

HALF YEAR REPORT FOR THE SIX MONTHS TO 31 DECEMBER 2021

Dacian Gold Limited (ASX:DCN) (Dacian) reports its 31 December 2021 half year financial information and Appendix 4D in accordance with Listing Rule 4.2A. The attached half year report should be read in conjunction with the Financial Report for the year ended 30 June 2021.

Mt Morgans Gold Operations (MMGO) produced 33,018oz at an AISC of \$2,366/oz.

Results for announcement to the market – Half Year

KEY INFORMATION	Units	Dec 2021	Dec 2020	Change	
Revenue from ordinary activities	\$'000	77,916	133,970	(56,054)	down 42%
Profit from ordinary activities after tax attributable to members	\$'000	(42,943)	13,628	(56,571)	down 415%
Net profit/(loss) attributable to members	\$'000	(42,943)	13,628	(56,571)	down 415%
Gold produced	oz	33,018	59,961	(26,943)	down 45%
All in sustaining cost (AISC) ²	\$/oz	2,366	1,356	1,010	up 74%
Average gold price received	\$/oz	2,277	2,259	18	up 1%

(1) All in sustaining cost (AISC) is a non IFRS measure and is made up of the Cash Cost plus royalty expense, corporate expenditure and sustaining capital.

Revenue generated from the MMGO was 42% or \$56M lower reflecting 45% lower gold production for the period compared to the December 2020 half year. The Company delivered the remaining 27,324 ounces of legacy project financing hedging outstanding at 30 June 2021 at an average contract price of \$2,238/oz which reduced access to the higher priced spot market over the period.

Profit from ordinary activities after tax was down 415% or \$57M reflecting the above impact on revenue. The reduced production of gold during this half year translated to lower revenue which after operating costs, investment in the recommencement of underground mining and exploration, resulted in the net loss experienced for the period.

Stripping at Doublejay is forecast to deliver access to the main orebody at Doublejay stage 7 which along with increasing underground access to stoping ore is expected to deliver strong production levels in the second half of FY2022.

Dividend information

No dividends have been paid or declared since the start of the financial year and it is not proposed to pay dividends in respect of the half year.

Net Tangible Assets per ordinary share	Units	Dec 2021	Jun 2021	Change	
		\$	\$	\$	
Net tangible asset backing per ordinary share	\$	0.248	0.304	0.056	down 18.5%

Details of entities over which control has been gained or lost

There have been no acquisitions of entities or losses of control of entities during the period.

FURTHER INFORMATION

Further information is available in the attached 31 December 2021 half year report which contains an Operating and Financial review. The financial statements in the 31 December 2021 half year report have been reviewed by BDO Audit (WA) Pty Ltd and they are not subject to dispute or qualification and do not include any statement of emphasis.

- Ends -

This ASX announcement was approved and authorised for release by the Board of Dacian Gold Limited.

For further information please contact:

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DACIAN GOLD LIMITED

ABN 61 154 262 978

Half Year Financial Report
for the period ended
31 December 2021

DACIAN GOLD LIMITED

ABN 61 154 262 978

**HALF YEAR FINANCIAL REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2021****CORPORATE DIRECTORY**

This half-year report covers Dacian Gold Limited (Dacian or the Company) and its subsidiaries (the Group).

The Group's functional and presentation currency is Australian dollars (\$).

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

Directors

Robert Reynolds	Non-Executive Chairman
Leigh Junk	Managing Director
Eduard Eshuys	Non-Executive Director
Mick Wilkes	Non-Executive Director

Company Secretary

Derek Humphry

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Level 11, 172 St Georges Terrace**Securities Exchange**Listed on the Australian Securities Exchange
ASX Code: DCN**CONTENTS**

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DIRECTORS' REPORT

The Directors present the half year financial report of Dacian Gold Limited and its controlled subsidiaries for the period ended 31 December 2021.

