



ABN 61 154 262 978

## Financial Statements

For The Half-Year Ended  
31 December 2016

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## Director's Report

The Directors present the consolidated financial statements of Dacian Gold Limited ("the Company") for the half-year ended 31 December 2016.

### Directors

The following persons were directors of Dacian Gold Limited during the whole of the half-year and up to the date of this report, unless stated otherwise:

Rohan Williams	<i>(Executive Chairman)</i>
Robert Reynolds	<i>(Non-Executive Director)</i>
Barry Patterson	<i>(Non-Executive Director)</i>
Ian Cochrane	<i>(Non-Executive Director)</i>

### Company Secretary

Kevin Hart

### Significant Changes in the State of Affairs

Key events over the period and up to the date of the report include:

- On 12 January 2017 the Company announced the commencement of construction at the 100% owned Mt Morgans Gold Project ("MMGP") in Western Australia following receipt of key regulatory approvals.
- Completion and signing of a syndicated Project debt finance facility of up to A\$150million to fund the development of the MMGP.
- The placement of 10,600,000 ordinary fully paid shares to institutional and sophisticated investors raising \$26.5 million before costs.
- Execution of a royalty termination agreement with Macquarie Bank Limited ("MBL"). 1,780,416 ordinary fully paid shares were issued to MBL being in settlement for the termination of the MBL Royalty Deed held over certain MMGP tenements.

There have been no other significant changes to the state of affairs of the Company during or since the 6 months ended 31 December 2016.

### Review of Operations

#### *Operating results and financial position*

The net loss after income tax for the half-year was \$13,832,632 (31 December 2015: \$4,999,157), included in this loss for the half-year period is an amount of \$6,414,905 (31 December 2015: \$4,031,090) in respect of exploration and evaluation costs incurred during the period which were not capitalised. Also included in immediately expensed exploration costs was \$6,000,002 for the value of shares issued to MBL in settlement in respect of the termination of the MBL royalty deed.

At the end of the half-year the Company had \$26,663,897 in cash and short term deposit (30 June 2016: \$9,648,425).

#### *Summary of Activities*

##### Exploration and Feasibility

During the 6 months to 31 December 2016 the Company announced the upgraded Mineral Resources for Westralia and Jupiter giving rise to a total of 3.3 million ounces for the MMGP, including 2.2 million ounces of Measured and Indicated Mineral Resource.

The Company's exploration and feasibility activities culminated in the release of the MMGP Feasibility Study and the MMGP expansion Pre-Feasibility Study (see ASX announcement 21 November 2016).

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## Director's Report

### Review of Operations (continued)

Key highlights of the MMGP Feasibility Study are:

- Life of mine gold production of 1.2 million ounces of gold at an All-In Sustaining Cost of A\$1,039 per ounce;
- Initial 8 year mine and treatment period. First 4 years averages 186,000 ounces produced; and
- Large open pit mining complex and two underground mines feeding a purpose built standalone 2.5mtpa treatment plant.

### Project Development

During the period the Board approved the Feasibility Study and subject to completion of financing, approved the MMGP to proceed to construction.

In December the company signed a A\$150M syndicated Project debt finance facility of up to A\$150million to fund the development of the MMGP.

The following site based activities are scheduled to commence in early 2017 following receipt of regulatory approvals and permits;

- Earthworks associated with the construction of a permanent 416-person accommodation village.
- Earthworks associated with the Westralia Mine Area including offices, workshop, temporary power station, overhead power line; and
- Preparations for the installation of pumping infrastructure for dewatering the Westralia pit ahead of underground mining which is scheduled to commence in May 2017.

*The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.*

*The Company confirms that the form and context in which the Competent Person's findings are presented have not materially changed from the original market announcement.*

### Events Subsequent to the Reporting Date

Other than the following matters, there has not arisen in the interval between the end of the reporting period and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

- On 12 January 2016, the Company announced the commencement of construction at the MMGP. The nature of these works are further detailed in the review of operations.
- On 22 February 2016, the Company announced to the ASX a fully underwritten equity raising to raise approximately A\$110M, comprising a \$15.4M Institutional Placement and a \$94.4M accelerated non-renounceable Entitlement Offer.

## Director's Report

### Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on the following page.

This report is made in accordance with a resolution of the Directors.

DATED at Perth this 1<sup>st</sup> day of March 2017.



