



ABN 61 154 262 978

NOTICE OF ANNUAL GENERAL MEETING

&

EXPLANATORY STATEMENT

To be held

At 10.00am, Monday, 10 October 2016

at

Historic Ballroom, Pagoda Resort and Spa,
112 Melville Parade, Como, Western Australia

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6 September 2016

Dear Fellow Dacian Gold Shareholder

Please find enclosed the Notice of Annual General Meeting for the Shareholders' Meeting to be held at Pagoda Resort and Spa, 112 Melville Parade, Como, Western Australia at 10.00am on Monday, 10 October 2016.

The purpose of the meeting is to conduct the annual business of the Company, being consideration of the annual financial statements, the remuneration report and in addition seek shareholder approval in accordance with the Corporations Act 2001 and the Listing Rules of the ASX to a number of resolutions, which are set out in the attached Notice of Meeting paper.

Your Directors seek your support and look forward to your attendance at the meeting.

Yours sincerely



Rohan Williams
Executive Chairman

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DACIAN GOLD LIMITED
ABN 61 154 262 978

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Dacian Gold Limited will be convened at 10.00am on Monday, 10 October 2016 at Pagoda Resort and Spa, 112 Melville Parade, Como, Western Australia.

AGENDA

1. Discussion of Financial Statements and Reports

To discuss the Financial Report, the Directors' Report and Auditor's Report for the year ended 30 June 2016.

2. Adoption of the Remuneration Report

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company's annual financial report for the financial year ended 30 June 2016."

Voting Prohibition Statement

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any Key Management Personnel (which includes the Directors of the Company), details of whose remuneration are included in the Remuneration Report, or any closely related party of that person (or those persons).

However, a person described above may vote on this Resolution if the person does so as a proxy appointed by writing, that specifies how the proxy is to vote on the Resolution, and the vote is not cast on behalf of a member of the Key Management Personnel or any closely related party of that person (or persons).

3. Re-Election of Director – Mr Robert Reynolds

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, Mr Robert Reynolds who retires in accordance with the Company's Constitution and being eligible, offers himself for re-election, be re-elected as a Director of the Company."



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AGENDA (Continued)

4. Re-Election of Director – Mr Ian Cochrane

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, Mr Ian Cochrane who was appointed since the last Annual General Meeting of the Company retires in accordance with the Company's Constitution, and being eligible, offers himself for re-election, be re-elected as a Director of the Company."

5. Ratification of Prior Issue of Equity Securities – Placement Shares

To consider and, if thought fit, to approve the following resolution, with or without amendment, as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 7.4, and for all other purposes Shareholders ratify the allotment and issue of 14,415,000 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by any person that participated in the share placement and any person associated with those persons.

However, votes cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides) will be taken into account.

6. Renewal of the Company's proportional takeover approval provisions

To consider and, if thought fit, to approve the following resolution, with or without amendment, as a **special resolution**:

"Approval is given to include the proportional takeover approval provisions set out in the Explanatory Statement in the constitution."



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NOTICE OF ANNUAL GENERAL MEETING

AGENDA (Continued)

7. Issue of Equity Securities to a Director of the Company – Mr Rohan Williams

To consider and, if thought fit, to approve the following resolution, with or without amendment, as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes. Shareholders approve the issue of up to 670,000 Performance Rights to Mr Rohan Williams (or his nominee) pursuant to the terms and conditions of the Dacian Gold Employee Option Plan, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought and, if ASX has expressed an opinion under rule 10.14.3 that approval is required for participation in the employee incentive scheme by any else, that person.

However, votes cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides) will be taken into account.

Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

(a) The proxy is either:

(i) A member of the Key Management Personnel; or

(ii) A Closely Related Party of such a member; and

(b) The appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if the proxy is the Chair of the Meeting.



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GENERAL NOTES

1. With respect to Agenda Item 2, the vote on this item is advisory only and does not bind the Directors of the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

The Chairman of the meeting intends to vote undirected proxies, that are able to be voted, in favour of the adoption of the remuneration report.

2. **Voting by Proxy**

Sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and

- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on any required poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).



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GENERAL NOTES (Continued)

2. Voting by Proxy (Continued)

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

- 3.** The Explanatory Statement to Shareholders attached to this Notice of Annual General Meeting is hereby incorporated into and forms part of this Notice of Annual General Meeting.
- 4.** The Directors have determined in accordance with Regulation 7.11.37 of the Corporations Regulations that, for the purposes of voting at the meeting, shares will be taken to be held by the registered holders at 5.00pm on 8 October 2016.

