

QUARTERLY ACTIVITIES REPORT

June 2022

ASX RELEASE

20 July 2022

Issued Capital as at 30 June 2022

1,085.1M shares outstanding

Market Capitalisation as at 30 June 2022

\$89.0M @ \$0.082 per share

BOARD

Mick Wilkes
Non-Executive Chair

Eduard Eshuys
Non-Executive Director

Sue-Ann Higgins
Non-Executive Director

SUBSTANTIAL SHAREHOLDERS as at 30 June 2022

Gold Road (6.8%)
Paradise (6.7%)
Perennial (6.2%)
Regal Funds (6.7%)

REGISTERED OFFICE

Level 19, 58 Mounts Bay Road
Perth WA 6000
Australia

Production up 45% from the March Quarter

Operations & Development

- Improved safety performance
- Improved gold production over previous quarter:
 - June quarter production of 34,182 oz at an AISC of \$1,522/oz Cash
- Improved mill performance at 3.1m tonnes on an annualised basis:
 - Record ore milled for the quarter of 776,720t
- Full year FY22 production was 90,809 oz, (guidance 93,000-97,000oz), at AISC of \$1,955/oz (guidance \$1,850-\$1,950/oz)
- Redcliffe project deferred

Exploration & Growth

- Jupiter extension drill program continued to confirm mineralisation of significant width and scale associated with the Syenite intrusive system below the open pits, with key intercepts reported for the quarter included:
 - Drillhole 22JUDD0818W1:
 - 268.8m @ 0.8g/t from 396m
 - Drillhole 22JUDD0822:
 - 39.7m @ 3.0g/t from 262m
 - Drillhole 22JUDD0819:
 - 146.0m @ 0.6g/t from 307m
 - 22.6m @ 1.3g/t from 173m
 - 15.2m @ 1.0g/t from 236m
 - Drillhole 22JUDD0808:
 - 185m @ 0.4g/t from 207m
 - Drillhole 22JUDD0828:
 - 102.5m @ 0.7g/t from 291m
 - 44.1m @ 1.1g/t from 471m
 - 24.3m @ 1.3g/t from 169m

- Drillhole 22JUDD0833:
 - 14.9m @ 1.2g/t from 305m
 - 11.1m @ 2.2g/t from 369m
 - 41.5m @ 2.1g/t from 667m
 - 55.2m @ 0.9g/t from 548m
- Drillhole HFRD_inpit_0016:
 - 73m @ 3.2g/t from 124m
- Drillhole HFRD_inpit_0017:
 - 77m @ 1.4g/t from 123m
- Drillhole HFRD_inpit_0014:
 - 81m @ 1.3g/t from 92m
- Drillhole 22JUDD0829
 - 162.4m @ 1.0g/t from 289.7m
 - 26.0m @ 2.2g/t from 426.0m
 - 10.3m @ 2.7g/t from 197.1m
- Drillhole 22JUDD0836
 - 92.7m @ 1.2g/t from 452.4m
- Exploration and growth drilling of 23,987m for the quarter

Corporate & Finance

- Cash and gold on hand at 30 June 2022 of \$21.6M, with debt of \$2.0M
- Post quarter end \$12.6M placement proceeds received 12 July 2022
- Forward hedge position was 10,500oz at an average gold price of \$2,667/oz

Dacian Gold Limited (Dacian Gold or the Company) (ASX: DCN) provides its operating and financial results for the quarter ending 30 June 2022.

OPERATIONS & DEVELOPMENT

OVERVIEW

The Company is pleased to advise its 12-month rolling Total Recordable Injury Frequency Rate (TRIFR) has continued to fall, and at 30 June 2022 was 5.4 (31 March 2022: 6.6).

The Mt Morgans Gold Operation (MMGO) recovered 34,182oz during the June quarter, up 45% on March 2022 quarter, at an All in Sustaining Cost (AISC) of \$1,522/oz.

The open pit production performed strongly, with the scheduled thick ore zones from the Doublejay 07 reached in late February and providing the majority of processing plant feed for the quarter.

