

29 July 2022

Market Announcements Office
ASX Limited
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

Attention: Jenita Iyalu

Target's Statement – Off-market takeover offer from Genesis Minerals Limited

In accordance with section 633(1) item 14 of the *Corporations Act 2001* (Cth), please find attached a copy of the Target's Statement issued by Dacian Gold Limited ACN 154 262 978 (ASX: DCN) in response to the off-market takeover offer from Genesis Minerals Limited ACN 124 772 041 (ASX: GMD).

The Target's Statement was lodged today with the Australian Securities and Investments Commission and sent to GMD.

This announcement has been approved and authorised for release by the Board of Dacian Gold Limited.



Mick Wilkes
Chair

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THIS IS AN IMPORTANT DOCUMENT WHICH YOU SHOULD READ CAREFULLY. IF YOU ARE IN ANY DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONSULT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER

Target's Statement

in relation to a RECOMMENDED OFFER by

GENESIS MINERALS LIMITED (ACN 124 772 041)

to acquire all of your ordinary shares in

DACIAN GOLD LIMITED (ACN 154 262 978)

for 0.0843 Genesis Shares for every 1 Dacian Share you hold.

The Directors of Dacian Gold Limited unanimously recommend you

ACCEPT

the Offer by Genesis Minerals Limited in the absence of a superior proposal.

The Offer is scheduled to close at 5.00pm (WST) on 5 September 2022

TREADSTONE
RESOURCE PARTNERS

Financial Adviser

EMK Lawyers

Legal Adviser

IMPORTANT NOTICES

Target's Statement

This document is a Target's Statement dated 29 July 2022 and is issued by Dacian Gold Limited (ACN 154 262 978) (**Dacian**) under Part 6.5 Division 3 of the Corporations Act. This Target's Statement sets out the Dacian Board's formal response to the off-market takeover bid made by Genesis Minerals Ltd (ACN 124 772 041) (**Genesis** or **GMD**) for all of the Dacian Shares in which Genesis does not have a Relevant Interest (**Offer**).

Your Directors recommend that you read this Target's Statement in full and seek independent advice if you have any queries in respect of the Offer.

ASIC and ASX disclaimer

A copy of this Target's Statement was lodged with ASIC and given to ASX on 29 July 2022. Neither ASIC, ASX nor any of their respective officers takes any responsibility for the content of this Target's Statement.

Defined terms

Certain terms used in this Target's Statement have defined meanings, as set out in Section 14 of this Target's Statement.

No account of personal circumstances

The Dacian Board recommends that you read this Target's Statement and the Bidder's Statement in full and seek independent advice if you have any queries in respect of the Offer. The information contained in this Target's Statement does not constitute personal advice. In preparing this Target's Statement, Dacian has not taken into account the objectives, financial situation or needs of individual Dacian Shareholders. It is important that you consider the information in this Target's Statement in light of your particular circumstances. You should seek advice from your financial, legal or other professional adviser before deciding whether to accept or reject the Offer.

Forward looking statements

Some statements in this Target's Statement may be in the nature of forward looking statements. You should be aware that these statements are not statements of known fact and that there is no certainty of outcome in relation to the matters to which the statements relate. Those statements reflect views held only as at the date of this document and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to Dacian, Genesis, the market sector in which they operate, as well as general economic conditions and

conditions in the financial markets, exchange rates, interest rates and the regulatory environment, many of which are outside the control of Dacian, Genesis or their respective directors. As a consequences, actual events or results may differ materially from the events or results expressed or implied in any forward looking statement.

None of Dacian, any of its Directors, officers or employees or any person named in this Target's Statement with their consent or anyone involved in the preparation of this Target's Statement makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement or any events or results expressed or implied in any forward looking statement, except the extent required by law. You are cautioned not to place undue reliance on those statements. The forward-looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

Disclaimer as to information on Genesis

The information on Genesis contained in this Target's Statement has been compiled from and prepared by Dacian using publicly available information and limited information provided by Genesis (including under its Bidder's Statement) and has not been independently verified by Dacian or its advisers. Accordingly, to the extent permitted by the Corporations Act, Dacian makes no representations and warranties, express or implied, as to the accuracy or completeness of such information. If any information obtained from Genesis or the public sources is inaccurate or incomplete, this may affect the information included in this Target's Statement.

Risks

There are a number of risks associated with the Offer, and with remaining a Dacian Shareholder. Please refer to Section 10 of this Target's Statement for further information on those risks.

Foreign Jurisdictions

The release, publication or distribution of this Target's Statement may be restricted by law or regulation in some jurisdictions outside Australia. Accordingly, persons outside Australia who come into possession of this Target's Statement should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have

been disclosed if this Target's Statement had been prepared in accordance with laws and regulations outside Australia.

Statements of past performance

This Target's Statement includes information regarding the past performance of Dacian and Genesis. Investors should be aware that past performance should not be relied on as being indicative of future performance.

Websites

Both Dacian and Genesis maintain a website. The Dacian website is at www.daciangold.com.au and the Genesis website is at www.genesisminerals.com.au.

Information contained in or otherwise accessible through these websites is not part of this Target's Statement. All references to these websites in this Target's Statement are for information purposes only.