BY ORDER OF THE BOARD

Kevin R Hart
Company Secretary

Dated this 6th day of September 2016



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EXPLANATORY STATEMENT

The purpose of the Explanatory Statement is to provide shareholders with information concerning all of the Agenda items in the Notice of Annual General Meeting.

1. Discussion of Financial Statements & Reports

Dacian Gold Limited's financial reports and the Directors' declaration and reports and the auditor's report are placed before the meeting thereby giving shareholders the opportunity to discuss those documents and to ask questions. The audit engagement partner will be attending the Annual General Meeting and will be available to answer any questions relevant to the conduct of the audit and their report.

2. Adoption of Remuneration Report as an Ordinary Resolution

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

Under the Corporations Act, if at least 25% of the votes cast on the resolution to Agenda Item 2 are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's next Annual General Meeting, the Company will be required to put to Shareholders a resolution proposing the calling of general meeting to consider the appointment of Directors of the Company (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the general meeting (**Spill Meeting**) within 90 days of the Company's Annual General Meeting. All of the Directors who were in office when the Company's Directors' report was approved, other than the Managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

The proportion of votes cast against the 2015 remuneration report was less than 25% of the total votes cast. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2016.



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EXPLANATORY STATEMENT

2. Adoption of Remuneration Report (Continued)

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

The Board considers that its current practices of setting executive and non-executive remuneration are within normal industry expectations, and provides an effective balance between the need to attract and retain the services of the highly skilled key management personnel that the Company requires. As such the Directors recommend that shareholders vote in favour of the resolution to Agenda Item 2.

Definitions

Key Management Personnel has the same meaning as in the accounting standards and includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001 (Cth)*.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2016.

3. Re-Election of Director – Mr Robert Reynolds
as an Ordinary Resolution

Experience

Mr Reynolds was the Non-Executive Chairman of Avoca Resources Limited from 2002 until it merged with Anatolia Minerals Development Limited in 2011, and has extensive experience in mineral exploration, development and mining operations.

Mr Reynolds is a Chartered Accountant with over 35 years of commercial experience in the mining sector, Mr Reynolds has worked on mining projects in a number of locations including Australia, Africa and across the Oceania region.

Mr Reynolds was a long term Director of Delta Gold Limited and was a Director of Extorre Gold Mines Limited when it was acquired by Yamana Gold Inc. for CAD\$414 million on 22 August 2012. Mr Reynolds also currently holds Directorships with Canadian companies Rugby Mining Limited and Exeter Resource Corporation. In the past three years Mr Reynolds has been a Director of ASX listed companies Chesser Resources Limited (resigned February 2015) and Global Geoscience Limited (resigned November 2015).



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EXPLANATORY STATEMENT

3. Re-Election of Director – Mr Robert Reynolds (Continued)

Term of Office

Mr Reynolds was appointed as a Director of the Company on 26 September 2012

Independence

The Board of Dacian Gold Limited considers Mr Reynolds to be an Independent Director.

Special Responsibilities

Mr Reynolds is the Chairperson of Dacian Gold Limited's Audit Committee, and is a member of the Company's Remuneration and Nomination Committees.

Directors' Recommendation

The Board (excluding Mr Reynolds) supports the proposed re-election and recommends that Shareholders vote in favour of the re-election of Mr Robert Reynolds as a Director.

**4. Re-Election of Director – Mr Ian Cochrane
as an Ordinary Resolution**

Mr Cochrane was widely regarded as one of Australia's leading M&A lawyers until his retirement from the practice of law in December 2013.

Educated in South Africa where he completed degrees in Commerce and Law, he immigrated to Australia in 1986 and joined national law firm Corrs Chambers Westgarth and then Mallesons Stephen Jaques, specialising in Mergers & Acquisitions. In 2006, Mr Cochrane co-established boutique law firm Cochrane Lishman, which was eventually acquired by the global law firm Clifford Chance in early 2011.

Mr Cochrane is currently Chairman of VOC Group Limited and a Director and Deputy Chairman of diversified ASX-listed mining services group Ausdrill Limited (ASX: ASL), Wright Prospecting Pty Ltd and Ardross Estates Pty Ltd. He was previously Chairman of Little World Beverages Limited which produced the Little Creatures beers and was taken over by Lion Nathan in 2012. He was also previously a Director of Rugby WA and the West Australian Ballet.

