2019

ANNUAL REPORT

DACIAN GOLD

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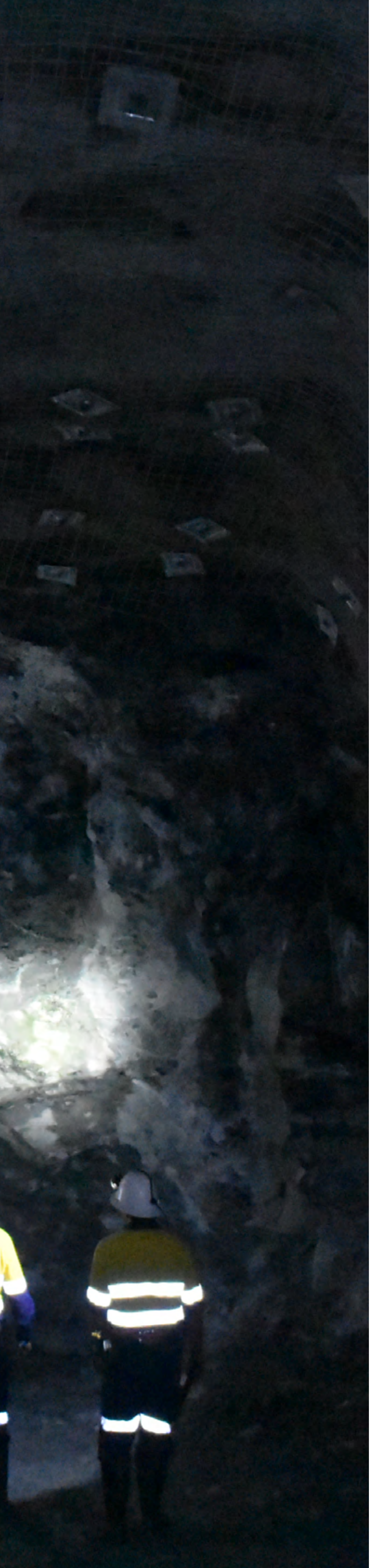
CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of corporate governance. The Company's corporate governance statement may be accessed on the Company's website at **www.daciangold.com.au**.



CORPORATE DIRECTORY

DIRECTORS

Rohan Williams	Executive Chairman & CEO
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

KPMG
235 St Georges Terrace
PERTH WA 6000

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 11, 172 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 Shareholders,

On behalf of your Board of Directors I am pleased to present to you Dacian Gold's seventh Annual Report for the financial year ended 30 June 2019 at a time when the Australian gold industry is experiencing record high gold prices.

The 2019 year started well and unfortunately ended on a low note following missing production guidance in the June quarter. It was a disappointing end to what was otherwise a strong production performance in our very first year of being Australia's newest gold producer.

For the full year, Dacian produced 138,911 ounces of gold which, from when gold was first mined at Mt Morgans in the late 1890s, is the highest annual production level yet achieved. The underground operations at Westralia produced over 830,000 tonnes of ore which contained 85,000 ounces of gold. The Jupiter open pit produced a total of almost 2 million tonnes of ore for 65,000 ounces of gold. The processing plant had an excellent first year of throughput with over 2.6 million tonnes of ore processed – already exceeding the nameplate capacity of 2.5 million tonnes per annum. Gold recovery from the treatment plant averaged 95.1% for the full year, another excellent result.

On the 1st January 2019, the Company declared Commercial Production at its Mt Morgans operation. Other milestones achieved during the year included increasing Ore Reserves at Mt Morgans by 16% to 1.4 million ounces of gold and increasing measured and indicated mineral resources by 11% to 2.5 million ounces of gold.

In early July 2019, we released a life of mine (LOM) plan for Mt Morgans. The LOM plan sees 1.1 million ounces of gold mined over the next 8 years from Mt Morgans at an average all-in-cost (inclusive of all capital expenditure) of A$1,280-1,380 per ounce. The first 5 years averages 170,000 ounces of gold production each year with the maximum forecast production of 189,000 ounces of gold in FY2022.

As with previous years, Dacian was busy on the exploration front with over 57km of drilling completed. Most of the drilling activity centred on the Westralia area with over 38km of diamond drilling completed. The highlight of the Westralia exploration drilling was the discovery of the Phoenix Ridge gold deposit.

Drilling at Phoenix Ridge returned several of the best exploration drill intersections yet recorded at Mt Morgans, and included 1.7m @ 127g/t gold, 31m @ 6.3g/t gold and 14.3m @ 12.7g/t gold. The maiden resource estimate for Phoenix Ridge was released in October 2019 and showed an initial resource of 125,000 ounces at the high grade of 8.1g/t gold. Infill drilling into Phoenix Ridge is continuing and we are hopeful we will be able to generate a new, high-grade production source for Mt Morgans in the near term.

This FY2020 year is forecast to produce between 150,000-170,000 ounces of gold at an all-in-cost (inclusive of all capital expenditure) of A$1,400-1,500 per ounce. The Company delivered a strong first quarter of FY2020 with over 42,000 ounces of gold production that delivered $20 million in operational cash flow. Cash and gold on hand at the end of September 2019 was $54 million, up from the $45.6 million at the end of June 2019. The increase in cash from the end of June 2019 to the end of September 2019 was all the more significant because we also made a $10.8 million debt repayment in the September. At the end of September Dacian's outstanding bank debt was $94.7 million.

The Company has learnt a lot from its first full year of production at Mt Morgans. We have made changes in how we plan, execute and account for our mining activities – all of which is not unusual for a new mining operation. At the time of writing this report, our mill-reconciled production when compared to the corresponding grade control models for all of our production to date over the last 18 months, is sitting at 100.2%. This is an excellent result for a new mine start-up. We will continue to look for operation improvements that enhance the financial performance at Mt Morgans. Delivering on stated production guidance and costs is of paramount importance for the Company.

In closing, I would like to thank all our dedicated staff, contractors and stakeholders for their support throughout the year. Their continued hard work in 'getting the job done' is integral to the ongoing success of Dacian.

On behalf of the Directors of the Company, I would also like to thank all of our shareholders for their continued support and interest in the Company.

Rohan Williams
Executive Chairman

REVIEW OF OPERATIONS

INTRODUCTION AND DACIAN GOLD LIMITED'S CORPORATE OBJECTIVE

Dacian Gold Limited's Mt Morgans Gold Operation (MMGO) is located 25km west of Laverton, being approximately 750km north-east of Perth in Western Australia (see Figure 1).

The MMGO 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.

Several milestones were achieved during the financial year with the focus centred on ramping up the MMGO to steady-state production levels, and included the following key milestones:

- The Company's first year of gold production resulted in the production of 138,911 ounces of gold;
- Commercial production was declared on 1 January 2019;
- MMGO Ore Reserves increased by 16% to 1.4Moz;
- Measured and Indicated Resources increased by 11% to 2.5Moz;
- Total Mineral Resources for MMGO now comprise 55.2Mt at 2.1g/t Au for 3.65Moz;
- An updated 8-year Life-of-Mine Plan for MMGO under-pinned by 1.1Moz in total gold production was released; and
- A maiden resource of 125,000 ounces at 8.1g/t for the newly discovered Phoenix Ridge project was released.

Each of the key achievements completed during FY2019 is described in more detail in the following pages under the headings: First Year of Gold Production Delivers 138,911 Ounces; Mt Morgans Gold Operation and Mine Development; Updated Life-of-Mine Plan; and Exploration and Drilling. Also included after the Review of Operations is an updated Mineral Resource and Ore Reserve statement.

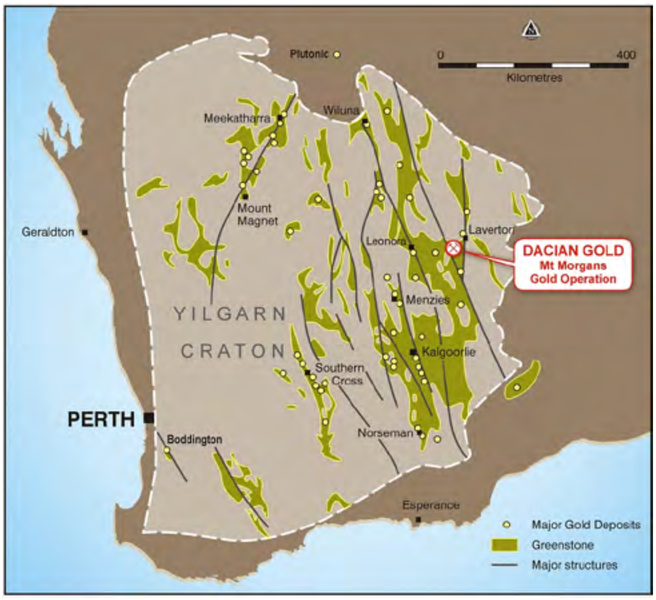


***Figure 1**: Location of Dacian Gold's Mt Morgans Gold Operation area in Western Australia*

Dacian Gold's corporate objective is to cement its position as an Australian mid-tier gold producer. Coupled with a strong focus on exploration, the Company remains confident it can realise the undiscovered gold endowment that it believes is to be found at Mt Morgans.

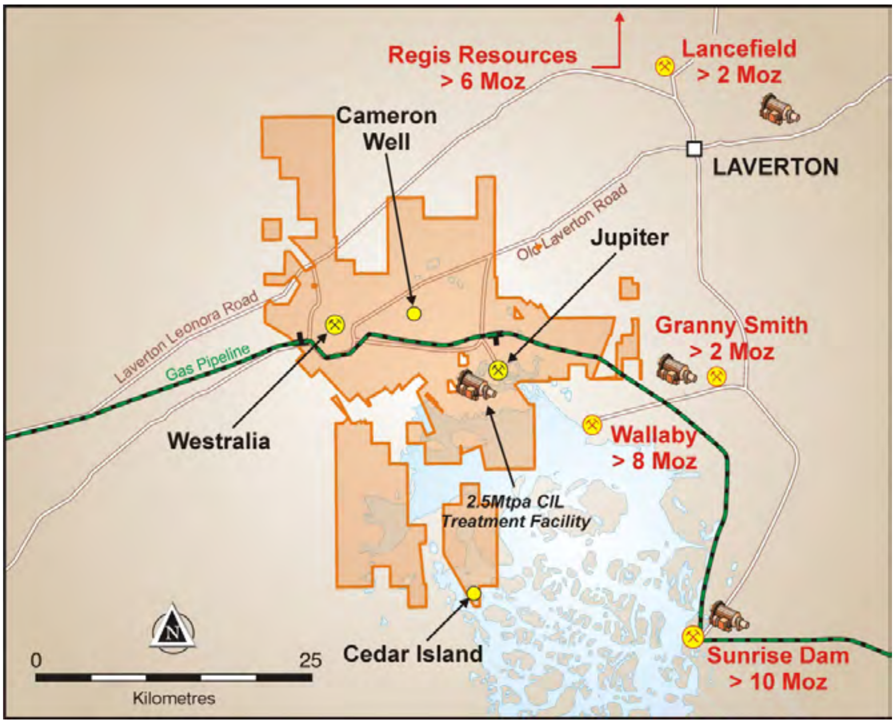


***Figure 2**: Location map showing Dacian Gold's 100%-owned MMGO tenure (orange), including the Westralia, Jupiter, and Cameron Well Deposits. Also shown is the location of key infrastructure, as well as proximal multi-million ounce gold deposits.*

REVIEW OF OPERATIONS

FIRST YEAR OF GOLD PRODUCTION DELIVERS 138,911 OUNCES

The Company completed its first full-year of production in FY2019, producing 138,911 ounces.

The treatment plant processed over 2.6Mt at a head grade of 1.7g/t with average recoveries of 95%. The Company reported its inaugural All-In-Sustaining-Cost in the second half of the financial year, averaging $1,500/oz over that period.

For FY2020, the Company expects to produce between 150,000-170,000 ounces at an MMGO All-In Cost of $1,400-$1,500/oz.

A summary of key operating statistics for FY2019 is provided in Figure 3 below:

Q/Q FY19	Unit	SQ	DQ	MQ	JQ
Underground					
Stope Ore Mined	kt	101	113	197	185
Development Ore Mined	kt	76	82	53	30
Total Ore Mined	kt	177	195	250	215
Mined Ore Grade	g/t	3.3	4.2	3.0	2.5
Contained Gold Mined	oz	18,999	25,925	23,637	16,959
Ore Mining Rate	tpd	1,924	2,137	2,778	2,360
Metres Developed - Capital	m	1,678	1,355	984	1,712
Metres Developed - Operating	m	1,689	1,945	1,815	698
Total Development	m	3,367	3,300	2,799	2,410
Open Pit					
Ore Mined	kt	443	537	445	572
Mined Ore Grade	g/t	0.8	0.9	0.9	1.4
Contained Gold Mined	oz	11,419	15,304	13,007	25,158
Ore Mining Rate	tpd	4,896	5,838	4,944	6,288
Waste Mined	kbcm	1,887	2,107	2,089	2,212
All Mining					
Ore Mined	kt	620	732	694	787
Mined Ore Grade	g/t	1.5	1.8	1.6	1.7
Contained Gold Mined	oz	30,418	41,229	36,644	42,117
Processing					
Ore Milled	kt	681	630	688	665
Processed Grade	g/t	1.4	2.0	1.7	1.8
Contained Gold	oz	30,879	40,775	36,641	37,754
Gold Recoveries	%	94.9%	93.0%	96.0%	97.0%
Mill Throughput	tpd	7,402	6,842	7,644	7,310
Gold Produced	**oz**	**29,316**	**37,934**	**35,003**	**36,658**
Gold Sold	oz	29,249	34,055	39,315	35,685
Gold-on-Hand	oz	5,445	9,913	4,474	5,026
Average Sell Price	A$/oz	1,734	1,733	1,770	1,764
AISC (Produced Gold)	A$/oz	-	-	1,488	1,519

***Figure 3**: Summary of MMGO operating statistics for FY2019*

MT MORGANS GOLD OPERATION AND MINE DEVELOPMENT

2.5Mtpa CIL Treatment Plant

At MMGO, commercial production was declared on 1 January 2019 with the mine officially transitioning into producer status following the achievement of this key milestone. The milestone was achieved following a steady build up in processing rates at the MMGO treatment plant, as well as increasing underground and open pit productivities during the first half of financial year 2019.

***Figure 4**: Aerial view of the back-end of the 2.5Mtpa treatment plant at MMGO showing ball and SAG mills; CIL tanks, gold room, water storage and the gas-fired power station*

***Figure 5**: Coarse ore stockpile, SAG and ball mill assembly*

REVIEW OF OPERATIONS

MT MORGANS GOLD OPERATION AND MINE DEVELOPMENT

Jupiter Mine Area

The Jupiter mine area continued to advance during the financial year with the Heffernans deposit the primary source of ore mining. Mining activities focused on accessing the high-grade Cornwall Shear Zone (CSZ) in the latter part of the financial year. Ore mining rates averaged over 5,500tpd throughout the year.

Figure 6 *: Aerial view of mining activities at the Heffernans Pit during the year.*

Westralia Mine Area

The Westralia mine area is located immediately below the historic Westralia open pit from which the access portals to the Beresford and Allanson underground mines are located.

Beresford South and North were well progressed in both stoping and development activities during the year, providing the majority of underground ore.

At Allanson, development advanced in the second half of the year with stoping rates contributing to overall mining activities at the time of this report.

After mining over 180 stopes since commencement of mining activities at Westralia, mined dilution levels were consistently in line with design expectations.

The Company also accelerated underground grade control drilling through the year.

REVIEW OF OPERATIONS

MT MORGANS GOLD OPERATION AND MINE DEVELOPMENT

***Figure 7**: Underground jumbo development*

***Figure 8**: Good stoping conditions have been observed in the first year of production at Westralia*

UPDATED LIFE-OF-MINE PLAN[1]

The Company released an updated Life-of-Mine (LOM) mine plan that demonstrates over one million ounces of gold production over an 8-year period with the first 5 years averaging 170,000 ounces per annum (see ASX release 10 July 2019).

The updated 8-year MMGO LOM is for the period FY2020 – FY2027. Over the 8-year LOM period a total of 1.08 million ounces is forecast to be produced[1]. The MMGO All-in-Cost (AIC) for this production is A$1,280-A$1,380/oz (which is inclusive of all capital expenditure).

Based on an assumed gold price of A$1,800/oz and a discount rate of 5%, the discounted pre-tax MMGO cash flows over the initial 8-year LOM are forecast to be in excess of A$420 million.

Figure 9 below summarises the updated LOM mine plan annual production profile and associated AIC (inclusive of all capital) for MMGO to FY2027. Note the aggregate production in FY2026 and FY2027 of approximately 105,000 ounces is predominantly from the treatment of existing low grade stockpiles.

The LOM plan demonstrates an average annual production rate of 170,000oz over the first 5 years through to FY2024 at an average MMGO AIC (inclusive of all capital) of A$1,340 – A$1,440/oz.

		FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY20-24 Average
Production	(Koz)	150-170	174	189	176	148	117	65	40	170
MMGO AIC	(A$/oz)	1,350-1,450	1225-1,325	1,350-1,450	1,325-1,425	1,400-1,500	1,025-1,125	1,140-1,240	1,025-1,125	1,390

***Figure 9**: Updated MMGO LOM plan annual production and All-in-Cost profile*

[1]Cautionary Statement: The LOM plan is based partly on Inferred Mineral Resources (8% of the LOM) – please refer to page viii for a Cautionary Statement regarding the low level of geological confidence in Inferred Mineral Resource

REVIEW OF OPERATIONS

UPDATED LIFE-OF-MINE PLAN

Figure 10 shows the individual production sources for the next 6 years to FY2025 and Figure 11 shows what proportion of each of those years is underpinned by Ore Reserve and Inferred Mineral Resource.