Maps and diagrams

Any maps, diagrams, charts, graphs and tables contained in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in maps, diagrams, charts, graphs and tables is based on information available as at the date of this Target's Statement.

Currencies

In this Target's Statement, references to "Australian dollars", "AUD", "\$", "A\$" or "cents" are to the lawful currency of Australia.

Estimates and Assumptions

Unless otherwise indicated, all references to estimates, assumptions and derivations of the same in this Target's Statement are references to estimates, assumptions and derivations of the same by Dacian's management. Management estimates reflect and are based on views as at the date of this Target's Statement, and actual facts or outcomes may materially differ from those estimates or assumptions.

Effect of Rounding

Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Target's Statement may be subject to the effect of rounding. Accordingly, the actual figures may vary from those included in this Target's Statement.

Privacy Statements

Dacian has collected your information from the Dacian register of members for the purpose of providing you with this Target's Statement. The

type of information Dacian has collected about you includes your name, contact details and information on your holding of Dacian Securities.

Your information may be disclosed on a confidential basis to Dacian and its Related Bodies Corporate, holders of Dacian Shares and external service providers (such as Dacian's share registry) and may be required to be disclosed to regulators (such as ASIC and the ASX).

If you would like to obtain details of the information held about you by Dacian, please contact Dacian's share registry, Computershare Investor Services on 1300 850 505 (within Australia) or +61 3 9415 4000 (overseas).

Enquiries

Genesis has established an Offer Information Line* which Dacian Shareholders may call if they have any queries in relation to the Offer. The telephone numbers for the Offer Information lines are 1300 397 908 (from within Australia) or +61 3 9415 4153 (from outside Australia) between 8.30am and 5pm Sydney time, Monday to Friday.

If you have any enquiries in relation to your Dacian shareholding, please contact Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or +61 3 9415 4000 (overseas)*, Monday to Friday between 8.30am and 5.00pm (Perth time) or via email to: web.queries@computershare.com.au.

If you have any enquiries in relation to this Target's Statement please contact the Company Secretary on +61 8 6323 9000.

*Calls to these numbers will be recorded

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1. CHAIR'S LETTER

29 July 2022

Dear Dacian Securityholders,

RECOMMENDED OFF-MARKET TAKEOVER OFFER FOR DACIAN

On behalf of the Board of Dacian Gold Limited (**Dacian**), I am pleased to present you with this Target's Statement and the opportunity to combine with Genesis Minerals Limited (**Genesis**) via Genesis' takeover offer to acquire all of your Dacian Shares (**Offer**).

Under the Offer, Dacian Shareholders are being offered **0.0843 new Genesis Shares for every 1 Dacian Share they hold**.

Dacian's Board of Directors unanimously recommends that Dacian Shareholders ACCEPT the Offer in the absence of a superior proposal.

The Offer represents an opportunity to combine two highly complementary businesses to create a company with significant Mineral Resources, established infrastructure and exploration upside in the Leonora-Laverton region. Following completion of the Genesis A\$100 million capital raising (assuming Genesis shareholders approve Tranche 2 of the capital raising), the Combined Group will be well-capitalised to pursue its growth strategy and pursue a pathway to production under an integrated owner operator model.

Since pouring first gold in March 2018, Dacian has produced over 500,000 ounces from its Mt Morgans Gold Operations but has continued to face operational challenges in the current environment that led to a review of the operating strategy in June 2022 and the decision to suspend mining activities.

Under its revised strategy, Dacian is transitioning to processing low-grade and heap leach stockpiles with a primary focus going forward on continuing exploration activities at Jupiter following recent encouraging drilling results. As a stand-alone entity, Dacian will continue to face material risks and may require additional capital to pursue this strategy and realise value from its established infrastructure and Mineral Resources.

The Offer, if successfully completed, will provide sufficient capital to continue with our accelerated extensive drilling campaign to test the potential for a large-scale, open-pit mining operation at Jupiter and allow Dacian Shareholders to benefit from being part of an enlarged Genesis entity, led by an experienced Board and management team focussed on growth, with other potential regional consolidation opportunities.

The recommended Offer represents a premium of:

- (a) ~33% to the 5-day VWAP of Dacian Shares of \$0.082 on and inclusive of 1 July 2022 (being the last trading day in Dacian Shares and Genesis Shares before the Announcement Date)¹; and
- (b) ~28% to the 10-day VWAP of Dacian Shares of \$0.087 on and inclusive of 1 July 2022²

¹ Based on the 5 day VWAP of Genesis Shares of \$1.296 on and inclusive of 1 July 2022.

² Based on the 10 day VWAP of Genesis Shares of \$1.326 on and inclusive of 1 July 2022.

The Offer represents an implied value³ of:

- (a) 10.2 cents per Dacian Share, and implied equity value of \$111 million⁴, based on Genesis' last closing price of \$1.205 on 1 July 2022 (being the last trading day in Dacian Shares and Genesis Shares before the Announcement Date): and
- (b) 11.0 cents per Dacian Share, and implied equity value of \$120 million⁵, based on the last closing price of Genesis Shares of \$1.300 on 27 July 2022 (being the last trading day in Dacian Shares and Genesis Shares before the finalisation of this Target's Statement).

Upon successful completion of the Offer, Dacian Shareholders⁶ will own approximately 21.2% of the Combined Group⁷.

