

Dacian Gold Limited

ABN 61 154 262 978

Financial Statements

For The Half-Year Ended
31 December 2014

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Director's Report

The Directors present the financial statements of Dacian Gold Limited for the half-year ended 31 December 2014.

Directors

The following persons were directors of Dacian Gold Limited during the whole of the half-year and up to the date of this report, unless stated otherwise:

Rohan Williams	<i>(Executive Chairman)</i>
Robert Reynolds	<i>(Non-Executive Director)</i>
Barry Patterson	<i>(Non-Executive Director)</i>

Company Secretary

Kevin Hart

Significant Changes in the State of Affairs

There have been no significant changes to the state of affairs of the Company during or since the 6 months ended 31 December 2014.

Review of Operations

The net loss after income tax for the half-year was \$3,505,709 (31 December 2013: \$3,024,390), included in this loss for the half-year period is an amount of \$2,974,162 (31 December 2013: \$2,435,687) in respect of exploration and evaluation costs incurred during the period and not capitalised.

At the end of the half-year the Company had \$7,565,449 (30 June 2014: \$10,948,885) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure is \$8,131,847 (30 June 2014: \$8,131,847).

The Company incurred exploration costs of \$2,974,162 during the 6 months ended 31 December 2014 (2013: \$2,435,687).

Exploration

During the 6 months to 31 December 2014 the Company's exploration activities have been focussed on the Company's Jupiter and Westralia prospects at the Mt Morgan's Gold Project.

Jupiter

During the 6 months ended 31 December 2014 the Company's work at Jupiter included a 55 hole, 7,000 metre RC drilling program that confirmed the potential for open pit mining where the Cornwall Shear Zone ("CSZ") intersects the Heffernans syenite, and also away from and along strike of the syenite occurrences.

Also during the period the Company commenced pre-feasibility activities at Jupiter, focussing initially on metallurgical, geotechnical and hydrological factors. The Company in January 2015 commenced a 32 hole RC drill program at the Jupiter Project. The objective of the drilling program is to complete a 40m x 40m drill out of the Heffernans prospect ahead of completing an inaugural resources estimate for Jupiter.

Director's Report

Review of Operations (continued)

Exploration (continued)

Westralia

During the 6 months ended 31 December 2014 the Company completed a 14 hole, 9,000 metre, framework drilling program over a 3km strike of banded iron formation ("BIF") testing along strike of, and below the Westralia gold mine. In addition, the Company completed an 8km long fixed loop TEM survey over the BIF hosting the Westralia deposit and a 19 hole down-hole TEM survey along strike of, and below the Westralia deposit.

This work has identified a number of follow up drill targets, including the Birrells Prospect which is along strike of the Westralia pit and which the Company has commenced drill testing in the 2015 calendar year.

Also, during the period, the Company commenced work on a revised resource estimation for Westralia. Subsequent to the end of the half year the Company completed a revised estimate for Westralia which resulted in a 40% increase in the Westralia underground resource to 4.6Mt at 5.8g/t for 850,000 ounces (refer ASX release 24 February 2015).

The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

Events Subsequent to the Reporting Date

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

Auditor's Independence Declaration

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

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

DATED at Perth this 12th day of March 2015.



Rohan Williams
Executive Chairman

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Dacian Gold Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



C A Becker
Partner

Perth, 12 March 2015

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**Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2014**

	Note	31 December 2014 \$	31 December 2013 \$
Revenue	3	204,038	283,101
Total Revenue		204,038	283,101
Employee expenses		(260,608)	(255,065)
Share based employee expense	6	(141,978)	(271,574)
Depreciation and amortisation expenses		(105,696)	(101,543)
Corporate expenses		(88,378)	(84,469)
Occupancy expenses		(37,589)	(41,583)
Marketing expenses		(16,506)	(18,144)
Financing expenses		(1,391)	(7,652)
Exploration costs expensed and written off	9	(2,974,162)	(2,435,687)
Movement in rehabilitation provisions		(18,659)	-
Administration and other expenses		(64,780)	(91,774)
Loss before income tax	4	(3,505,709)	(3,024,390)
Income tax benefit/expense		-	-
Net loss for the half-year attributable to the members of the parent entity		(3,505,709)	(3,024,390)
Other comprehensive income		-	-
Total comprehensive result for the period attributable to the members of the parent entity		(3,505,709)	(3,024,390)
Loss per share			
Basic and diluted loss per share (cents)		(3.7)	(3.1)

