

Dacian Gold Limited

ABN 61 154 262 978

Financial Statements

For The Half-Year Ended
31 December 2013

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Director's Report

The Directors present the financial statements of Dacian Gold Limited for the half-year ended 31 December 2013.

Directors

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

Rohan Williams	<i>(Non-Executive Chairman)</i>
Paul Payne	<i>(Managing Director)</i>
Robert Reynolds	<i>(Non-Executive Director)</i>
Barry Patterson	<i>(Non-Executive Director)</i>

Company Secretary

Kevin Hart

Significant Changes in the State of Affairs

There have been no significant changes to the state of affairs of the Company during or since the 6 months ended 31 December 2013.

Review of Operations

The net loss after income tax for the half-year was \$3,024,390 (31 December 2012: \$1,967,025), included in this loss for the half-year period is an amount of \$2,435,687 (31 December 2012: \$925,342) in respect of exploration and evaluation costs incurred during the period and not capitalised.

At the end of the half-year the Company had \$13,254,139 (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).

The Company incurred exploration costs of \$2,435,687 during the 6 months ended 31 December 2013 (2012: \$925,342).

Exploration

During the 6 months to 31 December 2013 the Company's exploration activities have been focussed on the Company's Jupiter and Westralia prospects at the Mt Morgan's Gold Project.

Jupiter

Drilling programs at the 2km long mineralised Jupiter corridor during the period were designed to define the depth extensions of the syenite bodies and to outline the structural framework and broad geology of the prospect.

Initial drilling during the period was focussed at the southern end of the 2km long Jupiter prospect and consisted of a program of wide-spaced diamond drill holes. Subsequent drilling at Jupiter was targeted beneath the existing Jupiter pit and in the Link Zone Shear, which is located between the southern zone and the Jupiter pit.

Drill programs completed at Jupiter during the period to 31 December 2013 comprised of approximately 512 metres of RC drilling and 5,605 metres of diamond drilling for a combined total of 6,365 metres.

Director's Report

Review of Operations (continued)

Exploration (continued)

Westralia

Drilling at Westralia during the period commenced with a broad spaced diamond drill infill program at the high grade Millionaires Shoot, followed by the publication of an updated mineral resource of 610,000 oz at 5.9g/t for the wider Westralia Project on 19 December 2013 (see ASX announcement 19 December 2013).

Classification	Tonnes	Au (g/t)	Au (oz)
Measured	150,000	5.0	24,200
Indicated	951,000	5.2	158,000
Inferred	2,112,000	6.3	428,000
Total	3,213,000	5.9	610,000

Westralia Deposit December 2013 Mineral Resource Estimate (2g/t lower cut-off)

Following the resource upgrade the Company completed a step-out drill hole along strike and 100 metres to the north of the Millionaires Shoot. RC pre-collars were completed during the period for further diamond drill testing to be completed in the March 2014 quarter.

Drill programs completed at Westralia during the period to 31 December 2013 comprised of approximately 248 metres of RC drilling and 2,257 metres of diamond drilling for a combined total of 2,505 metres.

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

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.

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 7th day of March 2014.



Paul Payne
Managing Director

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10 Kings Park Road
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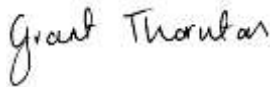
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**Auditor's Independence Declaration
To The Directors of Dacian Gold Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Dacian Gold Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



C A Becker
Partner - Audit & Assurance

Perth, 7 March 2014

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**Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2013**

	Note	31 December 2013 \$	31 December 2012 \$
Revenue	3	283,101	159,300
Total Revenue		283,101	159,300
Employee expenses		(255,065)	(281,685)
Share based employee expense	6	(271,574)	(136,057)
Depreciation and amortisation expenses		(101,543)	(83,544)
Corporate expenses		(84,469)	(36,694)
Occupancy expenses		(41,583)	(37,822)
Marketing expenses		(18,144)	(20,836)
Financing expenses		(7,652)	(8,025)
Exploration costs expensed and written off	9	(2,435,687)	(925,342)
Care and maintenance expenses		-	(292,953)
Administration and other expenses		(91,774)	(303,367)
Loss before income tax	4	(3,024,390)	(1,967,025)
Income tax benefit/expense		-	-
Net loss for the half-year attributable to the members of the parent entity		(3,024,390)	(1,967,025)
Other comprehensive income		-	-
Total comprehensive result for the period attributable to the members of the parent entity		(3,024,390)	(1,967,025)
Loss per share			
Basic and diluted loss per share (cents)		(3.1)	(2.9)

