down requirements. Each financier participated equally in the drawdown.

On 28 August 2017, the Group announced that it had executed a Gas Transportation Agreement with the APA Group which includes the construction of a 4 kilometre lateral from the Eastern Goldfields pipeline to the MMGP power station. The term of the agreement is for up to 10 years. The Group also announced the entry into a Letter of Intent to award a Power Purchase Agreement with Zenith Energy Limited for the construction, ownership and operation of a 17MW gas fired power station.

Other than the matters noted above, there has not arisen in the interval between the end of the reporting period and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group intends to continue to undertake appropriate exploration and evaluation activities sufficient to maintain tenure of its prospective mineral properties, until such time that informed decisions can be made in order to commercially exploit or relinquish such properties.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's construction and exploration activities are subject to significant conditions and environmental regulations under the Commonwealth and Western Australia State Governments.

So far as the Directors are aware, all activities have been undertaken in compliance with all relevant environmental regulations.

DIRECTORS' REPORT

OFFICER'S INDEMNITIES AND INSURANCE

During the year the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Company has not provided any insurance for an auditor of the Company.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the Corporations Act 2001.

NON-AUDIT SERVICES

During the year Grant Thornton the Company's auditor, has not performed any other services in addition to their statutory duties:

	2017 \$	2016 \$
Total remuneration paid to auditors during the financial year:		
Audit and review of the Company's consolidated financial statements	44,594	32,251
Other services	.	.
Total	44,594	32,251

The Board considers any non-audit services provided during the year by the auditor and satisfies itself that the provision of any non-audit services during the year by the auditor is compatible with, and does not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services are reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they do not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

REMUNERATION REPORT (AUDITED)

Remuneration paid to Directors and Officers of the Group is set by reference to such payments made by other ASX listed companies of a similar size and operating in the mineral exploration industry. In addition, reference is made to the specific skills and experience of the Directors and Officers.

Details of the nature and amount of remuneration of each Director, and other Key Management Personnel if applicable, are disclosed annually in the Company's Annual Report.



DIRECTORS' REPORT

Remuneration Committee

The Board has adopted a formal Remuneration Committee Charter which provides a framework for the consideration of remuneration matters.

The Remuneration & Nomination Committee is responsible for reviewing and making recommendations to the Board which has ultimate responsibility for the following remuneration matters:

1. Setting remuneration packages for Executive Directors, Non-Executive Directors and other Key Management Personnel; and
2. Implementing employee incentive and equity based plans and making awards pursuant to those plans.

Non-Executive Remuneration

The Company's policy is to remunerate Non-Executive Directors, at rates comparable to other ASX listed companies in the same industry, for their time, commitment and responsibilities.

Non-Executive Remuneration is not linked to the performance of the Company, however to align Directors' interests with shareholders' interests, remuneration may be provided to Non-Executive Directors in the form of equity based long term incentives.

1. Fees payable to Non-Executive Directors are set within the aggregate amount approved by shareholders at the Company's Annual General Meeting;
2. Non-Executive Directors' fees are payable in the form of cash and superannuation benefits;
3. Non-Executive superannuation benefits are limited to statutory superannuation entitlements; and
4. Participation in equity based remuneration schemes by Non-Executive Directors is subject to consideration and approval by the Company's shareholders.

The maximum Non-Executive Directors fees, payable in aggregate are currently set at \$500,000 per annum.

Executive Director and Other Key Management Personnel Remuneration

Executive remuneration consists of base salary, plus other performance incentives to ensure that:

1. Remuneration packages incorporate a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the Company's circumstances and objectives; and
2. A proportion of remuneration is structured in a manner to link reward to corporate and individual performances.

Executives are offered a competitive level of base salary at market rates (based on comparable ASX listed companies) and are reviewed regularly to ensure market competitiveness.

Use of Remuneration Consultants

To date the Company has not engaged external remuneration consultants to advise the Board on remuneration matters.

Incentive Plans

The Company provides long term incentives to Directors and Employees pursuant to the Dacian Gold Limited Employee Option Plan, which was last approved by shareholders on 16 November 2015.

The Board, acting in remuneration matters:

1. Ensures that incentive plans are designed around appropriate and realistic performance targets and provide rewards when those targets are achieved;
2. Reviews and improves existing incentive plans established for employees; and
3. Approves the administration of the incentive plans, including receiving recommendations for, and the consideration and approval of grants pursuant to such incentive plans.

DIRECTORS' REPORT

Engagement of Non-Executive Directors

Non-Executive Directors conduct their duties under the following terms:

1. A Non-Executive Director may resign from his/her position and thus terminate their contract on written notice to the Company; and
2. A Non-Executive Director may, following resolution of the Company's shareholders, be removed before the expiration of their period of office (if applicable). Payment is made in lieu of any notice period if termination is initiated by the Company, except where termination is initiated for serious misconduct.

In consideration of the services provided by Mr Robert Reynolds, Mr Barry Patterson and Mr Ian Cochrane as Non-Executive Directors, the Company will pay them \$80,000 plus statutory superannuation per annum.

Messrs Reynolds, Patterson and Cochrane are also entitled to fees for other amounts as the Board determines where they perform special duties or otherwise perform extra services or make special exertions on behalf of the Company.

During the financial year ended 30 June 2017, the Company incurred no costs in respect of additional services provided by Directors.

Engagement of Executive Directors

The terms of Mr Rohan Williams Executive Services Agreement governing his role as Executive Chairman are summarised below.

In respect of his engagement as Executive Chairman, Mr Williams will receive a salary of \$629,625 per annum inclusive of statutory superannuation (Total Fixed Remuneration, TFR). Any increase in salary is subject to the discretion of the Board.

The Company or Mr Williams may terminate the contract at any time by the giving of six months' notice. In addition, there are certain specific termination notice periods applicable to Company change of control events or ill health. The Company may elect to pay Mr Williams in lieu of part or all of the notice period specified in the contract.

Mr Williams may also receive a short term performance based reward in the form of a cash bonus up to, 40% of the TFR. The performance criteria, assessment and timing of which are determined at the discretion of the Board.

Mr Williams may participate in the Dacian Gold Limited Employee Option Plan and other long term incentive plans adopted by the Board.

Engagement of Executives

The terms of Mr Dyker's employment contract governing his role as Chief Financial Officer are summarised below.

In respect of his engagement as Chief Financial Officer, Mr Dyker will receive a salary of \$383,250 per annum inclusive of statutory superannuation (Total Fixed Remuneration, TFR).

The Company or Mr Dyker may terminate the contract at any time by the giving of six months' notice. In addition, there are certain specific termination notice periods applicable to Company change of control events or ill health. The Company may elect to pay Mr Dyker in lieu of part or all of the notice period specified in the contract.

Mr Dyker may be invited to participate in incentive schemes. The performance criteria, assessment and timing of which are determined at the discretion of the Board.

Mr Dyker may participate in the Dacian Gold Limited Employee Option Plan and other long term incentive plans adopted by the Board.

Voting and comments made at the Company's 2015 Annual General Meeting ('AGM')

At the last AGM 99.8% of the shareholders voted to adopt the remuneration report for the year ended 30 June 2016. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.



DIRECTORS' REPORT

Short Term Incentive Payments

The Board may, at its sole discretion, set the Key Performance Indicators (KPIs) for the Executive Directors or other Executive Officers. The KPIs are chosen to align the reward of the individual Executives to the strategy and performance of the Company.

Performance objectives, which may be financial or non-financial, or a combination of both, are determined by the Board.

No Short Term incentives are payable to Executives where it is considered that the actual performance has fallen below the minimum requirement.

Following a performance evaluation process in respect of the 12-month period ended 31 December 2016, Short Term incentive payments were made to Executives.

The Executive Chairman sets the KPIs for other members of staff, monitors actual performance and may recommend payment of short term bonuses to certain employees to the Board for approval.

Shareholding Qualifications

The Directors are not required to hold any shares in Dacian Gold under the terms of the Company's constitution.

Consequences of Company Performance on Shareholder Wealth

In considering the Company's performance and benefits for shareholder wealth, the Board provide the following indices in respect of the current financial year and previous financial years:

	2017	2016	2015	2014	2013
Loss for the year attributable to shareholders	\$18,857,914	\$21,832,884	\$8,048,428	\$5,620,640	\$5,806,907
Closing share price at 30 June	\$1.98	\$2.90	\$0.43	\$0.35	\$0.17

As an exploration and development Company with its major asset currently under construction, the Board does not consider the loss attributable to shareholders as one of the performance indicators when implementing Short Term Incentive Payments. The Board considers that the success of exploration and feasibility programs, safety and environmental performance, the securing of funding arrangements, the commencement of construction and responsible management of cash resources and the Company's other assets are more appropriate performance indicators to assess the performance of management.