While the Company's management of Covid-19 at its operation has resulted in minimal on-site transmission, with measures put in place to mitigate the risks associated with Covid-19, the ongoing impact on supply chains and skilled labour shortage continues to challenge the Company's operations and cost base. Underground stoping and development continued to suffer from this, with extraction of stopes previously planned for the June quarter now expected in July and August.

As a result, full year production for FY22 was 90,809 oz at AISC of \$1,955/oz, being below the bottom end of production guidance of 93,000 to 97,000 oz, and marginally above the top end of AISC guidance of \$1,850-\$1,950/oz.

On 17 June 2022 the Company announced that the rapid change of the operating environment over the previous 6 months had seen significant inflationary cost pressures, which resulted in an increase in cost base, prompting a review of the operating strategy as follows:

- Open pit mining operations at Jupiter were suspended at the end of June 22;
- Underground operations to continue until the previously developed stopes have been mined in Q1, FY23;
- Hub (Redcliffe) project suspended awaiting mining approvals;
- Processing of existing stockpiles to commence in Q1, FY23;
- Drill testing at Jupiter to continue following encouraging results.

Given the pivot in production to processing low grade stockpiles, a grade control and metallurgical testwork program has been initiated over the historic heap leach stockpile, representing approximately 3.5Mt of the low grade ore reserves, to identify any opportunities for preferential treatment. A total of 5,600m of grade control drilling was completed in June, with the program continuing in July. This new operating strategy replaces the previously adopted Five Year Mine Plan (refer to Dacian 2021 Annual Report released to ASX on 22 October 2021) as the Company moves forward focussed on exploration, increasing Resources and developing a leaner operating model.

OPEN PIT

A total of 822,595t @ 1.25g/t Au containing 33,162oz was mined from the Doublejay open pits at Jupiter during the June quarter, with 726,259t @ 1.34g/t Au containing 31,331oz delivered to the processing plant ROM pad for treatment (see Table 1).

A total of 0.95M bcm of material was mined from open pits during the quarter.

Table 1: Key open pit statistics

Key Open Pit Statistics	Unit	Jun 22 Q	Mar 22 Q
Ore Mined – to ROM	t	726,259	653,541
Mined Grade	g/t Au	1.34	1.13
Contained Gold Mined	oz	31,331	23,677
Ore Mined – to Stockpile	t	96,336	92,199
Mined Grade	g/t Au	0.59	0.57
Contained Gold Mined	oz	1,831	1,701
Ore Mined – Total	t	822,595	745,740
Mined Grade	g/t Au	1.25	1.06
Contained Gold Mined	oz	33,162	25,378
Waste Mined	t	1,723,401	2,920,024
Total Material Mined	t	2,545,996	3,665,764
Total Material Mined	bcm	946,504	1,343,551
Open Pit Mining Cost	\$/t	9.88	6.15

A total of 14,170m of RC grade control drilling was completed during the quarter across the open pits.

UNDERGROUND

The Westralia and Craic underground mines produced 48,595t @ 2.9g/t Au for 4,575 contained ounces (see Table 2).

Ore was produced from development and stoping activities at Craic, Beresford, and Allanson mine areas, with stoping contributing approximately 36% of the underground mined ore tonnes in the quarter (March Qtr: 20%).

Table 2: Key underground statistics

Key Underground Statistics	Unit	Jun 22 Q	Mar 22 Q
Stope Ore Mined	t	17,569	6,189
Development Ore Mined	t	31,026	23,904
Total Ore Mined	t	48,595	30,092
Mined Ore Grade	g/t	2.93	3.46
Contained Gold Mined	oz	4,575	3,346
Metres Developed – Capital	m	126.0	533.4
Metres Developed – Operating	m	609.7	472.8
Total Development	m	735.7	1,006.2

PROCESSING

A total of 776,720t of ore was milled during the quarter (equivalent to an annualised rate of 3.1M tonnes per annum), at an average feed grade of 1.49g/t Au containing 37,220oz (see Table 3).

