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Mt Morgans Feasibility Study delivers an Initial Ore Reserve of 1.2Moz

In addition, new PFS shows potential to expand to 1.7Moz

Dacian Gold Limited (**Dacian Gold** or the **Company**) (ASX:DCN) is pleased to present the findings of its 100% owned Mt Morgans Gold Project (**MMGP** or the **Project**) Feasibility Study. The Project is located in the Laverton gold district in Western Australia.

Highlights

The MMGP Feasibility Study delivers an initial Ore Reserve of 18.6Mt @ 2.0 g/t Au for 1.2Moz at an ¹AISC of A\$1,039/oz (US\$779/oz)², and includes:

- Westralia Mine Area (Beresford and Allanson underground mines) initial Ore Reserve of 492Koz at an AISC of A\$837/oz (US\$628/oz) over an initial 4 year period;
- Jupiter Mine Area Ore Reserve of 643Koz from a 1.8km long open pit at an AISC of A\$1,193/oz (US\$895/oz) mined over an 8 year period;
- Initial 8 year mine and treatment schedule produces an average 186Koz per annum for first 4 years;
- Infrastructure capital costs of A\$172M (US\$129M) includes new:
 - 2.5Mtpa CIL treatment facility and tailings storage facility; 416-person accommodation village, construction of mine service facilities at the Westralia and Jupiter Mine Areas; administration complex, power reticulation, establishment of raw water supply; re-establishing haul and service roads; and phone, data and radio communications;
- Mine-establishment capital costs of A\$48M (US\$36M) at Beresford and Allanson underground mines; and at Jupiter open pit. Early ore production to build ROM stocks will allow the new treatment plant to commission at the 2.5 Mtpa nameplate;
- Project permitting is expected to be obtained shortly, which together with the expeditious mine development and project construction timeline, will allow gold production to commence in 16 months time, Q1 CY2018;
- Project Payback period of 21 months using A\$1,600/oz gold price (US\$1,200/oz); and
- Initial Ore Reserve period to Payback period ratio of 4.3.

Dacian Gold also releases today an MMGP Pre-Feasibility Study (PFS) on the potential

¹ AISC = C1 Cash Cost (site-based mining, processing operating costs + administration costs + transport + refining charges)+ royalties + sustaining capital costs

² AUD:USD exchange rate set at \$A1.00 = US\$0.75

expansion of the Westralia Mine Area, which includes:

- Potential increase of the 1.2Moz MMGP Ore Reserve to 21.4Mt @ 2.4g/t Au for 1.7Moz;
- Corresponding MMGP AISC improves to potentially A\$970–975/oz (US\$730–735/oz);
- Westralia Mine Area potentially increases to 938Koz at an AISC of \$A795–805/oz (US\$595–605/oz);
- 73% of ounces considered in this expansion PFS is underpinned by the existing high confidence Ore Reserves;
- Mine life potentially extends to 9 years with first 7 years averaging 197Koz of annual gold production; and
- An additional capital expenditure of approximately A\$3M with no additional financing or material permitting requirements is assumed in the expansion PFS.

The Dacian Gold Board has approved the Feasibility Study and, subject to obtaining a suitable financing arrangement, has approved the Project to proceed to construction. It is anticipated construction will commence immediately after project financing has been completed, with gold production targeted for Q1 CY2018.

Dacian Gold Executive Chairman, Rohan Williams said the studies showed that Mt Morgans will be a high quality gold project with significant production scale, low costs and outstanding potential for further growth.

“It is almost four years to the day that Dacian listed on the ASX as a junior explorer and today we announce an initial eight–year Ore Reserve that will mine 1.2 million ounces of gold,” Mr Williams said.

“We have delivered on our Feasibility Study target of converting the 2015 Scoping Study potential production profile into a maiden Ore Reserve.”

“There are also abundant growth opportunities, with the new expansion PFS demonstrating the potential to increase production while potentially reducing the AISC to around A\$970/oz over a nine–year period. Add to that the excellent exploration upside, and it’s not hard to see a long mine life at Mt Morgans.”

Mr Williams thanked the Dacian Gold team for their outstanding achievements in delivering the Mount Morgans Feasibility Study and the expansion PFS over a short time period.

“I would like to pay tribute to the entire Dacian Gold team, including our different contractors and consultants, who have worked very hard to advance the project as fast as they have. It has been a fantastic effort by everyone involved.”

Executive Summary

Key Outcomes

The Mt Morgans Gold Project (MMGP) Feasibility Study shows the MMGP is both technically and economically feasible beginning its life with an initial Ore Reserve of 18.6Mt @ 2.0g/t Au for 1.2Moz over an 8 year period with an average all-in-sustaining-cost (AISC) of A\$1,039/oz (US\$779/oz). Key outcomes from the Feasibility Study include:

- 3.8Mt @ 4.5g/t Au for 557Koz is mined from underground mines of which 492Koz is mined from the Westralia Mine Area (Beresford and Allanson) at an AISC of A\$837/oz (US\$628/oz);
- 14.8Mt @ 1.4 g/t Au for 643Koz is mined from a single, 1.8km long, up to 560m wide and 220m deep open pit from the Jupiter Mine Area at an AISC of A\$1,193/oz (US\$895/oz);
- Infrastructure capital costs of A\$172M (US\$129M) include a new 2.5Mtpa CIL treatment facility and tailing storage facility; establishment of raw-water supply infrastructure, a new 416-person accommodation village, construction of mine service area facilities (including offices, workshops, fuel storage and power distribution) at both the Westralia and Jupiter Mine areas; administration complex, reticulation of overland power from the power station, re-establishment of previously used haul roads and service roads and installation of mobile phone, data, voice and radio communications infrastructure;
- Mine-establishment capital costs of A\$48M (US\$36M) at Beresford, Allanson and the Jupiter open pit so as to deliver high grade stocks to the ROM pad ahead of Q1 CY2018 commissioning of the 2.5Mtpa CIL treatment facility;
- The Feasibility Study production schedule delivers 171Koz in year 1, 224Koz in year 2, 196Koz in year 3 and 152Koz in year 4 as the impact of the high-grade high-margin Westralia Mine Area ores reduces with the depletion of its initial Ore Reserve;
- The low-cost nature of the preferentially mined high-grade ores from the Westralia Mine Area provides a Project payback period of less than 21 months using a \$A1,600/oz (US\$1,200/oz) gold price; and
- The initial Ore Reserve period to payback period ratio of 4.3 confirms the MMGP as a new, high quality Australian mid-tier gold production centre.

Dacian Gold has today also released the results of the MMGP expansion Pre-Feasibility Study (PFS) assessing the potential impact of expanding the Westralia Mine Area. Key outcomes from the PFS include:

- The MMGP production may increase from Ore Reserve of 18.6Mt @ 2.0g/t Au for 1.20

million ounces to 21.4Mt @ 2.4 g/t Au for 1.65 million ounces;

- The corresponding MMGP Ore Reserve AISC could improve from A\$1,039/oz (US\$779/oz) in the current Feasibility Study to a possible AISC of A\$970–975/oz (US\$730–735/oz) for the expansion PFS;
- The expansion PFS focused on the potential expanded production from the Westralia Mine Area (Beresford and Allanson mines). The expansion PFS does not include any changes to the Jupiter Mine Area and Transvaal mine Ore Reserves;
- A potential increase of the Westralia Mine Area Ore Reserve of 492,000 ounces at an AISC of A\$837/oz (US\$628/oz) to 938,000 ounces at an AISC of A\$795–805/oz (US\$595–605/oz) is indicated;
- A potential average gold production of 197,000 ounces per annum for the first 7 years;
- The mine life increases from 8 years in Ore Reserve to potentially 9 years; and
- An assumed additional capital expenditure of approximately \$3 million to increase capacity of tailings storage facility. No other infrastructure, material changes to permitting or financing requirements are assumed to be necessary for the PFS.

The Board of Dacian Gold has approved the Feasibility Study and the expansion PFS; and, subject to completion of financing, approved the MMGP to proceed to construction targeting gold production in Q1 CY2018.

Introduction

Mt Morgans is located in the heart of the Laverton gold district in Western Australia, and represents the second largest gold field in Australia behind Kalgoorlie. Laverton has seen over 20Moz of gold discoveries in the last two decades with the world-class +8Moz Wallaby deposit operating just 7km from the MMGP and the world-class +10Moz Sunrise Dam deposit operating only 25km from the MMGP.

In less than four years since the Company completed its \$20M IPO on the ASX as a junior explorer, it has:

- i. Increased the MMGP Mineral Resource base by over 300% to 3.3Moz of gold;
- ii. Discovered a 1.6Moz, high-grade underground gold deposit at Westralia and 16km away, discovered a 1.4Moz near-surface gold deposit at Jupiter;
- iii. Raised A\$25M in its second-only capital raising completed in late 2015; and
- iv. Now completed the MMGP Feasibility Study that shows the MMGP is both technically and economically feasible beginning its life with an initial Ore Reserve of 1.20Moz over an 8 year period with an average all-in-sustaining-cost of A\$1,039/oz (US\$779/oz).

The MMGP is located 25km south-west of Laverton in Western Australia. It benefits from

having access to a significant level of existing infrastructure not often available to exploration companies building projects. The existing infrastructure includes:

- sealed highways and a new gas pipeline passing through the project tenure;
- a public airport at Laverton providing ready access to site for the FIFO workforce considered in the Feasibility Study;
- easy access to the Laverton and Leonora townships that are able to provide wide-ranging services to the mining companies in the area;
- the majority of the 550km² of tenure is underlain by granted mining leases that are subject to 21 year terms and are able to be renewed on the same terms;
- a borefield providing low-salinity raw water for the proposed treatment plant. The borefield is located on granted Dacian Gold tenure; and
- an existing Telstra microwave tower located 6km north of the Westralia Mine Area will assist in site-based communications requirements.

The gold price used in the Feasibility Study is A\$1,600/oz and where costs are quoted in US dollars, a \$0.75 exchange rate has been assumed.

Mineral Resources

The MMGP Mineral Resource of 3.3Moz has been independently estimated by RungePincockMinarco. Of the total Mineral Resource, 2.2Moz is classified as Measured and Indicated; and of this, 2.1Moz has been used for this Feasibility Study to estimate the initial 1.20Moz MMGP Ore Reserves. Mineral Resources are inclusive of Ore Reserves.

Mining/Ore Reserves

The initial Ore Reserve for the MMGP is 18.6Mt @ 2.0g/t Au for 1.20Moz over an initial mining and treatment period of 8 years. Table E1 below is a summary of the MMGP Ore Reserve.

Mount Morgans Gold Project Initial Ore Reserves

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

Table E1 – Initial Ore Reserves for the Mt Morgans Gold Project. Rounding errors may occur.

The MMGP is essentially a large underground mining complex at Westralia and a single large open pit at Jupiter, located 16km apart; both feeding a new 2.5Mtpa CIL treatment facility to

be built close to Jupiter. The initial Ore Reserve for the MMGP shows Jupiter contributes approximately 80% of the tonnage feed to the treatment plant for 54% of the ounces. Correspondingly, the initial Ore Reserve for the underground mines contributes 46% of the ounces to the treatment plant and only 20% of the tonnage.

Given the high-grade and high-margin nature of the Westralia Mine Area ores, all material mined from the Beresford and Allanson underground mines is prioritised as early production sources in the mining and treatment schedules to maximise the cash-margin from the early stage mining at Mt Morgans. It remains a core focus for Dacian Gold to extend the Westralia Mine Area Ore Reserve life beyond 2021, and the 3.5Mt @ 6.5g/t Au for 715,000 ounces of Inferred Mineral Resource that lies directly along strike and beneath, and is contiguous with, the Beresford and Allanson Ore Reserves provides the Company with the potential to extend the mine life at both Beresford and Allanson.

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

Westralia Mine Area

The Westralia Mine Area comprises the Beresford and Allanson underground mines, both of which lie beneath the historic Westralia open pit, and both of which contain the down dip-continuation of those lodes mined in the historic open pit.

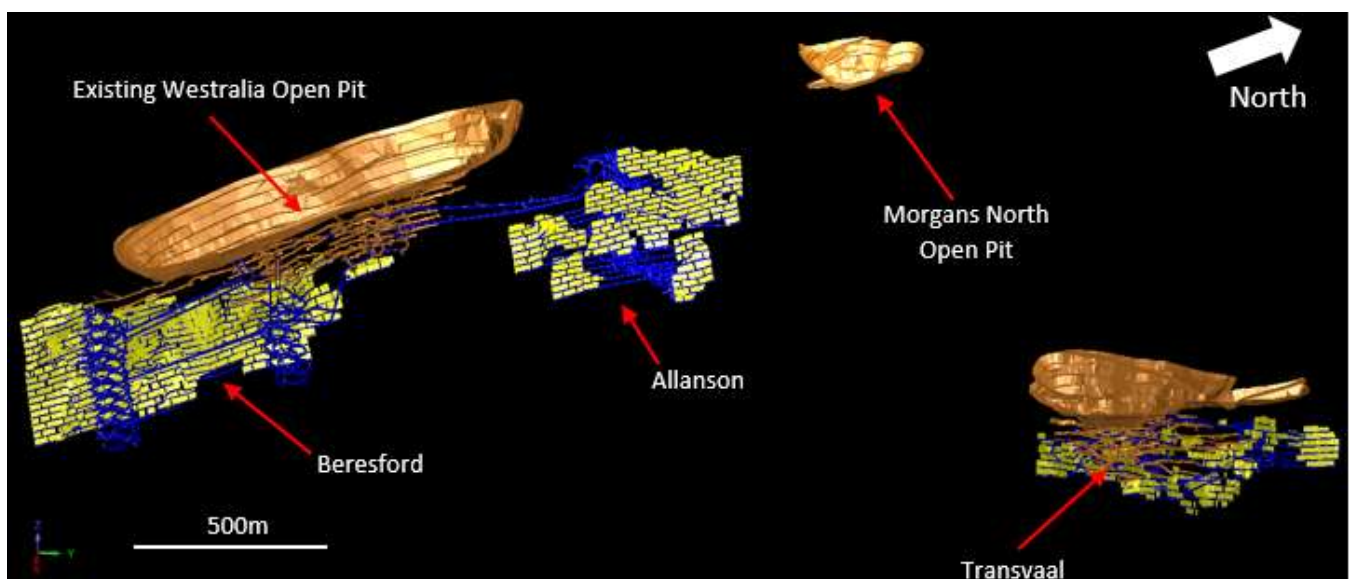


Figure E1 – Isometric long section of the Beresford and Allanson Ore Reserves (together Westralia Mine Area); and Transvaal Ore Reserve. New mine development is blue and stoping is yellow. Existing mine development shown in brown.

The Westralia Mine Area contains an 8.6Mt @ 5.8g/t Au for 1.62Moz Mineral Resource of which 5.2Mt @ 5.4g/t Au for 905Koz is defined as Measured and Indicated. It is from the 905Koz Measured and Indicated Mineral Resource that 3.3Mt @ 4.6g/t Au for 492Koz has been estimated as initial Ore Reserves. The forecast all-in-sustaining-cost (AISC) of the Westralia Mine Area Ore Reserves is A\$837/oz (US\$628/oz). It is likely the Beresford and Allanson underground mines will become two of the lowest cost underground gold mines in Australia.

The low-cost nature of the preferentially mined high-grade ores from the Westralia Mine Area provides a Project payback period of less than 21 months using a \$A1,600/oz (US\$1,200/oz) gold price.

Beresford's initial Ore Reserve is 2.4Mt @ 4.2g/t Au for 331Koz which is to be mined at an AISC of A\$845/oz (US\$634/oz), whereas the Allanson initial Ore Reserve of 0.9Mt @ 5.7g/t Au for 162Koz ounces has a corresponding AISC of A\$819/oz (US\$614/oz). For both the Beresford and Allanson mine designs, Dacian Gold focused on maximising cash-margins, and in doing so, omitted several stoping blocks and associated development despite such areas having production grades in excess of cut-off grades. The Company's early-production objective is to maximise the cash-generating ability of the mines to accelerate pay-back.

Both Beresford and Allanson will be mined utilising a top-down, sub-level open stoping arrangement commonly seen throughout the Western Australian gold fields. Both mines will be accessed off existing mine development associated with the historic Westralia open pit and underground mine.

All material assumptions including a detailed account of technical inputs used in the mine designs are included in Appendix 4 of this announcement.

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

Jupiter Mine Area

The Jupiter Mine Area is defined principally by a single large open pit measuring 1.8km long, up to 650m wide and up to 220m deep (see Figure E2). The initial Ore Reserve at Jupiter is 14.8Mt @ 1.4g/t Au for 643Koz and with a strip ratio of 7.5. It will be mined and treated over the 8 year period of the MMGP Ore Reserve. As noted above, a key focus for Dacian Gold is to preferentially mine and process the high-grade, high-margin ores from the Westralia Mine Area. Such ores will take priority in the treatment schedule with any available treatment capacity to be consumed by treating the Jupiter ores.

The individual deposits that make up the large 1.8km long Jupiter open pit comprise Doublejay, Heffernans and Ganymede. Each of the three deposits can be mined and scheduled separately and have been assumed for the Feasibility Study to follow the production schedule:

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

Should Dacian Gold be successful in identifying higher-value ores during its aggressive exploration campaigns or converting high grade Inferred Mineral Resource at Westralia Mine Area to Ore Reserves, then it will have the option to preferentially mine and treat such material in place of the Jupiter ores.

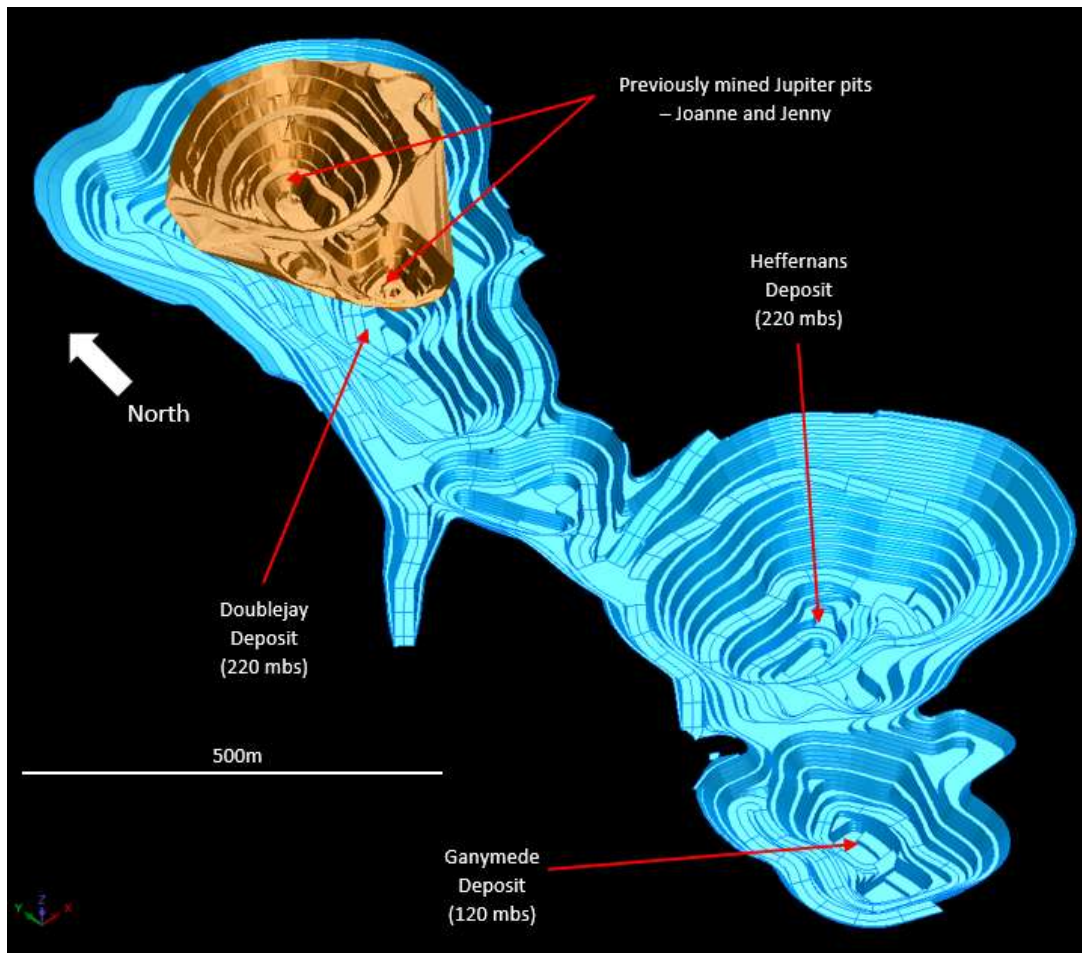


Figure E2 – Jupiter Mine Area open pit Ore Reserve design in blue, with the historic open pit mine in brown.

Processing

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

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

The proposed process design for the new plant incorporates an SABC configuration (primary crush, SAG mill, pebble crush and ball mill) which is similar to the configuration used during the 1990s at Mt Morgans (see Figure E3).

The crushing and milling of ores is designed to produce a P₈₀ passing 106 microns. The MMGP ores exhibit coarse gold able to be recovered using gravity concentrators. Leach residence time will be 28 hours. Gold dore will be smelted on site and transported to the refinery prior to sale.

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

Treatment costs are estimated at A\$17.88/t.

Power will initially be provided by a diesel-fueled 20MW power station built close to the site of the treatment plant near to the Jupiter open pit mine. It is anticipated the power station will be constructed under a build-own-operate arrangement. Dacian Gold may investigate gas-fired power once it is able to measure power draw from the site after an initial 12 month operating period.

Over the initial 8 year Ore Reserve which produces 1.1Moz of gold as determined by this Feasibility Study, a breakdown of ore mined and ounces produced by year is tabulated in Table E2.



Figure E3 – 3D-image of new 2.5Mtpa CIL treatment facility with Jupiter open pit in the background.

MMGP Initial Ore Reserve Mine and Gold Production Schedule

			2017	2018	2019	2020	2021	2022	2023	2024	2025
UG Mined	Kt	3,834	38	734	1201	1221	613	27			
	g/t	4.5	3.4	5.3	4.2	4.3	4.7	5.1			
	Koz.	558	4	124	164	167	93	4			
OP Mined	Kt	14,752	4	1869	1713	1585	1986	3124	2503	1861	107
	g/t	1.4	0.7	1.2	1.6	1.1	1.2	1.5	1.2	1.6	2.3
	Koz.	643	0.1	72	90	55	77	152	93	97	8
TOTAL MINED	Kt	18,585	42	2,602	2,914	2,806	2,599	3,151	2,503	1,861	107
	g/t	2.0	3.1	2.3	2.7	2.5	2.0	1.5	1.2	1.6	2.3
	Koz.	1,200	4	197	254	222	170	156	93	97	8
Ore Treatment											
Ore Treated	Kt	18,585		1,991	2,500	2,507	2,500	2,500	2,500	2,507	1,581
	Recovery	90.7%		90.8%	90.7%	90.6%	90.2%	89.9%	89.6%	88.7%	85.3%
Gold Production											
Gold Produced	Koz.	1,089		171	224	196	152	130	82	100	33

Table E2 – Ore mining and gold production schedule for the MMGP initial Ore Reserves

Infrastructure Capital Costs

The estimated capital cost for all Project infrastructure is A\$172M (US\$129M).

The estimated cost of the new 2.5Mtpa treatment facility, including associated infrastructure, is \$134.2M. Other material capital items include a new 416-person accommodation village at A\$20.8M, Mine Service Areas Facilities \$7.3M, Communications \$4M and earthworks and roads \$4M.

Dacian Gold believe there are opportunities to improve on the estimated process plant and infrastructure capital costs. These include possible savings on the estimated cost of A\$20.8M for a new accommodation village as well as over A\$4M for a fleet of new light vehicles in the treatment plant capital cost. The Company believes it may be able to procure a second-hand accommodation village and lease new vehicles – all of which may positively impact the capital cost outlay.

Project Permitting

Key approvals including the Mining Proposal and Mine Closure Plan application; the Native Vegetation Clearing Permit application and the Works Approval and License application have all been submitted to the relevant government departments.

All tenure required to develop the Project lies on granted Mining Leases other than one tenement application required for excavation of gravel material to construct tailings cell facility walls. It is anticipated the tenement will be granted in December 2016.

Project Finance

Total capital cost to develop the Project is A\$220M (US\$165M) which includes A\$172M (US\$129M) for site-infrastructure including a new 2.5Mtpa CIL processing facility, and A\$48M (US\$36M) for mine-establishment capital to develop the Beresford and Allanson underground mines; and the Jupiter open pit ahead of commencement of ore treatment in Q1 CY2018.

As noted above, Project payback occurs in less than 21 months at a gold price of A\$1,600/oz. The initial Ore Reserve period to Payback ratio of 4.3 provides the Company with confidence it will be able to finance the Project on attractive terms.

Dacian Gold intends to finance the Project through a combination of project debt and equity. Project debt discussions are advanced with a number of reputable domestic and international banks. The Company anticipates entering into a Project Facility Agreement in December 2016, with first draw down anticipated to be in Q2 CY2017.

Project Schedule

Table E3 below summarises the key milestones and timelines required to achieve gold production in Q1 CY2018.

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

Table E3 – MMGP milestones and Project deliver schedule

Next Steps

As the Dacian Gold Board has, subject to procuring acceptable terms to finance the Project, approved the Project for construction, the immediate near-term key milestones are:

- Grant of regulatory approvals and permitting;
- Secure requisite project funding;
- Order long lead time items including mills for the processing plant. A tender process to place mill orders has commenced;
- Tendering the EPC contract for the plant and infrastructure construction;
- Identify additional cost-saving measures from proposed capital expenditure; and
- Maintain an aggressive exploration campaign focused on discovering high-value gold deposits that can deliver the MMGP a long-lived production schedule of +200Kozpa. Key exploration target areas include Westralia Deeps, Cameron Well, Jupiter Regional, Late-basin Margin, Rainbow Bore and Callisto. The Company is budgeting A\$12–15 million per annum on ongoing exploration activities.

Appendix 1 – MMGP Expansion Pre-Feasibility Study (PFS)

Dacian Gold has today also released the results of the MMGP expansion PFS assessing the potential impact of expanding the Westralia Mine Area. Key outcomes from the PFS include:

- The MMGP production may increase from an initial Ore Reserve of 18.6Mt @ 2.0g/t Au

for 1.2 million ounces to 21.4Mt @ 2.4 g/t Au for 1.7 million ounces;

- Corresponding MMGP Ore Reserve AISC improves from A\$1,039/oz (US\$779/oz) to an expansion PFS AISC of A\$970–975/oz (US\$730–735/oz);
- The PFS focused on the potential expanded production of Westralia Mine Area (Beresford and Allanson mines). PFS does not include any changes from the Jupiter Mine Area and Transvaal mine Ore Reserves;
- The expansion PFS shows potential increase of Westralia Mine Area Ore Reserve of 492,000 ounces (at an AISC of A\$837/oz (US\$628/oz)) to 938,000 ounces at an AISC of A\$795–805/oz (US\$595–605/oz);
- The expansion PFS shows potential average gold production of 197,000 ounces per annum for first 7 years;
- The expansion PFS mine life increases from 8 years in Ore Reserve to potentially 9 years; and
- The expansion PFS assumes increased capital expenditure of approximately \$3 million to increase capacity of tailings storage facility. No other infrastructure, permitting or financing requirements are assumed to be necessary for the PFS.

Cautionary Statement – Expansion Pre-Feasibility Study (PFS)

The Production Target described in the Expansion PFS comprises 1.2Moz of Ore Reserves and the potential mining of Inferred Mineral Resources that are contiguous with the Ore Reserves. There is a low level of confidence associated with the Inferred Mineral Resource and there is no certainty that further exploration will result in the conversion to Ore Reserves and that the Production Target itself will be realized.