DIRECTORS' REPORT

Remuneration Disclosures

Current Directors and Key Management Personnel of the Group have been identified as:

Mr Rohan Williams	Executive Chairman
Mr Ian Cochrane	Non-Executive Director
Mr Barry Patterson	Non-Executive Director
Mr Robert Reynolds	Non-Executive Director
Mr Grant Dyker	Chief Financial Officer

The details of the remuneration of each Director and member of Key Management Personnel of the Company are as follows:

		Cash			Non-cash		Total \$	Value of equity as proportion of remuneration %
		Short-term employee benefits		Post employment benefits	Long-term benefits	Share based payments		
		Base salary and consulting fees \$	Cash Bonus \$	Super-annuation contributions \$	Long service leave \$	Shares rights (ii) & options (i) \$		
Rohan Williams	2017	482,844	160,000	35,000	19,386	944,273	1,641,503	57.5%
	2016	403,000	160,000	35,000	16,934	142,268	757,202	18.8%
Ian Cochrane	2017	60,000		5,700			65,700	0.0%
	2016	20,000		1,900		155,904	177,804	87.7%
Barry Patterson	2017	60,000		5,700			65,700	0.0%
	2016	46,667		4,433			51,100	0.0%
Robert Reynolds	2017	60,000		5,700			65,700	0.0%
	2016	46,667		4,433			51,100	0.0%
Grant Dyker	2017	334,380	75,000	24,058	2,561	208,547	644,546	32.4%
	2016	116,667		11,083	351	75,668	203,769	37.1%
Total	2017	997,224	235,000	76,158	21,947	1,152,820	2,483,149	
Total	2016	633,001	160,000	56,849	17,285	373,840	1,240,975	

(i) The fair value of options is calculated at the date of grant using the Black Scholes option pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed in the above table is the portion of the fair value of the options recognised in the reporting period.

(ii) The fair value of performance rights is calculated at the date of grant using a Monte Carlo simulation, a review of historical share price volatility and correlation of the share price of the Company to its Peer Group. The fair value is allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed in the above table is the portion of the fair value of the performance rights recognised in the reporting period.

Details of Performance Related Remuneration

Total Short Term incentives paid to Directors or Key Management Personnel of the Company during the period ended 30 June 2017 was \$235,000 (30 June 2016: \$160,000). The remuneration committee awards discretionary cash bonuses based on company performance. These awards are not formally detailed in employee agreements and therefore do not represent a defined percentage of salary.



DIRECTORS' REPORT

Options Granted as Remuneration

2017

During the 2017 financial year, no options over unissued shares were issued to Directors or Key Management Personnel.

2016

During the 2016 financial year there were 300,000 options over unissued shares issued to the Company Director Mr Ian Cochrane, pursuant to the Dacian Gold Limited Employee Option Plan. Details of the options issued to Mr Cochrane are as follows:

Grant date	Exercise price per option (i)	Expiry date	Number of options granted	Vesting date	Total value of options granted
26 February 2016	\$2.05 each	28 February 2021	300,000	26 February 2016	\$155,904

(i) The exercise price for each option has been revalued subsequent to grant date. Refer note 18 for further discussion.

During the 2016 financial year there were 1,500,000 options over unissued shares issued to Key Management Personnel Mr Grant Dyker, pursuant to the Dacian Gold Limited Employee Option Plan. Details of the options issued to Mr Dyker are as follows:

Grant date	Exercise price per option (i)	Expiry date	Number of options granted	Vesting date	Total value of options granted
5 February 2016	\$1.22 each	31 January 2021	750,000	31 January 2018	\$224,333
5 February 2016	\$1.22 each	31 January 2021	375,000	31 January 2019	\$112,166
5 February 2016	\$1.22 each	31 January 2021	375,000	31 July 2019	\$112,166

(i) The exercise price for each option has been revalued subsequent to grant date. Refer note 18 for further discussion.

Exercise of Options Granted as Remuneration

There were no ordinary shares issued on the exercise of options previously granted as remuneration to Directors or Key Management Personnel of the Company during either the financial year ended 30 June 2017 or 30 June 2016.

Performance Rights Granted as Remuneration

During the 2017 financial year there were 670,000 performance rights issued to the Executive Chairman Mr Rohan Williams, pursuant to the Dacian Gold Limited Employee Option Plan. Details of performance rights issued to Mr Williams are as follows:

Grant date	Number of share rights granted(i)	Total fair value of share rights at grant date(ii)	Vesting date	Unamortised total value of grant yet to vest
17 October 2016	140,000	\$396,340	30 June 2017	.
17 October 2016	200,000	\$597,400	30 June 2018	\$351,412
17 October 2016	330,000	\$1,002,870	30 June 2019	\$742,867

(i) The number of share rights awarded at 30 June 2017 was 70,000. These rights were issued subsequent to period end.

(ii) The performance rights will vest subject to certain operational and market performance conditions being met. The number of performance rights that vest will be subject to the Company's relative performance for each of the performance conditions.

DIRECTORS' REPORT

Equity Instrument Disclosures Relating to Key Management Personnel

Option holdings

Key Management Personnel have the following interests in unlisted options over unissued shares of the Company.

2017 Name	Balance at start of the year	Received during the year as remuneration	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
R Williams	5,000,000	.	.	5,000,000	5,000,000
I Cochrane	300,000	.	.	300,000	300,000
R Reynolds	300,000	.	.	300,000	300,000
B Patterson	300,000	.	.	300,000	300,000
G Dyker	1,500,000	.	.	1,500,000	.

Share holdings

The number of shares in the Company held during the financial year by key management personnel of the Company, including their related parties are set out below. During the period, 70,000 shares were granted to the Executive Chairman as compensation. These share rights were issued subsequent to period end.

2017 Name	Balance at start of the year	Acquisitions pursuant to share placements	Other changes during the year	Balance at the end of the year
R Williams	5,924,637	125,000	.	6,049,637
R Reynolds	2,575,000	-	(150,000)	2,425,000
B Patterson	5,031,819	1,623,168	.	6,654,987
I Cochrane	196,464	63,376	.	259,840
G Dyker	137,455	-	.	137,455

Loans Made to Key Management Personnel

No loans were made to key personnel, including personally related entities during the reporting period.

Other Transactions with Key Management Personnel

During the financial year ended 30 June 2017 there have been no other transactions with, and no amounts are owing to or owed by Key Management Personnel.

There were no other transactions with key management personnel.

END OF REMUNERATION REPORT



DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on the following page.

This report is made in accordance with a resolution of the Directors.

DATED at Perth this 6th day of September 2017.

A handwritten signature in black ink, consisting of a series of overlapping, sweeping lines that form a stylized, elongated shape.

Rohan Williams
Executive Chairman

AUDITOR'S INDEPENDENCE DECLARATION



Level 1
10 Kings Park Road
West Perth WA 6005

Correspondence to:
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration To the Directors of Dacian Gold Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Dacian Gold Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in black ink that reads "C A Becker".

C A Becker
Partner - Audit & Assurance

Perth, 6 September 2017

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated	
		30 June 2017 \$	30 June 2016 \$
Revenue	3	822,252	332,412
Total Revenue		822,252	332,412
Employee expenses	3	(1,775,505)	(1,237,520)
Share based employee expense	18	(1,769,234)	(629,723)
Depreciation and amortisation expenses	11	(335,896)	(245,595)
Exploration costs expensed and written off	12	(14,957,356)	(19,193,656)
Other expenses		(1,774,775)	(1,081,977)
Loss before income tax		(19,790,514)	(22,056,059)
Income tax benefit	4	932,600	223,175
Net loss for the period attributable to the members of the parent entity		(18,857,914)	(21,832,884)
Other comprehensive Income			-
Total comprehensive loss for the period attributable to the members of the parent entity	19	(18,857,914)	(21,832,884)
Loss per share			
Basic loss per share (cents)	5	(11.9)	(18.5)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	30 June 2017 \$	30 June 2016 \$
Current assets			
Cash and cash equivalents	7	90,163,337	9,648,425
Trade and other receivables	8	3,417,086	90,123
Inventories	9	265,345	-
Total current assets		93,845,768	9,738,548
Non-current assets			
Other financial assets	10	36,722	34,211
Property, plant and equipment	11	1,406,018	748,125
Exploration and evaluation assets	12	4,163,562	8,131,847
Mine properties	13	60,959,305	-
Total non-current assets		66,565,607	8,914,183
Total assets		160,411,375	18,652,731
Current liabilities			
Borrowings	14	1,513,375	-
Trade and other payables	15	16,634,856	3,378,228
Total current liabilities		18,148,231	3,378,228
Non-current liabilities			
Provisions	16	7,846,408	1,966,676
Trade and other payables	15	104,090	48,560
Total non-current liabilities		7,950,498	2,015,236
Total liabilities		26,098,729	5,393,464
Net assets		134,312,646	13,259,267
Equity			
Issued capital	17	191,783,216	53,515,696
Share based payments reserve	18	2,965,222	1,321,449
Accumulated losses	19	(60,435,792)	(41,577,878)
Total equity		134,312,646	13,259,267

The above statement of financial position should be read in conjunction with the accompanying notes.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

Consolidated					
	Note	Issued capital \$	Share reserve \$	Accumulated losses \$	Attributable to owners of the parent \$
Balance at 1 July 2015		29,204,822	774,886	(19,744,994)	10,234,714
Total comprehensive loss for the year		-	-	(21,832,884)	(21,832,884)
Capital Raising		25,016,818	-	-	25,016,818
Options exercised		653,500	-	-	653,500
Costs of capital raising		(1,442,604)	-	-	(1,442,604)
Options vesting		-	629,723	-	629,723
Options exercised		83,160	(83,160)	-	-
Balance at 30 June 2016		53,515,696	1,321,449	(41,577,878)	13,259,267
Total comprehensive loss for the year		-	-	(18,857,914)	(18,857,914)
Capital Raising		136,290,970	-	-	136,290,970
Issue of Shares – Royalty Termination		6,000,002	-	-	6,000,002
Options exercised		854,000	-	-	854,000
Costs of capital raising		(5,002,913)	-	-	(5,002,913)
Options vesting		-	818,302	-	818,302
Share –based payments expense		-	950,932	-	950,932
Options exercised		125,461	(125,461)	-	-
Balance at 30 June 2017	17	191,783,216	2,965,222	(60,435,792)	134,312,646