Directors

The names of the Company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Robert Reynolds *(Non-Executive Chairman)*
 Leigh Junk *(Managing Director and CEO)*
 Eduard Eshuys *(Non-Executive Director)*
 Mick Wilkes *(Non-Executive Director) – appointed 10 September 2021*

Company Secretary

Derek Humphry – *appointed 8 December 2021*
 Kevin Hart – *resigned 8 December 2021*

Nature of Operations and Principal Activities

Dacian Gold Limited is an ASX listed Australian mid-tier gold producer. The Company operates the Mt Morgans Gold Operation near Laverton, Western Australia. The operation comprises a 2.5Mtpa CIL treatment plant, the Jupiter and Mt Marven open pit mines and the Greater Westralia area underground and open pit opportunities.

The principal activities of the Group during the period were gold mining, processing and exploration at its 100% owned Mt Morgans Gold Operation.

Operating and Financial Review

Consolidated net loss after tax for the half-year was \$42.9 million (2020: Net profit \$13.6 million).

A summary of the operating result for the Group is set out below:

Key Financial Result	HY Dec. 2021 \$'000	HY Dec. 2020 \$'000	Change \$'000	Change %
Sales revenue	77,916	133,970	(56,054)	(41.8)
Cost of sales (excluding D&A) ⁽ⁱ⁾	(73,176)	(70,166)	(3,010)	(4.3)
Exploration and growth	(9,531)	(10,043)	512	5.1
Corporate, admin and other costs	(4,371)	(4,593)	222	4.8
EBITDA ⁽ⁱ⁾	(9,162)	49,168	(58,330)	(118.6)
Depreciation and amortisation (D&A)	(33,165)	(29,092)	(4,073)	(14.0)
Net interest expense	(616)	(1,255)	639	50.9
Profit/(Loss) before tax	(42,943)	18,821	(61,764)	(328.2)
Income tax expense	-	(5,193)	5,193	100
Reported profit / (loss) after tax	(42,943)	13,628	(56,571)	(415.1)
Cashflow from operating activities	(531)	30,946	(31,477)	(101.7)
Cashflow used in investing activities	(40,875)	(13,161)	(27,714)	(210.6)
Cashflow used in financing activities	32,381	(41,562)	73,943	177.9

(i) EBITDA is a measure of earnings before interest, losses on derivative financial instruments, taxes, depreciation and amortisation. Cost of sales (excluding D&A) and EBITDA are non-IFRS financial information and are not subject to audit. These measures are included to assist investors to better understand the performance of the business.

DIRECTORS' REPORT

Operating and Financial Review (continued)

Mt Morgans Gold Operation (MMGO)

During the half year ended 31 December 2021 the Mt Morgan Gold Operation produced 33,018 ounces of gold at an All in Sustaining Cost (AISC) of \$2,366 per ounce (31 December 2020: 59,961 ounces at an AISC of \$1,356 per ounce). The high AISC is attributable to the low production for the half year reflecting the FY22 planned open pit mining schedule and delayed recommencement of underground mining at Westralia attributable to labour scarcity and other associated Covid-19 challenges. In addition, plant throughput was 5% below plan reflecting maintenance challenges during the half year. The delay of underground production benefits the second half of FY22 when Doublejay 07 commercial production is planned to be strong which forecasts a very strong production period in the remaining six months of the financial year.

Gold sales revenue of \$77.67 million (2020: \$133.7 million) was generated from the sale of 34,117 ounces at an average gold price of \$2,277 (2020: 59,186 ounces sold at average gold price of \$2,259) which was impacted by the delivery of out of the money hedging held at 30 June 2021. Total cost of goods sold inclusive of amortisation and depreciation was \$106.1 million (2020: \$99.0 million).

The dominant source of ore feed to the processing plant during the half year was sourced from the DoubleJay 15, Mt Marven and Heffernans open pits which were all completed during the half year. DoubleJay 07 and 14 continued to be stripped with priority given to DoubleJay 07 which enters commercial production in 2022 calendar year. DoubleJay 14 remains in stripping phase until 2023.

Underground production at Westralia recommenced with the first stope completed in December 2021. The underground operations contributed 22,004 tonnes at 4.19 g/t for 2,962 contained ounces of gold. Drilling and studies are underway to extend mining at these and other underground target locations on the Company's tenement holdings.