Mt Morgans Gold Project Feasibility Study

Dacian Gold Limited (**Dacian Gold** or **the Company**) (ASX:DCN) is pleased to present the findings of the Mt Morgans Gold Project (**MMGP** or **the Project**) Feasibility Study. The Board of Dacian Gold has approved, subject to procuring a suitable project financing package, the construction of the Project targeting gold production in Q1 CY2018.

This announcement reports the results of the MMGP Feasibility Study and is divided into the following sections.

Feasibility Study Report Sections

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4	MMGP Mining / Ore Reserves	App 1	MMGP Pre-Feasibility Study
5	MMGP Processing	App 2	Competent Persons Statement
6	Processing Plant and Site Infrastructure Capital Cost	App 3	Forward Looking Statements
7	Project Permitting	App 4	JORC Table 1

1. MMGP Feasibility Study Summary

The MMGP Feasibility Study delivers an initial Ore Reserve of **18.6Mt @ 2.0g/t Au** for **1.20 million ounces** over an initial mine production and ore treatment schedule of **8 years**, see Table 1.

Mount Morgans Gold Project Initial Ore Reserves

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

Table 1 – MMGP Feasibility Study Ore Reserve summary. Rounding errors may occur

The average forecast all-in-sustaining-cost (AISC)³ during this period is **\$A1,039/oz (or ⁴US\$779/oz)** with a corresponding average ⁵C1 cost of **A\$935/oz (US\$701/oz)**.

³ AISC = C1 Cash Cost + royalties + sustaining capital costs

⁴ AUD:USD exchange rate set at \$A1.00 = US\$0.75

⁵ C1 Cash Cost = mining and processing operating costs + site administration costs + transport + refining charges

Mine production of over 845,000 ounces for the first four years is dominated by the underground mines of the Westralia Mine Area (including Beresford and Allanson) where almost 500,000 ounces is forecast to be mined at an average AISC of A\$837/oz (US\$628/oz). Beresford is forecast to mine 331,000 ounces at an AISC of A\$845/oz (US\$634/oz) and Allanson 162,000 ounces at an AISC of A\$819/oz (US\$614/oz).

The low-cost nature of the preferentially mined high-grade ores from the Westralia Mine Area provides a **Project Payback period of less than 21 months** using a \$A1,600/oz (US\$1,200/oz) gold price.

The **initial Ore Reserve period to Payback period ratio of 4.3** confirms the MMGP as a new, high quality Australian mid-tier gold production centre.

Open pit production from the 1.8km long Jupiter mine, which comprises the Doublejay, Heffernans and Ganymede deposits, totals **643,000 ounces** and is mined and treated over the 8 year initial Ore Reserve life. The total Jupiter open pit mine AISC totals A\$1,193/oz (US\$895/oz) with individual deposits being:

- Heffernans, with 323,000 ounces mined at an AISC of A\$1,108/oz (US\$831/oz);
- Doublejay, with 268,000 ounces mined at an AISC of \$A1,241/oz (US\$931/oz);
and
- Ganymede, producing 52,000 ounces at an AISC of A\$1,485/oz (US\$1,114/oz).

The smaller Ganymede deposit is scheduled to be mined in late 2021 and can be delayed if higher value ores are discovered and are able to be processed preferentially.

Pre-production capital of A\$172 million (US\$129 million) comprises the construction of infrastructure including:

- A new 2.5 Mtpa CIL processing plant and a tailings storage facility;
- A new 416-room accommodation village;
- Mine service area facilities including offices, workshops, fuel storage & power distribution at both the Westralia and Jupiter Mine Areas;
- Site preparations for a 20MW power station to be constructed and managed under a build-own-operate (BOO) model;
- An 11kV overhead powerline between the power station at Jupiter and the Westralia Mining Area and on to the accommodation village;
- Refurbishment of the existing haul road between the Westralia Mining Area the processing plant site at Jupiter; and
- Construction and installation of site-based mobile phone, data, voice and radio

communications infrastructure.

In addition, mine-establishment capital of A\$48 million (US\$36 million) is required to develop the Beresford and Allanson underground mines at Westralia; and to commence mining the Jupiter open pit. Early development of the three mines will enable ore stockpiles to be built prior to commissioning the treatment plant in Q1 CY2018. This will allow the treatment plant start-up to process ores at its 2.5Mtpa nameplate rate.

The Feasibility Study assumes a FIFO workforce comprising mining contractor personnel for both the open pit and the underground mines; and Dacian Gold personnel for site management and technical roles and processing plant personnel.

Table 2 below summarises the key outcomes from the MMGP Feasibility Study.

MMGP Feasibility Study Summary

MMGP Initial Ore Reserve Physicals			Underground Mining	
Initial Ore Reserve Timeframe	8 years		Underground Mined Kt	3,834
Initial Ore Reserve Mined Kt (HG)	15,303		Underground Mined Grade (g/t)	4.5
Initial Ore Reserve Mined Grade (HG) (g/t)	2.2		Underground Mined Koz	557
Initial Ore Reserve Mined Kt (LG)	3,285			
Initial Ore Reserve Mined Grade (LG) (g/t)	1.1		Open Pit Mining	
Initial Ore Reserve Contained Gold Mined Koz	1,200		Open Pit Mined Kt (HG)	12,629
Treatment Throughput	2.5Mtpa		Open Pit Mined Grade (HG) (g/t)	1.5
Treatment Recovery	90.7%		Open Pit Mined Koz (HG)	599
Initial Ore Reserve Gold Production Koz	1,100		Open Pit Mined Koz (LG)	45
Initial Ore Reserve C1 Cash Cost	\$A928/oz		Average Strip Ratio (w:o)	7.5
Initial Ore Reserve AISC	A\$1,039/oz			
			Pre-Production Infrastructure Capital	A\$172M
Project Construction start	Q1 CY2017		Pre-Production Mine Establishment Capital	A\$48M
Westralia Mine Areas start	Q2 CY2017		Total pre-production capital	A\$220M
Jupiter Mine Areas start	Q4 CY2017			
Gold Production start	Q1 CY2018		Payback Period	21 months
			Ore Reserve/Payback ratio	4.3

Table 2 – MMGP Feasibility Study key metrics summary.

2. Mt Morgans Gold Project (MMGP) Introduction

Dacian's 100% owned MMGP is located 25km south-west of Laverton in the West Australian gold fields (see Figures 1 and 2). It is a brownfields site where previous operators have produced over 1.3 million ounces of gold, most of which was produced during the 1990s.

The Laverton area is the second largest gold province in Australia behind the Kalgoorlie gold field located 300km to the south (Figure 1). Over the last two decades, more than 20 million ounces of gold has been discovered in the region with world-class gold mines such as Sunrise Dam (+10 million ounces) and Wallaby (+8 million ounces) currently in operation, and located close to the MMGP (Figure 2).

The MMGP project tenure totals approximately 550km² of predominantly granted Mining Leases overlying the core and southern half of the Mt Margaret anticline, which is the Laverton gold field's dominant geologic structure. The majority of historic gold production at Mt Morgans has been sourced from banded iron formation (BIF) at Westralia, syenite intrusives at Jupiter and shear-hosted gold from basalt rock types such as those seen at Transvaal.

A significant benefit to the MMGP is the established infrastructure located within the Laverton gold mining district. As shown on Figure 2, the Laverton-Leonora sealed highway and the newly commissioned Eastern Goldfields (gas) Pipeline pass directly through the MMGP tenure. The sealed public airport at Laverton is only 25 km north-east of the project area. Local towns including Laverton and Leonora offer a wide range of services to mining companies in the area.

The MMGP has been the Company's sole focus since its IPO on the ASX in November 2012 where it raised A\$20 million to pursue an aggressive 3-year exploration campaign aimed at discovering new gold mines at Mt Morgans.

In less than 4 years since the Company's IPO, Dacian has:

- discovered two +1 million ounce gold deposits at Westralia and Jupiter;
- increased Mineral Resources for the MMGP by +300% from 0.8Moz to 3.3Moz;
- completed a detailed Scoping Study outlining Project strategy and potential;
- completed a single A\$25M equity raising in late 2015;
- completed a 90,000m in-fill and extensional drilling program over Westralia and Jupiter; and now,
- completed a Feasibility Study paving the way for Mt Morgans to become a new Australian low-cost mid-tier gold producer.

This announcement describes the outcomes of the MMGP Feasibility Study which investigated the economic viability of co-developing a high-grade underground mining complex at Westralia and a large open pit at Jupiter; together with the construction of a new 2.5Mtpa CIL ore processing facility, and associated infrastructure (see Figure 2). The potential combination of mining the underground Westralia mineralisation and the Jupiter open pit mineralisation, and feeding both ore types to a centrally located treatment facility was the

subject of the Scoping Study announced to the ASX on 30 September 2015.

The Feasibility Study confirms that the MMGP is technically and economically feasible and, subject to securing project financing, will proceed to construction ahead of planned first gold production in Q1 CY2018.

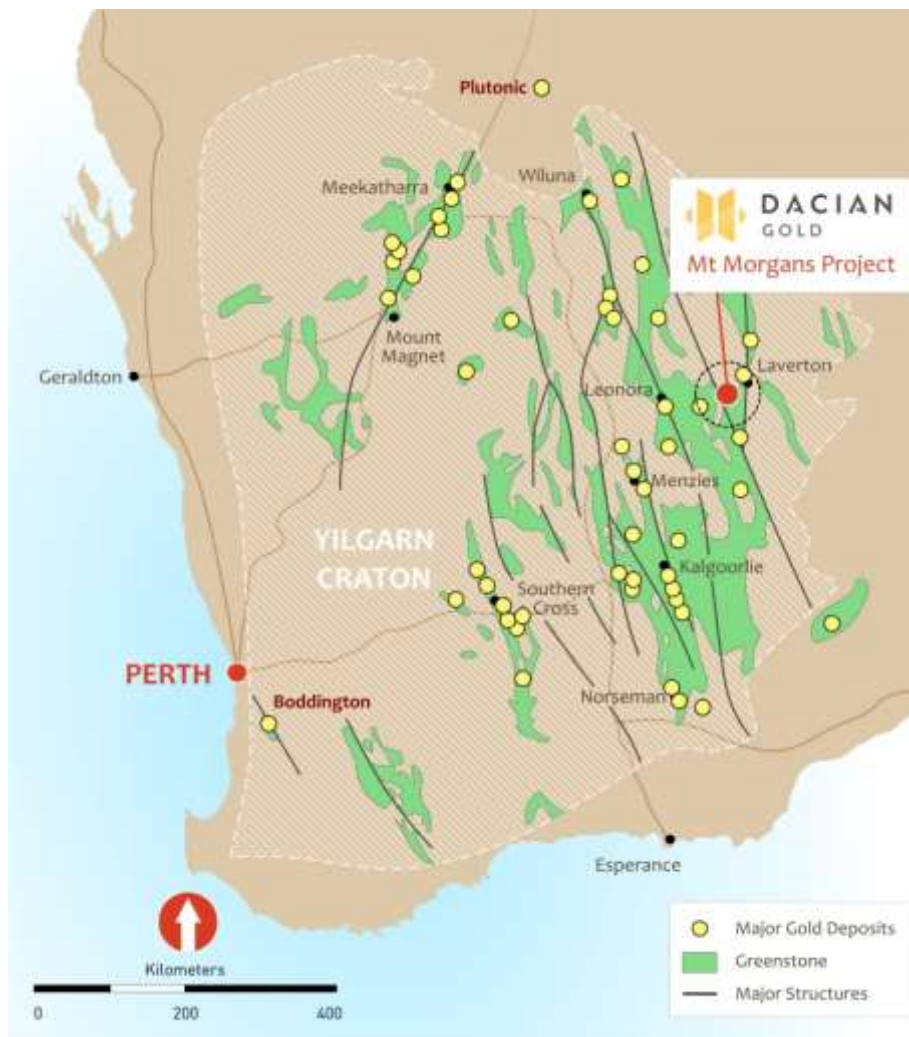


Figure 1 - Regional location map showing Dacian Gold's Mt Morgans Gold Project situated 700km north-east of Perth, in Western Australia

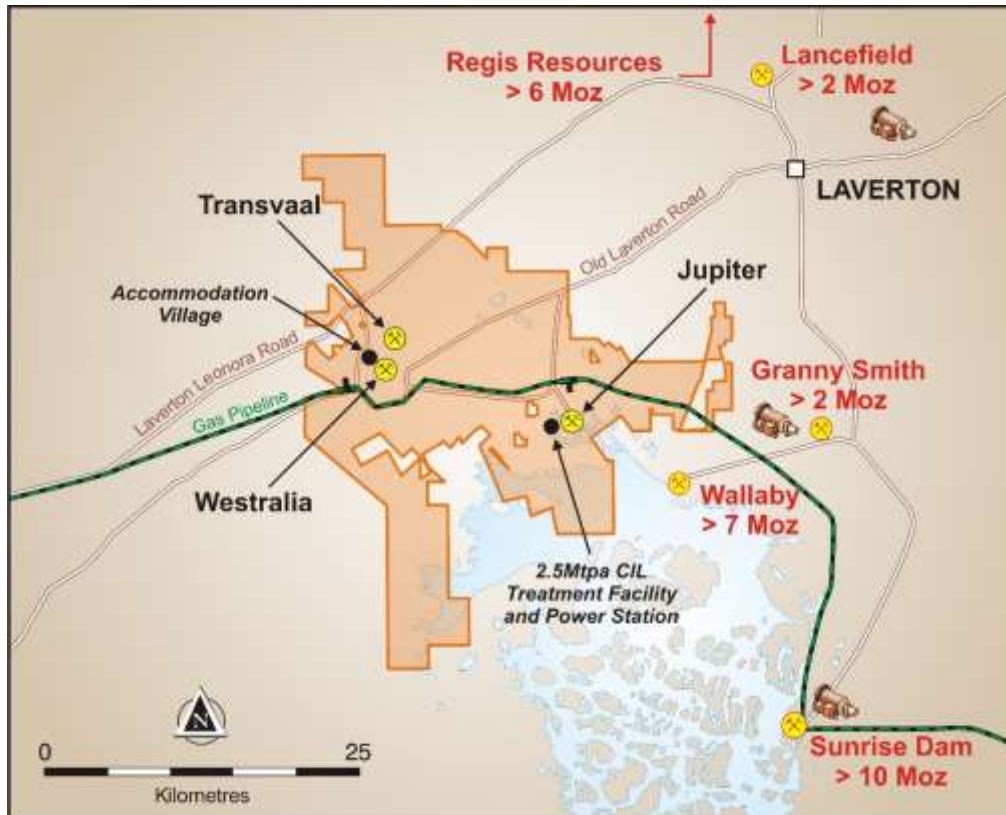


Figure 2 – Location Map showing the Westralia, Transvaal and Jupiter mine areas within the MMGP area (orange) as well as the location of the proposed new treatment plant and other major infrastructure items. Also shown are the proximal multi-million ounce gold deposits.

3. MMGP Mineral Resources

The Mineral Resources used in the MMGP Feasibility Study for estimation of the MMGP initial Ore Reserve are the Westralia, Jupiter and Transvaal deposits, as shown in Table 2. See ASX announcements 28 July 2016 (Westralia), 19 July 2016 (Jupiter) and 16 September 2015 (Transvaal) for full technical descriptions and requisite disclosures of the respective Mineral Resources used in the MMGP Feasibility Study.

All Mineral Resources used in the MMGP Feasibility Study were independently estimated by RungePincockMinarco (see also Appendices 2 and 4 of this announcement).

Low grade Mineral Resources, including the Jupiter LG Stockpile (58Koz), and low magnitude Mineral Resources of King Street (33Koz), Craic (46Koz) and Ramornie (57Koz) were not subject to mining studies in the Feasibility Study, and therefore represent minor potential additions to the MMGP Ore Reserve, to be assessed at a later date.

Mount Morgans Gold Project Mineral Resources at 28 July 2016

	COG	Measured			Indicated			Inferred			Total Mineral Resource		
		Au g/t	Mt	Au g/t	Koz Au	Mt	Au g/t	Koz Au	Mt	Au g/t	Koz Au	Mt	Au g/t
King Street*	0.5	-	-	-	-	-	-	0.5	2.0	33	0.5	2.0	33
Jupiter	0.5	1.0	1.7	54	23	1.4	1,006	5.7	1.1	197	29.6	1.3	1,257
Jupiter UG	1.5	-	-	-	-	-	-	0.5	2.0	34	0.5	2.0	34
Jupiter LG Stockpile	0.5	3.5	0.5	58	-	-	-	-	-	-	3.5	0.5	58
Westralia	2.0	0.4	5.0	65	4.8	5.5	840	3.5	6.5	715	8.6	5.8	1,621
Craic*	0.5	-	-	-	0.1	8.2	18	0.1	7.1	27	0.2	7.5	46
Transvaal	2.0	0.4	5.8	68	0.4	5.3	69	0.5	4.7	73	1.3	5.2	210
Ramornie	2.0	-	-	-	0.2	4.1	21	0.3	3.9	36	0.4	4.0	57
TOTAL		5.3	1.5	246	28.3	2.1	1,954	11.1	3.1	1,115	44.7	2.3	3,315
* JORC 2004													

Table 3 – Mount Morgans Gold Project Mineral Resources at 28 July 2016. The Jupiter, Westralia and Transvaal Mineral Resources (highlighted white) are the only Mineral Resource estimates used in the MMGP Feasibility Study. Rounding errors may occur. Mineral Resources are inclusive of Ore Reserves.

4. MMGP Mining / Ore Reserves

The MMGP Feasibility Study has evaluated the technical and economic viability of mining the Westralia, Jupiter and Transvaal Mineral Resources in order to deliver an initial MMGP Ore Reserve estimate, reported in accordance with the 2012 Edition of the JORC Code.

Dacian Gold engaged the following independent consultants to complete requisite mining related technical and economic studies for the Feasibility Study, as described below:

- **Orelogy Consulting Pty Ltd** – Open pit mining study work related to the Jupiter Mineral Resource.
- **Entech Pty Ltd** – Underground mining study work related to the Westralia and Transvaal Mineral Resources.
- **Peter O’Bryan and Associates** – Mine geotechnical assessments for the Westralia and Jupiter Mine Areas; and the Transvaal underground mine.
- **Groundwater Resource Management Pty Ltd** – Mine hydrogeological dewatering assessments and surface water assessments.
- **Blueprint Environmental Strategies** – Project environmental strategy, environmental regulatory and approval management.

Various inputs were used in conducting the financial analyses associated with the mining studies, including cut-off grades:

- a gold price of A\$1600/oz (equivalent to a US\$1200/oz and US\$0.75:A\$1 exchange

rate);

- Processing cost of A\$17.88/t;
- General and Administration (G&A) cost of A\$2.88/t;
- Western Australian State Government royalty of 2.5%;
- Metallurgical recovery of 91%; and

A private royalty held by a third party and applicable only to the Jupiter Mine Area is presently the subject of discussions regarding its possible purchase by Dacian Gold. It is currently valued at between A\$9–15/oz depending on the proportion of Jupiter Mine Area ores treated.

Given Dacian Gold believes it will acquire the royalty in the near term, the value of this royalty has not been included in determining mining cut off grades at Jupiter.

The initial Ore Reserve for the MMGP 18.6Mt @ 2.0 g/t Au for 1.2Moz and is tabled below in Table 4.

Mount Morgans Gold Project Initial Ore Reserves

	COG (g/t)	Proved Ore Reserves			Probable Ore Reserves			Total Initial Ore Reserves		
		Tonnes (Kt)	Au g/t	Au (Koz)	Tonnes (Kt)	Au g/t	Au (Koz)	Tonnes (Kt)	Au g/t	Au (Koz)
High Grade										
Beresford UG	2.5	42	5.4	7	1,657	5.2	275	1,700	5.2	282
Allanson UG	2.5	-	-	-	648	7.1	148	648	7.1	148
Transvaal UG	2.1	146	5.5	29	181	4.4	25	326	4.9	51
Jupiter OP	0.9	782	1.8	45	11,847	1.5	552	12,629	1.5	599
Low Grade										
Beresford UG	2.0	8	2.1	1	726	2.0	48	733	2.0	48
Allanson UG	2.0	-	-	-	234	1.8	14	234	1.8	14
Transvaal UG	1.4	50	2.2	3	144	2.2	10	194	2.2	13
Jupiter OP	0.5	85	0.6	2	2,036	0.7	43	2,122	0.7	45
TOTAL										
Beresford UG		50	4.9	8	2,383	4.2	323	2,433	4.2	331
Allanson UG		-	-	-	882	5.7	162	882	5.7	162
Transvaal UG		193	4.7	29	325	3.4	36	518	3.9	65
Jupiter OP		867	1.7	48	13,884	1.3	595	14,751	1.4	643
INITIAL ORE RESERVE		1,110	2.4	85	17,475	2.0	1,115	18,585	2.0	1,200

Table 4 – Initial Ore Reserves for the Mt Morgans Gold Project. Rounding errors may occur.

Please refer to Appendix 4 for full JORC Code technical information including a detailed overview of all material assumptions and requisite disclosures relating to the reporting of the initial Ore Reserves.

Ore Reserves relating to the individual mining areas referred to above in Table 4 are described in the following Sections 4.1, 4.2 and 4.3.

4.1 Westralia Mine Area

The Westralia gold deposit was one of the first gold discoveries in the Laverton gold field. In the 100 years that followed its discovery in 1896, 900,000 ounces of gold at an average grade of 4.5g/t Au has been produced. During the 1990s it was mined as a large, 1.4km long, 140m deep open pit, below which approximately 70,000 ounces of gold was mined from a small underground operation prior to the mine closure in 1997.

Ore mined from the Westralia open pit and underground during the 1990s was processed at the Mt Morgans CIP/CIL treatment plant (since removed) where recoveries of 91–93% were achieved.

The Westralia deposit Mineral Resource totals 8.6Mt @ 5.8g/t Au for 1.62Moz, is 3km long and is open at depth. The Measured and Indicated portion of the total Mineral Resource used for the initial Ore Reserve estimate at Westralia is 5.2Mt @ 5.4 g/t Au for 905,000 ounces.

The MMGP Feasibility Study confirms the Westralia gold deposit comprises two new underground gold mines, namely the **Beresford** and **Allanson** (together the Westralia Mine Area). Each of these mines is described in more detail in Sections 4.1.1 and 4.1.2 respectively.

As outlined in the Executive Summary section, the Company's overarching mining strategy at the MMGP is to optimise the mine designs in order to maximise the cash-generating ability of the high-margin Westralia Mine Area ores. The Company is aiming to process as much high-margin underground ore from the Westralia Mine Area as is safe to do so, and to effectively "top-up" treatment capacity with ore from the Jupiter open pit.

Sections 4.1.1 and 4.1.2 below describe the AISC of the Beresford and Allanson mines as averaging A\$837/oz (US\$628/oz) on an ounce-weighted production basis. The high cash margin available from the two mines provides for **an MMGP payback period of less than 21 months**, assuming a gold price of A\$1,600/oz (US\$1,200/oz).

The initial Ore Reserves for the Beresford and Allanson mines are shown below in Table 5, and diagrammatically in Figure 3.

Mount Morgans Gold Project Initial Ore Reserves - Westralia Mine Area

	COG (g/t)	Proved Ore Reserves			Probable Ore Reserves			Total Initial Ore Reserves		
		Tonnes (Kt)	Au (g/t)	Au (Koz)	Tonnes (Kt)	Au (g/t)	Au (Koz)	Tonnes (Kt)	Au (g/t)	Au (Koz)
High Grade										
Beresford Underground	2.5	40	5.4	7	1,660	5.2	277	1,700	5.2	283
Allanson Underground	2.5	-	-	-	650	7.1	148	650	7.1	148
Low Grade										
Beresford Underground	2.0	10	2.1	1	730	2.0	47	730	2.0	48
Allanson Underground	2.0	-	-	-	230	1.8	14	230	1.8	14
TOTAL										
Beresford Underground		50	4.9	8	2,380	4.2	323	2,430	4.2	331
Allanson Underground		-	-	-	880	5.7	162	880	5.7	162
ORE RESERVE		50	4.9	8	3,270	4.6	484	3,320	4.6	493

Table 5 – Initial Ore Reserves for Beresford and Allanson; and combined as Westralia Mine Area. Rounding errors may occur.

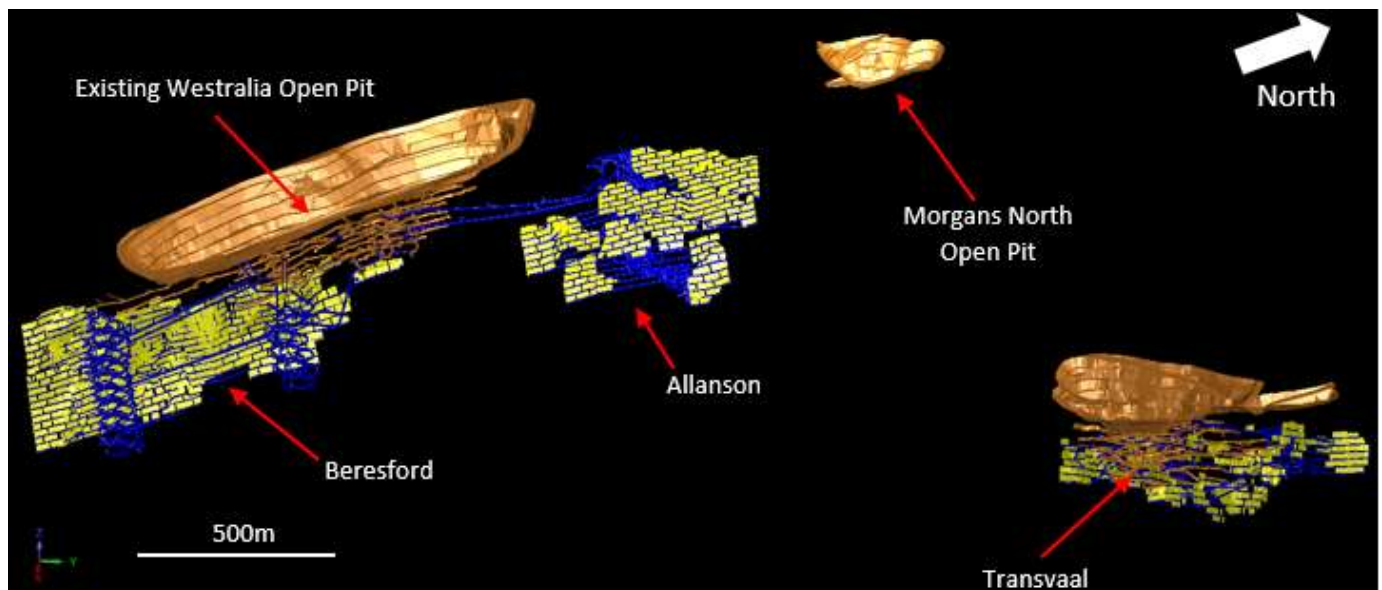


Figure 3 – Isometric view showing initial Ore Reserve designs for Beresford, Allanson and Transvaal. New development in blue and new stopping blocks in yellow. All previous mine development is shown in brown.

Figure 4 below shows the extent of the Beresford and Allanson mine designs and layouts against the total 1.62Moz Westralia Mineral Resource. A large proportion of the Westralia Mineral Resource (Inferred Resources totaling 715,000 ounces at a grade of 6.5g/t Au) was not converted to Ore Reserves and no mine development work is therefore shown in these areas. These Mineral Resources remain open at depth and will be drilled from positions within the underground mines as development progresses. Conversion of these Mineral Resources to Ore Reserves requires improvement in the confidence levels of the

Mineral Resource to Indicated, as well as application of mining studies to confirm the technical and economic merit required to justify mine development.

