



**DACIAN**  
**GOLD** | LIMITED

ABN 61 154 262 978



ANNUAL REPORT **2014**



# Corporate Directory

## Directors

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

## Company Secretary

Kevin Hart

## Registered Office and Principal Place of Business

Ground Floor, 26 Clive Street  
West Perth WA 6005

## Solicitor

Mills Oakley Lawyers  
Level 12, 400 George Street  
Sydney NSW 2000

## Auditor

Grant Thornton Audit Pty Ltd  
10 Kings Park Road  
West Perth WA 6005

## Share Registry

Computershare Investor Services Pty Ltd  
Level 2, 45 St Georges Terrace  
Perth WA 6000

## Stock Exchange Listing

The Company's shares are quoted on the Australian Securities Exchange. The home exchange is Perth, Western Australia.

## ASX Code

DCN – Ordinary shares

## Company Information

The Company was incorporated and registered under the Corporations Act 2001 in Western Australia on 23 November 2011.

The Company is domiciled in Australia.

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*Dacian geologist Anna Probst  
mapping a syenite dyke at Jupiter*

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# Chairman's Letter to Shareholders

Dear Fellow Shareholder,

It is with pleasure that I present to you Dacian Gold Limited's second Annual Report. The 2014 financial year marked our first full year of activity following the Company's IPO and listing in late 2012. Our initial IPO premise was to raise \$20 million to allow for at least 3 years of aggressive and focussed exploration on the Mt Morgans gold field, located next to Laverton, approximately 1000km north-east of Perth.

By the end of the 2014 financial year, which is a little over 18 months into the Company's life, our cash balance remained strong at \$11 million, and importantly, was in line with our cash spend expectations at listing.

Your Company has had a busy and productive year; and I am pleased to report that we have received some excellent drilling results. In total we drilled 15,000m of diamond and RC drilling into our Westralia and Jupiter projects; confirming the Millionaires discovery at Westralia, and making the Cornwall Shear Zone discovery at Jupiter. I would encourage all shareholders to read about our exciting results from the Review of Exploration Operations section following.

Next year's efforts will improve on our understandings made during the 2014 financial year. To that end, we are planning on drilling 40,000m of diamond and RC drilling; again focussing on Westralia and Jupiter. We are planning on effectively testing the limits and grade distribution at Millionaires and the Cornwall Shear Zone; as well as understanding the broader mineralisation extents associated with Westralia and Jupiter.

Your Directors continue to believe the Mt Morgans gold field is a highly endowed gold district that will yield additional discoveries with ongoing quality exploration. We remain firmly of the view that the project has the potential to deliver sufficient resources and ore reserves to justify the construction of a stand-alone mining and treatment operation.

On behalf of my fellow Directors, I would like to thank you for your support and interest; and ask that you feel free to contact me at our office if you have any questions.

Yours sincerely,



**Rohan Williams**  
Executive Chairman

# Review of Exploration Operations

## 2013/2014 HIGHLIGHTS

Dacian's exploration focus for FY2014 centred on the Westralia and Jupiter projects. A total of **11,300m** of diamond drilling and **3,700m** of RC drilling was completed during the year.

Continued successful drilling of the Millionaires discovery at Westralia enabled Dacian to complete its inaugural high grade resource of **1.3Mt @ 7.6 g/t for 326,000 ounces**.

The Westralia resource (including Millionaires) increased to **3.2 Mt @ 5.9 g/t for 610,000 ounces** and the whole Mt Morgans Project mineral resource inventory now stands at **9.2 Mt @ 4.0 g/t for 1.2 million ounces**.

Drill intersections reported from Millionaires Shoot at Westralia include:

- **2m @ 66.1 g/t** (from 147m)
- **4m @ 21.9 g/t** (from 490m)
- **10m @ 11.3 g/t** (from 125m)
- **11m @ 5.5 g/t** (from 418m)

Drilling at Millionaires confirms the dip extent of high grade mineralisation exceeds 500m.

Detailed geological mapping and core logging led to a major reinterpretation of the 2km long mineralised Jupiter Corridor. The Cornwall Shear Zone is interpreted as imparting the major control on the near surface mineralisation along the Jupiter Corridor.

Drill intersections reported from Jupiter confirm open pit potential and include:

- **17m @ 4.8 g/t** (from 160m)
- **26m @ 3.0 g/t** (from 143m)
- **18m @ 3.3 g/t** (from 100m)
- **16m @ 3.0g/t** (from 92m)
- **18m @ 2.4 g/t** (from 76m)

Drilling and geological interpretation suggests the Jupiter Corridor comprises several stacked shallow east-dipping mineralised structures. The intersection of these structures with syenites highlight the depth potential along the Jupiter Corridor. The geological setting seen at Jupiter appears similar to that seen at the +7 million ounce Wallaby deposit, located 8km south-east of Jupiter.



*Dacian geologist Chris Oorschot inspecting mineralised quartz veins at Jupiter.*

# Review of Exploration Operations

## INTRODUCTION AND DACIAN'S CORPORATE OBJECTIVE

Dacian Gold's Mt Morgan Project is located 20km west of Laverton, being approximately 1000km north-east of Perth in Western Australia (see Figure 1). The project area is a 520 km<sup>2</sup> contiguous tenement package comprising predominantly granted mining licences.

The tenement package is situated in the Laverton gold district which is known to contain some **30 million ounces of gold**, making it the second highest endowed gold district in Western Australia behind Kalgoorlie.

Figure 2 below shows that within 25 km of Dacian's project area there are two +2 million ounce gold deposits (Granny Smith and Lancefield) and two +7 million ounce gold deposits (Wallaby and Sunrise Dam); as well as our own Westralia deposit that has a pre-mined endowment of over 1.5 million ounces.



Since its discovery in 1896, 1.3 million ounces of gold has been mined from the Mt Morgans project. Producing mines include: Westralia, Jupiter, Transvaal, Ramornie, King Street, BOB, Craic and Sarah.

Dacian acquired the Mt Morgans project in early 2012, and after raising \$20 million in an IPO process, listed on the ASX in November 2012. The funds from the IPO raising were designed to finance approximately 3 years of aggressive exploration on the Mt Morgans project. Dacian's directors continue to believe there exists an excellent opportunity to discover sufficient gold resources to justify the construction of a stand-alone gold operation at Mt Morgans. The present view of the Dacian directors is that a mining reserve in the vicinity of 600,000 ounces of gold is a reasonable target that may provide sufficient returns to justify construction of a stand-alone mining operation and processing plant.

The Company has been exploring for approximately 18 months and at the end of June 2014 had \$11.0 million remaining in cash reserves. The current cash-expenditure rate is therefore in line with that proposed at the time of our ASX listing.

In the 18 months of exploration the Company has undertaken, it has determined that the most likely source of material resource growth that may develop into a size sufficient for a mining operation is at the Westralia and Jupiter projects. Accordingly, for much of the latter half of FY2014, and for that of the foreseeable future, exploration efforts are focussed predominantly on these two projects. The current resource inventory for the Mt Morgans project is:

**9.2 million tonnes at 4.0 g/t gold for 1.2 million ounces.**

The current Ore Reserve estimate remains unchanged since the ASX listing at

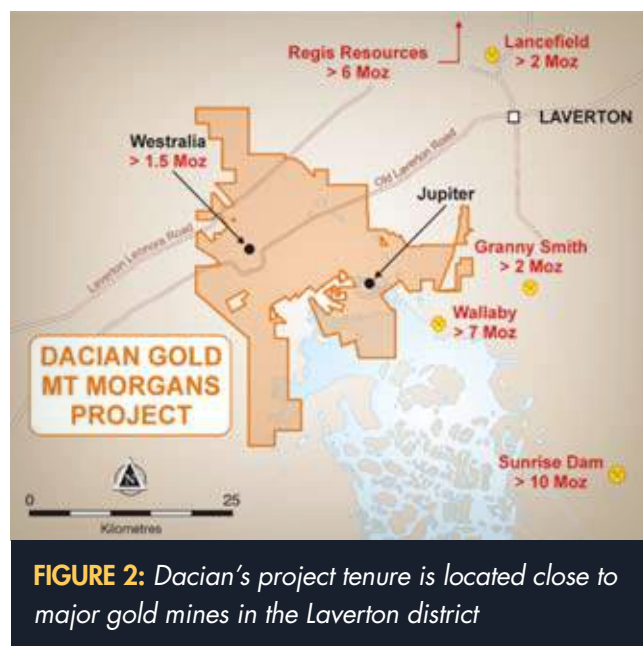
**0.7 million tonnes at 6.2 g/t gold for 136,000 ounces.**

## EXPLORATION STRATEGY

Since the Company's IPO, the resource inventory has increased by 38%.

The Company has yet to conduct any of its own mining reserve estimation studies on any of the established resources and accordingly the current Ore Reserves remains the same as at listing. Depending on the results from ongoing exploration, it may commence these studies towards the end of FY2015.

A combination of RC (totalling 3,700m) and diamond drilling (totalling 11,300m) at the Westralia and Jupiter projects over the last year has successfully discovered two zones of mineralisation that will be the focus of ongoing exploration during FY2015. Specifically, these two zones are the Millionaires discovery at Westralia and the Cornwall Shear Zone at Jupiter.



During the last year, Dacian completed a resource estimate on the Westralia deposit for:

**3.2 million tonnes at 7.6 g/t gold for 610,000 ounces** (above a 2 g/t lower cut off grade).

At the time of this report, there was no resource estimate for the Cornwall Shear Zone, however this is planned for late CY2014.

Dacian's geologists believe the Westralia and Jupiter mineralised systems have the potential to become significantly larger than they presently are. It is this belief that underpins the Company's view that Westralia and Jupiter offer the best opportunity for resource / reserve growth, leading to an increase in shareholder value. Dacian's exploration strategy for FY2014 is therefore focussed on establishing the size of the mineralisation seen at the Millionaires Shoot and along the Cornwall Shear Zone. Importantly, however, a second part of the Company's exploration strategy is to better understand, more broadly, the size of the entire mineralisation systems seen at Westralia and Jupiter. As presently understood, each of Millionaires and the Cornwall Shear Zone (at Westralia and Jupiter, respectively) is a single mineralised lode structure in an otherwise larger ore system (being Westralia and Jupiter) that may themselves contain many different lode structures. In summary, the exploration for FY2015 is to:

- (i) better define the extents and grade variability within the Millionaires and Cornwall Shear Zone, and
- (ii) delimit the size of the larger ore systems at Westralia and Jupiter.

The following section will describe in more detail the results returned during the year from the Millionaires Shoot and the Cornwall Shear Zone at Westralia and Jupiter.

# Review of Exploration Operations

## JUPITER PROJECT

### Introduction

The Jupiter project occurs in the eastern half of the Mt Morgans project being approximately 20km east-south-east of the large Westralia deposit. The Jupiter project lies within the Jupiter Corridor which is defined as a 2km long north-south trend containing three main syenite bodies, which, from south to north, are termed Ganymede, Heffernans and the Jupiter pit area. Several smaller syenite dykes and intrusive bodies are found proximal to the three main syenites, and all are contained within the Jupiter Corridor.

175,000 ounces of gold was mined from two open pits called the Jenny and Joanne pits (collectively termed the Jupiter pits) during the period 1994-1996. There were 2 types of ore mined from both pits:

- a higher grade material that was trucked 20km to the now-removed Mt Morgans treatment plant where processing of the ores was by conventional CIP technology; and
- a lower grade material that was treated by dump-leach processing on a pad located immediately adjacent to the Jupiter pits.

Approximately 140,000 ounces was recovered by conventional CIP treatment, and 35,000 ounces by dump-leaching. Post the completion of mining activities in 1996, the remnant resources remaining at Jupiter were 800kt at 2.8 g/t for 73,000 ounces (above a 1.5 g/t lower cut-off grade). All remaining resources were situated below the base of the Jupiter pits.

*Jupiter pit, last mined in 1996*



The geology of the Jupiter gold deposit is unusual when compared to the predominant styles of gold mineralisation in Western Australia. Specifically, the mineralisation at Jupiter is associated with gently-dipping, gold-bearing structures and veins located within near vertical oriented syenite intrusive pipes or bodies. At the time of mining Jupiter, there were very few examples of this style of mineralisation known in the West Australian gold fields.

Following the completion of mining at Jupiter, company exploration geologists were tasked with discovering "a Jupiter look-a-like" gold deposit. In 1997, the northern part of what was to become the world-class +7 million ounce Wallaby deposit was discovered just 8km south-east of Jupiter. It has since developed into, and continues to be, a major West Australian gold mine. As described later in this report, both Jupiter and Wallaby share remarkably similar styles of gold mineralisation.

Very limited exploration continued at Jupiter post the cessation of mining activities in 1996. Two deeper diamond drill holes were drilled in 2001 marking the last physical exploration completed at Jupiter until Dacian commenced drilling in September 2013.

## Exploration Activity

As noted above, Dacian's exploration at Jupiter commenced in September 2013. Initial diamond drilling was designed to better understand the size and location of the poorly defined syenite bodies at depth, as well as test for flat-lying lodes interpreted to occur within the syenites.

Broad zones of low grade mineralisation including 120m @ 0.4 g/t in 13JUDD001 and 71m @ 0.5 g/t in 13JUDD004 confirmed the depth continuity of the mineralised syenites. Ongoing drilling and detailed surface mapping led Dacian to a major reinterpretation of the controls of mineralisation defined along the 2km long Jupiter Corridor. It became apparent that a north-south oriented, gently east-dipping structure called the Cornwall Shear Zone (CSZ), controlled the majority of mineralisation that had been intersected, and mined, along the Jupiter Corridor.

At the completion of FY2014, Dacian had drilled 31 RC holes for 3,700m and 19 diamond holes for 6,000m. Significant results from the drilling completed throughout the year are tabulated below, and a plan view showing the distribution of Dacian drill hole results plus historic drilling results is shown in Figure 3.

The identification of the CSZ as the dominant control of mineralisation along the 2km long Jupiter Corridor has enabled the Company to identify open pit mining opportunities along the Corridor. Further drilling is required, however the near surface mineralisation identified in and around the Heffernans syenite will be a focus for mining studies in FY2015.

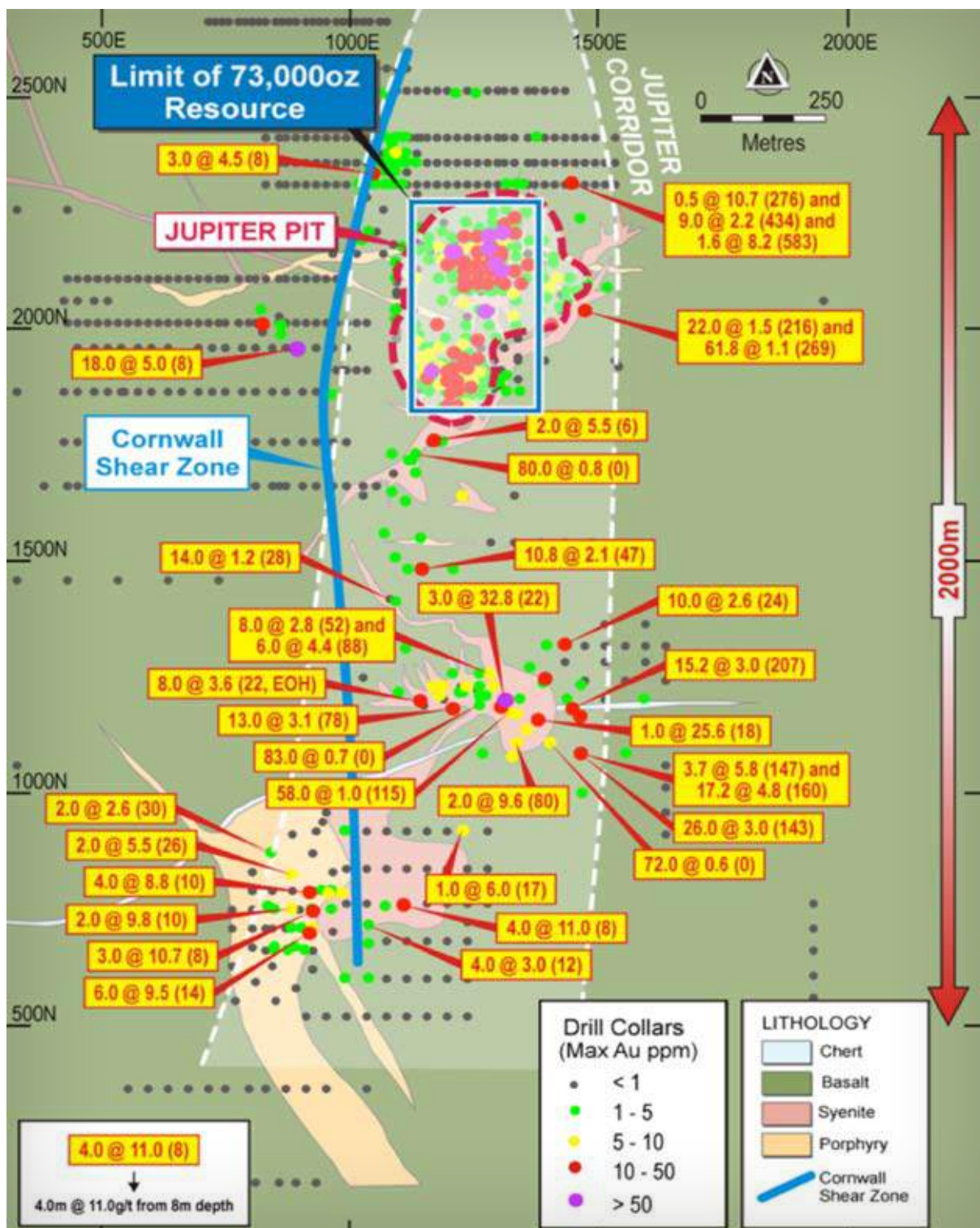
As described above, Dacian's geological reinterpretation of the Jupiter Project has led to the belief that the 2km long Cornwall Shear Zone (CSZ) imparts the major control of mineralisation identified from historic drilling, as well as recent significant results returned by Dacian.