After careful consideration of the Offer and the risks associated with Dacian proceeding as a stand-alone entity, Dacian's Board considers the opportunity to combine with Genesis to be compelling for Dacian Shareholders for the reasons set out in Section 2 of this Target's Statement.

A detailed explanation of the reasons why you should **ACCEPT** the Offer is set out in Section 2 of this Target's Statement. In addition, the Target's Statement sets out other matters that may be relevant to your decision whether to **ACCEPT** the Offer. I encourage you to read both the Bidder's Statement and the Target's Statement and to seek independent advice if required.

The Offer is scheduled to close at 5.00pm (WST) on 5 September 2022, unless extended by Genesis. To **ACCEPT** the Offer, follow the instructions set out in the Bidder's Statement.

Yours sincerely



Michael Wilkes
Non-Executive Chair
Dacian Gold Limited

³ The exact market value of the consideration you will receive will depend on the price at which the Genesis Shares trade on the ASX after they are issued to you.

⁴ Based on the diluted capital of Dacian at 1 July 2022 using the Treasury Stock Method.

⁵ Based on the diluted capital of Dacian at 27 July 2022 using the Treasury Stock Method.

⁶ Excluding Genesis which, as at 27 July 2022, the last practicable date prior to finalising this Target's Statement, is the registered holder of 123,910,441 Dacian Shares being a 10.2% shareholding.

⁷ On an undiluted basis assuming Genesis acquires 100% of Dacian Shares and the Genesis Capital Raising is completed. Assumes all Dacian Performance Rights vest during the Offer Period and are converted to Dacian Shares. Assumes 7,216,668 Genesis Performance Rights vest and are converted to Genesis Shares on completion of the Offer. Genesis' Bidder's Statement has stated that these Genesis Performance Rights are expected to vest in satisfaction of (1) the Combined Group having a delineated Mineral Resource of a minimum of 2,500,000oz of gold and (2) following first production of gold by the Combined Group. On a diluted basis using the Treasury Stock Method, based on the number of Dacian Securities and Genesis Securities on issue as at 27 July 2022 using the Treasury Stock Method, the last practicable date prior to finalising this Target's Statement, and assuming the Genesis Capital Raising is completed, Dacian Shareholders will acquire approximately 20.6% of the Combined Group.

2. REASONS TO ACCEPT THE OFFER

2.1 Overview

The Directors have considered the advantages and disadvantages of the Offer and unanimously recommend that you **ACCEPT** the Offer in the absence of a superior proposal.

The key reasons for this recommendation are as follows.

In reaching a decision on whether to accept or reject the Offer, Dacian Shareholders should carefully consider Section 10 of this Target's Statement and Section 8 of the Bidder's Statement which summarise relevant key risks.

- Opportunity to become a shareholder in an **enlarged gold company** in the Tier 1 Leonora-Laverton district
- You may benefit from **enhanced scale, funding capability and market re-rating** prospects
- There are **material risks in Dacian** continuing as a stand-alone entity
- The Offer represents a **premium** for your Dacian Shares
- The Offer is **subject to minimal conditions**, including 50.1% minimum acceptance by Dacian Shareholders
- **Genesis has a Relevant Interest in 16.6% of Dacian Shares**
- **No superior proposal** has emerged to date
- **The value of Dacian Shares may fall** if the Offer is not successful

2.2 Shareholders in an enlarged gold company⁸

On successful completion of the Offer, Dacian Shareholders will own approximately 21.2% of the Combined Group⁹ enabling Dacian Shareholders to continue to have exposure to the future upside associated with Dacian's assets whilst mitigating and diversifying their risks by becoming part of a larger, and more diversified, company that has:

- (a) a combined Mineral Resource base of ~4.2 million ounces of gold;
- (b) a management team with proven exploration and operational expertise to continue to grow the existing Mineral Resource and Ore Reserves;
- (c) the financial capacity, as a result of the completion of the Genesis Capital Raising, to enable aggressive exploration to grow resources and reserves and to consider further consolidation within the Leonora-Laverton region; and

⁸ Assuming Genesis acquires 100% of Dacian Shares under the Offer.

⁹ Refer footnote 7 above.

- (d) a potential pathway back to production via a low-cost owner-operator mining model and combination of Genesis' high grade Ulysses resources with Dacian's nearby large-scale Mt Morgans processing facility and infrastructure.

The merger will create a natural pairing between Genesis' nearby high-grade resources and Dacian's established operating platform, large-scale milling infrastructure, large lower-grade resource base and exploration potential (see map below for proximity of projects, noting this was prepared prior to Dacian announcing updated mineral resource and ore reserve estimates on 27 July 2022).