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated	
		30 June 2017 \$	30 June 2016 \$
Cash flows from operating activities			
Interest received		819,741	316,771
Other income		-	15,641
Research & development tax concession income		835,381	555,670
Interest paid		(1,038)	(1,623)
Payments for exploration and evaluation		(13,501,585)	(17,412,277)
Payments to suppliers and employees		(4,716,749)	(2,142,236)
Net cash used in operating activities	7	(16,564,250)	(18,668,054)
Cash flows from investing activities			
Payments for development expenditure		(31,443,454)	-
Payments for plant and equipment		(1,031,748)	(525,564)
Net cash used in investing activities		(32,475,202)	(525,564)
Cash flows from financing activities			
Proceeds from issue of share capital (net of issue costs)		132,134,358	24,235,414
Transaction costs associated with borrowings		(2,579,994)	(18,265)
Net cash provided by financing activities		129,554,364	24,217,149
Net increase in cash held		80,514,912	5,023,531
Cash at the beginning of the period	7	9,648,425	4,624,894
Cash at the end of the period	7	90,163,337	9,648,425

The above statement of cash flows should be read in conjunction with the accompanying notes.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Note 1 Summary of Significant Accounting Policies

(a) Basis of Preparation of Financial Report

These financial statements are general purpose financial statements, which have been prepared in accordance with requirements of the Corporations Act 2001 and comply with other requirements of the law.

The accounting policies below have been consistently applied to all of the years presented unless otherwise stated.

The financial statements have been prepared on a historical cost basis, except for available for sale investments and derivative financial instruments which have been measured at fair value. Cost is based on the fair values of consideration given in exchange for assets.

The financial statements are presented in Australian dollars.

These financial statements have been prepared on the going concern basis.

The financial report of the Company was authorised for issue in accordance with a resolution of Directors on 6th September 2017.

Statement of Compliance

The financial report of the Group complies with Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The Company is a for profit entity for the purpose of preparing the financial statements.

Going Concern Basis for Preparation of Financial Statements

These financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As at 30 June 2017, the Group has net current assets of \$75,697,537 (2016: \$6,360,320) and an undrawn A\$150 million syndicated project development debt facility. Collectively these are considered sufficient by the Directors to fund construction of the Mt Morgans Gold Project, meet all current minimum exploration expenditure commitments, settle all debts as and when they become due as well as operating cash outflows of the Group. In addition, should the Company require, the Board are confident of raising sufficient capital to fund the short term construction and exploration programs as well as fund the working capital requirements of the Group.

Material accounting policies adopted in the presentation of these financial statements are presented below:

(b) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, allowances and amounts collectable on behalf of third parties.

Interest income

Interest income is recognised on a time proportion basis and is recognised as it accrues.

(c) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Note 1 Summary of Significant Accounting Policies (continued)

(c) Income Tax (continued)

Deferred tax assets and liabilities are recognised for temporary timing differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to those timing differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Amounts receivable from the Australian Tax Office in respect of research and development tax concession claims are recognised when management have a reasonable basis to estimate claim proceeds.

(d) Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(e) Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

(f) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of borrowings using the effective interest rate method.

Fees paid on establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs and amortised over the period of the remaining facility



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Note 1 Summary of Significant Accounting Policies (continued)

(g) Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(h) Trade and Other Receivables

Trade receivables, which generally have 30–90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(i) Inventories

Inventories of consumable supplies and spare parts are valued at the lower of cost and net realisable value. Cost is assigned on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion, and the estimated costs necessary to make the sale.

The recoverable amount of surplus items is assessed regularly on an ongoing basis and written down to its net realisable value when an impairment indicator is present.

(j) Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the asset as a replacement only if it is eligible for capitalisation. The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Depreciation is calculated on a straight-line basis or written down value over the estimated useful life of the assets as follows:

▪ Office & computer equipment	25%-50% straight line
▪ Fixtures and fittings	33% written down value
▪ Plant and equipment	33% written down value
▪ Motor Vehicles	33% written down value

Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. This assessment for impairment is discussed further in note 1(m).

De-recognition and Disposal

An item of property, plant and equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is de-recognised.

(k) Exploration and Evaluation Expenditure

Exploration and evaluation costs are written off in the year they are incurred, apart from acquisition costs and those costs that are incurred on an area of interest that contains a JORC reserve.

Capitalised exploration and evaluation expenditures in relation to specific areas of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Note 1 Summary of Significant Accounting Policies (continued)

(k) Exploration and Evaluation Expenditure (continued)

- (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
- (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to mine properties in development.

(l) Mine Properties

When technical feasibility and commercial viability of extracting mineral resource has been demonstrated, then any subsequent expenditure in that area of interest is classified as mine properties in development. These costs are not amortised but the carrying value is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed the recoverable amount.

(m) Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at re-valued amount (in which case the impairment loss is treated as a re-valuation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Note 1 Summary of Significant Accounting Policies (continued)

(m) Impairment of Assets (continued)

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at the re-valued amount, in which case the reversal is treated as a re-valuation increase.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(n) Trade and Other Payables

Trade and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(o) Provisions

Rehabilitation and Restoration

Long-term environmental obligations are based on the Group's environmental management plans, in compliance with current environmental and regulatory requirements.

Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date. To the extent that future economic benefits are expected to arise, these costs are capitalised and amortised over the remaining lives of mines.

Annual increases in the provision relating to the change in the net present value of the provision are recognised as finance costs. The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clear-up closure.

Employee Benefits

The provision for employee benefits represents annual leave and long service leave entitlements accrued by employees.

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of the employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised and measured as the present value of the expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures, and period of services. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(p) Interest Bearing Liabilities

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Note 1 Summary of Significant Accounting Policies (continued)

(q) Share Based Payments

Equity Settled Transactions:

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based incentives, whereby employees render services in exchange for options and shares (equity-settled transactions).

There is currently a plan in place to provide these benefits, the Dacian Gold Limited Employee Option Plan, which provides benefits to Executive Directors and other employees.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using an appropriate valuation model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the underlying Shares to which the equity instrument relates (market conditions) if applicable. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- (i) the extent to which the vesting period has expired; and
- (ii) the Group's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for share-based incentives that do not ultimately vest, except for incentives where vesting is only conditional upon a market condition.

If the terms of a share-based incentive are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the incentive, or is otherwise beneficial to the employee, as measured at the date of modification.

If a share-based incentive is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled incentive and designated as a replacement award on the date that it is granted, the cancelled incentive and new awards are treated as if they were a modification of the incentive, as described in the previous paragraph.

(r) Share Capital

Shares are classified as equity. Incremental costs directly attributable to the issue of Shares pursuant to the Offer or Options are shown in equity as a deduction, net of tax, from the proceeds of issue.

(s) Basis of Consolidation

The financial statements consolidate those of Dacian Gold Limited and all of its subsidiaries as at 30 June 2017. The parent controls a subsidiary if it is exposed, or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between controlled entities are eliminated on consolidation, including unrealised gains and losses resulting from intra-group transactions. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with accounting policies adopted by the Company.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Note 1 Summary of Significant Accounting Policies (continued)

(s) Basis of consolidation (continued)

Non-controlling interests, presented as part of equity, represent the portion of a subsidiaries profit or loss and net assets that is not held by the Company. The Company attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

(t) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Accounting for capitalised mineral exploration and evaluation expenditure

The Group's accounting policy is stated at note 1(k). A regular review is undertaken of each area of interest to determine the reasonableness of the continuing carrying forward of costs in relation to that area of interest.

Mine restoration provisions estimates

The provision for rehabilitation and restoration costs is based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include an estimate of the extent and costs of rehabilitation activities, technological changes, regulatory changes, costs increases as compared to the inflation rates and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

Measurement of share based payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using an appropriate valuation model. The valuation basis and related assumptions are detailed in note 18. The accounting estimates and assumptions relating to the equity settled transactions would have no impact on the carrying value of assets and liabilities within the next annual reporting period but may impact expenses and equity.

(u) Adoption of New and Revised Accounting Standards

A number of new and revised standards are effective for the current reporting period, however there was no need to change accounting policies or make retrospective adjustments as a result of adopting these standards. Information of these new standards is presented below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Note 1 Summary of Significant Accounting Policies (continued)

(u) Adoption of New and Revised Accounting Standards (continued)

New/revised pronouncement	Nature of change	Effective Date	Likely impact on initial application
AASB 9 Financial Instruments	<p>AASB introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.</p> <p>AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.</p> <p>Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.</p>	1 January 2018	The Group is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the Group's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.
AASB 15 Revenue from Contracts with Customers	<p>AASB 15 replaces AASB 118 <i>Revenue</i>, AASB 111 <i>Construction Contracts</i> and some revenue-related interpretations:</p> <ul style="list-style-type: none"> - Establishes a new revenue recognition model - Changes the basis for deciding whether revenue is to be recognised over time or at a point in time - Provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing) - Expands and improves disclosures about revenue. 	1 January 2018	The Group is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the Group's preliminary assessment, the Standard is not expected to have a material impact on the transaction and balances recognised in the financial statements when it is first adopted for the year ended 30 June 2019.
AASB 16 Leases	<p>AASB 16:</p> <ul style="list-style-type: none"> - Replaces AASB 117 <i>Leases</i> and some lease-related interpretations. - Requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases - Provides new guidance on the application of the definition of lease and on sale and lease back accounting - Largely retains the existing lessor accounting requirements in AASB 117 - Requires new and different disclosures about leases. 	1 January 2019	The Group will adopt this standard from 1 July 2019, the impact of its adoption is currently being assessed by the Group.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Note 2 Segment Information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. The Group's sole activity is mineral exploration and development wholly within Australia, therefore it has aggregated all operating segments into the one reportable segment being mineral exploration and development.