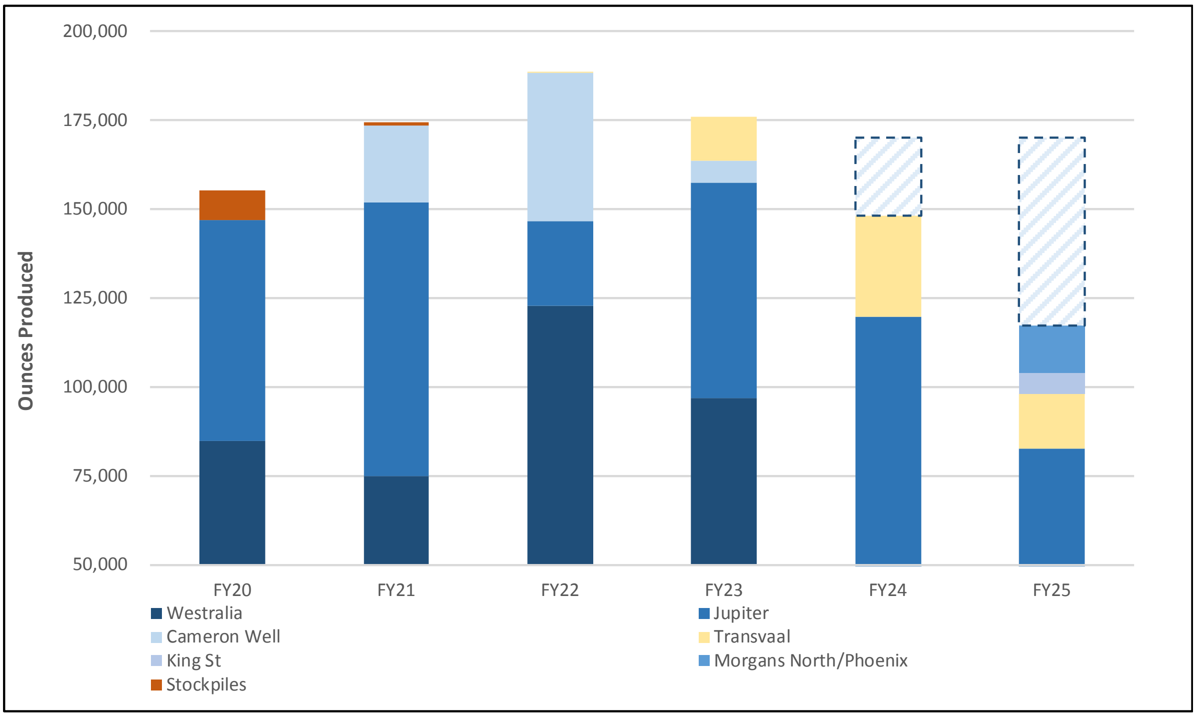


Figure 10: *Updated MMGO LOM mine plan by production source. Note the cross-hatched areas shown in FY24 and FY25 are not included in the Production Target in this report*

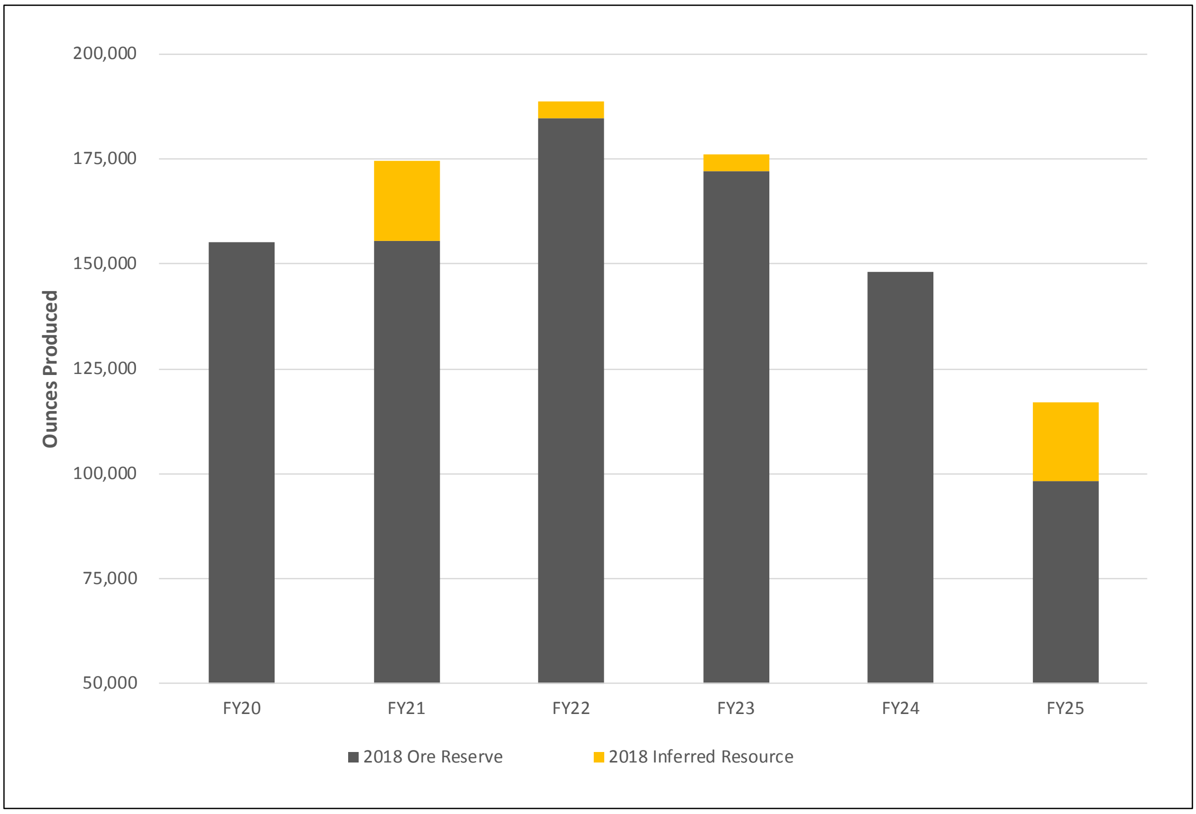


Figure 11: *MMGO LOM mine plan production source by classification*

REVIEW OF OPERATIONS

UPDATED LIFE-OF-MINE PLAN

Cautionary Statement: The LOM plan is a Production Target that contains 92% Ore Reserve and 8% Inferred Mineral Resource. There is a low level of geological confidence associated with Inferred Mineral Resource and there is no certainty that further exploration work will result in the conversion to Indicated Mineral Resource or that the Production Target itself will be realised.

Figures 10 and 11 show that the LOM mine plan has a consistent base load of Westralia and Jupiter Ore Reserves of approximately 150,000oz per annum through to FY2023 at which time the current Ore Reserves at Westralia are depleted and underground production turns to the Transvaal Ore Reserve. Peak gold production is in FY2022 with 189,000oz sourced from Westralia, Jupiter and Cameron Well.

The Company is confident it can convert existing Mineral Resources and identify extensions to known Ore Reserves to increase production levels from FY2024 and beyond, as shown in Figure 10. Sources of Ore Reserve extension and conversion of existing Mineral Resources are potentially available at Westralia, Cameron Well and Jupiter.

Figure 12 below shows the key operating outputs from the MMGO mine plan through to FY2025. As noted in Figure 9, FY2026 and FY2027 exhibit lower production levels based on processing of existing stockpiles.

The MMGO treatment plant has consistently operated above nameplate operating rates of 2.5Mtpa in various ore types since commissioning, and the Company expects these processing levels to continue.

		FY20	FY21	FY22	FY23	FY24	FY25	FY20-24 Average
Processed	(Mtpa)	2.7	2.9	2.9	2.9	2.9	2.9	2.9
Grade	(g/t)	2.0	2.0	2.2	2.0	1.7	1.3	2.0
Recoveries	(%)	94	94	94	94	94	94	94
Production	(Koz)	150-170	174	189	176	148	117	170

***Figure 12**: Key operating summary outputs for MMGO LOM*

The location of all production sources shown in Figures 10 and 11 are shown in Figure 13. Note the close proximity of the processing plant to all LOM mine plan production sources.

As discussed above the Company is confident that through ongoing Mineral Resource conversion and extensional drilling, specifically at Westralia, sustaining an annual production rate of 170,000ozpa through to FY2025, as well as extending mine life, is achievable. In this regard, the Company is focused on ongoing conversion of Inferred Mineral Resource and is pursuing the targeted areas to the north of Beresford and Allanson for potential resource growth.

Recent drilling success at Phoenix Ridge (see Exploration and Drilling section), as well as at Cameron Well, provides strong validation that the Company's current exploration model has the potential for new areas of production.

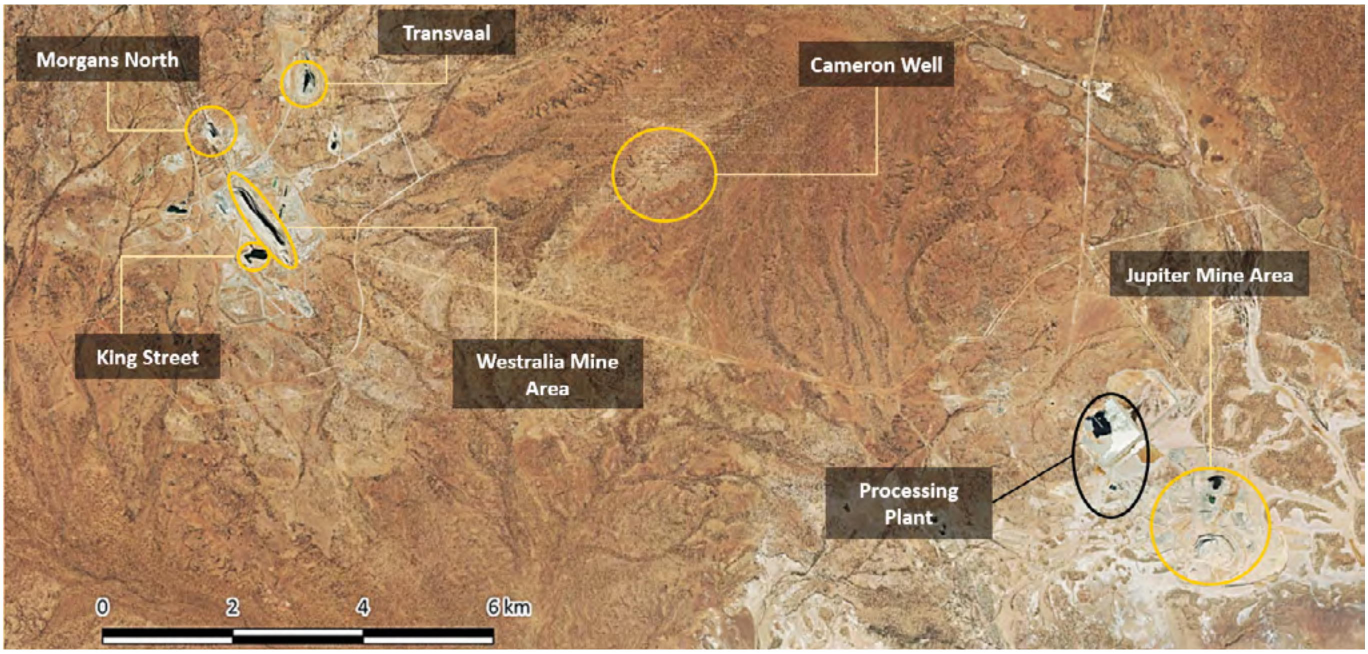


***Figure 13**: Location Map of MMGO LOM mine plan production sources*

REVIEW OF OPERATIONS

EXPLORATION AND DRILLING

Westralia Mine Area Exploration Activity

Exploration drilling at the Westralia Mine Area during the year focussed on testing areas outside the existing Ore Reserve and Mineral Resource boundaries. Approximately 38,000m of diamond drilling was conducted over three principal areas:

(i) An area north of, and down-plunge of an interpreted high grade trend, below the historic Morgans Nth open pit. This drilling led to the high-grade discovery of the Phoenix Ridge Mineral Resource as shown in Figure 14 below;

(ii) An undrilled section of the ore-hosting banded iron formation (BIF) lying between the north end of the Beresford North Ore Reserve and the south end of the Allanson Ore Reserve. This area is referred to in Figure 14 as Area 1; and

(iii) The area between the northern limits of the Allanson Ore Reserve and the Morgans North open pit. This area is described as Area 2 in Figure 14.

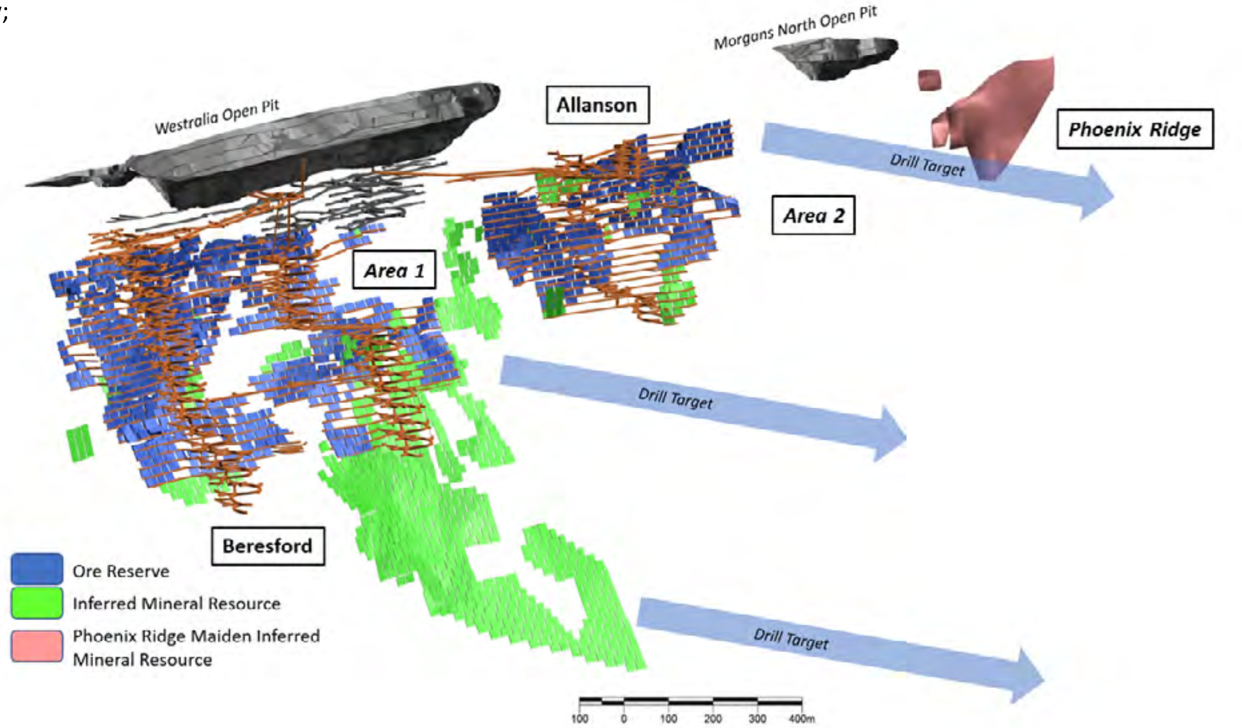


***Figure 14**: Longitudinal section of the Westralia Mine Area showing the location of the Beresford and Allanson underground mines; as well as the location of the Phoenix Ridge Discovery and Areas 1 and 2 which were also successful in identifying mineralised extensions to existing Ore Reserves and Mineral Resource. Note the Drill Target areas shown as blue arrows are based on high-grade trends seen in the mine environment.*

(i) Phoenix Ridge Discovery

The Phoenix Ridge Discovery was made by drill-testing along the same high-grade trend direction observed in the mine environment at Beresford and Allanson, below and to the north of the historic Morgans North open pit (see ASX release of 20 June 2019).

The discovery is located only 15km north-east of the MMGO treatment plant and 750m north of the Allanson Ore Reserve. It has a broadly similar geological setting to that seen at Allanson and returned some of the thickest and highest grade intersections Dacian has encountered at Westralia, including:

- 1.7m @ 127.0g/t Au in 19MMDD0501 (see Figure 15)
- 31.0m @ 6.3g/t Au in 19MMDD0523
- 14.3m @ 12.7g/t Au in 19MMDD0496
- 3.2m @ 12.5g/t Au in 19MMDD0497

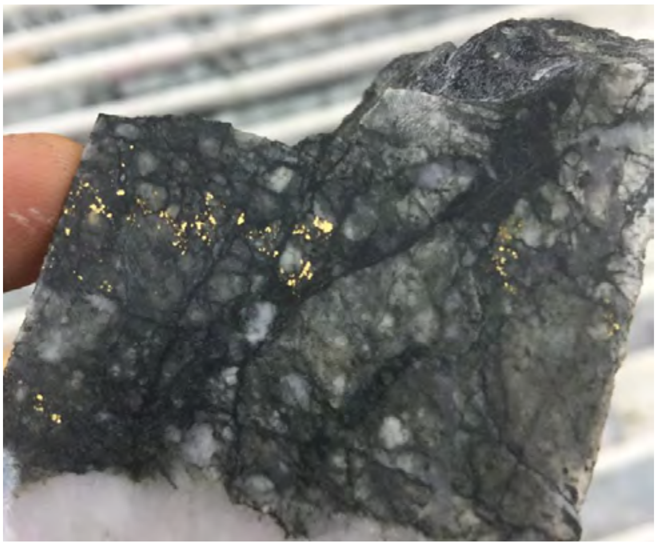


***Figure 15**: Strong development of visible gold in 19MMDD0501 which returned 1.7m @ 127g/t Au*

EXPLORATION AND DRILLING

Three of the four high grade results from the discovery intersections listed above are located on the same section, referred to as the Phoenix Ridge Discovery Section, and repeated below as Figure 16. Note the high grade mineralisation is defined over a continuously interpreted dip extent of over 200m.

Subsequent drilling resulted in the release of a maiden Inferred Mineral Resource of:

481,000t @ 8.1g/t Au for 125,000 ounces
(see ASX release 3 October 2019)

The Company is optimistic that with ongoing infill-drilling there is a strong potential that Phoenix Ridge may become a new, near-term production source for the MMGO.

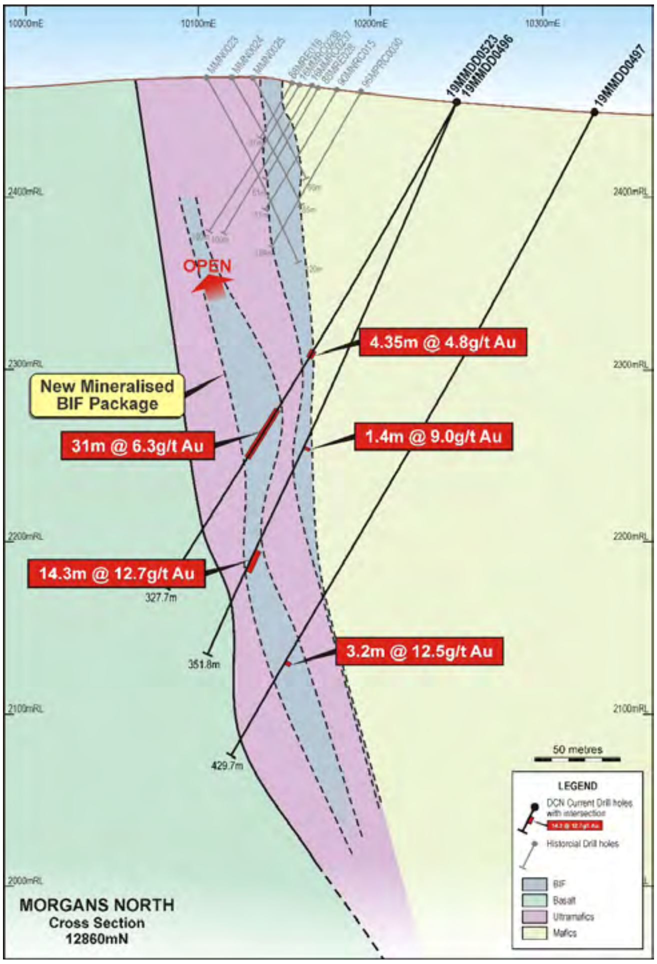


***Figure 16**: Phoenix Ridge Discovery Section showing the location of several thick and high grade drill results over approximately a 200m dip-extent*

(ii) Area 1 Drilling – Between the Beresford North and Allanson Ore Reserves

Twenty-two diamond drill holes were drilled into a previously undrilled area measuring 350m x 300m and located between the Beresford North and Allanson Ore Reserves (referred to as Area 1 in Figure 14).