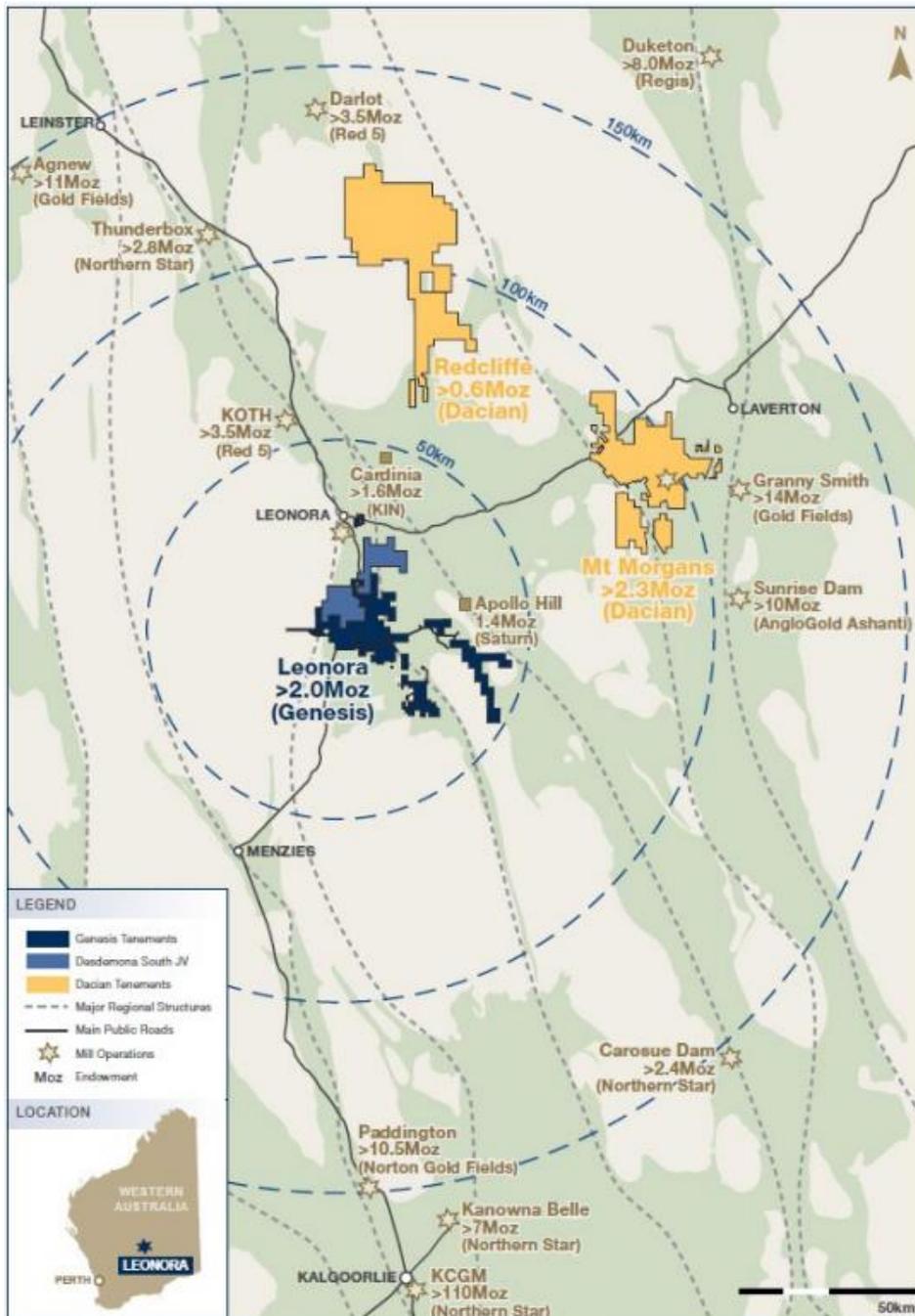


Figure 1: Map showing location of Combined Group assets

The Combined Group has the potential to become a leading mid-tier ASX listed gold producer.

There is also potential for further acquisitions in the Leonora-Laverton region and the Combined Group will be strategically well placed to play a role in any further consolidation in that region. Genesis has indicated that they are evaluating other potential regional opportunities and are in discussions with St Barbara Gold Mines Limited regarding a potential transaction. **There can be no assurance, however, that those discussions will lead to a transaction being concluded between Genesis and St Barbara, and Dacian Shareholders are cautioned not to place undue reliance on the potential for further Leonora-Laverton consolidation when making decisions in relation to the Offer.**

Over the past few years, in recognition that regional consolidation was sensible for the development of the Company, the Board and management of Dacian examined a number of potential transactions, including potential acquisitions and mergers, with a view to seeking to increase the scale of operations and/or grade of ore available to the Company to leverage and better exploit Dacian's assets. For a variety of geological, commercial and strategic reasons, none of these have come to fruition.

In the absence of a superior proposal, the proposed merger with Genesis represents the best strategic fit for Dacian. The geographical proximity of the tenement holdings of Genesis, the potential for near-term development of the high-grade Ulysses resources utilising the Mt Morgans Mill and associated infrastructure, make the Combined Group a superior proposition for Dacian Shareholders rather than Dacian on a stand-alone basis.

2.3 Enhanced scale, funding capability and market re-rating prospects¹⁰

Your Directors believe a merger of Dacian and Genesis will create a Combined Group with more attractive attributes relative to Dacian remaining separate stand-alone company.

Your Directors believe these attributes are likely to appeal to the investment community which therefore could lead to a market rating of the Combined Group that is superior to the market rating of Genesis and Dacian as stand-alone companies.