Appendix 1 is a Pre-Feasibility Study (PFS) that assesses a possible expanded production scenario for the MMGP based on the potential mining of the high grade Inferred Mineral Resource that lies along strike of, and directly below, the Ore Reserves of the Westralia Mine Area. Significantly, the 73% of the potential expansion PFS production scenario is underpinned by high confidence Ore Reserves described in this Feasibility Study announcement.

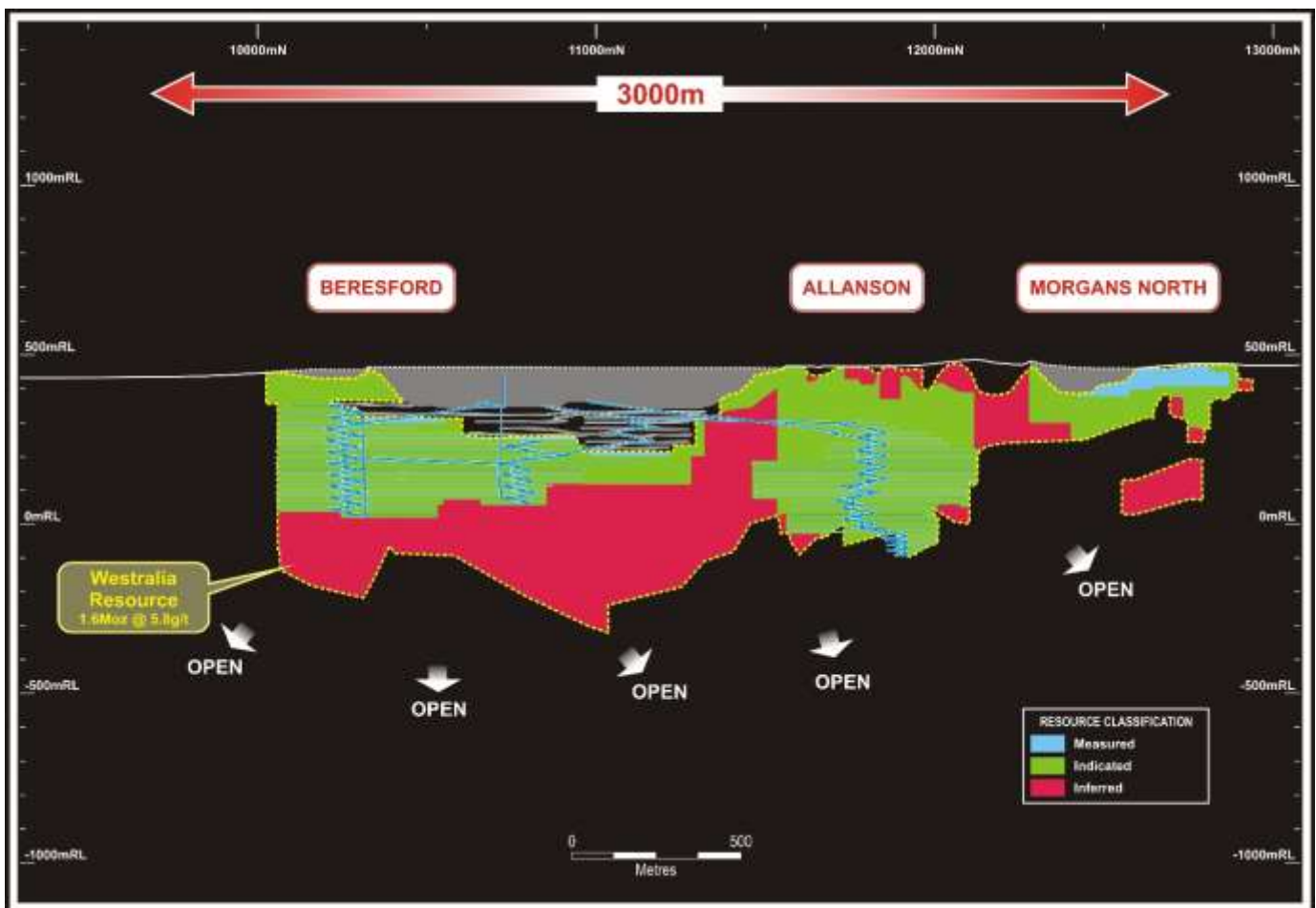


Figure 4 - Westralia Mine Area long section showing the extent of the Ore Reserve mine development at Beresford and Allanson (in blue) within the total 1.6Moz Mineral Resource. Note the extent of the 715,000oz, 6.5g/t Au Inferred Mineral Resource (areas shown on red) that has not been included in the Ore Reserves that underpin this Feasibility Study.

Given the substantial extent of high grade mineralisation lying directly along strike and beneath the initial Ore Reserves at the Beresford and Allanson, the Company believes the Westralia gold deposit may have a mine life beyond the initial Ore Reserve. To that end, Dacian Gold has completed a PFS on a potential expanded production of the Westralia Mine Area (Appendix 1). It will also drill several deep holes in CY2017 to test for BIF and gold

mineralisation several hundred metres below the base of the current Mineral Resource boundary.

4.1.1 Beresford Underground Mine

The Beresford underground gold mine is located at the southern end of, and below, the historic Westralia open pit (Figure 5).

The Measured and Indicated Mineral Resource at Beresford from which the initial Ore Reserve estimate was determined is 3.8Mt @ 5.1g/t Au for 622,000 ounces.

Consistent with the Company's strategy of maximising the cash margin from the Westralia Mine Area, the underground mine design at Beresford was specifically focused on mining only those areas that maximised the cash margin for each tonne mined. As a result, lower grade areas that otherwise met economic cut-off grade criteria were, in some instances, omitted from the Ore Reserve estimate to maximise cash-margins.

The initial Ore Reserve for Beresford is estimated at 2.4Mt @ 4.2g/t Au for 331,000 ounces, and is expected to be mined at an average **AISC of A\$845/oz (US\$634/oz)**. Table 6 below lists the key mining metrics from the Beresford underground mine including the breakdown of development (33% of tonnes mined) and stoping (67% of tonnes mined).

The forecast low-cost production from Beresford suggests it may become one of Australia's highest-margin underground gold mines.

Given the high-grade, low-cost nature of the Beresford Underground gold mine, Dacian Gold will prioritise Beresford as an early production source. Accordingly mine development at Beresford is planned to commence in May 2017.

The Beresford underground mine is designed to be accessed by two hangingwall declines with separate portals located within the historic Westralia pit as illustrated in Figure 3 and Figure 5.

The southern decline is a new decline, whilst the northern decline is an extension of an existing decline mined during the 1990s that is to be rehabilitated. Decline and level development excavation will be carried out using conventional mechanised drill and blast techniques using twin-boom jumbos, with Western Australian industry standard weld-mesh and friction stabilisers used for ground support.

Beresford Underground Key Metrics

		Initial Ore Reserve
Total Mined Ore	kt	2,433
Mined Grade	g/t Au	4.2
Contained Metal	koz Au	331
Development Ore	kt	814
Mined Grade	g/t Au	3.3
Contained Metal	koz Au	86
Stope Ore	kt	1,619
Mined Grade	g/t Au	4.7
Contained Metal	koz Au	245
Decline Development	km	4.4
Other Capital Development	km	5.3
Operating Development	km	19.1
Design Mining Depth (below surface)	m	430
Orebody Strike Extent	m	1,140
Orebody Dip	deg	60 - 80°E
Average Orebody Width	m	2.7
Forecast All-In-Sustaining-Cost (AISC)	A\$/oz	845
	US\$/oz	634

Table 6 – Beresford Underground Mine Ore Reserve Key Metrics.

The stoping of the BIF hosted deposit will be carried out via a top-down mining method using conventional mechanised sub-level long-hole open stoping, with rib pillars and sill pillars left for stope void stability and ore dilution control. Within the BIF hosted deposit there are several lode surfaces: a minimum 10m wide separation pillar between parallel stope excavations has been incorporated into the mine design.

Mine design parameters applied to the Beresford underground mine are shown in Table 7. Full technical assumptions used in the underground mine design are described in Appendix 4.

Figure 5 below is an isometric image of the Beresford Underground Ore Reserve mine design layout. Key underground design elements including the 17m development level spacing, stoping panels, pillars, hangingwall decline position and layout; as well as the existing underground development (to be rehabilitated) are all shown.

Beresford Mine Ore Reserve Design Parameters

Economic	
Fully Costed Stope Cut-Off Grade (Au g/t)	2.5
Incremental Stope Cut-Off Grade (Au g/t)	2.0
Technical	
Decline Gradient	1 in 7
Decline Profile	5.5m x 5.8m
Stoping Minimum Mining Width	1.1m
Level Spacing (Floor-to-Floor)	17.0m
Ore Drive Development Profile	4.0m x 4.0m
Stoping Height	13.0m
Stope Dilution	0.2m (HW & FW)
Mining Recovery	95%
Hydraulic Radius (HR)	7.6 - 8.0m
Rib Pillar Height - All Areas	13.0m
Rib Pillar Length - Stopes ≤ 5m wide	5.0m
Rib Pillar Length - Stopes ≥ 5m wide	1.0 x Stope Width
Sill Pillar Thickness - Stopes ≤ 5m wide	5.0m
Sill Pillar Thickness - Stopes ≥ 5m wide	1.0 x Stope Width
Sill Pillar - Vertical Interval	~85m
Stope Separation Pillar (Parallel Lodes)	10m
Haulage	60t trucks
Stope Backfill Medium	N/A

Table 7 – Beresford Underground Mine Design Parameters.

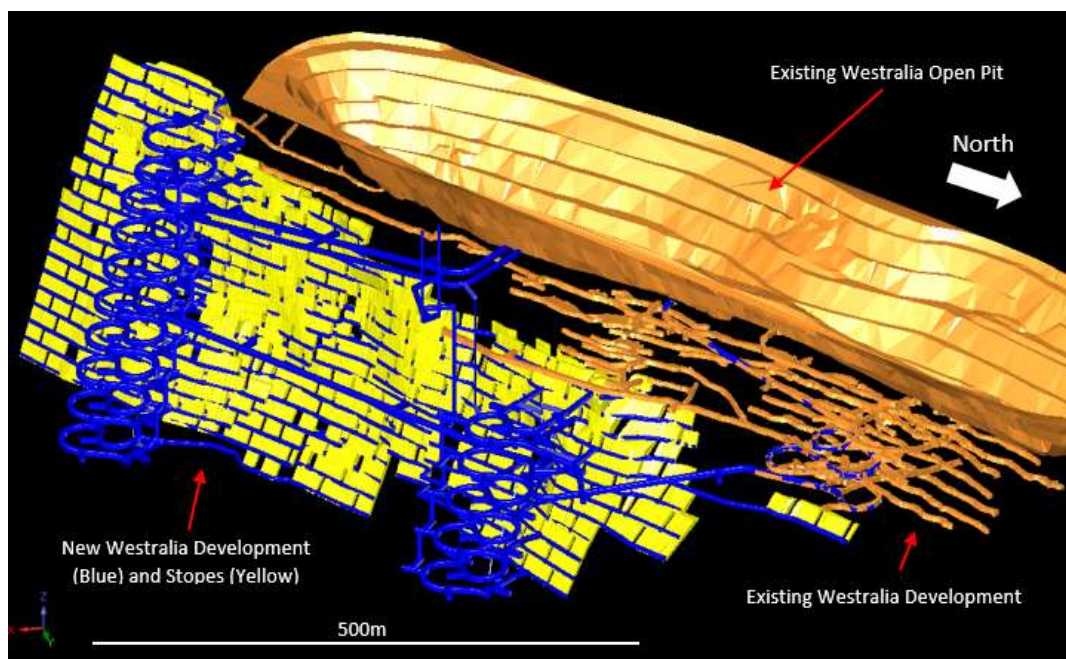


Figure 5 – Long-section of Beresford underground mine design for the initial Ore Reserve. New underground development is in blue and new stoping blocks are in yellow. Previous mine development is shown in brown.

4.1.2 Allanson Underground Mine

The Allanson underground mine is located to the north of, and directly below, the historic Westralia open pit and to the south of the historic Morgans North pit (see Figure 3).

The Measured and Indicated Mineral Resource at Allanson from which the initial Ore Reserve estimate at Allanson was determined is 1.1Mt at 7.2g/t Au for 245,000 ounces.

Consistent with the Company's strategy of maximising the cash margin from the Westralia Mine Area, the underground mine design at Allanson specifically focused on mining only those areas that maximised the cash margin for each tonne mined. As noted in Section 4.1.1 with the Beresford underground mine, some stoping blocks and associated development at Allanson were not included in the initial Ore Reserve because they did not meet the Company objective of maximising cash-margin during the early stages of mining.

The initial Ore Reserve for Allanson is estimated at 0.9Mt @ 5.7g/t Au for 162,000 ounces, and is expected to be mined at a forecast **AISC of A\$819/oz (US\$614/oz)**.

The low-cost production from both Allanson and Beresford suggests the Westralia Mine Area may become one of Australia's highest-margin underground gold mines with a production ounce-weighted average **AISC of A\$837/oz (US\$628/oz)** for the initial 492,000 ounce Ore Reserve.

Given the high-grade, low-cost nature of the Allanson Underground gold mine, Dacian Gold is prioritising it as an early production source. Accordingly mine development at Allanson is planned to commence in Q1 CY2018.

Table 8 below lists the key mining metrics from the Allanson underground mine and Table 9 lists the key design parameters used in the Allanson Ore Reserve estimate.

The Allanson Underground Mine is designed to be accessed via a single footwall decline that utilises the northern end of the existing decline which will be rehabilitated as a part of the Beresford mine development works. The primary ventilation network will incorporate a section of parallel decline for the upper area of the mine, designed to tie-in to an historic portal within the Westralia pit, which was used for the same purpose for the former Westralia underground mine operated in the 1990s.

The development excavation method, ground support regime and stoping methodology is the same as that described for Beresford.

Allanson Underground Mine Key Metrics

		Initial Ore Reserve
Total Mined Ore	kt	882
Mined Grade	g/t Au	5.7
Contained Metal	koz Au	162
Development Ore	kt	320
Mined Grade	g/t Au	3.9
Contained Metal	koz Au	40
Stope Ore	kt	562
Mined Grade	g/t Au	6.7
Contained Metal	koz Au	121
Decline Development	km	3.4
Other Capital Development	km	4.3
Operating Development	km	9.6
Design Mining Depth (below surface)	m	540
Orebody Strike Extent	m	640
Orebody Dip - Above ~100mRL	deg	70 to 80°E
Average Orebody Width	m	1.7
Forecast All-In-Sustaining-Cost (AISC)	A\$/oz	819
	US\$/oz	614

Table 8 – Allanson Underground Key Metrics.

Mine design parameters applied for the Allanson Underground mine are shown in Table 9. Full technical assumptions used in the underground mine design are described in Appendix 4.

Figure 6 below is an isometric image of the Allanson Underground Mine design layout. Key underground design elements including 17m development level spacing, stoping panels, pillars, footwall decline position and layout; as well as the existing underground development (to be rehabilitated) are all shown. Importantly, and as shown in Figure 4, there is a significant zone of high grade Inferred Mineral Resource that totals 0.7Mt @ 6.3g/t Au for 137Koz that is contiguous with the Allanson Ore Reserve. As noted above, Dacian Gold has completed an expansion PFS on the potential expanded MMGP production scenario (Appendix 1). It will also carry out infill diamond drilling of the Inferred Mineral Resource areas from suitable underground drill platforms as the mine advances.



Allanson Mine Ore Reserve Design Parameters

Economic	
Fully Costed Stope Cut-Off Grade (Au g/t)	2.5
Incremental Stope Cut-Off Grade (Au g/t)	2.0
Technical	
Decline Gradient	1 in 7
Decline Profile	5.5m x 5.8m
Stoping Minimum Mining Width	1.1m
Level Spacing (Floor-to-Floor)	17.0m
Ore Drive Development Profile	4.0m x 4.0m
Stoping Height	13.0m
Stope Dilution	0.2m (HW & FW)
Mining Recovery	95%
Hydraulic Radius (HR)	6.0 – 7.5m
Rib Pillar Height - All Areas	13.0m
Rib Pillar Length - Stopes ≤ 5m wide	5.0m
Rib Pillar Length - Stopes ≥ 5m wide	1.0 x Stope Width
Sill Pillar Thickness - Stopes ≤ 5m wide	5.0m
Sill Pillar Thickness - Stopes ≥ 5m wide	1.0 x Stope Width
Sill Pillar - Vertical Interval	~85m
Stope Separation Pillar (Parallel Lodes)	10m
Haulage	60t trucks
Stope Backfill Medium	N/A

Table 9 – Allanson Underground Mine Design Parameters.

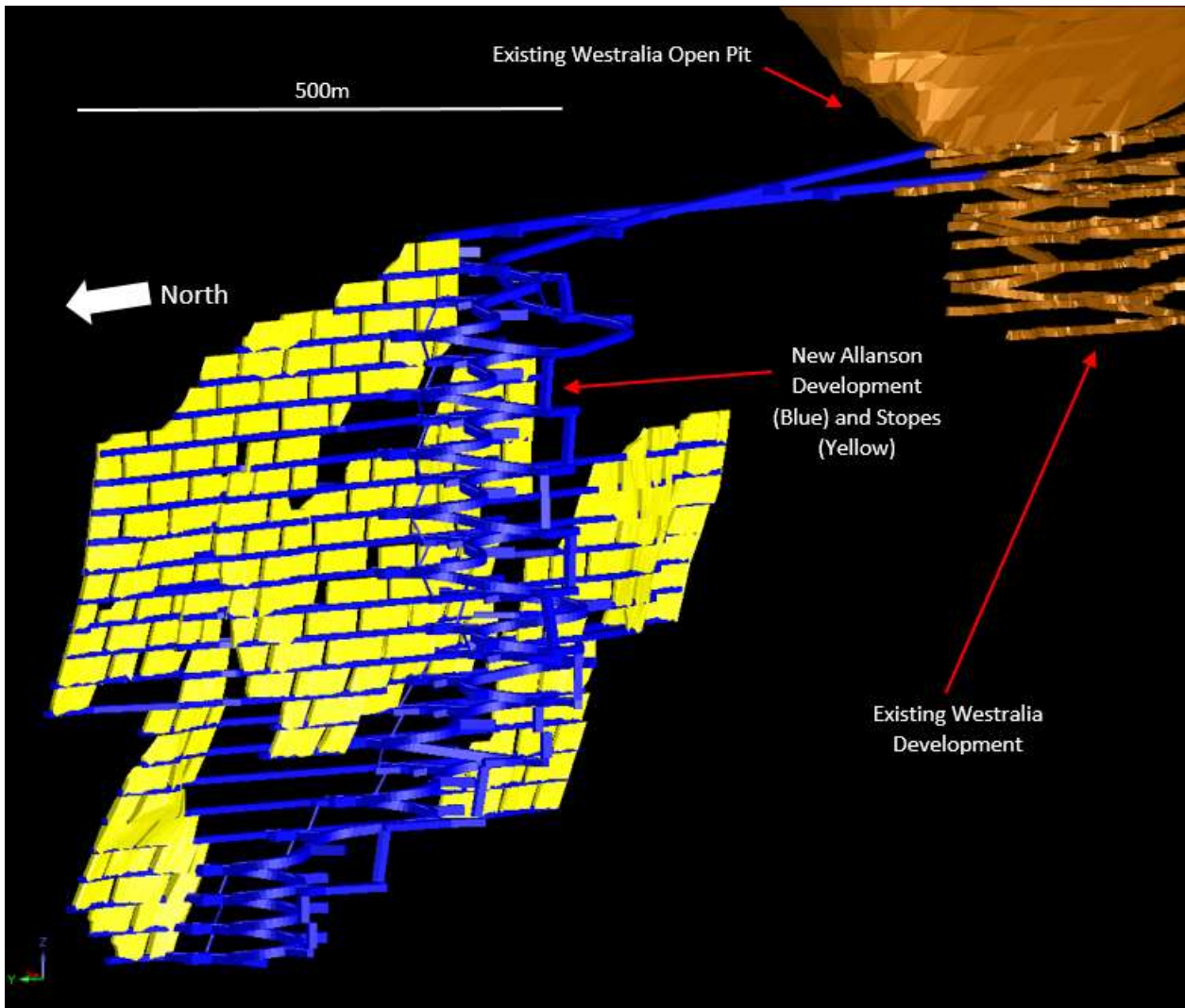


Figure 6 – Isometric view of Allanson underground mine design for initial Ore Reserve. New underground development is in blue and new stoping blocks are in yellow. Previous mine development is shown in brown.

4.2 Transvaal Mine Area

The Transvaal gold deposit was mined using open pit and underground techniques during the same 1990s campaign as described above in section 4.1 for the Westralia Mine Area. Approximately 170,000 ounces of gold was produced from the deposit and treated at the Mt Morgans CIP/CIL treatment plant (since removed) where recoveries of 90% were achieved.

The Transvaal mine is located 1.9km north-east of the Westralia Mine Area, as shown below in Figure 7.



Figure 7 – Aerial photograph showing the location of the Transvaal Mine Area 1.9km north-east of the Westralia Mine Area.

The Transvaal Mineral Resource totals 1.3Mt @ 5.2g/t Au for 210,000 ounces. The Measured and Indicated portion of the Mineral Resource used in the Ore Reserve studies is estimated at 0.8Mt @ 5.5g/t Au for 137,000 ounces.

The initial Ore Reserve for Transvaal is estimated at 0.5Mt @ 3.9g/t Au for 65,000 ounces, and is expected to be mined at a forecast **AISC of A\$1,074/oz (US\$806/oz)**.

The Feasibility Study has Transvaal mine development scheduled to commence in February 2020. Potential growth of Ore Reserves within the Westralia Mine Area (Beresford and Allanson) may result in the Transvaal mine development being delayed given its modest Ore Reserve (65koz) and higher cost profile. A delay to the start of Transvaal has the potential to improve Project economics, given the lower cost profile of the Beresford and Allanson underground mines and delaying start-up capital expenditure at Transvaal.

The initial Ore Reserves for the Transvaal Underground Mine is shown below in Table 10 and in Figures 3 and 8.

Mount Morgans Gold Project Initial Ore Reserves - Transvaal

	COG (g/t)	Proved Ore Reserves			Probable Ore Reserves			Initial Total Ore Reserves		
		Tonne (Kt)	Au (g/t)	Au (Koz)	Tonnes (Kt)	Au (g/t)	Au (Koz)	Tonnes (Kt)	Au (g/t)	Au (Koz)
High Grade										
Transvaal Underground	2.1	145	5.5	26	181	4.4	26	326	4.9	52
Low Grade										
Transvaal Underground	1.4	50	2.2	3	144	2.2	10	194	2.2	13
TOTAL										
Transvaal Underground		195	4.7	29	325	3.4	36	520	3.9	65
ORE RESERVE		195	4.7	29	325	3.4	36	520	3.9	65

Table 10 – Initial Ore Reserves for Transvaal. Rounding errors may occur.

Table 11 below lists the key mining metrics from the Transvaal underground mine.

Transvaal Underground Mine Key Metrics

		Initial Ore Reserve
Total Mined Ore	Kt	518
Mined Grade	g/t Au	3.9
Contained Metal	Koz Au	65
Development Ore	Kt	142
Mined Grade	g/t Au	3.0
Contained Metal	Koz Au	14
Stope Ore	Kt	376
Mined Grade	g/t Au	4.2
Contained Metal	Koz Au	51
Decline Development	Km	1.0
Other Capital Development	Km	1.6
Operating Development	Km	5.3
Design Mining Depth (below surface)	m	280
Orebody Strike Extent	m	600
Average Orebody Dip	deg	60 to 70°E
Average Orebody Width	m	2.3
Forecast All-In-Sustaining-Cost (AISC)	A\$/oz	1,074
	US\$/oz	806

Table 11 – Transvaal Underground Key Metrics.

Transvaal is to be accessed via the portal and existing decline that is located within the historic Transvaal open pit. Existing development (including the decline) will be rehabilitated and new development excavated to expand the mine to access new stoping areas.

The development excavation method and ground support regime is the same as that described for the Westralia Mine Area. Stopping within the Transvaal Mine Area will be carried out using conventional mechanised sub-level long-hole open stopping methods, with rib pillars and sill pillars left for stope void stability and ore dilution control similar to Beresford and Allanson.

Mine design parameters applied for Transvaal are shown in Table 12. Full technical assumptions used in the Transvaal underground mine design are described in Appendix 4.

Transvaal Mine Ore Reserve Design Parameters

Economic	
Fully Costed Stope Cut-Off Grade (Au g/t)	1.9
Incremental Stope Cut-Off Grade (Au g/t)	1.4
Technical	
Decline Gradient	1 in 7
Decline Profile	5.5m x 5.8m
Stopping Minimum Mining Width	1.1m
Level Spacing (Floor-to-Floor)	17m
Ore Drive Development Profile	4.0m x 4.0m
Stopping Height	13m
Stope Dilution	0.2m (HW and FW)
Mining Recovery	95%
Hydraulic Radius (HR)	8.0m
Rib Pillar Height - All Stope Widths	10.0m
Rib Pillar Length - ≤3m Wide	≥ 4.0m
Rib Pillar Length - 3m to 6m Wide	≥ 5.0m
Sill Pillar Aspect Ratio - Thickness to Width	Minimum 1:1
Sill Pillar - Vertical Interval	HR Dependent
Interstitial Pillar Width	10m
Haulage	60t trucks
Stope Backfill Medium	N/A

Table 12 – Transvaal Underground Mine Design Parameters.

Figure 8 below is an isometric image of the Transvaal Underground Mine design layout. Key underground design elements including 17m level development, stopping panels, pillars, footwall decline position and layout; as well as the existing underground development (to be rehabilitated) are all shown.

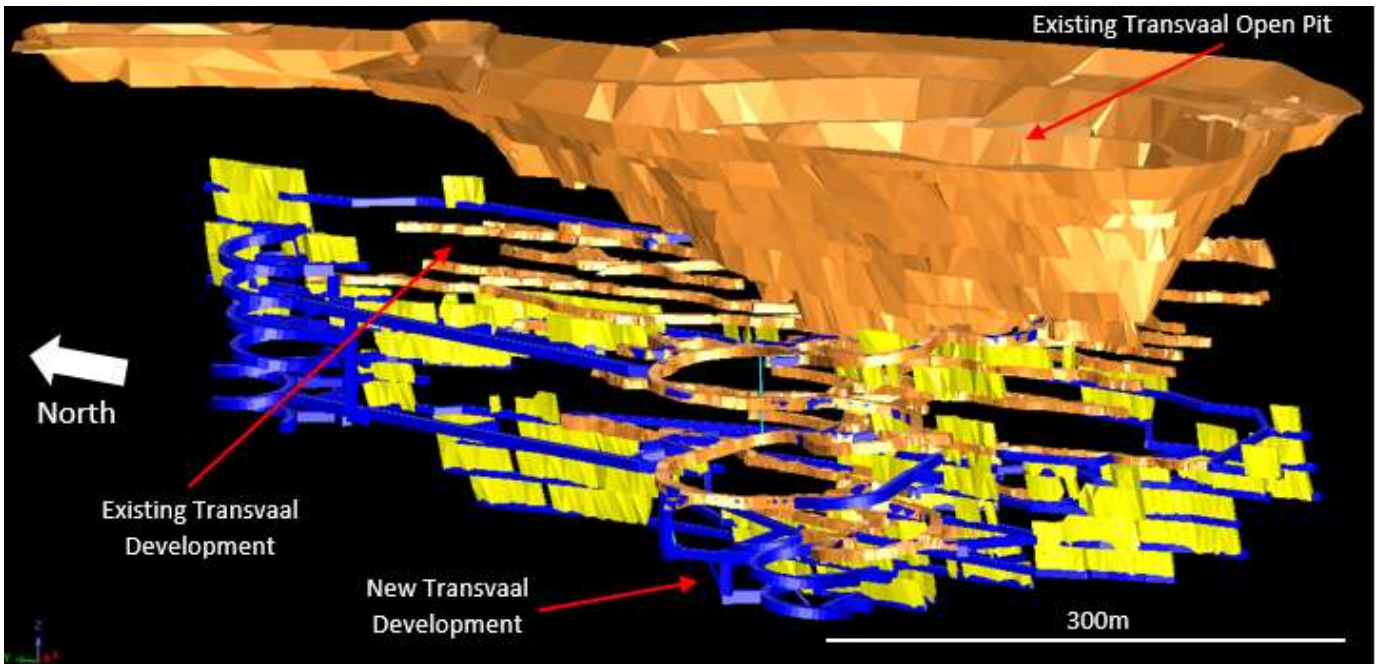


Figure 8 – Isometric view of Transvaal underground mine design for initial Ore Reserve. New underground development is in blue and new stopping blocks are in yellow. Previous mine development is shown in brown.