Term of Office

Mr Cochrane was appointed as a Director of the Company on 29 February 2016

Independence

The Board of Dacian Gold Limited considers Mr Cochrane to be an Independent Director.



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4. Re-Election of Director – Mr Ian Cochrane (Continued)

Special Responsibilities

Mr Cochrane is the Chairperson of Dacian Gold Limited's Remuneration Committee, and is a member of the Company's Audit and Nomination Committees.

Directors' Recommendation

The Board (excluding Mr Cochrane) supports the proposed re-election and recommends that Shareholders vote in favour of the re-election of Mr Ian Cochrane as a Director.

Appointment

In undertaking its background checks prior to Mr Cochrane's appointment, the Board did not become aware of any material adverse information or identify any interest, position or relationship that may be perceived to compromise Mr Cochrane's capacity to act in the best interests of the Company and its Shareholders.

**5. Ratification of Prior Issue of Equity Securities – Placement Shares
as an Ordinary Resolution**

General

Agenda Item 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 14,415,000 shares (Shares or Placement Shares) as stated below.

On 11 November 2015 the Company issued 14,415,000 ordinary fully paid shares to unrelated parties of the Company, pursuant to an institutional share placement component of a fully underwritten \$25 million equity raising announced to ASX on 9 November 2015.

The Shares were issued by the Company under the 15% limit imposed by the ASX Listing Rule 7.1 without the need for Shareholder approval.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.



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EXPLANATORY STATEMENT

5. Ratification of Prior Issue of Equity Securities – Placement Shares (Continued)

Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 14,415,000 Placement Shares were issued;
- (b) the Placement Shares were issued for cash consideration of 69 cents per Share;
- (c) the Placement Shares issued were all issued on the same terms and conditions as the Company's existing ordinary shares (DCN);
- (d) the Placement Shares were allotted and issued to institutional investors that were not related parties of the Company;
- (e) The funds raised from the issue of the Placement Shares have been used to fund the ongoing Mount Morgans Gold Project Feasibility Study, various exploration programs and associated support costs and provide working capital.

6. Approval of Proportional Takeover Provisions as a Special Resolution

Background

Under the Corporations Act, a company may include provisions in its constitution to enable it to refuse to register shares acquired under a proportional takeover bid unless a resolution approving the bid is passed by the shareholders. Such provisions cease to apply three years after they were inserted into a company's constitution, or last renewed by shareholders.

Section 2.11 of the Company's Constitution, which was approved by Shareholders on 11 October 2012 included clauses in respect of proportional takeover bids. In accordance with section 648G of the Corporations Act, those provisions cease to have effect on 11 October 2015 (being three years after they were approved by Shareholders). The Directors consider that it is in the best interests of the Shareholders to renew the proportional takeover provisions.

Where the approval of Shareholders is sought to renew proportional takeover provisions in a constitution, the Corporations Act requires the Company to provide Shareholders with an explanation of the proposed proportional takeover approval provisions. That information is set out below to assist Shareholders to make an informed decision on whether to support or oppose Agenda Item 6.



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6. Approval of Proportional Takeover Provisions (Continued)

What is a proportional takeover bid?

A proportional takeover bid is a takeover offer sent to all shareholders, but only in respect of a specified portion of each shareholder's shares. Accordingly, if a shareholder accepts in full the offer under a proportional takeover bid, the shareholder will dispose of the specified portion of their shares in a company and retain the balance of the shares.

Effect of the provisions to be inserted

If the proposed provisions are inserted, in the event that a proportional takeover offer is made to Shareholders of the Company, the Board will be required to convene a meeting of Shareholders to vote on a resolution to approve the proportional takeover offer. That meeting must be held at least 15 days before the offer under the proportional takeover bid closes.

The resolution shall be taken to have been passed if a majority of Shares voted at the meeting, excluding the Shares of the bidder and its associates, vote in favour of the resolution. The Directors will breach the Corporations Act if they fail to ensure the approving resolution is voted on. However, if no resolution is voted on before the end of the 15th day before the close of the offer, the resolution will be deemed to have been passed. Where the resolution approving the offer is passed or deemed to have been passed, transfers of Shares resulting from accepting the offer will be registered provided they otherwise comply with the Corporations Act, the Listing Rules, the Settlement Operating Rules and the Company's constitution. If the resolution is rejected then, in accordance with the Corporations Act, the offer will be deemed to be withdrawn.

The proportional takeover approval provisions do not apply to full takeover bids and only apply for three years after the date of adoption of the provisions. The provisions may be renewed, but only by a special resolution.