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

**Statement of Financial Position
As at 31 December 2014**

	Note	31 December 2014	30 June 2014
		\$	\$
Current assets			
Cash and cash equivalents		7,565,449	10,948,885
Trade and other receivables		51,532	41,268
Total current assets		7,616,981	10,990,153
Non-current assets			
Other financial assets	10	50,546	16,335
Property, plant and equipment		479,867	546,074
Exploration and evaluation assets	9	8,131,847	8,131,847
Total non-current assets		8,662,260	8,694,256
Total assets		16,279,241	19,684,409
Current liabilities			
Borrowings		31,310	31,310
Trade and other payables		358,499	380,156
Total current liabilities		389,809	411,466
Non-current liabilities			
Borrowings		2,610	18,265
Provisions		1,262,590	1,243,931
Total non-current liabilities		1,265,200	1,262,196
Total liabilities		1,655,009	1,673,662
Net assets		14,624,232	18,010,747
Equity			
Issued capital	5	29,204,822	29,227,606
Share based payments reserve	6	621,685	479,707
Accumulated losses		(15,202,275)	(11,696,566)
Total equity		14,624,232	18,010,747

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

**Statement of Changes in Equity
For the half-year ended 31 December 2014**

	Issued capital \$	Accumulated losses \$	Share based payments reserve \$	Total \$
At 1 July 2013	29,227,606	(6,288,125)	408,710	23,348,191
Total comprehensive result for the half-year:				
Loss for the half-year	-	(3,024,390)	-	(3,024,390)
Movement in share based payments reserve in respect of options vesting	-	-	271,574	271,574
At 31 December 2013	29,227,606	(9,312,515)	680,284	20,595,375
At 1 July 2014	29,227,606	(11,696,566)	479,707	18,010,747
Total comprehensive result for the half-year:				
Loss for the half-year	-	(3,505,709)	-	(3,505,709)
Movement in share based payments reserve in respect of options vesting	-	-	141,978	141,978
Transactions with owners in their capacity as owners:				
Cost of securities issued – on release from escrow	(22,784)	-	-	(22,784)
At 31 December 2014	29,204,822	(15,202,275)	621,685	14,624,232

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

Statement of Cash Flows
For the half-year ended 31 December 2014

Note	31 December 2014 \$	31 December 2013 \$
Cash flows from operating activities		
	153,760	237,977
	57,449	4,128
	(1,391)	(7,652)
	(3,023,312)	(2,718,562)
	(467,447)	(495,318)
8	(3,280,941)	(2,979,427)
Cash flows from investing activities		
	(34,211)	-
10	-	1,227,700
	(29,845)	(46,761)
	(64,056)	1,180,939
Cash flows from financing activities		
	(15,655)	(15,655)
	(22,784)	-
	(38,439)	(15,655)
	(3,383,436)	(1,814,143)
	10,948,885	15,068,282
	7,565,449	13,254,139

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

Notes to the Financial Statements For the half-year ended 31 December 2014

Note 1 Summary of Significant Accounting Policies

(a) Basis of preparation of half-year report

These general purpose financial statements for the half-year reporting period ended 31 December 2014 have been prepared in accordance with Australian Accounting Standard 134: *Interim Financial Reporting* and the Corporations Act 2001. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities as full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the public announcements made by Dacian Gold Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

Adoption of new and revised accounting standards

In the half year ended 31 December 2014, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2014.

It has been determined by the Company that, there is no material impact of the new and revised standards and interpretations on its business and therefore no change is necessary to the Company's accounting policies.

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2014. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Company accounting policies.

No retrospective change in accounting policy or material reclassification has occurred requiring the inclusion of a third Statement of Financial Position as at the beginning of the comparative financial period, as required under AASB 101.

The half-year financial statements were approved by the Board of Directors on 12th March 2015.

Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's annual financial statements for the year ended 30 June 2014.

Notes to the Financial Statements
For the half-year ended 31 December 2014

Note 2 Segment information

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

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

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

Note 3 Revenue

	31 December 2014 \$	31 December 2013 \$
Interest income	146,589	278,973
Other income	57,449	4,128
	204,038	283,101

Note 4 Loss before tax

Loss before tax includes the following specific expenses:

	31 December 2014 \$	31 December 2013 \$
Movement in rehabilitation provision	18,659	-
Insurance	32,626	29,678
Share based employee expense	141,978	271,574
Exploration costs expensed and written off	2,974,162	2,435,687

**Notes to the Financial Statements
For the half-year ended 31 December 2014**

Note 5 Issued capital

	31 December 2014 #	31 December 2013 #	31 December 2014 \$	31 December 2013 \$
Issued capital - Shares				
At the beginning of the period	96,100,000	96,100,000	29,227,606	29,227,606
Costs related to share issues ¹	-	-	(22,784)	-
At the end of the period	96,100,000	96,100,000	29,204,822	29,227,606

¹ Costs for the six months ended 31 December 2014 relate to ASX listing fees on shares released from escrow on 14 November 2014.