4.3 Jupiter Mining Area

The Jupiter gold deposit was discovered in the late 1980s and mined during 1994–1996, resulting in the production of approximately 150,000 ounces of gold. The Jupiter open pit comprised two connected pits called Jenny and Joanne, and was mined to a maximum depth of 140m. Today the area known previously as Jenny and Joanne has been renamed Doublejay.

High grade ore mined during the 1990s was trucked to the Mt Morgans CIP/CIL treatment plant and blended with ores from the Westralia and Transvaal mines. Calculated recoveries from the treatment of the Jupiter ores were 92%.

Apart from two diamond drill holes completed by previous explorers, there was no exploration completed on the Jupiter deposit from the cessation of mining activities in 1996 until Dacian Gold commenced exploration in September 2013, a period of 17 years. At the time of Dacian Gold commencing exploration at Jupiter, the Mineral Resource for Jupiter was 78Koz.

Extensive exploration by Dacian Gold over a two-year period, including the drilling of over 450 diamond and RC drill holes for 68,000m, has discovered over one million ounces of gold at Jupiter. The mineralisation at Jupiter is now continuously defined over 2km of strike and is present from the surface, where it outcrops, to depths in excess of 400m below surface. The mineralisation is situated within a series of moderately east-dipping structures that intersect

the north–south alignment of syenite intrusives.

The most recent Mineral Resource update at Jupiter (see ASX announcement 19 July 2016, and Table 3, this announcement) estimated a total of 33Mt @ 1.3g/t Au for 1.4Moz, which is made up of:

- Open pit Mineral Resources (1.26Moz above a 0.5g/t Au lower cut-off grade);
- Underground Mineral Resources (34Koz above a lower cut-off grade of 1.5g/t Au); and
- Low grade surface stockpiles (58Koz above a lower cut-off grade of 0.5g/t Au).

Only the open pit Mineral Resources were assessed as part of this Feasibility Study, and of those, the Measured and Indicated Mineral Resources assessed for Ore Reserves totalled 23.9Mt @ 1.4g/t Au for 1.1Moz.

The Jupiter gold deposit is centred principally on three syenite intrusive bodies that are all mineralised and form the majority of the Jupiter Ore Reserve. From north to south, the syenites are referred to as Doublejay, Heffernans and Ganymede. Figure 9 below is a schematic representation of the three mineralised syenite bodies that were assessed as potential open pits in the Scoping Study released to the ASX on 30 September 2015.

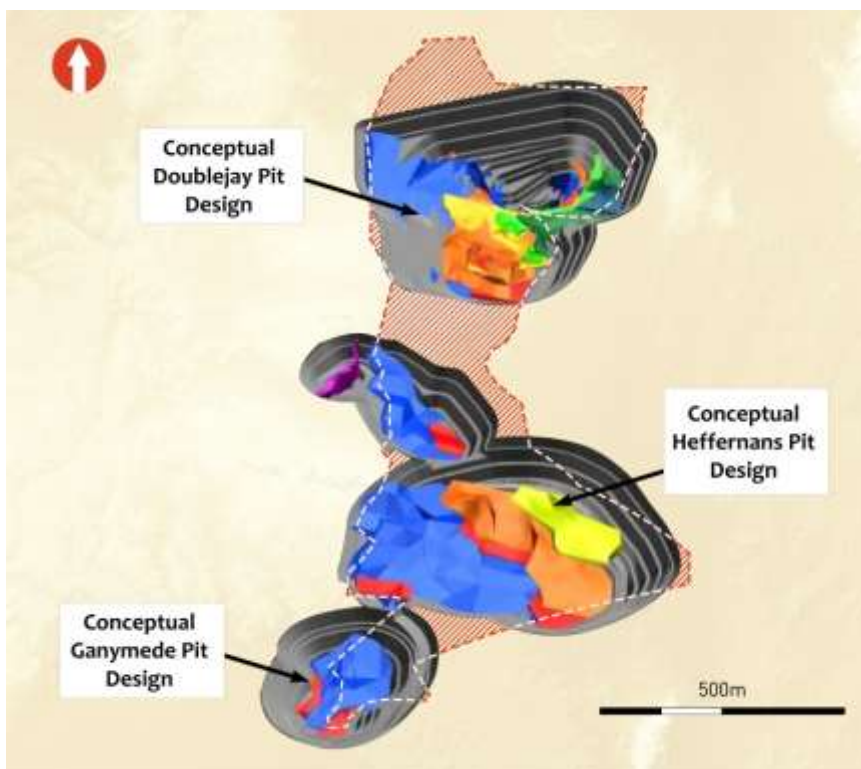


Figure 9 - Schematic representation of the three conceptual open pits at Jupiter that were considered as part of the MMGP Scoping Study (see ASX announcement 30 September 2015).

The Scoping Study (see ASX announcement 30 September 2015) showed the Jupiter project had the potential to mine 11Mt @ 1.3g/t Au for 483,000 ounces.

As part of the major infill drilling program between late 2015 and mid-2016 (completed after the 2015 Scoping Study), significant thicknesses of new mineralisation was intersected beneath the base of the conceptual Doublejay open pit (see ASX announcement 9 May 2016).

The open pit Ore Reserve and mine design at Jupiter completed as part of the MMGP Feasibility Study has resulted in a larger pit than that outlined as part of the 2015 Scoping Study design works. The three open pits derived from the 2015 Scoping Study works now merge into a **single large open pit measuring 1.8km long, up to 650m wide and up to 220m deep**. Figure 10 shows the Jupiter Ore Reserve pit design in relation to the existing open pit mined between 1994-1996.

The maiden Jupiter Ore Reserve is **14.8Mt @ 1.4g/t for 643,000 ounces**, and is tabulated below in Table 13 where each of the respective deposits (Doublejay, Heffernans and Ganymede) are shown. The maiden Ore Reserve for Jupiter represents a 54% increase in mined ounces produced when compared to the potential mining inventory identified in the 2015 Scoping Study.

Mount Morgans Gold Project Initial Ore Reserves – Jupiter Mine Area

	COG (g/t)	Proved Reserves			Probable Reserves			Initial Ore Reserves		
		Tonnes (Kt)	Au g/t	Au (Koz)	Tonnes (Kt)	Au g/t	Au (Koz)	Tonnes (Kt)	Au g/t	Au (Koz)
High Grade										
Doublejay	0.9	780	1.8	46	4,540	1.4	201	5,320	1.4	247
Heffernans	0.9	-	-	-	6,020	1.6	303	6,020	1.6	303
Ganymede	0.9	-	-	-	1,300	1.2	49	1,300	1.2	49
Low Grade										
Doublejay	0.5	90	0.7	2	930	0.7	20	1,020	0.7	21
Heffernans	0.5	-	-	-	970	0.7	21	970	0.7	21
Ganymede	0.5	-	-	-	140	0.6	3	140	0.6	3
TOTAL										
Doublejay		870	1.7	48	5,470	1.3	220	6,340	1.3	268
Heffernans		-	-	-	6,990	1.4	323	6,990	1.4	323
Ganymede		-	-	-	1,430	1.1	52	1,430	1.1	52
ORE RESERVE		870	1.7	48	13,880	1.3	596	14,750	1.4	643

Table 13 – Initial Jupiter Mine Area Ore Reserves. Rounding errors may occur.

As noted earlier in this announcement, the strategy for the MMGP is to maximise mining and processing of the high-grade, high-margin ores from the Westralia Mine Area where the AISC is estimated to be A\$837/oz (US\$628/oz). The available treatment capacity of the processing facility after prioritising the Westralia Mine Area ores will be utilised by the treatment of the Jupiter open pit ores, where the average AISC is A\$1,193/oz (US\$895/oz).

Individually, the different sub-pits within the larger Jupiter Open Pit have AISCs of:

- Heffernans A\$1,108/oz (US\$831/oz) for 323,000 ounces mined;
- Doublejay A\$1,241/oz (US\$931/oz) for 268,000 ounces mined, and
- Ganymede A\$1,485/oz (US\$1,114/oz) for 52,000 ounces mined.

The current mine schedule has the larger Heffernans sub-pit commencing in Q1 CY2018, the Doublejay pit in Q1 CY2018 and the Ganymede pit in Q4 CY2021. Mined ore is separated into high grade and low grade and treated over the full 8 years of the initial Ore Reserve at the MMGP.

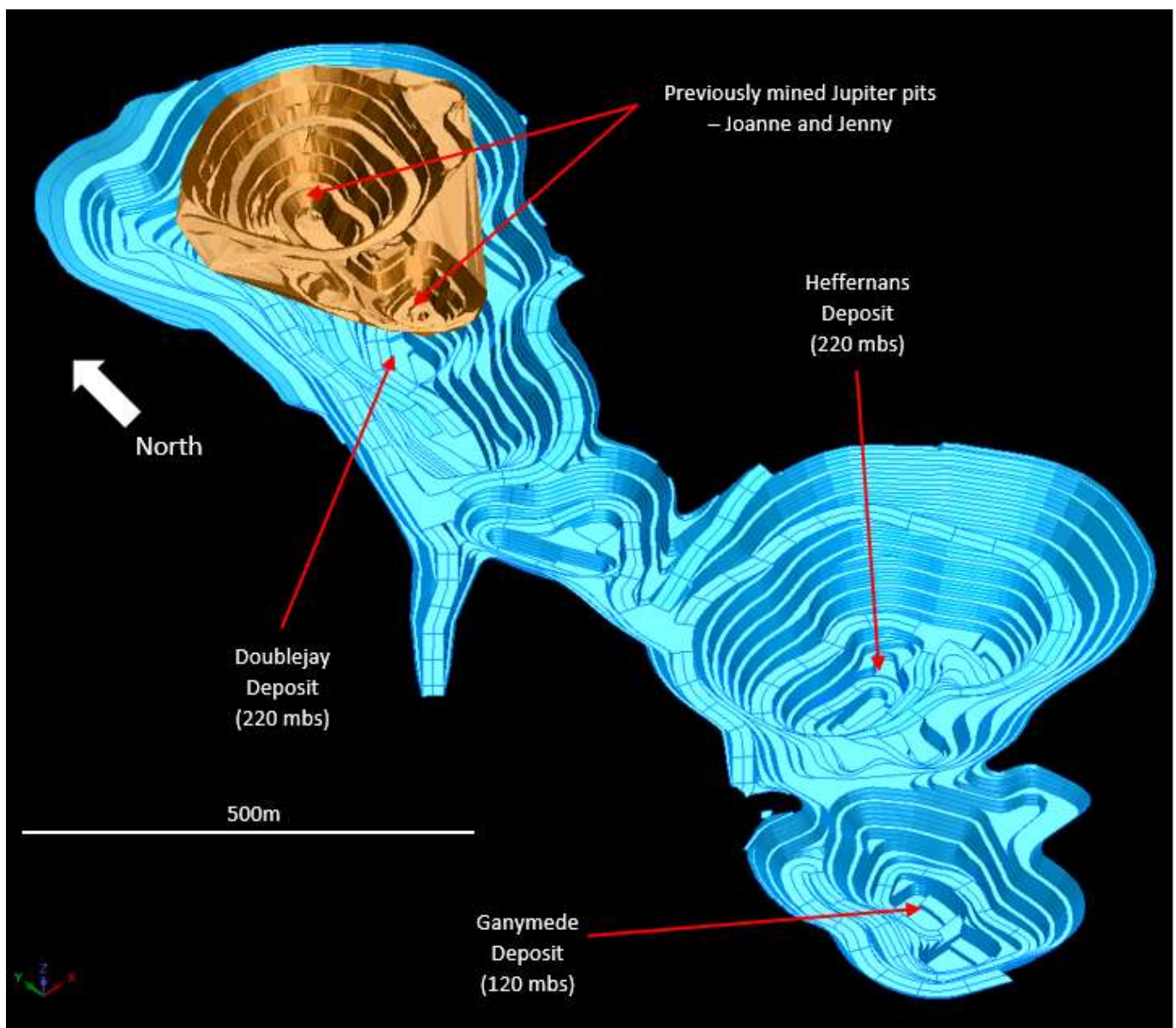


Figure 10 – Isometric view of the Jupiter Pit Ore Reserve mine design. Note the significantly larger size of the new Jupiter Ore Reserve (blue) in comparison to the historic open pit mine shown in brown. Note: mbs = metres below surface.

Table 14 lists the key production metrics for the maiden Jupiter Ore Reserve, and Table 15 provides a summary of key optimisation inputs used in the open pit mining study. Appendix 4 describes all material assumptions used in the Jupiter open pit mine design studies.

Jupiter Open Pit Ore Reserve Key Metrics

High Grade Ore (Kt)	@ 1.5 g/t Au	12,629
Low Grade Ore (Kt)	@ 0.7 g/t Au	2,122
Total Ore (Kt)	@ 1.4 g/t Au	14,751
Total Ore Reserve ounces (Koz)		643
Strip Ratio (w:o)		7.5
Design Mining Depth		220m
Forecast All In Sustaining Cost (AISC/oz)		A\$1,193 US\$895

Table 14 – Jupiter Ore Reserve Open Pit Key Metrics.

Jupiter Mine Ore Reserve - Key Open Pit Design Parameters

Mining Ore Loss	2.0%
Mining Dilution	8.0%
Processing Recovery (Average)	90%
Mining Costs	A\$3.00/t
Fleet Size	100t and 250t Trucks
Drill and Blast Bench Height - Ore	5m
Drill and Blast Bench Height- Waste	10m
Mining Excavation Flitch Height (Ore)	2.5m
Mining Excavation Flitch Height (Bulk Waste)	5.0m
Doublejay OSA (Overall Slope Angle)	56.2°
Heffernans North and Ganymede South Domain OSA	55.7°
Heffernans South and Ganymede North Domain OSA	51.2°
Berm Widths	4m to 7m
Face Height	20m
Ramp Width - Dual Lane	26m
Ramp Width - Single Lane	19m
Grade Control Grid Pattern	10m x 5m
Ramp Gradient	10.0%
One Way Ramp Gradient	12.5%
Breakeven Cut Off Grade (g/t)	0.50

Table 15 – Jupiter Open Pit Ore Reserve Parameters.

4.4 Mining Schedule

The MMGP mining sequence has been optimised to provide consistent delivery of high grade ores to the processing plant. The highest grade and highest cash-margin ores from the Westralia Mine Area will be prioritised ahead of all other ores for processing. Lower grade ores (eg Jupiter open pit ores) will be treated by utilising spare capacity from the treatment plant after processing the highest grade ores first.

Underground mine development at Westralia will commence with Beresford, to be followed shortly by Allanson. Dewatering of the Westralia open pit will begin in early CY2017, portal rehabilitation and development in April 2017, ready for delivery of first ore from Beresford in mid-CY2017. Beresford and Allanson will provide initial plant feed from Westralia Mine Area with Transvaal commencing in CY2020.

The Jupiter pit will be mined in five stages with minor pre-strip and road construction commencing in Q4 CY2017 and first ore from the mining of the 25m high hill (Heffernans Hill – itself ore-bearing), available almost immediately. The timing of the five stages of mining the Jupiter pit are:

1. Heffernans Stage 1: Q1 CY2018 – Q4 CY2019
2. Heffernans Stage 2: Q1 CY2018 – Q1 CY2019
3. Heffernans Stage 3: Q1 CY2020 – Q1 CY2025
4. Doublejay: Q1 CY2018 – Q3 CY2023
5. Ganymede: Q4 CY2021 – Q1 CY2024

As noted earlier in section 4.3, the Ganymede deposit is both modest in size (52Koz mined) and has a higher forecast AISC when compared to the other deposits within the Jupiter Mine Area. Consequently, and given its late schedule start-up of October 2021, if Dacian Gold is able to discover and develop higher-value ores than that as seen at Ganymede, it will likely prioritise those ores ahead of Ganymede by further delaying its start-up.

Table 16 details the mining and gold production schedule from all ore sources for the initial MMGP Ore Reserve.

All tonnes mined from the initial MMGP Ore Reserve are graphed below in Figure 11, and the corresponding ounces mined is shown in Figure 12. These graphs reflect Dacian Gold's focus on preferentially mining the highest-value ores first, being predominantly the underground ores from the Westralia Mine Area.

MMGP Initial Ore Reserve Mine and Gold Production Schedule

			2017	2018	2019	2020	2021	2022	2023	2024	2025
Beresford Mined	Kt	2,433	38	671	859	758	108				
	g/t	4.2	3.4	4.9	3.7	4.2	5.1				
	Koz	331	4	105	102	102	18				
Allanson Mined	Kt	882		63	342	357	120				
	g/t	5.7		9.5	5.6	4.8	6.6				
	Koz	162		19	62	55	25				
Transvaal Mined	Kt	518				106	385	27			
	g/t	3.9				3.0	4.1	5.1			
	Koz	65				10	50	4			
Jupiter HG Mined	Kt	12,629		1,221	1,299	1,280	1,888	2,470	2,503	1,861	107
	g/t	1.5		1.5	1.9	1.2	1.2	1.7	1.2	1.6	2.3
	Koz	599		58	81	49	75	138	93	97	8
Jupiter LG Mined	Kt	2,122		652	414	305	98	654			
	g/t	0.7		0.7	0.7	0.6	0.6	0.6			
	Koz	45		14	9	6	2	14			
TOTAL MINED	Kt	18,585	42	2,602	2,914	2,806	2,599	3,151	2,503	1,861	107
	g/t	2.0	3.1	2.3	2.7	2.5	2.0	1.5	1.2	1.6	2.3
	Koz	1,200	4	197	254	222	170	156	93	97	8
Ore Treated	Kt	18,585		1,991	2,500	2,507	2,500	2,500	2,500	2,507	1,581
	Recovery	90.7%		90.8%	90.7%	90.6%	90.2%	89.9%	89.6%	88.7%	85.3%
Gold Produced	Koz.	1,089		171	224	196	152	130	82	100	33

Table 16 – MMGP Initial Ore Reserve Mine and Gold Production Schedule. Rounding errors may occur.

All tonnes mined from the initial MMGP Ore Reserve are graphed below in Figure 11, and the corresponding ounces mined is shown in Figure 12. These graphs reflect Dacian Gold's focus on preferentially mining the highest-value ores first, being predominantly the underground ores from the Westralia Mine Area.

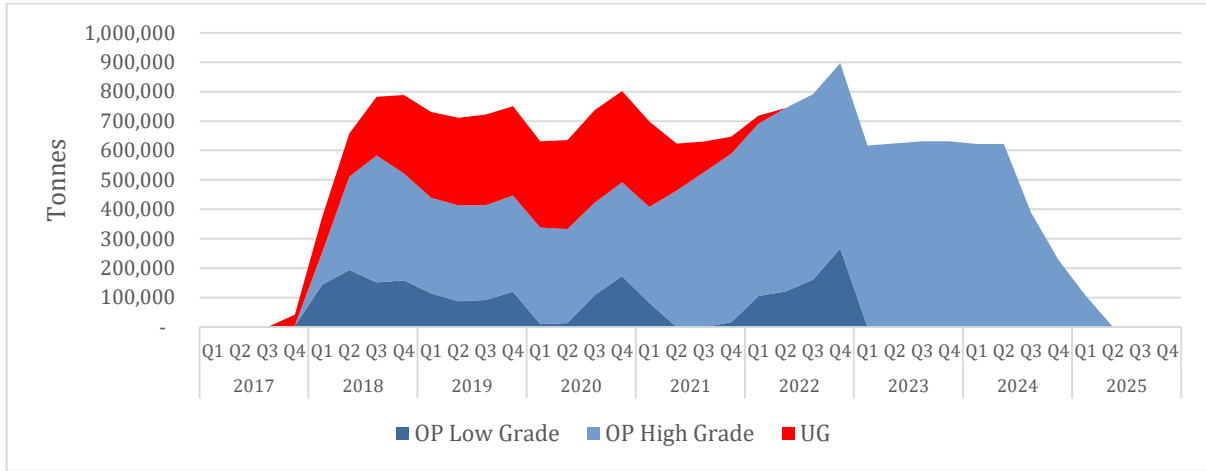


Figure 11 - Quarterly production schedule on a tonnes-mined basis from all sources of the initial MMGP Ore Reserve. OP = open pit and UG = underground.

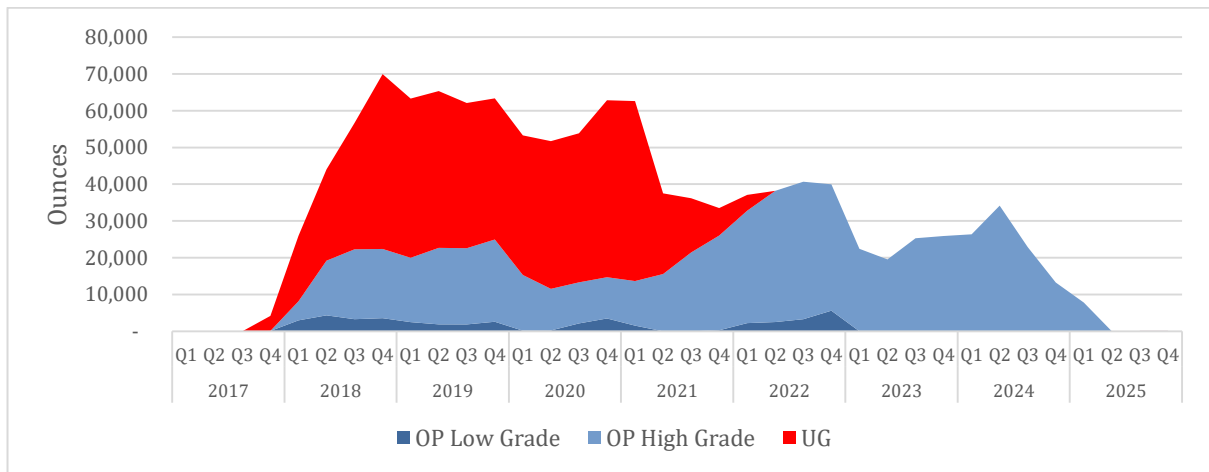


Figure 12 - Quarterly production schedule on an ounces-mined basis from all sources of the initial MMGP Ore Reserve. OP = open pit and UG = underground.

Figures 15 and 16 in Section 5.4 show the corresponding ore treatment schedule for tonnes processed and ounces produced, respectively.

4.5 Mining Operating Cost Estimate

Budget mining costs used in the MMGP Feasibility Study were developed in consultation with five well-regarded underground mining contracting companies and six well-regarded open pit mining contracting companies. Detailed request for quotation (RFQ) documents were returned by contractors for initial costs used for both underground and open pit optimisations.

These costs were then validated again through an updated RFQ based on preliminary mining Ore Reserve designs and physicals.

The returned RFQs were evaluated under a contract tender process and final costs based on rates deemed to be representative of the average price. Costs not directly associated with mining contractor work were estimated by direct quotation or built from first principles.

A summary of the mining operating costs is shown in Table 17.

MMGP Initial Ore Reserve Mining Operating Costs			
	C1 A\$/t	C1 A\$/oz	AISC A\$/oz
Open Pit			
Mining	24	620	620
Processing	18	457	457
Site General & Administration	3	73	73
Sustaining Capital	-	-	2
Royalties & Refining	-	-	42
Total	45	1,150	1,193
Underground			
Mining	70	522	522
Processing	18	134	134
Site General & Administration	3	22	22
Sustaining Capital	-	-	145
Royalties & Refining	-	-	42
Total	91	678	865
Initial Ore Reserve Mining Total	55	935	1,039

Table 17 – MMGP Initial Ore Reserve Operating Costs (AUD)

4.6 Mine-Establishment Capital Cost Estimate

Sections 4.1.1 and 4.1.2 and 4.3 describe the commencement of mine development at different stages in CY2017 and CY2018 prior to gold production. It will be necessary to stockpile sufficient tonnages at the ROM pad ahead of commissioning the plant, to allow the new treatment facility to commence gold production in Q1 CY2018 at its nameplate throughput rate.

The combination of the different mine-establishment costs at Beresford, Allanson and Jupiter amount to A\$48 million and is divided into the three mine areas as:

- Beresford underground mine-establishment cost A\$30 million;
- Allanson underground mine-establishment cost A\$4 million; and
- Jupiter open pit mine-establishment cost A\$14 million

The mine-establishment costs include contractor mobilisation, dewatering, set up of mine service infrastructure, development mining costs, proportional mine site G&A. All of the mine-establishment costs are capitalised.

5. MMGP Processing

Dacian Gold has completed an extensive set of metallurgical testwork programs across the Beresford, Allanson and Jupiter Ore Reserves. Over 100 leach testwork programs, in addition to extensive comminution and gravity recovery tests, have been used to design and cost a new 2.5Mtpa CIL treatment facility for the MMGP, as well as determining operating costs and expected recoveries.

The ultimate design for the new MMGP treatment facility is a single stage crushing process that feeds a semi-autogenous (SAG) mill, ball mill and pebble crushing circuit (SABC) with gravity and carbon-in-leach (CIL) gold recovery. The SABC configuration is similar to that used at the historic Mt Morgans treatment facility that operated during the 1990s. In its 10 years of treatment history during the 1990s, the Mt Morgans plant processed over 10 million tonnes of ores mainly from the Westralia, Jupiter and Transvaal mines and achieved an average recovery over this period of 91.4%.

The historic recovery of 91.4% compares favourably with the calculated recovery of 90.7% used for this Feasibility Study. Given the slightly better recoveries experienced from the historic treatment of mining the same ores (Westralia, Jupiter and Transvaal), Dacian Gold is confident of achieving at least the 90.7% recovery used in the Feasibility Study.

5.1 Metallurgical Testwork and Design Process

All metallurgical testwork programs were undertaken by Perth-based ALS Global under the direction of GR Engineering Services Ltd (GRES).

Diamond drill core samples were obtained during the major 90,000m in-fill drilling program that was completed from late-2015 to mid-2016 over areas of the Westralia Mineral Resource where conceptual designs had been completed for the Beresford and Allanson underground mines.

Similarly, a selection of RC chip samples and diamond drill core samples were obtained from the Doublejay and Heffernans deposits during the major in-fill drill program completed over the Jupiter Mineral Resource area from late-2015 to early-2016.

Samples from the Beresford and Allanson mine areas; and the Doublejay and Heffernans deposits within the Jupiter pit were selected for the testwork programs as these mine areas represented the majority of the MMGP ore feed to the treatment plant in terms of both tonnes and contained gold.

