

Quick Comment

Dacian Gold Ltd (DCN \$0.42) Speculative Buy

Analyst: Jon Bishop
Date: 11th May 2015

Maiden 709,000oz Resource at Heffernans

Price Target: \$0.75/sh

Key Points:

- Maiden 709koz Resource announced for DCN's Heffernans discovery;
- Resource comprises 13.7Mt @ 1.4 g/t for 625koz (applying 0.5 g/t Au lower cut-off grade), CIL material;
- And 6.7Mt @ 0.4 g/t for 84koz (applying 0.3-0.5 g/t Au upper and lower cut) which is heap leachable;
- 70% of the 709koz resource is in Indicated category;
- 538koz (76%) of the resource occurs within 200m of the surface;
- Total high grade (ex-leachable) Mt Morgans Project resource inventory of 2.1moz @ 2.6g/t;
- DCN has commenced Mt Morgans Project Scoping Study to assess combining the new 780,000 ounce Jupiter Prospect with the high grade 850,000 ounce underground Westralia Prospect as separate ore sources feeding a single processing facility.

Investment Thesis:

The maiden 709koz resource at Heffernans represents a significant discovery. We retain our Speculative Buy recommendation for exposure to one of the best emerging, domestic gold explorer-developers. DCN's Mt Morgan's Project represents a potential new gold camp, offering both sizeable high grade underground and bulk tonnage open pit developments with scope for multimillion ounce resource potential. Short to medium term catalysts include:

- Westralia high grade U/G infill and brownfields extensional drilling;
- Jupiter PFS due mid Dec H CY'15;
- Mount Morgans DFS in the Dec H CY'16.

Dacian Gold Ltd (DCN)					
Share Price	0.42	A\$/sh	Enterprise Value	32	A\$m
Price Target	0.75	A\$/sh	Debt	-	A\$m
Valuation	0.72	A\$/sh	Cash	8	A\$m
Shares on issue	96.1	m(dil)	Largest Shareholder	Brian Rodan – 17.6%	
Market Capitalisation	40	A\$m			

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