

SPEC BUY

Current Price **\$0.345**

Ticker:	DCN	
Sector:	Materials	
Shares on Issue (m):	96.1	
Market Cap (\$m):	33.2	
Cash (\$m):	12.2	
Enterprise Value (\$m):	21.0	

52 wk High/Low:	\$0.43	\$0.15
12m Av Daily Vol (m):		0.04

Mineral Inventory (100% basis)

	Mt	g/t	Moz
Reserves	0.7	6.2	0.14
Resources	9.2	4.0	1.18

	\$/oz
EV / Reserve	154
EV / Resource	18

Directors:

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

Substantial Shareholders:

Directors	11.8%
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Share Price Graph



Wednesday, 25 June 2014

Dacian Gold

Cream on top

Analysts | Patrick Chang | Matthew Keane

Quick Read

Dacian Gold (DCN) is well positioned to take its Westralia and Jupiter projects in Laverton to the next step with the appointment of Executive Chairman Rohan Williams. The Company has completed a review of Jupiter which unveiled a potential >2km structure (Cornwall Shear Zone, CSZ) to be drill tested with an upcoming 7,000m drilling campaign. A Resource upgrade at Jupiter is anticipated H2 CY14. At Westralia, the Company is building critical mass and drawing close to contemplating a mining proposition with a growing, high grade 610koz @ 5.9g/t Resource, including the Millionaires Shoot (326koz @ 7.6g/t). Speculative Buy recommendation maintained.

Event & Impact | Positive

Who wants to be a millionaire?: Recent drilling has intersected further high grade mineralisation outside the existing 610koz @ 5.9g/t Resource (including the Millionaires Shoot, 326koz @ 7.6g/t). Results included 10.0m @ 11.3g/t, 5.6m @ 3.8g/t and 2.0m @ 66.1g/t. The Millionaires Shoot is located at the southern end of Westralia, outside the historical open pit. The high grades and endowment (>1koz per vertical metre) of Westralia bode well for its economic potential. The Company is considering the application of down-hole TEM, targeting sulphides associated with gold mineralisation.

>2km structure to be drill tested: DCN recently completed a geological review which highlighted a previously unknown, >2km structure (CSZ). Previously reported high grade intersections in the interpreted CSZ include 17m @ 4.8g/t and 6.9m @ 8.3g/t. The mineralisation is shallow to moderately east-dipping, and has open pit potential. The Company has planned a 7,000m, 56 holes drilling program is under way. Given similar geology and style of mineralisation, the prize is a Wallaby look-alike (Wallaby is a near-by syenite hosted >7Moz deposit).

High grade gold in WA: DCN is a standout exploration company based in WA, offering:

- Well-funded with ~\$12m cash
- Tier 1 board and management
- Surrounded by multi-Moz gold deposits - Sunrise Dam >10Moz, Wallaby >7Moz, Duketon >6Moz, Granny Smith >2Moz, Lancefield >2Moz
- High grade Resource (1.2Moz @ 4.0g/t)
- High grade Reserve (136koz @ 6.2g/t), minimum target 500koz
- Disciplined exploration strategy ranging from low risk extensional work to high impact work (potentially Company transforming)

Recommendation

Spec Buy recommendation maintained.

Drawing close to a mining proposition

Westralia features a high grade inventory...

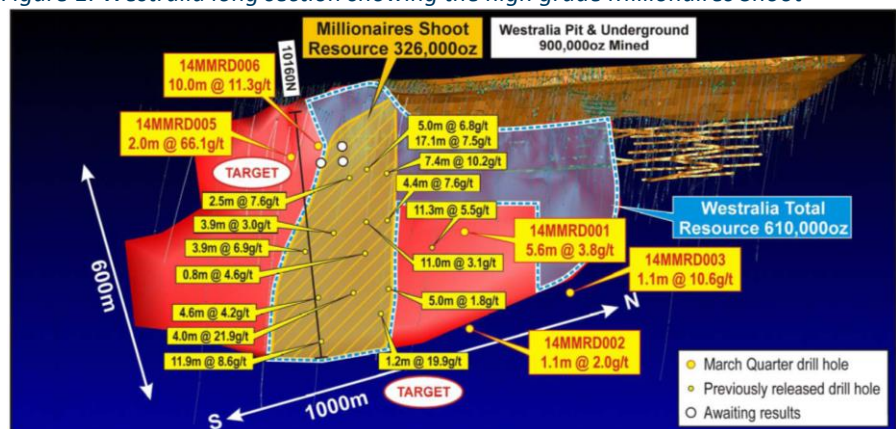
DCN's Westralia deposit features a 610koz @ 5.9g/t Resource, including the higher grade Millionaires Shoot (326koz @ 7.6g/t).