5.1.1 Comminution

Physical property testwork completed on 47 samples from the Westralia and Jupiter Mine Areas shows that the proposed feed blend has above average competency and grinding energy requirements. This is consistent with accounts of the historic operating performance during previous treatment at the Mt Morgans processing plant during in the 1990s. The results returned are similar to that commonly seen in fresh ore types throughout the Western Australian goldfields.

Based on the results of the comminution test work programs, the comminution design parameters for the new 2.5Mtpa CIL treatment facility are provided in Table 18.

Comminution Design Parameters

Unconfined Compressive Strength	180 MPa
Crushing Work index (CWi)	23.6 kWh/t
Bond Rod Mill Work index (RWi)	21.8 kWh/t
Bond Ball Mill Work index (BWi)	18.5 kWh/t
JKTech Axb	35
Drop Weight Index (DWi)	8.4

Table 18 – Physical property design parameters for the crusher and mill design

A single stage crushing process that feeds a semi-autogenous (SAG) mill, ball mill and pebble crushing circuit (SABC) with gravity and carbon-in-leach (CIL) gold recovery has been found to be the optimal treatment process for the MMGP ores. A design and costing for a process plant of this configuration with a throughput rate of 2.5 Mtpa has been completed for this Feasibility Study.

The comminution circuit will consist of the following:

- An open circuit jaw crusher operated at 400 t/hour to a 24 hour capacity stockpile;
- A 4,400kW primary SAG mill (8.2m diameter x 3.4m long) operated at 313 t/hour;
- A 4,400kW ball mill (5.5m diameter x 8.7m long); and
- A 220kW pebble crusher.

As determined from the extensive metallurgical test work programs completed as part of the Feasibility Study, the milled product from the comminution circuit is designed to be P₈₀ passing 106 microns.

5.1.2 Gravity Extraction

All ore types tested during the metallurgical testwork program demonstrated the presence of sufficiently coarse gold considered amenable to gravity recovery. Accordingly, two centrifugal concentrators have been incorporated in the process design. Table 19 below describes the gravity-recoverable-gold statistics from each of the key production sources of the MMGP.

Gravity Gold Recovery Parameters

Beresford	34%
Allanson	28%
Jupiter - Doublejay	46%
Jupiter - Heffernans	48%

Table 19 – Average gravity-recoverable gold test results from dominant feed sources to the treatment plant

5.1.3 Leach Extraction

As noted above in Section 5, the ore feed blend to the MMGP process plant is comprised of ore types that are very similar to those historically treated at the former Mt Morgans CIP/CIL plant operated in the 1990s. Historic mining and treatment of ores from the Westralia and Transvaal open pit and underground mines in addition to the Joanne and Jenny pits (now termed Doublejay) at Jupiter during the 10 year period to 1998 yielded 740,000 ounces of gold at an average recovery performance of 91.4%.

A total of 101 cyanide leach tests were completed on samples from the Westralia and Jupiter Mine Areas during the Feasibility Study. Results from leach testwork were found to correlate well with those observed during historic CIL treatment, replicating recovery ranges over the expected mine grades. The optimum grind size determined from the testwork was P₈₀ passing 106 microns.

A number of opportunities to enhance recoveries and reduce operating costs have been identified and will be incorporated in future work and study programs. Table 20 details recovery results from leach testwork completed for the Feasibility Study.

In order to maximise reagent utilisation and CIL circuit residence time a pre-leach thickener has been incorporated into the process design to provide leach feed at 50% solids. The circuit will consist of seven 1,700m³ CIL tanks providing a combined residence time of 28 hours.

Overall Gold Recovery Parameters

Beresford	(Range 88% - 96%)	91.9%
Allanson	(Range 88% - 96%)	92.1%
Jupiter - Doublejay	(Range 84% - 96%)	89.6%
Jupiter - Heffernans	(Range 84% - 96%)	90.1%

Table 20 – Combined Gravity/Leach Test Results from Dominant Feed Sources

Gold leach reagent consumptions are in line with historic and standard industry usages. Quicklime consumption is 2.0kg/t which is indicative of good quality saline water and moderate oxygen consumption of 0.3m³/t is indicative of low sulfide mineral content/reactivity. Cyanide consumption is calculated at 0.75kg/t.

Tailings will be pumped to a tailings storage facility located to the north-west of the treatment plant. Materials classification studies completed under the management of Blueprint Environmental Strategies showed the tailings to be non-acid forming and accordingly, the tailings storage facility does not require a synthetic liner.

5.1.4 Electrowinning and Gold Dore

Gold concentrates from the gravity circuit will be intensively leached before the leachate is fed to a dedicated electrowinning circuit ahead of smelting to produce gold dore.

Loaded carbon from the CIL circuit will have gold stripped in a 10 tonne split AARL elution circuit prior to electrowinning and smelting to produce gold dore. All gold dore will be shipped to a refinery and sold to the market.

5.1.5 Process Design Flowsheet

The process flow diagram for the proposed 2.5 Mtpa processing plant is illustrated in Figure 13. The main elements that comprise the processing plant, as described above are common to many CIL processing plants operating throughout the Western Australian goldfields.

5.2 Processing Infrastructure

The processing plant will be located adjacent to the Jupiter open pit which will provide approximately 80% of the initial Ore Reserve base feed tonnage. Higher grade ore from the Westralia Mining Area (Beresford and Allanson) will be delivered to the processing plant ROM pad via road-train haulage.

Tailings will be delivered to a two cell tailings storage facility (TSF) located adjacent to the processing plant. Progressive embankment lifts will allow sufficient capacity for the initial MMGP Ore Reserves.

Raw water to the processing plant will be supplied from the historic borefield used to supply the former Mt Morgans processing plant, and is located 13 km to the north-west of the new plant site. The borefield will be expanded to meet the water demand of the 2.5Mtpa capacity process plant. The raw water sourced from this borefield is of a suitable quality (approximately 16,000 TDS) for processing through a reverse-osmosis plant to generate potable water for the elution plant. The raw water from the borefield will be supplemented by water recovered from the pre-leach thickener and TSF to maintain a process water balance.

Initially, power will be supplied from a 20MW diesel-fueled power station located adjacent to the processing plant, to be constructed near the Jupiter Mine Area. The Company will further assess the economics of a gas-fired power station after an initial phase of determining an accurate power demand for the site utilising the diesel-fueled power station.

High voltage power reticulation via an 11kV overhead powerline will supply power to the Westralia and Transvaal Mine Areas and the accommodation facility.

Figure 14 is a 3D image of the layout of the process plant infrastructure.

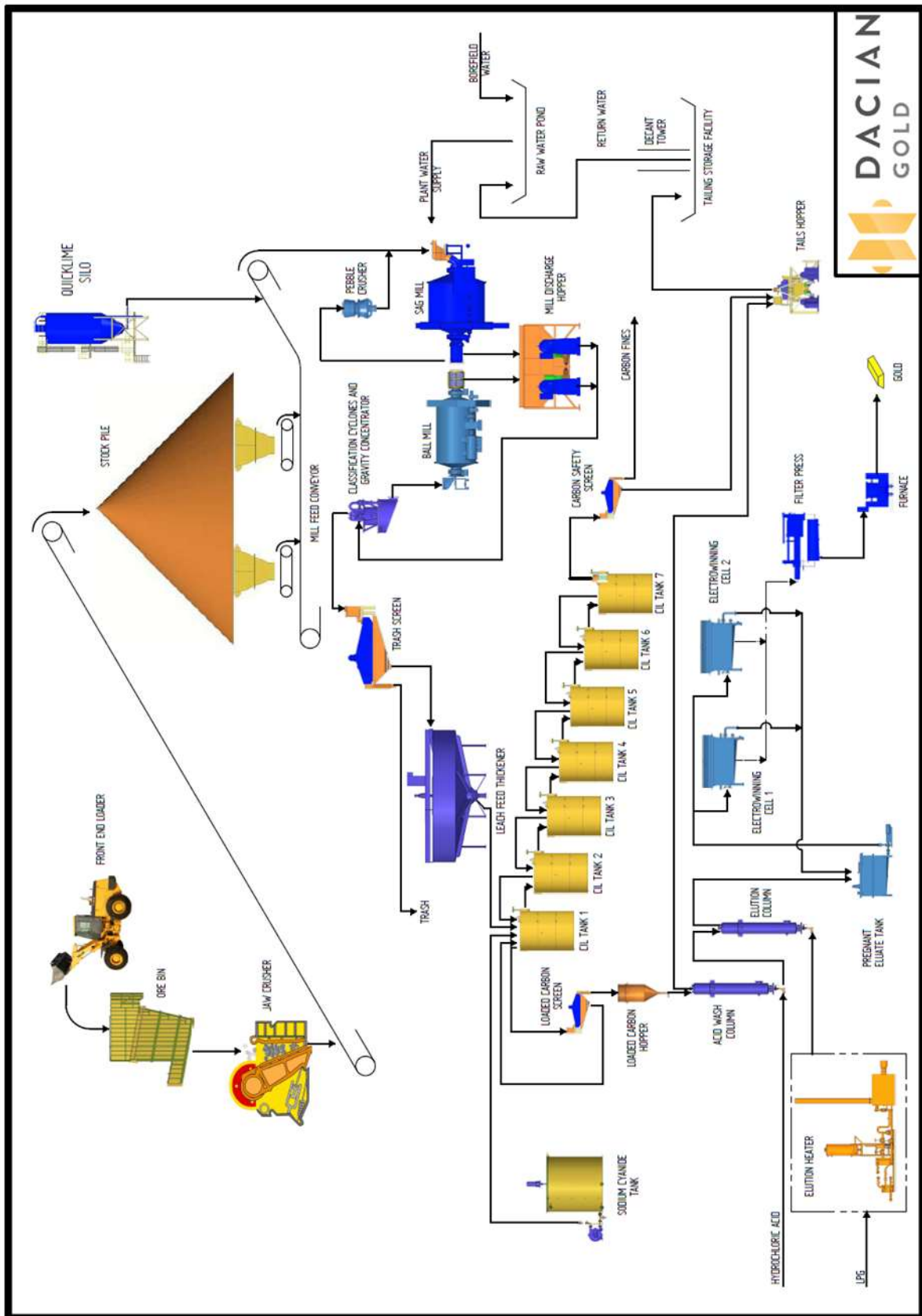


Figure 13 – Process Flow Sheet for the 2.5Mtpa Mt Morgans Treatment Plant



Figure 14: 3D image showing the layout of the planned 2.5Mtpa process plant with the Jupiter open pit in the background. The ROM pad lies between the open pit and the process plant.

5.3 Processing Plant Operating Cost Estimate

The operating cost of the processing plant has been estimated by engineering consultants GRES as part of this Feasibility Study. The costs are accurate to $\pm 15\%$ and have been calculated as A\$17.88/t processed, with constituent cost bases listed in Table 21.

Process Operating Costs		A\$/t
Cost Area		
Power		\$5.74
Reagents & Grinding Media		\$6.22
Labour		\$3.08
Maintenance & wear materials		\$1.61
Other		\$1.23
	Total	\$17.88
Plant Area		
Crushing and screening		\$1.00
Grinding and classification		\$9.32
Leach and adsorption		\$4.18
Elution and gold recovery		\$1.23
Tailings disposal		\$0.11
Reagent storage and distribution		\$0.10
Water and air services		\$0.46
Workshop		\$1.21
Laboratory		\$0.11
Administration		\$0.16
	Total	\$17.88

Table 21 – Breakdown of Processing Plant Operating Costs.

5.4 Processing Schedule

As noted above in Section 4, Dacian Gold has designed the MMGP mine production schedule to maximise production of the higher-margin, higher-grade ores from the Westralia Mine Area in the early production years of the MMGP. High grade ores from the Westralia Mine Area will be trucked to the ROM pad at the processing plant and will be prioritised as plant feed ahead of the lower grade Jupiter open pit ores.

Figure 15 below is a graph that shows the total ore treatment schedule for the initial 8 year Ore Reserve life of the MMGP. The figure shows the treatment of the higher grade underground ores (UG) is prioritised ahead of the Jupiter high grade ores (OP High Grade) and low grade ores (OP Low Grade).

As noted in Section 4.1, if Dacian Gold is able to convert the Inferred Mineral Resource of 715,000 ounce, 6.5g/t Au that lies along strike and beneath the Westralia Mine Area Ore Reserves (depicted as UG in Figure 15), then it may be expected the treatment of UG ores may continue past that shown, which in turn could extend the Ore Reserve life of the MMGP.

Figure 16 is the corresponding graph to Figure 15 showing the treatment schedule on an ounce produced basis. Here the importance of the high grade UG ores is even more apparent, and therefore so is the potential to materially increase the annual production levels if the Westralia Mine Areas are shown to have a life longer than that described in this initial Ore Reserve.

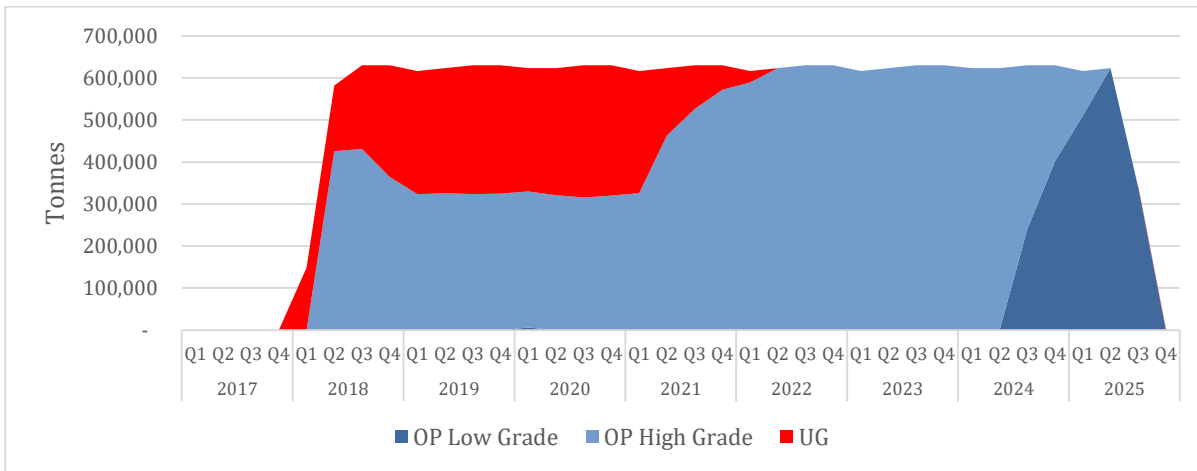


Figure 15 - Quarterly tonnes treatment schedule over the initial 8 year Ore Reserve life. OP = open pit and UG = underground.

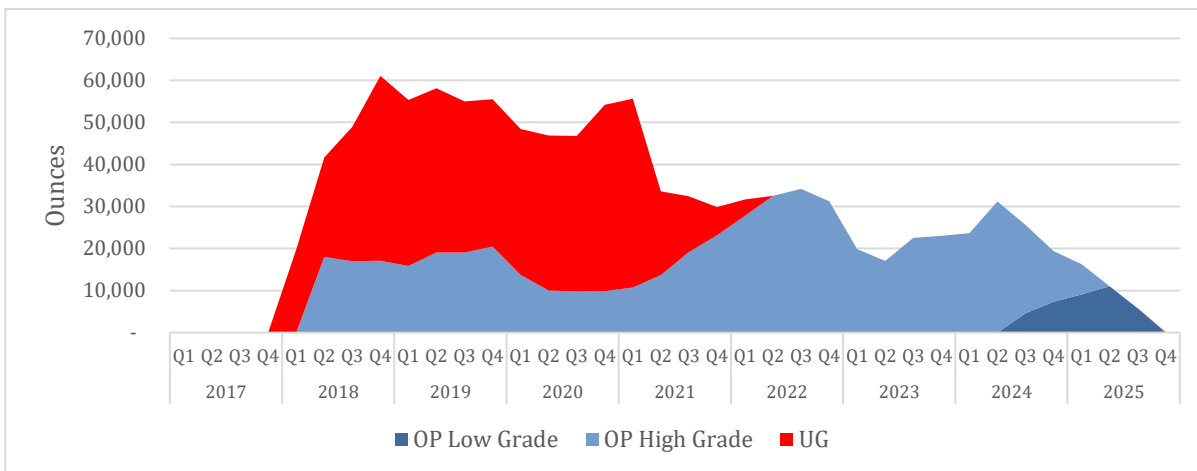


Figure 16 – Total quarterly ounces produced treatment schedule over the initial 8 year Ore Reserve life. Note the early and significant contribution of the UG ores to the ounce production profile. OP = open pit and UG = underground.

6. Processing Plant and Site Infrastructure Capital Cost

GRES have completed a capital cost estimate to a $\pm 15\%$ accuracy for the construction of a new 2.5 Mtpa CIL processing plant and site infrastructure. Additional technical studies to support the capital estimate study were completed by the following specialist consultants working under the direction of GRES:

- **ATC Williams Pty Ltd** – Processing plant site geotechnical investigation and assessment and TSF design; and

- **Walker, Newman & Associates Pty Ltd** – IT and communications infrastructure design and cost estimation.

The capital cost to construct the processing plant and site infrastructure is estimated at A\$172.3 million and includes a 10% contingency. All items in the capital cost estimate are costed as new. The capital cost estimate is detailed in Table 22 and includes the following major infrastructure items:

- Construction of a new 2.5 Mt/annum CIL processing plant including raw water supply infrastructure and embankment construction for the first cell of the tailings storage facility;
- Construction of a new 416 room accommodation village;
- Construction of mine service area facilities (offices, workshops, fuel storage & distribution, etc) at both the Westralia and Jupiter Mining Areas;
- Construction of an administration complex near to the processing facility;
- Site preparations for construction of a build–own–operate diesel fueled power station at Jupiter;
- Construction of an 11kV overhead powerline between the power station at Jupiter and the Westralia Mining Area and on to the accommodation village;
- Refurbishment of the existing the haul road route between the Westralia Mining Area and the processing plant site at Jupiter; and
- Construction and installation of site–based mobile phone, data, voice and radio communications infrastructure.

A capital cost estimate for the power station has not been included in the Feasibility Study. The Company envisages a build–own–operate (BOO) arrangement with a power–station contractor with all capital costs and operating costs of the power station to be covered in the power supply charge.

Dacian Gold believes there are opportunities to improve on the estimated process plant and infrastructure capital costs. Specifically, the capital cost estimate includes A\$20.8 million for a new accommodation village as well as over A\$4 million for a fleet of new light vehicles in the total treatment plant costs. The Company believes the strong market for second hand accommodation villages in Western Australia will likely result in the capital cost being less than A\$20.8 million for the accommodation village. Similarly, other reductions in likely up–front capital spend relate to leasing vehicles and expensing to an operating expenditure.

Processing Plant & Site Infrastructure Capital Cost Estimate Summary

	A\$ million
Processing Plant	
Crushing & Ore Storage	\$13.2
Grinding & Gravity	\$24.1
Leaching & Adsorption	\$12.4
Goldroom & Reagents	\$4.9
Tailings disposal & storage	\$7.2
Plant power reticulation	\$13.7
Plant piping & water services	\$11.7
Plant building & laboratory	\$3.3
Engineering & Construction costs	\$34.0
Fuel Storage & Distribution	\$2.0
Mobile equipment	\$4.3
First Fill & Spares	\$3.4
Subtotal	\$134.2
Site Infrastructure	
Accommodation village	\$20.8
Mine service areas	\$7.3
Power distribution	\$1.5
Communications	\$4.4
Earthworks, roads, fencing	\$4.0
Subtotal	\$38.0
Total	\$172.3

Table 22 – Project Capital Infrastructure ±15% Cost Estimate.

7. Project Permitting

Relevant environmental approval applications have been submitted to government departments which include:

- Mining Proposal and Mine Closure Plan application to the Department of Mines and Petroleum (submitted on 11 September 2016).
- Native Vegetation Clearing Permit application to the Department of Mines and Petroleum (submitted on 27 September 2016).
- Works Approval and License application submitted to the Department of Environment Regulation (submitted on 7 October 2016).

Supplementary approvals for the haul roads and parts of the internal road network will be lodged in November, whilst approvals for the production borefield will be lodged in December 2016.

All tenure required under the Mining Act 1978 has been granted, with the exception of a single Mining Lease Application which covers an area proposed for the excavation of gravel material

to be used in construction of the walls of the tailings storage facility. The grant of this tenement is anticipated in December 2016.

There is no registered Native Title Claim over the MMGP and there is no Native Title agreement in place. The majority of the project tenements including all of the production areas and all of the key infrastructure areas are situated on granted Mining Leases that have a life of 21 years that are able to be extended for further 21 year periods as required.

8. Project Finance

Section 4.6 describes the mine-establishment capital costs for Beresford, Allanson and Jupiter as totaling A\$48 million whilst Section 6 outlines the infrastructure capital costs of \$172 million. The combined financing required to construct and commission the MMGP is \$220 million.

As noted above, Project payback occurs in less than 21 months at a gold price of A\$1,600/oz. The initial Ore Reserve period to Payback ratio of 4.3 provides the Company with confidence it will be able to finance the Project on attractive terms.

Dacian Gold intends to finance the construction of the MMGP infrastructure and the mine establishment costs for both the underground and open pit operations through a combination of project debt and equity. The Company will take a prudent and measured approach in setting the level of debt whilst minimising shareholder dilution.

Preparations for the project debt financing have been underway for several months. Work undertaken during this time includes the development of a detailed financing term sheet, financial bank model and the appointment of the financier's independent technical engineer and legal counsel. All independent advisors have commenced due diligence work on the project and are well advanced to engage with the financiers when the formal debt arranging process commences.

Following the release of the Scoping Study in September 2015, several financiers approached Dacian expressing an interest in participating in the funding for the project. Dacian Gold believes that this competitive interest will translate into favourable financing terms and conditions.

The initial financier group selected to consider the Dacian term sheet will comprise up to eight banks. A formal process with these financiers has commenced. The term sheet assessment and financier selection process will run through until late December 2016 when Dacian Gold anticipates being in a position to sign a Facility Agreement. At this time, Financiers will be

committed to providing the debt funding to the project and first drawdown will be subject to the completion of typical conditions precedent. First draw down is anticipated in Q2 of CY2017.

Dacian Gold expects the final syndicate of banks will comprise three well-regarded financial institutions that have the capability and track record to provide funding to the natural resources industry.

9. Project Schedule

Responsibility for delivering the MMGP construction and commissioning schedule in order for gold to be produced in Q1 CY2018 will be managed by the Dacian Gold’s owners team. Table 23 shown below lists the key milestones by activity and timeline.

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

Table 23 - MMGP milestone timeline in order to produce gold in Q1 CY2018

10. Next Steps

As the Dacian Gold Board has, subject to procuring acceptable terms to finance the Project, approved the Project for construction, the immediate near-term milestones are:

- Procure project approvals and permitting;
- Secure requisite project funding;
- Order long lead time items including mills for treatment plant. A tender process to place mill orders has commenced;
- Tender EPC contract for plant and infrastructure construction;
- Tender BOO for power plant;
- Source second-hand accommodation village;



- Identify additional cost-saving measures from proposed capital expenditure
- Undertake optimisation studies aimed at improving projected operating cost expenditure;
- Recruit management and operational personnel for the MMGP. A total of 111 positions are required to be filled over the next 18 months; and
- Maintain an aggressive exploration campaign focused on discovering high-value gold deposits that can deliver the MMGP a long-lived production schedule of +200Kozpa. Key exploration target areas include Westralia Deeps, Cameron Well, Jupiter Regional, Late-basin Margin, Rainbow Bore and Callisto. The Company is budgeting A\$12-15Mpa on ongoing exploration activities.

For and on behalf of the Board

Rohan Williams
Executive Chairman

About Dacian Gold Limited

Dacian Gold Ltd listed on the ASX on 14 November 2012 after raising \$20M in its IPO to fund a 3 year exploration program at the Mt Morgans project it had acquired near Laverton, in Western Australia.

During the 3 years of intensive exploration, Dacian discovered two plus one million ounce gold deposits at Westralia and Jupiter; and following the completion of a Scoping Study in September 2015, completed a \$25 million equity raising to complete a 90,000m resource-infill drill out and to fund a definitive Feasibility Study.

In November 2016, Dacian released the results of the Feasibility Study which showed the Mt Morgans Gold Project to have an Initial Ore Reserve of 1.2 million ounces with an AISC of A\$1,039/oz over an initial 8 year period. The capital cost to build the project, including a new 2.5 Mtpa CIL treatment facility, is A\$220M which includes A\$172M of site-based infrastructure and A\$48M of mine-establishment costs for the underground Westralia Mine Area and the open pit at Jupiter.

The Board, which includes Rohan Williams as Executive Chairman and Robert Reynolds, Barry Patterson and Ian Cochrane as non-executive directors, approved the construction of the project, subject to the Company entering into acceptable financing arrangements, which is targeting gold production in the first quarter of CY2018.

Dacian will also maintain an aggressive exploration spend on the project it believes will continue to yield gold discoveries that will increase mine life and project value.

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

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Appendix 1

Expansion PFS Shows Potential Future MMGP Production Increases to 1.7Moz

- PFS shows MMGP production may increase from Ore Reserve of 18.6Mt @ 2.0g/t Au for 1.20 million ounces to 21.4Mt @ 2.4 g/t Au for 1.65 million ounces
- Corresponding MMGP Ore Reserve ⁶AISC improves from A\$1,039/oz (US\$779/oz)⁷ to PFS AISC of A\$970–975/oz (US\$730–735/oz)
- PFS focused on potential expanded production of Westralia Mine Area (Beresford and Allanson mines). PFS does not include any changes to the Jupiter Mine Area and Transvaal Ore Reserves
- PFS shows potential increase of Westralia Mine Area Ore Reserve of 492,000 ounces at an AISC of A\$837/oz (US\$628/oz) to 938,000 ounces at an AISC of A\$795–805/oz (US\$595–605/oz)
- PFS shows potential average gold production of 197,000 ounces per annum for first 7 years.
- PFS mine life increases from 8 years in Ore Reserve to potentially 9 years.
- PFS assumes additional increased capital expenditure of approximately \$3 million to increase capacity of tailings storage facility. No other infrastructure, permitting or financing requirements are assumed in the PFS.

Dacian Gold Executive Chairman Mr Rohan Williams noted “this expansion PFS clearly shows the excellent potential for the Mt Morgans Gold Project to improve on the initial Ore Reserve outlined for the first time today.”

“The Westralia Mine Area is very much the engine room of the Mt Morgans and this expansion PFS shows that it may well grow into a longer life, high-margin gold mine. We remain committed to drilling to find out what the real size of this impressive deposit is.”

⁶ AISC = C1 cash cost + royalties + sustaining capital costs

⁷ AUD:USD exchange rate set at \$A1.00 = US\$0.75

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

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

In addition to the release of the of the Mt Morgans Gold Project's (**MMGP**) initial Ore Reserve, underpinned by the Feasibility Study addressed in the main body of this announcement, Dacian Gold is pleased to present the findings of an expansion Pre-Feasibility Study (PFS) on a potential future production expansion for the MMGP.

The expansion PFS was completed to examine the potential additional mine life of the Westralia Mine Area, part of the MMGP. The Westralia ore body remains continuous at depth below the Ore Reserve, and the interpreted mineralisation controls and extents of mineralisation remains consistent.

The initial Ore Reserves of the Jupiter Mine Area and the Transvaal underground mine (Section 4.3 and 4.2 of this announcement, respectively) were applied in this PFS without any change.

The PFS expands the 1.2 million ounce MMGP Ore Reserve to potentially 1.7 million ounces by applying the same mine design parameters used in estimating the Westralia Mine Area Ore Reserves, to a portion of high grade Inferred Mineral Resource that is continuous with the Westralia Mine Area Ore Reserves. Apart from the increased tonnages, no other changes to the assumptions which underpin the production scenario defined by Ore Reserves in the Feasibility Study have been necessary for the PFS.