A total of 34,182oz was recovered for the quarter at a recovery rate of 91.8%.

Table 3: Key processing statistics

Key Processing Statistics	Unit	Jun 22 Q	Mar 22 Q
Ore Milled	t	776,720	741,991
Processed Grade	g/t Au	1.49	1.08
Contained Gold	oz	37,220	25,645
Gold Recovery	%	91.8	92.1
Processing Cost	\$/t	22.99	20.79
G&A Cost	\$/t	2.37	2.74
Gold Recovered	oz	34,182	23,608
Gold Sold	oz	34,968	22,410
Gold-on-Hand	oz	1,577	1,839
Average Sale Price	A\$/oz	2,555	2,505

REDCLIFFE DEVELOPMENT

The Company progressed the Hub and GTS open pits to a development ready position at 30 June 2022, subject to pending approvals. Grade control drilling was completed for both pits. Given delays in government approvals, coupled with the escalating costs, the Company is re-considering future production options at Hub and GTS which align with the new strategy for the MMGO. Accordingly, no decision has been made in relation to commencement of mining at Redcliffe in the near future and cost mitigation has commenced on pre-development activities.

EXPLORATION & GROWTH

During the quarter, the Company invested \$7.3M in exploration and growth activities, up from \$6.1M in the March quarter, reflecting an acceleration of inground activity following completion of initial baseload targeting work.

A total of 15,731m was drilled across key targets, principally, the Jupiter extension program (8,244m of diamond drilling) and Cameron Well (1,590m of diamond drilling and 3,141m of RC drilling), with 2,756m of RC drilling at the Southern tenements. A further 8,256m of resource definition drilling was conducted at the MMGO (6,159m underground diamond drilling at Westralia and 2,097m of RC drilling at Doublejay and Marven open pits).