The drilling was prioritised in order to test for economic mineralisation that, if present, may warrant the development of an additional decline at Westralia and provide possible near-term production opportunities.

Drilling was conducted on broadly 50-100m spaced centres and returned numerous highly encouraging intersections including (see ASX release of 21 February 2019):

- 16.15m @ 7.7g/t Au in 18MMDD0477W1
- 9.55m @ 6.4g/t Au in 18MMDD0477
- 5.90m @ 7.0g/t Au in 18MMDD0435W2
- 6.00m @ 7.8g/t Au in 18MMDD0447
- 6.25m @ 5.1g/t Au in 18MMDD0451
- 4.85m @ 4.4g/t Au in 18MMDD0447W1
- 2.75m @ 6.2g/t Au in 18MMDD0449
- 2.80m @ 6.4g/t Au in 18MMDD0454
- 7.50m @ 3.1g/t Au in 18MMDD0477

The high grade results confirmed the flat, north plunge direction of the high grade shoots commonly observed throughout the Westralia ore system.

(iii) Area 2 Drilling– North of the Allanson Ore Reserve

Seventeen broad-spaced diamond drill holes were drilled north of the Allanson Ore Reserve testing for the flat, north-plunging high-grade extensions observed throughout the Westralia mine, and successfully targeted in the Phoenix Ridge Discovery and the Area 1 Drilling, referred to above.

Drilling confirmed the flat, north-plunging high grade trends seen in the upper levels of Allanson continues for up to 300m north of the Allanson Ore Reserve. Better results from this drilling include (see ASX release of 21 February 2019):

- 3.00m @ 33.0g/t Au in 15MMRD021W1
- 1.30m @ 9.4g/t Au in 15MMRD021W1
- 3.10m @ 5.4g/t Au in 18MMDD0471
- 5.80m @ 2.6g/t Au in 18MMDD0467
- 1.35m @ 3.8g/t Au in 18MMDD0460

REVIEW OF OPERATIONS

EXPLORATION AND DRILLING (CONT.)

Cameron Well Exploration Activity

Cameron Well has an existing 245,000 ounce Mineral Resource which includes a maiden oxide Ore Reserve of 1.3Mt @ 1.1 g/t gold for 45,000 ounces (see ASX release 18 December 2018).

The current Mineral Resource is centrally located within a large $6km^2$ near-surface oxide gold anomaly discovered by Dacian Gold (see ASX release 6 August 2018). The Mineral Resource area is drilled by RC drilling techniques and represents only 25% of the size of the $6km^2$ near surface oxide anomaly.

As part of an ongoing drilling campaign at Cameron Well since the declaration of the maiden Ore Reserve, 64 RC drill holes for approximately 7,200m were reported (see ASX release of 21 February 2019), with drilling of those holes focused on testing within the Inferred Mineral Resource zones that define mineralised extensions of the Ore Reserve, and infill-drilling below and within existing Ore Reserve pit shells. Better results returned form the drilling programs included:

(i) Significant Results within Inferred Resources along strike from the Ore Reserve

- 2m @ 11.8g/t Au in 18CWRC0446
- 4m @ 4.2g/t Au in 18CWRC0446
- 3m @ 2.3g/t Au in 18CWRC0473
- 3m @ 2.4g/t Au in 18CWRC0474
- 1m @ 12g/t Au in 18CWRC0476
- 9m @ 1.2g/t Au in 18CWRC0476
- 1m @ 8.9g/t Au in 18CWRC0474

(ii) Significant Results within and below the Ore Reserve

- 12m @ 3.8g/t Au in 18CWRC0456
- 6m @ 2.7g/t Au in 18CWRC0459
- 8m @ 2.4g/t Au in 18CWRC0430
- 5m @ 2.4g/t Au in 18CWRC0427
- 10m @ 1.6g/t Au in 18CWRC0440
- 4m @ 3.4g/t Au in 18CWRC0449
- 4m @ 2.0g/t Au in 18CWRC0465

Drilling remains ongoing at Cameron Well with programs designed to continue infilling and extending mineralisation around the current Ore Reserve open pits, as well as testing the depth expression of those primary structures located beneath the $6km^2$ oxide gold anomaly.

During the year the Company announced Ore Reserves at MMGO increased 16% to 1.39Moz.

An updated Ore Reserve and Mineral Resource Statement is provided in the following section of this Annual Report.

RESOURCES AND RESERVES

2019 MINERAL RESOURCES & ORE RESERVES STATEMENT (DCN: 100%)

Table 1: Mt Morgans Gold Operation Mineral Resources

	Cut-off Grade	Measured			Indicated			Inferred			Total Mineral Resource		
Deposit	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
Westralia	2.0	1,304,000	5.3	222,000	4,662,000	5.1	767,000	4,018,000	4.1	528,000	9,985,000	4.7	1,518,000
Jupiter	0.5	2,363,000	1.3	101,000	21,979,000	1.3	954,000	5,353,000	1.1	188,000	29,695,000	1.3	1,242,000
Jupiter UG	1.5	-	-	-	-	-	-	525,000	2.0	34,000	525,000	2.0	34,000
Jupiter LG Stockpile	0.5	3,494,000	0.5	58,000	-	-	-	-	-	-	3,494,000	0.5	58,000
Cameron Well	0.4	-	-	-	3,465,000	1.1	117,000	2,808,000	1.4	127,000	6,273,000	1.2	245,000
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	-	-	-	160,000	4.1	21,000	422,000	4.0	55,000	582,000	4.1	76,000
Maxwells	0.5	-	-	-	413,000	1.2	16,000	309,000	0.9	9,000	722,000	1.1	25,000
Craic*	2.0	-	-	-	69,000	8.2	18,000	120,000	7.1	27,000	189,000	7.5	46,000
King St*	0.5	-	-	-	-	-	-	532,000	2.0	33,000	532,000	2.0	33,000
Low Grade Stockpiles	0.5	-	-	-	1,276,000	0.7	30,000	-	-	-	1,276,000	0.7	30,000
Mine Stockpiles	0.5	151,000	0.9	4,000	-	-	-	-	-	-	151,000	0.9	4,000
MINERAL RESOURCE 1 July 2018		**7,678,000**	**1.8**	**453,000**	**32,428,000**	**1.9**	**1,992,000**	**14,570,000**	**2.3**	**1,075,000**	**54,676,000**	**2.0**	**3,520,000**

* JORC 2004

Other than Cameron Well all Mineral Resource estimates are at 1 July 2018. Cameron Well Resource estimate is at 31 July 2018.

There has been no change to the previously reported Mineral Resources (Table 1) since the 2018 Mineral Resources and Ore Reserves Statement. The Company expects to update the MMGO resources table in late 2019. It is noted that reported 2019 full year production has depleted the reported Mineral Resource by approximately 155,000ozs.

Since 30 June 2019, the Mineral Resource estimates for MMGO have increased due to the inclusion of the maiden Mineral Resource estimate for Phoenix Ridge being an inferred Mineral Resource estimate of 481,000t at 8.1g/t for 125,000 ounces (Refer ASX release, 3 October 2019).

Table 2: Mt Morgans Gold Operation Ore Reserves

Deposit	Cut-off Grade Au g/t	Proved			Probable			Total		
		Tonnes	Au g/t	Au Oz	Tonnes	Au g/t	Au Oz	Tonnes	Au g/t	Au Oz
Beresford UG	1.2/2.1*	749,000	4.3	104,000	2,355,000	3.5	265,000	3,104,000	3.7	369,000
Allanson UG	1.2/2.1*	-	-	-	1,175,000	5.0	188,000	1,175,000	5.0	188,000
Westralia UG Low Grade	0.5/1.8*	-	-	-	458,000	1.2	18,000	458,000	1.2	18,000
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	2,213,000	1.2	88,000	13,049,000	1.3	523,000	15,262,000	1.2	611,000
Cameron Well OP	0.4	-	-	-	1,300,000	1.1	45,000	1,300,000	1.1	45,000
Jupiter Low Grade Stockpile	0.5	3,494,000	0.5	58,000	-	-	-	3,494,000	0.5	58,000
Low Grade Stockpiles	0.5	-	-	-	1,276,000	0.7	30,000	1,276,000	0.7	30,000
Mine Stockpiles	0.5	151,000	0.9	4,000	-	-	-	151,000	0.9	4,000
ORE RESERVE 1 July 2018		**6,799,000**	**1.3**	**284,000**	**19,938,000**	**1.7**	**1,105,000**	**26,737,000**	**1.6**	**1,389,000**

* Development and Stoping cut-off grades. Rounding errors will occur.

There has been no change to the previously reported Ore Reserves (Table 2), (refer ASX Release, 18 December 2018). The Company expects to update the MMGO Ore Reserve in late 2019. It is noted that reported 2019 financial year production has depleted the reported Reserves by approximately 155,000ozs.

RESOURCES AND RESERVES

2019 MINERAL RESOURCES & ORE RESERVES STATEMENT (DCN: 100%)

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.

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

The information in this report that relates to Mineral Resources for Westralia, Jupiter, Cameron Well, Ramornie, Mine and Low Grade Stockpiles (Refer ASX release, 6 August 2018), and Transvaal (Refer ASX release, 16 September 2015) is based on information compiled by Mr Shaun Searle who is a Member of the Australian Institute of Geoscientists and a full-time employee of Ashmore Advisory. Mr Searle has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Searle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources for Craic and King Street is based on information compiled by Mr Rohan Williams, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Williams holds shares and options in, and is a director and full time employee of, Dacian Gold Ltd. Mr Williams has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Williams consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Where the Company refers to the Mineral Resources and Ore Reserves in this report (referencing previous releases made to the ASX), it confirms that it is not aware of any new information or data that materially affects the information included in that announcement and all material assumptions and technical parameters underpinning the Mineral Resource estimate and Ore Reserve estimate with that announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons’ findings are presented have not materially changed from the original announcement.

All information relating to Mineral Resources and Ore Reserves (other than the King Street and Craic) were prepared and disclosed under the JORC Code 2012. The JORC Code 2004 King Street and Craic Mineral Resource has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last updated.

RESOURCES AND RESERVES

2019 MINERAL RESOURCES & ORE RESERVES STATEMENT (DCN: 100%)

Ore Reserves

The information in this report that relates to Ore Reserves for the Westralia Mining Area (see ASX announcement 18 December 2018) is based on information compiled or reviewed by Mr James Howard. Mr Howard has 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). Mr Howard 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 they are accepting responsibility. Mr Howard is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of Dacian Gold Limited and 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 Ore Reserves for the Transvaal Mining Area (see ASX announcement 21 November 2016) is based on information compiled or reviewed by Mr Matthew Keenan and Mr Shane McLeay. Messrs. Keenan and McLeay have confirmed that they have read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition). They are Competent Persons as defined by the JORC Code 2012 Edition, having more than five years' experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity for which they are accepting responsibility. Messrs. Keenan and McLeay are both a Member of the Australasian Institute of Mining and Metallurgy and full time employees of Entech Pty Ltd and consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Ore Reserves for the Jupiter Mining Area and Cameron Well Area is based on information compiled or reviewed by Mr Mathew Lovelock. Mr Lovelock has 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 Lovelock is a member of The Australasian Institute of Mining and Metallurgy and a full-time employee of Dacian Gold Limited and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

COMMUNITY

Dacian Gold understands that a lasting, positive and mutually beneficial relationship with local communities is critical to the success of its MMGO. The Company is pleased to be able to support the nearby Mt Margaret and Laverton school communities (see Figures 17 and 18 below).

***Figure 17**: Dacian assisted the Mt Margaret Remote Community School during NAIDOC Week*

***Figure 18**: Dacian supplied uniforms to the Laverton Community netball team*

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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 2019. In order to comply with the provisions of the Corporations Act 2001, the Directors' Report is as follows:

Directors

The Directors of the Company in office since 1 July 2018 and up to the date of this report are:


Rohan Williams


Robert Reynolds


Barry Patterson


Ian Cochrane


Kevin Hart

Rohan Williams BSc (Hons), MAusIMM

(Executive Chairman & CEO)

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 over 30 years of experience in exploration, mine development and operations in both Australia and overseas. 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 the 2019 financial year.

Robert Reynolds MAusIMM

(Non-Executive Director)

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 Extorre 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 holds 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 the 2019 financial year.

Barry Patterson ASMM, MAusIMM, FAICD

(Non-Executive Director)

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 the 2019 financial year.

Ian Cochrane BCom LLB

(Non-Executive Director)

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 Chairman of diversified ASX-listed mining services group Perenti Global (previously 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 the 2019 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 35 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.

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	8,482,851	2,000,000
Robert Reynolds	2,730,555	-
Barry Patterson	8,954,987	-
Ian Cochrane	265,295	300,000

Interests in the Shares and Options of the Company (continued)

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	2,000,000
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.

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 2019, and the number of meetings attended by each Director were:

Director	Board Meetings		Remuneration & Nomination Committee		Audit Committee	
	A	B	A	B	A	B
Rohan Williams	10	10	-	-	-	-
Robert Reynolds	10	10	2	2	2	2
Barry Patterson	10	9	2	2	2	2
Ian Cochrane	10	9	2	2	2	1

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

Securities

<u>Shares</u>

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

Date options granted	Exercise price of options	Number of shares issued
25 September 2014	$0.58	500,000
5 October 2015	$1.15	1,100,000
5 February 2016	$1.16	100,000
25 September 2014	$0.58	267,291[(i)]

[(i)] Total shares of 267,294 were issued on the cashless exercise of 500,000 options exercisable at $0.58 each pursuant to the cashless exercise provisions of the Dacian Gold Limited Employee Option Plan.

Date performance rights granted	Performance right value	Number of shares issued
17 October 2016	$3.30	265,000
17 October 2016	$2.67	100,000
7 April 2017	$1.93	20,250
30 August 2017	$1.56	64,767
30 August 2017	$2.33	64,767

Securities (continued)

Options

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

Number of options	Exercise price	Expiry date
2,000,000	$0.39	17 November 2019
400,000	$1.15	30 September 2020
1,550,000	$1.16	31 January 2021
300,000	$1.99	28 February 2021
500,000	$3.66	30 June 2021

Performance Rights

No performance rights were issued during the financial year (2018: 391,682). A reconciliation of performance rights outstanding at the date of this report appears below.

	Number of Rights
Rights outstanding at 30 June 2019	**299,893**
Rights vested & shares issued post year end	**(129,534)**
Rights forfeited post year end	**(100,658)**
Rights awarded post year end	**1,601,019**
Rights outstanding at the date of this report	**1,670,720**

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.

Nature of Operations and Principal Activities

Dacian Gold Limited is an Australian mid-tier gold producer with its head office in Perth, Western Australia. The Company operates the Mt Morgans Gold Operation ("MMGO") near Laverton, Western Australia. The operation comprises a 2.5 Mtpa CIL treatment plant, the Westralia underground and the Jupiter open pit mining areas.

The principal activities of the Group during the course of the financial year were gold mining, processing and exploration at its 100% owned MMGO.

During the financial year the Group declared commercial production at the MMGO. The declaration, which was made on 1 January 2019, followed a 9-month commissioning period subsequent to the commencement of gold production in late March 2018.

DIRECTORS' REPORT

Operating and Financial Review

A summary of the operating result for the Group is set out below:

Key Financial Data	2019 $'000	2018 $'000	Change $'000	Change %
Financial Performance				
Sales revenue	**132,821**	-	132,821	100%
Costs of sales (excluding D&A)[(i)]	**(90,278)**	-	(90,278)	(100%)
Exploration costs expensed and written off	**(12,247)**	(27,445)	15,198	55%
Corporate, admin and other costs	**(10,277)**	(6,070)	(4,205)	(69%)
EBITDA[(i)]	**20,019**	(33,515)	53,534	158%
Depreciation & amortisation (D&A)	**(18,889)**	(528)	(18,361)	(3,478%)
Net interest revenue / (expense)	**(2,462)**	1,168	(3,630)	(311%)
Loss before tax[(i)]	**(1,332)**	(32,875)	31,543	96%
Income tax benefit	**4,350**	27,473	(23,123)	(84%)
Reported profit / (loss) after tax	**3,018**	(5,402)	8,420	156%
Financial Position				
Cash flow from operating activities	**47,186**	(17,538)	64,724	369%
Cash flow from investing activities	**(77,322)**	(160,233)	82,911	52%
Cash and cash equivalents	**35,515**	62,866	(27,351)	(44%)
Net assets	**184,875**	132,866	52,009	39%
Basic earnings per share (cents per share)	**1.4**	(2.6)	4.0	154%
Diluted earnings per share (cents per share)	**1.3**	(2.6)	3.9	150%

(i) EBITDA is an adjusted measure of earnings before interest, taxes, depreciation and amortisation. Cost of sales (excluding D&A) and EBITDA are non-IFRS financial information and are not subject to audit. These measures are included to assist investors to better understand the performance of the business

Financial performance

During the period, MMGO successfully transitioned from project development phase to commercial production. Ore production at Westralia and Jupiter reached Feasibility Study level during the December 2018 quarter, allowing the Group to declare Commercial Production on 1 January 2019. During the commissioning phase (prior to the commencement of commercial production) expenditure of an operating nature was capitalised to mine properties in development. Revenue from the sale of gold was treated as pre-production income and credited to capitalised mine properties in development.

Ore mined from the Westralia underground mine from stopes and development for the period totalled 836,250 tonnes at a grade of 3.2 g/t. Mining activities during the period focused on the following underground mining areas: Beresford South 65.4%, Beresford North 32.1% and Allanson 2.5% of ore tonnes hoist. The Jupiter open pit mined 1,997,289 tonnes of ore at a grade of 1.0g/t.

Total gold production for the year was 138,911 ounces. Actual throughput totalled 2,663,419 tonnes of ore at a recovery of 95.1%. Full year comparatives are not available for the 2018 financial year as first gold production did not occur until late in March 2018. A summary of the production performance for year ended 30 June 2019 is provided in the following table.

Operating and Financial Review (continued)

Financial performance (continued)

	UOM	Qtr Sep-18	Qtr Dec-18	Qtr Mar-19	Qtr Jun-19	FY2019
Underground						
Stope Ore Mined	kt	101	113	197	185	596
Development Ore Mined	kt	76	82	53	30	241
Mined Ore Grade	g/t	3.3	4.2	3.0	2.5	3.2
Contained Gold	oz	18,999	25,925	23,637	16,959	85,520
Open Pit Operations						
Ore Mined	kt	443	537	445	572	1,997
Mined Ore Grade	g/t	0.8	0.9	0.9	1.4	1.0
Contained Gold	oz	11,419	15,304	13,007	25,158	64,888
Waste Mined	kbcm	1,887	2,107	2,089	2,212	8,295
Processing						
Ore Milled	kt	681	630	688	665	2,664
Head Grade	g/t	1.4	2.0	1.7	1.8	1.71
Recovery	%	94.9%	93.0%	96.0%	97.0%	95.1%
Gold produced	oz	29,316	37,934	35,003	36,658	138,911
Gold Sold	oz	29,249	34,055	39,315	35,685	138,304
Gold on Hand	oz	5,445	9,913	4,474	5,026	5,026
All-in sustaining cost (''AISC'')	A$/oz	-	-	1,488	1,519	-

Following the achievement of commercial production on 1 January 2019, gold sales revenue of $132.6 million (2018: $Nil) was generated from the sale of 75,000 ounces at an average gold price of A$1,767 (2018: $Nil). Total cost of goods sold inclusive of amortisation and depreciation was $108.9 million (2018: $Nil). The increase in revenue and costs compared to the prior year reflects the commencement of commercial production.