# Review of Exploration Operations

## JUPITER PROJECT (CONTINUED)

**TABLE 1:** Significant drill intersections returned from the Jupiter project during FY2014

Dacian Hole ID	Intersection (m @ g/t gold)	Downhole Depth (m)	Comments
13JUDD001	120m @ 0.4 g/t	125	<i>Ganymede, broad low grade mineralisation within syenite</i>
13JUDD004	71.1m @ 0.5 g/t	211	<i>Ganymede, broad low grade mineralisation within syenite</i>
13JUDD005	13.6m @ 1.4 g/t	171	<i>CSZ, north of Ganymede</i>
13JUDD018	17.2m @ 4.8 g/t	160	<i>CSZ, Heffernans syenite</i>
13JUDD007	26m @ 3.0 g/t	143	<i>CSZ, Heffernans syenite</i>
13JUDD006	16.8m @ 2.1 g/t	165	<i>CSZ, Heffernans syenite</i>
13JURD010	10.8m @ 2.1 g/t	47	<i>CSZ, in basalt north of Heffernans</i>
13JURD017	22.1m @ 1.5 g/t	216	<i>east-dipping structure below CSZ, Jupiter Pits</i>
13JURD017	61.9m @ 1.1 g/t	269	<i>east-dipping structure below CSZ, Jupiter Pits</i>
13JURD019	45.9m @ 1.3 g/t	118	<i>CSZ, Heffernans syenite</i>
13JURD019	16.7m @ 2.2 g/t	205	<i>east-dipping structure below CSZ, Heffernans syenite</i>
13JURD023	28m @ 1.1 g/t	166	<i>CSZ, Heffernans syenite</i>
13JURD023	15.2m @ 3.0 g/t	207	<i>CSZ, Heffernans syenite</i>
13JURD023	35m @ 2.0 g/t	254	<i>east-dipping structure below CSZ, Heffernans syenite</i>
14JURC002	6m @ 2.9 g/t	0	<i>at surface mineralisation</i>
14JURC004	58m @ 1.0 g/t	115	<i>CSZ, Heffernans syenite</i>
14JURC005	18m @ 2.4 g/t	76	<i>CSZ, in basalt</i>
14JURC006	6m @ 2.5 g/t	56	<i>CSZ, in basalt north of Heffernans</i>
14JURC010	9m @ 1.8 g/t	127	<i>CSZ, in basalt north of Heffernans</i>
14JURC029	15m @ 1.8 g/t	53	<i>CSZ, in basalt</i>
14JURC030	9m @ 2.0 g/t	67	<i>CSZ, in basalt</i>
14JURC031	16m @ 3.0 g/t	92	<i>CSZ, Heffernans syenite</i>
14JURC034	2m @ 9.9 g/t	29	<i>east-dipping structure above CSZ, Heffernans syenite</i>
14JURC035	3m @ 7.3 g/t	82	<i>east-dipping structure above CSZ, Heffernans syenite</i>
14JURC035	18m @ 3.3 g/t	100	<i>CSZ, Heffernans syenite</i>
14JURC036	6m @ 2.4 g/t	22	<i>east-dipping structure above CSZ, Heffernans syenite</i>
14JURC036	13m @ 1.2 g/t	43	<i>east-dipping structure above CSZ, Heffernans syenite</i>
14JURC036	39m @ 1.1 g/t	120	<i>CSZ, Heffernans syenite</i>
14JURC037	3m @ 2.5 g/t	24	<i>east-dipping structure above CSZ, Heffernans syenite</i>
14JURC039	15m @ 1.6 g/t	11	<i>east-dipping structure above CSZ, Heffernans syenite</i>
14JURC039	12m @ 2.3 g/t	75	<i>CSZ, in basalt</i>
14JURC039	5m @ 3.1 g/t	82	<i>CSZ, in basalt</i>



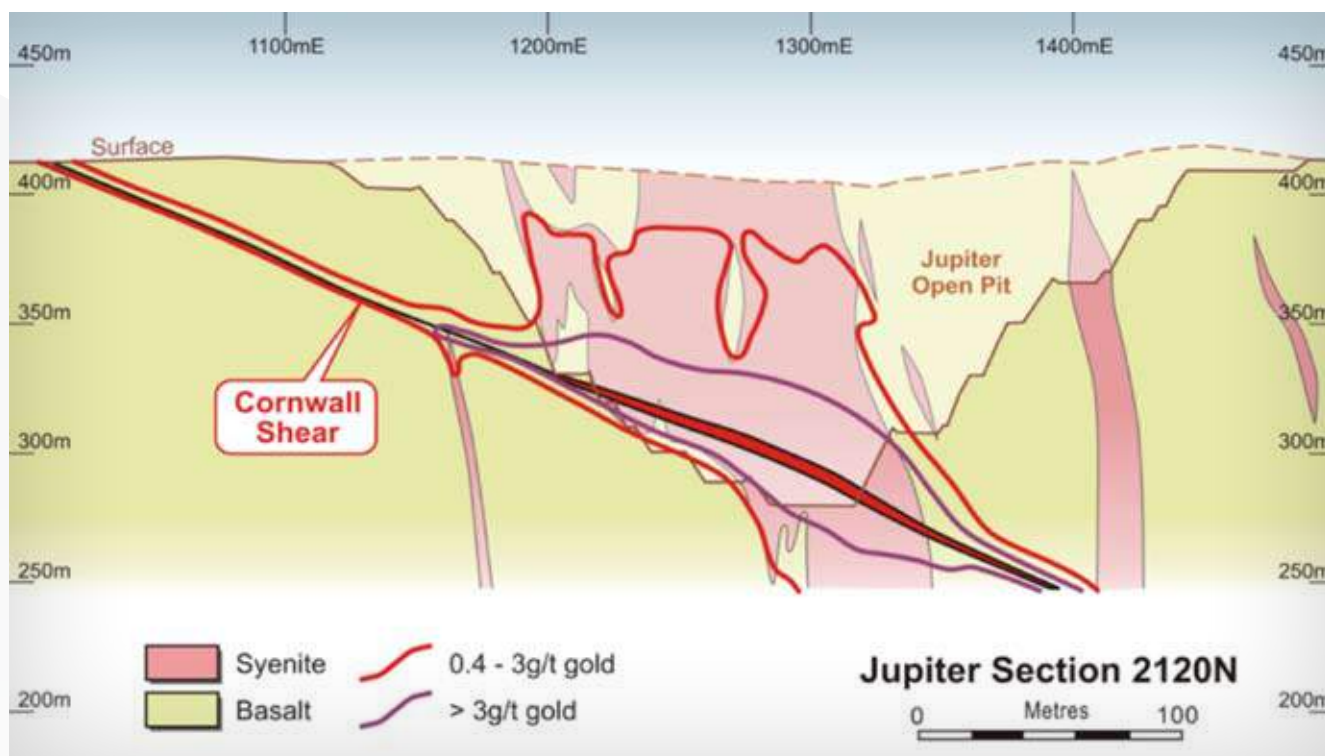
**FIGURE 3:** Geology plan showing the location of significant historic and Dacian drill intersections within the 2km long Jupiter Corridor. The key syenites that are the focus for exploration are Ganymede (800N), Heffernans (1200N) and the Jupiter pit area (2000N). Note that none of the intersections shown belong to the remaining resource at the Jupiter Project.

# Review of Exploration Operations

## JUPITER PROJECT (CONTINUED)

Figure 4 below shows the location of the CSZ at section 2120N as it cuts the syenites that led to the ore grade mineralisation mined from the Jupiter pits in the mid-1990s. Note the dramatic increase in ore thickness as the CSZ passes into the syenites: high grade ore (+3 g/t gold) increased to approximately 30-40m thick; and the low grade ore (+0.4 g/t gold) extends for up to 100m around the main structure.

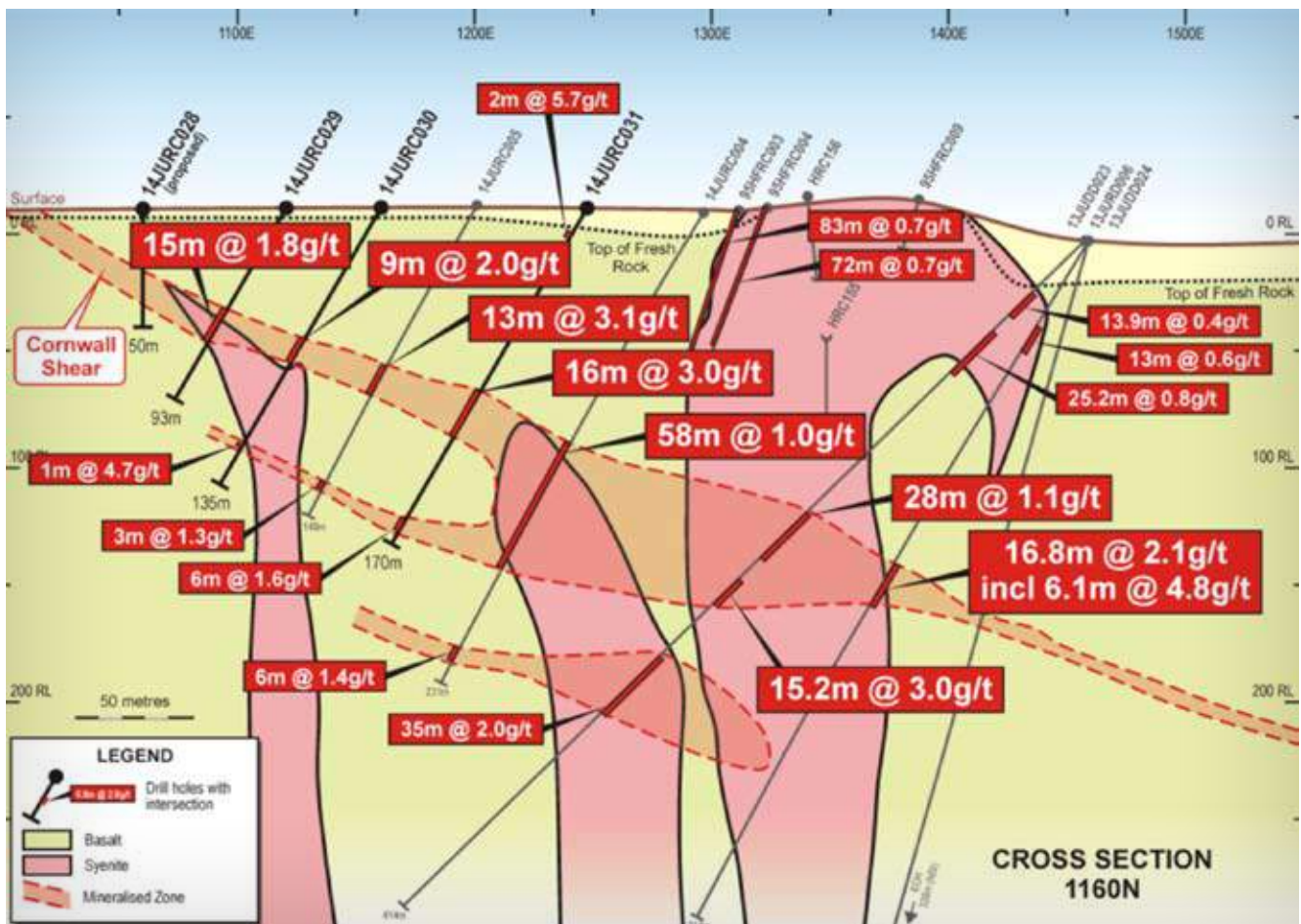
Figure 5 shows the location of the CSZ in the Heffernans area at section 1160N, approximately 1km south of the section shown in Figure 4. Note the very similar shallow east-dipping nature of the CSZ and the increased thickness of mineralisation where the CSZ intersects the Heffernans syenite, exactly as seen 1km north at the Jupiter pits. The extent of near surface mineralisation shown on Figure 5 confirms the open pit potential for mineralisation associated with the Heffernans syenite.



**FIGURE 4:** Representation of the significant thickness of gold ore development when the Cornwall Shear Zone passes from the basalt (yellow) through the syenite (pink) at the Jupiter pits. Note vertical scale of ore thickness about the main structure

The two 2001 drill holes referred to previously were the only holes completed within the Jupiter Corridor in the 13 year period between 2000 and 2013, and were both drilled to in excess of 600m depth. Both holes targeted the geology beneath the Jupiter pits, and both holes intersected several mineralised shallow east-dipping structures. Interestingly, all east-dipping structures intersected throughout the deeper holes had a similar appearance and dip-orientation to the CSZ intersections drilled by Dacian during the year. Results from the holes completed in 2001 included: **0.5m @ 10.7 g/t** from 276m, **9.0m @ 2.2 g/t** from 434m and **1.6m @ 8.2 g/t** from 583m.

Given the style and orientation of the deeper mineralised structures seen beneath the Jupiter pits is close to that seen for the CSZ, it follows that the 2km long Jupiter Corridor may well comprise a series of stacked shallow east-dipping mineralised structures to a depth in excess of 600m, in which the CSZ is the upper most expression of these stacked structures.

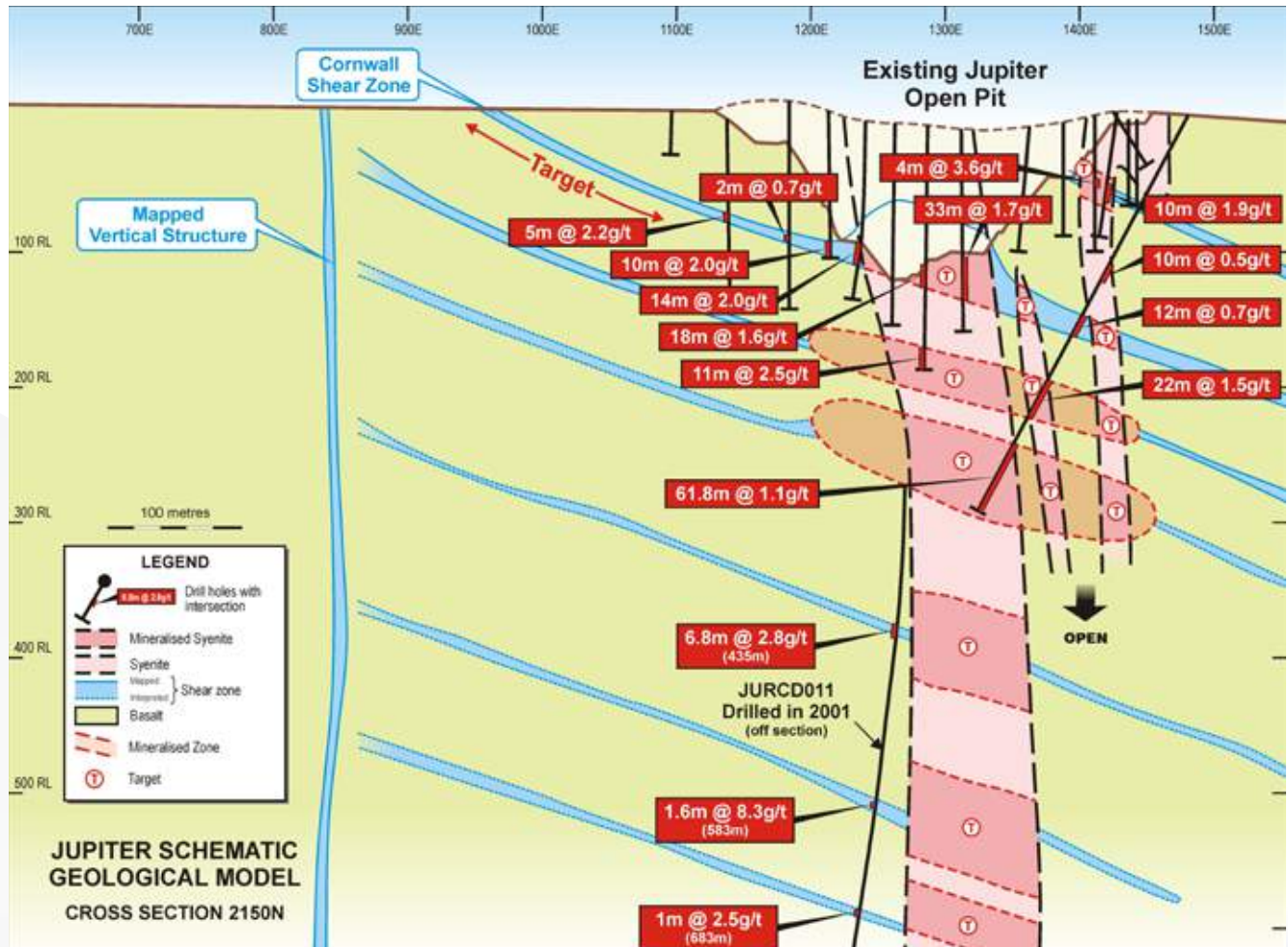


**FIGURE 5:** Cross section 1160N through Heffernans showing good continuity of thick high grade mineralisation along the CSZ from the surface. All mineralised intersections are from Dacian drilling.

# Review of Exploration Operations

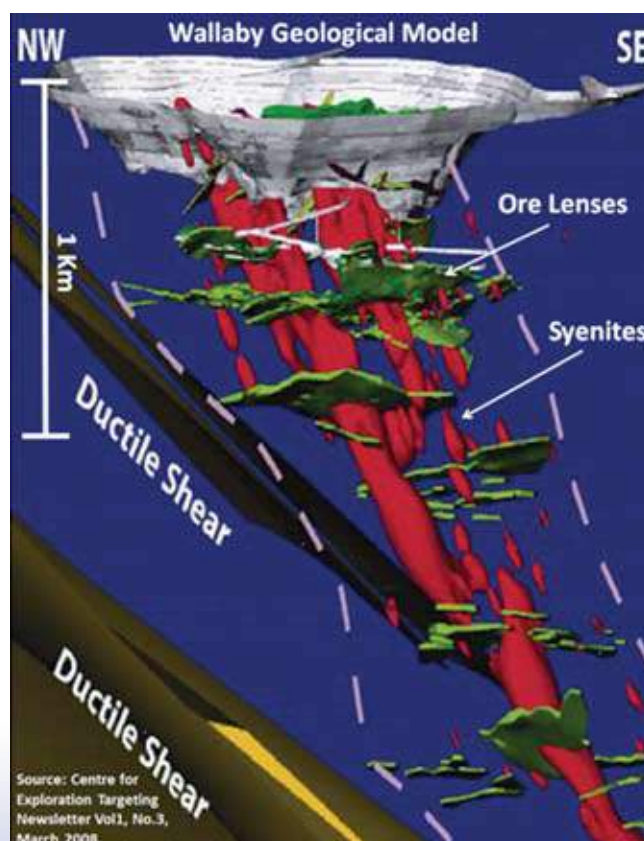
## JUPITER PROJECT (CONTINUED)

Combining the knowledge of the CSZ development over 2km along the Jupiter Corridor and the likely stacked nature of similar east-dipping mineralised structures to depth, Dacian has developed a geological model which is shown in schematic form as Figure 6.



**FIGURE 6:** Schematic geological model for the Jupiter Project. Note the stacked nature of mineralised shallow east-dipping structures (in blue) confirmed by (i) location and nature of the Cornwall Shear Zone and its control of mineralisation on the Jupiter pits, (ii) identification of gold mineralisation on similar dipping structures beneath the Jupiter pits, and (iii) identification of mineralised shallow east-dipping structures in the deeper 2001 JURCD011 drill hole (drilled off section)

Figure 7 below is a published schematic geologic section of the +7 million ounce Wallaby gold deposit, located only 8km from Jupiter. Dacian's management are confident there are close geologic similarities between the Jupiter Project and Wallaby, notably the near vertical plunging nature of the syenite intrusives that are cut by sub-horizontal mineralised lodes (to a depth of 2,000m as seen at Wallaby). The close geologic similarities and the close geographical proximity of the two deposits suggest they are both part of an unusual mineralising gold event. It is the Company's view that the Jupiter Project is worthy of a significant exploration program to fully identify the potential size of the Jupiter mineralised system, as defined earlier in the section on Exploration Strategy. Accordingly it will be a key focus for FY2015 exploration activities.



**FIGURE 7:** Schematic section of the +7 million ounce Wallaby gold deposit. Note the steep syenite intrusives cut by near-flat mineralised structures that are developed intermittently from near-surface to 2,000m depth.