Recent drilling has intersected further high grade mineralisation outside the existing Resource. Better results included (downhole widths):

- 10.0m @ 11.3g/t from 125m
- 5.6m @ 3.8g/t from 365m
- 2.0m @ 66.1g/t from 147m

...Resource set to be further increased with recent hits...

Figure 1: Westralia long section showing the high grade Millionaires Shoot



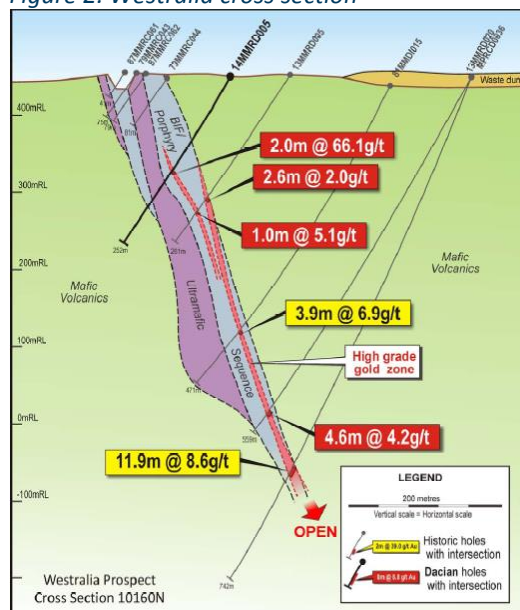
Source: DCN

...economic potential demonstrated with high grades and >1koz pvm endowment...

The Millionaires Shoot is located at the southern end of Westralia, outside the historical open pit. The high grades and endowment (>1koz per vertical metre) of Westralia bode well for its economic potential. The Company is considering the application of down-hole TEM, targeting sulphides associated with gold mineralisation.

...downhole TEM could highlight further targets

Figure 2: Westralia cross section



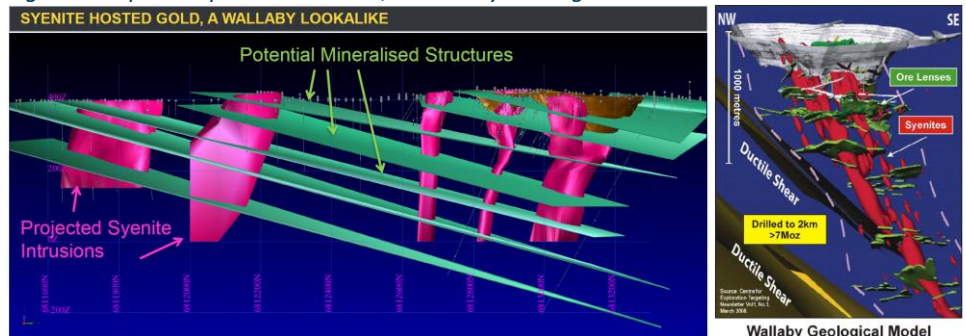
Source: DCN

New structure to be tested

Jupiter is a Wallaby look-alike (>7Moz)...

Jupiter is >2km long, part of DCN's 100% owned Mt Morgans project near Laverton. Given similar geology and style of mineralisation, the prize is a Wallaby look-alike (Wallaby is a near-by syenite hosted, >7Moz deposit).

Figure 3: Jupiter exploration model, v Wallaby Geological model



Source: DCN

...shares numerous geological similarities...

...geological review unveiled a previously unknown, >2km structure...

>2km structure to be drill tested

DCN recently completed a geological review which highlighted a previously unknown, >2km structure (CSZ). This review incorporated detailed surface mapping and drill hole logging.

Approximately 20 historic drill holes (drilled over the last 2 decades) appear to have intersected the CSZ; with better intersections located close to, and within the syenite intrusives. Previously, DCN reported high grade intersections from the structure included 17m @ 4.8g/t and 6.9m @ 8.3g/t.

...shallow to moderately east-dipping, has open pit potential

The mineralisation is shallow to moderately east-dipping, and has open pit potential. The Company has planned a 7,000m, 56 holes drilling program is underway. In addition, DCN intends to drill test a high amplitude magnetic anomaly adjacent to the Joanne and Jenny pits at Jupiter where the intersection with the Cornwall Shear Zone occurs.

Standout WA explorer with Tier 1 management and \$12m cash

High grade gold in WA

DCN is a standout exploration company based in WA, offering:

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- Tier 1 board and management
- Surrounded by multi-Moz gold deposits - Sunrise Dam >10Moz, Wallaby >7Moz, Duketon >6Moz, Granny Smith >2Moz, Lancefield >2Moz
- High grade Resource (1.2Moz @ 4.0g/t)
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Argonaut currently holds or controls 94,000 DCN shares.

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