Exploration costs expensed and written off during the period were $12.2 million (2018: $27.4 million). The prior period expense included the cost of terminating a life-of-mine Jupiter royalty deed for $11.5 million.

Corporate and administration costs for the year totalled $10.3 million (2018: $6.3 million), which included expenses related to the corporate office, borrowing, compliance and operational support.

Depreciation and amortisation of fixed assets and capitalised mine properties expenditure totalled $18.9 million (2018: $0.5 million) for the period. The higher depreciation and amortisation charge for the period resulted from the commencement of commercial production and first time use of project mine properties and infrastructure during the period.

The Income tax benefit for the period was $4.4 million (2018: $27.5 million). The prior period income tax benefit included the initial recognition of the Group's carry forward tax losses at 30 June 2018.

Financial position

The Group held cash on hand as at 30 June 2019 of $35.5 million (30 June 2018: $62.9 million) and $10.1 million in unsold gold on hand recognised in inventory at cost (5,026 ounces valued at the 30 June 2019 closing spot gold price of A$2,015 per ounce). As at 30 June 2019 the Group has a working capital deficit of $21.1 million (2018: $48.1 million).

As at 30 June 2019 the Group's net asset position increased to $184.9 million (2018: $132.9 million). The increase is attributable to a $7.6 million increase in inventories, a $20.5 million net increase in Property, Plant & Equipment and Mine properties, a $49.4 million reduction in trade payables and borrowings offset by a $27.4 million reduction in cash and cash equivalents.

In the Directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

DIRECTORS' REPORT

Operating and Financial Review (continued)

Cash flows

At the end of the financial year the Group had $35.5 million (2018: $62.9 million) in cash and had drawn $105.5 million (2018: $150.0 million) under the syndicated debt facility. Bullion on hand not sold at balance date comprised 5,026 ounces which had an estimated sale value of A$10.1 million. As a result of the above, available funding lines at balance date totalled $45.6 million.

Cash flow from operating activities for the year was $47.2 million (2018: $17.5 million outflow). The increase resulted from the first-time recognition of gold sales revenue and project operating costs that would have been capitalised to mine properties expenditure prior to the commencement of commercial production.

Cash flow used in investing activities amounted to $77.3 million (2018: $160.2 million) and mainly comprised the following areas:

- Mine properties, plant and infrastructure expenditure at MMGO - $62.9 million
- Consideration paid to terminate a Jupiter life-of-mine royalty obligation - $11.5 million

Prior period expenditure included MMGO project construction and capitalised project operating costs which were capitalised prior to the commencement of commercial production.

Cash flow from financing activities totalled $2.8 million (2018: $150.5 million) which during the year included net proceeds from capital raisings / issue of shares (net of costs) of $48.1 million (2018: $1.5 million) and project debt facility repayments of $44.5 million (2018: $150.0 million in drawdowns).

Gold sales receipts following the declaration of commercial production on 1 January 2019 comprise 75,000 ounces of gold at an average price of $1,767 per ounce. Gold sales receipts prior to commercial production have been offset against mine properties in development expenditure. The Company delivered gold produced into a combination of forward contracts and the prevailing spot price.

Exploration

During the period, a total of 56,814 metres of exploration drilling was completed across the MMGO project tenements.

On 6 August 2018 the Group announced an increase in its Measured and Indicated Mineral Resources of 11% to 2.5 million ounces. This increase also saw the total Mineral Resource base rise to 3.5 million ounces.

On 18 December 2018, the Group announced an increase in its Ore Reserves of 16% to 1.39 million ounces (net of mining depletion). The updated statement included an initial maiden Ore Reserve at Cameron Well of 45,000 ounces.

Corporate

At the end of the June quarter, the Group implemented additional hedging commitments of 24,000 ounces at A$2,019 per ounce. At year end, total hedge commitments totalled 147,449 ounces at A$1,810 per ounce. These commitments are spread over the 2 year period from 30 June 2019.

Significant Changes in the State of Affairs

On 11 July 2018 the Group announced an Institutional Placement of approximately $37.0 million, with the ability to take over-subscriptions to raise up to an additional $3.0 million. This institutional placement was completed on 13 July 2018 with $40.0 million raised at $2.70 per new share. The Institutional Placement was accompanied by a Share Purchase Plan to raise a further $5.0 million at $2.70 per new share. On 2 August 2018, the Group announced it had amended the terms of the share purchase plan to allow and subsequently accept over-subscriptions of $3.3 million. Together with the Institutional Placement the Group raised a total of $48.3 million before costs.

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

DIRECTORS' REPORT

Events Subsequent to the Reporting Date

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

Following several recent unsolicited enquiries, the Company announced a strategic review process in June 2019 to consider potential corporate and funding initiatives which could culminate in a change of control transaction. This process is ongoing and there are no assurances that any discussions will eventuate in a transaction occurring.

There are no other likely developments of which the Directors are aware which could be expected to significantly affect the results of the Group's operations in subsequent financial years not otherwise disclosed in the Nature of Operations and Principal Activities and Operating and Financial Review or the Events Subsequent to the Reporting Date sections of the Directors' Report.

Environmental Regulation and Performance

The Group's mining 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.

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 period, the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	30 June 2019 $	30 June 2018 $
Grant Thornton		
Audit and review of financial statements	**-**	60,316
Fees in respect to prior year	**21,588**	-
KPMG		
Audit and review of financial statements	**85,000**	-
Other Services		
Grant Thornton - research and development claims	**-**	10,000
Total	**106,588**	70,316

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.

Rounding off

The company is of a kind referred to in ASIC Instrument 2016/191 dated 24 March 2016 and in accordance with that instrument, amounts in the Financial Statements and Directors' Report have been rounded to the nearest thousand dollars, unless otherwise stated.

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 mining and 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.

Key Management Personnel

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

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

Remuneration & Nomination Committee

The Board has adopted a formal Remuneration & Nomination 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.

Remuneration Report Audited (Continued)

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 26 November 2018. Short term incentives are also awarded to Employees to align remuneration with the strategy and performance of the Company.

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.

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 2019, 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 & CEO are summarised below.

In respect of his engagement as Executive Chairman & CEO, Mr Williams will receive a salary of $629,625 per annum inclusive of statutory superannuation (Total Fixed Remuneration). 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 Total Fixed Remuneration. 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.

Shareholding Qualifications

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

Remuneration Report Audited (Continued)

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).

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 short-term and long-term incentive schemes. The performance criteria, percentage of base salary, 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 2018 Annual General Meeting ("AGM")

At the last AGM 81.8% of the shareholders voted to adopt the remuneration report for the year ended 30 June 2018. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Consequences of Company Performance on Shareholder Wealth

The Company aims to align executive remuneration to strategic and business objectives and the creation of shareholder wealth. The table below outlines indicators of Company performance over the last five years as required by the Corporations Act 2001.

	2019 $'000	2018 $'000	2017 $'000	2016 $'000	2015 $'000
Revenue	$132,821	-	-	-	-
Net profit/(loss) after tax	$3,018	($5,402)	($18,858)	($21,833)	($8,048)
Net assets	$184,875	$132,866	$134,313	$13,259	$10,235
Share Price	$0.53	$2.85	$1.98	$2.90	$0.43
Market Capitalisation	$119,628	$586,658	$399,430	$386,588	$41,323

These indicators are not always consistent with those used to determine variable amounts of remuneration awarded to Key Management Personnel, as discussed below. As a result, there may not always be a correlation between these statutory performance indicators and the quantum of variable remuneration awarded to Key Management Personnel. As a gold producer which entered into commercial production on 1 January 2019, the Board considers the following as more appropriate performance indicators to assess the performance of management:

(a) Construction and the successful ramp up to commercial production at the new MMGO on time and on budget;

(b) Exploration success to increase production and mine life at MMGO;

(c) Safety and environmental performance; and

(d) The responsible management of cash resources and the Company's other assets.

Remuneration Report Audited (Continued)

Short-Term Incentives

The Remuneration & Nomination Committee 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.

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. Following a performance evaluation process in respect of the 12-month period ended 31 December 2018, short-term incentive payments were made to Executives.

Total short-term incentives paid to Directors or Key Management Personnel of the Company inclusive of superannuation during the period ended 30 June 2019 was $317,500.

Name	Position	Achieved STI	Awarded STI
Rohan Williams	Executive Chairman & CEO	100%	$230,000
Grant Dyker	CFO	100%	$87,500

The Remuneration & Nomination 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.

Long-Term Incentives

Under the Dacian Gold Limited Employee Option plan, performance rights are made to executives to align remuneration with the creation of shareholder wealth. Historically options were also issued to Key Management Personnel under the same plan.

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.

No options were granted during the 2018 and 2019 financial years. No options lapsed during the 2019 financial year. The table below outlines movements in options during 2019 and the balance held by each Key Management Personnel at 30 June 2019.

Name	Grant date	Number of options	Fair value of options	Exercise price	Vesting date	Expiry date	Number vested & Exercisable	Number exercised during the year	Balance at the end of the year
Rohan Williams	18/11/2014	2,000,000	$201,320	$0.39	18/11/2016	17/11/2019	2,000,000	-	2,000,000
Grant Dyker	05/02/2016	750,000	$247,828	$1.16	31/01/2018	31/01/2021	750,000	-	750,000
	05/02/2016	375,000	$123,914	$1.16	31/01/2019	31/01/2021	375,000	-	375,000
	05/02/2016	375,000	$123,914	$1.16	31/07/2019	31/01/2021	-	-	375,000
Ian Cochrane	26/02/2016	300,000	$173,695	$1.99	26/02/2016	28/02/2021	300,000	-	300,000
Total		**3,800,000**					**3,425,000**	**-**	**3,800,000**

All options were granted for nil consideration. Options lapse if the Key Management Personnel ceases employment with the Company. 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.

DIRECTORS' REPORT

Remuneration Report Audited (Continued)

Performance Rights Granted as Remuneration

Performance rights were introduced during the 2017 financial year with effect from October 2016.
No performance rights were issued pursuant to the Dacian Gold Limited Employee Option Plan during the 2019 financial year. Subsequent to year end an additional 95,628 performance rights were issued to Mr Dyker.

The performance rights are granted for nil consideration and vest subject to certain operational and market performance conditions being met. The fair value of the performance rights granted 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. The fair value is allocated to each reporting period evenly over the period from grant date to vesting date.

The table below outlines the movements in performance rights during the 2019 financial year and the balance held by each executive at 30 June 2019.

Name	Grant date	Number of rights issued	Fair value of rights	Measurement date	Number vested during the year	Number lapsed during the year	Balance at end of the year
Rohan Williams	17 October 2016	165,000	$544,500	30 June 2019	165,000	-	-
	17 October 2016	165,000	$458,370	30 June 2019	-	165,000	-
Grant Dyker	30 August 2017	22,668	$35,363	1 July 2018	-	-	22,669
	30 August 2017	22,669	$52,818	1 July 2018	-	-	22,669
	20 April 2018	15,479	$47,366	1 July 2019	-	-	15,479
	20 April 2018	15,479	$32,197	1 July 2019	-	-	15,479
Total		**406,295**			**165,000**	**165,000**	**76,296**

During the 2017 financial year the company issued the following performance rights to Mr Williams. The performance rights will vest at the measurement date and are subject to certain operational and market performance conditions being met. The number of performance rights that vest will be subject to the Company's performance against Total Shareholder Return ("TSR") and Company performance vesting conditions.

Measurement date	Number	Achieved LTI	Metric	Vested	Lapsed
30 June 2018	100,000[(i)]	100%	50% - First gold production at Mt Morgans Gold Operation on time and budget	100,000	-
	100,000[(i)]	100%	50% - TSR performance to peers above 50th percentile (measured over the 2 year period to 30 June 2018)	100,000	-
30 June 2019	165,000[(ii)]	100%	50% - Ore reserves at Mt Morgans Gold Operation exceeding 1.2 million ounces	165,000	-
	165,000	0%	50% - TSR performance to peers above 50th percentile (measured over the 3 year period to 30 June 2019)	-	165,000

[(i)] The share rights vesting in the 2018 financial year were issued during the 2019 financial year.
[(ii)] The share rights vesting during the current financial year were issued subsequent to 30 June 2019.

Remuneration Report Audited (Continued)

Performance Rights Granted as Remuneration (Continued)

During the 2018 financial year the company issued the following performance rights to Mr Dyker. The performance rights are subject to certain operational and market performance conditions being met, are subject to a 12 month service condition and vest one year from the measurement date. The number of performance rights that vest will be subject to the Company's performance against Total Shareholder Return and company performance vesting conditions.

Measurement date	Number	Achieved LTI	Metric	Awarded	Lapsed
1 July 2018	22,669	100%	50% - First gold production at Mt Morgans Gold Operation on time and budget	22,669	-
	22,668	100%	50% - TSR performance to peers above 50th percentile (measured over the 1 year period to 30 June 2018)	22,668	-
1 July 2019	15,479[i]	-	50% - Ore reserves at Mt Morgans Gold Operation exceeding 1.2 million ounces	-	-
	15,479[i]	-	50% - TSR performance to peers above 50th percentile (measured over the 1 year period to 30 June 2019)	-	-

[i] Subsequent to 30 June 2019 it was determined that 0% of the TSR and 100% of the company performance conditions had been satisfied.

On vesting, each right automatically converts to one ordinary share. If the employee ceases employment before the rights vest, the rights will be forfeited, except in limited circumstances that are approved by the Board.

The Company's TSR performance for all share rights on issue at 30 June 2019 are 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

Remuneration Report Audited (Continued)

Remuneration Disclosures

The details of the remuneration of each Director and member of Key Management Personnel of the Company for the years ending 30 June 2019 and 2018 was as follows:

		Cash			Non-Cash			
		Short-term Benefits		Post-employment benefits	Long-term benefits	Share-based payments		
		Salary (i) $	Cash Bonus (ii) $	Super-annuation $	Long service leave $	Share rights(iii) & options(iv) $	Total Remuneration $	Performance Related %
Rohan Williams	**FY19**	**584,734**	**230,000**	**25,000**	**15,094**	**371,433**	**1,226,261**	**49.0%**
	FY18	648,601	230,000	25,000	12,559	722,845	1,639,005	58.1%
Ian Cochrane	**FY19**	**80,000**	**-**	**7,600**	**-**	**-**	**87,600**	**0.0%**
	FY18	80,000	-	7,600	-	-	87,600	0.0%
Barry Patterson	**FY19**	**80,000**	**-**	**7,600**	**-**	**-**	**87,600**	**0.0%**
	FY18	80,000	-	7,600	-	-	87,600	0.0%
Robert Reynolds	**FY19**	**80,000**	**-**	**7,600**	**-**	**-**	**87,600**	**0.0%**
	FY18	80,000	-	7,600	-	-	87,600	0.0%
Grant Dyker	**FY19**	**355,814**	**87,500**	**20,172**	**2,424**	**134,197**	**600,107**	**36.9%**
	FY18	364,790	87,500	20,049	4,226	203,926	680,491	42.8%
Total	**FY19**	**1,180,548**	**317,500**	**67,972**	**17,518**	**505,630**	**2,089,168**	**39.4%**
	FY18	1,253,391	317,500	67,849	16,785	926,771	2,582,296	48.2%

(i) Salary includes movements in annual leave provision during the year. Entitlements cashed out above the minimum statutory superannuation threshold have been included in salaries.

(ii) Cash bonus paid is inclusive of superannuation. Superannuation contributions on bonuses which exceed the minimum statutory superannuation threshold that are cashed out have been included in the cash bonus.

(iii) The fair value of share 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.

(iv) 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.

Remuneration Report Audited (Continued)

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.

Name	Balance at start of the year	Vested and issued as remuneration	Other changes during the period	Balance at the end of the year
Rohan Williams	8,112,296	200,000	5,555	8,317,851
Ian Cochrane	259,740	-	5,555	265,295
Barry Patterson	6,954,987	-	2,000,000	8,954,987
Robert Reynolds	2,725,000	-	5,555	2,730,555
Grant 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

For the year ended 30 June 2019, services totalling $216,042 (2018: $6,948) were provided on normal commercial terms to the Group by Perenti Global and its subsidiaries (previously Ausdrill Limited), of which Mr Cochrane is Non-Executive Chairman. The services provided related to open pit grade control drilling and mineral analysis. Mr Cochrane was not party to any contract negotiations for either party.

Other than the above, there have been no other transactions with, and no amounts are owing to or owed by Key Management Personnel.

End of Remuneration 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 13th day of September 2019.

Rohan Williams
Executive Chairman & CEO

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Dacian Gold Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Dacian Gold Limited for the financial year ended 30 June 2019 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Graham Hogg
Partner

Perth

13 September 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

		Consolidated	
	Note	**30 June 2019 $'000**	**30 June 2018 $'000**
Revenue	**2**	**132,821**	-
Cost of goods sold	**3**	**(108,943)**	-
Gross Profit		**23,878**	-
Employee expenses	**3**	**(3,632)**	(2,634)
Share-based employee expense	**20**	**(760)**	(1,368)
Net finance costs / (income)	**3**	**(4,946)**	1,168
Exploration costs expensed and written off	**11**	**(12,247)**	(27,445)
Other expenses		**(3,625)**	(2,596)
Loss before income tax		**(1,332)**	(32,875)
Income tax benefit	**4**	**4,350**	27,473
Net profit / (loss) for the period attributable to the members of the parent entity		**3,018**	(5,402)
Other comprehensive income for the period, net of tax		**-**	-
Total comprehensive profit / (loss) for the period attributable to the members of the parent entity	**18**	**3,018**	(5,402)
Profit / (loss) per share			
Basic earnings per share attributable to ordinary equity holders of the parent (cents per share)	**5**	**1.4**	(2.6)
Diluted earnings per share attributable to ordinary equity holders of the parent (cents per share)	**5**	**1.3**	(2.6)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated 30 June 2019 $'000	30 June 2018 $'000
Current assets			
Cash and cash equivalents	7	**35,515**	62,866
Receivables	8	**5,173**	3,724
Inventories	9	**20,674**	13,096
Total current assets		**61,362**	79,686
Non-current assets			
Property, plant and equipment	10	**130,858**	150,073
Exploration and evaluation assets	11	**4,072**	4,163
Mine properties	12	**142,763**	103,004
Deferred tax assets	19	**32,573**	28,143
Total non-current assets		**310,266**	285,383
Total assets		**371,628**	365,069
Current liabilities			
Trade and other payables	14	**43,954**	50,297
Provisions	15	**1,151**	784
Borrowings	16	**37,395**	76,656
Total current liabilities		**82,500**	127,737
Non-current liabilities			
Provisions	15	**18,608**	15,001
Borrowings	16	**85,645**	89,465
Total non-current liabilities		**104,253**	104,466
Total liabilities		**186,753**	232,203
Net assets		**184,875**	132,866
Equity			
Issued capital	18	**244,513**	195,187
Share-based payments reserve	18	**3,007**	3,516
Accumulated losses	18	**(62,645)**	(65,837)
Total equity		**184,875**	132,866

The above consolidated 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 2019

	Note	Consolidated			
		Issued capital $'000	Share reserve $'000	Accumulated losses $'000	Attributable to owners of the parent $'000
Balance at 1 July 2017		191,783	2,965	(60,435)	134,313
Reported loss for the year		-	-	(5,402)	(5,402)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		-	-	(5,402)	(5,402)
Deferred tax on share issue costs[(i)]		1,075	-	-	1,075
Options exercised (cash)		1,512	-	-	1,512
Options exercised (non-cash)		586	(586)	-	-
Performance rights exercised		231	(231)	-	-
Share-based payments expense		-	1,368	-	1,368
Balance at 30 June 2018		**195,187**	**3,516**	**(65,837)**	**132,866**
Reported profit for the year		-	-	3,018	3,018
Other comprehensive income		-	-	-	-
Total comprehensive profit for the year		-	-	3,018	3,018
Shares issued		48,429	-	-	48,429
Share issue transaction costs		(1,868)	-	-	(1,868)
Options exercised (cash)		1,670	-	-	1,670
Options exercised (non-cash)		458	(458)	-	-
Performance rights exercised		637	(637)	-	-
Performance rights forfeited		-	(174)	174	-
Share-based payments expense		-	760	-	760
Balance at 30 June 2019	**18**	**244,513**	**3,007**	**(62,645)**	**184,875**

[(i)] Relates to tax effect of prior period equity raising costs first brought to account at 30 June 2018. Refer note 4 for further discussion.