# Review of Exploration Operations

## WESTRALIA PROJECT

### Introduction

Gold mineralisation at Westralia was first discovered in 1896 and quickly led to the gazetting of the Mt Morgans township. By 1903, 200,000 ounces of gold had been mined from 191,000 tonnes at Westralia confirming production grades of over 1 ounce of gold per tonne.

The gold at Westralia occurs within a well-defined banded iron formation (BIF) unit from which approximately 900,000 ounces at 4.5 g/t gold was produced up to 1998; with the majority being sourced from the Westralia open pit. When added to the current 2013 Resource estimate, the pre-mined resource at Westralia is over 1.5 million ounces at a grade of 5.1 g/t. Much of this pre-mined resource occurs over a horizontal strike distance of 1.5km and lies within 500m of the surface. Globally, the deposit has an endowment level of around 3,000 ounces per vertical metre, making it a highly mineralised gold deposit of significance in the West Australian gold fields.

Previous mining and on-site treatment of the deposit has demonstrated that the gold is free milling with good recoveries achieved historically from conventional CIP processing.

**TABLE 2: Significant drilling results from Dacian's FY2014 drilling at Westralia**

Dacian Hole ID	Intersection (m @ g/t gold)	Downhole Depth (m)	Comments
13MMRD020	4.6m @ 4.2 g/t	519	Hangingwall BIF, Millionaires Shoot
13MMRD020	1.0m @ 9.7 g/t	537	Footwall BIF, Millionaires Shoot
13MMRD021	4.0m @ 21.9 g/t	490	Hangingwall BIF, Millionaires Shoot
13MMRD026	11.3m @ 5.5 g/t	418	Hangingwall BIF, outside Millionaires Shoot
14MMRD001	5.6m @ 3.8 g/t	365	Hangingwall BIF, outside Millionaires Shoot
14MMRD003	1.1m @ 10.6 g/t	550	Hangingwall BIF, outside Millionaires Shoot
14MMRD005	2.0m @ 66.1 g/t	147	Footwall BIF, outside Millionaires Shoot
14MMRD006	10.0m @ 11.3 g/t	125	Hangingwall BIF, outside Millionaires Shoot
14MMRD007	8.1m @ 4.6 g/t	145	Hangingwall BIF, outside Millionaires Shoot
14MMRD009	5.1m @ 5.3 g/t	179	Hangingwall BIF, outside Millionaires Shoot

*This 1896 penny was found by Dacian geologists in the old Westralia workings this year. Interestingly, it has the same date as when Westralia was first discovered.*



## Exploration Activity

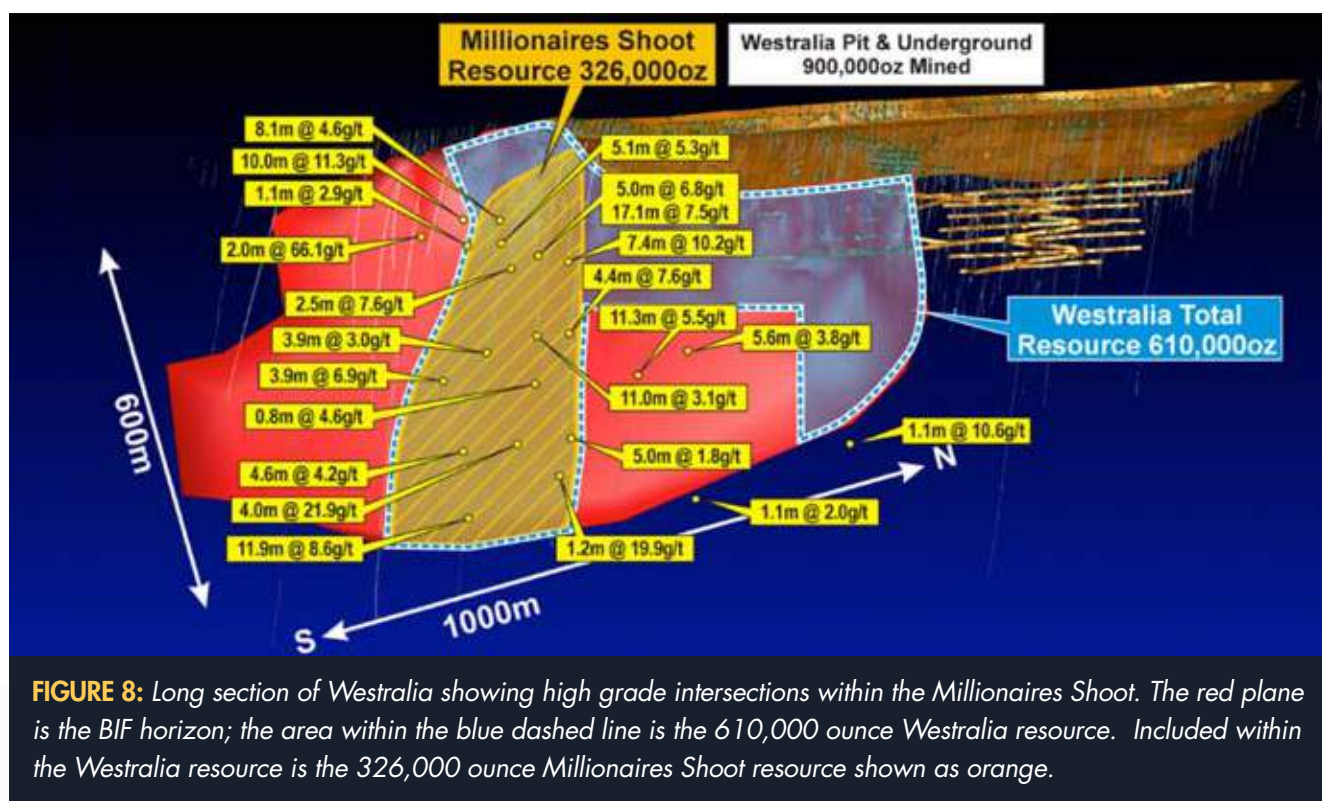
The majority of exploration conducted at Westralia for the FY2014 period focused on drilling the extents of the Millionaires Shoot located at the south end of the Westralia deposit. This included drilling within the Millionaires Shoot as well as testing for extensions outside the resource boundary. For the period to June 30 2014, Dacian completed 12 diamond drill holes for 5,300m. Figure 8 below is a longitudinal projection showing the intersection location and results returned from Dacian's drilling. Table 2 is a summary of significant results returned during the year.

During the year, Dacian completed its inaugural resource estimate on the Millionaires Shoot as part of a broader resource estimate for the entire Westralia deposit. The resource update resulted in a 68% increase in ounces from 364,000 ounces to 610,000 ounces and a corresponding 74% increase in grade from 3.54 g/t to 5.9 g/t. As at 31 December 2013, the resource estimate at Westralia is:

**3.2 Mt @ 5.9 g/t gold for 610,000 ounces.**

Included in the Westralia resource above, the Millionaires Shoot comprises:

**1.3 Mt @ 7.6 g/t gold for 326,000 ounces.**



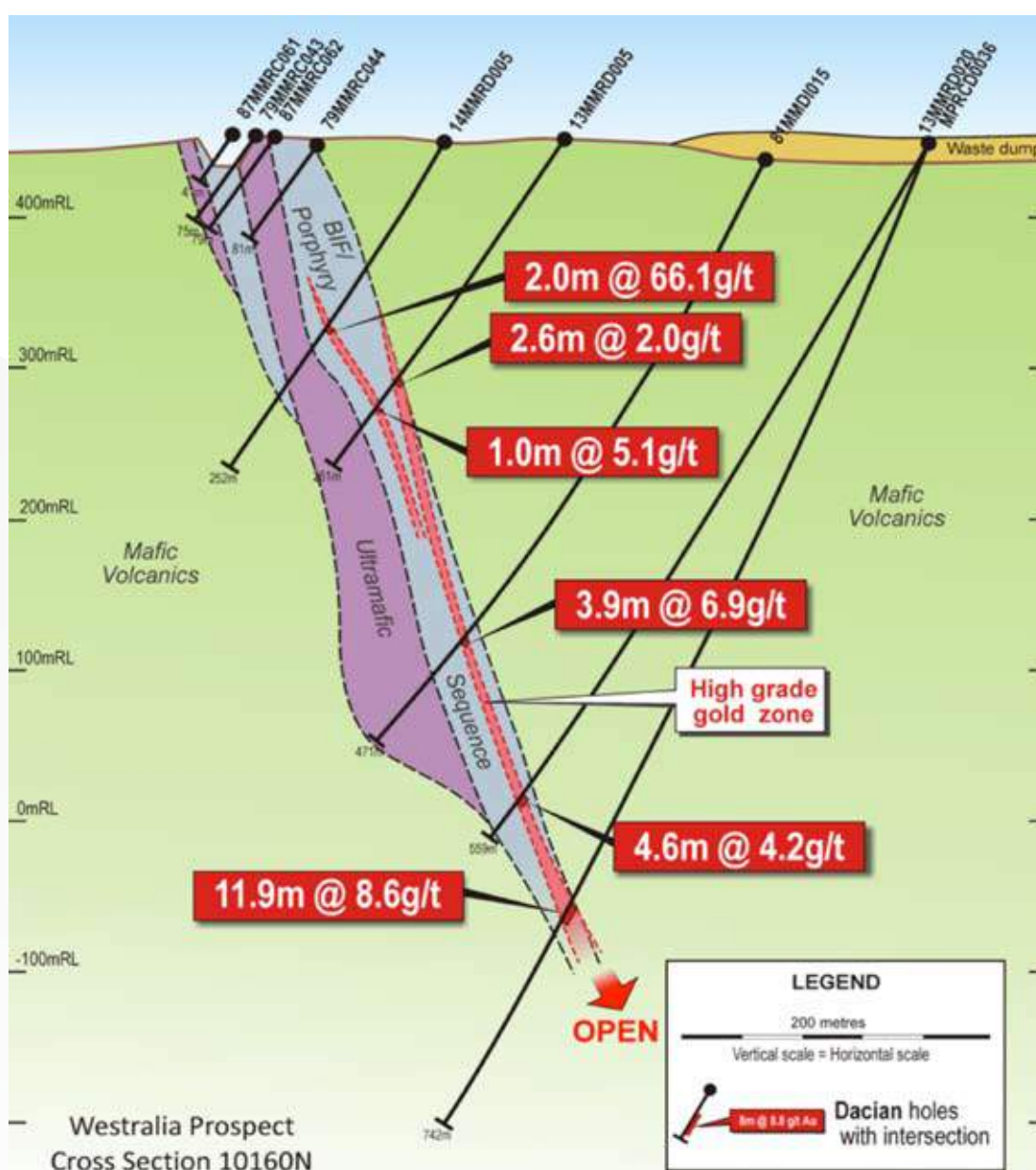
**FIGURE 8:** Long section of Westralia showing high grade intersections within the Millionaires Shoot. The red plane is the BIF horizon; the area within the blue dashed line is the 610,000 ounce Westralia resource. Included within the Westralia resource is the 326,000 ounce Millionaires Shoot resource shown as orange.

# Review of Exploration Operations

## WESTRALIA PROJECT (CONTINUED)

As noted in Table 2, several of the intersections drilled in FY2014 intersected significant grade outside of the Millionaires Shoot resource envelope. Examples include 11.3m @ 5.5 g/t in 13MMRD026 which lies 100m north of the Millionaires Shoot and 2.0m @ 66 g/t in 14MMRD005 which lies 80m south of the Millionaires Shoot (see also Figure 9).

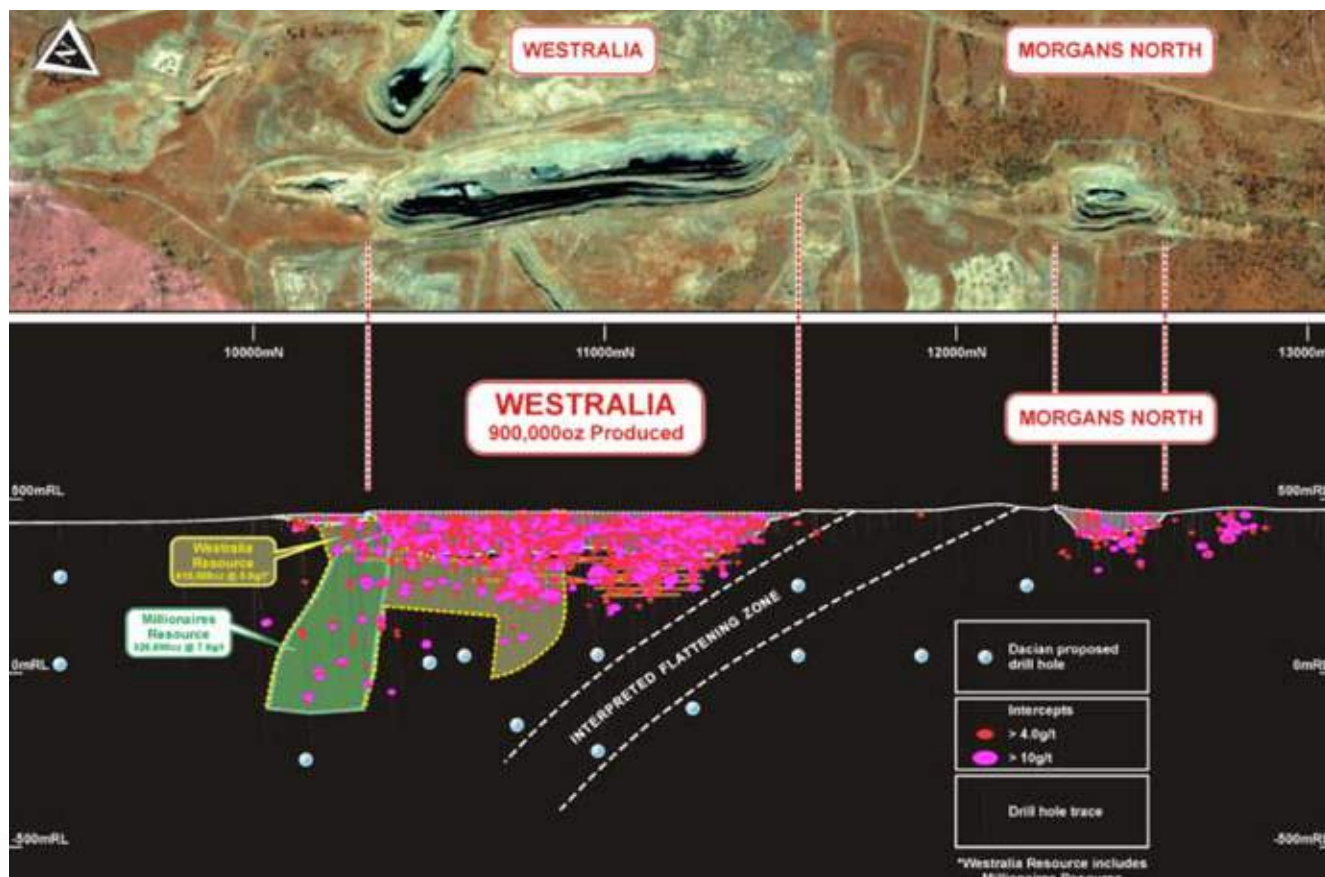
Figure 9 below is cross section 10160N through part of the Millionaires Shoot showing the excellent continuity of high grade mineralisation within the BIF over a vertical distance in excess of 500m. Note the development of the footwall mineralisation defined by the 2.0m @ 66 g/t intersection in 14MMRD005.



**FIGURE 9:** Cross section through Millionaires Shoot showing excellent continuity of high grade mineralisation over a 500m vertical dip extent.

With ongoing drilling and interpretation of the Westralia deposit, it became apparent to Company geologists that the previously interpreted northern and lower termination of the deposit may in fact be a local change in the geometry of the host BIF, and not a deposit-terminating feature. It is noted the location of the Morgans North deposit on “the other side” of the previously considered terminating feature – called “Flattening Zone” in Figure 10 below – suggests mineralisation is present across the boundary of what was previously considered to be a termination.

Figure 10 below is a long section showing the distribution of all drill hole pierce point intersections (pink is a + 10 g/t intersection and red is a + 4 g/t intersection) that define the Westralia deposit and Morgans North. Dacian geologists believe the Westralia and Morgans North deposits could represent a single large mineralised system of approximately 3km strike. There is a remarkable lack of drilling below the 3km trend of near surface mineralisation, and toward the end of FY2014, Dacian was planning a 13 hole 8,300m major framework diamond drilling program to test for mineralisation to a depth of between 200m and 800m beneath the surface. The drilling contemplated for FY2015 will test the size of the Westralia ore system, which as described earlier in this report, is a key objective of Dacian’s exploration strategy.



**FIGURE 10:** Long section of Westralia showing the extent of the 900,000oz mined to date, the current resource boundary and the proposed pierce points of the major framework diamond drilling program planned for FY2015.

# Review of Exploration Operations

## 2014 MINERAL RESOURCES AND ORE RESERVES STATEMENT (DCN:100%)

As at 30 June 2014

2014 Mt Morgans Gold Project Mineral Resources													
Deposit	Cutoff Grade Au g/t	Measured			Indicated			Inferred			Total		
		Tonnes	Au g/t	Au Oz	Tonnes	Au g/t	Au Oz	Tonnes	Au g/t	Au Oz	Tonnes	Au g/t	Au Oz
King Street	0.5							532,000	2.0	33,000	532,000	2.0	33,000
Jupiter	1.5							811,000	2.8	73,000	811,000	2.8	73,000
Westralia	2.0	150,000	5.0	24,000	951,000	5.2	158,000	2,112,000	6.3	428,000	3,213,000	5.9	610,000
Craic	0.5				69,000	8.2	18,000	120,000	7.1	27,000	189,000	7.5	46,000
Transvaal	0.5	1,549,000	3.2	159,000	1,176,000	2.7	102,000	926,000	2.2	66,000	3,650,000	2.8	327,000
Ramornie	0.5				189,000	3.6	22,000	138,000	2.8	13,000	326,000	3.3	34,000
Morgans North	0.5				290,000	2.6	25,000	169,000	3.8	20,000	459,000	3.1	45,000
TOTAL		1,699,000	3.4	184,000	2,674,000	3.8	324,000	4,808,000	4.3	660,000	9,180,000	4.0	1,168,000

The 2013 Mt Morgans Gold Project Mineral Resources total was 9,298,000 tonnes @ 3.1 g/t for 923,000 ounces. The change between 2013 and 2014 Mt Morgans Gold Project mineral resources was due to an upgraded resource estimate for the Westralia deposit, the subject of which was announced to the ASX on 19 December 2013.

The Company confirms that all material assumptions and technical parameters pursuant to the mineral resource estimates at the time of the relevant market announcement continue to apply and have not materially changed.

2014 Mt Morgans Gold Project Ore Reserves										
Deposit	Cutoff Grade Au g/t	Proved			Probable			Total		
		Tonnes	Au g/t	Au Oz	Tonnes	Au g/t	Au Oz	Tonnes	Au g/t	Au Oz
Craic	3.9			-	28,000	9.2	8,000	28,000	9.2	8,000
Transvaal	3.4	380,000	6.2	76,000	271,000	6.0	52,000	651,000	6.1	128,000
<b>TOTAL</b>		<b>380,000</b>	<b>6.2</b>	<b>76,000</b>	<b>299,000</b>	<b>6.3</b>	<b>61,000</b>	<b>679,000</b>	<b>6.2</b>	<b>136,000</b>

There was no change to the Mt Morgans Gold Project Ore Reserves from the 2013 period to the 2014 period.