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

**Statement of Financial Position
As at 31 December 2013**

	Note	31 December 2013 \$	30 June 2013 \$
Current assets			
Cash and cash equivalents		13,254,139	15,068,282
Trade and other receivables		201,566	151,126
Total current assets		13,455,705	15,219,408
Non-current assets			
Other financial assets	10	16,335	1,244,035
Property, plant and equipment		511,219	568,502
Exploration and evaluation assets	9	8,131,847	8,131,847
Total non-current assets		8,659,401	9,944,384
Total assets		22,115,106	25,163,792
Current liabilities			
Borrowings		31,310	31,310
Trade and other payables		246,801	527,017
Total current liabilities		278,111	558,327
Non-current liabilities			
Borrowings		33,920	49,574
Provisions		1,207,700	1,207,700
Total non-current liabilities		1,241,620	1,257,274
Total liabilities		1,519,731	1,815,601
Net assets		20,595,375	23,348,191
Equity			
Issued capital	5	29,227,606	29,227,606
Share based payments reserve	6	680,284	408,710
Accumulated losses		(9,312,515)	(6,288,125)
Total equity		20,595,375	23,348,191

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

**Statement of Changes in Equity
For the half-year ended 31 December 2013**

	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 half-year:				
Loss for the half-year	-	(1,967,025)	-	(1,967,025)
Movement in share based payments reserve in respect of options vesting	-	-	136,057	136,057
Transactions with owners in their capacity as owners:				
Shares and Options issued	20,550,000	-	-	20,550,000
Costs of securities issued	(1,309,915)	-	-	(1,309,915)
At 31 December 2012	29,240,175	(2,448,242)	136,057	26,927,990
At 1 July 2013	29,227,606	(6,288,125)	408,710	23,348,191
Total comprehensive result for the half-year:				
Loss for the half-year	-	(3,024,390)	-	(3,024,390)
Movement in share based payments reserve in respect of options vesting	-	-	271,574	271,574
At 31 December 2013	29,227,606	(9,312,515)	680,284	20,595,375

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

Statement of Cash Flows
For the half-year ended 31 December 2013

	Note	31 December 2013 \$	31 December 2012 \$
Cash flows from operating activities			
Interest received		237,977	55,909
Other income		4,128	-
Interest paid		(7,652)	(8,025)
Payments for care and maintenance services		-	(380,662)
Payments to suppliers and employees		(495,318)	(654,585)
Net cash used in operating activities	8	(260,865)	(987,363)
Cash flows from investing activities			
Payments for bonds		-	(21,335)
Proceeds from redemption of bonds		1,227,700	-
Payments for acquisition of exploration assets		-	(615,007)
Payments for exploration and evaluation		(2,718,562)	(717,914)
Payments for plant and equipment		(46,761)	(34,100)
Net cash used in investing activities		(1,537,623)	(1,388,356)
Cash flows from financing activities			
Payments for repayment of finance leases		(15,655)	-
Proceeds from issue of securities		-	20,550,000
Payments for transaction costs relating to share issues		-	(1,309,914)
Net cash from financing activities		(15,655)	19,240,086
Net increase in cash held		(1,814,143)	16,864,367
Cash at the beginning of the period		15,068,282	1,590,779
Cash at the end of the period		13,254,139	18,455,146

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

Notes to the Financial Statements For the half-year ended 31 December 2013

Note 1 Summary of Significant Accounting Policies

(a) Basis of preparation of half-year report

These general purpose financial statements for the half-year reporting period ended 31 December 2013 have been prepared in accordance with Australian Accounting Standard 134: *Interim Financial Reporting* and the Corporations Act 2001. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities as full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the public announcements made by Dacian Gold Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

Adoption of new and revised accounting standards

In the half year ended 31 December 2013, 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 January 2013.

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

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2013. 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.

The half-year financial statements were approved by the Board of Directors on 7th March 2014.