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 2019

		Consolidated	
	Note	**30 June 2019 $'000**	**30 June 2018 $'000**
Cash flows from operating activities			
Gold sales		**132,550**	-
Interest received		**1,046**	1,479
Research & development tax concession income		**-**	502
Other income		**272**	-
Interest paid		**(3,229)**	(243)
Payments for exploration and evaluation		**(13,009)**	(17,196)
Payments to suppliers and employees		**(70,444)**	(2,080)
Net cash from operating activities	**7**	**47,186**	(17,538)
Cash flows from investing activities			
Payments for mine properties expenditure (net of pre-production revenue)		**(59,496)**	(156,816)
Payments for plant and equipment		**(3,432)**	(195)
Payments for capitalised interest during development		**(2,894)**	(3,222)
Payments to acquire exploration assets[(i)]		**(11,500)**	-
Net cash from investing activities		**(77,322)**	**(160,233)**
Cash flows from financing activities			
Proceeds from issue of share capital		**48,330**	-
Proceeds from issue of options		**1,670**	1,512
Share issue transaction costs		**(1,948)**	-
Proceeds from borrowings		**-**	150,000
Repayment of borrowings		**(44,500)**	-
Transaction costs associated with borrowings		**(767)**	(1,038)
Net cash from financing activities		**2,785**	**150,474**
Net decrease in cash and cash equivalents		**(27,351)**	(27,297)
Cash and cash equivalents at the beginning of the period	**7**	**62,866**	90,163
Cash and cash equivalents at the end of the period	**7**	**35,515**	**62,866**

[(i)] Consideration paid to terminate a Jupiter life-of-mine royalty obligation accrued in the prior year.

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

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Basis of Preparation

Dacian Gold Limited ("Dacian" or the "Company") is a for profit company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange.

A description of the nature of operations and principal activities of Dacian and its subsidiaries (collectively, the "Group") is included in the Directors' Report, which is not part of these financial statements.

The financial statements were authorised for issue in accordance with a resolution of the Directors on 13 September 2019.

The financial report is a general purpose financial report which:

- has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- has been prepared on a historical cost basis except for assets and liabilities and share-based payments which are required to be measured at fair value. The basis of measurement is discussed further in the individual notes;
- is presented in Australian dollars with all values rounded to the nearest thousand dollars ($'000) unless otherwise stated, in accordance with ASIC Instrument 2016/191;
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2018. Refer to note 27 for further details;
- does not early adopt Accounting Standards and Interpretations that have been issued or amended but are not yet effective. Refer to note 27 for further details.

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.

The Group held cash on hand as at 30 June 2019 of $35.5 million (30 June 2018: $62.9 million) and $10.1 million in unsold gold on hand (5,026 ounces valued at the 30 June 2019 closing spot gold price of A$2,015 per ounce). As at 30 June 2019 the Group has a working capital deficit of $21.1 million (2018: $48.1 million), which includes a current liability for scheduled bank debt repayments totalling $33.3 million.

For the year ended 30 June 2019 the Group made an after tax profit of $3.0 million. At 30 June 2019 the Group held total assets of $371.6 million. Cash outflows from operations and investment activities were $30.1 million. This includes expenditure incurred to terminate a Jupiter life-of-mine private royalty obligation ($11.5 million), and pre-commercial production operating and development expenditure net of gold revenue ($39.3 million).

Cash flows for the year have been impacted by lower than expected gold production due to a combination of the underperformance of the underground mining contractor, lower than expected grade performance from certain subordinate lodes and the failure of the ball mill motor in June 2019.

The Directors consider the going concern basis of preparation to be appropriate based on forecast cash flows. The cash flow forecast is dependent on the MMGO achieving forecast targets for gold revenue, mining operations and processing activities that are in accordance with management's schedules and Board approved budgets and forecast gold price and foreign exchange assumptions to enable the cash flow forecast to be achieved. Key to achieving forecast cash flows is the Group's ability to achieve forecast gold production.

As disclosed in note 16, at 30 June 2019 the MMGO Project Debt Facility held with a syndicate of financiers, was fully drawn to $105.5 million. The loan agreement contains a number of typical financial covenants that are assessed and reported to financiers on a quarterly basis. As a result of becoming aware of the lower than planned gold production for the June quarter 2019, a forecast breach of a financial covenant as at 30 June 2019 was identified. In anticipation of the ratio breach, MMGO obtained a waiver from the Financiers prior to 30 June 2019.

Basis of Preparation (continued)

Going Concern Basis for Preparation of Financial Statements (continued)

Under the terms of the Project Debt Facility, 'Project Completion' is required to be achieved by 31 December 2019. Project Completion requires a number of physical and financial tests conducted over a 60 day period. Failure to achieve the Project Completion by this date would, unless waived or extended further by the syndicate of financiers, trigger an event of default under the facility. In addition, prior to the achievement of Project Completion, Dacian Gold Limited is unable to withdraw funds from Mt Morgans WA Mining Pty Ltd, the subsidiary owning and operating the MMGO. The Directors have a reasonable expectation Project Completion can be achieved in the required timeframe and anticipate meeting all other forecast debt covenants.

Should the Group not successfully achieve some or all of these forecast targets and assumptions, the Group may require funding support which may include using the cash reserved on deposit account to meet debt repayment obligations, rescheduling of debt repayments, obtaining waivers of certain covenants in the Project Debt Facility or accessing the capital markets.

Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Group. A list of controlled entities (subsidiaries) at year end is contained in note 23.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profits and losses resulting from intra-group transactions have been eliminated. Subsidiaries are consolidated from the date on which control is obtained to the date on which control is disposed. The acquisition of subsidiaries is accounted for using the acquisition method of accounting.

Foreign Currencies

Both the functional currency of each entity within the Group and the Group's presentation currency is Australian dollars.

Transactions in foreign currencies are initially recorded in Australian dollars at the exchange rate of the day. Foreign currency monetary assets and liabilities are translated to Australian dollars at the reporting date exchange rate. Foreign exchange gains and losses are generally recognised in the profit or loss.

Other Accounting Policies

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements. Where possible, wording has been simplified to provide clearer commentary on the financial report of the Group. Accounting policies determined non-significant are not included in the financial statements.

Key Estimates and Judgements

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates which are material to the financial report are found in the following notes.

Note 3 Expenses page 30
Note 9 Inventories page 35
Note 11 Exploration and evaluation assets page 37
Note 12 Mine properties page 38
Note 13 Impairment page 40
Note 15 Provisions page 42
Note 19 Deferred tax page 50
Note 20 Share-based payments page 52

Refer to page 26 for further discussion on going concern.

Basis of Preparation (continued)

The Notes to the Financial Statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations and the financial position and performance of the Group. Information is considered relevant and material if, for example:

- the amount is significant due to its size or nature;
- the amount is important for understanding the results of the Group;
- it helps to explain the impact of significant changes in the Group's business; or
- it relates to an aspect of the Group's operations that is important to its future performance.

The notes are organised into the following sections:

- Performance for the year;
- Operating assets and liabilities;
- Capital structure and risk;
- Other disclosures.

A brief explanation is included under each section.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Performance for the Year

This section of the notes provides further information on key line items relevant to the financial performance of the Group. It includes profitability, the resultant return to shareholders via earnings per share and dividends.

Note 1 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 production, exploration and development at the Mt Morgans Gold Operation ("MMGO") wholly within Australia, therefore it has aggregated all operating segments into the one reportable segment being mineral production, exploration and development.

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

Note 2 Revenue

Accounting Policies

Gold Sales

The specific recognition criteria for the Group's gold sales is upon settlement and when ownership of the gold is transferred to the customer. Prior to the commencement of commercial production on 1 January 2019 revenue from the sale of gold and silver was treated as a pre-production income and credited to capitalised mine properties in development.

The Group has applied *AASB 15 Revenue from Contracts with Customers* from 1 July 2018 with adoption of the standard not having a material effect on the Group's financial statements.

Under AASB 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control requires judgement. With the sale of gold bullion, this occurs when physical bullion, from a contracted sale, is transferred from the Company's account into the account of the buyer.

	30 June 2019 $'000	30 June 2018 $,000
Revenue from contracts with customers		
Gold Sales	**132,550**	-
Silver Sales	**271**	-
	132,821	-

Gold delivery commitments

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. Consistent with the gold sales revenue recognition policy above, the physical gold delivery contracts are considered contracts to sell a non-financial item and therefore do not fall within the scope of AASB 9 *Financial Instruments.*

	Gold for physical delivery oz	Average contract sale price A$/oz	Value of committed sales $'000
Due within 1 year	123,449	1,823	225,073
Due after 1 year but not more than 5 years	24,000	1,743	41,841
	147,449	**1,810**	**266,914**

Note 3 Expenses

Accounting Policies

Prior to the commencement of commercial production at the MMGO on 1 January 2019 expenditure of an operating nature was capitalised to mine properties in development including cash costs of pre-commercial production, depreciation and amortisation.

Costs of production

Cash costs of production is a component of cost of goods sold and includes direct costs incurred for mining, processing and mine site administration, net of costs capitalised to mine properties, pre-strip and production stripping assets. This category also includes movements in the cost of inventory.

	30 June 2019 $'000	30 June 2018 $'000
Cost of goods sold		
Costs of production	**86,924**	-
Royalties	**3,354**	-
Depreciation of mine plant and equipment	**8,020**	-
Amortisation of mine properties	**10,645**	-
	108,943	-

Depreciation & Amortisation

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

Class of Fixed Asset	Useful Life
▪ Office equipment and fixtures	3 - 4 years
▪ Computer equipment & software	2 - 4 years
▪ Motor Vehicles	3 years
▪ Plant and equipment	3 - 10 years / units of production

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Mine properties are amortised on a unit-of-production basis over the resource of the relevant mining area. The unit of account is tonnes of ore mined.

The Group assesses future production stripping and mine development costs required to bring existing reserves into production and includes an estimate of these costs in the base when calculating amortisation expense.

	30 June 2019 $'000	30 June 2018 $'000
Depreciation and Amortisation		
Depreciation expense – recognised in cost of goods sold	**8,020**	-
Depreciation expense – other	**224**	528
Amortisation expense	**10,645**	-
	18,889	528

Key estimates and assumptions

Unit-of-production method of depreciation/amortisation

The Group uses the unit-of-production basis when depreciating/amortising life-of-mine specific assets which results in a depreciation/amortisation charge proportionate to the depletion of the anticipated remaining life-of-mine production. Each item's economic life, which is assessed annually, has due regard for both its physical life limitations and to present assessments of the available resource of the mine property at which it is located.

Note 3 Expenses (continued)

Borrowings and finance 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. Prior to the commencement of commercial production on 1 January 2019 borrowing costs attributable to the MMGO have been capitalised and are amortised over the life of the qualifying asset.

Interest income

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

	30 June 2019 $'000	30 June 2018 $'000
Rehabilitation and restoration unwind	**94**	-
Borrowing costs [i]	**2,484**	-
Interest expense on borrowings	**3,414**	275
Interest income	**(1,046)**	(1,443)
	4,946	(1,168)

[i] Borrowing costs includes an expense of $2.3 million for previously capitalised transaction costs. Refer note 16.

Employee expenses

	30 June 2019 $'000	30 June 2018 $'000
Corporate Employee expenses		
Salaries and wages	**2,829**	1,883
Director fees and consulting expenses	**240**	240
Defined contribution superannuation	**292**	213
Other employment expenses	**271**	298
	3,632	2,634

Note 4 Income Tax

Accounting Policy

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

(a) Income Statement

	30 June 2019 $'000	30 June 2018 $'000
Current income tax:		
Current income tax charge / (benefit)	**(11,997)**	(12,364)
Research and development tax concession	**-**	(405)
Deferred income tax:		
Tax losses brought to account for the first time	**(9,884)**	(18,203)
Relating to origination and reversal of timing differences	**17,531**	3,499
Income tax (benefit) / expense reported in the Statement of Profit or Loss and Other Comprehensive Income	**(4,350)**	(27,473)

Note 4 Income Tax (continued)

(b) Statement of Changes in Equity

	30 June 2019 $'000	30 June 2018 $'000
Deferred income tax:		
Capital Raising Costs	**(80)**	(1,075)

(c) Reconciliation of consolidated income tax expense to prima facie tax payable

	30 June 2019 $'000	30 June 2018 $'000
Accounting loss from continuing operations before income tax expense	**(1,332)**	(32,875)
Tax at the Australian rate of 30% (2018: 30%)	**(400)**	(9,862)
Non-deductible expenses	**231**	414
Research and development tax concession	**-**	(405)
Capital raising costs claimed	**(505)**	(388)
Temporary difference and losses now brought to account	**-**	(17,232)
Adjustment in respect of previous year(i)	**(3,676)**	-
Income tax (benefit) / expense reported in Profit or Loss and Other Comprehensive Income	**(4,350)**	(27,473)

(i) Following the commissioning of the treatment plant, management undertook a review of the effective lives of its assets which resulted in an income tax benefit in the 2019 financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Note 5 Earnings per Share

Accounting Policy

Earnings per share ("EPS") is the amount of post-tax profit attributable to each share. The Group presents basic and diluted EPS data for ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS takes into account the dilutive effect of all potential ordinary shares, being unlisted employee share options and performance rights on issue.

	30 June 2019	30 June 2018
a) Basic earnings per share	**Cents**	**Cents**
Profit / (loss) attributable to ordinary equity holders of the Company	**1.4**	(2.6)
b) Diluted earnings per share		
Profit / (loss) attributable to ordinary equity holders of the Company	**1.3**	(2.6)
c) Profit / (Loss) used in calculation of basic and diluted loss per share	**$'000**	**$'000**
Profit / (loss) after tax from continuing operations	**3,018**	(5,402)
d) Weighted average number of shares	**No.**	**No.**
Issued Ordinary shares at 1 July	**205,844,814**	201,732,155
Effect of shares issued	**18,071,798**	3,314,485
Weighted average number of ordinary shares at 30 June	**223,916,612**	205,046,640
Effect of dilution:		
Share options [(i)]	**528,302**	-
Performance rights [(i)]	**299,893**	-
Weighted average number of ordinary shares adjusted for the effect of dilution	**224,744,807**	205,046,640

[(i)] Share options and performance rights have been excluded from the 2018 financial year calculation as the Company was loss making and their effect would have been anti-dilutive.

Note 6 Dividends

No dividends were paid or proposed during the financial year ended 30 June 2019 (2018: Nil).

Operating Assets and Liabilities

This section of the notes shows cash generation, the assets used to generate the Group's trading performance and the liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in the Capital Structure, Financial Instruments and Risk section on page 44.

Note 7 Cash and Cash Equivalents

Accounting Policy

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

At 30 June 2019, the Group had drawn debt totalling A$105,500,000. Refer to note 16 for further discussion.

	30 June 2019 $'000	30 June 2018 $'000
Cash at bank	**35,515**	47,866
Cash reserved on deposit [(i)]	**-**	15,000
	35,515	62,866

[(i)] At 30 June 2018 an amount of $15.0 million was reserved on deposit in respect of debt service obligations under the Project Debt Facility. At 30 June 2019, the $15.0 million reserve amount was utilised in full to fund (in part) a scheduled debt repayment obligation of $18.0 million paid in June 2019. The balance of the debt repayment, $3.0 million was sourced from MMGO operating cash flows. Use of the reserve was in accordance with the existing terms and conditions of the loan agreement and was supported by the Company's syndicate of banks. Since 30 June 2019, $10.0 million has been deposited to the reserve account from MMGO operational cash flows. MMGO has an obligation to fully fund the reserve account to $15.0 million by 30 September 2019. MMGO cash flow forecasts indicate this obligation will be met.

The Project Debt Facility allows MMGO the use of this reserve in future periods should operational cash flows be insufficient to meet scheduled debt repayments. If used, MMGO has an obligation to refund the reserve back to its limit of $15.0 million from operating cash flows in the following periods. Whilst the reserve is not fully funded, distributions to the Parent Entity, Dacian Gold Limited are not permitted.

Reconciliation of profit / (loss) after tax to net cash outflow from operating activities:

	30 June 2019 $'000	30 June 2018 $'000
Profit / (loss) from ordinary activities after income tax	**3,018**	(5,402)
Depreciation	**18,889**	528
Net loss on sale of assets	**-**	47
Share-based payments expense	**760**	1,368
Exploration write-off	**91**	-
Capitalised exploration expenditure	**-**	(2,038)
Expense of previously capitalised borrowing costs	**2,349**	-
Movement in assets and liabilities:		
(Increase)/decrease in financial assets	**-**	37
(Increase)/decrease in other receivables	**(1,941)**	(240)
(Increase)/decrease in inventories	**(1,231)**	-
Increase/(decrease) in employee leave provisions	**231**	82
Increase/(decrease) in trade and other payables	**29,369**	15,553
Increase/(decrease) in deferred tax liabilities	**(4,349)**	(27,473)
Net cash flow from operating activities	**47,186**	(17,538)

Note 8 Receivables

Accounting Policy

Receivables are initially recognised at fair value and subsequently at the amounts considered receivable (financial assets at amortised cost). Balances within receivables do not contain impaired assets, are not past due and are expected to be received when due.

The Group does not have trade receivables in relation to gold sales. The only material receivables at year end are for GST and fuel tax credits receivable from the Australian Taxation Office and therefore, the Group is not generally exposed to credit risk in relation to its receivables.

Due to the short-term nature of these receivables, their carrying value is assumed to approximate fair value.

	30 June 2019 $'000	30 June 2018 $'000
Current receivables		
GST receivable	**2,354**	1,945
Prepayments	**2,055**	1,110
Other receivables	**764**	669
	5,173	3,724

Note 9 Inventories

Accounting Policy

Gold bullion, gold-in-circuit and ore stockpiles are physically measured or estimated and valued at the lower of cost and net realisable value. Cost is determined by the weighted average method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortisation, incurred in converting ore into gold bullion. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs of selling the final product, including royalties.