Reasons for proposing the resolution

The Directors consider that Shareholders should have the opportunity to include proportional takeover approval provisions in the constitution. Without the inclusion of such provisions, a proportional takeover bid for the Company may enable effective control of the Company to be acquired without Shareholders having the opportunity to dispose of all of their shares to the bidder. Accordingly, Shareholders risk passing control to the bidder without payment of an adequate control premium for all their Shares, whilst at the same time being left as part of a minority interest in the Company.



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6. Approval of Proportional Takeover Provisions (Continued)

The proposed provisions deal with this possibility by providing that if a proportional takeover bid is made for Shares in the Company, Shareholders must vote on whether or not a proportional takeover bid should be permitted to proceed.

The benefit of the provisions is that Shareholders are able to decide collectively whether the proportional offer is acceptable in principle. Further, the provisions may ensure that any partial offer is appropriately priced.

No knowledge of present acquisitions proposals

As at the date on which this Explanatory Statement is prepared, no Director is aware of a proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages for the Directors and shareholders of the Company

The inclusion of the proportional takeover approval provisions will enable the Directors to formally ascertain the views of Shareholders in respect of a proportional takeover bid. Without such provisions, the Directors are dependent upon their perception of the interests and views of Shareholders. Other than this advantage, the Directors consider that insertion of the proposed provisions has no potential advantages or potential disadvantages for them personally as they remain free to make a recommendation on whether a proportional takeover offer should be accepted.

The Directors consider that the proportional takeover approval provisions will benefit all Shareholders in that they will have an opportunity to consider a proportional takeover bid and then attend, or be represented by proxy at, a meeting of Shareholders called specifically to vote on the proposal. Accordingly, Shareholders will be able to prevent a proportional takeover bid proceeding if there is sufficient support for the proposition that control of the Company should not be permitted to pass under the proportional takeover bid. The provisions may also help Shareholders avoid being locked in as a minority with one majority Shareholder. In addition, and as stated above, increasing the bargaining power of Shareholders may ensure that any partial offer is adequately priced. Furthermore, knowing the view of Shareholders assists each individual Shareholder to assess the likely outcome of the proportional takeover bid and whether to accept or reject that bid.

As to the possible disadvantages to Shareholders of inserting a proportional takeover approval provision, it may be argued that the proposal makes a proportional takeover bid more difficult and that such proportional takeover bids will therefore be discouraged. The chance of a proportional takeover bid being successful may be reduced. In turn, this may reduce the opportunities which Shareholders may have to sell all or some of their Shares at a premium to persons seeking control of the Company and may reduce any takeover speculation element in the Company's Share price. Such a provision may also be considered an additional restriction on the ability of individual Shareholders to deal freely in their Shares.



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6. Approval of Proportional Takeover Provisions (Continued)

On balance, the Directors consider that the possible advantages outweigh the possible disadvantages such that insertion of a proportional takeover approval provision is in the interests of Shareholders.

Directors' Recommendation

The Board recommends that Shareholders vote in favour of Agenda Item 6. Each Director intends to vote all the Shares controlled by him or her in favour of the resolution.

If this resolution is approved, the proportional takeover approval provisions will be inserted into the Company's Constitution and will take effect from the date of the Meeting.

7. Issue of Equity Securities to a Director of the Company – Mr Rohan Williams

7.1 General

The Company has agreed, subject to Shareholder approval, to issue up to 670,000 Performance Rights to Mr Williams (Executive Chairman of the Company), pursuant to the terms and conditions of the Dacian Gold Limited Employee Option Plan (Plan), which was last approved by Shareholders on 16 November 2015, and the terms and conditions stated in this Explanatory Statement.

The Performance Rights are proposed to be issued as follows:

- 1) 140,000 Tranche A Performance Rights
- 2) 200,000 Tranche B Performance Rights
- 3) 330,000 Tranche C Performance Rights

Refer Section 7.5 for vesting conditions attaching to the above Performance Rights.

7.2 Basis for Issue

The Performance Rights are being issued to Mr Williams (or his nominee) as an incentive to retain and seek the successful satisfaction of the associated operational vesting (or performance) conditions, which the Company considers to be aligned with the interests of Shareholders in general.

The proposed issue is intended to serve to retain, reward and motivate Mr Williams in relation to his service to the Company over the next 3 years.

Mr Williams is the Executive Chairman, and the most senior executive of the Company.

