

SPEC BUY

Current Price \$0.72
Target Price \$1.05

Ticker: DCN
Sector: Materials

Shares on Issue (m): 96.1
Market Cap (\$m): 69.2
Cash Estimate @ 30th June (\$m): 2.7
Enterprise Value (\$m): 66.5

52 wk High/Low: \$0.94 \$0.25
12m Av Daily Vol (m): 0.08

Mineral Inventory (100% basis, CIL only)

	Mt	g/t	Moz
Reserves	-	-	-
Resources	41.7	2.2	3.0

	\$/oz
EV / Reserve	-
EV / Resource	22

Directors:

Rohan Williams	Executive Chairman
Barry Patterson	Non-Executive Director
Robert Reynolds	Non-Executive Director

Substantial Shareholders:

Redland Plains	14.7%
Directors	11.8%

Share Price Graph



Wednesday, 4 November 2015

Dacian Gold

Additional proximal targets at Jupiter

Analysts | Patrick Chang, CFA | Matthew Keane

Quick Read

A recently completed 382km, high resolution (50m spaced lines) ground magnetics survey has generated additional proximal targets (see below) at Jupiter, enhancing Dacian Gold's (DCN) exploration pipeline. Successful conversion of these targets into mining inventory could deliver upside to our A\$1.05 valuation. These targets are in addition to the Company's regional syenite targets, including Callisto (drilling scheduled in the coming weeks) and Cameron Well. DCN remains one of Argonaut's preferred emerging gold producers given AUD denominated costs, exploration upside and proven management. Given scalable inventory and proximity to infrastructure, DCN is likely to attract corporate attention. SPEC BUY and A\$1.05 target price maintained.

Event & Impact | Positive

Additional proximal targets generated: DCN recently completed 382km lines of high resolution (50m spaced lines) magnetics, with data collected in east-west and north-south oriented lines covering >10km² of the Jupiter Corridor. The syenites in the region are understood to exhibit both positive and negative magnetism, with positive anomalies associated with alteration around the intrusive bodies. Therefore, magnetics surveys are effective in uncovering potentially mineralised syenite bodies.

Corridor A and Corridor B: The detailed ground magnetics survey has outlined two orthogonal trends covering ~3km strike in total, comprising a number of circular features, potentially representing syenite corridors. These trends are located immediately to the southeast of the proposed Jupiter pits (see Figure 1, page 2). Both trends are covered with thin sediments. There has been no drilling over Corridor B and no effective drilling over Corridor A. DCN will ground truth these prospects prior to potentially commencing a drilling program.

Rosetta and Europa: Additional proximal targets include Rosetta and Europa, both exhibiting positive magnetic anomalies with minimal amount of drilling (1 hole at Rosetta and 2 holes at Europa). Previous drilling was deemed ineffective and did not explain the sources of anomaly. These targets are expected to be followed up with additional drilling. The intersection of the Cornwall Shear Zone (CSZ) and magnetic rocks at Europa deem it a high priority target.

Regional targets: In addition to the proximal targets, DCN's regional exploration pipeline includes Callisto (drilling in the coming weeks), Cameron Well (syenite), Maxwells (BIF target) and Rainbow Bore (BIF target).

Recommendation

SPEC BUY and A\$1.05 target price maintained.

Additional proximal targets

Ground magnetics highlight targets

DCN recently completed 382km of high resolution ground magnetics...

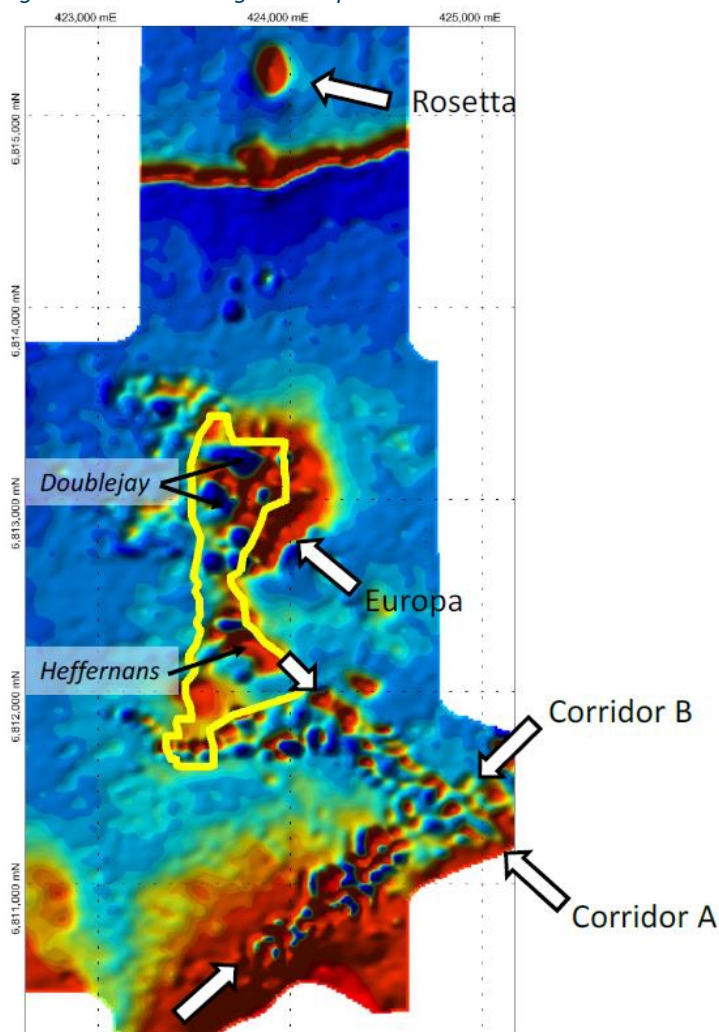
DCN recently completed 382km lines of high resolution (50m spaced lines) magnetics, with data collected in east-west and north-south oriented line covering >10km² of the Jupiter Corridor. The syenites in the region are understood to exhibit both positive and negative magnetism, with positive anomalism associated with alteration around the syenite bodies. Therefore, magnetics surveys can be effective in uncovering potentially mineralised buried syenite bodies.