The following table summarises the production results for the half-year ended 31 December 2021.

	UOM	HY Dec-21	HY Jun-21	HY Dec-20
<i>Underground</i>				
Stope Ore Mined	kt	12	2	60
Development Ore Mined	kt	10	-	-
Mined Ore Grade	g/t	4.2	5.1	4.5
Contained Gold	oz	2,962	400	8,782
<i>Open Pit Operations</i>				
Ore Mined	kt	1,106	1,186	1,451
Mined Ore Grade	g/t	0.8	1.1	1.3
Contained Gold	oz	27,997	41,461	61,899
Waste Mined	kbcm	3,846	4,065	4,692
<i>Processing</i>				
Ore Milled	kt	1,392	1,520	1,427
Head Grade	g/t	0.8	1.06	1.4
Recovery	%	91.3	90.6	92.3
Gold produced	oz	33,018	46,957	59,961
Gold Sold	oz	34,117	49,084	59,186

DIRECTORS' REPORT

Operating and Financial Review (continued)

Exploration & Growth

During the half year the Group has been active across its large tenement package with multiple exploration and resource definition work streams advancing with a focus during FY22 on growth opportunities. Key programs included the Jupiter extension program targeting syenite pipes below the existing mining areas, and Cameron Well's Piccolo Star prospect at the structural intersection with the Mt Marven Shear Zone.

The Jupiter extension program produced multiple wide intersections in bulk stockwork mineralisation at the syenite basalt contact, and within the syenite pipes, below the Jupiter open pits at Ganymede, Heffernans and Doublejay. The drilling program continues, with planning of further holes also being designed to test beneath Saddle pit and the zone between Doublejay and Heffernans to test for additional syenite pipes and mineralisation.

The Cameron Well program identified numerous high grade intersections.

Notable results from the above programs were:

- Diamond drilling beneath Jupiter open pits demonstrates grade and size potential with:
 - 102.9m @ 1.4g/t Au from 436.3m including 14.7m @ 7.2g/t Au from 468m, intersected 160m below Heffernans
 - 44.5m @ 1.1g/t Au from 247.1m, intersected 130m below Ganymede
 - 215.2m @ 0.9g/t from 598m below Heffernans, including
 - 34.8m @ 2.2g/t from 605.8m
 - 202.6m @ 1.1g/t from 497m below Doublejay, including
 - 27.5m @ 1.7g/t from 585.0m
- RC drilling at Cameron Well delivered numerous intercepts across 750m of strike with significant intercepts include:
 - 5m @ 6.3g/t Au from 81m
 - 4m @ 6.7g/t Au from 108m
 - 5m @ 5.2g/t Au from 84m
 - 12m @ 2.1g/t Au from 59m
 - 18m @ 1.1g/t Au from 174m
 - 4m @ 4.7g/t Au from 162m
 - 11m @ 1.7g/t Au from 92m
 - 15m @ 1.2g/t Au from 108m
 - 1m @ 17.0g/t Au from 214m to EOH
 - 4m @ 2.7g/t Au from 199m to EOH

Corporate

Total cash at 31 December 2021 was \$26.9 million (30 June 2021: \$35.9 million). During the half year the Company established a new ANZ Facility for a total of \$16 million to replace the syndicated project finance debt. The ANZ Facility has a fixed repayment schedule that has been re-sculptured and extended until December 2022 to align with the Company's mine plan and cash flow profile (see ASX announcement dated 31 August 2021).

During the half-year, the Company delivered its remaining project finance related legacy hedging of 27,324 ounces realising a hedging decrement of \$5.9M. During the December 2021 quarter a new hedging program was commenced targeting approximately 30% of forecast production over calendar 2022. At 31 December 2021, the Company had hedge contracts of 25,650 ounces at a weighted average delivery price of \$2,418 per ounce for delivery over the period to 31 July 2022 (30 June 2021: 27,324 ounces at a weighted average delivery price of \$2,238 per ounce over the period to 31 December 2021).