The Company confirms that all material assumptions and technical parameters pursuant to the ore reserves estimates at the time of the relevant market announcement continue to apply and have not materially changed.

## Governance and Internal Controls Statement

Dacian Gold maintains strong governance and internal controls in respect of its estimates of mineral resources and ore reserves and the estimation process.

Dacian ensures its sampling techniques, data collection, data veracity and the application of the collected data is at a high level of industry standard. Contract RC and diamond drilling with QA/QC controls approved by Dacian are used routinely and all completed holes are subject to downhole gyro surveys and collar coordinates surveyed up with DGPS. All drill holes are logged by Dacian geologists. Diamond core is oriented and photographed. Dacian employs field QC procedures including addition of standards, blanks and duplicates ahead of assaying which is undertaken using industry standards including fire assay at Bureau Veritas laboratories in Perth and Kalgoorlie.

Assay data is continually validated and stored in DataShed. Geological models and wireframes are built using careful geological documentation and interpretations, all of which are validated by peer review. Resource estimation is undertaken by independent consultants and reported under JORC 2012. Estimation techniques are industry standard and include block modelling using Ordinary Kriging. Application of other parameters including cut off grades, top cuts and classification are all dependent on the style and nature of mineralisation being assessed.

Ore reserve estimation is overseen by in house mining engineers using third party consultants to complete feasibility studies in mining, metallurgical, geotechnical, environmental and social matters. Results are verified by independent third party ore reserve specialist consultancies.

## Competent Person Statement

The Mineral Resources and Ore Reserves Statement is based on, and fairly represents, information and supporting documentation compiled by the respective competent persons named below.

The Mineral Resources and Ore Reserves Statement as a whole has been approved by Mr Rohan Williams. Mr Williams is a holder of shares and options in, and is the Executive Chairman and a full-time employee of, the Company, and is a Member of the Australasian Institute of Mining and Metallurgy. Mr Williams has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity currently being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Mr Williams has approved the Mineral Resources and Ore Reserves Statement as a whole and consents to its inclusion in the Annual Report in the form and context in which it appears.

The information in this report that relates the Westralia Mineral Resource is based on information compiled by Mr Rohan Williams who is a director and full time employee of Dacian Gold Limited and a Member of The Australasian Institute of Mining and Metallurgy. Mr Williams has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Williams consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources (other than Westralia), Exploration Targets and Exploration Results is based on information compiled by Mr Rohan Williams, a director and full time employee of Dacian Gold Limited and a Member of The Australasian Institute of Mining and Metallurgy.

The information in this report that relates to Ore Reserves is based on information compiled by Mr Bill Frazer, a director and full time employee of Mining One Pty Ltd and a Member of The Australasian Institute of Mining and Metallurgy.

Mr Williams and Mr Frazer have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Williams and Mr Frazer consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

# Corporate Governance Statement

The Board is responsible for the overall corporate governance of the Company, including the establishing and monitoring of key performance goals. It is committed to attaining standards of corporate governance that are commensurate with the Company's needs. In this regard, the Board has created a framework for managing the Company, including internal controls and a business risk management process. This framework is reflected, in part, in the policies and charters described below.

The Board endorses *The ASX Corporate Governance Council Principles and Recommendations (2nd Edition)* as amended from time to time (**ASX Recommendations**) and has adopted the ASX Recommendations that are considered appropriate for the Company given its size and the scope of its proposed activities. Details of the Company's compliance with the ASX Recommendations are set out below.

In light of the Company's current stage of development, the Board considers that its current composition is appropriate. As the Company's activities change in nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed and may change.

The Company's corporate governance policies and practices as at the date of this Report are outlined below and are available on the Company's website ([www.daciangold.com.au](http://www.daciangold.com.au)):

## Board Charter

The Board guides and monitors the business and management of the Company. Under its Charter, the Board is responsible for, amongst other things:

1. corporate governance and the strategic direction of the Company;
2. protecting and enhancing Shareholder value;
3. supervising the Company's framework of control and accountability systems;
4. reviewing performance and responsibilities within the Company to ensure division of functions are appropriate to the Company's needs and that the Company is properly managed;
5. monitoring and managing the financial performance of the Company;
6. approving the annual budget and statutory reports;
7. developing and implementing the Company's policies and procedures and assessing their adequacy;
8. monitoring and ensuring compliance with the Company's continuous disclosure obligations;
9. convening and attending general meetings of Shareholders; and
10. assessing and approving all transactions which would impact on Shareholder value and, where relevant, make recommendations to shareholders.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully informed basis.

For the purposes of corporate governance reporting the Company's Executive Chairman, Mr Rohan Williams has been identified as the Chief Executive Officer (CEO). Prior to 14 March 2014 the Company's then Managing Director, Mr Paul Payne was identified as the CEO.

## Audit Committee Charter

The Board has adopted an Audit Committee Charter which outlines the composition of the committee, its purpose, its responsibilities and requirements of its meetings. In summary the audit committee is responsible for ensuring the integrity of the Company's financial statements, the effectiveness of financial reporting and liaison with the Company's auditor. Until the size and/or activities of the Company warrant the creation of a separate audit committee, the committee will be comprised of the full Board.

### **Remuneration Committee Charter**

The Board has adopted a Remuneration Committee Charter which outlines the composition of the committee, its role, its responsibilities, its authority, and requirements of its meetings. In summary the remuneration committee is responsible for preparing and reviewing the Company's strategy with regard to remunerating, recruiting, incentivising, retaining and (where appropriate) terminating the Company's executives, non-executive directors and employees. Until the size and / or activities of the Company warrant the creation of a separate remuneration committee, the committee will be comprised of the full Board.

### **Code of Conduct for Directors, Senior Executives and Employees**

The Board has adopted a Code of Conduct for Directors, senior executives and employees to promote ethical and responsible decision making and execution of their roles and responsibilities. The code is based on a code of conduct prepared by the Australian Institute of Company Directors.

### **Continuous Disclosure Policy**

The Company is, subject to the exceptions contained in the Listing Rules, required to disclose to ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material impact on the price or value of Shares.

The Company is committed to observing its disclosure obligations under the Corporations Act and the Listing Rules. The policy encourages a culture of openness which is conducive to fulfilment of the Company's disclosure obligations and creates clear lines of communication and authority with regard to the dissemination of information and continuous disclosure issues. In accordance with this policy, all information provided to ASX is made available on the Company's website ([www.daciangold.com.au](http://www.daciangold.com.au))

### **Share Trading Policy**

The Company has adopted a Share Trading Policy to maintain investor confidence in the integrity of Company's internal controls and procedures, and to provide guidance on avoiding any breach of insider trading laws.

Under the policy, all employees and Directors are prohibited from trading in the Company's securities, except during a 10 day trading window that opens 24 hours after the Company makes a public announcement on ASX, including after a general meeting, and on disclosure of half year, full year and quarterly results.

An employee or Director who is in possession of price sensitive information which is not generally available to the market must not deal in the Company's securities at any time, or if the Chairman directs, even if a trading window is open.

In addition, a Director who wishes to trade in the Company's securities must first obtain the consent of the Chairman.

### **Directors' Disclosure Obligations**

This policy provides that, in addition to Corporations Act disclosures, any change in a Director's direct or indirect interest in Company securities must be disclosed to the Company so that appropriate disclosure can be made by the Company to ASX in accordance with the Listing Rules.

### **Shareholder Communications Policy**

This policy details how the Company is committed to keeping Shareholders apprised of the Company's activities, including by providing regular communications that are balanced and understandable, ensuring information is easily accessible, and facilitating Shareholder participation in the Company's general meetings.

# Corporate Governance Statement

## Risk Management Policy

The Chief Executive Officer is primarily responsible for administering this policy, which sets out the way in which various types of risk are to be managed, including by reviews of internal controls, financial reporting, operational activities, investment proposals, environmental and safety risks and continuous improvement.

## Environment Policy

The Company recognises that it has a fundamental requirement to conduct its proposed activities in an environmentally responsible manner. Under this policy, the Company will develop an environmental management system to ensure legislative compliance, high levels of employee awareness, stakeholder participation when developing project systems, best practice performance by contractors and continual improvement in respect of environmental protection issues and hazard minimisation.

## Diversity policy

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled Board and workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, and a work environment that values and utilises the contributions of all employees, irrespective of gender, culture, disability, age or religion.

The Company employs new employees and promotes current employees on the basis of performance, ability and attitude. The Board is continually reviewing its practices with a focus on ensuring that the selection process at all levels within the organisation is formal and transparent and that the workplace environment is open, fair and tolerant.

The Company, in keeping with the recommendations of the Corporate Governance Council provides the following information regarding the proportion of gender diversity in the organisation as at 30 June 2014:

	Proportion of female / total number of persons employed
Females employed in the Company as a whole	3/12
Females employed in the Company in senior executive positions	0/0
Females appointed as a Director of the Company	0/3

The recommendations of the Corporate Governance Council relating to reporting require a Board to set measurable objectives for achieving diversity within the organisation, and to report against them on an annual basis. The Company has implemented measurable objectives as follows:

Measurable Objective	Objective Satisfied	Comment
Adoption and promotion of a Formal Diversity Policy	Yes	The Company has adopted a formal diversity policy which has been made publicly available via the ASX and the Company's website.
To ensure Company policies are consistent with and aligned with the goals of the Diversity Policy	Yes	The Company's selection, remuneration and promotion practices are merit based and as such are consistent with the goals of the Company's Diversity Policy.
To provide flexible work and salary arrangements to accommodate family commitments, study and self-improvement goals, cultural traditions and other personal choices of current and potential employees.	Yes	The Company will, where considered reasonable, and without prejudice, accommodate requests for flexible working arrangements.
To implement clear and transparent policies governing reward and recognition practices.	Yes	The Company grants reward and promotion based on merit and responsibility as part of its annual and ongoing review processes.
To provide relevant and challenging professional development and training opportunities for all employees.	Yes	The Company seeks to continually encourage self-improvement in all employees, irrespective of seniority, ability or experience, through external and internal training courses, regular staff meetings and relevant on job mentoring.

The Company has not at this time implemented specific measurable objectives regarding the proportion of females to be employed within the organisation or implement requirements for a proportion of female candidates for employment and Board positions. The Board considers that the setting of quantitative gender based measurable targets is not necessarily consistent with the merit and ability based policies currently implemented by the Company.

The Board will consider the future implementation of gender based diversity measurable objectives when more appropriate to the size and nature of the Company's operations.

# Corporate Governance Statement

## Compliance with ASX Recommendations

The Company's compliance with, and departures from, the ASX Recommendations as at the date of the Report are set out below:

ASX RECOMMENDATION	COMPANY'S COMMENT
<b>1. Lay solid foundations for management and oversight</b>	
1.1. Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	The Board has adopted a Board Charter which defines the respective roles of the Board and senior management and decision making processes.
1.2. Companies should disclose the process for evaluating the performance of senior executives.	The Board does not have a formal policy for the evaluation of the performance of its senior executives. As the Company grows, the Board intends to establish formal, quantitative and qualitative performance evaluation procedures.
1.3. Companies should provide the information indicated in the <i>Guide to report on Principle 1</i> .	The Company has provided the information indicated in the Guide and has published the relevant policies on its website.
<b>2. Structure the board to add value</b>	
2.1. A majority of the board should be independent directors.	<p>The Company's non-executive directors are considered to be independent. Therefore, a majority of Board members are considered to be independent, the Company currently complies with Recommendation 2.1.</p> <p>Prior to 14 March 2014 the Board was comprised of an equal number of independent and non-independent directors, and as such for that period did not comply with Recommendation 2.1.</p>
2.2. The chair should be an independent director.	The Chairman, Mr Rohan Williams, is not considered independent due to being a substantial shareholder and holding executive status, and as such the Company does not comply with Recommendation 2.2.
2.3. The roles of chair and chief executive officer should not be exercised by the same individual.	<p>The roles of Chairman and Chief Executive Officer are not carried out by separate individuals, and as such the Company does not comply with Recommendation 2.3.</p> <p>Prior to 14 March 2014 the roles of Chairman and Chief Executive Officer were not exercised by the same individual, and as such for that period did comply with Recommendation 2.3.</p>
2.4. The board should establish a nomination committee.	The Company does not have a separate Nomination Committee and therefore does not comply with Recommendation 2.4. The selection and nomination of Directors will be carried out by the full Board.

## Compliance with ASX Recommendations (Continued)

ASX RECOMMENDATION	COMPANY'S COMMENT
2.5. Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	The Company does not have a formal process for the evaluation of the performance of the Board and as such does not comply with Recommendation 2.5. Until such time as a formal process is developed, the Chairman will assess the performance of the Directors and the Board will assess the performance of management.
2.6. Companies should provide the information indicated in the <i>Guide to reporting on Principle 2</i> .	The Company has provided the information indicated in the Guide and has published the relevant policies on its website.
<b>3. Promote ethical and responsible decision making</b>	
3.1. Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> <li>the practices necessary to maintain confidence in the company's integrity;</li> <li>the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and</li> <li>the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul>	The Board has adopted a Code of Conduct that applies to Directors, executives and employees of the Company and as such complies with Recommendation 3.1.  A copy of the Code of Conduct is available on the Company's website.
3.2. Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	The Board has adopted a Diversity Policy that details the purpose of the policy and employee selection and appointment guidelines, and as such complies with Recommendation 3.2.
3.3. Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress in achieving them.	The Company has disclosed in its annual report its measurable objectives for achieving gender diversity and its progress towards achieving them, and as such complies with Recommendation 3.3.
3.4. Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	The Company has published disclosure regarding the number of women employed in the organisation in its annual report.
3.5. Companies should provide the information indicated in the <i>Guide to reporting on Principle 3</i> .	The Company has provided the information indicated in the Guide and has published the relevant policies on its website.

# Corporate Governance Statement

## Compliance with ASX Recommendations (Continued)

ASX RECOMMENDATION	COMPANY'S COMMENT
<b>4. Safeguard integrity in financial reporting</b>	
4.1. The board should establish an audit committee.	The Company does not have a separate Audit Committee and as such does not comply with Recommendation 4.1. The full Board will carry out the function of an Audit Committee. The Board believes that the Company is not of sufficient size to warrant a separate Audit Committee and that the full Board is able to meet objectives of best practice and discharge its duties in this area.
4.2. The audit committee should be structured so that it: <ul style="list-style-type: none"> <li>consists only of non-executive directors;</li> <li>consists of a majority of independent directors;</li> <li>is chaired by an independent chair, who is not chair of the board; and</li> <li>has at least three members.</li> </ul>	The Company does not have a separate Audit Committee and as such does not comply with the composition requirements of Recommendation 4.2.
4.3. The audit committee should have a formal charter.	The Company does not have a separate Audit Committee and as such does not comply with Recommendation 4.3. The Board has adopted a formal Audit Committee Charter.
4.4. Companies should provide the information indicated in the <i>Guide to reporting on Principle 4</i> .	The Company has provided the information indicated in the Guide and has published the relevant policies on its website.
<b>5. Make timely and balanced disclosure</b>	
5.1. Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those.	The Board has adopted a Continuous Disclosure Policy and practice note on Directors' Disclosure Obligations that are designed to ensure compliance with the ASX Listing Rules requirements, in accordance with Recommendation 5.1.
5.2. Companies should provide the information indicated in <i>Guide to reporting on Principle 5</i> .	The Company has provided the information indicated in the Guide and has published the relevant policies on its website.
<b>6. Respect the rights of shareholders</b>	
6.1. Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	The Board encourages security holder participation at general meetings and has adopted a Shareholder Communication Policy that is designed to ensure that communications with its security holders are effective and clear. A copy of the Shareholder Communication Policy has been made available on the Company's website. As such, the Company complies with Recommendation 6.1.
6.2. Companies should provide the information indicated in the <i>Guide to reporting on Principle 6</i> .	The Company has provided the information indicated in the Guide and has published the relevant policies on its website.

## Compliance with ASX Recommendations (Continued)

ASX RECOMMENDATION	COMPANY'S COMMENT
<b>7. Recognise and manage risk</b>	
7.1. Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The Board has adopted a Risk Management Policy which sets out a framework for a system of risk management and internal compliance and control, whereby the Board delegates day to day management of risk to the Chief Executive Officer. A copy of the Risk Management Policy has been made available on the Company's website. As such, the Company complies with Recommendation 7.1.
7.2. The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	The Board will require that management design, implement and report on risk management and internal control systems to manage the company's material business risks. The Board intends to report on the matters required by Recommendation 7.2.
7.3. The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	The Board has requested the Chief Executive Officer and Chief Financial Officer to provide the assurances required by section 295A of the Corporations Act.
7.4. Companies should provide the information indicated in <i>Guide to reporting on Principle 7</i> .	The Company has provided the information indicated in the Guide and has published the relevant policies on its website.
<b>8. Remunerate fairly and responsibly</b>	
8.1. The Board should establish a remuneration committee.	The Board does not have a separate Remuneration Committee and as such does not comply with Recommendation 8.1. Remuneration arrangements for Directors and senior executives are determined by the full Board. Given its size and the scope of its current operations, the Board considers that the Company is effectively served by the full Board acting as a whole in respect of remuneration matters. The Board has adopted a formal Remuneration Committee Charter.

# Corporate Governance Statement

## Compliance with ASX Recommendations (Continued)

ASX RECOMMENDATION	COMPANY'S COMMENT
<p>8.2. The remuneration committee should be structured so that it:</p> <ul style="list-style-type: none"> <li>• consists of a majority of independent directors;</li> <li>• is chaired by an independent director; and</li> <li>• has at least three members.</li> </ul>	<p>The Board does not have a separate Remuneration Committee and as such does not comply with Recommendation 8.2.</p> <p>Whilst the Company does not have a separate remuneration committee, the Company ensures independence in this area by ensuring that no Director participates in any deliberations regarding his own remuneration or related issues.</p>
<p>8.3. Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.</p>	<p>The Executive Director receives a salary package which may include performance based components, designed to reward and motivate, including the granting of share options, subject to shareholder approval and vesting conditions relating to continuity of engagement.</p> <p>Non-Executive Directors receive fees agreed on an annual basis by the Board, within total Non-Executive remuneration limits voted upon by shareholders at Annual General Meetings.</p>
<p>8.4. Companies should provide the information indicated in the <i>Guide to reporting on Principle 8</i>.</p>	<p>The Company has provided the information indicated in the Guide and has published the relevant policies on its website.</p>

# Directors' Report

The Directors present the financial statements of Dacian Gold Limited for the year ended 30 June 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

## Directors

The following persons were directors of Dacian Gold Limited during or since the end of the year and up to the date of this report, were in office for this entire period unless stated otherwise:

### **Rohan Williams BSc (Hons), MAusIMM**

#### ***(Executive Chairman – Executive Status effective from 14 March 2014)***

Mr Williams was founding CEO and Managing Director of Avoca Resources Ltd, and led that company from its \$7 million exploration IPO in 2002 until its merger with Anatolia Minerals in 2011 to form Alacer Gold Corp, which valued Avoca at \$1 billion. At the time of the merger, Avoca Resources Ltd was the third largest ASX listed Australian gold producer.