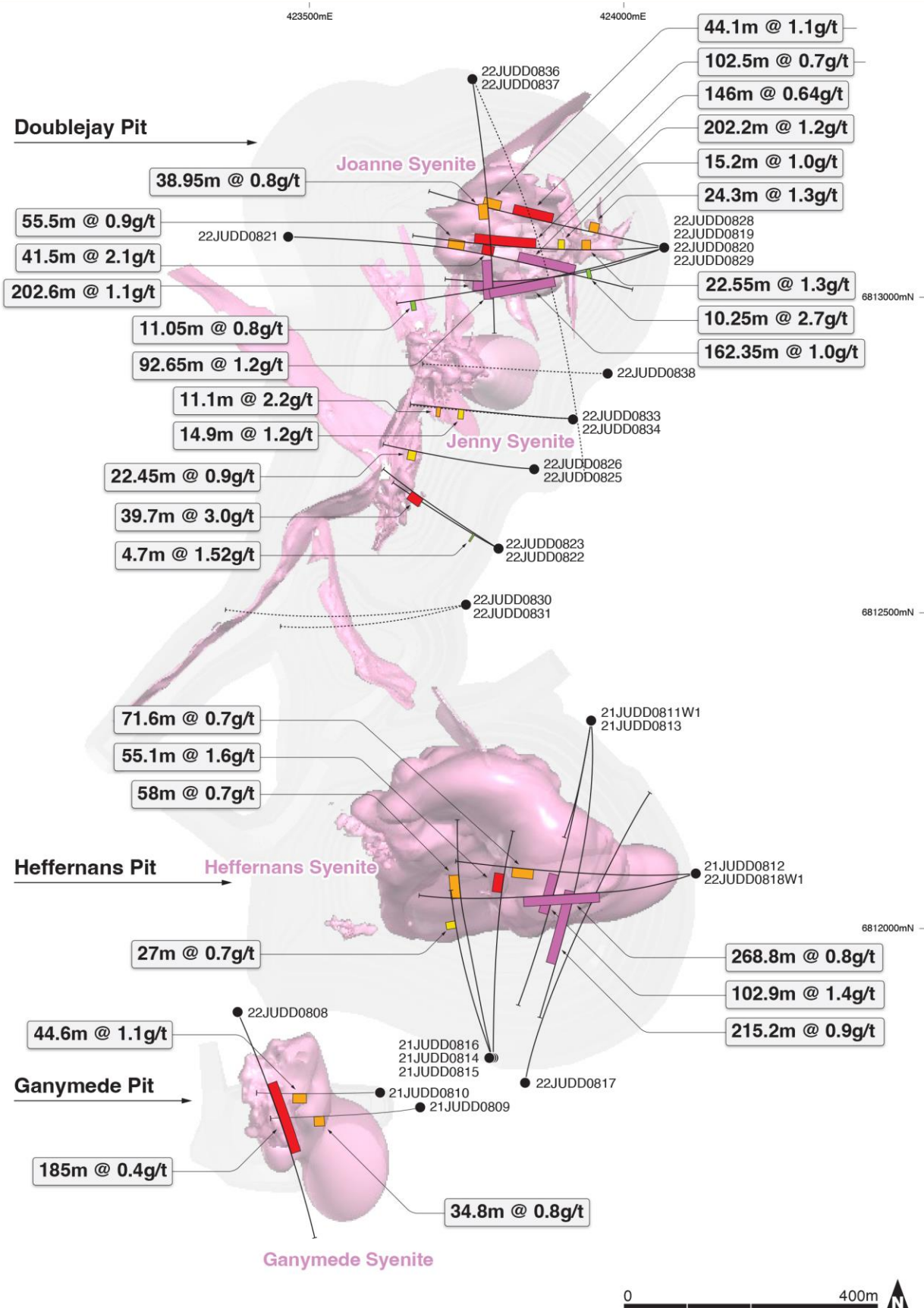
JUPITER EXTENSION

During the quarter the Company continued the extension drilling program at the Jupiter mining complex, intersecting significant mineralisation within the syenite intrusive system (see ASX announcements 17 June and 30 June 2022).

- Drillhole 22JUDD0818W1:
 - 268.8m @ 0.8g/t from 396m, including:
 - 22.9m @ 2.2g/t from 642m
- Drillhole 22JUDD0822:
 - 39.7m @ 3.0g/t from 262m

- Drillhole 22JUDD0819:
 - 146.0m @ 0.6g/t from 307m
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 - 15m @ 3.7g/t from 164m
- Drillhole HFRD_inpit_0014:
 - 81m @ 1.3g/t from 92m including:
 - 7m @ 6.2g/t from 92m
- Drillhole 22JUDD0829
 - 162.4m @ 1.0g/t from 290m, including:
 - 26.0m @ 2.2g/t from 426m
 - 10.3m @ 2.7g/t from 197m
- Drillhole 22JUDD0836
 - 92.7m @ 1.2g/t from 452m, including:
 - 40.2m @ 1.7g/t from 497m
 - 39.0m @ 0.8g/t from 314m

These results follow the earlier successful drilling from the Jupiter extension program at Ganymede, Heffernans and Doublejay (see ASX announcements 25 October 2021, 21 December 2021, 18 January 2022 7 March 2022, 4 April 2022, 17 June 2022, 30 June 2022, and 18 July 2022).