These additional attributes are expected to be:

- (a) enhanced scale (based on the Combined Group having a pro forma market capitalisation of \$565 million¹¹);
- (b) improved financial strength with enhanced access to debt and equity capital markets;
- (c) a pro forma cash position of approximately A\$138 million and ~A\$2 million debt¹²;

¹⁰ Assuming Genesis acquires 100% of Dacian Shares under the Offer.

¹¹ Pro forma market capitalisation on an undiluted basis using a Genesis Share price of \$1.300 (being the last closing price of Genesis Shares as at 27 July 2022, being the last practicable trading date prior to finalising this Target's Statement), multiplied by Genesis' pro forma ordinary shares including Genesis Shares issued to Dacian Shareholders under the Offer and holders of Dacian Performance Rights during the Offer Period (assuming 100% acceptance) and Genesis Shares issued under Tranche 2 of the Genesis Capital Raising. Assumes Genesis acquires 100% of Dacian Shares, the Genesis Capital Raising is completed, all Dacian Performance Rights vest during the Offer Period and are converted to Dacian Shares, 7,216,668 Genesis Performance Rights vest and are converted to Genesis Shares on completion of the Offer, and that no other Genesis Shares are issued. On a diluted basis, using the Treasury Stock Method, based on the number of Dacian Securities and Genesis Securities on issue as at 27 July 2022, and assuming the Genesis Capital Raising is completed, the Combined Group will have a market capitalisation in excess of \$580m.

¹² This is based on the pro forma balance sheet of the Combined Group in Section 7.7 of the Bidder's Statement, assuming Tranche 2 of the Genesis Capital Raising is approved by Genesis Shareholders and completed to raise ~A\$54.4 million before costs.

- (d) enhanced trading liquidity; and
- (e) increased coverage from financial analysts.

2.4 Material risks in Dacian continuing as a stand-alone entity

Since commencement of production in 2018, the Mt Morgans Gold Operation has underperformed original anticipated levels due to geological challenges, project financing and hedging obligations and underperformance of underground operations, as more particularly described in Section 6.4 of this Target's Statement.

Over the last 12 months, Dacian has experienced escalating costs, supply chain challenges, labour shortages and approval delays, as experienced by others in the industry, which culminated in Dacian's recent decision in June 2022 to suspend its open pit and underground mining activities, refocus on exploration to expand Mineral Resources, while processing large existing stockpiles and developing a leaner operating model. Dacian as a stand-alone company, faces material risks including the following:

- (a) while Dacian has existing Mineral Resources and attractive exploration targets on its tenements with the potential for bulk mineralisation, there is no certainty sufficient economic reserves for processing through Dacian's Mt Morgans Mill on a profitable basis based on the current gold price will result;
- (b) in the event significant mineralisation is identified, significant time and capital would be required to re-develop a mining operation;
- (c) Dacian's intention is to develop a new operating regime for a future return to production with reduced costs and maximised future cash flows, however, it cannot be guaranteed to be successful in doing so;
- (d) if Dacian is unable to identify significant economic resources through exploration within a relatively short period, and existing stockpiles are depleted, it may need to place the Mt Morgans Mill on care and maintenance for an indefinite period. This could not only involve material expense but could also limit the ability of Dacian to generate a return from this valuable asset, and could also increase the costs of resumption of mining if and when sufficient economic resources are subsequently identified; and
- (e) as a result of its recent \$12.6 million placement to Genesis, Dacian's Board considers it has sufficient funds to meet its expected cash needs during the period of the Offer. However, Dacian may require ongoing capital raisings to fund its future exploration programs, costs associated with advancing projects to development in the future and, should it become necessary, the placing and maintaining of the Mt Morgans mill on care and maintenance after depletion of existing stockpiles. Any subsequent equity capital raising could be substantially dilutive for Dacian Shareholders.

The Directors have considered the strategic and replacement value of Dacian's assets and acknowledge that the Company's current market capitalisation and the implied value of the Offer may not reflect that value. However, given the risks associated with Dacian proceeding as a stand-alone entity and the advantages presented by the Combined Group as set out in Sections 2.2 and 2.3 above, the Board considers that the combination of Dacian and Genesis under the Offer represents a superior proposition for Dacian Shareholders than Dacian proceeding on a stand-alone basis.

Section 10.5 provides additional details in relation to the risks relating to Dacian as a stand-alone entity.

2.5 Premium for your Dacian Shares

Under the Offer, Dacian shareholders will receive 0.0843 new Genesis shares for every 1 Dacian Share held.

This represents an implied premium¹³ of:

- (a) ~33% to the 5-day VWAP of Dacian Shares of \$0.082 on and inclusive of 1 July 2022 (being the last trading day in Dacian Shares and Genesis Shares before the Announcement Date)¹⁴;
- (b) ~28% to the 10-day VWAP of Dacian Shares of \$0.087 on and inclusive of 1 July 2022¹⁵.

The Offer represents an implied value¹⁶ of:

- (a) 10.2 cents per Dacian Share, and implied equity value of \$111 million¹⁷, based on Genesis' last closing price of \$1.205 on 1 July 2022 (being the last trading day in Dacian Shares and Genesis Shares before the Announcement Date): and
- (b) 11.0 cents per Dacian Share, and implied equity value of \$120 million¹⁸, based on the last closing price of Genesis Shares of \$1.300 on 27 July 2022 (being the last trading day in Dacian Shares and Genesis Shares before the finalisation of this Target's Statement) (**Last Practicable Date**).