Consumable stores are valued at the lower of cost and net realisable value. The cost of consumable stores is measured on a first-in first-out basis. Inventories expected to be sold (or consumed in the case of stores) within 12 months after the balance sheet date are classified as current assets, all other inventories are classified as non-current.

	30 June 2019 $'000	30 June 2018 $'000
ROM inventory – at cost	**4,635**	1,547
Crushed ore – at cost	**1,462**	649
Gold in circuit– at cost	**4,292**	2,145
Gold dore – at cost	**6,464**	6,086
Mine spares and stores – at cost	**3,821**	2,669
	20,674	13,096

Key Estimates and Assumptions

Inventories

Net realisable value tests are performed at each reporting date and represent the estimated future sales price of the product based on prevailing spot metals process at the reporting date, less estimated costs to complete production and bring the product to sale.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained gold ounces based on assay data, and the estimated recovery percentage. Stockpile tonnages are verified by periodic surveys.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Note 10 Property, Plant and Equipment

Accounting Policy

The value of property, plant and equipment is measured as the cost of the asset, less accumulated depreciation and impairment. The cost of the asset also includes the cost of replacing parts that are eligible for capitalisation, the cost of major inspections and an initial estimate of the cost of dismantling and removing the item from site at the end of its useful life (rehabilitation provisions). Changes in the rehabilitation provisions resulting from changes in the size or timing of the cost or from changes in the discount rate are also recognised as part of the asset cost.

De-recognition and Disposal

An item of property, plant and equipment is derecognised when it is sold or otherwise disposed of, or when its use is expected to bring no further economic benefits. Any gain or loss from derecognising the asset (the difference between the proceeds on disposal and the carrying amount of the asset) is included in the income statement in the period the item is derecognised.

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. Refer to note 13 for further discussion of impairment.

	Office Equipment & Fixtures $'000	Computer Equipment & Software $'000	Motor Vehicles $'000	Plant & Equipment $'000	Leased Equipment $'000	Capital WIP $'000	Total $'000
Year ended 30 June 2019							
Cost	263	1,587	2,274	130,232	18,173	186	152,715
Accumulated depreciation	(149)	(928)	(1,254)	(16,498)	(3,028)	-	(21,857)
Net Book Value	**114**	**659**	**1,020**	**113,734**	**15,145**	**186**	**130,858**
Movements							
Opening net book value	130	1,128	1,668	129,082	17,462	603	150,073
Additions	30	139	36	2,513	-	186	2,904
Disposals	-	-	-	(54)	-	-	(54)
Transfers to mine dev	-	-	-	(5,065)	-	(603)	(5,668)
Depreciation expense	(42)	(361)	(375)	(6,308)	(1,158)	-	(8,244)
Depreciation capitalised[i]	(4)	(247)	(309)	(6,434)	(1,159)	-	(8,153)
Closing net book value	**114**	**659**	**1,020**	**113,734**	**15,145**	**186**	**130,858**
Year ended 30 June 2018							
Cost	233	1,448	2,238	132,981	18,173	603	155,676
Accumulated depreciation	(103)	(320)	(570)	(3,899)	(711)	-	(5,603)
Net Book Value	**130**	**1,128**	**1,668**	**129,082**	**17,462**	**603**	**150,073**
Movements							
Opening net book value	195	442	454	281	-	35	1,407
Additions	-	61	415	90,883	18,173	603	110,135
Disposals	(18)	(9)	(5)	(16)	-	-	(48)
Transfers from mine dev	17	891	1,201	41,282	-	(35)	43,356
Depreciation expense	(62)	(129)	(261)	(76)	-	-	(528)
Depreciation capitalised[i]	(2)	(128)	(136)	(3,272)	(711)	-	(4,249)
Closing net book value	**130**	**1,128**	**1,668**	**129,082**	**17,462**	**603**	**150,073**

[i] Prior to the commencement of commercial production on 1 January 2019 depreciation has been capitalised to mine properties in development (refer to note 12).

Note 11 Exploration and Evaluation Assets

Accounting Policy

Exploration and evaluation costs are expensed 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 Ore Reserve.

Capitalised exploration and evaluation expenditures in relation to specific areas of interest continue to be recognised as an exploration and evaluation asset 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:

- (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 costs 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.

	30 June 2019 $'000	30 June 2018 $'000
Deferred exploration costs at the start of the financial year	**4,163**	4,163
Exploration and evaluation costs incurred	**12,156**	17,963
Royalty termination costs (i)	**-**	11,520
Transfers to mine properties in development	**-**	(2,038)
Exploration and evaluation costs expensed and written off	**(12,247)**	(27,445)
	4,072	4,163

(i) On 21 June 2018, the Company entered into an agreement to terminate the life-of-mine Jupiter royalty for $11.5 million. Transactions costs incurred in respect of preparing the Deed of Settlement and Release to terminate the Jupiter Mine Royalty Deed amounted to $0.02 million.

Impairment

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.

An impairment loss of $0.1 million (2018: $nil) in relation to exploration and evaluation assets has been recognised during the period. The impairments relates to historical tenement acquisition costs.

Note 11 Exploration and Evaluation Assets (continued)

Key Estimates and Assumptions

Impairment of exploration and evaluation assets

The future recoverability of capitalised exploration and evaluation expenditure is dependent upon a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact future recoverability include the level of reserves and resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which the determination is made.

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.

Note 12 Mine Properties

Accounting Policies

Mine Properties Under Development

Mine properties under development represents the costs incurred in preparing mines for production and includes plant and equipment under construction and operating costs incurred before production commences. These costs are capitalised to the extent they are expected to be recouped through the successful exploitation of the related mining leases. Once production commences, these costs are transferred to property, plant and equipment and mine properties, as relevant, and are depreciated and amortised using the units-of-production method based on the estimated economically recoverable resources to which they relate or are written off if the mine property is abandoned.

Mine Properties in Production

Other mine properties represent expenditure in respect of exploration, evaluation, feasibility and pre-production operating costs incurred by the Group previously accumulated and carried forward in mine properties under development in relation to areas of interest in which mining has now commenced. Other mine properties are stated at cost, less accumulated amortisation and accumulated impairment losses.

Other mine properties are amortised on a unit-of-production basis over the economically recoverable resource of the mine concerned. The unit of account is tonnes of ore mined.

Deferred Stripping

Stripping activity costs incurred in the development phase of an open pit mine are capitalised as part of the cost of constructing the mine and subsequently amortised over the life of the mine on a units-of-production basis.

Stripping activity incurred during the production phase of a mine is assessed as to whether the benefit accruing from that activity is to provide access to ore that can be used to produce ore inventory, or whether it in addition provides improved access to ore that will be mined in future periods.

To the extent that the benefit from the stripping activity is realised in the form of inventory produced, the Group accounts for those stripping activity costs in accordance with AASB 102 *Inventories*. A stripping activity asset is brought to account if it is probable that future economic benefits (improved access to that ore body) will flow to the Group, the component of the ore body for which access has been improved can be identified and costs relating to the stripping activity can be measured reliably.

Note 12 Mine Properties (continued)

Accounting Policies (continued)

Deferred Stripping (continued)

The amount of stripping activity costs that are capitalised is determined based on a comparison of the stripping ratio in the relevant period with the life-of-mine stripping ratio. To the extent that there is a period of sustained stripping that exceeds the average life-of-mine stripping ratio, mine waste stripping costs are capitalised to the stripping activity asset. Such capitalised costs are amortised over the life of that component on a units-of-production basis. Changes to the life-of-mine are accounted for prospectively.

	Mine Properties in Development $'000	Mine Properties in Production $'000	Deferred Stripping $'000	Total
Year ended 30 June 2019				
Cost	-	142,249	11,159	153,408
Accumulated amortisation	-	(9,088)	(1,557)	(10,645)
Net book value	**-**	**133,161**	**9,602**	**142,763**
Movements				
Opening carrying amount	103,004	-	-	103,004
Additions[(i)]	6,665	19,795	11,159	37,619
Transfers from PPE	5,467	201	-	5,668
Transfers	(122,234)	122,234	-	-
Change in rehabilitation provision	1,106	2,368	-	3,474
Amortisation expense	-	(9,088)	(1,557)	(10,645)
Borrowing costs capitalised / (expensed)[(ii)]	5,992	(2,349)	-	3,643
Closing net book value	**-**	**133,161**	**9,602**	**142,763**
Year ended 30 June 2018				
Cost	103,004	-	-	103,004
Accumulated amortisation	-	-	-	-
Net book value	**103,004**	**-**	**-**	**103,004**
Movements				
Opening carrying amount	60,959	-	-	60,959
Additions[(i)]	74,081	-	-	74,081
Transfers to PPE	(43,391)	-	-	(43,391)
Transfers from exploration	2,038	-	-	2,038
Change in rehabilitation provision	6,981	-	-	6,981
Borrowing costs capitalised[(ii)]	4,803	-	-	4,803
Reclassification of transaction costs to bank loan	(2,467)	-	-	(2,467)
Closing net book value	**103,004**	**-**	**-**	**103,004**

[(i)] Additions comprise mine development and capitalised operating costs (including depreciation and amortisation) net of revenue from gold sales. During the commissioning phase (before the commencement of commercial production on 1 January 2019) expenditures of an operating nature are capitalised to mine properties in development. Revenue from the sale of gold prior to 1 January 2019 has been treated as pre-production income and was credited to capitalised mine properties in development.

[(ii)] Borrowing costs include capitalised interest of $2.9 million (30 June 2018: $3.8 million).

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FOR THE YEAR ENDED 30 JUNE 2019

Note 12 Mine Properties (continued)

Key Estimates and Assumptions

Commencement of commercial production – Mt Morgans Gold Operation

On 1 January 2019 the Group announced the commencement of commercial production at MMGO. The criteria used to assess this were based on the unique nature of the mine including its complexity and location and requires judgement.

The assessment considered the following: (1) all major capital expenditures to bring the mine to the condition necessary for it to be capable of operating in the manner intended by the Company have been completed; (2) the treatment plant and other surface infrastructure has been transferred to the control of the operations team from the commissioning team; (3) the power station is capable of delivering the required electricity; (4) the treatment plant's crushing and milling circuits are capable of running at design capacity; (5) gold recoveries are at or near expected production levels; and (6) underground and open pit mining operations have achieved their required production levels and have the ability to sustain the ongoing production of ore at the required volumes.

During the commissioning phase (prior to the commencement of commercial production) expenditures of an operating nature was capitalised to mine properties in development. Revenue from the sale of gold during the year has been treated as pre-production income and credited to capitalised mine properties in development.

Production Stripping Costs

The Group defers advanced stripping costs incurred during the production stage of its operations. This calculation requires the use of judgements and estimates, such as estimates of tonnes of waste to be removed over the life of the mining area and economically recoverable reserves extracted as a result. Changes in a mine's life and design may result in changes to the expected stripping ratio (waste to mineral reserves ratio) and amortisation which is calculated on a units of production basis. Any resulting changes are accounted for prospectively.

Determination of mineral resources and reserves

The Group uses the concept of life-of-mine as an accounting value to determine the amortisation of mine properties in production and deferred stripping costs. In determining life-of-mine, the Group prepares ore resource and reserve estimates in accordance with JORC Code 2012, guidelines prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia. The estimate of these resources and ore reserves, by their very nature, require judgements, estimates and assumptions.

Where the resource estimates need to be modified, the amortisation expense is accounted for prospectively from the date of the assessment until the end of the revised mine life (for both the current and future years).

Note 13 Impairment of Assets

Accounting Policy

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 of disposal 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 the fair value less cost of disposal, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Note 13 Impairment of Assets (continued)

Accounting Policy (continued)

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.

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.

Key Estimates and Assumptions

Determination of Mineral Resources & Ore Reserves

The determination of mineral resources and ore reserves impacts the accounting for asset carrying values. The Group estimates its mineral resources and ore reserves in accordance with the *Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012* (the "JORC" Code). The information on mineral resources and ore reserves was prepared by or under the supervision of Competent Persons as defined in the JORC Code. The amounts presented are based on the mineral resources and ore reserves determined under the JORC Code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately result in reserves being restated.

Note 14 Trade and Other Payables

Accounting Policy

Trade and other payables are initially recognised at the value of the invoice received from a supplier and subsequently measured at amortised cost. They 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. The amounts are unsecured and generally paid within 30 days of recognition.

	30 June 2019 $'000	30 June 2018 $'000
Current liabilities		
Trade and other payables	**26,082**	22,283
Accrued expenses (i)	**17,872**	28,014
	43,954	50,297

(i) Accrued expenses at 30 June 2018 included $11.5 million for the termination of a life-of-mine Jupiter Royalty. Refer note 11 for further discussion.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Note 15 Provisions

Accounting Policy

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 Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service up to reporting date, plus related on costs. The benefit is discounted to determine its present value and the discount rate is the yield at the reporting date on high-quality corporate bonds that have maturity dates approximating the terms of the Group's obligations.

	30 June 2019 $'000	**30 June 2018 $'000**
Current:		
Employee leave liabilities	**1,151**	784
	1,151	784
Non-current:		
Employee leave liabilities	**213**	174
Rehabilitation provision	**18,395**	14,827
	18,608	15,001

Provision for rehabilitation

Balance at the start of the financial year	**14,827**	7,846
Provisions recognised during the year	**3,157**	6,920
Unwinding of discount	**411**	61
Balance at the end of the financial year	**18,395**	14,827

Note 15 Provisions (continued)

Key Estimates and Assumptions

Rehabilitation Obligations

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.

Capital Structure, Financial Instruments and Risk

This section provides further information about the Group's contributed equity, financial liabilities, related financing costs and its exposure to various financial risks. It explains how these risks affect the Group's financial position and performance and what the Group does to manage these risks.

Note 16 Borrowings and Finance Costs

Accounting Policies

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.

Finance Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership for the lease item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term. The corresponding finance lease liability is reduced by the leased payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to profit or loss, as finance costs over the period of the lease. The carrying amounts of the Group's current and non-current borrowings approximate their fair value.

Refer to note 21 for further details of finance leases entered into by the Group at period end.

Unwinding of discount on provisions

The unwinding of discount on provisions represents the cost associated with the passage of time. Rehabilitation provisions are recognised at the discounted value of the present obligation to restore, dismantle and rehabilitate each mine site with the increase in the provision due to the passage of time being recognised as a finance cost in accordance with the policy described in note 15.

Note 16 Borrowings and Financing Costs (continued)

	30 June 2019 $'000	30 June 2018 $'000
Current		
Insurance premium funding liability	**1,989**	1,022
Lease Liabilities	**2,106**	2,011
Bank Loans	**33,300**	73,623
	37,395	76,656
Non-Current		
Lease Liabilities	**13,445**	15,555
Bank Loans	**72,200**	73,910
	85,645	89,465

a) Project Debt Facility

At 30 June 2019 the MMGO Project Debt Facility held with a syndicate of financiers, comprising Westpac Banking Corporation, Australia and New Zealand Banking Group Limited and BNP Paribas, was fully drawn to $105.5 million (2018: $150.0 million).

During the year, scheduled debt repayments were made totalling $44.5 million (2018: Nil). As a result, and in accordance with the loan agreement, the available debt limit was reduced by the same amount as all facilities had transitioned into the repayment phase.

The key terms of the Facility are:

- Fixed schedule of repayments starting September 2018 through to June 2022;
- The Facility can be repaid early at the Company's option at any time without restriction or financial penalty;
- Security is provided by a fixed and floating charge over the assets of Dacian Gold's operating subsidiary, Mt Morgans WA Mining Pty Ltd and a featherweight security over the assets of Dacian Gold Limited capped to a maximum value of $5,000. The transaction banking accounts for the Group are secured assets. The security provided by the Parent Entity, Dacian Gold Limited supports the guarantee provided to Mt Morgans WA Mining Pty Ltd.

In December 2018, the scheduled debt repayments in the Project Debt Facility were re-sculpted to better align cash flows with forecast production. The tenor of the facility was extended by six months to 30 June 2022. The change to the debt repayment schedule resulted in the immediate expense of $2.3 million in previously capitalised transaction costs. The principal repayment profile of the Facility following the reschedule and as at 30 June 2019 appears in the table below.

	6 months or less $'000	6-12 months $'000	1-2 years $'000	2-3 years $'000
Bank Loan	17,850	15,450	31,800	40,400

The loan agreement contains a number of typical financial covenants that are assessed and reported to financiers on a quarterly basis. As a result of becoming aware of the lower than planned gold production for the June quarter 2019, as announced to the ASX on 5 June 2019 a forecast breach of a financial covenant as at 30 June 2019 was identified. In anticipation of the ratio breach, MMGO obtained an irrevocable waiver from the Financiers prior to 30 June 2019.

The weighted average effective interest rate on the facility at 30 June 2019 is 4.6% (30 June 2018: 5.2%).

Note 16 Borrowings and Financing Costs (continued)

b) Financing facilities

	30 June 2019 $'000	30 June 2018 $'000
Total Facilities		
Project Debt Facility	**105,500**	140,000
Cost Overrun Facility	**-**	10,000
Working Capital Facility	**-**	10,000
Bank Guarantee Facility	**950**	150
	106,450	160,150
Facilities used at reporting date		
Project Debt Facility	**105,500**	140,000
Cost Overrun Facility	**-**	-
Working Capital Facility	**-**	10,000
Bank Guarantee Facility	**674**	111
	106,174	150,111
Facilities unused at reporting date		
Project Debt Facility	**-**	-
Cost Overrun Facility	**-**	10,000
Working Capital Facility	**-**	-
Bank Guarantee Facility	**276**	39
	276	10,039

Note 17 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.

Gold Bullion Sales

Credit risk arising from the sale of gold bullion to the Group's customer is low as the payment by the customer (being The Perth Mint Australia) is guaranteed under statute by the Western Australian State Government. In addition, sales are made to high credit quality financial institutions, hence credit risk arising from these transactions is low.

Trade and other receivables

The nature of the business activity of the Group does not result in trading receivables. The receivables that the Group does experience through its normal course of business are short-term and the risk of non-recovery of receivables is considered to be negligible.

Other

In respect of derivative financial instruments, the Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the mark to market of these instruments. The Group does not hold any credit derivatives to offset its credit exposure.

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.

Note 17 Financial Instruments (continued)

(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
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2019							
Trade & other payables	43,954	43,954	43,954	-	-	-	-
Insurance premium funding liability	1,989	1,989	870	746	373	-	-
Lease liabilities	15,551	17,498	1,337	1,336	2,673	7,866	4,286
Bank Loan	105,500	113,310	19,973	17,221	34,442	41,674	-
	166,994	**176,751**	**66,134**	**19,303**	**37,488**	**49,540**	**4,286**
2018							
Trade & other payables	22,283	22,283	22,283	-	-	-	-
Insurance premium funding liability	1,021	1,021	557	464	-	-	-
Lease liabilities	17,567	20,171	1,386	1,337	2,806	7,866	6,776
Bank Loan	147,533	158,911	45,980	34,146	39,935	38,850	-
	188,404	**202,386**	**70,206**	**35,947**	**42,741**	**46,716**	**6,776**

(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 Group's exposure to commodity price risk arises largely from Australian dollar gold price fluctuations. The Group's exposure to movements in the gold price is managed through the use of Australian dollar 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 2. No sensitivity analysis is provided for these contracts as they are outside the scope of *AASB 9 Financial Instruments*.