**Rohan Williams**  
Executive Chairman

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**Auditor's Independence Declaration  
To The Directors of Dacian Gold Ltd**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Dacian Gold Ltd for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M J Hillgrove  
Partner - Audit & Assurance

Perth, 1 March 2017

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**Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the half-year ended 31 December 2016**

	Note	Consolidated	
		31 December 2016 \$	31 December 2015 \$
Revenue	3	61,664	114,590
<b>Total Revenue</b>		<b>61,664</b>	114,590
Employee expenses	4	(790,363)	(385,391)
Share-based employee expense	6	(616,676)	(188,617)
Depreciation and amortisation expenses		(138,689)	(99,340)
Corporate expenses		(288,775)	(208,644)
Occupancy expenses		(174,477)	(69,804)
Marketing expenses		(75,775)	(82,812)
Financing expenses		(689)	(1,391)
Exploration costs expensed and written off	8	(12,429,657)	(4,031,090)
Movement in rehabilitation provisions		-	-
Administration and other expenses		(214,576)	(269,833)
<b>Loss before income tax</b>		<b>(14,668,013)</b>	(5,222,332)
Income tax benefit	4	835,381	223,175
<b>Net loss for the half-year attributable to the members of the parent entity</b>	4	<b>(13,832,632)</b>	(4,999,157)
Other comprehensive income, net of tax		-	-
<b>Total comprehensive loss for the half year period attributable to the members of the company</b>		<b>(13,832,632)</b>	(4,999,157)
<b>Loss per share</b>			
<b>Basic and diluted loss per share (cents)</b>		<b>(10.2)</b>	(4.8)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**Consolidated Statement of Financial Position  
As at 31 December 2016**

		Consolidated	
		31 December 2016 \$	30 June 2016 \$
	Note		
<b>Current assets</b>			
Cash and cash equivalents		26,663,897	9,648,425
Trade and other receivables	9	526,585	90,123
Other financial assets		34,211	-
<b>Total current assets</b>		<b>27,224,693</b>	9,738,548
<b>Non-current assets</b>			
Other financial assets		-	34,211
Property, plant and equipment		1,026,825	748,125
Exploration and evaluation assets	8	8,047,688	8,131,847
Mine properties in development	10	1,237,179	-
<b>Total non-current assets</b>		<b>10,311,692</b>	8,914,183
<b>Total assets</b>		<b>37,536,385</b>	18,652,731
<b>Current liabilities</b>			
Trade and other payables	11	3,229,941	3,378,228
<b>Total current liabilities</b>		<b>3,229,941</b>	3,378,228
<b>Non-current liabilities</b>			
Provisions		1,966,676	1,966,676
Trade and other payables	11	62,053	48,560
<b>Total non-current liabilities</b>		<b>2,028,729</b>	2,015,236
<b>Total liabilities</b>		<b>5,258,670</b>	5,393,464
<b>Net assets</b>		<b>32,277,715</b>	13,259,267
<b>Equity</b>			
Issued capital	5	85,792,040	53,515,696
Share based payments reserve	6	1,896,185	1,321,449
Accumulated losses		(55,410,510)	(41,577,878)
<b>Total equity</b>		<b>32,277,715</b>	13,259,267

The above statement of financial position should be read in conjunction with the accompanying notes.



**Consolidated Statement of Changes in Equity  
For the half-year ended 31 December 2016**

	Consolidated			Total \$
	Issued capital \$	Accumulated losses \$	Share based payments reserve \$	
At 1 July 2015	29,204,822	(19,744,994)	774,886	10,234,714
Total comprehensive result for the half-year:				
- Loss for the half-year	-	(4,999,157)	-	(4,999,157)
- Movement in share based payments reserve in respect of options vesting	-	-	188,617	188,617
- Issue of capital from capital raising	25,016,818	-	-	25,016,818
- Costs incurred in respect of capital raising	(1,393,640)	-	-	(1,393,640)
At 31 December 2015	52,828,000	(24,744,151)	963,503	29,047,352
<b>At 1 July 2016</b>	<b>53,515,696</b>	<b>(41,577,878)</b>	<b>1,321,449</b>	<b>13,259,267</b>
Total comprehensive result for the half-year:				
- Loss for the half-year	-	(13,832,632)	-	(13,832,632)
- Movement in share based payments reserve in respect of options vesting	-	-	358,867	358,867
- Movement in share based payments reserve in respect of shares vesting	-	-	257,809	257,809
- Issue of capital from capital raising	26,500,000	-	-	26,500,000
- Issue of capital in consideration for termination of Royalty	6,000,002	-	-	6,000,002
- Costs incurred in respect of capital raising	(763,598)	-	-	(763,598)
- Issue of capital from exercise of options	498,000	-	-	498,000
- Transfer from share based payments reserve to issued capital on exercise of options	41,940	-	(41,940)	-
<b>At 31 December 2016</b>	<b>85,792,040</b>	<b>(55,410,510)</b>	<b>1,896,185</b>	<b>32,277,715</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