The following table sets out some examples of the consideration you will receive if you accept the Offer for all of your Dacian Shares, assuming that the value of a Genesis Share is \$1.205 – being the same price it was at close of trading on 1 July 2022, as well as if the value of a Genesis Share increased or decreased by 10%.

Dacian Shares held	Genesis Share issued	Value if Genesis Share price is \$1.085	Value if Genesis Share price is \$1.205	Value if Genesis Share price is \$1.326
5,000	422	\$457	\$508	\$559
10,000	843	\$915	\$1,016	\$1,118
50,000	4,215	\$4,573	\$5,079	\$5,589
100,000	8,430	\$9,147	\$10,158	\$11,178
250,000	21,075	\$22,866	\$25,395	\$27,945

The Combined Group's share price may rise or fall based on market conditions and the Combined Group's financial and operational performance. If the Combined

¹³ The implied premium of the Offer will vary depending on the price at which Genesis Shares and Dacian Shares trade on the ASX during the Offer Period.

¹⁴ Based on the 5 day VWAP of Genesis Shares of \$1.296 on and inclusive of 1 July 2022.

¹⁵ Based on the 10 day VWAP of Genesis Shares of \$1.326 on and inclusive of 1 July 2022.

¹⁶ The exact market value of the consideration you will receive will depend on the price at which the Genesis Shares trade on the ASX after they are issued to you.

¹⁷ Based on the diluted capital of Dacian at 1 July 2022 using the Treasury Stock Method.

¹⁸ Based on the diluted capital of Dacian at 27 July 2022 using the Treasury Stock Method.

Group's share price falls, the value of the Genesis Shares received by Dacian Shareholders that accept the Offer will decline in value.

2.6 Offer is subject to minimal Conditions

The Offer is subject to minimal and market standard conditions, including (among other things) a 50.1% minimum acceptance condition, no material acquisitions or disposals, no material adverse change and no prescribed occurrences in relation to Dacian.

The conditions of the Offer are summarised in Section 9.5 of this Target's Statement and set out in full in Section 11.9 of the Bidder's Statement.

2.7 Genesis has a Relevant Interest in 16.6% of Dacian Shares

Genesis currently has a Relevant Interest in 200,308,894 Dacian Shares, comprising 123,910,441 Dacian Shares held directly (being ~10.3% of Dacian Shares as at the Last Practicable Date) and 76,398,453 Dacian Shares (being ~6.3% of Dacian Shares as at the Last Practicable Date) under a pre-bid acceptance agreement in relation to the Offer with Perennial Value Management Limited (**Perennial**).

The commitment by Perennial supports the view of your Directors as to the merits of a merger with Genesis. This commitment also improves the prospects of the merger between Dacian and Genesis being consummated in a timely manner.

2.8 No superior proposal has emerged

In the past few years the Board and management of Dacian have examined a number of potential transactions to leverage and better exploit Dacian's assets.

Prior to recommending the Offer, your Directors assessed various options to maximise shareholder value in Dacian. The Offer was announced to the market on 5 July 2022. As at the date of this Target's Statement, no superior proposal has emerged that would cause the Directors to reconsider their current recommendation.

If a competing transaction for Dacian emerges, your Directors will carefully consider the proposal to determine whether it is a superior proposal and will inform you of any material developments which may affect your Directors' views that the Offer is presently the most favourable proposal for all your Dacian Shares.

2.9 The value of Dacian Shares may fall if the Offer is unsuccessful

There are many factors that affect the price of Dacian Shares, however since the Offer was announced Dacian Shares have traded above Dacian's Share price prior to the announcement of the Offer, at a level that broadly reflects the terms of the Offer.

As such, your Directors consider that, in the absence of the Offer or superior proposal emerging, the price of Dacian Shares may fall below current levels, at least in the short term.

The implied value of the Offer will change with fluctuations in the market price of Genesis Shares.

3. OTHER CONSIDERATIONS REGARDING THE OFFER

3.1 Possible Reasons to not accept the Offer

There are some reasons why Dacian Shareholders may not choose to accept the Offer, including:

- (a) **You may disagree with the recommendation of Dacian Directors.** You may have a different view on the merits of the Offer and believe that the consideration offered of 0.0843 Genesis Shares per Dacian Share is inadequate to acquire your Dacian Shares;
- (b) **You may wish to remain a Dacian Shareholder:** Accepting the Offer will result in you no longer being a Dacian Shareholder, and you will no longer be entitled to directly participate in the future growth of Dacian or exercise your rights as a Dacian Shareholder (including voting rights).
- (c) **The tax consequences of the Offer may not be favourable to you given your financial position.** Acceptance of the Offer may have tax implications for Dacian Shareholders. You should carefully read and consider the potential Australian taxation consequences of accepting the Offer as summarised in Section 11 of this Target's Statement and Section 9 of the Bidder's Statement.

Dacian Shareholders should not rely on the taxation considerations set out in Section 11 of this Target's Statement and Section 9 of the Bidder's Statement as being advice on their own affairs and Dacian Shareholders should consult with their own independent taxation advisers regarding the taxation implications of accepting the Offer given their particular circumstances.