DIRECTORS' REPORT

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Group during the half-year, not otherwise disclosed in this 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 Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Rounding off

The Company is of a kind referred to in ASIC Instrument 2016/191 dated 24 March 2016 and in accordance with that instrument, amounts in the Financial Statements and Directors' Report have been rounded to the nearest thousand dollars, unless otherwise stated.

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 25th day of February 2022



Leigh Junk

Managing Director and CEO

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF DACIAN GOLD LIMITED

As lead auditor for the review of Dacian Gold Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Dacian Gold Limited and the entities it controlled during the period.



Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 25 February 2022

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	Note	Consolidated	
		31 December 2021 \$'000	31 December 2020 \$'000
Revenue	2	77,916	133,970
Cost of goods sold	3	(106,067)	(99,040)
Gross profit/(loss)		(28,151)	34,930
Corporate employee expenses	3	(1,705)	(1,812)
Share-based employee expense	10	(731)	(607)
Finance costs	3	(993)	(1,932)
Finance income		25	119
Exploration and growth		(9,531)	(10,043)
Other expenses	3	(1,857)	(1,834)
Profit / (Loss) before income tax		(42,943)	18,821
Income tax (expense) / benefit	4	-	(5,193)
Net profit / (loss) for the period attributable to the members of the parent entity		(42,943)	13,628
Other comprehensive income for the period, net of tax		-	-
Total comprehensive profit / (loss) for the period attributable to the members of the parent entity		(42,943)	13,628
Profit/(Loss) per share			
Basic and diluted earnings per share attributable to ordinary equity holders of the parent (cents per share)		(4.4)	2.4

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Consolidated	
		31 December 2021 \$'000	30 June 2021 \$'000
Current assets			
Cash and cash equivalents		26,917	35,942
Receivables		4,411	3,906
Inventories	5	17,286	19,431
Total current assets		48,614	59,279
Non-current assets			
Property, plant and equipment	6	81,183	89,544
Exploration and evaluation assets		103,504	103,504
Mine properties	7	110,485	95,606
Deferred tax assets	4	13,106	13,070
Total non-current assets		308,278	301,724
Total assets		356,892	361,003
Current liabilities			
Trade and other payables		29,439	26,228
Provisions		1,589	1,343
Borrowings	8	19,942	18,713
Total current liabilities		50,970	46,284
Non-current liabilities			
Provisions		28,504	28,771
Borrowings	8	8,374	8,911
Total non-current liabilities		36,878	37,682
Total liabilities		87,848	83,966
Net assets		269,044	277,037
Equity			
Issued capital	9	491,318	457,099
Share-based payments reserve		6,077	5,346
Accumulated losses		(228,351)	(185,408)
Total equity		269,044	277,037

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Consolidated			
	Issued capital	Share reserve	Accumulated losses	Attributable to owners of the parent
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2020	338,904	2,250	(178,512)	162,642
Reported profit / (loss) for the period	-	-	13,628	13,628
Other comprehensive income	-	-	-	-
Total comprehensive profit for the period	-	-	13,628	13,628
Deferred tax on share issue costs	(402)	-	-	(402)
Share issue costs	(60)	-	-	(60)
Performance rights exercised	153	(153)	-	-
Performance rights forfeited	-	(605)	605	-
Share-based payments expense	314	293	-	607
Balance at 31 December 2020	338,909	1,785	(164,279)	176,415
Balance at 1 July 2021	457,099	5,346	(185,408)	277,037
Reported profit / (loss) for the period	-	-	(42,943)	(42,943)
Other comprehensive income	-	-	-	-
Total comprehensive profit for the period	-	-	(42,943)	(42,943)
Shares issued	35,905	-	-	35,905
Share issue costs	(1,722)	-	-	(1,722)
Deferred tax on share issue costs	36	-	-	36
Performance rights exercised	-	-	-	-
Performance rights forfeited	-	-	-	-
Share-based payments expense	-	731	-	731
Balance at 31 December 2021	491,318	6,077	(228,351)	269,044