Jupiter Mining Area Plan View

Mt Morgans Gold Operation
July 2022. GDA 94 Zone 51

DACIAN GOLD

Interpreted Geology
Syenite Wireframe
Resource Model

Final Pit Design

Exploration Drilling 2021 to date

Previously Released Assays

In progress/Assays pending

Intersection Grade as GxM*

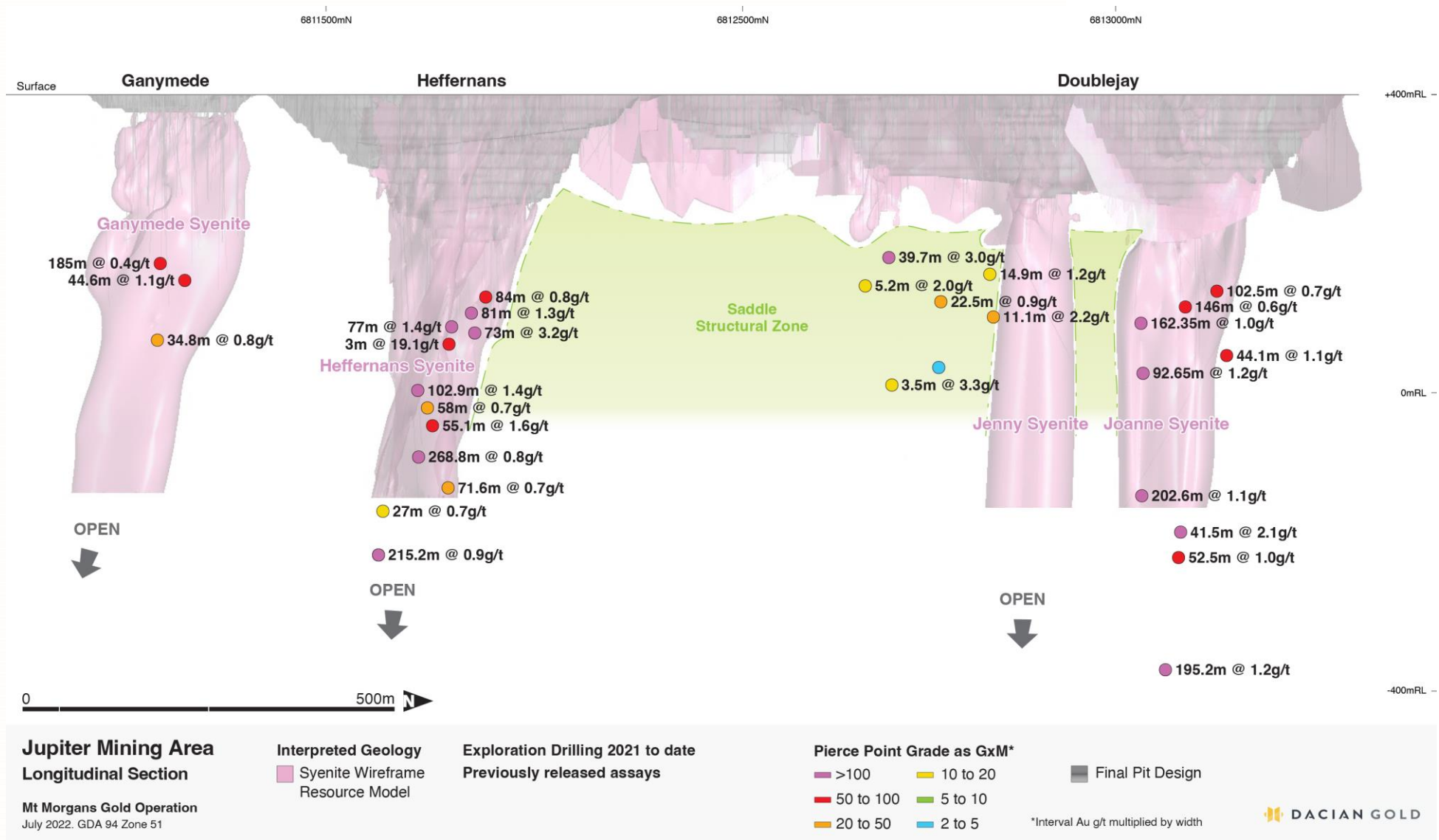
>100 10 to 20

50 to 100 5 to 10

20 to 50 2 to 5

*Interval Au g/t multiplied by width

Figure 1: Plan view of the Jupiter syenite complex with the new hole collars and final pit design outline



CORPORATE & FINANCE

On 17 June 2022, the Company announced it was suspending mining operations at the MMGO and shifting to processing low grade stockpiles, while accelerating Jupiter extension drilling. As part of this change in strategic direction, the General Manager for Geology and Exploration, Dale Richards, was appointed CEO and Leigh Junk, Managing Director has resigned. The Company would like to thank Leigh for his contribution and effort to reinvigorate Dacian. Leigh took on a substantial challenge in early 2020 and has overseen rebuilding the Dacian management team, including the appointment of Dale to lead exploration, the orderly pay down of debt and other obligations as the Company aggressively pursued regional consolidation, and organic based exploration growth. Unfortunately, the deteriorating economic conditions hampered the Company's goals. The 17 June 2022 pivot to exploration and a new operating model has been necessary to re-shape the future of the Company centred around the bulk mining potential identified at Jupiter.