A1. Expansion PFS Overview and Summary

The MMGP has an initial Ore Reserve of **18.6Mt @ 2.0g/t Au for 1.2 million ounces** (this announcement) with a forecast all in sustaining cost (AISC) of A\$1,039/oz (US\$779/oz).

The Westralia Mine Area is located in the western half of the MMGP and comprises two underground gold mines (Beresford and Allanson), which together have an estimated Ore Reserve of **3.3Mt @ 4.6g/t Au for 492Koz** with a corresponding forecast AISC of A\$837/oz (US\$628/oz).

Section 4.1 of this announcement shows that the initial Ore Reserves of the Westralia Mine Area sit along strike, above, and are geologically continuous with, an Inferred Mineral Resource of **3.5Mt @ 6.5g/t Au for 715Koz** (see Figure A1).

By applying the same mine design parameters used in estimating the Westralia Mine Area Ore Reserves (Section 4.1 of this announcement) to the contiguous Inferred Mineral Resource, it shows the potential for an increased production scenario of the MMGP to **21.4Mt @ 2.4g/t Au for 1.65 million ounces**.

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

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

The expansion PFS shows the Westralia Mine Area could potentially increase its initial Ore Reserve from 3.3Mt @ 4.6g/t Au for 492Koz with a forecast AISC of A\$837/oz (US\$628/oz) to **6.1Mt @ 4.8 g/t Au for 938Koz**. The forecast AISC for the 938Koz total is estimated at **A\$795–805/oz (US\$595–605/oz)**.

The expansion PFS further confirms the potential of the Westralia Mine Area to be one of Australia's lowest cost underground gold mines.

Section A3.2 of this Appendix provides an overview of the potential expansion PFS mining and gold production scenario. It discusses the potential for an average of 197Koz of gold production (assuming an 91% recovery).

The expansion PFS shows a potential 9 year mine life to 2026.

Other than the addition of approximately **\$3 million** of capital for increasing the capacity of the tailings storage facility, all project infrastructure required to facilitate the PFS rate of production is the same as that described in the MMGP Feasibility Study (this announcement). The expansion PFS assumes there is no change to the mining of the Jupiter Mine Area or the Transvaal underground mine. No additional financing or material permitting is required to mine and treat the Westralia Mine Area expansion PFS-level production.

A2. Mineral Resources

The Mineral Resource used in this expansion PFS is shown in Table A1. See ASX announcements 28 July 2016 for full technical descriptions and requisite disclosures of the Westralia Mineral Resource used in this expansion PFS, and Appendix 2 (this announcement).

Mount Morgans Gold Project Mineral Resources at 28 July 2016

	COG	Measured			Indicated			Inferred			Total Mineral Resource		
		Au g/t	Mt	Au g/t	Koz Au	Mt	Au g/t	Koz Au	Mt	Au g/t	Koz Au	Mt	Au g/t
King Street*	0.5	-	-	-	-	-	-	0.5	2.0	33	0.5	2.0	33
Jupiter	0.5	1.0	1.7	54	23	1.4	1,006	5.7	1.1	197	29.6	1.3	1,257
Jupiter UG	1.5	-	-	-	-	-	-	0.5	2.0	34	0.5	2.0	34
Jupiter LG Stockpile	0.5	3.5	0.5	58	-	-	-	-	-	-	3.5	0.5	58
Westralia	2.0	0.4	5.0	65	4.8	5.5	840	3.5	6.5	715	8.6	5.8	1,621
Craic*	0.5	-	-	-	0.1	8.2	18	0.1	7.1	27	0.2	7.5	46
Transvaal	2.0	0.4	5.8	68	0.4	5.3	69	0.5	4.7	73	1.3	5.2	210
Ramornie	2.0	-	-	-	0.2	4.1	21	0.3	3.9	36	0.4	4.0	57
TOTAL		5.3	1.5	246	28.3	2.1	1,954	11.1	3.1	1,115	44.7	2.3	3,315
* JORC 2004													

Table A1 – Mount Morgans Gold Project Mineral Resources at 28 July 2016. The Mineral Resources highlighted in white were used in this expansion PFS. Rounding errors may occur. Mineral Resources are inclusive of Ore Reserves.

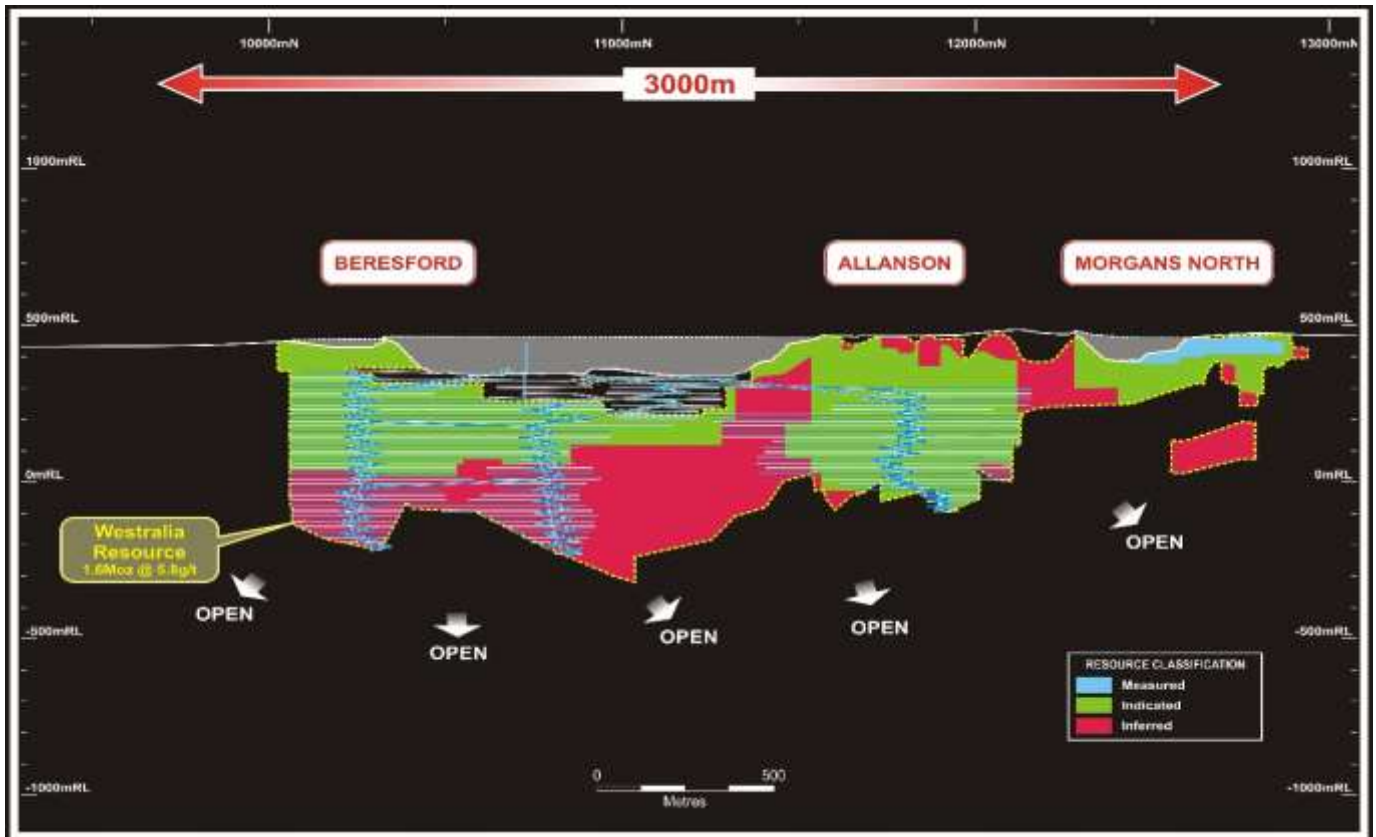


Figure A1 – Westralia Mine Area long section showing the extent of the 715,000oz, 6.5g/t Au Inferred Mineral Resource (area shaded red) that was assessed in this expansion PFS as a potential future production source. Mine design at Beresford and Allanson is shown as the blue development layout: those areas underlain by green shade represents the initial Ore Reserve, whereas those areas underlain by green and red represent the potential outlined in this PFS. Note the MMGP Ore Reserves total 73% of the potential MMGP expansion PFS production scenario.

A3. Mining

The individual production sources of the 1.7 million ounce potential profile considered in this expansion PFS are shown below in Table A2. The only change from the Ore Reserve production sources described in Section 4 of this announcement, is from the Beresford and Allanson underground mines (see Sections A3.1.1 and A3.1.2 below). This expansion PFS does not contain any material from the Jupiter Mine Area and the Transvaal underground mine additional to the Ore Reserves defined in sections 4.1 of this announcement.

MMGP Expansion PFS Mining Summary

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

Table A2 – MMGP PFS production sources and forecast key metrics.

Given the only change between the Ore Reserves estimated by the Feasibility Study and this expansion PFS is to the Westralia Mine Area, no update to the technical and economic assessment of the Jupiter Mine Area (Section 4.3, this announcement) and Transvaal (Section 4.2, this announcement) is provided in this expansion PFS. The reader is referred to the sections in this announcement that relate to those respective expansion PFS production sources.

A3.1 Westralia Mine Area

The detailed mine design work for the Beresford and Allanson underground mines (together the Westralia Mine Area) that was applied to the initial Ore Reserve estimate for both mines is detailed in Section 4.1 of this announcement; with all material assumptions included in Appendix 4.

The same mine design parameters used in the Feasibility Study for the estimation of the Beresford and Allanson Ore Reserves were applied to the mining of the geologically contiguous Inferred Mineral Resource considered in this expansion PFS.

Figure A2 shows the extent of the possible production of the Beresford and Allanson underground mines, considered in this PFS.

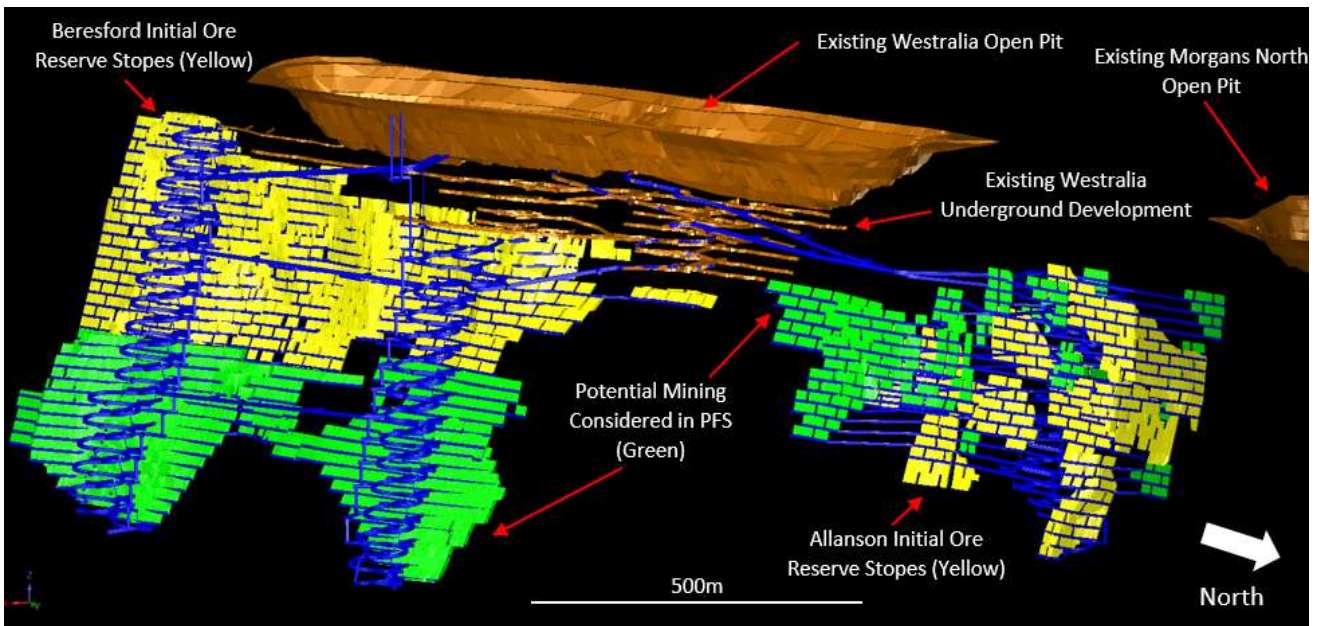


Figure A2 – Westralia Mine Area isometric view showing the extent of Ore Reserve mine development and stoping at Beresford and Allanson (yellow) and the potential future production considered in this expansion PFS (green). Note the mine development for each of the Ore Reserve and PFS additional production is shown in blue.

Table A3 provides a breakdown of the Westralia Mine Area PFS potential mining sources. The total potential future mine production from the Westralia Mine Area increases to 938,000 ounces from an Ore Reserve of 492,000 ounces. The forecast AISC for the 938,000 ounces is **A\$795–805/oz (US\$595–605/oz)** whereas the corresponding AISC for the Ore Reserve is A\$837/oz (US\$628/oz).

WESTRALIA MINE AREA	COG (g/t)	Expansion PFS Physicals		
		Tonnes (Kt)	Au (g/t)	Au (Koz)
High Grade				
Beresford UG	2.5	3,300	5.7	602
Allanson UG	2.5	1,150	6.2	227
Low Grade				
Beresford UG	2.0	1,240	2.0	81
Allanson UG	2.0	450	2.0	28
TOTAL				
Beresford UG		4,540	4.7	682
Allanson UG		1,590	5.0	256
TOTAL		6,130	4.8	938

Forecast AISC	\$A795-805/oz US\$595-605/oz	
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Table A3 – Westralia Mine Area potential future mine production of 938Koz based on this PFS.

A3.1.1 Beresford

Figure A2 shows the extent of the potential material contributed from Beresford as considered in this expansion PFS.

The PFS mine design is consistent with that seen in the Feasibility Study (Section 4.1.1, this announcement). It occurs over the same strike distance of approximately 1km and extends the proposed mining a further 250m of vertical extent.

Table A4 details the assumed mine physicals at Beresford that have been considered in this PFS.

BERESFORD		Expansion PFS Physicals
Total Mined Ore	Kt	4,541
Mined Grade	g/t Au	4.7
Contained Metal	Koz Au	682
Development Ore	Kt	1,386
Mined Grade	g/t Au	3.5
Contained Metal	Koz Au	157
Stope Ore	Kt	3,154
Mined Grade	g/t Au	5.2
Contained Metal	Koz Au	526
Decline Development	Km	8.3
Other Capital Development	Km	9.8
Operating Development	Km	32.9
Design Mining Depth	m	680
Orebody Strike Extent	m	1,200
Average Orebody Dip		75°E
Average Orebody Width	m	2.5

Table A4 – Beresford Underground key mining metrics estimated from this PFS.

A3.1.2 Allanson

Figure A2 shows the extent of the potential future mined production from Allanson

as considered in this expansion PFS.

Table A5 details the assumed mine physicals at Allanson that have been considered in this PFS.

ALLANSON		Expansion PFS Mining
Total Mined Ore	Kt	1,590
Mined Grade	g/t Au	5.0
Contained Metal	Koz Au	256
Development Ore	Kt	545
Mined Grade	g/t Au	3.7
Contained Metal	Koz Au	64
Stope Ore	Kt	1,045
Mined Grade	g/t Au	5.7
Contained Metal	Koz Au	192
Decline Development	Km	3.5
Other Capital Development	Km	4.4
Operating Development	Km	20.9
Design Mining Depth	m	550
Orebody Strike Extent	m	982
Average Orebody Dip - Above ~100mRL		85°E
Average Orebody Dip - Below ~100mRL		65°E
Average Orebody Width	m	1.4

Table A5 – Allanson Underground key mining metrics estimated from this PFS.

A3.2 Expansion PFS Mine Production and Gold Production

The detailed PFS mine designs at Beresford and Allanson referred to in Sections A3.1.1 and A3.1.2 respectively, together with the mine physicals estimated by the Ore Reserves reported for the Jupiter Mine Area and Transvaal in this announcement (Sections 4.3 and 4.2 respectively) are used to assess a potential production profile for the MMGP PFS.

The PFS considers the potential for 1.7 million ounces to be mined and producing 1.5 million ounces assuming a 91% recovery over a 9 year period. The potential gold production levels average 197,000 ounces per annum for the first 7 years.

A4. Processing

It is anticipated that processing requirements for the PFS potential production schedule will be met by the new 2.5Mtpa CIL treatment facility designed and costed in the MMGP Feasibility Study (see Section 5, this announcement).

Operating costs for the treatment of the PFS production are assumed to be \$18.20/t, slightly higher than that used in the Feasibility Study at \$A17.88/t.

The Company notes that in respect of the potential expanded production profile, the subject of this PFS, the potential mining and treatment of the Inferred Mineral Resource does not feature in the early mine and treatment plan.

A5. Infrastructure

No additional infrastructure requirements are anticipated to mine and treat the PFS production scenario from that identified and costed in the MMGP Feasibility Study (Section 6, this announcement).

A6. Capital Costs

The only material additional capital cost required to mine and treat ore in the expansion PFS production schedule over that estimated in the Feasibility Study (Section 6, this announcement, is approximately **\$3 million** to increase the capacity of the tailings storage facility. This estimate has been provided by G R Engineering Services Ltd; the same engineering company that completed the MMGP Feasibility Study infrastructure designs and costings reported in this announcement.

A7. Financing and Permitting

It is anticipated that there is no additional financing or material permitting above that described in the MMGP Feasibility Study required to potentially mine and treat the PFS production schedule contemplated in this report.

The Feasibility Study confirms the MMGP is a technically and economically viable project. Project cash flows generated from the mining and treatment of the Ore

Reserves provides sufficient working capital to develop the potential production outlines in this expansion PFS.

A8. Next Steps

Infill drilling of the Westralia Inferred Mineral Resource will be undertaken from suitable underground drill platforms as the mines defined in the Feasibility Study advances.

Once the Inferred Mineral Resources have been infilled to a drill density suitable for the resources to be upgraded to Indicated Mineral Resource classification, Dacian Gold will complete requisite detailed mine design studies, using the same parameters that have been applied to the Feasibility Study, to re-estimate Ore Reserves.

Exploration diamond drilling below the base of the current Inferred Mineral Resource will take place in CY2017. Dacian Gold believes the current arbitrarily defined base of the 1.6Moz Westralia Mineral Resource is unlikely to be the limit of the orebody. Given the deposit has a strike of over 3km in length, the Company believes it is likely the deposit will persist at depths greater than the current Mineral Resource limits.

CAUTIONARY STATEMENT

Some statements in this Appendix 1 regarding estimates or future events are forward-looking statements. They include indications of, and guidance on, future earnings, cash flow, costs and financial performance. Forward-looking statements include, but are not limited to, statements preceded by words such as “planned”, “expected”, “projected”, “estimated”, “may”, “scheduled”, “intends”, “anticipates”, “believes”, “potential”, “could”, “nominal”, “conceptual” and similar expressions. Forward-looking statements, opinions and estimates included in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements are provided as a general guide only and should not be relied on as a guarantee of future performance. Forward-looking statements may be affected by a range of variables that could cause actual results to differ from estimated results, and may cause the Company’s actual performance and financial results in future periods to materially differ from any projections of future performance. These risks and uncertainties include but are not

limited to estimations inherent in mine development and production; geological, mining and processing technical problems; the inability to obtain mine licenses, permits and other regulatory approvals required in connection with mining and processing operations, competition for among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel, changes in commodity prices and exchange rate, currency and interest rate fluctuations, various events which could disrupt operations and/or the transportation of mineral products, including labour stoppages and severe weather conditions, the demand for and availability of transportation services, the ability to secure adequate financing and management's ability to anticipate and manage the foregoing factors and risks. There can be no assurance that forward-looking statements will prove to be correct.

This Appendix 1 has been prepared in compliance with the current JORC Code 2012 Edition and the ASX Listing Rules. All material assumptions on which the forecast financial information is based have been included in this announcement, and are also outlined in Appendix 3 (Forward Looking Statements).

The Company notes that an Inferred Mineral Resource has a lower level of confidence than an Indicated Mineral Resource and that the JORC Code 2012 advises that to be an Inferred Mineral Resource it is reasonable to expect that the majority of the Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration. Based on advice from relevant Competent Persons, the Company is confident that a significant portion of the Inferred Mineral Resources for the MMGP will be upgraded to Indicated Mineral Resources with further exploration work.

In relation to the application of Inferred Mineral Resource in production target, the Company notes that there is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realized.

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

The Company believes it has a reasonable basis for making the forward-looking statements in this Appendix 1, including with respect to any Production Targets and economic evaluation based on information contained in this Appendix 1.

In relation to Mineral Resources, the Company confirms that all material assumptions and technical parameters that underpin the relevant market announcement continue to apply and have not materially changed.

Dacian has a highly experienced management team with a proven track record in discovering, developing and mining Western Australian gold mines. In particular Mr Rohan Williams, Executive Chairman of Dacian Gold, was previously the founding CEO and Managing Director of Avoca Resources Limited, where he oversaw its growth from a \$7M IPO to a \$1B ASX200 gold mining company, at which time it merged with Anatolia Minerals to form, between them, the +\$2B Alacer GoldCorp. Mr James Howard, Dacian Gold's Project Manager was formerly Avoca's Mining Manager at its 170,000 ounce per annum Higginsville Gold Operation, and Mr Dan Baldwin, Dacian Gold's Exploration Manager was formerly Avoca's and subsequently Alacer's Australian Exploration Manager.

Dacian's Board members also include Mr Barry Patterson as a Non-executive Director, Mr Ian Cochrane as a Non-executive Director and Mr Rob Reynolds, also a Non-executive Director. Messrs Patterson, Cochrane and Reynolds have decades of experience in corporate governance, financing, building and operating mines both throughout Australia and overseas.

Mr Matthew Keenan is an independent mining engineering consultant and a full-time employee of Entech Pty Ltd, and has sufficient relevant experience to advise Dacian Gold on matters relating to mine design, mine scheduling, mining methodology and mining costs pursuant to this Appendix 1. Mr Keenan is satisfied that the information provided in this Appendix 1 has been determined to a PFS level of accuracy and, based on the data provided by Dacian Gold, considers that there is a reasonable likelihood that, subject to infill drilling confirming grade and continuity of the Westralia mineralisation similar to the observed in the Inferred Mineral Resource, progress to an Ore Reserve can be justified.

Appendix 2 - Competent Persons Statement

In relation to Mineral Resources and Ore Reserves, the Company confirms that all material assumptions and technical parameters that underpin the relevant market announcement continue to apply and have not materially changed.

Exploration

The information in this report that relates to Exploration Results is based on information compiled by Mr Rohan Williams who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Williams holds shares and options in, and is a director and full time employee of, Dacian Gold Ltd. Mr Williams has sufficient experience which is relevant to the style of mineralisation under consideration to qualify as a Competent Person as defined in the 2012 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.” Mr Williams consents to the inclusion in the report of the matters based on the information compiled by him, in the form and context in which it appears.

Mineral Resources

The information in this report that relates the Westralia Deposit Mineral Resource (see ASX Announcement 28 July 2016), Jupiter Prospect (see ASX Announcement 19 July 2016) and Transvaal Mineral Resources (see ASX announcement 16th September, 2015) and Ramornie Mineral Resources (see ASX announcement 24th February, 2015) is based on information compiled by Mr Shaun Searle who is a Member of Australian Institute of Geoscientists and a full-time employee of RungePincockMinarco. Mr Searle has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Searle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates the Jupiter Low Grade Stockpile (see ASX announcement – 16th September, 2015) and is based on information compiled by Mr Rohan Williams who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Williams holds shares and options in, and is a director and full time employee of, Dacian Gold Ltd. Mr Williams has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Williams consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources (other than Westralia, Jupiter, Jupiter Low Grade Stockpile, Transvaal, and Ramornie which are reported under JORC 2012) is based on information compiled by Mr Rohan Williams, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Williams holds shares and options in, and is a director and full time employee of, Dacian Gold Ltd. Mr Williams has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Williams consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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

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

Ore Reserves

The information in this report that relates to Ore Reserves for the Westralia Mining Area and Transvaal Mining Area 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 is based on information compiled or reviewed by Mr Ross Cheyne. Mr Cheyne confirmed that he has read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition). He is a Competent Person as defined by the JORC Code 2012 Edition, having more than five years' experience which is

relevant to the style of mineralisation and type of deposit under consideration and to the activity for which he is accepting responsibility. Mr Cheyne is a Fellow of The Australasian Institute of Mining and Metallurgy and a full time employee of Orelogy Consulting Pty Ltd and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 3 – Forward Looking Statements

Some statements in this report regarding estimates or future events are forward-looking statements. They include indications of, and guidance on, future earnings, cash flow, costs and financial performance. Forward-looking statements include, but are not limited to, statements preceded by words such as “planned”, “expected”, “projected”, “estimated”, “may”, “scheduled”, “intends”, “anticipates”, “believes”, “potential”, “could”, “nominal”, “conceptual” and similar expressions. Forward-looking statements, opinions and estimates included in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements are provided as a general guide only and should not be relied on as a guarantee of future performance. Forward-looking statements may be affected by a range of variables that could cause actual results to differ from estimated results, and may cause the Company’s actual performance and financial results in future periods to materially differ from any projections of future performance. These risks and uncertainties include but are not limited to estimations inherent in mine development and production; geological, mining and processing technical problems; the inability to obtain mine licenses, permits and other regulatory approvals required in connection with mining and processing operations, competition for among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel, changes in commodity prices and exchange rate, currency and interest rate fluctuations, various events which could disrupt operations and/or the transportation of mineral products, including labour stoppages and severe weather conditions, the demand for and availability of transportation services, the ability to secure adequate financing and management’s ability to anticipate and manage the foregoing factors and risks. There can be no assurance that forward-looking statements will prove to be correct.

This announcement has been prepared in compliance with the current JORC Code 2012 Edition and the ASX Listing Rules. All material assumptions on which the forecast financial information is based have been included in this announcement, and are also outlined in Appendix 4.

The Company believes that it has a reasonable basis for making the forward-looking statements in this announcement, including with respect to any production targets and financial estimates, based on the information contained in this announcement.

The Company notes that an Inferred Mineral Resource has a lower level of confidence than an Indicated Mineral Resource and that the JORC Code 2012 advises that to be an Inferred Mineral Resource it is reasonable to expect that the majority of the Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration. Based on advice from relevant Competent Persons, the Company is confident that a significant portion of the Inferred Mineral Resources reported

in Appendix 1 (Pre-Feasibility Study) will be upgraded to Indicated Mineral Resources with further exploration work.

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

Dacian has a highly experienced management team with a proven track record in discovering, developing and mining Western Australian gold mines. In particular Mr Rohan Williams, Executive Chairman of Dacian Gold, was previously the founding CEO and Managing Director of Avoca Resources Limited, where he oversaw its growth from a \$7M IPO to a \$1B ASX200 gold mining company, at which time it merged with Anatolia Minerals to form, between them, the +\$2B Alacer Gold Corp.

Mr James Howard, Dacian Gold's Project Manager was formerly Avoca's Mining Manager at its 170,000 ounce per annum Higginsville Gold Operation, and Mr Dan Baldwin, Dacian Gold's Exploration Manager was formerly Avoca's and subsequently Alacer's Australian Exploration Manager.

Dacian's Board members also include Mr Barry Patterson as a Non-executive Director, Mr Ian Cochrane as a Non-executive Director and Mr Rob Reynolds, also a Non-executive Director. Messrs Patterson, Cochrane and Reynolds have decades of experience in corporate governance, financing, building and operating mines both throughout Australia and overseas.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements referred to in this announcement, and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market 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 market announcement.