The Remuneration Committee has determined that the Performance Rights proposed to be issued to Mr Williams are structured to reward Mr Williams for the performance of the Company in comparison to the Company's peers included at Appendix 3 over the three year measurement period and meeting key operational milestones. The maximum number



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7. Issue of Equity Securities to a Director of the Company – Mr Rohan Williams (Continued)

of Shares that may be issued pursuant to the proposed issue is 670,000, if all performance criteria are fully satisfied.

The proposed Performance Rights reflect the important three year period that the Company is entering with the pending completion of the Mount Morgan Project Gold Project feasibility studies, project finance negotiations, construction and production in respect of its Mt Morgans Gold Project.

The Company believes that the proposed issue strikes an appropriate balance between rewarding Mr Williams for performance whilst aligning his interests with those of the Company's Shareholders, and increases management ownership in the Company.

The Performance Rights will vest subject to certain operational and market performance conditions being met. Refer section 7.5 for the performance related vesting conditions attaching to the Performance Rights. The number of Performance Rights that vest will be subject to the Company's relative performance for each of the performance conditions. The vesting conditions are measured in three separate tranches with Tranche A being measured at 30 June 2017, Tranche B being measured at 30 June 2018 and Tranche C being measured at 30 June 2019.

The maximum monetary value of the proposed issues equates to a value of:

Tranche of Performance Rights	Number of Performance Rights to be Issued	Value per Performance Right ¹	Total Value of Performance Rights
Tranche A	140,000	\$2.84	\$397,600
Tranche B	200,000	\$2.98	\$596,000
Tranche C	330,000	\$3.09	\$1,019,700

¹ Value of performance rights based on Monte Carlo valuation model as at 29 August 2016. The independent valuation was undertaken by RSM.

Australian Accounting Standards require the Performance Rights to be expensed in accordance with AASB 2 – Share Based Payments. The Performance Rights are expected to be expensed over the relevant vesting periods. Expensing the Performance Rights will have the effect of increasing both expenses and the equity of the Company. There will be no impact on the net assets, cash position or financial resources of the Company as a result of expensing the Performance Rights.



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7. Issue of Equity Securities to a Director of the Company – Mr Rohan Williams (Continued)

The following securities have been issued pursuant to the Plan since first approved by Shareholders:

Total Securities Issued under the Plan	6,950,000
Total Plan Securities Cancelled	(1,000,000)
Total Shares Issued on Exercise of Plan Securities	500,000

7.3 Chapter 2E of the Corporations Act

For a public Company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) Obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) Give the benefit within 15 months following such approval,

Unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The proposed issue of Performance Rights constitutes giving a financial benefit and Mr Williams is a related party of the Company by virtue of him being a Director.

The Directors of the Company (other than Mr Williams, given his material personal interest in the outcome of the resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the proposed issue of Performance Rights because they consider that the grant of Performance Rights to Mr Williams, and the issue of Shares upon exercise of those Performance Rights, constitutes part of the reasonable remuneration of Mr Williams. In reaching this conclusion the Directors have had regard to a variety of factors including the market practice and the remuneration offered to persons in comparable positions at comparable companies.

7.4 ASX Listing Rule 10.14

ASX Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities pursuant to an employee incentive scheme to a Director of the entity, an associate of the Director, or a person whose relationship with the entity, Director or associate of the Director is, in ASX's opinion such that approval should be obtained.

If this resolution is passed, Performance Rights will be issued to Mr Williams, the Executive Chairman of the Company (or his nominee). Therefore, the Company requires Shareholder approval to issue the Performance Rights to Mr Williams (or his nominee).



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7. Issue of Equity Securities to a Director of the Company – Mr Rohan Williams (Continued)

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Performance Rights as approval is being sought under ASX Listing Rule 10.14 and has been obtained under Exception 9(b) of ASX Listing Rule 7.2.

7.5 Vesting Conditions of the Performance Rights

The Performance Rights, proposed to be issued pursuant to this resolution, are subject to Mr Williams continuing to be an Executive Director of the Company, and specific vesting conditions as follows:

Tranche of Performance Rights	Measurement Date of Performance Rights	Specific Vesting Conditions and Weighting Applicable in the Calculation of Performance Rights Vesting
Tranche A	30 June 2017	50% - Commencement of Construction of Mt Morgans Gold Project Processing Plant 50% - Relative Total Shareholder Return (TSR) performance to peers above 50 th Percentile (measured over the 1 year period to 30 June 2017)
Tranche B	30 June 2018	50% - First Gold Production at Mt Morgans Gold Project on time and budget 50% - Relative Total Shareholder Return (TSR) performance to peers above 50 th Percentile (measured over the 2 year period to 30 June 2018)
Tranche C	30 June 2019	50% - Ore Reserves at Mt Morgans Gold Project exceeding 1.2 Million ounces 50% - Relative Total Shareholder Return (TSR) performance to peers above 50 th Percentile (measured over the 3 year period to 30 June 2019)



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7. Issue of Equity Securities to a Director of the Company – Mr Rohan Williams (Continued)

The Performance Rights will be subject to the terms and conditions set out in Appendix 2.