Figure 1: Proximal targets at Jupiter

...covering 10km² of the Jupiter Corridor...

...highlighting several magnetic anomalies...

...which could represent buried, mineralised syenites



Source: DCN

Corridor A and Corridor B

The Corridor targets cover ~3km strike in total...

The detailed ground magnetics survey has outlined two orthogonal trends covering ~3km strike in total, comprising a number of circular features, potentially representing syenite corridors. These trends are located immediately to the southeast of the proposed Jupiter pits. Both trends are covered with thin sediments. There has been no drilling over Corridor B and no effective drilling over Corridor A. DCN will ground truth these prospects prior to potentially commencing a drilling program.

Additional proximal targets include Rosetta and Europa...

Rosetta and Europa

Additional proximal targets include Rosetta and Europa, both exhibiting positive magnetic anomalies with minimal amount of drilling (1 hole at Rosetta and 2 holes at Europa).

Previous drilling was deemed ineffective and did not explain the sources of anomalism. These targets are expected to be followed up with additional drilling.

...both are circular magnetic features

Europa is the strongest positive magnetic anomaly within the Jupiter Corridor. The intersection of the CSZ and magnetic rocks at Europa deem it a high priority target.

Potential upside at Jupiter

Up dip drilling could support expanded pit

A review on Doublejay open pits highlighted potential additions...

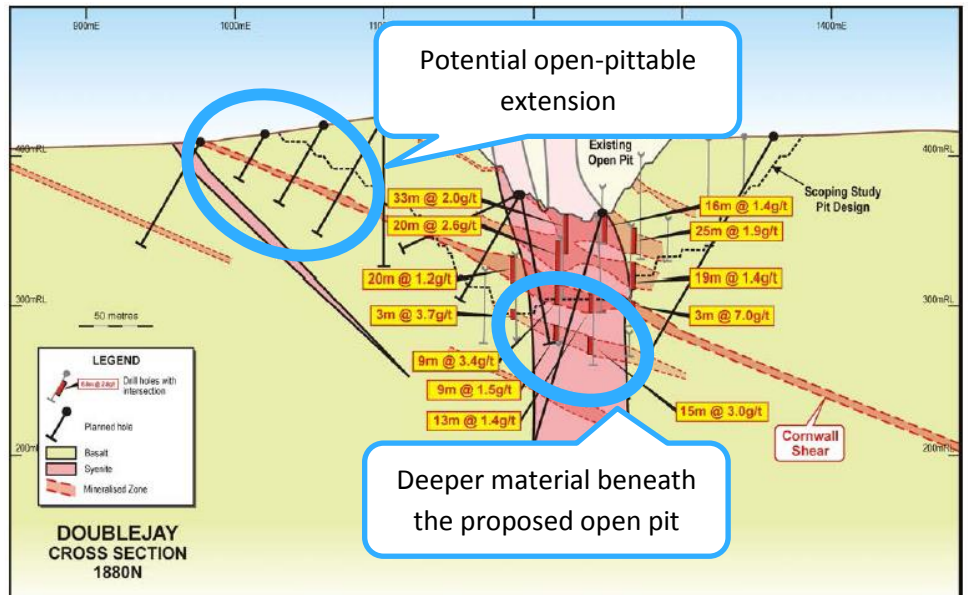
A review on the effectiveness of historic drilling at the Doublejay open pits highlights the potential for up-dip extensions.

In addition, there is potential to incorporate unmined, higher grade material beneath the proposed Scoping Study open pit (see Figure 2 below).

DCN has planned additional drilling to evaluate these opportunities. A successful drilling program could result in increased inventory and / or lowered overall stripping ratio, thereby improving project economics.

...with DCN planning additional drilling....

Figure 2: Cross section at Doublejay showing Scoping Study pit and proposed drilling



Source: DCN

...success could result in increased inventory and / or lowered stripping ratio

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Argonaut currently holds or controls 94,000 DCN shares.

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