



Morning Note

7 March 2013

Markets

Stocks rose, extending the Dow Jones Industrial Average's record high, as a private report showed faster than forecast U.S. job growth and the Federal Reserve said the economy is growing. The Dow advanced 0.3% or 42.08 points to 14,295.85 and the S&P 500 rose slightly by 0.1%, to 1,541.48.

Aluminium, copper, lead and zinc all dropped greater than 1% to lead the S&P GSCI Index down 0.7 percent. Gold advanced 0.7% to US\$1585.9/oz. Oil prices dropped for the fourth time in five days, losing as much as 1.4 percent, after the Energy Information Administration said supplies rose 3.83 million barrels.

Dacian Gold (DCN) – More from Mt Morgans

DCN announced the latest drill results from its 100% owned Mt Morgans Project, 40km west of Laverton, WA. The results confirm that DCN are delivering on their strategy to add lower-risk extensional ounces at the high grade Mt Morgans gold project. As orebody knowledge is acquired, these learnings will be applied to new targets in order to unlock the full value of the project

Argonaut considers the latest results to be positive, as they validate the extension of known mineralisation at three deposits and highlight a number of new drilling targets. The intercepts below highlight significant extensions to three deposits:

- 4m @ 10.4 g/t from 152m at Ramornie,
- 5m @ 6.8 g/t from 193m at Westralia, and
- 5m @ 5.0 g/t from 135m at Transvaal

Westralia

Westralia looks very encouraging as mineralisation has been defined to over 600m depth. Depending on the results of 6-7 unassayed holes, a major new zone may be opening up to the south east of Westralia.

Ramornie

This deposit has simple geology with excellent continuity along-strike and down-dip. Grades are exceeding 4g/t average and look to be increasing at depth. Argonaut predicts that pending results from completed holes along-strike and down dip will yield similar results.

Transvaal

Transvaal is similar to Ramornie, in that the results confirm the structure is geologically continuous and predictable at depth and provides easy targets to follow up both along-strike and down-dip. The deeper intercept of 22m @ 1.45g/t confirms the structure has potential to widen at depth.

Based on current Resource metrics, DCN is under-valued in the peer group with an EV/Resource oz valuation of \$46 against the average of \$61 and the implied stock value is between \$0.75 and \$1.00. Upcoming catalysts include further auger and RC drilling results, field reconnaissance results from regional exploration targets including Jupiter and the maiden Resource upgrade (expected March 2013E).

World Markets		+ / -	%
Dow Jones	14,296	42	0.3
NASDAQ	3,222	-2	-0.1
S & P 500	1,541	2	0.1
FTSE 100	6,428	-4	-0.1
Nikkei 225	11,932	249	2.1
Hang Seng	22,778	217	1.0
ASX All Ords	5,131	43	0.8

Currencies		+ / -	%
\$A/\$US	1.023	-0.00	-0.01
\$US/Yen	94.010	-0.06	-0.06
GBP/\$A	1.468	0.00	0.01
Euro/\$US	1.297	0.00	0.02

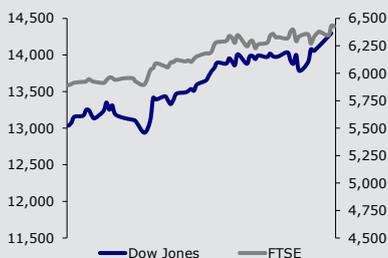
Energy		+ / -	%
WTI (US\$/bbl)	90.43	-0.39	-0.4
Henry Hub (US\$/mcf)	3.57	-0.06	-1.7
UxC Uranium (US\$/lb)	42.25	0.25	0.6

Bulks		+ / -	%
Fines -62% CFR (US\$/t)	145.80	0.60	0.4
Baltic Dry Freight (US\$/t)	806	9.00	1.13
Thermal Coal FOB (US\$/t)	92.35	-0.70	-0.8

Precious Metals (Bloomberg)		+ / -	%
Gold (US\$/oz)	1,585.9	10.40	0.7
Platinum (US\$/oz)	1,589.3	0.00	0.0
Silver (US\$/oz)	29.1	-0.01	-0.0

LME, Cash		+ / -	%
Aluminium (US\$/t)	1,910	-22.50	-1.2
Copper (US\$/t)	7,658	-82.75	-1.1
Lead (US\$/t)	2,169	-35.50	-1.6
Nickel (US\$/t)	16,463	-180.00	-1.1
Tin (US\$/t)	23,446	17.00	0.1
Zinc (US\$/t)	1,956	-26.50	-1.3

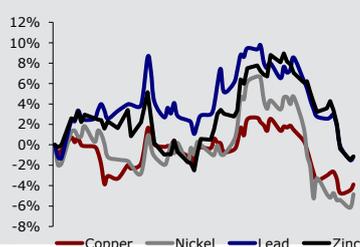
International Markets (3 Month)



Gold v Oil (3 Month)



Base Metals (Rebased) (3 Month)