The reportable segment is represented by the primary statements forming these financial statements.

Note 3 Revenue and Expenses	Year ended 30 June 2017 \$	Year ended 30 June 2016 \$
Loss for the year includes the following specific income and expenses:		
Other income	-	15,641
Interest income	822,252	316,771
Legal expenses	36,251	21,990
Insurance	95,617	79,591
Office rent	226,971	87,595
Other office occupancy expenses	161,889	59,201
Employee expenses:		
Salaries and wages	4,615,499	3,246,853
Director fees and consulting expenses	180,000	113,333
Defined contribution superannuation	436,643	292,483
Other employment expenses	703,998	342,617
Less: allocation to exploration & construction project costs	(4,160,635)	(2,757,766)
	1,775,505	1,237,520

Note 4 Income Tax

Tax consolidation

The company and its 100% owned controlled entities have formed a tax consolidated group. Members of the Consolidated Entity have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned controlled entities on a pro-rate basis. The agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At reporting date, the possibility of default is remote. The head entity of the tax consolidated group is Dacian Gold Limited.

Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group. Deferred taxes are allocated to members of the tax consolidated group in accordance with a group allocation approach which is consistent with the principles of *AASB 112 Income Taxes*. The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the controlled entities intercompany accounts with the tax consolidated group head company, Dacian Gold Limited.

In this regard the Company has assumed the benefit of tax losses from controlled entities of \$10,061,199 (2016: \$Nil) as of the reporting date. The nature of the tax funding agreement is such that no tax consolidation contributions by or distributions to equity participants are required.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Note 4 Income Tax (continued)

<i>a) <u>Income tax expense</u></i>	30 June 2017 \$	30 June 2016 \$
<i>Current income tax:</i>		
Current income tax charge (benefit)	(5,076,889)	(6,451,576)
Current income tax not recognised	5,076,889	6,451,576
Research and development tax concession ⁽ⁱ⁾	(932,600)	(223,175)
<i>Deferred income tax:</i>		
Relating to origination and reversal of timing differences	6,820,206	6,845,277
Deferred income tax benefit not recognised	(6,820,206)	(6,845,277)
Income tax expense/(benefit) reported in the Statement of Profit or Loss and Other Comprehensive Income	(932,600)	(223,175)

- (i) The Research and Development tax concession benefit recognised in the year ended 30 June 2017 relates to applications made in respect of qualifying expenditure incurred during the 2015 and 2016 financial years and lodged with AusIndustry.

<i>b) <u>Reconciliation of consolidated income tax expense to prima facie tax payable</u></i>	30 June 2017 \$	30 June 2016 \$
Loss from continuing operations before income tax expense	(19,790,514)	(22,056,059)
Tax at the Australian rate of 30% (2016 – 30%)	(5,937,154)	(6,616,818)
<i>Tax effect of permanent differences:</i>		
Non-deductible expenses	533,980	189,927
Research and development tax concession	(932,600)	(223,175)
Capital raising costs claimed	(467,909)	(167,272)
<i>Tax effect of other differences:</i>		
Net deferred tax asset benefit not brought to account	5,871,083	6,594,163
Tax (benefit)/expense	(932,600)	(223,175)
<i>c) <u>Deferred tax – Consolidated statement of Financial Position</u></i>		
<i>Liabilities</i>		
Prepaid expenses	(30,768)	-
Accrued income	(29,166)	-
Inventories	(79,604)	-
Mine Development	(2,078,007)	-
Capitalised exploration expenditure	874,937	(2,115,457)
	(1,342,608)	(2,115,457)
<i>Assets</i>		
Revenue losses available to offset against future taxable income	18,601,101	13,633,829
Rehabilitation provision	582,909	590,003
Employee leave provisions	129,940	60,094
Other financial assets	-	8,874
Trade and other payables	-	9,069
Business related costs	1,464,950	429,675
	20,778,900	14,731,544
Net deferred tax asset/(liability)	19,436,293	12,616,087



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Note 4 Income Tax (continued)	Year ended 30 June 2017 \$	Year ended 30 June 2016 \$
<i>d) <u>Deferred tax – Statement of Profit or Loss and Other Comprehensive Income</u></i>		
<i>Liabilities</i>		
(Increase)/decrease in prepaid expenses	(30,768)	-
(Increase)/decrease in accrued income	(29,166)	2,016
(Increase)/decrease in inventories	(79,604)	-
(Increase)/decrease in mine development	(2,078,007)	-
(Increase)/decrease in capitalised exploration expenditure	2,990,394	324,097
<i>Assets</i>		
Increase/(decrease) in revenue losses available to offset against future taxable income	4,967,272	6,197,443
Increase/(decrease) in rehabilitation provision	(7,093)	15,623
Increase/(decrease) in employee leave provisions	69,846	39,279
Increase/(decrease) in other financial assets	(8,874)	8,874
Increase/(decrease) in accruals	(9,069)	(8,931)
Increase/(decrease) in deductible equity raising costs	1,035,275	266,876
Deferred tax benefit/(expense) not recognised	6,820,206	6,845,277

Deferred tax assets have been recognised to the extent that they extinguish deferred tax liabilities of the Company as at the reporting date.

Net deferred tax assets have not been recognised, in either reporting period, in respect of amounts in excess of deferred tax liabilities.

The deferred tax benefit of tax losses not brought to account will only be obtained if:

- (i) The Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the tax losses to be realised;
- (ii) The Company continues to comply with the conditions for deductibility imposed by tax legislation; and
- (iii) No changes in tax legislation adversely affect the Company realising the benefit from the deduction of the losses.

All unused tax losses of \$62,003,669 (2016: \$45,446,094) were incurred by Australian entities.

Note 5 Earnings per Share	Year ended 30 June 2017 Cents	Year ended 30 June 2016 Cents
<i>a) Basic earnings per share</i>		
Loss attributable to ordinary equity holders of the Company	(11.9)	(18.5)
<i>b) Diluted earnings per share</i>		
Loss attributable to ordinary equity holders of the Company	(11.9)	(18.5)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Note 5 Earnings per Share (continued)	Year ended 30 June 2017	Year ended 30 June 2016
<i>c) Loss used in calculation of basic and diluted loss per share</i>	\$	\$
Loss after tax from continuing operations	(18,857,914)	(21,832,884)
<i>d) Weighted average number of shares used as the denominator</i>	No.	No.
Weighted average number of shares used as the denominator in calculating basic and dilutive loss per share	158,264,131	118,222,614

At 30 June 2017 the Company has on issue 12,000,000 (2016: 13,150,000) unlisted options over ordinary shares that are not considered to be dilutive as the potential increase in shares on issue would decrease the loss per share.

Note 6 Dividends

No dividends were paid or proposed during the financial year ended 30 June 2017 (2016: \$Nil).

The Company has no franking credits available as at 30 June 2017 (2016: \$Nil).

Note 7 Cash and Cash Equivalents	30 June 2017	30 June 2016
	\$	\$
Cash at bank ¹	90,163,337	6,138,645
Deposits at call ²	-	3,509,780
	90,163,337	9,648,425

¹ Cash at bank earns interest at floating rates based on daily deposit rates.

² Short term deposits, the duration of which is dependent on the immediate cash requirements of the Group. These deposits earn interest at the respective short term interest rates.

At 30 June 2017 the Group had a A\$150M undrawn syndicated project development facility (30 June 2016: \$Nil). Refer to note 14 for further discussion.

Reconciliation to the Statement of Cash Flows:

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of any outstanding bank overdrafts.

Cash and cash equivalents as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	30 June 2017	30 June 2016
	\$	\$
Cash and cash equivalents	90,163,337	9,648,425

Non-cash financing and investing activities:

There have been no non-cash financing and investing activities for the year ended 30 June 2017 (2016: \$Nil).



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Note 7 Cash and Cash Equivalents (continued)

Cash balances held in reserve:

An amount of \$15,000,000 was reserved on deposit in respect of contingency funding for the development of the Mt Morgans Gold Project. The purpose of the reserved cash is to fund future unplanned development costs and to provide funding support for debt service obligations under the syndicated project development debt facility. At 30 June 2017, the Group forecasts indicate there were no future requirements to use this reserved cash. There were no other amounts included in cash and cash equivalents that are held in reserve as at 30 June 2017.