**Consolidated Statement of Cash Flows**  
**For the half-year ended 31 December 2016**

	Note	Consolidated	
		31 December 2016 \$	31 December 2015 \$
<b>Cash flows from operating activities</b>			
Research and development tax credit received		<b>835,381</b>	555,670
Interest received		<b>40,183</b>	38,883
Other income		-	6,686
Interest paid		<b>(689)</b>	(1,391)
Payments for exploration and evaluation		<b>(7,978,763)</b>	(3,498,516)
Payments to suppliers and employees		<b>(1,587,591)</b>	(798,598)
<b>Net cash used in operating activities</b>	<b>7</b>	<b>(8,691,479)</b>	(3,697,266)
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		<b>(384,513)</b>	(226,699)
<b>Net cash used in investing activities</b>		<b>(384,513)</b>	(226,699)
<b>Cash flows from financing activities</b>			
Payments for repayment of finance leases		-	(15,655)
Proceeds from shares issued		<b>26,998,000</b>	25,016,818
Payments relating to shares issued		<b>(579,625)</b>	(1,265,168)
Transaction costs associated with borrowings		<b>(326,911)</b>	-
<b>Net cash received from financing activities</b>		<b>26,091,464</b>	23,735,995
<b>Net increase in cash held</b>		<b>17,015,472</b>	19,812,030
<b>Cash at the beginning of the period</b>		<b>9,648,425</b>	4,624,894
<b>Cash at the end of the period</b>		<b>26,663,897</b>	24,436,924

The above statement of cash flows should be read in conjunction with the accompanying notes.

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## **Notes to the Financial Statements For the half-year ended 31 December 2016**

### **Note 1 Summary of Significant Accounting Policies**

#### **Basis of preparation of half-year report**

These general purpose financial statements for the half-year reporting period ended 31 December 2016 have been prepared in accordance with Australian Accounting Standard 134: *Interim Financial Reporting* and the Corporations Act 2001. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This condensed half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of Dacian Gold Limited and its controlled entities ('the Group') as in the full financial report. Accordingly, these half-year financial statements are to be read in conjunction with the financial statements of the Group for the year ended 30 June 2016, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

These financial statements have been prepared on the going concern basis.

#### **Adoption of new and revised accounting standards**

In the half year ended 31 December 2016, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2017.

It has been determined by the Group that, there is no material impact of the new and revised standards and interpretations on its business and therefore no change is necessary to the Group's accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2016. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

No retrospective change in accounting policy or material reclassification has occurred requiring the inclusion of a third Statement of Financial Position as at the beginning of the comparative financial period, as required under AASB 101.

The half-year financial statements were approved by the Board of Directors on the 28th of February 2017.

#### **Estimates**

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation of uncertainty were the same as those applied in the Group's annual financial statements for the year ended 30 June 2016.

## Notes to the Financial Statements For the half-year ended 31 December 2016

### Note 2 Segment information

AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess its performance. The chief operating decision maker is the Managing Director.

Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. During the half year ended 31 December the Group's sole activity was mineral exploration wholly within Australia, therefore it has aggregated all operating segments into the one reportable segment.

### Note 3 Revenue

	Consolidated	
	31 December 2016 \$	31 December 2015 \$
Interest income	61,664	107,904
Other income	-	6,686
	<b>61,664</b>	<b>114,590</b>

### Note 4 Net Loss

Loss after tax includes the following specific income and (expenses):

	Consolidated	
	31 December 2016 \$	31 December 2015 \$
Research and development tax credit receivable	835,381	223,175
Insurance	(13,912)	(75,362)
Share based employee expense	(616,676)	(188,617)
Office rent & outgoings	(145,817)	(40,320)
Exploration costs expensed and written off	(12,429,657)	(4,031,090)
Employee expenses		
Salaries & wages	(1,538,715)	(758,862)
Directors fees and consulting expenses	(290,000)	(235,615)
Defined contribution superannuation	(178,541)	(94,475)
Other employment expenses	(335,250)	(91,810)
Less: allocated to exploration project costs	1,552,143	795,371
	<b>(790,363)</b>	<b>(385,391)</b>