Any Performance Rights which do not vest will lapse.

The Performance Rights will expire 4 years from the issue date

7.6 Technical Information required by ASX Listing Rule 10.15

Pursuant to and in accordance with ASX Listing Rule 10.15, the following information is provided in relation to the proposed issue of Performance Rights to Mr Williams (or his nominee):

- (a) The Performance Rights are being issued to Mr Williams (or his nominee);
- (b) The maximum number of Performance Rights that may be issued is 670,000, being:
 - 1) 140,000 Tranche A Performance Rights;
 - 2) 200,000 Tranche B Performance Rights; and
 - 3) 330,000 Tranche C Performance Rights.
- (c) The Performance Rights are being issued for nil cash consideration under the terms of the Plan, and on the terms and conditions set out in Appendix 2;
- (d) No Director of the Company has received securities pursuant to the Plan since last approved by Shareholders;
- (e) As at the date of this notice of meeting, the related parties of the Company entitled to participate in the Plan are Mr Rohan Williams, Mr Barry Patterson, Mr Robert Reynolds and Mr Ian Cochrane, being the Directors of the Company;
- (f) No loans have been provided to Mr Williams in relation to the acquisition of the Performance Rights; and
- (g) The Performance Rights will be issued to Mr Williams (or his nominee) no later than 12 months after the date of the Meeting.

7.7 Recommendation

The Directors of the Company (excluding Mr Williams who has a material interest in the outcome of the resolution) recommend that shareholders vote in favour of this resolution.



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Appendix 1

2.11 Proportional Takeover Bids

(a) Transfers not to be registered

A transfer giving effect to a contract resulting from the acceptance of an offer made under a proportional takeover bid must not be registered unless and until a resolution to approve the proportional takeover bid has been passed or is taken to have been passed under clause 2.11(b) (**takeover resolution**).

(b) Approving Resolution

- i. Where offers have been made under a proportional takeover bid, the Directors must, before the day that is 14 days before the last day of the bid period during which the offers under the proportional takeover bid remain open or a later date allowed by ASIC (**Resolution Deadline**)
 1. convene a meeting of the persons entitled to vote on the takeover resolution for the purpose of considering and, if thought fit, passing a takeover resolution; and
 2. ensure that the vote on the takeover resolution is conducted in accordance with this clause 2.11(b).
- ii. The provisions of this Constitution in relation to general meetings apply, with such modification as the circumstances require, to a meeting convened under clause 2.11(b)(i) as if that meeting were a general meeting of the Company.
- iii. The bidder under a proportional takeover bid and any associates of the bidder are not entitled to vote on the takeover resolution and if they do vote, their votes must not be counted.
- iv. Subject to clause 2.11(b)(iii), a person who, as at the end of the day on which the first offer under the proportional takeover bid was made, held securities of the relevant class, is entitled to vote on the takeover resolution relating to the proportional takeover bid.
- v. A takeover resolution that has been voted on is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50%, and otherwise is taken to have been rejected.
- vi. If a takeover resolution has not been voted on under this clause 2.11(b) as at the end of day before the Resolution Deadline, a takeover resolution will be taken to have been passed under this clause 2.11(b) on the Resolution Deadline.

(c) Sunset

Clause 2.11 ceases to have effect at the end of three years beginning:

- (a) Where those clauses have not been renewed in accordance with the Corporations Act, on the date that those clauses were adopted by the Company; or
- (b) Where those clauses have been renewed in accordance with the Corporations Act, on the date those clauses were last renewed.