Note 17 Financial Instruments (continued)

(c) *Market risk (continued)*

Interest rate risk

The Group's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. At the reporting date, the Group had the following exposure to interest rate risk on financial instruments.

	Carrying amount ($)	
	30 June 2019 $'000	**30 June 2018 $'000**
Variable rate instruments		
Cash and cash equivalents	**35,515**	62,866
Borrowings	**105,500**	147,533
	141,015	210,399

Foreign Currency/Equity risk

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

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) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

	30 June 2019 $'000	**30 June 2018 $'000**
Interest Revenue		
Increase 1.0% (2018: 1.0%)	**355**	629
Decrease 1.0% (2018: 1.0%)	**(355)**	(629)
Interest Expense		
Increase 1.0% (2018: 1.0%)	**(1,055)**	(1,500)
Decrease 1.0% (2018: 1.0%)	**1,055**	1,500

(d) Fair values

Fair values versus carrying amounts

The carrying amounts and estimated fair values of all the Group's financial instruments recognised in the financial statements are materially the same. The methods and assumptions used to estimate the fair value of financial instruments are disclosed in the respective notes.

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FOR THE YEAR ENDED 30 JUNE 2019

Note 18 Issued Capital and Reserves

Accounting Policy

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of shares or options are recognised as a deduction from equity, net of any related income tax effects.

	30 June 2019 No.	30 June 2018 No.	30 June 2019 $'000	30 June 2018 $'000
Issued share capital	**225,713,403**	205,844,814	**244,765**	195,187
Share movements during the year				
Balance at the start of the financial year	**205,844,814**	201,732,155	**195,187**	191,783
Share issue	**17,948,339**	-	**48,429**	-
Exercise of options (cash)	**1,700,000**	4,042,659	**1,670**	1,512
Exercise of options (non-cash)	**-**	-	**458**	586
Exercise of performance rights (non-cash)	**220,250**	70,000	**637**	231
Less share issue costs	**-**	-	**(1,948)**	-
Deferred tax on share issue costs [(i)]	**-**	-	**80**	1,075
Balance at the end of the financial year	**225,713,403**	205,844,814	**244,513**	195,187

[(i)] The balance at 30 June 2018 comprises the tax effect of prior period equity raising costs first brought to account during that financial year. Refer note 4 for further discussion.

	30 June 2019		30 June 2018	
	Accumulated losses $'000	Share-based payments reserve [(i)] $'000	Accumulated losses $'000	Share-based payments reserve [(i)] $'000
Balance at the beginning of the year	**(65,837)**	**3,516**	(60,435)	2,965
Profit / (loss) for the period	**3,018**	**-**	(5,402)	-
Transfer to issued capital on exercise of options	**-**	**(458)**	-	(586)
Transfer to issued capital on exercise of performance rights	**-**	**(637)**	-	(231)
Transfer to accumulated losses due to market conditions not met	**174**	**(174)**	-	-
Share-based payments for the period	**-**	**760**	-	1,368
Balance at the end of the year	**(62,645)**	**3,007**	(65,837)	3,516

[(i)] The share-based payments reserve is used to recognise the fair value of options over unissued shares and performance rights provided to employees and Key Management Personnel.

Other Disclosures

This section provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements.

Note 19 Deferred Tax

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Note 19 Deferred Tax (continued)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	30 June 2019 $'000	30 June 2018 $'000
Deferred tax assets		
Trade & other payables	**17**	24
Provisions	**5,927**	4,735
Borrowings – Finance lease liabilities	**4,665**	-
Borrowing costs	**421**	245
Business related costs – profit & loss	**3,259**	6
Exploration and evaluation assets	**-**	3,217
Capital raising costs – equity	**1,155**	1,075
Tax Losses	**52,450**	30,568
Deferred tax liabilities		
Trade & other receivables	**(283)**	(184)
Inventories	**(347)**	(267)
Property, plant and equipment	**(11,912)**	(1,029)
Exploration and evaluation assets	**(956)**	-
Mine properties	**(21,823)**	(10,247)
Net deferred tax assets	**32,573**	**28,143**

Movement in temporary differences during the year:

	Balance 30 June 2018 $'000	Recognised in income $'000	Recognised in Equity $'000	Balance 30 June 2019 $'000
Trade and other receivables	184	99	-	283
Inventories	267	80	-	347
Property, plant & equipment	1,029	10,883	-	11,912
Exploration & evaluation	(3,217)	4,173	-	956
Mine properties in development	10,247	11,576	-	21,823
Trade & other payables	(24)	7	-	(17)
Provisions	(4,735)	(1,192)	-	(5,927)
Borrowings	-	(4,665)	-	(4,665)
Borrowing costs	(245)	(176)	-	(421)
Business related costs – profit & loss	(6)	(3,253)	-	(3,259)
Capital raising costs – equity	(1,075)	-	(80)	(1,155)
Tax losses	(30,568)	(21,882)	-	(52,450)
	(28,143)	**(4,350)**	**(80)**	**(32,573)**

During the 2019 financial year the Group recognised as a deferred tax asset an additional $21.9 million of carry forward tax losses. The generation of these losses can be largely attributed to the commissioning and ramp up period of the MMGO prior to the declaration of commercial production on 1 January 2019. The utilisation of losses depends upon the generation of future taxable profits which the Group believes to be recoverable based on current taxable income projections. Utilisation will also be subject to relevant tax legislation associated with recoupment including the same business or continuity of ownership test.

Note 19 Deferred Tax (continued)

Key Estimates and Assumptions

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in the tax laws in Australia could limit the ability of the Group to obtain tax deductions in future periods.

Note 20 Share-Based Payments

Accounting Policy

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 and non-vesting 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 market and non-vesting conditions.

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.

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.

Note 20 Share-Based Payments (continued)

	30 June 2019 $'000	30 June 2018 $'000
Recognised share-based payments expense		
Employee share-based payments expense	**131**	423
Performance rights expense	**629**	945
Total share-based payments expense	**760**	1,368

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 26 November 2018. 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 options are granted free of charge and vest subject to certain operational and market performance conditions being met. Options lapse if the employee ceases employment with the Company.

During the financial year no options over unissued shares were issued pursuant to the Company's Employee Share Option Plan (30 June 2018: Nil). Options issued have been valued and included in the financial statements over the periods that they vest.

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

	30 June 2019		30 June 2018	
	No.	WAEP	No.	WAEP
Options outstanding at the start of the year	**6,950,000**	**$1.07**	12,000,000	$0.94
Options granted during the year	**-**	**-**	-	-
Options exercised during the year	**(1,700,000)**	**$0.98**	(5,050,000)	$0.73
Options outstanding at the end of the year	**5,250,000**	**$1.10**	6,950,000	$1.07

The terms of the options over unissued shares at 30 June 2019 are as follows:

Number of options outstanding	*Exercise price*	*Expiry date*
500,000	$0.58	24 September 2019
2,000,000	$0.39	17 November 2019
400,000	$1.15	30 September 2020
1,550,000	$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

Subsequent to year end 267,291 shares were issued on the cashless exercise of 500,000 options exercisable at $0.58 each pursuant to the cashless exercise provisions of the Dacian Gold Limited Employee Option Plan. No options have been granted subsequent to the reporting date and to the date of signing this report.

c) Weighted average contractual life

The weighted average contractual life for vested and un-exercised options is 12 months (2018: 24 months).

Note 20 Share-Based Payments (continued)

Performance Rights

During the financial year ended 30 June 2019, no performance rights (30 June 2018: 391,682) were issued to employees, pursuant to the terms of the Dacian Gold Limited Employee Share Option Plan.

a) Reconciliation of movement of performance rights during the period

Tranche	Measurement date	Date of vesting	Number of rights at start of year	Number of rights vested(i)	Number of rights lapsed	Number of rights forfeited	Number of rights at end of year
1	30 June 2019	30 June 2019	165,000	(165,000)	-	-	-
2	30 June 2019	30 June 2019	165,000	-	(165,000)	-	-
3	1 July 2018	1 July 2019	82,578	-	-	(17,811)	64,767
4	1 July 2018	1 July 2019	82,578	-	-	(17,812)	64,766
5	1 July 2019	1 July 2020	107,956	-	-	(22,776)	85,180
6	1 July 2019	1 July 2020	107,956	-	-	(22,776)	85,180
Total			**711,068**	**(165,000)**	**(165,000)**	**(81,175)**	**299,893**

The movement in weighted average fair value ("WAFV") appears in the table below:

	30 June 2019		30 June 2018	
	No.	WAFV	No.	WAFV
Rights outstanding at the start of the year	**711,068**	**$2.61**	550,250	$2.98
Rights issued during the year	**-**	**-**	391,682	$2.24
Rights vested during the year(i)	**(165,000)**	**$3.30**	(220,250)	$2.89
Rights lapsed during the period	**(165,000)**	**$2.78**	-	-
Rights forfeited during the year	**(81,175)**	**$2.23**	(10,614)	$2.46
Rights outstanding at the end of the year	**299,893**	**$2.24**	711,068	$2.61

(i) Relates to rights that vested during the year and were unissued at 30 June 2019.

b) Subsequent to reporting date

Subsequent to period end a further 1,601,019 performance rights were issued to employees of the company pursuant to the terms and conditions of the Dacian Gold Limited Employee Option Plan. In addition, 129,533 shares were issued on the exercise of fully vested rights comprising tranche 3 and 4 in the table above.

c) Fair value of performance rights granted

The fair value of the performance rights granted 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 of currently outstanding performance right appear below.

Tranche	Date of grant	Measurement date	Number of rights at start of year	Date of vesting	Share price on grant date	Fair value at grant date	Expected share price volatility	Expected dividend yield	Expected risk free rate
1	17 October 2016	30 June 2019	165,000	30 June 2019	$3.30	$2.78	68%	0%	1.74%
2	17 October 2016	30 June 2019	165,000	30 June 2019	$3.30	$3.30	68%	0%	1.74%
3	30 August 2017	1 July 2018	82,578	1 July 2019	$2.33	$1.56	51%	0%	1.84%
4	30 August 2017	1 July 2018	82,578	1 July 2019	$2.33	$2.33	51%	0%	1.84%
5	20 April 2018	1 July 2019	107,956	1 July 2020	$3.06	$2.08	53%	0%	1.96%
6	20 April 2018	1 July 2019	107,956	1 July 2020	$3.06	$3.06	53%	0%	1.96%
Total			**711,068**						

Note 20 Share-Based Payments (continued)

Performance Rights (continued)

d) Vesting conditions of performance rights outstanding during the period

No performance rights were issued during the year. The 299,893 performance rights outstanding at 30 June 2019 (30 June 2018: 711,068) are subject to Total Shareholder Return ("TSR") and company performance vesting conditions.

Tranche	Measurement Date	Date of vesting	Number of rights at start of year	Metric	Achieved LTI
1	30 June 2019	30 June 2019	165,000	50% - TSR performance to peers above 50th percentile (measured over the 3 year period to 30 June 2019)	0%
2	30 June 2019	30 June 2019	165,000	50% - Ore reserves at MMGO exceeding 1.2 million ounces	100%
3	1 July 2018	1 July 2019	82,578	50% - TSR performance to peers above 50th percentile (measured over the 1 year period to 1 July 2018)	-
4	1 July 2018	1 July 2019	82,578	50% - First gold production at MMGO on time and budget	-
5	1 July 2019	1 July 2020	107,956	50% - TSR performance to peers above 50th percentile (measured over the 1 year period to 1 July 2019)	-
6	1 July 2019	1 July 2020	107,956	50% - Ore reserves at MMGO exceeding 1.2 million ounces	-
Total			**711,068**		

Details of the measurement period for each tranche of performance rights is detailed in the table above. The performance rights for tranches 1 and 2 vest immediately at the measurement date. The remaining tranches are subject to a 12 month service condition. These vest one year from the measurement date. On vesting, each right automatically converts to one ordinary share. If the employee ceases employment before the rights vest, the rights will be forfeited, except in limited circumstances that are approved by the board.

The Company's TSR performance for rights on issue are 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

Key Estimates and Assumptions

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 above. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Note 21 Commitments

(a) Operating lease commitments

	30 June 2019 $'000	30 June 2018 $'000
Due within 1 year	**212**	208
Due after 1 year but not more than 5 years	**271**	482
	483	690

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) Finance lease commitments

In the prior year, Mt Morgans WA Mining Pty Ltd entered into agreements with Zenith Pacific (JPT) Pty Ltd to build and operate the power station located at the MMGO and APA Operations Pty Ltd to build and operate a gas spur for the transport of gas to this facility. A finance lease for this infrastructure has been recognised over each contract term.

In the prior year, Mt Morgans WA Mining Pty Ltd entered into an agreement with SGS Australia Pty Ltd for the provision of laboratory services and equipment for a fixed term of five years. A finance lease for the laboratory equipment has been recognised over the contract term.

A summary of finance lease commitments appears in the following table:

	30 June 2019 $'000	30 June 2018 $'000
Within one year	**2,673**	2,723
Later than one year but not later than five years	**10,540**	10,672
Later than five years	**4,285**	6,776
Minimum lease payment	**17,498**	20,171
Future finance charges	**(1,947)**	(2,605)
Recognised as liability	**15,551**	17,566
Representing lease liabilities:		
Current	**2,106**	2,011
Non-current	**13,445**	15,555
	15,551	17,566

(c) Capital commitments

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

	30 June 2019 $'000	30 June 2018 $'000
Mine Capital	**651**	5,475

Note 22 Contingencies

(a) Contingent liabilities

There are no material contingent liabilities at the reporting date.

(b) Contingent assets

There are no material contingent assets at the reporting date.

Note 23 Related Party Disclosures

(a) Controlled Entities

	Ownership Interest	
	2019	**2018**
	%	**%**
Parent Entity		
Dacian Gold Limited		
Subsidiaries		
Dacian Gold Mining Pty Ltd	100	100
Mt Morgans WA Mining Pty Ltd	100	100

(b) Parent Entity

Financial statements and notes for Dacian Gold Limited, the legal parent entity are provided below:

	Parent	
	30 June 2019 $'000	**30 June 2018 $'000**
Financial position		
Current assets	**17,547**	16,214
Non-current assets	**225,436**	156,931
Total assets	**242,983**	173,145
Current liabilities	**802**	714
Non-current liabilities	**161**	123
Total liabilities	**963**	837
Shareholders' equity		
Issued capital	**244,513**	195,187
Share-based payments reserve	**3,007**	3,516
Accumulated losses	**(5,500)**	(26,395)
Total equity	**242,020**	172,308
Financial performance		
Loss / (profit) for the year	**(20,721)**	19,046
Other comprehensive (loss) / income	**-**	-
Total comprehensive (loss) / income	**(20,721)**	19,046

Commitments

The parent entity had operating lease commitments of $0.5 million at 30 June 2019 (30 June 2018: $0.7 million) relating to the lease of the Group's Perth office and car park. A featherweight security is in place over the assets of the Parent Entity capped to a maximum value of $5,000 for the benefit of the MMGO project debt facility financiers. The transaction banking accounts for the Parent Entity are secured assets. This security supports the guarantee provided by Parent Entity to Mt Morgans WA Mining Pty Ltd.

Note 23 Related Party Disclosures (continued)

(c) Transactions with related parties

For the year ended 30 June 2019, services totalling $216,042 (2018: $6,948) were provided on normal commercial terms to the Group by Perenti Global and its subsidiaries (previously Ausdrill Limited), of which Mr Cochrane is Non-Executive Chairman. The services provided related to open pit grade control drilling and mineral analysis. Mr Cochrane was not party to any contract negotiations for either party.

Other than transactions with parties related to Key Management Personnel mentioned above and in the remuneration report, there have been no other transactions with parties related to the consolidated entity in the financial year ending 30 June 2019.

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 & CEO
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 2019 $	**30 June 2018 $**
Short-term employment benefits	**1,498,048**	1,570,891
Share-based payments	**505,630**	926,771
Other long-term benefits	**17,518**	16,785
Post-employment benefits	**67,972**	67,849
Total Key Management Personnel remuneration	**2,089,168**	2,582,296

Note 25 Auditors Remuneration

	30 June 2019 $	**30 June 2018 $**
Grant Thornton		
Audit and review of financial statements	**-**	60,316
Fees in respect to prior year	**21,588**	-
KPMG		
Audit and review of financial statements	**85,000**	-
Other Services		
Grant Thornton - research and development claims	**-**	10,000
Total	**106,588**	70,316

Note 26 Events Subsequent to the Reporting Date

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.

Note 27 New and Revised Accounting Standards

Changes in accounting policy

The Group has adopted the following new and revised accounting standards, amendments and interpretations as of 1 July 2018.

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces the existing guidance in *AASB 139 Financial Instruments: Recognition and Measurement*. AASB 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from AASB 139. AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018. The Group has assessed that the implementation of this standard does not have a material impact on the financial statements.

Classification and measurement of financial instruments

AASB 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair value through other comprehensive income and Fair value through profit or loss. The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. AASB 9 eliminates the previous AASB 139 categories of held to maturity, loans and receivables and available for sale.

AASB 9 largely retains the existing requirements in AASB 139 for the classification and measurement of financial liabilities.

The table set out on below explains the original measurement categories under AASB 139 and the new measurement categories under AASB 9 for each class of the Company's financial assets as at 1 July 2018.

	Original Classification under AASB 139	New Classification under AASB 9	Original carrying amount under AASB 139 $'000	New carrying amount under AASB 9 $'000
Financial Assets				
Cash and cash equivalents	Loans and receivables	Amortised cost	62,866	62,866
Trade and other receivables	Loans and receivables	Amortised cost	3,724	3,724
			66,590	**66,590**

The adoption of AASB 9 did not have a significant impact on the Company's financial statements.

AASB 15 Revenue from Contracts with Customers

Refer to note 2 for further discussion.

Note 27 New and Revised Accounting Standards (continued)

New standards and interpretations issued but not yet effective

AASB 16 Leases

AASB 16 sets out the principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (''lessee'') and the supplier ("lessor"). AASB 16 replaces the previous leases standard AASB 117 *Leases*, and related interpretations. AASB 16 provides a new lessee accounting model which will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed.

Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. Assets and liabilities arising from a lease are initially measured on a present value basis. The only exceptions are short term and low-value leases. The accounting for lessors will not significantly change.

The Group plans to apply AASB 16 initially on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information. The Group will elect to recognise the right-of-use assets at an amount equal to the lease liability at 1 July 2019 and plans to apply the following practical expedients for AASB 16:

- Leases for which the underlying asset is of low value;
- Arrangements that are subject to grandfathering provisions including mining services contracts; and
- Short term leases.

Management has compiled a list of potential leases across the Group and reviewed all related contracts in order to identify and account for all leases in terms of AASB 16 across the Group. Based on the information currently available, the Group estimates that the standard will not have a material impact on the Group at 1 July 2019 other than finance leases already recognised being transferred to right of use assets (and therefore no net impact).