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Consolidated	
	31 December 2021 \$'000	31 December 2020 \$'000
Cash flows from operating activities		
Gold sales	77,670	133,713
Interest received	25	119
Other income	246	257
Interest paid	(377)	(1,149)
Payments for exploration and growth	(9,497)	(10,170)
Payments to suppliers and employees	(68,598)	(91,824)
Net cash from operating activities	(531)	30,946
Cash flows from investing activities		
Payments for mine properties expenditure	(39,715)	(11,216)
Payments for plant and equipment	(1,169)	(1,945)
Proceeds from disposal of assets	9	-
Transfer from/(to) cash reserved for debt service	-	-
Net cash from investing activities	(40,875)	(13,161)
Cash flows from financing activities		
Proceeds from issue of share capital	35,905	-
Share issue transaction costs	(1,771)	(87)
Repayment of borrowings	(16,196)	(40,725)
Proceeds from borrowings	16,000	-
Transaction costs associated with borrowings	(280)	(485)
Premiums paid on put options	-	(265)
Repayment of lease liabilities	(1,277)	-
Net cash from financing activities	32,381	(41,562)
Net decrease in cash and cash equivalents	(9,025)	(23,777)
Cash and cash equivalents at the beginning of the period	35,942	51,976
Cash and cash equivalents at the end of the period	26,917	28,199

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 2021

(a) Basis of Preparation and Accounting Policies

The interim consolidated financial statements of Dacian Gold Limited and its subsidiaries (collectively referred to as the “Group”) for the six months ended 31 December 2021 have been prepared in accordance with Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Dacian Gold Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as noted below.

The interim consolidated financial statements were approved by the Board of Directors on the 25th of February 2022.

(b) New and amended standards adopted by the Group

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company’s annual financial report for the financial year ended 30 June 2021.

These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) that are mandatory for the current period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(c) Use of judgements and estimates

In preparing these interim financial statements, the Company’s management have made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by the Company’s management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

Note 1 Segment Information

The Group 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 Group's sole activity is mineral production, exploration and development at the Mt Morgans Gold Operation ("MMGO") wholly within Australia, therefore it has aggregated all operating segments into the one reportable segment being mineral production, exploration and development.

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

Note 2 Revenue

	31 December 2021 \$'000	31 December 2020 \$'000
<i>Revenue from contracts with customers</i>		
Gold Sales	77,670	133,713
Silver Sales	246	257
	77,916	133,970

Gold forward contracts delivery commitments

The Group enters into gold forward sale contracts and put options to manage the gold price of a proportion of gold sales.

The forward sale contracts are settled by the physical delivery of gold as per the contract terms. The gold forward sale contracts are accounted for as gold sales contracts with revenue recognised once the gold has been delivered to the counterparties. Consistent with the gold sales revenue recognition policy, the physical gold delivery contracts are considered to sell a non-financial item and therefore do not fall within the scope of *AASB 9: Financial Instruments*.

Gold forward contracts outstanding at balance date are summarised in the table below.

	Gold for physical delivery oz	Weighted Average contract sale price \$/oz	Value of committed sales \$'000
Due within 1 year	25,650	2,418	62,022
	25,650	2,418	62,022

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

Note 3 Expenses

	31 December 2021 \$'000	31 December 2020 \$'000
a) <i>Cost of goods sold</i>		
Costs of production	71,380	66,433
Royalties	1,794	3,733
Depreciation of mine plant and equipment	10,569	10,299
Amortisation of mine properties	22,324	18,575
	106,067	99,040
b) <i>Finance costs</i>		
Unwind of rehabilitation and restoration provision	104	42
Transaction costs	352	516
Interest expense on borrowings	537	1,374
	993	1,932
c) <i>Corporate employee expenses</i>		
Salaries and wages	957	1,119
Director fees and consulting expenses	458	423
Defined contribution superannuation	122	141
Other employment expenses	168	129
	1,705	1,812
d) <i>Other expenses</i>		
Unrealised income / (loss) on derivative instruments	-	(211)
Administration & corporate	1,585	1,827
Non-production depreciation	272	218
	1,857	1,834

Note 4 Income Tax

Income tax expense for the period is \$nil (31 December 2020: \$5.2 million).

