

Date: 4 March 2015

Recommendation: Not rated
Valuation: n/a

Company Information

ASX Code	DCN
Last Price (\$)	\$0.40
12 month share low	\$0.24
12 month share high	\$0.48
Shares on Issue (m)	96.1
Market Capitalisation (\$m)	\$38.4
Daily Volume	19,480

Iress, DJC Research

Business Description

Dacian Gold is an exploration company whose chief asset is the Mt Morgans Gold Project, near Laverton WA. Mt Morgans was one of the most successful operations of Dominion Mining Ltd in the late 80's and early 90's, producing in excess of 9000,000ozs of gold from both open pit and UG mines. The DCN resource base is composed of newly discovered mineralisation in and around the Westralia ore body and at the Jupiter project to the south, that has certain similarities to Goldfields' multi-million ounce Wallaby deposit to the south east.

Iress, DJC Research

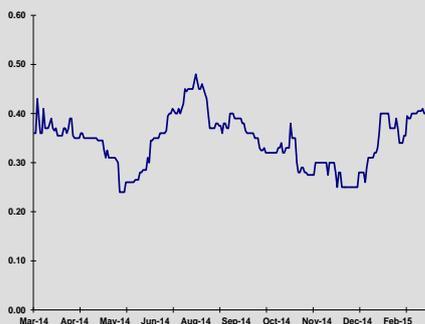
Directors

Rowan Williams	Exec Chairman
Barry Patterson	Non-Exec Director
Rob Reynolds	Non-Exec Director

Major Shareholders

Top 20	75.0%
Directors	2.7%

Performance



Source: Iress

Analyst Details

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Dacian Gold (DCN:ASX) – Notes to meeting

DJC met Rowan Williams (ex-Avoca) and Dan Baldwin from DCN on 3rd March.

Key Points

Mt Morgans project starts to bear fruit: DCN hold 100% of the Mt Morgans Project near Laverton in WA. Since listing in late 2012, after a \$20m IPO, DCN has been exploring the previously mined Mt Morgans Gold Project (Dominion, Placer Dome). Initial focus was on the extensions to the Westralia ore body, an open pit and underground mine, exploiting the well mineralised banded iron formations (BIF's) at the contact with a tholeiitic basalt. Focus has also been applied to several magnetic anomalies that displayed characteristics similar to the Wallaby deposit to the south east, currently being mined by Goldfields Ltd.

Westralia resource inventory has been increasing: At the time of the DCN IPO, Mt Morgans had a resource inventory of 364Kozs at 3.4g/t, mostly from the remnant UG Westralia resource. In December 2013 resources increased after the discovery of the Millionaires Shoot, adding 326Kozs at 7.6g/t for a total of 610Koz at 5.9g/t. Discovery of further mineralisation proximal to Westralia increased the inventory to 850Koz at 5.68g/t. Total resource inventory now sits at 1.43Moz at 4.2g/t.

Exploration upside at Westralia: There is still a paucity of deep drilling information at various locations along strike to the Westralia ore body. Recent drilling by DCN north of the Westralia Pit has discovered a high grade gold mineralisation in the same stratigraphic position as the Westralia ore body. In addition, a conductor under the Morgan's North Prospect has been identified with similar geophysical characteristics to Westralia.

New discovery at Jupiter: DCN has recently announced the discovery of thick +1g/t intersections in a blind zone adjacent to the Jupiter resource (79m at 1.9g/t). The new mineralisation represents an up dip zone associated with the Cornwall Shear. Multiple shallow east dipping structures at Jupiter influenced by the Cornwall Shear zone mimic those seen at Wallaby to the south east. Mineralisation out-crops at surface and if Jupiter is a Wallaby look-a-like, we would expect to see a number of shallowly stacked zones as the drilling gets deeper.

Our View

To us, it looks like the combined discoveries at Westralia and Jupiter have the potential to significantly increase the likelihood of developing a stand-alone operation at Mt Morgans. Significant exploration upside remains at both projects and a new resource at Jupiter, to include the new discovery, could significantly increase the global resource inventory and lead to a two project camp. DCN believe there is an opportunity to develop both a CIL and heap-leach treatment option to take advantage of lower grade material. A PFS level study will go a long way to understanding the metallurgical characteristics of the different mineralisation types.

Future work will involve infill drilling at Westralia (March 2015); infill drilling at Jupiter (Heffermans) in March; a maiden resource at Jupiter (Heffermans) in April; on-going PFS studies in met, enviro and geotec; TEM surveys along strike of Westralia.

DCN still has \$8m in cash to fund the above programs. The small number of shares on issue (96m) make for an illiquid market in DCN which is a negative but liquidity may increase when the stock price moves above the original 50c IPO price.

Can Rohan Williams repeat his success at Avoca with the Mt Morgans project? The forthcoming program could dramatically increase that chance. Watch this stock.

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Disclosure Disclaimer

RCAN1245

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The Author of this report made contact with **Dacian Gold Ltd** for assistance with verification of facts, admittance to business sites, access to industry/company information. No inducements have been offered or accepted by the company.

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