**Notes to the Financial Statements  
For the half-year ended 31 December 2016**

**Note 5 Issued capital**

	Consolidated			
	31 December 2016 No.	30 June 2016 No.	31 December 2016 \$	30 June 2016 \$
Issued capital - Shares				
Ordinary shares	<b>146,286,670</b>	133,306,254	<b>85,792,040</b>	53,515,696

*Movements in share capital:*

Details	No. Shares	\$
At beginning of the period	133,306,254	53,515,696
Shares issued	12,380,416	32,500,002
Shares issued from exercise of options	600,000	539,940
Costs related to share issues	-	(763,598)
<b>Balance at 31 December 2016</b>	<b>146,286,670</b>	<b>85,792,040</b>

During the period the Company issued 10,600,000 ordinary fully paid shares at \$2.50 per share pursuant to existing and new institutional and sophisticated investors raising approximately \$26.5 million before costs.

A further 1,780,416 ordinary fully paid shares were issued, being settlement in respect of the termination of the Macquarie Bank Limited Royalty Deed. Refer note 8 for further detail.

**Note 6 Share based payments**

Options

No unlisted options over unissued shares in the Company were issued during the period (31 December 2015: 1,500,000).

During the period the Company issued 600,000 shares on the exercise of options (31 December 2015: Nil).

The share-based payments expense for the period includes \$358,867 (31 December 2015: \$188,617) relating to the fair value of options apportioned over the respective vesting periods.

**Notes to the Financial Statements  
For the half-year ended 31 December 2016**

**Note 6 Share-based payments (continued)**

	<b>31 December 2016 No.</b>	31 December 2015 No.
Options at the beginning of the period	<b>13,150,000</b>	10,150,000
Options issued as remuneration	-	1,500,000
Options exercised	<b>(600,000)</b>	-
At the end of the period	<b>12,550,000</b>	11,650,000

*Performance rights*

During the period the Company issued 670,000 Performance Rights to Mr Rohan Williams (Executive Chairman), pursuant to the terms and conditions of the Dacian Gold Limited Employee Option Plan (31 December 2015: Nil).

The Performance Rights will vest subject to certain operational and market performance conditions being met. The number of Performance Rights that vest will be subject to the Company's relative performance for each of the performance conditions.

The share-based payments expense for the period includes \$257,809 (31 December 2015: Nil) relating to the fair value of performance rights apportioned over the respective vesting periods.

*Basis and assumptions used in the valuation of Performance rights.*

The Performance Rights issued during the current reporting period were valued based on a Monte Carlo simulation, a review of historical share price volatility and correlation of the share price of the Company to its Peer Group as follows:

Tranche of Performance Rights	Number of Performance Rights to be Issued	Date of Grant	Date of Vesting	Spot Price on Grant date	Value per Performance Right
1	140,000	17 Oct 2016	30 Jun 2017	\$3.30	\$2.83
2	200,000	17 Oct 2016	30 Jun 2018	\$3.30	\$2.99
3	330,000	17 Oct 2016	30 Jun 2019	\$3.30	\$3.04

**Notes to the Financial Statements**  
**For the half-year ended 31 December 2016**

**Note 7 Reconciliation of loss after tax to net cash outflow from operating activities**

	Consolidated	
	31 December 2016 \$	31 December 2015 \$
Loss from ordinary activities after income tax	(13,832,632)	(4,999,157)
<i>Non-cash items in profit or loss:</i>		
Depreciation	138,689	99,340
Share based payments expense	616,676	188,617
Exploration expense for termination of royalty deed	6,000,002	-
Deferred exploration expense for tenements surrendered	84,159	-
<i>Movement in assets and liabilities:</i>		
(Increase)/decrease in prepaid expenses	(169,888)	(62,257)
(Increase)/decrease in accrued income	(21,482)	263,474
(Increase)/decrease in other receivables	(136,774)	(178,070)
Increase/(decrease) in payables	(1,441,761)	955,095
Increase/(decrease) in rehabilitation provision	-	-
Increase/(decrease) in employee leave provisions	71,532	35,692
<b>Net cash flow from operating activities</b>	<b>(8,691,479)</b>	<b>(3,697,266)</b>