Serving as the merged group's Chief Strategic Officer until the end of 2011, Mr Williams resigned as a Non-Executive Director of Alacer Gold Corp on 10 September 2013.

Prior to his time with Avoca Resources Ltd, Mr Williams worked with WMC Resources Limited where he held Chief Geologist positions at St Ives Gold Mines and the Norseman Gold Operation. He has 25 years of experience, including over 19 years in the world class Kalgoorlie-Norseman gold belt.

Mr Williams also serves on the Board of the Telethon Kids Institute.

On 14 March 2014 Mr Williams became Executive Chairman of the Company. Prior to this date Mr Williams undertook the Chairman's role on a Non-Executive basis.

Other than as stated above Mr Williams has not served as a director of any other listed companies, in the 3 years immediately before the end of 2014 financial year.

### **Robert Reynolds MAICD, MAusIMM**

#### ***(Non-Executive Director)***

Mr Reynolds was the Non-Executive Chairman of Avoca Resources Ltd from 2002 until it merged with Anatolia Minerals to form Alacer Gold Corp in 2011, and has extensive experience in mineral exploration, development and mining operations. Mr Reynolds was Non-Executive Chairman of Alacer Gold Corp until 23 August 2011.

With over 35 years 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 for CAD\$414 million on 22 August 2012. Mr Reynolds also currently holds Directorships with Canadian companies Rugby Mining Limited and Exeter Resource Corporation and ASX listed companies Convergent Minerals Limited and Global Geoscience Limited.

Other than as stated above Mr Reynolds has not served as a director of any other listed companies, in the 3 years immediately before the end of 2014 financial year.

# Directors' Report

**Barry Patterson ASMM, MAusIMM, FAICD*****(Non-Executive Director)***

Mr Patterson is a mining engineer with over 50 years of experience in the mining industry and is a co-founder, and Non-Executive Director, of ASX listed GR Engineering Limited.

Mr Patterson was also a founding shareholder of leading engineering services provider JR Engineering, which became Roche Mining after being taken over by Downer EDI in 2002. He also co-founded contract mining companies Eltin, Australian Mine Management and National Mine Management.

Mr Patterson has served as a director of a number of public companies across a range of industries. He was formerly the non-executive chairman of Sonic Healthcare Limited for 11 years, during which time the company's market capitalisation increased from \$20 million to \$4 billion, and Silex Systems Limited.

Other than as stated above Mr Patterson has not served as a director of any other listed companies, in the 3 years immediately before the end of 2014 financial year.

**Former Director****Paul Payne B App Sc, Grad Dip Min Ec, Grad Cert (Geostats), MAusIMM*****(Managing Director – Resigned 14 March 2014)***

Mr Payne is a geologist with 25 years industry experience encompassing exploration, mining geology, resource estimation and project development, including three years as Geology Superintendent at the Mount Morgans Gold Mine.

Having served in senior roles with various Australian companies including Plutonic Resources, Normandy NFM and Dominion Mining Ltd, Mr Payne has a wealth of experience in project evaluation.

Mr Payne has also had extensive involvement with international gold projects spanning exploration, feasibility studies, development work and mine establishment in various locations worldwide.

In 1998 Mr Payne founded the successful resource consulting business ResEval Pty Ltd which he managed until its sale to ASX listed Runge Limited in 2007.

Prior to joining Dacian Gold, Mr Payne served as Technical Director of Bright Star Resources Limited from February 2011 until the June 2012 merger with Rift Valley Resources Limited. He has post graduate qualifications in Mineral Economics and Geostatistics.

Other than as stated above Mr Payne has not served as a director of any other listed companies, in the 3 years immediately before the end of 2014 financial year.

**Company Secretary****Kevin Hart B.Comm, FCA**

Mr Hart is a Chartered Accountant and was appointed to the position of Company Secretary on 27 November 2012. He has over 20 years' experience in accounting and the management and administration of public listed entities in the mining and exploration industry.

He is currently a partner in an advisory firm, Endeavour Corporate, which specialises in the provision of company secretarial and accounting services to ASX listed entities.

### Interests in the Shares and Options of the Company

The following relevant interests in shares and options of the Company were held by the directors as at the date of this report:

Director	Number of fully paid ordinary shares	Number of options over ordinary shares
Rohan Williams	5,200,000	3,000,000
Robert Reynolds	2,100,000	300,000
Barry Patterson	4,100,000	300,000

The directors' interests in the options over ordinary shares in the above table include no options that are currently vested and exercisable. Further details of the vesting conditions applicable to these options are disclosed in the remuneration report section of this directors' report.

### Securities

No ordinary shares were issued by the Company during or since the end of the financial year as a result of the exercise of options.

There are no unpaid amounts on the shares issued.

At the date of this report unissued ordinary shares of the Company under option are:

Number of Options	Exercise Price	Expiry Date
6,150,000	84 cents each	9 October 2017
1,000,000	57 cents each	28 February 2019

### Dividends

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

### Principal Activities

The principal activity of the Company during the financial year was mineral exploration at its wholly owned Mt Morgans Gold Project in Western Australia.

There have been no significant changes in the nature of these activities during the financial year.

### Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of corporate governance. The Company's corporate governance statement is contained elsewhere in this report.

# Directors' Report

## Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Company during the financial year, not otherwise disclosed in this report.

## Review of Operations

### Operating results and financial position

The net loss after income tax for the financial year was \$5,620,640 (30 June 2013: \$5,806,907), included in this loss for the financial year is an amount of \$4,283,158 (30 June 2013: \$4,122,645) in respect of exploration and evaluation costs not capitalised.

At the end of the financial year the Company had \$10,948,885 (30 June 2013: \$15,068,282) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure is \$8,131,847 (30 June 2013: \$8,131,847).

### Summary of Activities

During the 2014 financial year the Company continued its high level of exploration activity at the Mt Morgans Gold Project near Laverton, Western Australia, spending approximately \$4.3 million in project related costs. A total of 11,300m of diamond drilling and 3,700m of RC drilling was completed.

The main focus for the year has have been further defining the Millionaires Shoot discovery at the Westralia deposit, plus testing for near-surface mineralisation associated with the Cornwall Shear Zone at Jupiter. The Company also completed its inaugural resource estimate for the Millionaires Shoot which comprised 326,000 ounces at a grade of 7.6 g/t. The total resource inventory at Mt Morgans has increased to 9.2 million tonnes at 4.0 g/t gold for 1.2 million ounces, (*refer ASX announcement 19 December 2013*).

The Company incurred exploration costs of \$4,283,158 during the 12 months ended 30 June 2014 (30 June 2013: \$4,122,645).

Further details of the Company's activities including significant drill results returned for the 2014 financial year are included in the Review of Exploration Operations in the Annual Report.

### **Events Subsequent to the Reporting Date**

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.

### **Likely Developments and Expected Results**

The Company intends to continue to undertake appropriate exploration and evaluation activities sufficient to maintain tenure of its prospective mineral properties, until such time that informed decisions can be made in order to commercially exploit or relinquish such properties.

### **Environmental Regulation and Performance**

The Company holds various exploration licences to regulate its exploration activities in Australia. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of its exploration activities.

So far as the Directors are aware, all exploration activities have been undertaken in compliance with all relevant environmental regulations.

### **Officer's Indemnities and Insurance**

During the year the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

The Company has not provided any insurance for an auditor of the Company.

### **Proceedings on behalf of the Company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

# Directors' Report

## Non-audit Services

During the year Grant Thornton the Company's auditor, has not performed any other services in addition to their statutory duties:

	2014 \$	2013 \$
<i>Total remuneration paid to auditors during the financial year:</i>		
Audit and review of the Company's financial statements	31,355	11,180
Other services	-	7,700
Total	31,355	18,800

The Board considers any non-audit services provided during the year by the auditor and satisfies itself that the provision of any non-audit services during the year by the auditor is compatible with, and does not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services are reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they do not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

## **Remuneration Report (Audited)**

Remuneration paid to Directors and Officers of the Company is set by reference to such payments made by other ASX listed companies of a similar size and operating in the mineral exploration industry. In addition reference is made to the specific skills and experience of the Directors and Officers.

Details of the nature and amount of remuneration of each Director, and other Key Management Personnel if applicable, are disclosed annually in the Company's Annual Report.

### **Remuneration Committee**

The Board has adopted a formal Remuneration Committee Charter which provides a framework for the consideration of remuneration matters.

The Company does not have a separate remuneration committee and as such all remuneration matters are considered by the Board as a whole, with no Member deliberating or considering such matter in respect of their own remuneration.

In the absence of a separate Remuneration Committee, the Board is responsible for:

1. Setting remuneration packages for Executive Directors, Non-Executive Directors and other Key Management Personnel; and
2. Implementing employee incentive and equity based plans and making awards pursuant to those plans.

### **Non-Executive Remuneration**

The Company's policy is to remunerate Non-Executive Directors, at rates comparable to other ASX listed companies in the same industry, for their time, commitment and responsibilities.

Non- Executive Remuneration is not linked to the performance of the Company, however to align Directors' interests with shareholders' interests, remuneration may be provided to Non-Executive Directors in the form of equity based long term incentives.

1. Fees payable to Non-Executive Directors are set within the aggregate amount approved by shareholders at the Company's Annual General Meeting;
2. Non-Executive Directors' fees are payable in the form of cash and superannuation benefits;
3. Non-Executive superannuation benefits are limited to statutory superannuation entitlements; and
4. Participation in equity based remuneration schemes by Non-Executive Directors is subject to consideration and approval by the Company's shareholders.

The maximum Non-Executive Directors fees, payable in aggregate are currently set at \$500,000 per annum.

### **Executive Director and Other Key Management Personnel Remuneration**

Executive remuneration consists of base salary, plus other performance incentives to ensure that:

1. Remuneration packages incorporate a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the Company's circumstances and objectives; and
2. A proportion of remuneration is structured in a manner to link reward to corporate and individual performances.

Executives are offered a competitive level of base salary at market rates (based on comparable ASX listed companies) and are reviewed regularly to ensure market competitiveness.

To date the Company has not engaged external remuneration consultants to advise the Board on remuneration matters.

# Directors' Report

## **Remuneration Report (Continued)**

### Incentive Plans

The Company provides long term incentives to Directors and Employees pursuant to the Dacian Gold Limited Employee Option Plan, which was last approved by shareholders on 9 October 2012.

The Board, acting in remuneration matters:

1. Ensures that incentive plans are designed around appropriate and realistic performance targets and provide rewards when those targets are achieved;
2. Reviews and improves existing incentive plans established for employees; and
3. Approves the administration of the incentive plans, including receiving recommendations for, and the consideration and approval of grants pursuant to such incentive plans.

### Engagement of Non-Executive Directors

Non-Executive Directors conduct their duties under the following terms:

1. A Non-Executive Director may resign from his/her position and thus terminate their contract on written notice to the Company; and
2. A Non-Executive Director may, following resolution of the Company's shareholders, be removed before the expiration of their period of office (if applicable). Payment is made in lieu of any notice period if termination is initiated by the Company, except where termination is initiated for serious misconduct.

In consideration of the services provided by Mr Robert Reynolds and Mr Barry Patterson as Non-Executive Directors, the Company will pay them \$40,000 plus statutory superannuation per annum.

In consideration of the services provided by Mr Rohan Williams as Non-Executive Chairman, until appointed as Executive Chairman on 14 March 2014, the Company paid him \$60,000 plus statutory superannuation per annum.

Messrs Reynolds and Patterson are also entitled to fees for other amounts as the Board determines where they perform special duties or otherwise perform extra services or make special exertions on behalf of the Company.

During the financial year ended 30 June 2014, the Company incurred costs of nil (2013: \$7,500) in respect of additional geological consulting services provided by Mr Rohan Williams. There were no other such fees paid during the financial year ended 30 June 2014 (2013: Nil).

### Engagement of Executive Directors

The Company has agreed terms with Mr Rohan Williams in relation to his role as Executive Chairman, effective 14 March 2014. The terms, which are summarised below, are included in a formal executive services agreement.

In respect of his engagement as Executive Chairman, commencing 14 March 2014, Mr Williams will receive a base salary of \$437,000 per annum inclusive of statutory superannuation (Total Fixed Remuneration, TFR). Any increase in salary is subject to the discretion of the Board.

Mr Williams may also receive a short term performance based reward in the form of a cash bonus up to, 40% of the TFR. The performance criteria, assessment and timing of which are determined at the discretion of the Board.

Mr Williams may, subject to shareholder approval, be granted 2 million options and participate in the Dacian Gold Limited Employee Option Plan and other long term incentive plans adopted by the Board.

## **Remuneration Report (Continued)**

### **Short Term Incentive Payments**

The Board may, at its sole discretion, set the Key Performance Indicators (KPIs) for the Executive Directors or other Executive Officers. The KPIs are chosen to align the reward of the individual Executives to the strategy and performance of the Company.

Performance objectives, which may be financial or non-financial, or a combination of both, are determined by the Board.

No Short Term incentives are payable to Executives where it is considered that the actual performance has fallen below the minimum requirement.

No performance evaluation in respect of the year ended 30 June 2014 has taken place in accordance with this process, and accordingly no short term incentive payments have been paid or are payable to Executives in respect of the financial year ended 30 June 2014.

The Executive Chairman sets the KPIs for other members of staff, monitors actual performance and may recommend payment of short term bonuses to certain employees to the Board for approval.

### **Shareholding Qualifications**

The Directors are not required to hold any shares in Dacian Gold under the terms of the Company's constitution.

### **Consequences of Company Performance on Shareholder Wealth**

In considering the Company's performance and benefits for shareholder wealth, the Board provide the following indices in respect of the current financial year and previous financial years:

	<b>2014</b>	<b>2013</b>	<b>2012</b>
Loss for the year attributable to shareholders	<b>\$5,620,640</b>	\$5,806,907	\$481,217
Closing share price at 30 June	<b>\$0.35</b>	\$0.17	n/a

As an exploration company the Board does not consider the loss attributable to shareholders as one of the performance indicators when implementing Short Term Incentive Payments.

The Company was incorporated on 23 November 2011 and was admitted to the official list of the Australian Securities Exchange on 9 November 2012.

# Directors' Report

## **Remuneration Report (Continued)**

### Remuneration Disclosures

*Current Directors and Key Management Personnel of the Company have been identified as:*

Mr Rohan Williams	Executive Chairman (Non-Executive Chairman until 14 March 2014)
Mr Barry Patterson	Non-Executive Director
Mr Robert Reynolds	Non-Executive Director

*Former Directors and Key Management Personnel of the Company have been identified as:*

Mr Paul Payne	Managing Director (resigned 14 March 2014)
Mr Brian Rodan	Non-Executive Director (resigned 9 October 2012)
Mr Frank Fiore	Non-Executive Director (resigned 9 October 2012)
Mr Matthew Sikirich	Non-Executive Director (resigned 17 August 2012)

The details of the remuneration of each Director and member of Key Management Personnel of the Company is as follows:

30 June 2014	Short Term		Post Employment	Other Long Term		
	Base Salary and consulting fees \$	Short Term Incentive \$	Superannuation Contributions \$	Value of Options (i) \$	Total \$	Value of Options as Proportion of Remuneration %
<b>Current Directors and Key Management Personnel:</b>						
Rohan Williams	167,341	-	15,479	156,445	339,265	46.1%
Barry Patterson	40,000	-	3,700	20,970	64,670	32.4%
Robert Reynolds	40,000	-	3,700	20,970	64,670	32.4%
<b>Former Directors and Key Management Personnel:</b>						
Paul Payne(ii)	512,562	-	23,667	-	536,229	nil
<b>Total</b>	<b>759,903</b>	<b>-</b>	<b>46,546</b>	<b>198,385</b>	<b>1,004,834</b>	

- (i) The fair value of options is calculated at the date of grant using the Black Scholes option pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed in the above tables is the portion of the fair value of the options recognised in the reporting period.
- (ii) Included in the 2014 remuneration paid to Mr Paul Payne, an amount of \$320,002 related to termination benefits and unused annual leave paid on termination of his executive services agreement.

## Remuneration Report (Continued)

### Remuneration Disclosures (Continued)

30 June 2013	Short Term		Post Employment	Other Long Term		
	Base Salary and consulting fees	Short Term Incentive	Superannuation Contributions	Value of Options (iii)	Total	Value of Options as Proportion of Remuneration
	\$	\$	\$	\$	\$	%
<i>Current Directors and Key Management Personnel:</i>						
Rohan Williams	47,500	-	3,600	117,332	168,432	69.7%
Barry Patterson	26,667	-	-	15,728	42,395	37.1%
Robert Reynolds	26,667	-	2,700	15,728	45,095	34.9%
<i>Former Directors and Key Management Personnel:</i>						
Paul Payne	274,893	-	24,526	212,198	511,617	41.5%
Brian Rodan	-	-	-	15,728	15,728	100%
Frank Fiore	-	-	-	15,728	15,728	100%
Matthew Sikirich	-	-	-	15,728	15,728	100%
<b>Total</b>	<b>375,727</b>	<b>-</b>	<b>30,826</b>	<b>408,170</b>	<b>814,723</b>	

- (iii) The fair value of options is calculated at the date of grant using the Black Scholes option pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed in the above tables is the portion of the fair value of the options recognised in the reporting period.

### Details of Performance Related Remuneration

There have been no Short Term Incentive payments made to Directors or Key Management Personnel of the Company during the financial years ended 30 June 2013 or 30 June 2014.

# Directors' Report

## Remuneration Report (Continued)

### Options Granted as Remuneration

#### 2014

There were no options over unissued shares issued Directors or Key Management Personnel of the Company during the financial year ended 30 June 2014.

The following 5,000,000 un-vested options issued to Mr Paul Payne in a prior financial year were cancelled on his resignation as Managing Director of the Company on 14 March 2014.

Number of Options	Exercise Price	Vesting Date	Option Expiry Date	Cancellation Date
2,500,000	84 cents each	24 months from the date the Company listed on ASX	5 years from the grant date	14 March 2014
1,250,000	84 cents each	36 months from the grant date	5 years from the grant date	14 March 2014
1,250,000	84 cents each	42 months from the grant date	5 years from the grant date	14 March 2014

#### 2013

During the financial year ended 30 June 2013 the following options over unissued shares were issued to the following Directors or Key Management Personnel of the Company:

Grant Date	Exercise price per Option	Expiry Date	Director / Key Management Personnel	Number of Options Granted	Vesting Date	Total Value of Options Granted
9 October 2012	84 cents each	9 October 2017	Rohan Williams	1,000,000	14 November 2014	\$419,400
				1,000,000	9 October 2015	
				1,000,000	9 April 2016	
			Paul Payne	2,500,000	14 November 2014	\$699,000
				1,250,000	9 October 2015	
				1,250,000	9 April 2016	
			Barry Patterson	300,000	14 November 2014	\$41,940
			Robert Reynolds	300,000		\$41,940
			Brian Rodan	300,000		\$41,940
			Frank Fiore	300,000		\$41,940
			Matthew Sikirich	300,000		\$41,940

### Exercise of Options Granted as Remuneration

There were no ordinary shares issued on the exercise of options previously granted as remuneration to Directors or Key Management Personnel of the Company during either the financial years ended 30 June 2013 or 30 June 2014.

