

Quick Comment

Dacian Gold Ltd (DCN \$0.39) Speculative Buy

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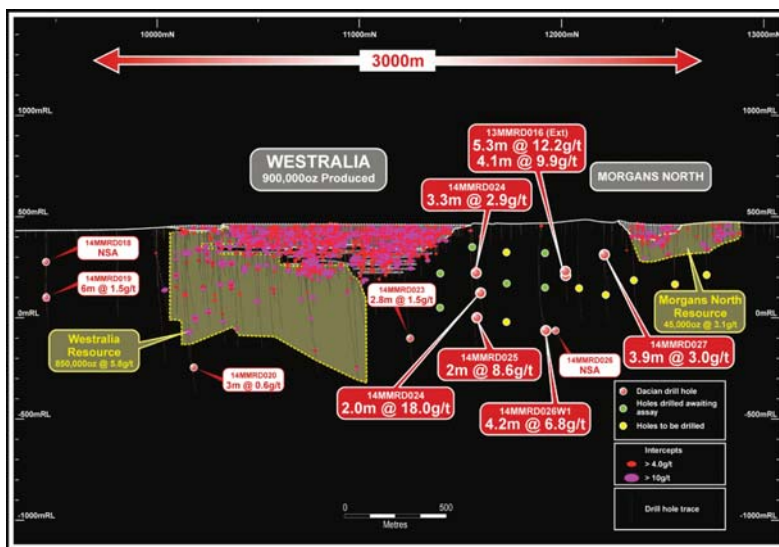
Substantial hits from Westralia Extensional Drilling

Price Target: \$0.75/sh

Key Points:

DCN has reported assays from its first hole (13MMRD016(ext)) from the current Westralia extensional, diamond drilling programme:

- 5.3m @ 12.2g/t from 265m downhole;
- 4.1m @ 9.9g/t from 282m downhole.
- Significantly, the holes are located 1.1km to the north of the existing Westralia Resource (850koz @ 5.8g/t), within the same mineralised BIF complex that hosts Westralia:



Source: Dancian Gold

- Also, the intersections occur within a newly defined footwall BIF unit that has not previously been an exploration focus;
- Encouragingly, the programme has been expanded to 14 holes (from 8) designed to test the footwall BIF unit and seek to extend the existing Mineral Resource over a total additional strike length of 1.7km.

Investment Thesis:

The spectacular results from the first hole in the Westralia infill extensional programme is highly encouraging for the Westralia resource to growth. Upgraded resources at both Jupiter and particularly, Westralia, in the short term could substantiate economic potential of a 1.5mtpa operation producing circa 150koz @ ~\$1,200/oz AISC over an initial 8yr LOM (A maiden reserve for the Jupiter area is due with the PFS slated for Sep Q). DCN remains cheap, particularly in comparison to GOR (as the gold exploration success story of recent times) given it has 1/6th the mkt cap but offers at least twice the resource grade, a proven exploration-thru-producer management team, equivalent exploration potential and its assets occur within an established mining jurisdiction.

Dancian Gold Ltd (DCN)					
Share Price	0.39	A\$/sh	Enterprise Value	32	A\$m
Price Target	0.75	A\$/sh	Debt	-	A\$m
Valuation	0.72	A\$/sh	Cash	5	A\$m
Shares on issue	96.1	m(dil)	Largest Shareholder	Brian Rodan – 17.6%	
Market Capitalisation	37	A\$m			