<u>Reconciliation of loss after tax to net cash outflow from operating activities:</u>	30 June 2017	30 June 2016
	\$	\$
Loss from ordinary activities after income tax	(18,857,914)	(21,832,884)
Depreciation	335,896	245,595
Share based payments expense	1,769,234	629,723
Exploration expense for termination of royalty deed	6,000,002	-
Deferred exploration expense for tenements surrendered	84,159	-
Capitalised exploration expenditure	(2,536,174)	-
<i>Movement in assets and liabilities:</i>		
(Increase)/decrease in prepaid expenses	(68,058)	6,720
(Increase)/decrease in accrued income	(97,219)	332,495
(Increase)/decrease in other receivables	(1,219,551)	(5,540)
Increase/(decrease) in rehabilitation provision	-	52,076
Increase/(decrease) in employee leave provisions	128,975	130,930
Increase/(decrease) in trade and other payables	(2,103,600)	1,772,831
Net cash flow from operating activities	(16,564,250)	(18,668,054)

Note 8 Trade and Other Receivables	30 June 2017	30 June 2016
	\$	\$
Current assets		
R&D Concession tax benefit receivable	97,219	-
GST receivable	1,204,603	90,123
Prepayments	2,012,705	-
Other receivables	102,559	-
	3,417,086	90,123

The Group has no trading activity and as such has no trading receivables. The Group does not consider any of its current receivables to be subject to impairment.

Note 9 Inventories	30 June 2017	30 June 2016
	\$	\$
Current assets		
Mine spare and stores – cost	265,345	-

Note 10 Other Financial Assets	30 June 2017	30 June 2016
	\$	\$
Non-current assets		
Security bonds and deposits	36,722	34,211

Other financial assets at 30 June 2017 represent a security deposit of \$36,772 in respect of the Company's lease of its Perth administration office.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Note 11 Property, Plant and Equipment	30 June 2017 \$	30 June 2016 \$
<u>Carrying values</u>		
<i>Office and computer equipment:</i>		
Cost	715,854	232,758
Depreciation	(265,531)	(177,399)
	450,323	55,359
<i>Plant and equipment:</i>		
Cost	946,542	940,661
Depreciation	(665,413)	(528,959)
	281,129	411,702
<i>Fixtures and fittings:</i>		
Cost	283,783	83,709
Depreciation	(97,933)	(43,834)
	185,850	39,875
<i>Motor vehicles:</i>		
Cost	652,931	272,572
Depreciation	(198,915)	(143,345)
	454,016	129,227
<i>Work in progress:</i>		
Cost	34,700	111,962
	1,406,018	748,125
<u>Reconciliation of movements</u>		
<i>Office and computer equipment:</i>		
Opening net book value	55,359	58,012
Additions	484,737	49,854
Depreciation	(89,773)	(52,507)
	450,323	55,359
<i>Plant and equipment:</i>		
Opening net book value	411,702	233,257
Additions	5,881	311,234
Depreciation	(136,454)	(132,789)
	281,129	411,702
<i>Fixtures and Fitting:</i>		
Opening net book value	39,875	43,566
Additions	200,074	13,627
Depreciation	(54,099)	(17,318)
	185,850	39,875
<i>Motor Vehicles:</i>		
Opening net book value	129,227	61,390
Additions	380,359	110,818
Depreciation	(55,570)	(42,981)
	454,016	129,227
<i>Work in Progress:</i>		
Cost	34,700	111,962
	1,406,018	748,125

The Group had no assets secured under finance lease at 30 June 2017.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Note 12 Deferred Exploration and Evaluation Expenditure	30 June 2017 \$	30 June 2016 \$
Deferred exploration costs at the start of the financial year	8,131,847	8,131,847
Exploration and evaluation costs incurred	11,394,620	19,141,580
Royalty termination costs ¹	6,014,752	-
Transfers to mine properties in development	(6,420,301)	-
Movement in provision for rehabilitation costs ²	-	52,076
Exploration and evaluation costs expensed and written off ³	(14,957,356)	(19,193,656)
	4,163,562	8,131,847

¹ During the period the Company issued 1,780,416 ordinary shares to Macquarie Bank Limited ('MBL') being settlement for the termination of the MBL Royalty Deed over certain tenements held by the company. The MBL smelter return royalty was 1% of gross revenue earned on 491,617 troy ounces of gold produced from the tenements of the MMGP. The Royalty termination costs disclosed include \$14,750 in transaction costs.

² The Group reviews its estimate for likely rehabilitation costs on an annual basis. In the period ending 30 June 2016, the Group recognised the change in the resulting provision as an expense in the Statement of Profit or Loss and Other Comprehensive Income in line with the accounting policy for exploration and evaluation expenditure.

³ Exploration and Evaluation costs expensed and written off includes deferred write off for tenements surrendered during the period of \$84,159 (30 June 2016: \$Nil).

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent upon the successful development or commercial exploitation of the respective areas.

Note 13 Mine Properties	30 June 2017 \$	30 June 2016 \$
Mine properties in development		
Additions	46,103,677	-
Transfers from exploration	6,420,301	-
Change in rehabilitation provision	5,903,376	-
Borrowing costs capitalised	2,531,951	-
	60,959,305	-

Note 14 Borrowings	30 June 2017 \$	30 June 2016 \$
Insurance premium funding liability	1,513,375	-

On 21 December 2016 the Company announced entry into an \$A150 million Syndicated Project Development Debt Facility Agreement ("Facility") with Westpac Banking Corporation, Australia and New Zealand Banking Group Limited and BNP Paribas. The Facility comprises A\$140 million tranche for project development and working capital during the construction, commissioning and ramp up stages of the Project and a cost overrun tranche of A\$10 million. The key terms of the Facility are:

- A 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;
- Security is provided via a fixed and floating charge over the assets of Dacian Gold's operating subsidiary, Mt Morgans WA Mining Pty Ltd; and
- The facility can be drawn down in stages when needed with interest payable only on the amounts drawn.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Note 14 Borrowings (continued)

Total capitalised transaction costs to 30 June 2017 are \$2,531,951 (2016: \$Nil). Transaction costs are accounted for under the effective interest rate method. These costs are incremental costs that are directly attributable to the loan and include loan origination fees, commitment fees and legal fees.

At 30 June 2017 no amounts had been drawn under the facility. The first drawdown of \$A45 million was announced on 7 August 2017 and is further discussed in note 25.

See note 20 for financial instrument disclosures relating to borrowings.

Note 15 Trade and other payables	30 June 2017	30 June 2016
	\$	\$
Current liabilities		
Trade and other payables	639,270	2,665,370
Accrued expenses	15,666,542	561,105
Employee leave liabilities	329,044	151,753
	16,634,856	3,378,228
Non-current liabilities		
Employee leave liabilities	104,090	48,560

Trade payables are non-interest bearing and normally settled on 30 day terms. See note 20 for financial instrument disclosures relating to trade and other payables.

Note 16 Provisions	30 June 2017	30 June 2016
	\$	\$
Non-current liabilities		
Rehabilitation provision	7,846,408	1,966,676

The rehabilitation provision relates to the estimated obligations in relation to the environmental rectification works at the Mt Morgans Gold Project.

Reconciliation of movements in Rehabilitation Provision:		
Balance at the start of the financial year	1,966,676	1,914,600
Increase/(decrease) in rehabilitation provision during the financial year	5,879,732	52,076
Balance at the end of the financial year	7,846,408	1,966,676

Note 17 Issued Capital

a) Ordinary shares

The Company is a public company limited by shares. The Company was incorporated in Perth, Western Australia. The Company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value. There is no limit to the authorised share capital of the Company.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Note 17 Issued Capital (continued)

	2017 No.	2016 No.	2017 \$	2016 \$
<i>b) Share capital</i>				
Issued share capital	201,732,155	133,306,254	191,783,216	53,515,696
<i>c) Share movements during the year</i>				
Balance at the start of the financial year	133,306,254	96,100,000	53,515,696	29,204,822
Share issue	67,275,901	36,256,254	142,290,972	25,016,818
Exercise of options	1,150,000	950,000	979,461	736,660
Less share issue costs	-	-	(5,002,913)	(1,442,604)
Balance at the end of the financial year	201,732,155	133,306,254	191,783,216	53,515,696

On 9 December 2016, the Company issued 10,600,000 ordinary fully paid shares at \$2.50 per share to existing and new institutional and sophisticated investors raising approximately \$26 million before costs.

During March 2017, the Company issued a further 54,895,485 shares at \$2.00 per share pursuant to a fully underwritten accelerated non-renounceable pro-rata entitlement to raise approximately A\$109.8 million.

In addition, 1,780,416 ordinary fully paid shares were issued, being settlement in respect of the termination of the Macquarie Bank Limited Royalty Deed. Refer note 12 for further detail.

d) Option plan

Information relating to the Dacian Gold Limited Employee Option Plan is set out in note 18.

Note 18 Share Based Payments

The Group provides benefits to employees (including Executive Directors) of the Group through share-based incentives. Information relating to these schemes is set out below.

Dacian Gold Limited Employee Option Plan

The establishment of the Dacian Gold Limited Employee Option Plan ("the Plan") was last approved by a resolution of the shareholders of the Company on 16 November 2015. All eligible Directors, executive officers and employees of Dacian Gold Limited who have been continuously employed by the Company are eligible to participate in the Plan. The Plan allows the Company to issue free options or performance rights to eligible persons.

Options over Unissued Shares

The options can be granted free of charge and are exercisable at a fixed price in accordance with the Plan. Options issued under the Plan have vesting periods prior to exercise, except under certain circumstances whereby options may be capable of exercise prior to the expiry of the vesting period. The performance rights are granted free of charge and vest subject to certain operational and market performance conditions being met.