Application date of Standard: 1 January 2019

Application date for Group: 1 July 2019

DIRECTORS' DECLARATION

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

a. The accompanying financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
    i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the year then ended; and
    ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.

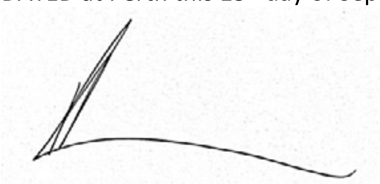
b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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 2019.

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

DATED at Perth this 13th day of September 2019.



Rohan Williams

Executive Chairman & CEO

Independent Auditor's Report

To the shareholders 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).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the ***Group's*** financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- Complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2019.
- 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.
- Notes including a summary of significant accounting policies.
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 *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 fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Value of property, plant and equipment and mine properties.
- Recoverability of deferred tax assets.
- Going concern basis of accounting.

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.

KPMG

<table>
<tr><th colspan="2">Value of property, plant and equipment and mine properties ($273,621,000)</th></tr>
<tr><td colspan="2">Refer to Note 10, 12 and 13 to the Financial Report</td></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>The value of property, plant and equipment and mine properties was considered a key audit matter due to the:

• Size of the property, plant and equipment and mine properties balance (being 74% of total assets).

• Level of judgement required by us in evaluating assumptions used by the Group in its valuation assessment.

• Group's market capitalisation at 30 June 2019 being less than the net assets of the Group, bringing into question the value ascribed to property, plant and equipment and mine properties.

The valuation of the Group's property, plant and equipment and mine properties applies significant assumptions in a fair value less costs of disposal model. These assumptions include:

• Forecast sales and production output, production costs and capital expenditure. The Group's models are sensitive to changes in these assumptions, reducing available headroom. This drives additional audit effort specific to their feasibility and consistency of application to the Group's strategy.

• Forecast gold prices experiencing volatility, increasing the risk of future fluctuations and inaccurate forecasting.

• Discount rate, which is complicated in nature.

• Life of mineral reserves. The Group uses internal and external experts to assist it in producing the Reserves statement which underlies the forecast production output within the model.

The Group has not met its budget during the current year, raising our focus on the reliability of forecasts within the Group's impairment testing.

These conditions necessitate additional scrutiny and professional scepticism by us, in particular to address the objectivity of sources used for assumptions, and their consistent application.

In assessing this key audit matter, we involved senior team members and valuation specialists.</td><td>Our procedures included:

• We considered the appropriateness of the Group's use of the fair value less costs of disposal methodology against the requirements of the accounting standards.

• We, along with our valuation specialists, assessed the integrity of the fair value less costs of disposal model used, including the accuracy of the underlying calculation formulas.

• We evaluated the sensitivity of the valuation of property, plant and equipment and mine properties by considering reasonably possible changes to the key assumptions, such as forecast sales and production output, forecast gold prices, production costs and the discount rate. We did this to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures.

• We assessed the historical accuracy of previous Group budgets by comparing to actual results to inform our evaluation of forecasts incorporated in the model. We evaluated the impact on the business, to determine further testing required.

• We assessed key assumptions underlying the discounted cash flows in the fair value less costs of disposal model (including forecast sales and production output, production costs and capital expenditure) using our knowledge of the Group, their past performance, and our industry experience. We challenged the Group's significant forecast cash flows and we applied increased scepticism to forecasts in the areas where previous budgets were not achieved. We compared key events to the Board approved budget and strategy.

• We compared expected forecast gold prices to published views of market commentators on future trends.

• We assessed the scope, competence and objectivity of the Group's internal and external experts involved in the estimation process of mineral reserves.</td></tr>
</table>

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	• We compared the life of mineral reserves and production output assumptions in the Group's model to the Reserves statement commissioned by the Group for consistency. • We evaluated the consistency of the life of mineral reserves and production output assumptions used in the Group's model with other information tested by us, such as the Group's rehabilitation provision, and our understanding of the Group's intentions. • Working with our valuation specialists, we independently developed a discount rate range considered comparable, using publicly available market data for comparable entities. • We assessed the Group's analysis of the market capitalisation shortfall versus the net assets at year end. This included comparison of the market capitalisation range implied by broker target valuation ranges to the Group's valuation and consideration of the movement in the Group's market capitalisation post year end.

Recoverability of deferred tax assets ($32,573,000)	
Refer to Note 4 and 19 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
The Group has recognised deferred tax assets of $32.573 million as at 30 June 2019, which includes tax losses carried forward in Australia. Accounting standards state deferred tax assets are only recognised if certain conditions under Australian tax law are satisfied and if it is probable that sufficient taxable profits will be generated in the future in order for the benefits of the deferred tax assets to be realised. The recoverability of deferred tax assets was a key audit matter due to: • The significant judgement required by us to assess the probability the Group can generate sufficient taxable profits in light of the tax losses recorded in the current and previous financial years. • As described in the value of property, plant and equipment and mine properties key audit matter above, the Group having not met its budget during the current year, raising our focus on the reliability of forecasts and increasing the possibility that deferred tax assets are not recoverable.	Working with our tax specialists, our procedures included: • We examined the documentation prepared by the Group underlying the availability of tax losses and annual utilisation allowances for consistency with Australian tax law. • We assessed the factors that led to the Group incurring tax losses in the current year and previous years, which included the progression of the commissioning of the Mt Morgans Gold Operation, and challenged the Group's assessment of future taxable profits. • We compared the forecasts included in the Group's estimate of future taxable profits used in their deferred tax asset recoverability assessment to those used in the Group's assessment of the value of property, plant and equipment and mine properties. Our approach to testing these forecasts was consistent with the approach detailed above in relation to the value of property, plant and equipment and mine properties. We challenged the differences

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• The risk of the Group incorrectly applying the requirements of the accounting standards and Australian tax law to recognise deferred tax assets for tax losses, which could result in a substantial effect on the Group's statement of profit or loss and other comprehensive income. We involved tax specialists to supplement our senior team members in assessing this key audit matter.	between forecast cash flows and taxable profits by evaluating the adjustment of cash flows, for differences between accounting profits, as presented in the Group's forecasts, to taxable profits, against Australian tax law. • Understanding the timing of future taxable profits and considering the consistency of the timeframes of expected recovery to our knowledge of the business and its plans. We placed increased scepticism where there was a longer timeframe of expected recovery. • We assessed the disclosures in the financial report using the results from our testing and against the requirements of the accounting standards.

Going concern basis of accounting

Refer to the Going Concern Basis for Preparation of Financial Statements Note to the Financial Report

The key audit matter	How the matter was addressed in our audit
The Group's use of the going concern basis of accounting and the associated extent of uncertainty is a key audit matter due to the high level of judgement required by us in evaluating the Group's assessment of going concern and the events or conditions that may cast significant doubt on their ability to continue as a going concern. These are outlined in Going Concern Basis for Preparation of Financial Statements Note. The Directors have determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. Their assessment of going concern was based on cash flow projections. The preparation of these projections incorporated a number of assumptions and significant judgements. We critically assessed the levels of uncertainty, as it related to the Group's ability to continue as a going concern, within these assumptions and judgements, focusing on the following: • Impact of forecast sales and production output and future commodity prices to cash inflows projected. • The Group's planned levels of operational and capital expenditures, and the ability of the Group to manage cash outflows within available funding.	Our procedures included: • We analysed the cash flow projections by: – Evaluating the underlying data used to generate the projections. We specifically looked for their consistency, including forecast sales and production output and commodity prices, with those used by the Directors, and tested by us, as set out in the value of property, plant and equipment and mine properties Key Audit Matter, their consistency with the Group's intentions, as outlined in the Group's operational plan, and their comparability to historical performance. – Analysing the impact of reasonably possible changes in projected cash flows and their timing, to the projected periodic cash positions. Assessing the resultant impact to the ability of the Group to pay debts as and when they fall due and continue as a going concern. The specific areas we focused on were informed from our comparison of actual results against previous Group cash flow projections and sensitivity analysis on key cash flow projection assumptions.

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• The Group's ability to meet financing commitments and covenants. This included nature of planned methods to achieve this, feasibility and status/progress of those plans. In assessing this key audit matter, we involved senior audit team members who understand the Group's business, industry and the economic environment it operates in.	– Assessing the planned levels of operating and capital expenditures for consistency of relationships and trends to the Group's historical results, performance since year end, and our understanding of the business, industry and economic conditions of the Group. • We read correspondence with existing financiers and other potential funding sources to assess the options available to the Group including renegotiation of existing debt facilities, waivers in meeting financial loan covenants and negotiation of additional/revised funding arrangements should cash flow forecasts not be met. • We evaluated the Group's going concern disclosures in the financial report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow projection assessment, the Group's plans to address those events or conditions, and accounting standard requirements.

Other Information

Other Information is financial and non-financial information in Dacian Gold Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's Report. The Chairman's Letter to Shareholders, Review of Operations, ASX Additional Information and Tenement Schedule are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

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Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001.
- Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- Assessing the Group's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the 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.

INDEPENDENT AUDITOR'S REPORT

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Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Dacian Gold Limited for the year ended 30 June 2019, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' 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 responsibilities

We have audited the Remuneration Report included in pages 11 to 18 of the Directors' report for the year ended 30 June 2019.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

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Graham Hogg
Partner

Perth

13 September 2019

ASX ADDITIONAL INFORMATION

Pursuant to the Listing Requirements of the Australian Securities Exchange, the shareholder information set out below was applicable as at 30 September 2019.

A. Distribution of Equity Securities

Analysis of numbers of shareholders by size of holding:

Distribution	Number of Shareholders	Securities Held
1-1,000	1,072	612,858
1,001-5,000	1,819	5,240,796
5,001-10,000	815	6,538,853
10,001-100,000	1,272	37,977,540
More than 100,000	159	175,905,181
TOTALS	**5,137**	**226,275,228**

There are 322 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
INVESCO AUSTRALIA LIMITED	11,340,000	5.02%

C. Twenty Largest Shareholders

	Shareholder Name	Number of Shares	% of Shares
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	35,689,949	15.77
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	25,021,242	11.06
3	CITICORP NOMINEES PTY LIMITED	14,223,223	6.29
4	POLLY PTY LTD <BS PATTERSON FAMILY A/C>	8,954,987	3.96
5	VITESSE PTY LTD <THE VITESSE INVESTMENT A/C>	7,527,659	3.33
6	TODTONA PTY LTD	6,887,374	3.04
7	KINGARTH PTY LTD	5,280,682	2.33
8	SANPOINT PTY LTD <THE FIORE FAMILY A/C>	4,800,000	2.12
9	SGJ INVESTMENTS PTY LTD	4,750,000	2.10
10	ARIKI INVESTMENTS PTY LIMITED	4,610,051	2.04
11	DALRAN PTY LTD <SMITH FAMILY A/C>	4,445,000	1.96
12	REDASO PTY LTD <REDASO FAMILY A/C>	3,163,180	1.40
13	CS THIRD NOMINEES PTY LTD <HSBC CUST NOM AU LTD 13 A/C>	2,811,021	1.24
14	ROGO INVESTMENTS PTY LIMITED	2,730,555	1.21
15	GARY JOHNSON SUPER MANAGEMENT PTY LTD <S/F NO 2 A/C>	1,881,362	0.83
16	BNP PARIBAS NOMS PTY LTD <IB AU NOMS RETAIL CLIENT DRP>	1,792,782	0.79
17	MR KENNETH JOSEPH HALL <HALL PARK A/C>	1,739,834	0.77
18	CAUTIOUS PTY LTD <THE RESERVE A/C>	1,595,000	0.70
19	MRS TANIA BALDWIN	1,055,000	0.47
20	BREMERTON PTY LTD <THE BARTLETT FAMILY FUND A/C>	1,000,000	0.44
	TOTALS	**139,958,901**	**61.85**

D. Unquoted Securities

Options:

Number of Options	Exercise Price	Expiry Date	Number of Holders
2,000,000	$0.39	17 November 2019	1
400,000	$1.15	30 September 2020	2
1,550,000	$1.16	31 January 2021	4
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
69,701	2 July 2020	8
1,601,019	1 July 2021	136

E. Voting Rights

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 30 JUNE 2019

Tenement Type	Tenement	Status	Location	Ownership
E	39/1950	Granted	Lake Carey	Dacian Gold Ltd (100%)
E	39/1951	Granted	Lake Carey	Dacian Gold Ltd (100%)
E	39/1967	Granted	Lake Carey	Dacian Gold Ltd (100%)
E	39/2002	Granted	Lake Carey	Dacian Gold Ltd (100%)
P	38/4486	Application	Mt Jumbo	Dacian Gold Ltd (100%)
E	38/2951	Granted	Mt Morgans	Dacian Gold Ltd (100%)
E	39/1310	Granted	Mt Morgans	Dacian Gold Ltd (100%)
E	39/1713	Granted	Mt Morgans	Dacian Gold Ltd (100%)
E	39/1787	Granted	Mt Morgans	Dacian Gold Ltd (100%)
E	39/2004	Granted	Mt Morgans	Dacian Gold Ltd (100%)
E	39/2017	Granted	Mt Morgans	Dacian Gold Ltd (100%)
E	39/2020	Granted	Mt Morgans	Dacian Gold Ltd (100%)
E	39/2038	Granted	Mt Morgans	Dacian Gold Ltd (100%)
E	38/3211	Granted	Mt Morgans	Dacian Gold Ltd (90%) & Jindalee Resources Ltd (10%)
E	38/3272	Granted	Mt Morgans	Dacian Gold Ltd (90%) & Jindalee Resources Ltd (10%)
M	39/1135	Application	Mt Morgans	Dacian Gold Ltd (90%) & Jindalee Resources Ltd (10%)
L	39/0057	Granted	Mt Morgans	Mt Morgans WA Mining Pty Ltd (100%)
L	39/0244	Granted	Mt Morgans	Mt Morgans WA Mining Pty Ltd (100%)
L	39/0246	Granted	Mt Morgans	Mt Morgans WA Mining Pty Ltd (100%)
L	39/0283	Application	Mt Morgans	Dacian Gold Ltd (100%)
M	38/0395	Granted	Mt Morgans	Dacian Gold Ltd (100%)
M	38/0396	Granted	Mt Morgans	Dacian Gold Ltd (100%)
M	38/0548	Granted	Mt Morgans	Dacian Gold Ltd (100%)
M	38/0595	Granted	Mt Morgans	Dacian Gold Ltd (100%)
M	38/0848	Granted	Mt Morgans	Dacian Gold Ltd (100%)
M	39/0018	Granted	Mt Morgans	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0036	Granted	Mt Morgans	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0208	Granted	Mt Morgans	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0228	Granted	Mt Morgans	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0236	Granted	Mt Morgans	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0240	Granted	Mt Morgans	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0248	Granted	Mt Morgans	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0250	Granted	Mt Morgans	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0261	Granted	Mt Morgans	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0264	Granted	Mt Morgans	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0272	Granted	Mt Morgans	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0273	Granted	Mt Morgans	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0282	Granted	Mt Morgans	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0287	Granted	Mt Morgans	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0291	Granted	Mt Morgans	Dacian Gold Ltd (100%)
M	39/0295	Granted	Mt Morgans	Dacian Gold Ltd (100%)
M	39/0304	Granted	Mt Morgans	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0305	Granted	Mt Morgans	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0306	Granted	Mt Morgans	Dacian Gold Ltd (100%)
M	39/0333	Granted	Mt Morgans	Dacian Gold Ltd (100%)
M	39/0380	Granted	Mt Morgans	Dacian Gold Ltd (100%)
M	39/0390	Granted	Mt Morgans	Mt Morgans WA Mining Pty Ltd (100%)

TENEMENT SCHEDULE

AS AT 30 JUNE 2019

Tenement Type	Tenement	Status	Location	Ownership
M	39/0391	Granted	Mt Morgans	Dacian Gold Ltd (100%)
M	39/0392	Granted	Mt Morgans	Dacian Gold Ltd (100%)
M	39/0393	Granted	Mt Morgans	Dacian Gold Ltd (100%)
M	39/0394	Granted	Mt Morgans	Dacian Gold Ltd (100%)
M	39/0395	Granted	Mt Morgans	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0403	Granted	Mt Morgans	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0441	Granted	Mt Morgans	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0442	Granted	Mt Morgans	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0443	Granted	Mt Morgans	Dacian Gold Ltd (100%)
M	39/0444	Granted	Mt Morgans	Dacian Gold Ltd (100%)
M	39/0497	Granted	Mt Morgans	Dacian Gold Ltd (100%)
M	39/0501	Granted	Mt Morgans	Dacian Gold Ltd (100%)
M	39/0502	Granted	Mt Morgans	Dacian Gold Ltd (100%)
M	39/0503	Granted	Mt Morgans	Dacian Gold Ltd (100%)
M	39/0504	Granted	Mt Morgans	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0513	Granted	Mt Morgans	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0745	Granted	Mt Morgans	Mt Morgans WA Mining Pty Ltd (100%)
M	39/0746	Granted	Mt Morgans	Dacian Gold Ltd (100%)
M	39/0747	Granted	Mt Morgans	Dacian Gold Ltd (100%)
M	39/0799	Granted	Mt Morgans	Dacian Gold Ltd (100%)
M	39/0937	Granted	Mt Morgans	Dacian Gold Ltd (100%)
M	39/0938	Granted	Mt Morgans	Dacian Gold Ltd (100%)
M	39/0993	Granted	Mt Morgans	Dacian Gold Ltd (100%)
M	39/1107	Granted	Mt Morgans	Mt Morgans WA Mining Pty Ltd (100%)
M	39/1120	Granted	Mt Morgans	Dacian Gold Ltd (100%)
M	39/1122	Granted	Mt Morgans	Dacian Gold Ltd (100%)
M	39/1129	Granted	Mt Morgans	Dacian Gold Ltd (100%)
M	39/1133	Application	Mt Morgans	Dacian Gold Ltd (100%)
M	39/1137	Application	Mt Morgans	Dacian Gold Ltd (100%)
P	39/5377	Granted	Mt Morgans	Dacian Gold Ltd (100%)
P	39/5469	Granted	Mt Morgans	Dacian Gold Ltd (100%)
P	39/5498	Granted	Mt Morgans	Dacian Gold Ltd (100%)
P	39/5823	Granted	Mt Morgans	Dacian Gold Ltd (100%)
P	39/5825	Granted	Mt Morgans	Dacian Gold Ltd (100%)
P	39/5826	Granted	Mt Morgans	Dacian Gold Ltd (100%)
P	39/5827	Granted	Mt Morgans	Dacian Gold Ltd (100%)
P	39/5828	Granted	Mt Morgans	Dacian Gold Ltd (100%)
P	39/5829	Granted	Mt Morgans	Dacian Gold Ltd (100%)
P	39/5830	Granted	Mt Morgans	Dacian Gold Ltd (100%)
P	39/5865	Granted	Mt Morgans	Dacian Gold Ltd (100%)
P	39/6060	Granted	Mt Morgans	Dacian Gold Ltd (100%)
P	39/6121	Application	Mt Morgans	Dacian Gold Ltd (100%)
P	39/6122	Application	Mt Morgans	Dacian Gold Ltd (100%)
P	39/6123	Application	Mt Morgans	Dacian Gold Ltd (100%)
P	38/4466	Granted	Nicholson Well	Dacian Gold Ltd (100%)

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