Appendix 4 - JORC Table 1

Exploration results and Mineral Resources at Westralia, Jupiter and Transvaal were reported by DCN and released to the ASX during 2013 to 2016. Mr Rohan Williams, Executive Chairman of DCN compiled the information in Section 1 and Section 2 of the following JORC Table 1 and is the Competent Person for those sections. Mr Shaun Searle, an employee of RungePincocKMinarco Ltd (RPM) compiled the information in Section 3 of the following JORC Table 1 and is the Competent Person for that section. Mr Matthew Keenan, an employee of Entech Pty Ltd compiled information in Section 4 – Westralia and Transvaal of the following JORC Table 1 and is the Competent Person for that section. Mr Ross Cheyne, an employee of Orelogy Consulting Pty Ltd compiled information in Section 4 – Jupiter of the following JORC Table 1 and is the Competent Person for that section.

This Appendix 4 in its entirety applies to both the Mt Morgans Gold Project Feasibility Study (pages 1-58 of this announcement) and Appendix 1 (MMGP Expansion Pre-Feasibility Study, pages 59-71 of this announcement).

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> DCN utilised RC and diamond drilling. Holes were generally angled towards grid west to optimally intersect the targeted mineralised zones. DCN core was sampled as half core at 1m intervals or to geological contacts. To ensure representative sampling, half core samples were always taken from the same side of the core and the full length of each hole sampled. DCN RC drilling was sampled at 1m intervals via an on-board cone splitter. Historical RC samples were collected at 1m, 2m and 4m intervals using riffle splitters. DCN samples were submitted to contract laboratories for crushing and pulverising to produce a 40g or 50g charge for fire assay.
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> Diamond drilling was mostly carried out with NQ2 sized equipment, along with minor HQ3 and PQ2, using standard tube. Drill core was orientated using a Reflex orientation tool. For RC holes, a 5¼" face sampling bit was used. For deeper holes, RC holes were followed with diamond tails.
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery 	<ul style="list-style-type: none"> Recoveries from historical drilling are unknown. Recoveries from DCN core drilling were measured and recorded in the database and



Criteria	JORC Code explanation	Commentary
	<p>and ensure representative nature of the samples.</p> <ul style="list-style-type: none"> Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<p>recovery was generally 100% in fresh rock with minor core loss in oxide.</p> <ul style="list-style-type: none"> In DCN drilling no relationship exists between sample recovery and grade.
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> All diamond drill holes were logged for recovery, RQD, geology and structure. RC drilling was logged for various geological attributes. For DCN drilling, diamond core was photographed both wet and dry. All drill holes were logged in full.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> DCN core was cut in half using an automatic core saw at either 1m intervals or to geological contacts. To ensure representivity, all core samples were collected from the same side of the core. Historical RC samples were collected at the rig using riffle splitters. Samples were generally dry. DCN RC samples were collected via on-board cone splitters. Samples were mostly dry. For DCN RC drilling, sample quality was maintained by monitoring sample volume and by cleaning splitters on a regular basis. Field duplicates were taken at approximately 1 in 25 for RC drilling. Sample preparation was conducted by contract laboratories. After drying, the sample is subject to a primary crush, then pulverised for 4 to 8 minutes with the aim that 85% passing 75µm. For historic drilling detailed information on the QAQC programs used was not available. Sample sizes are considered appropriate to correctly represent the gold mineralisation based on: the style of mineralisation, the thickness and consistency of the intersections, the sampling methodology and assay value ranges for Au.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> For DCN drilling, the analytical technique used was a 40g/50g fire assay with Pb collection, with an ICP-AAS/OES finish. This is a full digestion technique. Samples were analysed at Bureau Veritas Laboratories and Intertek Genalysis, both located in Kalgoorlie and Perth, Western Australia. For DCN drilling, sieve analysis was carried out by the laboratory to test the grind size of 85% passing 75µm was being attained. For DCN drilling, QAQC procedures involved the use of certified reference materials (1 in 20) and blanks (1 in 50). Results were assessed as each laboratory batch was received and were acceptable in all cases. No QAQC data has been reviewed for historical drilling although mine production has largely validated drilling results. Laboratory QAQC includes the use of internal



Criteria	JORC Code explanation	Commentary
		<p>standards using certified reference material, blanks, splits and replicates.</p> <ul style="list-style-type: none"> • Certified reference materials demonstrate that sample assay values are accurate.
Verification of sampling and assaying	<ul style="list-style-type: none"> • <i>The verification of significant intersections by either independent or alternative company personnel.</i> • <i>The use of twinned holes.</i> • <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> • <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> • Significant intersections were visually field verified by company geologists and by Shaun Searle of RPM during the 2013 and 2016 site visits. • Results of re-assaying selected historical core obtained from Jupiter showed a slight bias. The re-assayed grades were generally higher than the original assay grades. • No twin holes were drilled, however infill drilling by DCN has confirmed mineralisation thickness and tenor. Purpose drilled metallurgical holes twinned RC intersections with PQ/NQ drill core. • Primary data was collected into either an Excel spread sheet software and then imported into a Data Shed database. • Assay values that were below detection limit were adjusted to equal half of the detection limit value.
Location of data points	<ul style="list-style-type: none"> • <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> • Historical drill hole collar coordinates were tied to a local grid with subsequent conversion to MGA94 Zone 51. • Mine workings support the locations of historical drilling. • All DCN hole collars were surveyed in MGA94 Zone 51 grid using differential GPS. • DCN holes were down-hole surveyed either with multi-shot EMS or Reflex multi-shot tool or north-seeking gyro. • Topographic surface prepared from detailed ground and mine surveys.
Data spacing and distribution	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results.</i> • <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> • <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> • Nominal hole spacing of DCN drilling is approximately 40 by 40m at Jupiter and Transvaal and 50 x 50m at Westralia. • The mineralised domains at all three deposits have sufficient continuity in both geology and grade to be considered appropriate for the Mineral Resource and Ore Reserve estimation procedures and classification applied under the 2012 JORC Code. • Samples have been composited to 1m lengths in mineralised lodes at all deposits and 2m lengths in syenite specifically at Jupiter using fixed length techniques.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> • <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	<ul style="list-style-type: none"> • Most drill holes are angled to the west so that intersections are orthogonal to the expected trend of mineralisation. • No orientation based sampling bias has been identified in the data
Sample security	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> • Chain of custody is managed by DCN. Samples are stored on site until collected for transport to Bureau Veritas and Genalysis Intertek laboratories in Kalgoorlie. DCN personnel have no contact with the samples once they are picked up for transport. Tracking sheets have been set up to track the

Criteria	JORC Code explanation	Commentary
		progress of samples.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> Shaun Searle of RPM reviewed drilling and sampling procedures during the 2013 and 2016 site visits and found that all procedures and practices conform with industry standards.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area. 	<ul style="list-style-type: none"> The Mineral Resources at Westralia, Transvaal and Jupiter are located within Mining Leases M39/18, M39/228 and M39/236 respectively which are wholly owned by DCN. Jupiter is subject to capped production royalty. The tenements are in good standing with no known impediment to future grant of a mining permit.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> At Westralia and Transvaal, open pit and underground mining has occurred since the 1890's. Other companies to have explored the deposit include Whim Creek Consolidated NL, Dominion Mining, Plutonic Resources, Homestake Gold and Barrick Gold Corporation. At Jupiter, open pit mining occurred in the 1990's. Previous companies to have explored the deposit include Croesus Mining, Dominion Mining and Barrick Gold Corporation.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> The Westralia gold deposit is steeply north-east dipping Archaean BIF hosted sulphide replacement mineralisation. The Jupiter deposit is structurally controlled, shallow east dipping mesothermal gold mineralisation related to syenite intrusions within altered basalt. The Transvaal deposit is structurally controlled, steeply east dipping mesothermal gold mineralisation primarily within altered basalt.
Drill hole information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> All exploration results have previously been reported by DCN between 2013 and 2016. Refer to previous Dacian ASX releases for information regarding previous Dacian drilling.
Data aggregation methods	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. 	<ul style="list-style-type: none"> Neither exploration results nor new Mineral Resources are being reported. Metal equivalent values have not been used.



Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known'). 	<ul style="list-style-type: none"> Most drill holes are angled to the west at Jupiter and Transvaal or grid west (245°) at Westralia so that intersections are orthogonal to the expected orientation of mineralisation. It is interpreted that true width is approximately 60-100% of down hole intersections.
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> Relevant diagrams have been previously reported.
Balanced Reporting	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> All DCN hole collars were surveyed in MGA94 Zone 51 grid using differential GPS. DCN holes were down-hole surveyed either with multi-shot EMS, Reflex multi-shot tool or north seeking gyro. Exploration results are not being reported.
Other substantive exploration data	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples - size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> All interpretations for Westralia, Jupiter and Transvaal mineralisation are consistent with observations made and information gained during previous mining at these deposits.
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> Further broad spaced exploration drilling and resource infill drilling is planned at Westralia. Reconnaissance aircore drilling is underway in magnetic corridors south-east of Jupiter. Refer to diagrams in the body of text within the announcement and prior announcements.



Section 3 Estimation and Reporting of Mineral Resources

Criteria	JORC Code explanation	Commentary
Database integrity	<ul style="list-style-type: none"> Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. Data validation procedures used. 	<ul style="list-style-type: none"> The data base has been systematically audited by a DCN geologist. Original drilling records were compared to the equivalent records in the data base (where original records were available). Any discrepancies were noted and rectified by the data base manager. All DCN drilling data has been verified as part of a continuous validation procedure. Once a drill hole is imported into the data base a report of the collar, down-hole survey, geology, and assay data is produced. This is then checked by a DCN geologist and any corrections are completed by the data base manager.
Site visits	<ul style="list-style-type: none"> Comment on any site visits undertaken by the Competent Person and the outcome of those visits. If no site visits have been undertaken indicate why this is the case. 	<ul style="list-style-type: none"> Site visits were conducted by Shaun Searle of RPM during October 2013 and January, 2016. Shaun inspected the deposit area, drill core, outcrop, the Westralia, Jupiter and Transvaal open pits and the core logging and sampling facility. During the visits, notes and photos were taken. Discussions were held with site personnel regarding drilling and sampling procedures. No major issues were encountered. A site visit was conducted, therefore not applicable.
Geological interpretation	<ul style="list-style-type: none"> Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. Nature of the data used and of any assumptions made. The effect, if any, of alternative interpretations on Mineral Resource estimation. The use of geology in guiding and controlling Mineral Resource estimation. The factors affecting continuity both of grade and geology. 	<ul style="list-style-type: none"> The confidence in the geological interpretation is considered to be good and is based on previous mining history and visual confirmation in outcrop and within the Westralia, Transvaal and Jupiter open pits. Geochemistry and geological logging has been used to assist identification of lithology and mineralisation. At Westralia, the deposit consists of mineralisation occurring as sulphide replacement in steeply north-east dipping banded iron formation. At Jupiter, the deposit consists of sub-vertical syenite intrusions with cross-cutting, east dipping lodes. At Transvaal, the deposit consists of steeply east dipping altered lodes in basalt. Infill drilling has supported and refined the models and the current interpretations are considered robust. Outcrops of mineralisation and host rocks within the open pit confirm the geometry of the mineralisation. Infill drilling has confirmed geological and grade continuity.
Dimensions	<ul style="list-style-type: none"> The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource. 	<ul style="list-style-type: none"> The Westralia Mineral Resource area extends over a SE-NW strike length of 2.8km (from 6,816,500mN – 6,818,950mN), has a maximum width of 40m (409,480mE – 409,520mE) and includes the 775m vertical interval from 460mRL to -315mRL. The Jupiter Mineral Resource area extends



Criteria	JORC Code explanation	Commentary
		<p>over a strike length of 1,945 m (from 6,811,480 mN – 6,813,425 mN) and includes the 530m vertical interval from 430 mRL to -100 mRL.</p> <ul style="list-style-type: none"> The Transvaal Mineral Resource area extends over a strike length of 965m (from 6,819,000mN – 6,819,965mE) and includes the 505m vertical interval from 430mRL to -75mRL.
<p>Estimation and modelling techniques</p>	<ul style="list-style-type: none"> The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used. The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data. The assumptions made regarding recovery of by-products. Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation). In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed. Any assumptions behind modelling of selective mining units. Any assumptions about correlation between variables. Description of how the geological interpretation was used to control the resource estimates. Discussion of basis for using or not using grade cutting or capping. The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available. 	<ul style="list-style-type: none"> Using parameters derived from modelled variograms, Ordinary Kriging (OK) was used to estimate average block grades in three to four passes using Surpac software. Linear grade estimation was deemed suitable for the Mineral Resources due to the geological control on mineralisation. Maximum extrapolation of wireframes from drilling was 100m (Jupiter and Westralia) / 60m (Transvaal) down-dip beyond the last drill holes on section. This was equivalent to approximately one drill hole spacing in the this portion of the deposit and classified as Inferred Mineral Resource. Extrapolation was generally half drill hole spacing in between drill holes. At Westralia, detailed reconciliation could not be conducted due to the absence of a complete set of mining stope shapes for the underground mining completed by Plutonic. To be conservative, an all-encompassing void wireframe was constructed. Mined material from the hanging wall BIF unit within this void wireframe reports 332,000t at 4.1g/t Au for 43,700 ounces at a 2g/t Au cut-off. Therefore, the reported production between November 1994 to January 1998 of 711,940t at 3.7g/t Au for 77,178 ounces cannot be directly reconciled with the current block model, however it is noted that the grades were similar. At Jupiter, reconciliation was conducted for the mined pits (Jenny, Joanne and Potato Patch). The block model reported 4.8Mt at 1.5g/t Au for 232,000oz (at a 0.9g/t Au cut-off for CIL and 0.3g/t Au cut-off for HL material). Reported production at Jupiter was 5.1Mt at 1.4g/t Au for 224,000oz. At Transvaal, reconciliation was conducted on production data. The RPM model under-reported tonnes within the mining wireframes by 25% and over-reported grade by 15%. This is most likely due to dilution surrounding development wireframes. No recovery of by-products is anticipated. Only Au was interpolated into the block model. There are no known deleterious elements within the deposits. The parent block dimensions used were: <ul style="list-style-type: none"> Westralia - 20m NS by 5m EW by 10m vertical with sub-cells of 2.5m by 0.625m by 1.25m. The model was rotated -30° to align with the general strike of the mineralisation. Jupiter - 10 m NS by 10 m EW by 5 m vertical with sub-cells of 2.5 m by 2.5 m by 1.25 m. Transvaal - 10m NS by 5m EW by 5m vertical with sub-cells of 2.5m by 1.25m by 1.25m.



Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none"> • The parent block size was selected on the results obtained from Kriging Neighbourhood Analysis that suggested this was the optimal block size for the respective deposits' datasets. • At all deposits, an orientated 'ellipsoid' search was used to select data and adjusted to account for the variations in lode orientations, however all other parameters were taken from the variography and KNA. • At Westralia all other parameters were taken from the variography derived from Objects 1, 2, 8, 11 and 13. Up to four passes were used for each domain. The first pass had a range of 60m, with a minimum of 10 samples. For the second pass, the range was extended to 120m, with a minimum of 6 samples. For the third pass, the range was kept at 120m, with a minimum of 2 samples. For the final pass, the range was extended to 400m, with a minimum of 2 samples. A maximum of 20 samples was used for the first three passes and a maximum of 6 samples was used for the final pass. • At Jupiter, three passes were used for the lodes and a fourth pass was required for the main syenite domain. First pass had a range of 40m, with a minimum of 10 samples. For the second pass, the range was kept at 80m, with a minimum of 6 samples. For the third pass, the range was extended to 120m, with a minimum of 2 samples. For the final pass in the syenite, the range was extended to 250m, with a minimum of 2 samples. A maximum of 30 samples was used for all four passes. A maximum of 6 samples per hole was used in the Interpolation. • At Transvaal, three passes were used for the interpolation. First pass had a range of 30m, with a minimum of 10 samples. For the second pass, the range extended to 60m, with a minimum of 6 samples. For the third pass, the range was extended to 100m, with a minimum of 2 samples. A maximum of 30 samples was used for all three passes. A maximum of 6 samples per hole was used in the interpolation. • No assumptions were made on selective mining units. • Only Au assay data was available, therefore correlation analysis was not possible. • At Westralia, the deposit mineralisation was constrained by wireframes constructed using a 0.5g/t Au cut-off grade. Mineralisation wireframes were generally constrained to the BIF units. • At Jupiter, the deposit mineralisation was constrained by wireframes constructed using a 0.3g/t Au cut-off grade. Syenite wireframes were constructed using geological logging. • At Transvaal, the deposit mineralisation was constrained by wireframes constructed using a nominal 0.8g/t Au cut-off grade for the low grade shells and a 3g/t Au cut-off grade for the internal high grade zones. • At all deposits, the wireframes were applied as



Criteria	JORC Code explanation	Commentary
		<p>hard boundaries in the estimate.</p> <ul style="list-style-type: none"> At Westralia, statistical analysis was carried out on data from 93 lodes. The high coefficient of variation and the scattering of high grade values observed on the histogram for some of the objects suggested that top cuts were required if linear grade interpolation was to be carried out. As a result variable top cuts between 30g/t and 100g/t Au were applied, resulting in a total of 34 samples being cut. At Jupiter, statistical analysis was carried out on data from 29 lodes and 14 syenite units. The high coefficient of variation and the scattering of high grade values observed on the histogram for some of the domains suggested that high grade cuts were required if linear grade interpolation was to be carried out. As a result high grade cuts ranging between 10 to 50g/t Au were applied, resulting in a total of 40 samples being cut. At Transvaal, statistical analysis was carried out on data from 46 low grade lodes and 24 high grade lodes. The high coefficient of variation and the scattering of high grade values observed on the histogram for some of the domains suggested that top cuts were required if linear grade interpolation was to be carried out. As a result top cuts ranging between 15 to 100g/t Au were applied, resulting in a total of 43 samples being cut. Validation of the models included detailed comparison of composite grades and block grades by northing and elevation. Validation plots showed reasonable correlation between the composite grades and the block model grades.
Moisture	<ul style="list-style-type: none"> Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content. 	<ul style="list-style-type: none"> Tonnages and grades were estimated on a dry in situ basis.
Cut-off parameters	<ul style="list-style-type: none"> The basis of the adopted cut-off grade(s) or quality parameters applied. 	<ul style="list-style-type: none"> At Transvaal and Westralia, the Mineral Resource has been reported at a 2g/t Au cut-off. Cut-off parameters were selected based on other known Au deposits with similar geological attributes in the region. Existing underground development was taken into account when assessing the reporting cut-off grade At Jupiter, the Mineral Resource has been reported at a 0.5 g/t Au cut-off above the 0 mRL and at a 1.5 g/t Au cut-off below the 0 mRL.
Mining factors or assumptions	<ul style="list-style-type: none"> Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made. 	<ul style="list-style-type: none"> RPM has assumed that the Westralia and Transvaal deposits could potentially be mined using underground mining techniques. RPM has assumed that the Jupiter deposit could potentially be mined using open pit mining techniques. Open pit mining has previously occurred at the three deposits and underground mining at Westralia and Transvaal. No assumptions have been made for mining dilution or mining widths. Detail on mining dilution and ore loss is incorporated in Section 4 of this JORC table for the initial Ore Reserve.



Criteria	JORC Code explanation	Commentary
Metallurgical factors or assumptions	<ul style="list-style-type: none"> The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made. 	<ul style="list-style-type: none"> Detail on metallurgical factors is incorporated in Section 4 of this JORC table for the initial Ore Reserve.
Environmental factors or assumptions	<ul style="list-style-type: none"> Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made. 	<ul style="list-style-type: none"> Detail on environmental factors is incorporated in Section 4 of this JORC table for the initial Ore Reserve.
Bulk density	<ul style="list-style-type: none"> Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples. The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit. Discuss assumptions for bulk density estimates used in the evaluation process of the different materials. 	<ul style="list-style-type: none"> DCN collected 11,450 density measurements at Westralia during the 2013-16 drilling programs. DCN collected 11,523 specific gravity measurements during the 2013 to 2016 drilling programs at Jupiter. DCN collected 1,144 specific gravity measurements at Transvaal during the 2013 drilling program. The majority of samples were in fresh rock. RPM extracted the specific gravity measurements within the lodes as well as the different geological units. RPM then subdivided the measurements into weathering states. Bulk density is measured. Moisture is accounted for in the measuring process and measurements were separated for lithology, mineralisation and weathering. It is assumed there are minimal void spaces in the rocks within the deposits. The Mineral Resource contains minor amounts of oxide and transitional material above the fresh bedrock. Values for these zones were derived from known bulk densities from similar geological terrains.
Classification	<ul style="list-style-type: none"> The basis for the classification of the Mineral Resources into varying confidence categories. Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). Whether the result appropriately reflects the Competent Person's view of the deposit. 	<ul style="list-style-type: none"> The Mineral Resource estimates are reported in compliance with the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' by the Joint Ore Reserves Committee (JORC). The Mineral Resource was classified as Measured, Indicated, and Inferred Mineral Resource based on data quality, sample spacing, and lode continuity. At Westralia, the Measured portion of the



Criteria	JORC Code explanation	Commentary
		<p>deposit was assigned to areas of the deposit defined by extensive open cut and underground grade control drilling (10m strike spacing) and face sampling which confirmed the geological and grade continuity of the mineralisation. The Indicated Mineral Resource was defined within areas of close spaced diamond and RC drilling of less than 50m by 50m, and where the continuity and predictability of the lode positions was good. The Inferred Mineral Resource was assigned to areas of the deposit where drill hole spacing was greater than 50m by 50m, where small isolated pods of mineralisation occur outside the main mineralised zones, and to geologically complex zones.</p> <ul style="list-style-type: none"> • At Jupiter, the Measured Mineral Resource was confined to the Cornwall Shear Zone and syenite stock in areas of close spaced diamond and RC drilling of less than 20 m by 20 m; and within close proximity to open pit mining at Double Jay. The Indicated Mineral Resource was defined within areas of close spaced diamond and RC drilling of less than 40 m by 40 m, and where the continuity and predictability of the lode positions was good. The Inferred Mineral Resource was assigned to areas where drill hole spacing was greater than 40 m by 40 m and up to a maximum spacing of 100 m; where small isolated pods of mineralisation occur outside the main mineralised zones, and to geologically complex zones. Deep portions of syenite material, as well as material outside the mineralisation wireframes was not classified. • At Transvaal, the Measured Mineral Resource was assigned to areas defined by underground grade control drilling (10m strike spacing) and face sampling (25m levels and 3m spacings) which confirmed the geological and grade continuity of the mineralisation. The Indicated Mineral Resource was defined within areas of close spaced diamond and RC drilling of less than 25m by 25m, and where the continuity and predictability of the lode positions was good. The Inferred Mineral Resource was assigned to areas of the deposit where drill hole spacing was greater than 25m by 25m, where small isolated pods of mineralisation occur outside the main mineralised zones, and to geologically complex zones. • The input data is comprehensive in its coverage of the mineralisation and does not favour or misrepresent in-situ mineralisation. The definition of mineralised zones is based on high level geological understanding producing a robust model of mineralised domains. This model has been confirmed by infill drilling which supported the interpretation. Validation of the block model shows good correlation of the input data to the estimated grades. • The Mineral Resource estimate appropriately reflects the view of the Competent Person.



Criteria	JORC Code explanation	Commentary
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of Mineral Resource estimates. 	<ul style="list-style-type: none"> Internal audits have been completed by RPM which verified the technical inputs, methodology, parameters and results of the estimates.
Discussion of relative accuracy/confidence	<ul style="list-style-type: none"> Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate. The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available. 	<ul style="list-style-type: none"> The lode geometry and continuity has been adequately interpreted to reflect the applied level of Measured, Indicated and Inferred Mineral Resource. The data quality is good and the drill holes have detailed logs produced by qualified geologists. A recognised laboratory has been used for all analyses. The Mineral Resource statement relates to global estimates of tonnes and grade. At Westralia, reconciliation could not be conducted due to the absence of a complete set of mining stope shapes for the underground mining completed by Plutonic. At Jupiter, reconciliation was conducted for the mined pits at Double Jay (Jenny, Joanne and Potato Patch). The undiluted, in situ block model reported 5.0 Mt at 1.5 g/t Au for 248,000 oz (at a 0.9 g/t Au cut-off for CIL and 0.3 g/t Au cut-off for HL material). Reported production at Double Jay was 5.1 Mt at 1.4 g/t Au for 224,000 oz. At Transvaal, reconciliation was conducted on production data. The RPM model underreported tonnes within the mining wireframes by 25% and over-reported grade by 15%. This is most likely due to dilution surrounding development wireframes.

Section 4 Estimation and Reporting of Ore Reserves – Westralia and Transvaal

The Westralia Deposit consists of the Beresford and Allanson underground mines. The Transvaal Deposit consists of the Transvaal underground mine.