- (d) **You may consider there is a potential for a superior proposal to emerge for Dacian Shares.** It is possible that a proposal that is superior to the Offer materialises in the future. Dacian Shareholders who accept the Offer would not have an opportunity to consider such future potential offer. As at the date of this Target's Statement, no alternative proposal has been received by Dacian.

3.2 Risks associated with accepting the Offer and being a Genesis Shareholder

Details on the risks associated with accepting the Offer and being a Genesis Shareholder are contained in Section 10.2 of this Target's Statement and Section 8 of the Bidder's Statement.

4. YOUR CHOICES AS A DACIAN SHAREHOLDER

ACCEPT the Offer	<p>This is the course of action unanimously recommended by your Directors in the absence of a superior proposal.</p> <p>Sections 11.3 and 11.4 of the Bidder's Statement contain details on how to accept the Offer made to you.</p> <p>If you decide to accept the Offer made to you, your acceptance must be received before the close of the Offer Period which is currently scheduled to occur at 5.00pm (WST) on 5 September 2022 unless the Offer Period is extended in accordance with the Corporations Act.</p>
Sell your Dacian Shares on ASX	<p>Dacian Shareholders can sell their Dacian Shares on market for the market price at the time (unless you have previously accepted the Offer made to you and you have not validly withdrawn your acceptance). The latest price for Dacian Shares may be obtained on the ASX website at www.asx.com.au.</p> <p>Dacian Shareholders who sell their Dacian Shares on market may be liable for capital gains tax and may incur a brokerage charge. Dacian Shareholders who wish to sell their Dacian Shares on market should contact their broker for information on how to effect that sale.</p> <p>If you sell your Dacian Shares on market, you will receive the consideration for the sale of your Dacian Shares sooner than if you accept Genesis' Offer. In addition, if you sell your Dacian Shares on market you will lose your ability to accept:</p> <ul style="list-style-type: none">• Genesis' Offer and receive the Genesis Shares as consideration (and possible increases in the consideration); and• any offer from a competing bidder if one eventuates.
Do nothing	<p>If you do not wish to accept the Offer made to you or to sell your Dacian Shares on market, you can choose to do nothing. By doing nothing you will continue to remain a Dacian Shareholder although, if Genesis acquires 90% of Dacian Shares during or at the end of the Offer Period, Genesis will be entitled to compulsorily acquire the Dacian Shares it does not already own.</p> <p>If the Offer is completed with Genesis acquiring more than 50.1% but less than 90% of Dacian Shares, Dacian Shareholders who do not accept the Offer will become minority Dacian Shareholders.</p> <p>The Offer is conditional on Genesis acquiring at least 50.1% of Dacian Shares (on a fully diluted basis). Genesis may waive this condition in its sole discretion, in which case Genesis may become a minority Dacian Shareholder.</p> <p>Dacian Shareholders should refer to Sections 6.4 and 6.5 of the Bidder's Statement for Genesis' intentions in these situations, and Sections 10.4 and 10.5 for the risks of remaining a Dacian Shareholder.</p>

5. FREQUENTLY ASKED QUESTIONS

This Section answers some questions you may have about the Offer. It is not intended to address all relevant issues for Dacian Securityholders. This Section should be read together with all other parts of this Target's Statement and the Bidder's Statement.

Question	Answer
<p>What is the Offer and who has made it?</p>	<p>Genesis Minerals Ltd (ACN 124 772 041) (Genesis) has made a conditional off-market takeover offer to acquire all of your Dacian Shares (Offer).</p> <p>The Offer is to open on 4 August 2022 and is to close at 5.00pm (WST) on 5 September 2022 unless extended or withdrawn by Genesis.</p> <p>Genesis is an advanced gold explorer and developer listed on the ASX (ASX Code: GMD) with assets in close proximity to Dacian's in the Leonora-Laverton district in Western Australia.</p> <p>Information in relation to Genesis is set out in Sections 2 and 3 of the Bidder's Statement or can otherwise be obtained via the Genesis website at https://www.genesisminerals.com.au.</p>
<p>What is Genesis offering for your Dacian Shares?</p>	<p>Genesis is offering to issue you 0.0843 Genesis Shares for every 1 Dacian Share you hold.</p> <p>However, if you are an Ineligible Foreign Shareholder or Small Parcel Shareholder who accepts the Offer, the Genesis Shares to which you would be entitled to be issued will be sold by the Nominee, with the net sale proceeds remitted to you in cash.</p> <p>The market value of Genesis Shares will fluctuate during the Offer Period. However, as at the Last Practicable Date, the Offer had an implied value of 11.0 cents per Dacian Share based on the closing price of Genesis Shares of \$1.300 on the Last Practicable Date.</p> <p>Genesis may increase the Offer consideration during the Offer Period, in which case you will be entitled to that increased consideration if you have accepted, or choose to accept, the Offer.</p>
<p>Does Genesis currently have a Relevant Interest in any Dacian Shares?</p>	<p>As at the Last Practicable Date, Genesis had announced a Relevant Interest in 200,308,897 Dacian Shares, being 16.6% of Dacian.</p>
<p>What is the Bidder's Statement?</p>	<p>The Bidder's Statement contains information on the Offer. The law requires Genesis to send it to you.</p>
<p>What is this Target's Statement</p>	<p>This booklet comprises the Target's Statement and has been prepared by Dacian. Dacian is required by law to produce this Target's Statement in response to the Offer.</p>