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Appendix 2

Terms and Conditions of Dacian Gold Limited Employee Option Plan (Plan) in Relation to the Performance Rights (Zero Priced Options) Proposed to be Issued Pursuant to Agenda Item 7

1. GENERAL

- 1.1 No monies will be payable for the grant of the Performance Rights.
- 1.2 A certificate or holder statement will be issued for the Performance Rights.
- 1.3 The Performance Rights will not be listed for Official Quotation.
- 1.4 The Performance Rights are not transferable.
- 1.5 Each Performance Right shall carry the right to subscribe for one Share upon exercise of the Performance Right.
- 1.6 The Performance Rights shall expire at 5.00pm WST on the Expiry Date.
- 1.7 Subject to clauses 1.6, 2 and 3, the Performance Rights may be exercised by the Participant at any time, subject to the prior satisfaction of the Vesting Conditions included in Section 7.5 of the 2016 Notice of Annual General Meeting.

The Board may, at its discretion, by notice to the Participant adjust or vary the terms of a Performance Right, subject to the requirements of the Listing Rules. No adjustment or variation will be made without the consent of the Participant if such adjustment or variation would have a materially prejudicial effect upon the Participant (in respect of their outstanding Performance Rights) except as otherwise by the rules of the Plan.

- 1.8 The Shares allotted on the exercise of the Performance Rights will not be issued subject to an exercise price per Share.
- 1.9 Performance Rights may only be exercised by delivery to the Company Secretary (at a time when the Performance Rights may be exercised) of:
 - (a) the certificate for the Performance Rights or, if the certificate for the Performance Rights has been lost or destroyed, a declaration to that effect, accompanied by an indemnity in favour of the Company against any loss, costs or expenses which might be incurred by the Company as a consequence of its relying on the declaration that the certificate has been lost or destroyed;
 - (b) a notice addressed to the Company and signed by the Participant stating that the Participant exercises the Performance Rights and specifying the number of Performance Rights which are exercised; and

The notice is only effective (and only becomes effective) if received by the Expiry Date and subject to the Performance Rights the subject of the notice vesting in accordance with any Vesting Conditions stipulated in these terms and conditions.



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EXPLANATORY STATEMENT

Appendix 2 (Continued)

- 1.10 Performance Rights may be exercised in one or more parcels of any size in multiples of 100, or all of the Performance Rights granted to the Participant that the Participant is then entitled to exercise. An exercise of only some Performance Rights shall not affect the rights of the Participant to the balance of the Performance Rights held by the Participant.
- 1.11 The Company shall allot the resultant Shares and deliver the holding statements within four weeks of the exercise of the Performance Rights.
- 1.12 Shares allotted pursuant to an exercise of Performance Rights shall rank, from the date of allotment, equally with existing Shares of the Company in all respects.
- 1.13 The Company shall, in accordance with the Listing Rules, make application to have Shares allotted pursuant to an exercise of Performance Rights listed for Official Quotation, if the Company is listed on the ASX at the time.

2. LAPSE OF PERFORMANCE RIGHTS

- 2.1 Unless clause 2.2, 2.3 or 2.4 applies, the Performance Rights will lapse immediately and all rights in respect of the Performance Rights will be lost:
 - (a) if the Eligible Participant ceases to be an employee or Director of, or to render services to, a member of the Group for any reason whatsoever (including without limitation resignation or termination for cause) and the Vesting Conditions have not been met; or
 - (b) the Vesting Conditions are unable to be met; or
 - (c) the Expiry Date has passed; or
 - (d) the deadline provided for in clause 2.4 has passed, whichever is earlier.
- 2.2 If the term of an Performance Right would otherwise expire outside a Trading Window applicable to the Eligible Participant or the Participant, then the term of such Performance Right shall be extended to the close of business on the 10th Business Day during the next Trading Window applicable to the Eligible Participant or the Participant.
- 2.3 If the Eligible Participant dies, becomes Permanently Disabled, resigns employment on the basis of retirement from the workforce or is made redundant by the relevant member of the Group, prior to the Expiry Date of any Performance Rights granted to the Participant (Ceasing Event) the following provisions apply:
 - (a) the Participant or the Participant's legal personal representative, where relevant, may exercise those Performance Rights which at that date:
 - (i) *have become exercisable;*
 - (ii) *have not already been exercised; and*
 - (iii) *have not lapsed,*in accordance with clause 2.3(c);



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EXPLANATORY STATEMENT

Appendix 2 (Continued)