Criteria	JORC Code (2012) explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	<p>Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.</p> <p>Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.</p>	<p>The Mineral Resource estimate for the Beresford and Allanson areas of Westralia Deposit as detailed in ASX release dated 28 July 2016 have been used for Ore Reserve conversion for the Beresford and Allanson underground mines respectively. The Mineral Resource estimate for the Transvaal Deposit as detailed in ASX release dated 16 September 2015 has been used for Ore Reserve conversion for the Transvaal underground mine.</p> <p>The Mineral Resources estimates reported for the Westralia Deposit and Transvaal Deposit are inclusive of the Ore Reserves.</p>
Site visits	<p>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</p> <p>If no site visits have been undertaken indicate why this is the case.</p>	<p>Mr Matthew Keenan and Mr Shane McLeay, of mining consultants Entech Pty Ltd, are both members of the Australian Institute of Mining and Metallurgy and are the Competent Persons. Both are full-time employees of Entech Pty Ltd.</p> <p>Mr Keenan has visited the site on numerous occasions having previously been employed by Range River Gold Ltd, former owners of the Mount Morgans Gold Project. Mr McLeay conducted a site visit in September 2016, during which the following activities were completed:</p> <ul style="list-style-type: none"> - Site familiarisation and assessment of proposed locations for mining related infrastructure relative to proposed underground mine locations for Beresford, Allanson and Transvaal. - Inspection of site access, waste dump and ROM locations and site drainage. - Inspected historical open pits to gain an understanding of weathering profiles. - Inspected diamond drill core from the deposits.
Study status	<p>The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.</p> <p>The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.</p>	<p>The Ore Reserve estimate is the result of a Feasibility Study (FS) completed by Dacian Gold Ltd and independent consultants.</p> <p>The FS has considered material Modifying Factors and has determined the mine plan to be technically achievable and economically viable at the time of reporting. The mine plan involves the application of conventional mining methods and technologies widely utilised in the Western Australian goldfields.</p>
	<p>The basis of the cut-off grade(s) or quality parameters applied.</p>	<p>Cut-off grade parameters were determined based on the independent analysis, up to date quotations from reputable companies/contractors and corporate guidance. Historical data was also reviewed as a verification tool.</p> <p>Cut-off grade factors based on independent analysis and corporate guidance included:</p> <ul style="list-style-type: none"> - Gold Price - Exchange Rate - Royalties <p>Cut-off grade factors based on independent analysis included:</p>



Criteria	JORC Code (2012) explanation	Commentary
		<ul style="list-style-type: none"> - Process Recovery - Processing Costs - General and Administration Costs <p>Cut-off grade factors based on quotations included:</p> <ul style="list-style-type: none"> - Mining Costs - Surface Haulage Costs - Transport and Refining Costs
<i>Mining factors or assumptions</i>	<p><i>The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).</i></p> <p><i>The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.</i></p> <p><i>The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.</i></p>	<p>Conversion to initial Ore Reserve was completed through detailed design of underground mining areas at Beresford, Allansons and Transvaal.</p> <p>The initial underground Ore Reserve stope optimisation was completed through automated modelling followed by manual revision, along with detailed development designs. Detailed stope and development design was then subject to external reviews by geotechnical consultants Peter O'Bryan and Associates.</p> <p>The underground deposits will be mined via top down long hole open stoping utilising conventional mining equipment.</p> <p>The mining methods have been selected based on orebody characteristics and have previously been utilised at the Westralia and Transvaal mines. Independent geotechnical analysis re-confirmed these mining methods and also formed the basis of underground stope sizes, underground sill and rib support pillar designs, underground development design, development support assumptions and underground mining factors such as dilution. Sill and rib pillar placement was based on Hydraulic Radius assumptions as detailed below, where surface is 440mRL.</p> <p>Hydraulic Radius (HR)</p> <p><u>Beresford Underground</u> Surface to -200mRL (680m below surface) HR = 8.0m or 7.6m for closely spaced parallel stopes.</p> <p><u>Allansons Underground</u> Surface to -100mRL (540m below surface) HR = 7.0m Below -100mRL (540m below surface) HR = 6.0m to 7.5m depending on stoping block lode.</p> <p><u>Transvaal Underground</u> All designed depths and ore objects HR = 8.0m</p> <p>Pillar Design</p> <p><u>Beresford and Allanson Underground</u> Surface to 30mRL (430m below surface)</p> <ul style="list-style-type: none"> - Rib Pillars for stopes ≤ 5m wide = 5m Long x Full Height (13m) - Rib Pillars for stopes > 5m wide = 1.0 x Stope Width x Full Height (13m) - Sill Pillars for stopes ≤ 5m wide = 5m Thick - Sill Pillars for stopes > 5m wide = 1.0 x Stope Width - Sill Pillars vertical interval = ~85m <p>Below -140mRL (580m below surface)</p> <ul style="list-style-type: none"> - Rib Pillars for stopes ≤ 3.5m wide = 5m Long x Full Height (13m) - Rib Pillars for stopes > 3.5m wide = 1.0 x Stope Width x Full Height (13m) - Sill Pillars for stopes ≤ 3.5m wide = 5m Thick - Sill Pillars for stopes > 3.5m wide = 1.5 x Stope Width - Sill Pillars vertical interval = ~85m <p><u>Transvaal Underground</u></p> <ul style="list-style-type: none"> - Rib Pillar Height = 10m for all Stope Widths



Criteria	JORC Code (2012) explanation	Commentary
	<p><i>The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).</i></p> <p><i>The mining dilution factors used.</i></p> <p><i>The mining recovery factors used.</i></p> <p><i>Any minimum mining widths used.</i></p> <p><i>The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.</i></p> <p><i>The infrastructure requirements of the selected mining methods.</i></p>	<ul style="list-style-type: none"> - Rib Pillar Lengths for stopes $\leq 3.0\text{m} = 4.0\text{m}$ - Rib Pillar Lengths for stopes $> 3.0\text{m} = 5.0\text{m}$ - Sill Pillars = Aspect ratio $\geq 1:1$ (thickness to width) required in areas where stoping blocks over 6 sublevels. - Sill Pillars vertical interval = HR Dependent <p>The Beresford and Allanson initial Ore Reserves are based on the Westralia Mineral Resource model announced to the ASX on 28 July 2016. The initial Transvaal Ore Reserve is based on the Transvaal Mineral Resource model announced to the ASX on 16 September 2015.</p> <p>Underground stopes were designed inclusive of minimum mining width plus 0.2m dilution 'skins' estimated from independent geotechnical analysis and historical data.</p> <p>Mining recovery for mined stopes at all underground deposits has been estimated at 95%. Additional allowance for in-situ rib and sill pillars was also made as detailed above.</p> <p>Minimum mining widths for initial underground Ore Reserves have been estimated based on independent geotechnical advice and are as follows.</p> <p><u>Beresford</u></p> <ul style="list-style-type: none"> - 1.1m plus 0.2m dilution skin on both hangingwall and footwall. <p><u>Allanson</u></p> <ul style="list-style-type: none"> - 1.1m plus 0.2m dilution skin on both hangingwall and footwall. <p><u>Transvaal</u></p> <ul style="list-style-type: none"> - 1.1m plus 0.2m dilution skin on both hangingwall and footwall. <p>Any Inferred Mineral Resources contained within the initial Ore Reserve mine plans have been treated as waste.</p> <p>The proposed mine design includes waste rock dumps, ROM pads, surface haul road to processing plant, surface water management, pumping infrastructure, workshop facilities, technical and administration facilities, accommodation facilities and associated mine infrastructure.</p>
<p><i>Metallurgical factors or assumptions</i></p>	<p><i>The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.</i></p> <p><i>Whether the metallurgical process is well-tested technology or novel in nature.</i></p> <p><i>The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.</i></p>	<p>Semi Autogenous Grinding, Ball Milling and Pebble Crushing (SABC) comminution circuit followed by conventional gravity and carbon-in-leach (CIL) process is proposed.</p> <p>The metallurgical process proposed is commonly used in Western Australian and international gold mining.</p> <p>The same process configuration was previously utilised at Mt Morgans during the 1990s.</p> <p>The proposed metallurgical process proposed is commonly used in Western Australian and international gold mining.</p> <p>The same process configuration was previously utilised at Mt Morgans during the 1990s.</p> <p>The test work program was based on a blended feed and as such the Westralia and Jupiter composites were treated according to a standard test work regime.</p> <p>Samples from diamond core (NQ, HQ and PQ), as well as RC drill chips were used for 38 composites representing</p>



Criteria	JORC Code (2012) explanation	Commentary
	<p><i>Any assumptions or allowances made for deleterious elements.</i></p> <p><i>The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.</i></p> <p><i>For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?</i></p>	<p>predominantly banded iron formation (BIF), basalt and porphyry at the Westralia Deposit; and mineralised syenite and basalt at the Jupiter Deposit.</p> <p>Diamond core was used for defining physical parameters required for design of the treatment plant's comminution circuit and a combination of diamond core and RC chips were used for 101 tests for the design of the gold gravity/leaching circuit.</p> <p>Detailed test work confirmed a P80 at 106 micron provided the optimal grind size.</p> <p>Treatment recoveries at 106 micron P80 grind size ranged between 88% and 96%.</p> <p>For the purposes of the DFS, a variable metallurgical recovery was utilised for the Beresford, Allanson and Transvaal underground ores resulting in an average recovery of 91.5%.</p> <p>The treatment recoveries identified from the detailed testwork of the DFS are in line with the historic recoveries returned from mining the Mt Morgans ores during the 1990s (which comprised dominantly Westralia and Jupiter ores).</p> <p>No deleterious elements were identified from the mineralogical/metallurgical assessments that impact on process selection.</p> <p>Approximately 10Mt of ore was treated through the historic Mt Morgans treatment plant during the 1990s. The average recovery during the 10 year period was 91.4%, giving rise to the production of 740,000 ounces.</p> <p>Not Applicable</p>
Environmental	<p><i>The status of studies of potential environmental impacts of the mining and processing operation.</i></p> <p><i>Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.</i></p>	<p>Flora, fauna, vegetation, dewatering, landscape alteration and emission production assessments of the project have been completed with impacts, hazards and mitigation measures approved or in final approval process with the respective government departments.</p> <p>Westralia and Transvaal Deposit waste rocks are characterised as non-acid forming (NAF). Locations of waste rock landforms and the tailings storage facility have been selected based on proximity to operations and so that there is minimal disturbance to previously rehabilitated landforms.</p> <p>Process plant tailings are characterised as NAF with the exception of Allanson underground ore which is considered potentially acid forming, however, it comprises ~7% of project tails volume.</p>
Infrastructure	<p><i>The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.</i></p>	<p>The project is located in the immediate vicinity of Laverton and Leonora towns and is within driving distance of Kalgoorlie, a major regional hub. Access is via sealed public highways and site formed gravel roads.</p> <p>Workforce will primarily be fly-in, fly-out (FIFO) from Perth via the public Laverton airstrip. Drive-in, drive-out (DIDO) will be offered to residents of neighbouring towns.</p> <p>Infrastructure to be constructed includes an accommodation camp, technical and administration offices,</p>



Criteria	JORC Code (2012) explanation	Commentary
		workshops, reverse osmosis and waste water treatment plants; power station and borefields
Costs	<p><i>The derivation of, or assumptions made, regarding projected capital costs in the study.</i></p> <p><i>The methodology used to estimate operating costs.</i></p> <p><i>Allowances made for the content of deleterious elements.</i></p> <p><i>The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.</i></p> <p><i>The source of exchange rates used in the study.</i></p> <p><i>Derivation of transportation charges.</i> <i>The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.</i></p> <p><i>The allowances made for royalties payable, both Government and private.</i></p>	<p>All capital costs are based on market rates of new equipment as at the third quarter of 2016 and estimated to +/- 15% accuracy, consistent with a DFS.</p> <p>All operational costs are based on market rates as at the third quarter of 2016 and were estimated to +/- 15% accuracy typical of a DFS cost model.</p> <p>Mining contractor costs have been sourced from a range of reputable contractors during the second and third quarters of 2016; and cost assumptions developed from this information.</p> <p>No deleterious elements have been identified in ore testwork and as such no allowance has been made.</p> <p>Assumptions made on commodity prices have been derived from corporate guidance that takes into account a range of factors and independent advice.</p> <p>A USD:AUD exchange rate of 0.75 has been derived from corporate guidance and independent advice from reputable financial institutions that take into account historical exchange rates and current market trends.</p> <p>Transportation and refining charges have been estimated on the basis of quotes sourced from a reputable bullion shipment organisation and from the Perth gold refinery.</p> <p>An allowance has been made for the 2.5% state royalty.</p>
Revenue factors	<p><i>The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.</i></p> <p><i>The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.</i></p>	<p>Production and recovery for revenue calculations was based on detailed mine schedules, mining factors and cost estimates.</p> <p>A gold price of US\$1200 has been used for initial Ore Reserve estimation.</p>
Market assessment	<p><i>The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.</i></p> <p><i>A customer and competitor analysis along with the identification of likely market windows for the product.</i></p> <p><i>Price and volume forecasts and the basis for these forecasts.</i></p> <p><i>For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.</i></p>	<p>There is a transparent quoted market for the sale of gold.</p> <p>No industrial minerals have been considered.</p>
Economic	<p><i>The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.</i></p> <p><i>NPV ranges and sensitivity to variations in the significant assumptions and inputs.</i></p>	<p>The initial Ore Reserve estimate is based on a DFS level of accuracy with inputs from open pits, underground mines, processing, transportation, sustaining capital and contingencies scheduled and costed to generate the initial Ore Reserve cost model.</p> <p>The initial Ore Reserve returns a positive NPV based on the assumed commodity price and the Competent Person is satisfied that the project economics that make up the initial Ore Reserve retains a suitable profit margin against reasonable future commodity price movements.</p>
Social	<p><i>The status of agreements with key stakeholders and matters leading to social licence to operate.</i></p>	<p>There are no existing Native Title claims over the Project. Stakeholder engagement, including local communities and</p>



Criteria	JORC Code (2012) explanation	Commentary
		government agencies will be an ongoing focus for Dacian Gold.
<i>Other</i>	<p><i>To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:</i></p> <p><i>Any identified material naturally occurring risks.</i></p> <p><i>The status of material legal agreements and marketing arrangements.</i></p> <p><i>The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.</i></p>	<p>There are no likely identified naturally occurring risks that may impact the Project.</p> <p>There are no government agreements or approvals identified that are likely to materially impact project commissioning that is estimated for 2018.</p>
<i>Classification</i>	<p><i>The basis for the classification of the Ore Reserves into varying confidence categories.</i></p> <p><i>Whether the result appropriately reflects the Competent Person's view of the deposit.</i></p> <p><i>The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).</i></p>	<p>The classification of the initial Ore Reserve has been carried out in accordance with the JORC Code 2012.</p> <p>The initial Ore Reserve results reflect the Competent Persons view of the deposit.</p> <p>The Probable Ore Reserve is based on that portion of Indicated Mineral Resource within the mine designs that may be economically extracted and includes allowance for dilution and ore loss.</p> <p>The Proved Ore Reserve is based on that portion of Measured Mineral Resource within the mine designs that may be economically extracted and includes allowance for dilution and ore loss.</p>
<i>Audits or reviews</i>	<p><i>The results of any audits or reviews of Ore Reserve estimates.</i></p>	<p>The initial Ore Reserve estimate for Westralia and Transvaal, along with the corresponding mine design, has been peer-reviewed by Entech Pty Ltd internally and by Mr James Howard, Mr Brendan Murphy and Mr Ian Mitchell of Dacian Gold Limited.</p> <p>AMC Consultants provided an external review of the Ore Reserve estimate.</p>
<i>Discussion of relative accuracy/ confidence</i>	<p><i>Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.</i></p> <p><i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i></p> <p><i>Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are</i></p>	<p>The design, schedule and financial model on which the initial Ore Reserve is based has been completed to a Definitive Feasibility Study standard with a corresponding level of confidence.</p> <p>Ore treatment recoveries are in line with performance from the historical operations and provides a high level of confidence.</p> <p>It is the opinion of the Competent Persons that cost assumptions and factors applied estimating the initial Ore Reserves are reasonable.</p> <p>Gold price and exchange rate assumptions set out by Dacian Gold Limited are subject to market forces and present an area of uncertainty.</p> <p>It is the opinion of the Competent Persons that it is reasonable to assume that all relevant legal, environmental and social approvals to operate will be granted within the project timeframe.</p>



Criteria	JORC Code (2012) explanation	Commentary
	<p><i>remaining areas of uncertainty at the current study stage.</i></p> <p><i>It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i></p>	

Section 4 Estimation and Reporting of Ore Reserves – Jupiter

Criteria	JORC Code (2012) explanation	Commentary
<i>Mineral Resource estimate for conversion to Ore Reserves</i>	<p><i>Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.</i></p> <p><i>Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.</i></p>	<p>The Mineral Resource estimate for the Jupiter Deposit which formed the basis of the initial Ore Reserve estimate is detailed in ASX release dated 18 July 2016.</p> <p>The Mineral Resources for Jupiter is reported inclusive of the initial Ore Reserve.</p>
<i>Site visits</i>	<p><i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</i></p> <p><i>If no site visits have been undertaken indicate why this is the case.</i></p>	<p>Mr Ross Cheyne, of mining consultant Orelogy Consulting Pty Ltd, is a Fellow of the Australian Institute of Mining and Metallurgy and is the Competent Person. Mr Cheyne conducted a site visit in September 2016. The following activities were completed:</p> <ul style="list-style-type: none"> - Site familiarisation and assessment of proposed locations for mining related infrastructure relative to proposed underground mine locations and open pits. - Inspection of site access, waste dump and ROM locations and site drainage. - Inspected historical open pits to gain an understanding of weathering profiles. - Viewed diamond drill core from the deposits.
<i>Study status</i>	<p><i>The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.</i></p> <p><i>The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.</i></p>	<p>The initial Ore Reserve estimate is the result of a detailed Definitive Feasibility Study (DFS) completed by Dacian Gold Limited and external consultants.</p> <p>The project is considered technically achievable and all aspects of operational phases involve the application of conventional technology and mining methods widely utilised in the Western Australian goldfields.</p> <p>Financial modelling shows the project to be economically viable under current assumptions and quoted rates.</p> <p>Material modifying factors such as mining, processing, metallurgical, environmental, legal, social and commercial have been considered during the initial Ore Reserve estimation process.</p>
<i>Cut-off parameters</i>	<p><i>The basis of the cut-off grade(s) or quality parameters applied.</i></p>	<p>Cut-off grade parameters were determined based on independent analysis, up to date quotations from reputable companies/contractors and corporate guidance. Historical data was also reviewed as a verification tool.</p> <p>Cut-off grade factors based on independent analysis and corporate guidance included:</p> <ul style="list-style-type: none"> - Gold Price - Exchange Rate - Royalties <p>Cut-off grade factors based on independent analysis included:</p> <ul style="list-style-type: none"> - Process Recovery



Criteria	JORC Code (2012) explanation	Commentary
		<ul style="list-style-type: none"> - Processing Costs - General and Administration Costs <p>Cut-off grade factors based on quotations included:</p> <ul style="list-style-type: none"> - Mining Costs - Surface Haulage Costs - Transport and Refining Costs
<p><i>Mining factors or assumptions</i></p>	<p><i>The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).</i></p> <p><i>The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.</i></p> <p><i>The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.</i></p> <p><i>The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).</i></p> <p><i>The mining dilution factors used.</i></p> <p><i>The mining recovery factors used.</i></p> <p><i>Any minimum mining widths used.</i></p> <p><i>The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.</i></p> <p><i>The infrastructure requirements of the selected mining methods.</i></p>	<p>Conversion to initial Ore Reserve was completed through detailed design of open pit mining areas.</p> <p>The initial open pit Ore Reserve was completed by automated modelling to generate conceptual pit shells. Initial shell selection was completed based on NPV, geotechnical constraints and operational considerations. Detailed design was then completed with final design subject to external reviews by the geotechnical consultant.</p> <p>The Jupiter Deposit will be mined via mechanised open pit methods utilising conventional mining equipment.</p> <p>The mining method for the open pits has been selected based on orebody characteristics and has previously been utilised at the Jupiter Deposit. Independent geotechnical analysis re-confirmed this mining method and also formed the basis of pit wall design criteria.</p> <p><u>Doublejay Open Pit</u> North Domain Overall Slope Angle (OSA) = 56.2° South Domain OSA = 56.2°</p> <p><u>Heffernans Open Pit</u> West Domain OSA = 55.7° North Domain OSA = 55.7° South Domain OSA = 51.2°</p> <p><u>Ganymede Open Pit</u> North Domain OSA = 51.2° South Domain OSA = 55.7°</p> <p>The initial Ore Reserve is based on the Mineral Resource model announced to the ASX on 18 July 2016.</p> <p>Open pit ore loss and dilution was modelled on a block by block basis within the resource model taking into account ore width, orebody dip, the selective mining unit and the grade of the diluent material. The global dilution within the Ore Reserve equates to approximately 8%.</p> <p>Global mining recovery within the Ore Reserve equates to approximately 98% based on bench size, selected mining method and industry standards.</p> <p>Minimum mining bench widths of 30m were assumed based on proposed mining equipment to be utilised.</p> <p>No Inferred Mineral Resources have been included in the initial Ore Reserve estimation.</p> <p>The proposed mine plan includes waste rock dumps, ROM pads, surface haul road to processing plant, surface water management, pumping infrastructure, workshop facilities, technical and administration facilities, accommodation facilities and associated mine infrastructure.</p>
<p><i>Metallurgical factors or assumptions</i></p>	<p><i>The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.</i></p>	<p>Semi Autogenous Grinding, Ball Milling and Pebble Crushing (SABC) comminution circuit followed by conventional gravity and carbon-in-leach (CIL) process is proposed.</p>



Criteria	JORC Code (2012) explanation	Commentary
	<p><i>Whether the metallurgical process is well-tested technology or novel in nature.</i></p> <p><i>The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.</i></p> <p><i>Any assumptions or allowances made for deleterious elements.</i></p> <p><i>The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.</i></p> <p><i>For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?</i></p>	<p>The metallurgical process proposed is commonly used in Western Australian and international gold mining.</p> <p>The same process configuration was previously utilised at Mt Morgans during the 1990s.</p> <p>The test work program was based on a blended feed and as such the Westralia and Jupiter composites were treated according to a standard test work regime.</p> <p>Samples from diamond core (NQ, HQ and PQ), as well as RC drill chips were used for 38 composites representing predominantly banded iron formation (BIF), basalt and porphyry at the Westralia Deposit; and mineralised syenite and basalt at the Jupiter Deposit.</p> <p>Diamond core was used for defining physical parameters required for design of the treatment plant's comminution circuit and a combination of diamond core and RC chips were used for 101 tests for the design of the gold gravity/leaching circuit.</p> <p>Detailed test work confirmed a P80 at 106 micron provided the optimal grind size.</p> <p>Treatment recoveries at 106 micron P80 grind size ranged between 84% and 96%.</p> <p>For the purposes of the DFS, a variable metallurgical recovery was utilised for the Jupiter open pit ores resulting in an average recovery of 89.8%.</p> <p>The treatment recoveries identified from the detailed testwork of the DFS are in line with the historic recoveries returned from mining the Mt Morgans ores during the 1990s (which comprised dominantly Westralia and Jupiter ores).</p> <p>No deleterious elements were identified from the mineralogical/metallurgical assessments that impact on process selection.</p> <p>Approximately 10Mt of ore was treated through the historic Mt Morgans treatment plant during the 1990s. The average recovery during the 10 year period was 91.4%, giving rise to the production of 740,000 ounces.</p>
Environmental	<p><i>The status of studies of potential environmental impacts of the mining and processing operation.</i></p> <p><i>Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.</i></p>	<p>Flora, fauna, vegetation, dewatering, landscape alteration and emission production assessments of the project have been completed with impacts, hazards and mitigation measures approved or in final approval process with the respective government departments.</p> <p>All Jupiter waste rocks are characterised as non-acid forming (NAF) with the exception of highly localised portions of basalt and to a lesser extent, intermediate quartz porphyry. This material accounts for less than 6% of all waste rock. Waste rock landforms and the tailings storage facility have been selected based on proximity to operations and so that there is minimal disturbance to previously rehabilitated landforms, and to make an allowance for potentially acid forming material to be adequately encapsulated.</p> <p>Jupiter ore tailings is characterised as NAF.</p>
Infrastructure	<p><i>The existence of appropriate infrastructure: availability of land for plant development, power,</i></p>	<p>The project is located in the immediate vicinity of Laverton and Leonora towns and is within driving distance of</p>



Criteria	JORC Code (2012) explanation	Commentary
	<i>water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.</i>	<p>Kalgoorlie, a major regional hub. Access is via sealed public highways and site formed gravel roads.</p> <p>Workforce will primarily be fly-in, fly-out (FIFO) from Perth via the public Laverton airstrip. Drive-in, drive-out (DIDO) will be offered to residents of neighbouring towns.</p> <p>Infrastructure to be constructed includes an accommodation camp, technical and administration offices, workshops, reverse osmosis and waste water treatment plants; power station and borefields</p>
Costs	<p><i>The derivation of, or assumptions made, regarding projected capital costs in the study.</i></p> <p><i>The methodology used to estimate operating costs.</i></p> <p><i>Allowances made for the content of deleterious elements.</i></p> <p><i>The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.</i></p> <p><i>The source of exchange rates used in the study.</i></p> <p><i>Derivation of transportation charges.</i> <i>The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.</i></p> <p><i>The allowances made for royalties payable, both Government and private.</i></p>	<p>All capital costs are based on market rates as of new equipment as at the third quarter of 2016 and estimated to +/- 15% accuracy consistent with a DFS.</p> <p>All operational costs are based on market rates as at the third quarter of 2016 and estimated to +/- 15% accuracy consistent with a DFS.</p> <p>Mining contractor costs have been sourced from a range of reputable contractors during the second and third quarters of 2016; and cost assumptions developed from this information.</p> <p>No deleterious elements have been identified in ore testwork and as such no allowance has been made.</p> <p>Assumptions made on commodity prices have been derived from corporate guidance that takes into account a range of factors and independent advice.</p> <p>A USD:AUD exchange rate of 0.75 has been derived from corporate guidance and independent advice from reputable financial institutions that take into account historical exchange rates and current market trends.</p> <p>Transportation and refining charges have been estimated on the basis of quotes sourced from a reputable bullion shipment organisation and from the leading Perth gold refinery.</p> <p>An allowance has been made for the 2.5% state royalty.</p>
Revenue factors	<p><i>The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.</i></p> <p><i>The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.</i></p>	<p>Production and recovery for revenue calculations was based on detailed mine schedules, mining factors and cost estimates.</p> <p>A gold price of US\$1200 has been used for initial Ore Reserve estimation.</p>
Market assessment	<p><i>The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.</i></p> <p><i>A customer and competitor analysis along with the identification of likely market windows for the product.</i></p> <p><i>Price and volume forecasts and the basis for these forecasts.</i></p> <p><i>For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.</i></p>	<p>There is a transparent quoted market for the sale of gold.</p> <p>No industrial minerals have been considered.</p>
Economic	<i>The inputs to the economic analysis to produce the net present value (NPV) in the study, the source</i>	The initial Ore Reserve estimate is based on a DFS level of accuracy with inputs from open pits, underground mines, processing, transportation, sustaining capital and



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	<p><i>and confidence of these economic inputs including estimated inflation, discount rate, etc.</i></p> <p><i>NPV ranges and sensitivity to variations in the significant assumptions and inputs.</i></p>	<p>contingencies scheduled and costed to generate the initial Ore Reserve cost model.</p> <p>The initial Ore Reserve returns a positive NPV based on the assumed commodity price and the Competent Person is satisfied that the project economics that make up the Ore Reserve retains a suitable profit margin against reasonable future commodity price movements.</p>
Social	<p><i>The status of agreements with key stakeholders and matters leading to social licence to operate.</i></p>	<p>There are no existing Native Title claims over the Project. Stakeholder engagement, including local communities and government agencies, will be an ongoing focus for Dacian Gold.</p>
Other	<p><i>To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:</i></p> <p><i>Any identified material naturally occurring risks.</i></p> <p><i>The status of material legal agreements and marketing arrangements.</i></p> <p><i>The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.</i></p>	<p>There are no likely identified naturally occurring risks that may impact the Project.</p> <p>There are no government agreements or approvals identified that are likely to materially impact project commissioning that is estimated for 2018.</p>
Classification	<p><i>The basis for the classification of the Ore Reserves into varying confidence categories.</i></p> <p><i>Whether the result appropriately reflects the Competent Person's view of the deposit.</i></p> <p><i>The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).</i></p>	<p>The classification of the initial Ore Reserve has been carried out in accordance with the JORC Code 2012.</p> <p>The initial Ore Reserve results reflect the Competent Person's view of the deposit.</p> <p>The Probable Ore Reserve is based on that portion of Indicated Mineral Resource within the mine designs that may be economically extracted and includes allowance for dilution and ore loss.</p> <p>The Proved Ore Reserve is based on that portion of Measured Mineral Resource within the mine designs that may be economically extracted and includes allowance for dilution and ore loss.</p>
Audits or reviews	<p><i>The results of any audits or reviews of Ore Reserve estimates.</i></p>	<p>The initial Ore Reserve estimate for Jupiter, along with the corresponding mine design, has been peer-reviewed by Orelogy Consulting Pty Ltd internally and by Mr James Howard, Mr Brendan Murphy and Mr Ian Mitchell of Dacian Gold Limited.</p> <p>AMC Consultants provided an external review of the Ore Reserve estimate.</p>
Discussion of relative accuracy/confidence	<p><i>Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.</i></p> <p><i>The statement should specify whether it relates to global or local estimates, and, if local, state the</i></p>	<p>The design, schedule and financial model on which the initial Ore Reserve is based has been completed to a Definitive Feasibility Study standard with a corresponding level of confidence.</p> <p>Ore treatment recoveries are in line with performance from the historical operations and provides a high level of confidence.</p> <p>It is the opinion of the Competent Person that cost assumptions and factors applied in the estimation of the initial Ore Reserves are reasonable.</p>



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	<p><i>relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i></p> <p><i>Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.</i></p> <p><i>It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i></p>	<p>Gold price and exchange rate assumptions set out by Dacian Gold Limited are subject to market forces and present an area of uncertainty.</p> <p>It is the opinion of the Competent Person that it is reasonable to assume that all relevant legal, environmental and social approvals to operate will be granted within the project timeframe.</p>



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