Shortly after quarter end the Company entered a trading halt and on 5 July 2022 announced a takeover offer from Genesis Minerals Limited (Genesis) (**Offer**). The Offer has been unanimously recommended by the Dacian Board, in the absence of a superior proposal. The Offer has also been supported by one of Dacian's largest shareholders, Perennial, who has entered into a Pre-Bid Agreement with Genesis, under which Perennial has agreed to accept the Offer in respect of all its Dacian Shares (representing approximately 76.4M Dacian shares).

Under the Offer, Dacian Shareholders will be entitled to receive 0.0843 Genesis Shares for every 1 Dacian Share held. If the Offer is successful, then on completion, Dacian Shareholders will hold approximately 25.5% of the Combined Group (on a proforma basis), enabling Dacian Shareholders to continue to have exposure to the future upside of Dacian's assets, whilst mitigating and diversifying the risks Dacian is exposed to as a standalone entity, by becoming part of a larger, and more diversified company.

As part of the transaction, Dacian agreed to place 123.9M shares at 10.2 cents per share with Genesis to ensure continued funding of activities during the Offer period. As announced 12 July 2022, this placement has completed with the \$12.6M proceeds received by the Company.

The Company will complete its annual Resource and Reserve update and annual financial statements in the coming months. As announced on 5 July 2022, following the 17 June 2022 pivot towards low grade processing and exploration, the Company will consider depletion, cost inflation, the closure of its open pit and underground mining operations, future reassessment of the Company operating model, and the acceleration of processing of historical low-grade stockpiles in its annual Resource and Reserve update. Further, as a result of the suspension of mining operations, the Company anticipates impairing its net asset position to better align with its market capitalisation. The annual audit will facilitate finalisation of this write down, which is anticipated to be up to \$140M.

At 30 June 2022, before the placement, the Company had total cash and unsold gold on hand of \$21.6M after the scheduled \$12.75M debt repayment.

Table 4 below summarises the Company's cash, gold-on-hand, and debt position.

Table 4: Net cash analysis

Key Cash/Debt Statistics	Unit	30 Jun 22	31 Mar 22
Cash	\$M	17.5	19.6
Gold-on-Hand	oz	1,577	1,839
Gold-on-Hand	\$M	4.1	4.5
Total Cash and Gold	\$M	21.6	24.1
Debt	\$M	(2.0)	(14.8)
Net Cash	\$M	19.6	9.3

Subsequent to the end of Quarter, the \$12.6M placement proceeds were received.

Figure 3 below summarises the cash movements for the quarter. Total cash and gold-on-hand decreased \$2.5M from 31 March after the \$12.75M debt repayment, \$7.3M was invested in exploration and \$11.1M on development and closure costs for Doublejay14 open pit, \$2.9M on Redcliffe development, and \$2.9M for the tailings storage facility lift.