Note 6 Share based payments

During the period the Company issued 3,000,000 (2013: Nil) unlisted options over unissued shares in the Company.

The share based payments expense for the period of \$141,978 (2013: \$271,574) relates to the fair value of options apportioned over the respective vesting periods.

Basis and assumptions used in the valuation of options.

The options issued during the year were valued using the Black-Scholes option valuation methodology.

Date granted	Number of options granted	Exercise price (cents)	Expiry date	Risk free interest rate used	Volatility applied	Value per Option (cents)
25 Sept 2014	1,000,000	65	24 Sept 2019	3.07%	78%	12.82
18 Nov 2014	2,000,000	46	17 Nov 2019	2.90%	75%	10.07

Historical volatility has been used as the basis for determining expected share price volatility, as it is assumed that this is an indicator of future tender, which may not eventuate. A discount of 30% in respect of a lack of marketability has been applied to the Black-Scholes option valuation to reflect the non-negotiability and non-transferability of the unlisted options granted.

Note 7 Options

	31 December 2014 #	31 December 2013 #
At the beginning of the period	7,150,000	11,150,000
Options issued as remuneration	3,000,000	-
At the end of the period	10,150,000	11,150,000

**Notes to the Financial Statements
For the half-year ended 31 December 2014**

Note 8 Reconciliation of loss after tax to net cash outflow from operating activities

	31 December 2014 \$	31 December 2013 \$
Loss from ordinary activities after income tax	(3,505,709)	(3,024,390)
<i>Non-cash items in profit or loss:</i>		
Depreciation	105,696	101,543
Share based payments expense	141,978	271,574
<i>Movement in assets and liabilities:</i>		
(Increase)/decrease in prepaid expenses	(10,367)	(3,815)
(Increase)/decrease in accrued income	7,171	(40,996)
(Increase)/decrease in other receivables	(7,067)	(6,307)
Increase/(decrease) in payables	(57,406)	(291,344)
Increase/(decrease) in rehabilitation provision	18,659	-
Increase/(decrease) in employee leave provisions	26,104	14,308
Net cash flow from operating activities	(3,280,941)	(2,979,427)

Note 9 Exploration costs expensed and written off

The exploration expense for the period of \$2,974,162 (2013: \$2,435,687) relates to exploration and evaluation costs incurred during the period at the Company's Mt Morgan's Gold Project on areas of interest other than those containing ore reserves and as such they have not been capitalised, in accordance with the Company's accounting policy, as disclosed in the most recent annual report.

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

Note 10 Other financial assets

Amounts included in other financial assets of \$50,546 (2013: \$16,335) are other security deposits lodged by the Company.

As disclosed in the Statement of Cash Flows, during the 6 months ended 31 December 2013 the Company redeemed bonds amounting to \$1,227,700 following subscription to the Western Australian Mining Rehabilitation Fund. The funds received have been reported as cash assets of the Company and have been invested in short term deposits.

Note 11 Dividends

No dividends were paid or proposed during the period.

The Company has no franking credits available as at 31 December 2013 or 31 December 2014.

**Notes to the Financial Statements
For the half-year ended 31 December 2014**

Note 12 Contingencies

There have been no material changes in contingent assets or liabilities since the signing of the audited 30 June 2014 financial statements.

Note 13 Events occurring after the balance date

Other than as otherwise presented in the Review of Operations included in the Director's Report accompanying this financial report, there has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Note 14 Commitments

There have been no material changes in operational or capital commitments since the signing of the audited 30 June 2014 financial statements.

Directors' Declaration

The Directors of Dacian Gold Limited ("the Company") declare that:

- (a) the half-year financial statements and notes set out on pages 6 to 14 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Australian Accounting Standard AASB 134 – *Interim Financial Reporting*, and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the Company's financial position as at 31 December 2014 and of its performance for the half-year ended on that date.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Signed at Perth this 12th day of March 2015.



Rohan Williams
Executive Chairman

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Independent Auditor's Review Report To the Members of Dacian Gold Limited

We have reviewed the accompanying half-year financial report of Dacian Gold Limited (“the Company”), which comprises the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors’ declaration.

Directors’ responsibility for the half-year financial report

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

Auditor’s responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Company financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Dacian Gold Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the Company's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



C A Becker
Partner - Audit & Assurance

Perth, 12 March 2015