## **Remuneration Report (Continued)**

### Equity instrument disclosures relating to key management personnel

#### Option holdings

Key Management Personnel have the following interests in unlisted options over unissued shares of the Company.

<b>2014</b>					
<b>Name</b>	<b>Balance at start of the year</b>	<b>Received during the year as remuneration</b>	<b>Other changes during the year</b>	<b>Balance at the end of the year</b>	<b>Vested and exercisable at the end of the year</b>
R Williams	3,000,000	-	-	3,000,000	-
P Payne <sup>1</sup>	5,000,000	-	(5,000,000)	-	-
R Reynolds	300,000	-	-	300,000	-
B Patterson	300,000	-	-	300,000	-

<sup>1</sup> Options cancelled on resignation as director of the Company on 14 March 2014.

#### Share holdings

The number of shares in the Company held during the financial year by key management personnel of the Company, including their related parties are set out below. There were no shares granted during the reporting period as compensation.

<b>2014</b>				
<b>Name</b>	<b>Balance at start of the year</b>	<b>Acquisitions pursuant to share placements</b>	<b>Other changes during the year</b>	<b>Balance at the end of the year</b>
R Williams	5,200,000	-	-	5,200,000
P Payne	100,000	-	-	100,000 <sup>1</sup>
R Reynolds	2,100,000	-	-	2,100,000
B Patterson	4,100,000	-	-	4,100,000

<sup>1</sup> Number of shares held on date ceasing to hold office as director of the Company.

### Loans made to key management personnel

No loans were made to key personnel, including personally related entities during the reporting period.

### Other transactions with key management personnel

During the financial year ended 30 June 2014 there have been no other transactions with, and are no amounts owing to or owed by Key Management Personnel.

There were no other transactions with key management personnel.

## **End of Remuneration Report**

# Directors' 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 24<sup>th</sup> day of September 2014.



**Rohan Williams**  
Executive Chairman

# Auditor's Independence Declaration



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## **Auditor's Independence Declaration To the Directors of Dacian Gold Limited**

In accordance with the requirements of Section 307C of the Corporations Act 2001, as lead auditor for the audit of Dacian Gold Limited for the year ended 30 June 2014, 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A handwritten signature in black ink, appearing to read "C A Becker".

C A Becker  
Partner - Audit & Assurance

Perth, 24 September 2014

Grant Thornton Audit Pty Ltd ACN 130 913 594  
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# Statement of Profit or Loss and other Comprehensive Income

	Note	30 June 2014 \$	30 June 2013 \$
Revenue		492,579	538,123
Total Revenue		492,579	538,123
Employee expenses	3	(863,508)	(596,583)
Share based employee expense	17	(283,196)	(408,710)
Depreciation and amortisation expenses	10	(233,496)	(211,126)
Corporate expenses		(131,583)	(103,141)
Occupancy expenses		(78,765)	(69,378)
Marketing expenses		(43,481)	(43,478)
Financing expenses		(9,042)	(32,390)
Exploration costs expensed and written off	11	(4,283,158)	(4,122,645)
Movement in rehabilitation provision		(36,231)	-
Care and maintenance expenses		-	(339,835)
Administration and other expenses		(150,759)	(417,744)
<b>Loss before income tax</b>		<b>(5,620,640)</b>	<b>(5,806,907)</b>
Income tax benefit/expense	4	-	-
<b>Net loss for the period attributable to the members of the parent entity</b>		<b>(5,620,640)</b>	<b>(5,806,907)</b>
Other comprehensive Income		-	-
<b>Total comprehensive result for the period attributable to the members of the parent entity</b>	17	<b>(5,620,640)</b>	<b>(5,806,907)</b>
<b>Loss per share</b>			
Basic and diluted loss per share (cents)	5	(5.9)	(7.1)

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

# Statement of Financial Position

		30 June 2014	30 June 2013
	Note	\$	\$
<b>Current assets</b>			
Cash and cash equivalents	7	10,948,885	15,068,282
Trade and other receivables	8	41,268	151,126
<b>Total current assets</b>		<b>10,990,153</b>	<b>15,219,408</b>
<b>Non-current assets</b>			
Other financial assets	9	16,335	1,244,035
Property, plant and equipment	10	546,074	568,502
Exploration and evaluation assets	11	8,131,847	8,131,847
<b>Total non-current assets</b>		<b>8,694,256</b>	<b>9,944,384</b>
<b>Total assets</b>		<b>19,684,409</b>	<b>25,163,792</b>
<b>Current liabilities</b>			
Borrowings	12	31,310	31,310
Trade and other payables	13	380,156	527,017
<b>Total current liabilities</b>		<b>411,466</b>	<b>558,327</b>
<b>Non-current liabilities</b>			
Borrowings	12	18,265	49,574
Provisions	14	1,243,931	1,207,700
<b>Total non-current liabilities</b>		<b>1,262,196</b>	<b>1,257,274</b>
<b>Total liabilities</b>		<b>1,673,662</b>	<b>1,815,601</b>
<b>Net assets</b>		<b>18,010,747</b>	<b>23,348,191</b>
<b>Equity</b>			
Issued capital	15	29,227,606	29,227,606
Share based payments reserve	17	479,707	408,710
Accumulated losses	17	(11,696,566)	(6,288,125)
<b>Total equity</b>		<b>18,010,747</b>	<b>23,348,191</b>

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

# Statement of Changes in Equity

	Issued capital \$	Accumulated losses \$	Share based payments reserve \$	Total \$
At 1 July 2012	10,000,090	(481,217)	-	9,518,873
Total comprehensive result for the period:				
Loss for the period	-	(5,806,908)	-	(5,806,908)
Movement in share based payments reserve in respect of options vesting	-	-	408,710	408,710
Transactions with owners in their capacity as owners:				
Shares and Options issued	20,550,000	-	-	20,550,000
Costs of securities issued	(1,322,484)	-	-	(1,322,484)
At 30 June 2013	29,227,606	(6,288,125)	408,710	23,348,191
<b>At 1 July 2013</b>	<b>29,227,606</b>	<b>(6,288,125)</b>	<b>408,710</b>	<b>23,348,191</b>
Total comprehensive result for the period:				
Loss for the period	-	(5,620,640)	-	(5,620,640)
Movement in share based payments reserve in respect of options vesting	-	-	283,196	283,196
Transfer to accumulated losses on cancellation of options	-	212,199	(212,199)	-
<b>At 30 June 2014</b>	<b>29,227,606</b>	<b>(11,696,566)</b>	<b>479,707</b>	<b>18,010,747</b>

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

# Statement of Cash Flows

	Note	30 June 2014 \$	30 June 2013 \$
<b>Cash flows from operating activities</b>			
Interest received		546,742	456,486
Other income		11,910	2,980
Interest paid		(9,042)	(32,390)
Payments for exploration and evaluation		(4,439,898)	(3,721,447)
Payments to suppliers and employees		(1,211,930)	(1,586,976)
<b>Net cash used in operating activities</b>	<b>7</b>	<b>(5,102,218)</b>	<b>(4,881,347)</b>
<b>Cash flows from investing activities</b>			
Proceeds on redemption of bonds		1,227,700	-
Payments for bonds		-	(36,335)
Payments for acquisition of exploration assets		-	(615,007)
Proceeds on sale of plant and equipment		-	10,000
Payments for plant and equipment		(213,569)	(214,277)
<b>Net cash used in investing activities</b>		<b>1,014,131</b>	<b>(855,619)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(31,310)	(13,046)
Proceeds from issue of securities		-	20,550,000
Payments for transaction costs relating to share issues		-	(1,322,485)
<b>Net cash from financing activities</b>		<b>(31,310)</b>	<b>19,214,469</b>
<b>Net increase/(decrease) in cash held</b>		<b>(4,119,397)</b>	<b>13,477,503</b>
<b>Cash at the beginning of the period</b>	<b>7</b>	<b>15,068,282</b>	<b>1,590,779</b>
<b>Cash at the end of the period</b>	<b>7</b>	<b>10,948,885</b>	<b>15,068,282</b>

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

# Notes to the Financial Statements

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

### **(a) Basis of preparation of financial report**

These financial statements are general purpose financial statements, which have been prepared in accordance with requirements of the Corporations Act 2001 and comply with other requirements of the law.

The accounting policies below have been consistently applied to all of the years presented unless otherwise stated.

The financial statements have been prepared on a historical cost basis, except for available for sale investments and derivative financial instruments which have been measured at fair value. Cost is based on the fair values of consideration given in exchange for assets.

The financial statements are presented in Australian dollars.

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

The financial report of the Company was authorised for issue in accordance with a resolution of Directors on 23<sup>rd</sup> September 2014.

#### Statement of Compliance

The financial report of Dacian Gold Limited complies with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards (AIFRS), in their entirety. Compliance with AIFRS ensures that the financial report also complies with International Financial Reporting Standards (IFRS) in their entirety. Dacian Gold Limited is a for profit entity for the purpose of preparing the financial statements

Material accounting policies adopted in the presentation of these financial statements are presented below:

### **(b) Revenue**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, allowances and amounts collectable on behalf of third parties.

#### Interest income

Interest income is recognised on a time proportion basis and is recognised as it accrues.

### **(c) Other Taxes**

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

### **(d) Financing Costs**

Net financing costs comprise interest payable on borrowings calculated using the effective interest method.

Borrowing costs are expensed as incurred and included in net financing costs.

## **Note 1 Summary of Significant Accounting Policies (continued)**

### **(e) Cash and Cash Equivalents**

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

### **(f) Trade and Other Receivables**

Trade receivables, which generally have 30–90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

### **(g) Property, plant and Equipment**

Property, plant and equipment is stated at cost, less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the asset as a replacement only if it is eligible for capitalisation. The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Depreciation is calculated on a straight-line basis or written down value over the estimated useful life of the assets as follows:

Office equipment	25% straight line
Fixtures and fittings	33% written down value
Plant and equipment	33% written down value
Motor Vehicles	33% written down value

#### **(i) Impairment**

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of property, plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value. An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. For assets measured at cost, impairment losses are recognised in profit or loss. However, for assets measured at re-valued amounts, impairment losses on land and buildings are treated as a re-valuation decrement.

#### **(ii) De-recognition and Disposal**

An item of property, plant and equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is de-recognised.

# Notes to the Financial Statements

## **Note 1 Summary of Significant Accounting Policies (continued)**

### **(h) Exploration and Evaluation Expenditure**

Exploration and evaluation costs are written off in the year they are incurred, apart from acquisition costs and those costs that are incurred on an area of interest that contains an Ore Reserve.

Capitalised exploration and evaluation expenditures in relation to specific areas of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
  - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
  - (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

### **(i) Impairment of Assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

## **Note 1 Summary of Significant Accounting Policies (continued)**

### **Impairment of Assets (continued)**

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at re-valued amount (in which case the impairment loss is treated as a re-valuation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at re-valued amount, in which case the reversal is treated as a re-valuation increase.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### **(i) Trade and Other Payables**

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

#### **(j) Interest Bearing Liabilities**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

#### **(k) Share Based Payments**

##### *Equity Settled Transactions:*

The Company provides benefits to employees (including senior executives) of the Company in the form of Options, whereby employees render services in exchange for Options (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of the Options is determined by using an appropriate valuation model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the underlying Shares to which the Option relates (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the Option (the vesting period).

# Notes to the Financial Statements

## **Note 1 Summary of Significant Accounting Policies (continued)**

### **Share Based Payments (continued)**

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- (i) the extent to which the vesting period has expired; and
- (ii) the Company's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for Options that do not ultimately vest, except for Options where vesting is only conditional upon a market condition.

If the terms of an Option are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the Option, or is otherwise beneficial to the employee, as measured at the date of modification.

If an Option is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled Option and designated as a replacement award on the date that it is granted, the cancelled Option and new awards are treated as if they were a modification of the Option, as described in the previous paragraph.

### **(l) Share Capital**

Shares are classified as equity. Incremental costs directly attributable to the issue of Shares pursuant to the Offer or Options are shown in equity as a deduction, net of tax, from the proceeds of issue.

### **(m) Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

#### *Accounting for capitalised mineral exploration and evaluation expenditure*

The Company's accounting policy is stated at 1(h). A regular review is undertaken of each area of interest to determine the reasonableness of the continuing carrying forward of costs in relation to that area of interest.

#### *Mine restoration provisions estimates*

The calculation of rehabilitation and closure provisions (and corresponding capitalised closure cost assets where necessary) rely on estimates of costs required to rehabilitate and restore disturbed land to its original condition. These estimates are regularly reviewed and adjusted in order to ensure that the most up to date data is used to calculate these balances.

Significant judgements is required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate costs required to rehabilitate the mine site. Factors that will affect this liability include future development, changes in technology, price increases, changes in interest rates and changes in legislation.

## **Note 1 Summary of Significant Accounting Policies (continued)**

### **Critical accounting estimates and judgements (continued)**

#### *Measurement of share based payments*

The Company records charges for share based payments. For option based share based payments, management estimate certain factors used in the option pricing model. These factors include volatility and exercise date of options. If these estimates vary the share based payment expense would have been different.

#### **(n) Adoption of new and revised accounting standards**

In the financial year ended 30 June 2014, the Company 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 July 2013. It has been determined by the Company 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 Company accounting policies.

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the financial year ended 30 June 2014. 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 necessary to Company 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.

## **Note 2 Segment Information**

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources.

Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. The Company's sole activity is mineral exploration wholly within Australia, therefore it has aggregated all operating segments into the one reportable segment being mineral exploration.

The reportable segment is represented by the primary statements forming these financial statements.

# Notes to the Financial Statements

	Year ended 30 June 2014 \$	Year ended 30 June 2013 \$
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## Note 3 Revenue and Expenses

Loss for the year includes the following specific income and expenses:

Interest income	480,669	535,143
Legal expenses	8,381	117,842
Insurance	36,987	89,895
Office rent	57,751	54,861
Employee expenses:		
Salaries and wages	1,367,160	772,335
Director fees and consulting expenses	120,000	100,833
Defined contribution superannuation	114,249	75,319
Consultant expenses	3,750	210,524
Placement fee	-	105,780
Other employment expenses	80,751	30,421
Less: allocated to exploration project costs	(822,402)	(698,629)
	863,508	596,583

## Note 4 Income Tax

### a) Income tax expense

#### Current income tax:

Current income tax charge (benefit)	(1,635,867)	(1,702,944)
Current income tax not recognised	1,635,867	1,702,944

#### Deferred income tax:

Relating to origination and reversal of timing differences	1,595,638	1,826,230
Deferred income tax benefit not recognised	(1,595,638)	(1,826,230)

Income tax expense/(benefit) reported in the income statement

-	-
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	Year ended 30 June 2014 \$	Year ended 30 June 2013 \$
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**Note 4 Income Tax (continued)**

*b) Reconciliation of income tax expense to prima facie tax payable*

Loss from continuing operations before income tax expense	(5,620,640)	(5,806,907)
Tax at the Australian rate of 30% (2013 – 30%)	(1,686,192)	(1,742,072)
<i>Tax effect of permanent differences:</i>		
Non-deductible share based payment	84,959	122,613
Capital raising costs claimed	(79,349)	(79,349)
<i>Tax effect of other differences:</i>		
Exploration costs written off	1,284,947	1,236,794
Net deferred tax asset benefit not brought to account	395,635	462,014
	-	-
Tax (benefit)/expense		

*c) Deferred tax – Balance Sheet*

*Liabilities*

Prepaid expenses	(1,145)	-
Accrued income	(3,775)	(23,597)
Capitalised exploration expenditure	(431,996)	(431,996)
	(436,916)	(455,593)

*Assets*

Revenue losses available to offset against future taxable income	3,439,444	1,809,171
Rehabilitation provision	373,179	362,310
Employee leave provisions	10,965	6,984
Accrued expenses	20,527	9,340
Deductible equity raising costs	238,047	317,396
	4,082,162	2,505,200
	3,645,246	2,049,607

Net deferred tax asset/(liability)

Deferred tax assets have been recognised to the extent that they extinguish deferred tax liabilities of the Company as at the reporting date.

Net deferred tax assets have been recognised, in either reporting period, in respect of amounts in excess of deferred tax liabilities.

# Notes to the Financial Statements

	Year ended 30 June 2014 \$	Year ended 30 June 2013 \$
<b>Note 4 Income Tax (continued)</b>		
<i>d) Deferred tax – Income Statement</i>		
<i>Liabilities</i>		
(Increase)/decrease in prepaid expenses	<b>(1,145)</b>	3,138
(Increase)/decrease in accrued income	<b>19,822</b>	(23,597)
(Increase)/decrease in capitalised exploration expenditure	-	-
<i>Assets</i>		
Increase/(decrease) in revenue losses available to offset against future taxable income	<b>1,630,273</b>	1,702,944
Increase/(decrease) in rehabilitation provision	<b>10,869</b>	-
Increase/(decrease) in employee leave provisions	<b>3,981</b>	6,984
Increase/(decrease) in accruals	<b>11,187</b>	(175,162)
Increase/(decrease) in deductible equity raising costs	<b>(79,349)</b>	311,923
	<b>1,595,638</b>	1,826,230
Deferred tax benefit/(expense) not recognised		

The deferred tax benefit of tax losses not brought to account will only be obtained if:

- (i) The Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the tax losses to be realised;
- (ii) The Company continues to comply with the conditions for deductibility imposed by tax legislation; and
- (iii) No changes in tax legislation adversely affect the Company realising the benefit from the deduction of the losses.

All unused tax losses of \$11,464,813 (2013: \$6,030,569) were incurred by Australian entities.

	Year ended 30 June 2014	Year ended 30 June 2013
<b>Note 5 Earnings per Share</b>		
	<b>Cents</b>	<b>Cents</b>
<i>a) Basic earnings per share</i>		
Loss attributable to ordinary equity holders of the Company	<b>(5.9)</b>	<b>(7.1)</b>
<i>b) Diluted earnings per share</i>		
Loss attributable to ordinary equity holders of the Company	<b>(5.9)</b>	<b>(7.1)</b>
<i>c) Loss used in calculation of basic and diluted loss per share</i>	<b>\$</b>	<b>\$</b>
Loss after tax from continuing operations	<b>(5,620,640)</b>	<b>(5,806,907)</b>
<i>d) Weighted average number of shares used as the denominator</i>	<b>No.</b>	<b>No.</b>
Weighted average number of shares used as the denominator in calculating basic and dilutive loss per share	<b>96,100,000</b>	<b>81,454,521</b>

At 30 June 2014 the Company has on issue 7,150,000 (2013: 11,150,000) unlisted options over ordinary shares that are not considered to be dilutive.

## **Note 6 Dividends**

No dividends were paid or proposed during the financial year ended 30 June 2013 or 30 June 2014.

The Company has no franking credits available as at 30 June 2013 or 30 June 2014.

# Notes to the Financial Statements

	<b>30 June 2014 \$</b>	30 June 2013 \$
<b>Note 7 Cash and Cash Equivalents</b>		
Cash at bank <sup>1</sup>	<b>2,918,885</b>	538,282
Deposits at call <sup>2</sup>	<b>8,030,000</b>	14,530,000
	<b>10,948,885</b>	15,068,282

<sup>1</sup> Cash at bank earns interest at floating rates based on daily deposit rates.