**Note 8 Exploration costs expensed and written off**

	Consolidated	
	31 December 2016 \$	31 December 2015 \$
Deferred exploration costs at the start of the period	8,131,847	8,131,847
Exploration and evaluation costs incurred	6,414,905	4,031,090
Royalty termination costs <sup>^</sup>	6,014,752	-
Deferred exploration expense for tenements surrendered	(84,159)	-
Exploration and evaluation costs expensed and written off	(12,429,657)	(4,031,090)
	<b>8,047,688</b>	<b>8,131,847</b>

<sup>^</sup>During the period the Company issued 1,780,416 ordinary shares to Macquarie Bank Limited ('MBL') being in settlement in respect of the termination of the MBL Royalty Deed over certain tenements held by the company. The MBL smelter return royalty was 1% of gross revenue earned on 491,617 troy ounces of gold produced from the tenements of the MMGP. The Royalty termination costs disclosed include \$14,750 in transaction costs.

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent upon the successful development or commercial exploitation of the respective areas.

**Notes to the Financial Statements  
For the half-year ended 31 December 2016**

**Note 9 Trade and other receivables**

	Consolidated	
	31 December 2016 \$	30 June 2016 \$
GST Receivables	335,215	90,123
Prepayments	169,888	-
Accrued income	21,482	-
	<b>526,585</b>	<b>90,123</b>

**Note 10 Mine properties in development**

	Consolidated	
	31 December 2016 \$	30 June 2016 \$
Additions	17,850	-
Borrowing costs	1,219,329	-
	<b>1,237,179</b>	<b>-</b>

**Note 11 Trade and other payables**

	Consolidated	
	31 December 2016 \$	30 June 2016 \$
Current liabilities		
Trade and other payables	1,764,615	2,665,370
Accrued expenses	1,255,534	561,105
Employee leave liabilities	209,792	151,753
	<b>3,229,941</b>	<b>3,378,228</b>
Non-current liabilities		
Employee leave liabilities	62,053	48,560
	<b>62,053</b>	<b>48,560</b>



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## Notes to the Financial Statements For the half-year ended 31 December 2016

### Note 12 Dividends

No dividends were paid or proposed during the period.

The Company has no franking credits available as at 31 December 2015 or 31 December 2016.

### Note 13 Contingencies

There have been no material changes in contingent assets or liabilities since the signing of the audited 30 June 2016 financial statements.

### Note 14 Events occurring after the balance date

Other than the following matters, there has not arisen in the interval between the end of the reporting period and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Group to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

- On 12 January 2016, the Group announced the commencement of construction at the MMGP following receipt of key regulatory approvals.
- On 22 February 2016, the Company announced to the ASX a fully underwritten equity raising to raise approximately A\$110M, comprising a \$15.4M Institutional Placement and a \$94.4M accelerated non-renounceable Entitlement Offer.

### Note 15 Commitments

Other than the following matters there have been no material changes in operational or capital commitments since the signing of the audited 30 June 2016 financial statements.

#### Project Debt Finance Facility

During the period the company announced the completion of a Project debt finance facility of up to A\$150M with three tier-one banks. The Syndicated Facility Agreement to fund the development of the MMGP, comprises A\$140M for project development and working capital during construction, commissioning and ramp up stages of the Project plus a cost overrun tranche of A\$10M. At 31 December 2016 no amounts had been drawn under the facility. Typical conditions precedent are required to be satisfied prior to first draw down.

#### Corporate Head Office Lease

The Company entered into a lease agreement for its Perth corporate headquarters for an initial term of 5 years. Total annual rental charge (exclusive of outgoings) is \$200,730. The agreement includes a fixed 2% annual increase.

## Directors' Declaration

The Directors of Dacian Gold Limited ("the Company") declare that:

- (a) the consolidated half-year financial statements and notes set out on pages 7 to 17 are in accordance with the Corporations Act 2001, including:
  - (i) complying with Australian Accounting Standard AASB 134 – *Interim Financial Reporting*, and the Corporations Regulations 2001; and
  - (ii) giving a true and fair view of the Company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Signed at Perth this 1<sup>st</sup> day of March 2017.



**Rohan Williams**  
**Executive Chairman**

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## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DACIAN GOLD LTD**

We have reviewed the accompanying half-year financial report of Dacian Gold Ltd (the Company), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

### **Directors' Responsibility for the Half-year Financial Report**

The Directors of Dacian Gold Ltd are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such controls as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Dacian Gold Ltd consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Dacian Gold Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independence**

In conducting our review, we complied with the independence requirements of the *Corporations Act 2001*.

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Dacian Gold Ltd is not in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M J Hillgrove  
Partner - Audit & Assurance

Perth, 1 March 2017