The value of tax losses (gross basis not tax effected) available to the Group at 31 December 2021 for income tax purposes is \$357.1 million, which comprises (for accounting) recognised tax losses totalling \$97.3 million and unrecognised tax losses totalling \$259.8 million (30 June 2021: \$261.3 million (including \$65.0 million recognised)). Utilisation will be subject to relevant tax legislation associated with recoupment including the same business test and continuity of ownership test. The Group has a reasonable expectation that these losses can be carried forward to future years for income tax purposes.

Note 5 Inventories

	31 December 2021 \$'000	30 June 2021 \$'000
ROM inventory	2,305	3,277
Crushed ore	1,276	1,471
Gold in circuit	5,884	5,332
Gold dore	3,189	5,557
Mine spares and stores – cost	4,632	3,794
	17,286	19,431

⁽ⁱ⁾ At 31 December 2021, ROM stocks, dore and gold in circuit was carried at NRV rather than cost. At 30 June 2021 gold in circuit was carried at net realisable value rather than cost, reflecting out of the money forward gold hedge commitments at that time.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**
Note 6 Property, Plant and Equipment

	31 December 2021 \$'000	30 June 2021 \$'000
Cost	154,375	152,676
Accumulated depreciation	(73,192)	(63,132)
Net Book Value	81,183	89,544
Movements:		
Opening net book value	89,544	107,205
Additions	2,511	3,944
Disposals	(32)	(117)
Depreciation expense	(10,840)	(21,488)
Closing net book value	81,183	89,544

Note 7 Mine Properties

	31 December 2021 \$'000	30 June 2021 \$'000
Opening carrying amount	95,606	84,486
Additions	37,686	46,420
Change in rehabilitation provision	(483)	7,582
Amortisation expense	(22,324)	(42,882)
Closing net book value	110,485	95,606

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

Note 8 Borrowings and Finance Costs

	31 December 2021 \$'000	30 June 2021 \$'000
Current:		
Insurance premium funding liability	1,360	172
Lease Liabilities	2,582	2,345
Bank Loan	16,000	16,196
	19,942	18,713
Non-Current:		
Lease Liabilities	8,374	8,911
	8,374	8,911

Bank loan

During the half year a new ANZ Corporate Facility for a total of \$16 million was established replacing the Company's syndicated project finance debt. The terms of the new facility are comparable to the Company's previous facility. The ANZ Corporate Facility has a fixed repayment schedule that has been re-sculptured and extended to December 2022 to align with the Company's recent mine plan and cash flow profile.

Note 9 Issued Capital

	31 December 2021 No.	30 June 2021 No.	31 December 2021 \$'000	30 June 2021 \$'000
Issued share capital	1,085,077,063	910,625,572	491,318	457,099
<i>Share movements during the year</i>				
Balance at the start of the period	910,625,572	556,264,777	457,099	338,904
Share issue	174,451,491	354,117,018	35,905	119,543
Exercise of performance rights	-	51,921	-	153
Less share issue costs	-	-	(1,722)	(1,510)
Deferred tax on share issue costs	-	-	36	(304)
Share-based payments for the year	-	191,856	-	313
Balance at the end of the period	1,085,077,063	910,625,572	491,318	457,099

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

Note 10 Share-Based Payments

The Group provides benefits to employees (including Executive Directors) of the Group through share-based incentives.

Options over Unissued Shares

During the half-year ended 31 December 2021, 300,000 options over unissued shares were granted pursuant to the Group's Employee Share Option Plan (31 December 2020: \$Nil). The share-based payments expense in relation to the options issued for the period was \$23,280 (31 December 2020: \$nil).

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

	31 December 2021		31 December 2020	
	No.	WAEP	No.	WAEP
Options outstanding at the start of the period	22,222,222	\$0.27	1,250,000	\$1.81
Options granted/ (expired) during the period	300,000	\$0.28	(400,000)	\$0.60
Options exercised during the period	-	-	-	-
Options outstanding at the end of the period	22,522,222 ⁽ⁱ⁾	\$0.27	850,000	\$2.37

(i) 300,000 options with an exercise price of \$0.28 and expiry date of 10 September 2026 were issued in connection with the appointment of non-executive director, Mick Wilkes.

b) Subsequent to the reporting date

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

c) Weighted average contractual life

The weighted average contractual life for vested and un-exercised options at 31 December 2021 is 3 months (31 December 2020: 4 months).