- (b) at the absolute discretion of the Board, the Board may resolve that the Participant, or the Participant's legal personal representative, where relevant, may exercise those Performance Rights which at that date:
 - (i) *have not become exercisable; and*
 - (ii) *have not lapsed,*
in accordance with clause 2.3(c) and, if the Board exercises that discretion, those unexercisable Performance Rights will not lapse other than as provided in clause 2.3(c);
- (c) the Participant or the Participant's legal personal representative (as the case may be) must exercise the Performance Rights referred to in clause 2.3(a) and, where permitted, clause 2.3(b), not later than the first to occur of:
 - (i) *the Expiry Date of the Performance Rights in question; and*
 - (ii) *the date which is 6 months after the Ceasing Event provided that in the case of Performance Rights referred to in clause 2.3(b), all Vesting Conditions have been met at that time (unless the Board decides to waive any relevant Vesting Conditions, in its absolute discretion); and*
- (d) Performance Rights which have not been exercised by the end of the period specified in clause 2.3(c) lapse immediately at the end of that period and all rights in respect of those Performance Rights will thereupon be lost.

2.4 Where the Eligible Participant ceases to be an employee or Director of, or to render services to, a member of the Group, for any reason whatsoever (including without limitation resignation or termination for cause), prior to the Expiry Date in relation to the Performance Rights (Ceasing Date) and the Vesting Conditions have been met, the Participant will be entitled to exercise Performance Rights for a period of up to 1 month after the Ceasing Date for the Performance Rights, after which the Performance Rights will lapse immediately and all rights in respect

3. CHANGE IN CONTROL EVENT

- (a) On the occurrence of a Change of Control Event, the Board may in its sole and absolute discretion determine that unvested Performance Rights will vest despite the non-satisfaction of any Vesting Conditions and become exercisable in accordance with clause 3(b), with such vesting deemed to have taken place immediately prior to the effective date of the Change of Control Event, regardless of whether or not the employment, engagement or office of the Eligible Participant is terminated or ceases in connection with the Change of Control Event.



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EXPLANATORY STATEMENT

Appendix 2 (Continued)

- (b) Whether or not the Board determines to accelerate the vesting of any Performance Rights, the Company shall give written notice of any proposed Change of Control Event to the Participant. Upon the giving of any such notice the Participant shall be entitled to exercise, at any time within the 14-day period following the giving of such notice, all or a portion of those Performance Rights granted to the Participant which are then vested and exercisable in accordance with their terms, as well as any unvested Performance Rights which shall become vested and exercisable in connection with the completion of such Change of Control Event. Unless the Board determines otherwise (in its sole and absolute discretion), upon the expiration of such 14 day period, all rights of the Participant to exercise any outstanding Performance Rights, whether vested or unvested, shall terminate and all such Performance Rights shall immediately lapse, expire and cease to have any further force or effect, subject to the completion of the relevant Change of Control Event.

4. PARTICIPATION RIGHTS

- 4.1 The Participant is not entitled to participate in any new issue of securities to existing holders of Shares in the Company unless:

- (a) the Participant has become entitled to exercise the Performance Rights under clauses 1.6, 2 or 3; and
(b) the Participant does so before the record date for the determination of entitlements to the new issue of securities and participates as a result of being a holder of Shares.

The Company must give the Participant, in accordance with the Listing Rules, notice of any new issue of securities before the record date for determining entitlements to the new issue.

- 4.2 In the event of a bonus issue of Shares being made pro-rata to shareholders (Bonus Issue), the number of Shares issued to a Participant on exercise of each Performance Right will include the number of Shares that would have been issued to the Participant if the Performance Right had been exercised prior to the record date for the Bonus Issue (Bonus Shares).

The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank pari passu in all respects with the other Shares of that class on issue at the date of issue of the Bonus Shares.

- 4.3 If, prior to the expiry of any Performance Rights, there is a reorganisation (including a consolidation, subdivision, reduction or return) of the issued capital of the Company, then the rights of a Participant (including the number of Performance Rights to which each Participant is entitled) will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.



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EXPLANATORY STATEMENT

Appendix 3

Peer Companies for Measurement of Vesting Conditions for Performance Rights the Subject of Agenda Item 7

Peer Companies		ASX Code
1	St Barbara Limited	SBM
2	Saracen Mineral Holdings Limited	SAR
3	Resolute Mining Limited	RSG
4	Gold Road Resources Limited	GOR
5	Perseus Mining Limited	PRU
6	Beadell Resources Limited	BDR
7	Silver Lake Resources Limited	SLR
8	Doray Minerals Limited	DRM
9	Troy Resources Limited	TRY
10	Ramelius Resources Limited	RMS

The performance of the Peer Companies will be adjusted/normalised by the Board in circumstances where one or more of those comparator companies cease to be listed on the ASX.

At the discretion of the Board the comparator group may change from time to time.

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