**Contact Details****Research:****Ian Christie**

Director, Industrial Research
+61 8 9224 6872

Troy Irvin

Director, Metals & Mining Research
+61 8 9224 6871

Adam Miethke

Director, Metals & Mining Research
+61 8 9224 6806

Dave Wall

Director, Energy Research
+61 8 9224 6864

Patrick Chang

Analyst
+61 8 9224 6835

Emily Reilly

Analyst
+61 8 9224 6809

Matthew Keane

Analyst
+61 8 9224 6869

Chris Jiang

Analyst
+852 3557 4804

Institutional Sales - Perth:**Chris Wippl**

Head of Sales & Research
+61 8 9224 6875

John Santul

Consultant, Sales & Research
+61 8 9224 6859

Damian Rooney

Senior Institutional Dealer
+61 8 9224 6862

Ben Willoughby

Institutional Dealer
+61 8 9224 6876

Bryan Johnson

Institutional Dealer
+61 8 9224 6834

Alex Wallis

Institutional Dealer
+61 8 9224 6805

Institutional Sales - Hong Kong:**Travis Smithson**

Managing Director - Asia
+852 9832 0852

Angus McGeoch

Institutional Research Sales
+852 6623 8935

Corporate and Private Client Sales:**Glen Colgan**

Executive Director, Desk Manager
+61 8 9224 6874

Kevin Johnson

Executive Director, Corporate Stockbroking
+61 8 9224 6880

James McGlew

Executive Director, Corporate Stockbroking
+61 8 9224 6866

Simon Lyons

Director, Private Clients
+61 8 9224 6881

Geoff Barnesby-Johnson

Senior Dealer, Corporate Stockbroking
+61 8 9224 6854

Andrew Venn

Senior Dealer, Corporate Stockbroking
+61 8 9224 6865

Cameron Fraser

Dealer, Private Clients
+61 8 9224 6851

Rob Healy

Dealer, Private Clients
+61 8 9224 6873

Ben Rattigan

Dealer, Private Clients
+61 8 9224 6824

Important Disclosure

Argonaut acted as Lead Manager to the \$20M Initial Public Offer in November 2012 and will receive fees commensurate with this service. Argonaut currently holds or controls 94,000 DCN shares.

Information Disclosure

Each research analyst of this material certifies that the views expressed in this research material accurately reflect the analyst's personal views about the subject securities and listed corporations. None of the listed corporations reviewed or any third party has provided or agreed to provide any compensation or other benefits in connection with this material to any of the analyst(s).

General Disclosure and Disclaimer

This research has been prepared by Argonaut Securities Pty Limited (ABN 72 108 330 650) ("ASPL") or by Argonaut Securities (Asia) Limited ("ASAL") for the use of the clients of ASPL, ASAL and other related bodies corporate (the "Argonaut Group") and must not be copied, either in whole or in part, or distributed to any other person. If you are not the intended recipient you must not use or disclose the information in this report in any way. ASPL is a holder of an Australian Financial Services License No. 274099 and is a Market Participant of the Australian Stock Exchange Limited. ASAL has a licence (AXO 052) to Deal and Advise in Securities and Advise on Corporate Finance in Hong Kong with its activities regulated by the Securities and Futures Ordinance ("SFO") administered by the Securities and Futures Commission ("SFC") of Hong Kong.

Nothing in this report should be construed as personal financial product advice for the purposes of Section 766B of the Corporations Act 2001 (Cth). This report does not consider any of your objectives, financial situation or needs. The report may contain general financial product advice and you should therefore consider the appropriateness of the advice having regard to your situation. We recommend you obtain financial, legal and taxation advice before making any financial investment decision.

This research is based on information obtained from sources believed to be reliable and ASPL and ASAL have made every effort to ensure the information in this report is accurate, but we do not make any representation or warranty that it is accurate, reliable, complete or up to date. The Argonaut Group accepts no obligation to correct or update the information or the opinions in it. Opinions expressed are subject to change without notice and accurately reflect the analyst(s)' personal views at the time of writing. No member of the Argonaut Group or its respective employees, agents or consultants accepts any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this research and/or further communication in relation to this research.

Nothing in this research shall be construed as a solicitation to buy or sell any financial product, or to engage in or refrain from engaging in any transaction. The Argonaut Group and/or its associates, including ASPL, ASAL, officers or employees may have interests in the financial products or a relationship with the issuer of the financial products referred to in this report by acting in various roles including as investment banker, underwriter or dealer, holder of principal positions, broker, director or adviser. Further, they may buy or sell those securities as principal or agent, and as such may effect transactions which are not consistent with the recommendations (if any) in this research. The Argonaut Group and/or its associates, including ASPL and ASAL, may receive fees, brokerage or commissions for acting in those capacities and the reader should assume that this is the case.

There are risks involved in securities trading. The price of securities can and does fluctuate, and an individual security may even become valueless. International investors are reminded of the additional risks inherent in international investments, such as currency fluctuations and international stock market or economic conditions, which may adversely affect the value of the investment.

The analyst(s) principally responsible for the preparation of this research may receive compensation based on ASPL's and / or ASAL's overall revenues.

Hong Kong Distribution Disclosure

This material is being distributed in Hong Kong by Argonaut Securities (Asia) Limited which is licensed (AXO 052) and regulated by the Hong Kong Securities and Futures Commission. Further information on any of the securities mentioned in this material may be obtained on request, and for this purpose, persons in the Hong Kong office should be contacted at Argonaut Securities (Asia) Limited of Unit 701, 7/F, Henley Building, 5 Queen's Road Central, Hong Kong, telephone (852) 3557 48000.