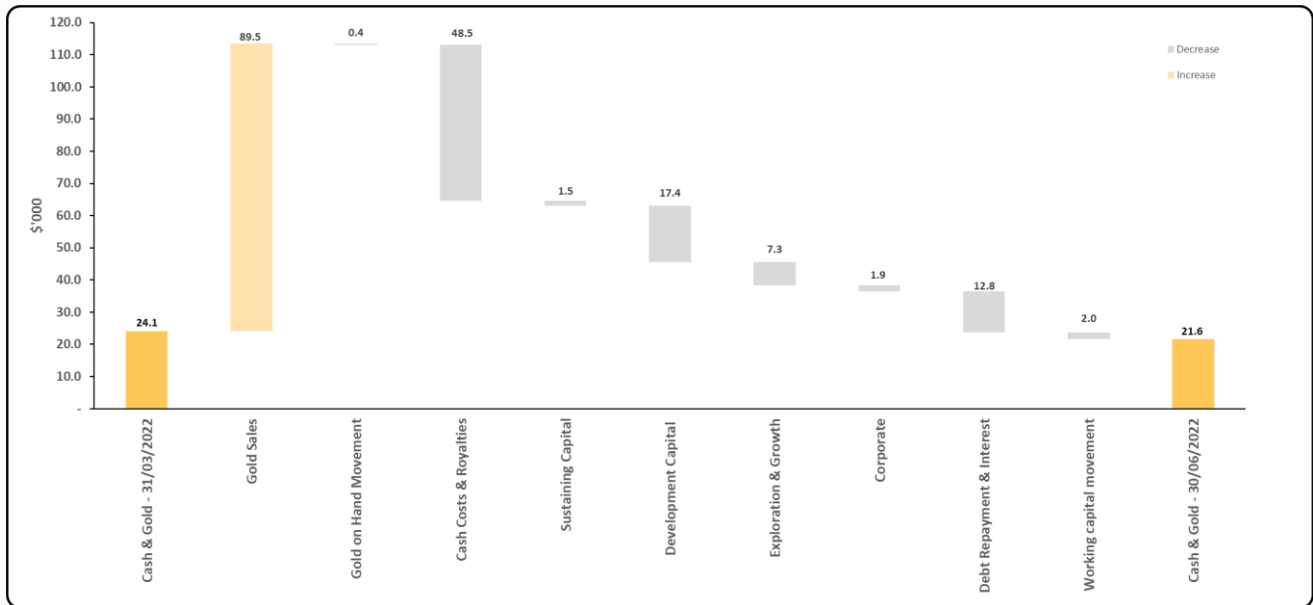


Figure 3: June quarter cash movements

A summary of the key cash costs, AISC and other statistics for the quarter are in Table 5 below.

Table 5: Key cash cost, AISC and other costs for the June quarter

Key Cost Statistics	\$M	\$/t milled	\$/oz
Mining	26.7	34.4	781
Processing	17.9	23.0	522
Site Administration	1.8	2.4	54
Silver Credits	(0.1)	(0.2)	(3)
Inventory Movement	(0.0)	(0.0)	(1)
Cash Cost¹	46.2	59.5	1,353
Royalties	2.3	3.0	67
Sustaining Capital	1.5	2.0	46
Corporate	1.9	2.5	56
AISC²	52.0	67.0	1,522
Development Capital ³	17.4		
Exploration & Growth	7.3		

1. Cash cost represent the cost of mining, processing, and administration after accounting for inventory movements. It includes net proceeds from silver by-product credits, but excludes cost of royalties, capital costs, growth expenditure, and non-cash movements.
2. All in Sustaining Cost (AISC) is made up of the Cash Cost plus royalty expense, corporate expenditure and sustaining capital.
3. Development capital comprises Doublejay14 open pit, TSF lift, critical spares (spare girth gears) and Redcliffe development.

Gold sold in the quarter was 34,968oz, at an average realised price of \$2,555/oz. Of this amount a total of 14,600oz was delivered into hedge contracts, with the remaining sold at spot prices.

At 30 June 2022 the Company's hedging was 10,500oz at a weighted average price of \$2,667/oz.

Table 6: Summary of total hedge contracts at 30 June 2022

Period (CY 2022)	Sept Q	Dec Q	TOTAL
Forward Sales (oz)	7,500	3,000	10,500
Hedged Price (A\$/oz)	\$2,610	\$2,809	\$2,667

- 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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OTHER INFORMATION

Where the Company refers to the Exploration Results, Mineral Resources and Ore Reserves, referencing previous releases made to the ASX, it confirms that it is not aware of any new information or data that materially affects the information included in that announcement and all material assumptions and technical parameters underpinning the Exploration Results, Mineral Resources and Ore Reserve estimates with that announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons findings are presented have not materially changed from the original announcement.