Performance Rights

During the half-year ended 31 December 2021, 10,617,758 performance rights (31 December 2020: 5,325,482) were granted to employees, pursuant to the terms of the Dacian Gold Limited Employee Securities Investment Plan. The share-based payments expense for the period includes \$0.7 million (31 December 2020: \$0.6 million) relating to the fair value of performance rights apportioned over the respective vesting period.

a) Reconciliation of movement of performance rights during the period including weighted average fair value.

	31 December 2021		31 December 2020	
	No.	WAFV	No.	WAFV
Rights outstanding at the start of the period	12,582,585	\$0.36	9,548,346	\$0.51
Rights granted during the period	10,617,758	\$0.15	5,325,482	\$0.25
Rights vested during the period	-	-	(51,921)	\$2.94
Rights forfeited during the period	(1,914,428)	\$0.20	(1,163,091)	\$1.04
Rights outstanding at the end of the period	21,285,916	\$0.27	13,658,816	\$0.36

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

Note 10 Share-Based Payments (continued) – Performance Rights

b) Fair value of performance rights granted

The fair value of the 10,617,758 performance rights granted were determined using Monte Carlo simulation, a review of historical share price volatility and correlation of the share price of the Company to its Peer Group. Further details of the basis of valuation of currently outstanding performance right appear below.

Tranche	Metrics	Date of grant	Measurement date	Number of rights	Date of vesting	Share price on grant date	Fair value at grant date	Expected share price volatility	Expected dividend yield	Expected risk free rate
1	RTSR	4 November 21	30 June 23	1,432,467	30 June 23	\$0.215	\$0.137	60%	0%	1.37%
1	ATSR	4 November 21	30 June 23	1,432,467	30 June 23	\$0.215	\$0.0916	60%	0%	1.37%
1	Growth	4 November 21	30 June 23	1,432,468	30 June 23	\$0.215	\$0.215	60%	0%	1.37%
2	RTSR	4 November 21	30 June 24	2,106,785	30 June 24	\$0.215	\$0.1555	60%	0%	1.37%
2	ATSR	4 November 21	30 June 24	2,106,785	30 June 24	\$0.215	\$0.1014	60%	0%	1.37%
2	Growth	4 November 21	30 June 24	2,106,786	30 June 24	\$0.215	\$0.215	60%	0%	1.37%
Total				10,617,758						

c) Vesting conditions of performance rights issued during the period

Vesting conditions of the performance rights issued in the half-year period are detailed below:

Tranche	Measurement Date	Date of vesting	Number of rights	Metric	Achieved LTI
1	30 June 2023	30 June 2023	4,297,402	33% - RTSR performance to peers 33% - ATSR performance on share price 33% - Reserve Growth (measured over the 2 years - 1 July 21 to 30 June 23)	-
2	30 June 2024	30 June 2024	6,320,356	33% - RTSR performance to peers 33% - ATSR performance on share price 33% - Reserve Growth (measured over the 2 years - 1 July 21 to 30 June 23)	-
Total			10,617,758		

On vesting, each right automatically converts to one ordinary share. If the employee ceases employment before the rights vest, the rights will be forfeited, except in limited circumstances that are approved by the board.

Note 11 Commitments & Contingencies

There have been no significant changes to commitments and contingencies disclosed in the most recent financial report.

Note 12 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 Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

DIRECTORS' DECLARATION

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

- a. The interim financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year then ended; and
 - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
- b. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

DATED at Perth this 25th day of February 2022



Leigh Junk

Managing Director

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dacian Gold Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Dacian Gold Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company 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 internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 Group's financial position as at 31 December 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Glyn O'Brien', written over a faint blue 'BDO' stamp.

Glyn O'Brien

Director

Perth, 25 February 2022