During the financial year no options over unissued shares were issued pursuant to the Company's Employee Share Option Plan (30 June 2016: 3,950,000). These options have been valued and included in the financial statements over the periods that they vest. The share based payments expense for the period of \$818,302 (30 June 2016: \$629,723) relates to the fair value of options apportioned over their respective vesting periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Note 18 Share Based Payments (continued)

Options over Unissued Shares (continued)

a) Reconciliation of movement of options over unissued shares during the period including weighted average exercise price (WAEP)

	2017		2016	
	No.	WAEP	No.	WAEP
Options outstanding at the start of the year ⁱ	13,150,000	\$0.92	10,150,000	\$0.71
Options granted during the year	-	-	3,950,000	\$1.60
Options exercised during the year	(1,150,000)	\$0.74	(950,000)	\$0.69
Options outstanding at the end of the year	12,000,000	\$0.94	13,150,000	\$0.98

ⁱ Number and WAEP of options outstanding at 1 July 2016 have been adjusted in accordance with the terms and conditions of the Dacian Gold Limited Employee Option Plan. Details of the adjustment are noted below.

The terms of the unissued ordinary options at 30 June 2017 are as follows:

Number of options outstanding	Exercise price	Expiry date
4,800,000	\$0.77	9 October 2017
250,000	\$0.50	28 February 2019
1,000,000	\$0.58	24 September 2019
2,000,000	\$0.39	17 November 2019
1,500,000	\$1.15	30 September 2020
1,650,000	\$1.16	31 January 2021
300,000	\$1.99	28 February 2021
500,000	\$3.66	30 June 2021

b) Subsequent to the reporting date

No options have been granted subsequent to the reporting date and to the date of signing this report.

Subsequent to reporting date and to the date of signing this report 850,000 options have been exercised at 69 cents per share.

c) Adjustment to exercise price of unlisted options

As a result of the Company's accelerated non-renounceable pro-rata entitlement which was completed in March 2017, the exercise price of a number of classes of options over unissued shares in the Company issued prior to the offer has been recalculated. The resulting reduction in exercise price, reflected in the table below, was calculated in accordance with the terms and conditions of the options on issue and the Company's employee share option plan.

Date granted	Number of options	Expiry date	Original exercise price	Amended exercise price
9 October 2012	5,100,000	9 October 2017	\$0.83	\$0.77
28 February 2014	250,000	28 February 2019	\$0.56	\$0.50
25 September 2014	1,000,000	24 September 2019	\$0.64	\$0.58
18 November 2014	2,000,000	17 November 2019	\$0.45	\$0.39
5 October 2015	1,500,000	30 September 2020	\$1.21	\$1.15
5 February 2016	1,650,000	31 January 2021	\$1.22	\$1.16
26 February 2016	300,000	28 February 2021	\$2.05	\$1.99
28 June 2016	500,000	30 June 2021	\$3.72	\$3.66

Any vesting conditions in relation to the options on issue remain unchanged.

d) Weighted average contractual life

The weighted average contractual life for un-exercised options is 23 months (2016: 33 months).



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Note 18 Share Based Payments (continued)

Performance Rights

During the financial year ended 30 June 2017, 710,500 performance rights (30 June 2016: nil) were issued to a Director and employee, pursuant to the terms of the Dacian Gold Limited Employee Share Option Plan. The share-based payments expense for the period includes \$950,932 (30 June 2016: \$Nil) relating to the fair value of performance rights apportioned over the respective vesting periods.

a) *Reconciliation of movement of performance rights during the period including weighted average fair value (WAFV)*

	2017	
	No.	WAFV
Rights issued during the year	710,500	\$2.88
Rights vested during the year [^]	(70,000)	\$3.30
Rights lapsed during the year	(90,250)	\$1.94
Rights outstanding at the end of the year	550,250	\$2.98

[^] The 70,000 rights that vested during year were unissued at period end.

b) *Fair value of performance rights granted*

The fair value of the performance rights granted during period were determined using Monte Carlo simulation, a review of historical share price volatility and correlation of the share price of the Company to its Peer Group. Further details of the basis of valuation appear below.

During the period the Company issued 670,000 performance rights to Mr Rohan Williams (Executive Chairman), pursuant to the terms and conditions of the Dacian Gold Limited Employee Option Plan (30 June 2016: Nil). Details of the performance rights issued to Mr Williams are as follows:

Tranche	Number of rights issued (i)	Date of grant	Date of vesting (i)	Share price on grant date	Fair value at grant date	Expected share price volatility	Expected dividend yield	Expected risk free rate
A	140,000	17 October 2016	30 June 2017	\$3.30	\$2.83	68.0%	0%	1.74%
B	200,000	17 October 2016	30 June 2018	\$3.30	\$2.99	68.0%	0%	1.74%
C	330,000	17 October 2016	30 June 2019	\$3.30	\$3.04	68.0%	0%	1.74%

(i) The number of performance rights awarded at 30 June 2017 was 70,000. These rights were issued subsequent to period end.

During the period the Company issued 40,500 performance rights to other employees of the company pursuant to the terms and conditions of the Dacian Gold Limited Employee Option Plan (30 June 2016: Nil). Details of the performance rights issued are as follows:

Tranche	Number of rights issued (i)	Date of grant	Date of vesting (i)	Share price on grant date	Fair value at grant date	Expected share price volatility	Expected dividend yield	Expected risk free rate
A	40,500	5 April 2017	30 June 2018	\$1.97	\$1.20	63.8%	0%	1.69%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Note 18 Share Based Payments (continued)

c) Vesting conditions of performance rights

The performance rights issued during the period are subject to the following specific vesting conditions.

Tranche	Measurement date of performance rights	Specific vesting conditions and weighting applicable in the calculation of performance rights vesting
A	30 June 2017	50% - Commencement of construction of Mt Morgans Gold Project processing plant 50% - Relative Total Shareholder Return (TSR) performance to peers above 50 th percentile (measured over the 1 year period to 30 June 2017)
B	30 June 2018	50% - First gold production at Mt Morgans Gold Project on time and budget 50% - Relative Total Shareholder Return (TSR) performance to peers above 50 th percentile (measured over the 2 year period to 30 June 2018)
C	30 June 2019	50% - Ore reserves at Mt Morgans Gold Project exceeding 1.2 million ounces 50% - Relative Total Shareholder Return (TSR) performance to peers above 50 th percentile (measured over the 3 year period to 30 June 2019)

The Company's TSR performance for share rights issued during the current financial year will be assessed against the following 10 peer group companies.

Peer Companies	ASX Codes
1 St Barbara Limited	SBM
2 Saracen Mineral Holdings Limited	SAR
3 Resolute Mining Limited	RSG
4 Gold Road Resources Limited	GOR
5 Perseus Mining Limited	PRU
6 Beadell Resources Limited	BDR
7 Silver Lake Resources Limited	SLR
8 Doray Minerals Limited	DRM
9 Troy Resources Limited	TRY
10 Ramelius Resources Limited	RMS

Note 19 Accumulated Losses and Reserves

	2017		2016	
	Accumulated losses	Share based payments reserve (i)	Accumulated losses	Share based payments reserve (i)
	\$	\$	\$	\$
Balance at the beginning of the year	(41,577,878)	1,321,449	(19,744,994)	774,886
Loss for the period	(18,857,914)	-	(21,832,884)	-
Transfer to issued capital on exercise of options	-	(125,461)	-	(83,160)
Share based payments for the period	-	1,769,234	-	629,723
Balance at the end of the year	(60,435,792)	2,965,222	(41,577,878)	1,321,449

(i) The share based payments reserve is used to recognise the fair value of options over unissued shares and performance rights.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Note 20 Financial Instruments

The Group has exposure to a variety of risks arising from its use of financial instruments. This note presents information about the Group's exposure to the specific risks, and the policies and processes for measuring and managing those risks. The Board of Directors has the overall responsibility for the risk management framework and has adopted a Risk Management Policy.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from transactions with customers and investments.

Trade and other receivables

The nature of the business activity of the Group does not result in trading receivables. The receivables that the Company does experience through its normal course of business are short term and the most significant recurring by quantity is receivable from the Australian Taxation Office, the risk of non-recovery of receivables from this source is considered to be negligible.

Cash deposits

The Directors believe any risk associated with the use of predominantly only one bank is addressed through the use of at least an A-rated bank as a primary banker and by the holding of a portion of funds on deposit with alternative A-rated institutions. Except for this matter the Group currently has no significant concentrations of credit risk.

The Directors do not consider that the Group's financial assets are subject to anything more than a negligible level of credit risk, and as such no disclosures are made.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Group manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance resources to finance the Group's current and future operations, and consideration is given to the liquid assets available to the Group before commitment is made to future expenditure or investment.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	\$	\$	\$	\$	\$	\$	\$
2017							
Trade and other payables	639,270	639,270	639,270	-	-	-	-
	639,270	639,270	639,270	-	-	-	-
2016							
Trade and other payables	2,665,370	2,665,370	2,665,370	-	-	-	-
	2,665,370	2,665,370	2,665,370	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Note 20 Financial Instruments (continued)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates commodity prices and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising any return.

Commodity Price Risk

The Groups exposure to commodity price risk arises largely from gold price fluctuations. The Groups exposure to movements in the gold price is managed through the use of gold forward contracts. The gold forward sale contracts do not meet the criteria of financial instruments for accounting purposes on the basis that they meet the normal purchase/sale exemption because physical gold will be delivered into the contract. Further information relating to these forward sale contracts is included in note 21. No sensitivity analysis is provided for these contracts as they are outside the scope of *AASB 9 Financial Instruments 2014*.