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
For the half-year ended 31 December 2013**

Note 3 Revenue

	31 December 2013 \$	31 December 2012 \$
Interest income	278,973	159,300
Other income	4,128	-
	283,101	159,300

Note 4 Loss before tax

Loss before tax includes the following specific expenses:

	31 December 2013 \$	31 December 2012 \$
Care and maintenance expenses	-	292,953
Insurance	29,678	88,692
Legal fees	2,406	115,168
Recruitment fees	-	70,080
Share based employee expense	271,574	136,057
Exploration costs expensed and written off	2,435,687	841,438

Note 5 Issued capital

Issued capital - Shares	31 December 2013 #	31 December 2012 #	31 December 2013 \$	31 December 2012 \$
At the beginning of the period	96,100,000	55,000,000	29,227,606	10,000,090
Share placement - \$0.50	-	1,100,000	-	550,000
Initial Public Offer -\$0.50	-	40,000,000	-	20,000,000
Costs related to share issues	-	-	-	(1,309,915)
At the end of the period	96,100,000	96,100,000	29,227,606	29,240,175

**Notes to the Financial Statements
For the half-year ended 31 December 2013**

Note 6 Share based payments

During the period the Company issued Nil (2012: 9,500,000) unlisted options over unissued shares in the Company.

The share based payments expense for the period of \$271,574 (2012: \$136,057) relates to the fair value of options apportioned over the respective vesting periods.

Note 7 Options

	31 December 2013	31 December 2012
	#	#
At the beginning of the period	11,150,000	-
Options issued to shareholders	-	1,650,000
Options issued to Directors as remuneration	-	9,500,000
At the end of the period	11,150,000	11,150,000

Note 8 Reconciliation of loss after tax to net cash outflow from operating activities

	31 December 2013	31 December 2012
	\$	\$
Loss from ordinary activities after income tax	(3,024,390)	(1,967,025)
<i>Non-cash items in profit or loss:</i>		
Depreciation	101,543	83,544
Share based payments expense	271,574	136,057
Exploration costs expensed in statement of profit or loss and other comprehensive income	2,435,687	925,342
<i>Movement in assets and liabilities:</i>		
(Increase)/decrease in prepaid expenses	(3,815)	10,460
(Increase)/decrease in accrued income	(40,996)	(103,391)
(Increase)/decrease in other receivables	(1,892)	(61,425)
Increase/(decrease) in payables	1,424	(10,925)
Net cash flow from operating activities	(260,865)	(987,363)

Notes to the Financial Statements For the half-year ended 31 December 2013

Note 9 Exploration costs expensed and written off

The exploration expense for the period of \$2,435,687 (2012: \$925,342) relates to exploration and evaluation costs incurred during the period at the Company's Mt Morgan's Gold Project on areas of interest other than those containing ore reserves and as such they have not been capitalised, in accordance with the Company's accounting policy.

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 10 Other financial assets

Amounts included in other financial assets of \$16,335 (2012: \$1,244,035) are environmental and other security bonds lodged by the Company.

During the 6 months ended 31 December 2013 the Company redeemed bonds amounting to \$1,227,700 following subscription to the Western Australian Mining Rehabilitation Fund. The funds received have been reported as cash assets of the Company and have been invested in short term deposits.

Note 11 Dividends

No dividends were paid or proposed during the period.

The Company has no franking credits available as at 31 December 2013 or 31 December 2012.

Note 12 Contingencies

There have been no material changes in contingent assets or liabilities since the signing of the audited 30 June 2013 financial statements.

Note 13 Events occurring after the balance date

There has not arisen in the interval between the end of the 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.

Note 14 Commitments

The Company has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Company's exploration programmes and priorities. As at balance date, total exploration expenditure commitments on tenements held by the Company have not been provided for in the financial statements.

The Company does not have any material capital commitments as at 31 December 2013.

Directors' Declaration

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

- (a) the half-year financial statements and notes set out on pages 6 to 13 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Australian Accounting Standard AASB 134 – *Interim Financial Reporting*, and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the Company's financial position as at 31 December 2013 and of its performance for the half-year ended on that date.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Signed at Perth this 7th day of March 2014.



Paul Payne
Managing Director

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

We have reviewed the accompanying half-year financial report of Dacian Gold Limited (“Company”), which comprises the statement of financial position as at 31 December 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors’ declaration.

Directors’ responsibility for the half-year financial report

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

Auditor’s responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Dacian Gold Limited financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Dacian Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance

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that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

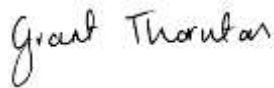
Independence

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

Conclusion

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

- a giving a true and fair view of the Company's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



C A Becker
Partner - Audit & Assurance

Perth, 7 March 2014