<sup>2</sup> Short term deposits depending upon the immediate cash requirements of the Company, and earn interest at the respective short term interest rates.

At 30 June 2014 or 30 June 2013 the Company had no undrawn committed borrowing facilities.

Reconciliation to the Statement of Cash Flows:

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of any outstanding bank overdrafts.

Cash and cash equivalents as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash and cash equivalents	<b>10,948,885</b>	15,068,282
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Non-cash financing and investing activities:

There have been no non-cash financing and investing activities for the year ended 30 June 2014 (30 June 2013: Nil).

Cash balances not available for use:

Included in cash and cash equivalents as at 30 June 2014 is an amount of \$30,000 on deposit in respect of the Company's corporate credit card facility (30 June 2013: \$30,000).

Other than the above, there are no amounts included in cash and cash equivalents not available for use as at 30 June 2014 or 30 June 2013.

	30 June 2014 \$	30 June 2013 \$
<b>Note 7 Cash and Cash Equivalents (continued)</b>		
<i>Reconciliation of loss after tax to net cash outflow from operating activities:</i>		
Loss from ordinary activities after income tax	<b>(5,620,640)</b>	(5,806,907)
Depreciation	<b>233,496</b>	211,126
Loss on disposal of plant and equipment	-	14,364
Share based payments expense	<b>283,196</b>	408,710
<i>Movement in assets and liabilities:</i>		
(Increase)/decrease in prepaid expenses	<b>(3,815)</b>	10,460
(Increase)/decrease in accrued income	<b>66,073</b>	(78,657)
(Increase)/decrease in other receivables	<b>46,922</b>	(17,489)
Increase/(decrease) in rehabilitation provision	<b>36,231</b>	-
Increase/(decrease) in employee leave provisions	<b>13,272</b>	11,640
Increase/(decrease) in trade and other payables	<b>(156,953)</b>	365,406
<b>Net cash flow from operating activities</b>	<b>(5,102,218)</b>	(4,881,347)

#### Note 8 Trade and Other Receivables

##### Current assets

Accrued income	<b>12,584</b>	78,657
Other receivables	<b>28,684</b>	72,469
	<b>41,268</b>	151,126

Accrued income of \$12,584 (2013: 78,657) relates to interest earned but unpaid on un-matured short term cash deposits held as at the end of the reporting period.

The Company has no trading activity and as such has no trading receivables. The Company does not consider any of its current receivables to be subject to impairment.

#### Note 9 Other Financial Assets

##### Non-current assets

##### *Security Bonds and Deposits:*

Balance at the start of the financial year	<b>1,244,035</b>	1,207,700
Bonds redeemed during the financial year	<b>(1,227,700)</b>	-
Bonds paid during the financial year	-	36,335
	<b>16,335</b>	1,244,035

Other financial assets relate to environmental bonds lodged in respect of the Company's Mt Morgans Gold Project. Interest is earned on the deposits at floating rates based on short term deposit rates.

# Notes to the Financial Statements

	30 June 2014 \$	30 June 2013 \$
<b>Note 10 Property, Plant and Equipment</b>		
<u>Carrying values</u>		
<i>Office and computer equipment:</i>		
Cost	157,741	93,527
Depreciation	(66,154)	(17,540)
	<b>91,587</b>	<b>75,987</b>
<i>Plant and equipment:</i>		
Cost	629,427	482,791
Depreciation	(281,282)	(148,778)
	<b>348,145</b>	<b>334,013</b>
<i>Fixtures and fittings:</i>		
Cost	29,775	29,557
Depreciation	(15,060)	(7,811)
	<b>14,715</b>	<b>21,746</b>
<i>Motor vehicles:</i>		
Cost <sup>1</sup>	161,753	161,753
Depreciation	(70,126)	(24,997)
	<b>91,627</b>	<b>136,756</b>
	<b>546,074</b>	<b>568,502</b>
<u>Reconciliation of movements</u>		
<i>Office and computer equipment:</i>		
Opening net book value	75,987	16,599
Additions	64,214	76,928
Depreciation	(48,614)	(17,540)
	<b>91,587</b>	<b>75,987</b>
<i>Plant and equipment:</i>		
Opening net book value	334,013	420,313
Additions	146,636	62,478
Depreciation	(132,504)	(148,778)
	<b>348,145</b>	<b>334,013</b>
<i>Fixtures and Fitting:</i>		
Opening net book value	21,746	19,329
Additions	218	10,228
Depreciation	(7,249)	(7,811)
	<b>14,715</b>	<b>21,746</b>
<i>Motor Vehicles:</i>		
Opening net book value	136,756	36,364
Additions <sup>1</sup>	-	161,753
Disposals – net book value written off	-	(24,364)
Depreciation	(45,129)	(36,997)
	<b>91,627</b>	<b>136,756</b>
	<b>546,074</b>	<b>568,502</b>

#### Note 10 Property, Plant and Equipment (continued)

<sup>1</sup> Included in the net book value of motor vehicles as at 30 June 2014 of \$91,627 (2013: \$136,756) are assets secured under finance leases amounting to \$73,280 (2013: \$109,374).

Details of finance lease liabilities are included at note 12 and note 19.

	30 June 2014 \$	30 June 2013 \$
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#### Note 11 Deferred Exploration and Evaluation Expenditure

Deferred exploration costs at the start of the financial year	8,131,847	8,131,847
Exploration and evaluation costs incurred	4,283,158	4,122,645
Exploration and evaluation costs expensed and written off	(4,283,158)	(4,122,645)
	8,131,847	8,131,847

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.

#### Note 12 Borrowings

Current liabilities		
Finance lease due within 12 months	31,310	31,310
Non-current liabilities		
Finance leases due after 12 months	18,265	49,574

Included in borrowings are amounts of \$49,575 owing in respect of finance lease liabilities in respect of the acquisition of motor vehicles included as assets of the Company as at 30 June 2014 (30 June 2013: \$80,884).

See note 19 for financial instrument disclosures relating to borrowings.

Borrowings are secured over assets of the Company with a net book value of \$73,280 (30 June 2013: \$109,374). See note 10 for details.

There are no other financing facilities available to the Company as at 30 June 2014 (30 June 2013: Nil).

# Notes to the Financial Statements

	<b>30 June 2014 \$</b>	30 June 2013 \$
<b>Note 13 Trade and other payables</b>		
Current liabilities		
Trade and other payables	<b>275,183</b>	472,606
Accrued expenses	<b>68,422</b>	31,312
Employee leave liabilities	<b>36,551</b>	23,279
	<b>380,156</b>	527,017

Trade payables are non-interest bearing and normally settled on 30 day terms. See note 19 for financial instrument disclosures relating to trade and other payables.

## Note 14 Provisions

Non-current liabilities		
Rehabilitation provision	<b>1,243,931</b>	1,207,700

The rehabilitation provision relates to the estimated obligations in relation to the environmental rectification works at the Mt Morgans Gold Project.

Reconciliation of movements in Rehabilitation Provision:		
Balance at the start of the financial year	<b>1,207,700</b>	1,207,700
Increase/(decrease) in rehabilitation provision during the financial year	<b>36,231</b>	-
Balance at the end of the financial year	<b>1,243,931</b>	1,207,700

## Note 15 Issued Capital

### a) Ordinary shares

The Company is a public company limited by shares. The Company was incorporated in Perth, Western Australia. The Company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value. There is no limit to the authorised share capital of the Company.

## Note 15 Issued Capital (continued)

	2014 No.	2013 No.	2014 \$	2013 \$
<i>b) Share capital</i>				
Issued share capital	<b>96,100,000</b>	96,100,000	<b>29,227,606</b>	29,227,606
<i>c) Share movements during the year</i>				
Balance at the start of the financial year	<b>96,100,000</b>	55,000,000	<b>29,227,606</b>	10,000,090
Share placement \$0.50	-	1,100,000	-	550,000
Initial public offer \$0.50	-	40,000,000	-	20,000,000
Less share issue costs	-	-	-	(1,322,484)
Balance at the end of the financial year	<b>96,100,000</b>	55,000,000	<b>29,227,606</b>	29,227,606

### d) Option plan

Information relating to the Dacian Gold Limited Limited Employee Option Plan is set out in note 18.

	30 June 2014 No	30 June 2013 No
--	-----------------------	-----------------------

## Note 16 Options

Options on issue at the start of the financial year

Options issued

Options cancelled

<b>11,150,000</b>	-
<b>1,000,000</b>	12,150,000
<b>(5,000,000)</b>	(1,000,000)
<b>7,150,000</b>	11,150,000

### a) Options issued during the year

During the financial year the Company issued 1,000,000 options over unissued shares (2013: 12,150,000), as follows:

Options issued to:	Number of options	Exercise price	Expiry date
Employees pursuant to the Dacian Gold Limited Employee Option Plan	1,000,000	57 cents	28 February 2019

Refer Note 18 for share based payments disclosures.

# Notes to the Financial Statements

## Note 16 Options (continued)

### b) Options exercised during the year

During the financial year the Company issued no shares on the exercise of options (2013: Nil).

### c) Options cancelled during the year

During the year 5,000,000 options (2013: 1,000,000) were cancelled upon termination of employment.

### d) Options on issue at the balance date

The number of options outstanding over unissued ordinary shares at 30 June 2014 is 7,150,000 (2013: 11,150,000).

The terms of these options are as follows:

<i>Number of options outstanding</i>	<i>Exercise price</i>	<i>Expiry date</i>
6,150,000	84 cents	9 October 2017
1,000,000	57 cents	28 February 2019

### e) Subsequent to the balance date

No options have been granted subsequent to the balance date and to the date of signing this report.

No options have been exercised subsequent to the balance date to the date of signing this report.

*Reconciliation of movement of options over unissued shares during the period including weighted average exercise price (WAEP)*

	2014		2013	
	No.	WAEP (cents)	No.	WAEP (cents)
Options outstanding at the start of the year	11,150,000	84.0	-	-
Options granted during the year	1,000,000	57.0	12,150,000	84.0
Options exercised during the year	-	-	-	-
Options expiring unexercised during the year	(5,000,000)	84.0	(1,000,000)	84.0
Options outstanding at the end of the year	7,150,000		11,150,000	84.0

### Weighted average contractual life

The weighted average contractual life for un-exercised options is 46 months (2013: 51 months).

## Note 17 Accumulated Losses and Reserves

	2014		2013	
	Accumulated losses	Share based payments reserve (i)	Accumulated losses	Share based payments reserve (i)
	\$	\$	\$	\$
Balance at the beginning of the year	(6,288,125)	408,710	(481,217)	-
Loss for the period	(5,620,640)	-	(5,806,907)	-
Transfer to accumulated losses on cancellation of options	212,199	(212,199)	-	-
Share based payments for the period	-	283,196	-	408,710
Balance at the end of the year	(11,696,566)	479,707	(6,288,125)	408,710

(i) The share based payments reserve is used to recognise the fair value of options issued but not exercised.

## Note 18 Share Based Payments

During the financial year 1,000,000 options over unissued shares were issued pursuant to the Company's Employee Share Option Plan. These options have been valued and included in the financial statements over the periods that they vest.

*Basis and assumptions used in the valuation of options.*

The options issued during the year were valued using the Black-Scholes option valuation methodology.

Date granted	Number of options granted	Exercise price (cents)	Expiry date	Risk free interest rate used	Volatility applied	Value per Option (cents)
28 February 2014	1,000,000	57	28 February 2019	3%	98%	16.6

Historical volatility has been used as the basis for determining expected share price volatility, as it is assumed that this is an indicator of future tender, which may not eventuate. A discount of 30% in respect of a lack of marketability has been applied to the Black-Scholes option valuation to reflect the non-negotiability and non-transferability of the unlisted options granted.

### Dacian Gold Limited Employee Option Plan

The establishment of the Dacian Gold Limited Employee Option Plan ('the Plan') was last approved by a resolution of the shareholders of the Company on 9 October 2012. All eligible Directors, executive officers and employees of Dacian Gold Limited who have been continuously employed by the Company are eligible to participate in the Plan.

The Plan allows the Company to issue free options to eligible persons. The options can be granted free of charge and are exercisable at a fixed price in accordance with the Plan. Options issued under the Plan have vesting periods prior to exercise, except under certain circumstances whereby options may be capable of exercise prior to the expiry of the vesting period.

During the financial year ended 30 June 2014, 1,000,000 options over unissued shares were issued to an employee, pursuant to the terms of the Dacian Gold Limited Employee Share Option Plan.

## Note 19 Financial Instruments

The Company has exposure to a variety of risks arising from its use of financial instruments. This note presents information about the Company's exposure to the specific risks, and the policies and processes for measuring and managing those risks. The Board of Directors has the overall responsibility for the risk management framework and has adopted a Risk Management Policy.

### (a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from transactions with customers and investments.

#### *Trade and other receivables*

The nature of the business activity of the Company does not result in trading receivables. The receivables that the Company does experience through its normal course of business are short term and the most significant recurring by quantity is receivable from the Australian Taxation Office, the risk of non-recovery of receivables from this source is considered to be negligible.

# Notes to the Financial Statements

## Note 19 Financial Instruments (continued)

### Credit risk (continued)

#### Cash deposits

The Directors believe any risk associated with the use of predominantly only one bank is addressed through the use of at least an A-rated bank as a primary banker and by the holding of a portion of funds on deposit with alternative A-rated institutions. Except for this matter the Company currently has no significant concentrations of credit risk.

The Directors do not consider that the Company's financial assets are subject to anything more than a negligible level of credit risk, and as such no disclosures are made.

### (b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance resources to finance the Company's current and future operations, and consideration is given to the liquid assets available to the Company before commitment is made to future expenditure or investment.

#### Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	\$	\$	\$	\$	\$	\$	\$
<b>2014</b>							
Trade and other payables	275,183	275,183	275,183	-	-	-	-
Finance lease liabilities	49,575	53,977	17,046	17,046	19,885	-	-
	<b>324,758</b>	<b>329,160</b>	<b>292,229</b>	<b>17,046</b>	<b>19,885</b>	<b>-</b>	<b>-</b>
<b>2013</b>							
Trade and other payables	468,924	468,924	468,924	-	-	-	-
Finance lease liabilities	80,884	85,228	17,046	17,046	34,092	17,044	-
	<b>549,808</b>	<b>554,152</b>	<b>485,970</b>	<b>17,046</b>	<b>34,092</b>	<b>17,044</b>	<b>-</b>

## Note 19 Financial Instruments (continued)

### (c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising any return.

#### Interest rate risk

The Company has significant cash assets which may be susceptible to fluctuations in changes in interest rates. Whilst the Company requires the cash assets to be sufficiently liquid to cover any planned or unforeseen future expenditure, which prevents the cash assets being committed to long term fixed interest arrangements; the Company does mitigate potential interest rate risk by entering into short to medium term fixed interest investments.

The Company does not have any direct contact with foreign exchange or equity risks other than their effect on the general economy.

At the reporting date the interest profile of the Company's interest-bearing financial instruments was:

	Carrying amount (\$)	
	30 June 2014	30 June 2013
<b>Fixed rate instruments</b>		
Financial assets	-	-
<b>Variable rate instruments</b>		
Financial assets	10,948,885	15,068,282

#### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity	
	1% increase	1% decrease	1% increase	1% decrease
<b>2014</b>				
<b>Variable rate instruments</b>	109,489	(109,489)	109,489	(109,489)
<b>2013</b>				
<b>Variable rate instruments</b>	150,683	(150,683)	150,683	(150,683)

# Notes to the Financial Statements

## Note 19 Financial Instruments (continued)

### d) Fair values

#### Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Cash and cash equivalents	10,948,885	10,948,885	15,068,228	15,068,228
Trade and other receivables	41,268	41,268	151,126	151,126
Borrowings	(49,575)	(49,575)	(80,884)	(80,884)
Trade and other payables	(275,183)	(275,183)	(468,924)	(468,924)
<b>Net financial assets</b>	<b>10,665,395</b>	<b>10,665,395</b>	<b>14,669,546</b>	<b>14,669,546</b>

### e) Impairment losses

The Directors do not consider that any of the Company's financial assets are subject to impairment at the reporting date.

No impairment expense or reversal of impairment charge has occurred during the reporting period, other than the write off of deferred exploration assets at note 11.

	30 June 2014 \$	30 June 2013 \$
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## Note 20 Commitments

### a) Operating lease commitments:

Due within 1 year	48,021	52,387
Due after 1 year but not more than 5 years	-	48,021
Due after more than 5 years	-	-
	<b>48,021</b>	<b>100,408</b>

The operating lease commitment relates to the lease of the Company's Perth office for a 24 month term from 1 June 2013. The lease includes a break clause whereby the Company may give 3 months notice to terminate the lease with no further penalty.

## Note 20 Commitments (continued)

	30 June 2014 \$	30 June 2013 \$
<b>b) <i>Finance lease commitments:</i></b>		
The Company has entered into finance lease arrangements in respect of the purchase of 2 vehicles. Amounts contracted for under the finance lease agreements have been included as liabilities of the Company as at the end of the financial year, see note 12.		
Details of the cash obligations in relation to the finance leases are included at note 19b.		
Due within 1 year	31,310	31,310
Due after 1 year but not more than 5 years	18,265	49,575
Due after more than 5 years	-	-
	<b>49,575</b>	<b>80,885</b>

Finance lease liabilities are secured over the underlying assets, see note 10.

### c) *Capital commitments:*

The Company has no capital commitments contracted for at 30 June 2014 (30 June 2013: Nil).

### d) *Exploration commitments*

The Company has certain obligations for payment of tenement rent, shire rates and to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Company's exploration programmes and priorities.

## Note 21 Contingencies

### a) *Contingent liabilities*

Other than the below there are no material contingent liabilities at the reporting date.

Pursuant to the Smelter Return Deed, signed between the Company and Macquarie Bank Limited on 31 January 2012, the Company must pay to Macquarie Bank Limited a royalty equal to the sum of:

- o \$20 per troy ounce of gold produced from the Tenements, and sold by the Company to offtakers, up to a total of 150,000 troy ounces of gold; and
- o a cash payment of \$500,000 that is due and payable at the time of the pour of the 50,000<sup>th</sup> troy ounce of gold produced from the Tenements.

If the royalty noted above, which amounts to \$3,500,000, is not paid on or by 31 January 2015, the Company must instead pay Macquarie Bank a royalty of 1% of gross revenue earned on 491,617 troy ounces of gold produced on the Tenements and sold to an offtaker.

### b) *Contingent assets*

There are no material contingent assets at the reporting date.

# Notes to the Financial Statements

## Note 22 Related Party Disclosures

During the year ended 30 June 2014 the Company incurred expenses of \$Nil (30 June 2013: \$339,220) with Australian Contract Mining Pty Ltd, an entity associated with Mr Brian Rodan, a Director of the Company until 9 October 2012, in respect of the provision of care and maintenance services at the Mt Morgans Gold Project.

Other than the above, and the key management personnel related party disclosure in the Remuneration Report and in Note 23(e), there are no related party transactions to report.