Interest rate risk

The Group has significant cash assets which may be susceptible to fluctuations in changes in interest rates. Whilst the Company requires the cash assets to be sufficiently liquid to cover any planned or unforeseen future expenditure, which prevents the cash assets being committed to long term fixed interest arrangements; the Group does mitigate potential interest rate risk by entering into short to medium term fixed interest investments.

The Group does not have any direct contact with foreign exchange or equity risks other than their effect on the general economy.

At the reporting date the interest profile of the Group's interest-bearing financial instruments was:

	Carrying amount (\$)	
	30 June 2017 \$	30 June 2016 \$
Fixed rate instruments		
Financial assets	-	3,509,780
Variable rate instruments		
Financial assets	90,163,337	6,138,645

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity	
	1% increase \$	1% decrease \$	1% increase \$	1% decrease \$
2017				
Fixed & variable rate instruments	901,633	(901,633)	901,633	(901,633)
2016				
Fixed & variable rate instruments	96,484	(96,484)	96,484	(96,484)



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Note 20 Financial Instruments (continued)

(d) Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Cash and cash equivalents	90,163,337	90,163,337	9,648,425	9,648,425
Trade and other receivables	1,404,381	1,404,381	90,123	90,123
Borrowings	(1,513,375)	(1,513,375)	-	-
Trade and other payables	(639,270)	(639,270)	(2,665,370)	(2,665,370)
Net financial assets	89,415,073	89,415,073	7,073,178	7,073,178

(e) Impairment losses

The Directors do not consider that any of the Group's financial assets are subject to impairment at the reporting date. No impairment expense or reversal of impairment charge has occurred during the reporting period, other than the write off of deferred exploration assets at note 12.

Note 21 Commitments

(a) Operating lease commitments:

	30 June 2017	30 June 2016
	\$	\$
Due within 1 year	242,657	97,680
Due after 1 year but not more than 5 years	690,319	41,400
	932,976	139,080

The operating lease commitment relates to the lease of the Group's Perth office and car parking for a 5 year term from 24 October 2016. The lease includes an option to extend for an additional 3 year period following expiry of the initial lease term on 24 October 2021.

(b) Capital commitments:

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

Mine Properties in development	103,228,720	-
--------------------------------	-------------	---

(c) Exploration commitments

The Group has certain obligations for payment of tenement rent, shire rates and to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Group's exploration programmes and priorities. At 30 June 2017, the Group had satisfied all of its exploration commitments pursuant to the leases, which are currently approximately \$3,997,725 per annum.

(d) Gold delivery commitments

	Gold for physical delivery oz	Average contract sale price A\$/oz	Value of committed sales \$'000
Due within 1 year	-	-	-
Due after 1 year but not more than 5 years	51,999	1,782	92,664
	51,999	1,782	92,664

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Note 21 Commitments (continued)

(d) Gold delivery commitments (continued)

The Group enters into gold forward contracts to manage the gold price of a proportion of anticipated gold sales. The forward contracts are settled by the physical delivery of gold as per the contract terms. The contracts are accounted for as gold sales contracts with revenue recognised once the gold has been delivered to the counterparties. The physical gold delivery contracts are considered to sell a non-financial item and therefore do not fall within the scope of AASB 139 *Financial Instruments: Recognition and Measurement*.

Note 22 Contingencies

(a) Contingent liabilities

The Group had guarantees outstanding at 30 June 2017 totalling \$110,938 (2016: \$Nil) relating to the lease of the Group's head office.

(b) Contingent assets

There are no material contingent assets at the reporting date.

Note 23 Related Party Disclosures

Other than the key management personnel related party disclosure in the Remuneration Report and in Note 24, there are no related party transactions to report.

Note 24 Key Management Personnel

(a) Directors and key management personnel

The following persons were Directors or key management personnel of the Company during the current and prior financial year:

Rohan Williams	Executive Chairman
Robert Reynolds	Non-Executive Director
Barry Patterson	Non-Executive Director
Ian Cochrane	Non-Executive Director
Grant Dyker	Chief Financial Officer

There were no other persons employed by or contracted to the Company during the financial year, having responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly.

(b) Key management personnel compensation

Details of key management personnel remuneration are contained in the Audited Remuneration Report in the Directors' Report. A summary of total compensation paid to key management personnel during the year is as follows:

	30 June 2017 \$	30 June 2016 \$
Short-term employment benefits	1,232,224	793,001
Share based payments	1,152,820	373,840
Other long term benefits	21,947	17,285
Post-employment benefits	76,158	56,849
Total key management personnel remuneration	2,483,149	1,240,975

Note 25 Events Subsequent to the Reporting Date

On 7 August 2017, the Group announced it had drawn down the first \$45.0 million under the Syndicated Facility Agreement following the satisfaction of all conditions precedent and first draw down requirements. Each financier participated equally in the drawdown.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Note 25 Events Subsequent to the Reporting Date (continued)

On 28 August 2017, the Group announced that it had executed a Gas Transportation Agreement with the APA Group which includes the construction of a 4 kilometre lateral from the Eastern Goldfields pipeline to the MMGP power station. The term of the agreement is for up to 10 years. The Group also announced the entry into a Letter of Intent to award a Power Purchase Agreement with Zenith Energy Limited for the construction, ownership and operation of a 17MW gas fired power station.

Other than the matters noted above, there has not arisen in the interval between the end of the reporting period and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Note 26 Auditors Remuneration	30 June 2017 \$	30 June 2016 \$
Total remuneration paid to auditors during the financial year:		
Audit and review of the Company's financial statements	44,594	32,251
Other services	-	-
Total	44,594	32,251

Note 27 Controlled Entities	Ownership Interest	
	2017 %	2016 %
Parent Entity		
Dacian Gold Limited		
Subsidiaries		
Dacian Gold Mining Pty Ltd	100	100
Mt Morgans WA Mining Pty Ltd	100	100

Note 28 Parent Entity	Parent	
	30 June 2017 \$	30 June 2016 \$
Financial statements and notes for Dacian Gold Limited, the legal parent entity are provided below:		
Financial position		
Current assets	23,167,171	9,738,548
Non-current assets	128,287,175	8,914,183
Total assets	151,454,346	18,652,731
Current liabilities	2,054,203	3,378,228
Non-current liabilities	92,662	2,015,236
Total liabilities	2,146,865	5,393,464
<i>Shareholders' equity</i>		
Issued capital	191,783,216	53,515,696
Share based payments reserve	2,965,222	1,321,449
Accumulated losses	(45,440,957)	(41,577,878)
Total equity	149,307,481	13,259,267
Financial performance		
Loss for the year	(3,863,079)	(21,832,884)
Other comprehensive income/(loss)	-	-
Total comprehensive loss	(3,863,079)	(21,832,884)

The contingent liabilities and commitments of the parent entity are consistent with those disclosed in the financial report.

DIRECTORS' DECLARATION

In the opinion of the Directors of Dacian Gold Limited (the 'Company'):

- a. The accompanying financial statements and notes of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - i. give a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2017 and of its performance for the year then ended; and
 - ii. comply with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
- b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- c. The financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2017.

This declaration is signed in accordance with a resolution of the Board of Directors.

DATED at Perth this 6th day of September 2017.



Rohan Williams
Executive Chairman



INDEPENDENT AUDITOR'S REPORT



Level 1
10 Kings Park Road
West Perth WA 6005

Correspondence to:
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report to the Members of Dacian Gold Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Dacian Gold Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- a Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
- b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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INDEPENDENT AUDITOR'S REPORT



Key audit matter	How our audit addressed the key audit matter
<p>Carrying Value of the provision for rehabilitation, Note 1(o) and Note 16.</p> <p>The Group recognised a rehabilitation provision of \$7,846,408 as at 30 June 2017 relating to the Mount Morgan's Gold Project (MMGP).</p> <p>As disclosed in Note 1(o), the calculation of the provision requires judgement in estimating the future cost and expected timing of incurring these costs.</p> <p>The Group reviews its rehabilitation calculations annually or as new information becomes available. Changes in estimate and underlying assumptions are reviewed annually including changes to the mining operations, local regulations and rehabilitation requirements.</p> <p>The process for determining the rehabilitation provision involves significant management judgement and subjectivity of the underlying assumptions in determining the rehabilitation provision as the MMGP transitions from an exploration asset to a development asset.</p> <p>This area is a key audit matter due to the judgemental nature of the estimates and assumptions used in the rehabilitation provision assessment.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Obtaining an understanding of management's process for determining the rehabilitation provision; • Evaluating the reasonableness of management's estimates and judgements to available supporting documentation, including assessing estimates and judgements determined by management experts; • Assessing the Group's legal obligations with respect to the rehabilitation requirements in accordance with the Mining Rehabilitation Fund 2012 and the associated effect on the estimated costs; • Recalculating the rehabilitation provision calculation to check for mathematical accuracy; and • Reviewing the appropriateness of the related disclosures within the financial statements.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a



INDEPENDENT AUDITOR'S REPORT



material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in page 31 to 37 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Dacian Gold Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in black ink that reads "C A Becker".

C A Becker
Partner - Audit & Assurance

Perth, 6 September 2017

ASX ADDITIONAL INFORMATION

Pursuant to the Listing Requirements of the Australian Securities Exchange, the shareholder information set out below was applicable as at 25 August 2017.

A. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of shareholders by size of holding:

Distribution	Number of Shareholders	Securities Held
1-1,000	443	220,702
1,001-5,000	742	2,123,206
5,001-10,000	299	2,324,760
10,001-100,000	501	15,064,255
More than 100,000	104	182,669,232
TOTALS	2,089	202,402,155

There are 109 shareholders holding less than a marketable parcel of ordinary shares.

B. SUBSTANTIAL SHAREHOLDERS

An extract of the Company's Register of Substantial Shareholders (who hold 5% or more of the issued capital) is set out below:

Shareholder Name	Number of Shares	% of Shares
COMMONWEALTH BANK OF AUSTRALIA	22,542,904	11.17%
AUSTRALIAN SUPER PTY LTD	11,188,114	5.55%
BANK OF NOVA SCOTIA	10,850,000	5.39%

C. TWENTY LARGEST SHAREHOLDERS

Shareholder Name	Number of Shares	% of Shares
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	38,257,513	18.90%
J P MORGAN NOMINEES AUSTRALIA LIMITED	32,410,521	16.01%
CITICORP NOMINEES PTY LIMITED	21,636,646	10.69%
POLLY PTY LTD <BS PATTERSON FAMILY A/C>	6,654,987	3.29%
TODTONA PTY LTD	6,581,819	3.25%
SGJ INVESTMENTS PTY LTD	5,831,819	2.88%
BNP PARIBAS NOMS PTY LTD <AGENCY LENDING DRP>	5,781,080	2.86%
VITESSE PTY LTD <THE VITESSE INVESTMENT A/C>	5,170,000	2.55%
DALRAN PTY LTD <SMITH FAMILY A/C>	4,945,000	2.44%
SANPOINT PTY LTD <THE FIORE FAMILY A/C>	4,800,000	2.37%
NATIONAL NOMINEES LIMITED	4,277,744	2.11%
KINGARTH PTY LTD	4,100,000	2.03%
REDASO PTY LTD <REDASO FAMILY A/C>	4,056,980	2.00%
ARIKI INVESTMENTS PTY LIMITED	3,716,033	1.83%
CAUTIOUS PTY LTD <THE RESERVE A/C>	2,570,000	1.27%
ROGO INVESTMENTS PTY LIMITED	2,425,000	1.20%
CS THIRD NOMINEES PTY LTD <HSBC CUSTODY NOM AU LTD>	2,090,766	1.03%
MR KENNETH JOSEPH HALL <HALL PARK A/C>	1,623,168	0.80%
CITICORP NOMINEES PTY LTD <COLONIAL FIRST STATE INV A/C>	1,411,723	0.70%
BNP PARIBAS NOMS PTY LTD <DRP>	1,283,556	0.63%
TOTALS	159,624,355	78.84%



ASX ADDITIONAL INFORMATION

D. UNQUOTED SECURITIES

Options:

Number of Options	Exercise Price	Expiry Date	Number of Holders
4,200,000	\$0.77	9 October 2017	5
250,000	\$0.50	28 February 2019	1
1,000,000	\$0.58	24 September 2019	1
2,000,000	\$0.39	17 November 2019	1
1,500,000	\$1.15	30 September 2020	4
1,650,000	\$1.16	31 January 2021	5
300,000	\$1.99	28 February 2021	1
500,000	\$3.66	30 June 2021	1

Performance Rights:

Number of Performance Rights	Expiry Date	Number of Holders
40,500	30 June 2018	1
200,000	14 October 2020	1
330,000	14 October 2020	1

E. DISTRIBUTION OF EQUITY SECURITIES

In accordance with the Company's Constitution, voting rights in respect of ordinary shares are on a show of hands whereby each member present in person or by proxy shall have one vote and upon a poll, each share will have one vote.

F. RESTRICTED SECURITIES

The Company has no restricted securities.

TENEMENT SCHEDULE AS AT 29 AUGUST 2017

Tenement Type	Tenement	Status	Location	Ownership
E	39/1950	Application	Lake Carey WA	Dacian Gold Ltd (100%)
E	39/1951	Granted	Lake Carey WA	Dacian Gold Ltd (100%)
E	39/1967	Granted	Lake Carey WA	Dacian Gold Ltd (100%)
E	39/2002	Application	Lake Carey WA	Dacian Gold Ltd (100%)
E	38/2951	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
E	39/1310	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
E	39/1713	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
E	39/1787	Application	Mt Morgans WA	Dacian Gold Ltd (100%)
E	39/2004	Application	Mt Morgans WA	Dacian Gold Ltd (100%)
E	39/2017	Application	Mt Morgans WA	Dacian Gold Ltd (100%)
E	39/2020	Application	Mt Morgans WA	Dacian Gold Ltd (100%)
E	39/2038	Application	Mt Morgans WA	Dacian Gold Ltd (100%)
L	39/0010	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
L	39/0057	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
L	39/0244	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
L	39/0245	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
L	39/0246	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	38/0395	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	38/0396	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	38/0548	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	38/0595	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	38/0848	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0018	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0036	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0208	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0228	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0236	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0240	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0248	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0250	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0261	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0264	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0272	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0273	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0282	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0287	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0291	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0295	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0304	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0305	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0306	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0333	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0380	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0390	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0391	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0392	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0393	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0394	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)

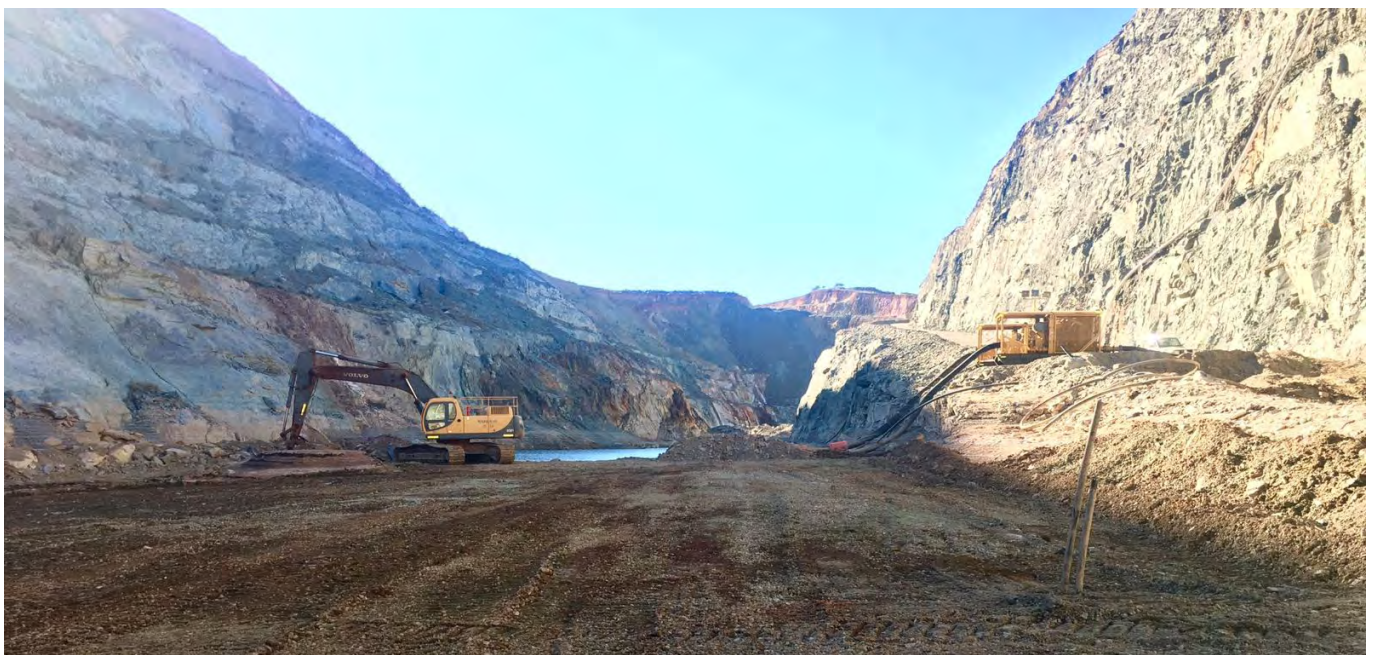


TENEMENT SCHEDULE AS AT 29 AUGUST 2017

Tenement Type	Tenement	Status	Location	Ownership
M	39/0395	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0403	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0441	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0442	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0443	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0444	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0497	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0501	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0502	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0503	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0504	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0513	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0745	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0746	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0747	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0799	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0937	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0938	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/0993	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
M	39/1107	Granted	Mt Morgans WA	Mt Morgans WA Mining Pty Ltd (100%)
P	38/4093	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	38/4094	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	38/4095	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5358	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5359	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5360	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5361	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5362	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5363	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5364	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5365	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5366	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5367	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5368	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5369	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5370	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5371	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5372	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5374	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5375	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5377	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5378	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5379	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5380	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5381	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5382	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5383	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5384	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)

TENEMENT SCHEDULE AS AT 29 AUGUST 2017

Tenement Type	Tenement	Status	Location	Ownership
P	39/5385	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5386	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5387	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5388	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5389	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5390	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5391	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5392	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5393	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5394	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5426	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5427	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5461	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5469	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5475	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5476	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5477	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5478	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5479	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5491	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5493	Granted	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5498	Application	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5823	Application	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5824	Application	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5825	Application	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5826	Application	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5827	Application	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5828	Application	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5829	Application	Mt Morgans WA	Dacian Gold Ltd (100%)
P	39/5830	Application	Mt Morgans WA	Dacian Gold Ltd (100%)





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