## Note 23 Key Management Personnel

### (a) Directors and key management personnel

The following persons were directors of Dacian Gold Limited during the current and prior financial year:

Rohan Williams	Executive Chairman	(Non-Executive Chairman until 14 March 2014)
Robert Reynolds	Non-Executive Director	
Barry Patterson	Non-Executive Director	
Paul Payne	Managing Director	(Resigned 14 March 2014)
Brian Rodan	Non-Executive Director	(Resigned 9 October 2012)
Frank Fiore	Non-Executive Director	(Resigned 9 October 2012)
Matthew Sikirich	Non-Executive Director	(Resigned 17 August 2012)

There were no other persons employed by or contracted to the Company during the financial year, having responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly.

### (b) Key management personnel compensation

Details of key management personnel remuneration are contained in the Audited Remuneration Report in the Directors' Report. A summary of total compensation paid to key management personnel during the year is as follows:

	2014 \$	2013 \$
Total short-term employment benefits	759,903	375,727
Total share based payments	198,385	408,170
Total post-employment benefits	46,546	30,826
	<b>1,004,834</b>	<b>814,723</b>

#### Note 24 Events Subsequent to the Reporting Date

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.

<b>30 June 2014</b>	30 June 2013
<b>\$</b>	<b>\$</b>

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#### Note 25 Auditors Remuneration

Total remuneration paid to auditors during the financial year:

Audit and review of the Company's financial statements

<b>31,355</b>	11,180
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Other services

-	7,700
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Total

<b>31,355</b>	18,880
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# Directors' Declaration

In the opinion of the directors of Dacian Gold Limited (the 'Company'):

- a. The accompanying financial statements and notes are in accordance with the Corporations Act 2001, including:
  - i. give a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the year then ended; and
  - ii. comply with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
- 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.
- c. The financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

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

DATED at Perth this 24<sup>th</sup> day of September 2014.



**Rohan Williams**  
Executive Chairman

# Independent Auditor's Report



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## **Independent Auditor's Report To the Members of Dacian Gold Limited**

### **Report on the financial report**

We have audited the accompanying financial report of Dacian Gold Limited (the "Company"), which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Company.

### **Directors' responsibility for the financial report**

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

### **Auditor's responsibility**

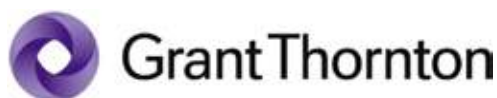
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

Grant Thornton Audit Pty Ltd ACN 130 913 594  
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# Independent Auditor's Report



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Independence**

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

## **Auditor's opinion**

In our opinion:

- a the financial report of Dacian Gold Limited is in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

## **Report on the remuneration report**

We have audited the remuneration report included in pages 35 to 41 of the Directors' Report for the year ended 30 June 2014. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.



**Auditor's opinion on the remuneration report**

In our opinion, the remuneration report of Dacian Gold Limited for the year ended 30 June 2014, complies with Section 300A of the Corporations Act 2001.

A handwritten signature in black ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A handwritten signature in black ink, appearing to read "Becker".

C A Becker  
Partner - Audit & Assurance

Perth, 24 September 2014

# ASX Additional Information

Pursuant to the Listing Requirements of the Australian Securities Exchange, the shareholder information set out below was applicable as at 30 September 2014.

## A. Distribution of Equity Securities

Analysis of numbers of shareholders by size of holding:

Distribution	Number of shareholders	Securities held
1 – 1,000	23	10,908
1,001 – 5,000	113	378,759
5,001 – 10,000	117	1,016,348
10,001 – 100,000	328	13,205,324
More than 100,000	72	81,488,661
TOTALS	653	96,100,000

There are 31 shareholders holding less than a marketable parcel of ordinary shares.

## B. Substantial Shareholders

An extract of the Company's Register of Substantial Shareholders (who hold 5% or more of the issued capital) is set out below:

Shareholder Name	Number of Shares	% of shares
Brian Bernard Rodan	16,906,550	17.59%
Vitesse Pty Ltd <The Vitesse Investment A/c>	5,100,000	5.31%

## C. Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are listed below:

Shareholder Name	Number of Shares	% of Shares
Redland Plains Pty Ltd <Brian Bernard Rodan S/F A/c>	14,100,000	14.67%
Vitesse Pty Ltd <The Vitesse Investment A/c>	5,100,000	5.31%
Cautious Pty Ltd <The Reserve A/c>	4,100,000	4.27%
Dalran Pty Ltd <The Smith Family A/c>	4,100,000	4.27%
Kingarth Pty Ltd	4,100,000	4.27%
Polly Pty Ltd <B S Patterson Family A/c>	4,100,000	4.27%
Sanpoint Pty Ltd <The Fiore Family A/c>	4,100,000	4.27%
SGJ Investments Pty Ltd	4,100,000	4.27%
Todtona Pty Ltd	4,100,000	4.27%
Lyrebird Pty Ltd <Lyrebird Superannuation Fund A/c>	4,000,000	4.16%
Citicorp Nominees Pty Ltd	3,908,957	4.07%
HSBC Custody Nominees (Australia) Limited	2,500,000	2.60%
Merrill Lynch (Australia) Nominees Pty Ltd	2,274,667	2.37%
Redaso Pty Ltd <Redaso Family A/c>	2,100,000	2.19%
Rogo Investments Pty Ltd	2,100,000	2.19%
Australian Contract Mining Pty Ltd	1,800,000	1.87%
Ariki Investments Pty Ltd	1,300,000	1.35%
Mr Kenneth Joseph Hall <Hall Park A/c>	1,000,000	1.04%
Redland Plains Pty Ltd <Majestic Investment Fund A/c>	1,000,000	1.04%
National Nominees Limited	688,546	0.72%
TOTAL	70,572,170	73.44%

## ASX Additional Information

### D. Voting Rights

In accordance with the Company's Constitution, voting rights in respect of ordinary shares are on a show of hands whereby each member present in person or by proxy shall have one vote and upon a poll, each share will have one vote.

### E. Restricted Securities

There are 24,000,000 ordinary fully paid shares on issue which are subject to escrow agreements. The escrow period for the shares ends on 14 November 2014.

There are 4,500,000 unlisted options expiring on 9 October 2017 on issue that are subject to escrow agreements. The escrow period for the options ends on 14 November 2014.

### F. Use of Capital

Pursuant to the requirements of ASX Listing Rule 4.10.19 the Company has used funds raised from its Initial Public Offer (IPO) in a manner that is consistent with the prospectus and objectives outlined in the IPO document.

# Tenement Schedule as at 6 October 2014

Tenement Type	Tenement	Status	Project	Ownership	Expiry Date
E	38/2939	Pending	Laverton	Dacian Gold Ltd (100%)	-
E	38/2951	Pending	Mt Morgans	Dacian Gold Ltd (100%)	-
E	39/1310	Live	Mt Morgans	Dacian Gold Ltd (100%)	27/07/2015
E	39/1713	Live	Mt Morgans	Dacian Gold Ltd (100%)	12/12/2018
E	39/1714	Pending	Mt Morgans	Dacian Gold Ltd (100%)	-
E	39/1715	Pending	Mt Morgans	Dacian Gold Ltd (100%)	-
E	39/1787	Pending	Mt Morgans	Dacian Gold Ltd (100%)	-
G	39/0001	Live	Mt Morgans	Dacian Gold Ltd (100%)	9/10/2030
G	39/0002	Live	Mt Morgans	Dacian Gold Ltd (100%)	9/10/2030
G	39/0003	Live	Mt Morgans	Dacian Gold Ltd (100%)	9/10/2030
G	39/0004	Live	Mt Morgans	Dacian Gold Ltd (100%)	9/10/2030
G	39/0005	Live	Mt Morgans	Dacian Gold Ltd (100%)	9/10/2030
G	39/0006	Live	Mt Morgans	Dacian Gold Ltd (100%)	9/10/2030
L	39/0010	Live	Mt Morgans	Dacian Gold Ltd (100%)	7/02/2019
L	39/0057	Live	Mt Morgans	Dacian Gold Ltd (100%)	14/02/2015
M	38/0395	Live	Mt Morgans	Dacian Gold Ltd (100%)	15/11/2015
M	38/0396	Live	Mt Morgans	Dacian Gold Ltd (100%)	15/11/2015
M	38/0548	Live	Mt Morgans	Dacian Gold Ltd (100%)	17/01/2029
M	38/0595	Live	Mt Morgans	Dacian Gold Ltd (100%)	17/11/2029
M	38/0848	Live	Mt Morgans	Dacian Gold Ltd (100%)	17/11/2029
M	39/0018	Live	Mt Morgans	Dacian Gold Ltd (100%)	8/05/2026
M	39/0036	Live	Mt Morgans	Dacian Gold Ltd (100%)	3/12/2026
M	39/0208	Live	Mt Morgans	Dacian Gold Ltd (100%)	5/11/2031
M	39/0228	Live	Mt Morgans	Dacian Gold Ltd (100%)	25/07/2032
M	39/0236	Live	Mt Morgans	Dacian Gold Ltd (100%)	16/12/2032
M	39/0240	Live	Mt Morgans	Dacian Gold Ltd (100%)	27/12/2032
M	39/0248	Live	Mt Morgans	Dacian Gold Ltd (100%)	1/09/2033
M	39/0250	Live	Mt Morgans	Dacian Gold Ltd (100%)	7/05/2033
M	39/0261	Live	Mt Morgans	Dacian Gold Ltd (100%)	10/09/2033
M	39/0264	Live	Mt Morgans	Dacian Gold Ltd (100%)	1/09/2033
M	39/0272	Live	Mt Morgans	Dacian Gold Ltd (100%)	10/03/2034
M	39/0273	Live	Mt Morgans	Dacian Gold Ltd (100%)	10/03/2034
M	39/0282	Live	Mt Morgans	Dacian Gold Ltd (100%)	19/01/2035
M	39/0287	Live	Mt Morgans	Dacian Gold Ltd (100%)	10/02/2035
M	39/0291	Live	Mt Morgans	Dacian Gold Ltd (100%)	27/06/2035
M	39/0295	Live	Mt Morgans	Dacian Gold Ltd (100%)	4/10/2014
M	39/0304	Live	Mt Morgans	Dacian Gold Ltd (100%)	3/02/2015
M	39/0305	Live	Mt Morgans	Dacian Gold Ltd (100%)	16/02/2015
M	39/0306	Live	Mt Morgans	Dacian Gold Ltd (100%)	16/02/2015
M	39/0333	Live	Mt Morgans	Dacian Gold Ltd (100%)	14/03/2016
M	39/0380	Live	Mt Morgans	Dacian Gold Ltd (100%)	17/01/2029
M	39/0390	Live	Mt Morgans	Dacian Gold Ltd (100%)	19/11/2029
M	39/0391	Live	Mt Morgans	Dacian Gold Ltd (100%)	17/01/2029

## Tenement Schedule as at 6 October 2014 (continued)

Tenement Type	Tenement	Status	Project	Ownership	Expiry Date
M	39/0392	Live	Mt Morgans	Dacian Gold Ltd (100%)	17/01/2029
M	39/0393	Live	Mt Morgans	Dacian Gold Ltd (100%)	17/01/2029
M	39/0394	Live	Mt Morgans	Dacian Gold Ltd (100%)	17/01/2029
M	39/0395	Live	Mt Morgans	Dacian Gold Ltd (100%)	17/01/2029
M	39/0403	Live	Mt Morgans	Dacian Gold Ltd (100%)	17/01/2029
M	39/0441	Live	Mt Morgans	Dacian Gold Ltd (100%)	8/03/2030
M	39/0442	Live	Mt Morgans	Dacian Gold Ltd (100%)	8/03/2030
M	39/0443	Live	Mt Morgans	Dacian Gold Ltd (100%)	8/03/2030
M	39/0444	Live	Mt Morgans	Dacian Gold Ltd (100%)	8/03/2030
M	39/0497	Live	Mt Morgans	Dacian Gold Ltd (100%)	8/03/2030
M	39/0501	Live	Mt Morgans	Dacian Gold Ltd (100%)	8/03/2030
M	39/0502	Live	Mt Morgans	Dacian Gold Ltd (100%)	8/03/2030
M	39/0503	Live	Mt Morgans	Dacian Gold Ltd (100%)	8/03/2030
M	39/0504	Live	Mt Morgans	Dacian Gold Ltd (100%)	19/11/2029
M	39/0513	Live	Mt Morgans	Dacian Gold Ltd (100%)	8/03/2030
M	39/0745	Live	Mt Morgans	Dacian Gold Ltd (100%)	17/01/2029
M	39/0746	Live	Mt Morgans	Dacian Gold Ltd (100%)	21/01/2029
M	39/0747	Live	Mt Morgans	Dacian Gold Ltd (100%)	21/01/2029
M	39/0799	Live	Mt Morgans	Dacian Gold Ltd (100%)	21/01/2029
M	39/0937	Live	Mt Morgans	Dacian Gold Ltd (100%)	19/11/2029
M	39/0938	Live	Mt Morgans	Dacian Gold Ltd (100%)	18/03/2030
M	39/0993	Live	Mt Morgans	Dacian Gold Ltd (100%)	1/06/2030
P	38/4093	Live	Mt Morgans	Dacian Gold Ltd (100%)	10/03/2018
P	38/4094	Live	Mt Morgans	Dacian Gold Ltd (100%)	10/03/2018
P	38/4095	Live	Mt Morgans	Dacian Gold Ltd (100%)	10/03/2018
P	39/4800	Live	Mt Morgans	Dacian Gold Ltd (100%)	15/01/2017
P	39/4801	Live	Mt Morgans	Dacian Gold Ltd (100%)	15/01/2017
P	39/4807	Live	Mt Morgans	Dacian Gold Ltd (100%)	15/01/2017
P	39/4808	Live	Mt Morgans	Dacian Gold Ltd (100%)	15/01/2017
P	39/4810	Live	Mt Morgans	Dacian Gold Ltd (100%)	15/01/2017
P	39/4811	Live	Mt Morgans	Dacian Gold Ltd (100%)	15/01/2017
P	39/4812	Live	Mt Morgans	Dacian Gold Ltd (100%)	15/01/2017
P	39/4813	Live	Mt Morgans	Dacian Gold Ltd (100%)	15/01/2017
P	39/4814	Live	Mt Morgans	Dacian Gold Ltd (100%)	15/01/2017
P	39/4815	Live	Mt Morgans	Dacian Gold Ltd (100%)	15/01/2017
P	39/5358	Live	Mt Morgans	Dacian Gold Ltd (100%)	1/07/2018
P	39/5359	Live	Mt Morgans	Dacian Gold Ltd (100%)	1/07/2018
P	39/5360	Live	Mt Morgans	Dacian Gold Ltd (100%)	6/03/2018
P	39/5361	Live	Mt Morgans	Dacian Gold Ltd (100%)	16/12/2017
P	39/5362	Live	Mt Morgans	Dacian Gold Ltd (100%)	16/12/2017
P	39/5363	Live	Mt Morgans	Dacian Gold Ltd (100%)	16/12/2017
P	39/5364	Live	Mt Morgans	Dacian Gold Ltd (100%)	16/12/2017
P	39/5365	Live	Mt Morgans	Dacian Gold Ltd (100%)	26/08/2017

Tenement Type	Tenement	Status	Project	Ownership	Expiry Date
P	39/5366	Live	Mt Morgans	Dacian Gold Ltd (100%)	26/08/2017
P	39/5367	Live	Mt Morgans	Dacian Gold Ltd (100%)	16/12/2017
P	39/5368	Live	Mt Morgans	Dacian Gold Ltd (100%)	16/12/2017
P	39/5369	Live	Mt Morgans	Dacian Gold Ltd (100%)	16/12/2017
P	39/5370	Live	Mt Morgans	Dacian Gold Ltd (100%)	16/12/2017
P	39/5371	Live	Mt Morgans	Dacian Gold Ltd (100%)	16/12/2017
P	39/5372	Live	Mt Morgans	Dacian Gold Ltd (100%)	16/12/2017
P	39/5374	Live	Mt Morgans	Dacian Gold Ltd (100%)	16/12/2017
P	39/5375	Live	Mt Morgans	Dacian Gold Ltd (100%)	17/12/2017
P	39/5377	Pending	Mt Morgans	Dacian Gold Ltd (100%)	-
P	39/5378	Live	Mt Morgans	Dacian Gold Ltd (100%)	16/12/2017
P	39/5379	Live	Mt Morgans	Dacian Gold Ltd (100%)	21/08/2017
P	39/5380	Live	Mt Morgans	Dacian Gold Ltd (100%)	21/08/2017
P	39/5381	Live	Mt Morgans	Dacian Gold Ltd (100%)	29/07/2017
P	39/5382	Live	Mt Morgans	Dacian Gold Ltd (100%)	21/08/2017
P	39/5383	Live	Mt Morgans	Dacian Gold Ltd (100%)	21/08/2017
P	39/5384	Live	Mt Morgans	Dacian Gold Ltd (100%)	21/08/2017
P	39/5385	Live	Mt Morgans	Dacian Gold Ltd (100%)	16/12/2017
P	39/5386	Live	Mt Morgans	Dacian Gold Ltd (100%)	16/12/2017
P	39/5387	Live	Mt Morgans	Dacian Gold Ltd (100%)	26/08/2017
P	39/5388	Live	Mt Morgans	Dacian Gold Ltd (100%)	26/08/2017
P	39/5389	Live	Mt Morgans	Dacian Gold Ltd (100%)	16/12/2017
P	39/5390	Live	Mt Morgans	Dacian Gold Ltd (100%)	16/12/2017
P	39/5391	Live	Mt Morgans	Dacian Gold Ltd (100%)	26/08/2017
P	39/5392	Live	Mt Morgans	Dacian Gold Ltd (100%)	16/12/2017
P	39/5393	Live	Mt Morgans	Dacian Gold Ltd (100%)	26/08/2017
P	39/5394	Live	Mt Morgans	Dacian Gold Ltd (100%)	21/08/2017
P	39/5425	Live	Mt Morgans	Dacian Gold Ltd (100%)	16/12/2017
P	39/5426	Live	Mt Morgans	Dacian Gold Ltd (100%)	16/12/2017
P	39/5427	Live	Mt Morgans	Dacian Gold Ltd (100%)	16/12/2017
P	39/5461	Live	Mt Morgans	Dacian Gold Ltd (100%)	9/07/2018
P	39/5469	Pending	Mt Morgans	Dacian Gold Ltd (100%)	-
P	39/5475	Pending	Mt Morgans	Dacian Gold Ltd (100%)	-
P	39/5476	Pending	Mt Morgans	Dacian Gold Ltd (100%)	-
P	39/5477	Pending	Mt Morgans	Dacian Gold Ltd (100%)	-
P	39/5478	Pending	Mt Morgans	Dacian Gold Ltd (100%)	-
P	39/5479	Pending	Mt Morgans	Dacian Gold Ltd (100%)	-
P	39/5490	Pending	Mt Morgans	Dacian Gold Ltd (100%)	-
P	39/5491	Pending	Mt Morgans	Dacian Gold Ltd (100%)	-
P	39/5492	Pending	Mt Morgans	Dacian Gold Ltd (100%)	-
P	39/5493	Pending	Mt Morgans	Dacian Gold Ltd (100%)	-
P	39/5494	Pending	Mt Morgans	Dacian Gold Ltd (100%)	-
P	39/5498	Pending	Mt Morgans	Dacian Gold Ltd (100%)	-