Question	Answer
	<p>The Target's Statement contains information to help you decide whether to accept or reject the Offer, including the recommendation by the Dacian Board.</p>
<p>What do you need to do?</p>	<p>Read this Target's Statement and the Bidder's Statement.</p> <p>If you are unsure whether to accept the Offer, consult your legal, financial, tax or other professional advisers.</p> <p>If you wish to accept the Offer (and have not previously accepted the Offer or validly withdrawn your acceptance), follow the instructions in the Bidder's Statement, in particular Section 11.3.</p> <p>If you wish to reject the Offer, do nothing.</p> <p>There are implications for you in relation to each of these choices. An outline of these implications is set out in Section 4 of this Target's Statement.</p>
<p>What do Dacian Directors recommend and why?</p>	<p>Your Directors unanimously recommend that you ACCEPT the Offer in the absence of a superior proposal.</p> <p>The reasons for your Directors' recommendation are set out in Section 2 of this Target's Statement.</p> <p>Each Dacian Director has provided a letter to Genesis confirming their intention, subject to and on Genesis acquiring a Relevant Interest in more than 50% of the Dacian Shares on issue and the Offer being declared unconditional, to:</p> <ul style="list-style-type: none"> • take all action and exercise all discretion as reasonably necessary to cause all of the Dacian Performance Rights on issue to either vest and be exercised, or to lapse for nil or nominal consideration (if that has not already occurred); • appoint Genesis nominees as Dacian Directors; and • if required by Genesis, resign as Dacian Directors.
<p>What interests do the Dacian Directors have in relation to the Offer?</p>	<p>The Dacian Directors do not have a Relevant Interest in any Dacian Shares or Genesis Shares as at the Last Practicable Date.</p> <p>Mr Mick Wilkes indirectly holds 300,000 Dacian Options (\$0.28, expiring 10 September 2026) that are to be cancelled pursuant to the Option Cancellation Deed on the date that Genesis acquires a Relevant Interest in more than 50% of Dacian Shares and the Offer is declared unconditional (Change of Control Date), in return for a payment of \$17,190 from Genesis, reflecting a Black & Scholes valuation of \$0.0573 for each Dacian Option.</p> <p>Genesis has proposed that Mr Wilkes resigns from the Dacian Board and is appointed as a Non-Executive Director following the Change of Control Date occurring.</p>

Question	Answer
<p>What are the conditions of the Offer?</p>	<p>The Offer is subject to a number of conditions (Conditions) being (in summary form):</p> <ul style="list-style-type: none"> • (minimum acceptance) Genesis obtaining a Relevant Interest in at least 50.1% of Dacian Shares; • (acquisitions and disposals) Dacian not acquiring or disposing of any significant assets or entering into any significant transaction; • (no material adverse change) no material adverse change occurring with respect to Dacian; • (no regulatory action) no Public Authority restraining or preventing the Offer; and • (no prescribed occurrences) no prescribed occurrences occurring. <p>To receive your consideration, all of the Conditions must be satisfied or waived by Genesis.</p> <p>The Conditions are set out in full in Section 11.9 of the Bidder's Statement.</p>
<p>How will I know when the Offer is unconditional?</p>	<p>Genesis is required to inform Dacian, ASX and Dacian Shareholders as soon as any Conditions are satisfied or waived.</p> <p>Notices from Genesis will be available on the ASX website at www.asx.com.au (ASX code: GMD). These notices will also be available on the Dacian ASX company announcement platform.</p> <p>Genesis has set 26 August 2022 as the date on which it will give Dacian and ASX a notice required by law on the status of the Conditions. This date may be extended if the Offer Period is extended.</p>
<p>If I accept the Offer, when will I be issued Genesis Shares?</p>	<p>If the Offer becomes unconditional, you will receive the Genesis Shares to which you are entitled under the Offer made to you on or before the earlier of:</p> <ul style="list-style-type: none"> • one month after the later of receipt of your valid acceptance and the date on which the Offer becomes unconditional; and • 21 days after the end of the Offer Period. <p>Full details of when consideration will be provided are set out in Section 11.7 of the Bidder's Statement.</p> <p>Ineligible Foreign Shareholders and Small Parcel Shareholders will be provided with the net cash proceeds of sale to which they are entitled under the Offer at a different time. See Section 11.8 of the Bidder's Statement for more information.</p>

Question	Answer
<p>Can Genesis extend the closing date of its Offer?</p>	<p>Yes. Genesis has stated that its Offer remains open until 5.00pm (WST) on 5 September 2022. It is possible that Genesis may choose to extend the Offer Period in accordance with the Corporations Act.</p> <p>In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period:</p> <ul style="list-style-type: none"> • Genesis improves the consideration offered under the Offer; or • Genesis' voting power in Dacian increases to more than 50%. <p>If either of these two events occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.</p>
<p>Can I accept the Offer for part of my shareholding</p>	<p>No. You cannot accept the Offer for part of your holding of Dacian Shares. You may only accept the Offer made to you for all of the Dacian Shares you hold.</p>
<p>Does the Offer extend to Dacian Convertible Securities?</p>	<p>No, the Offer does not extend to the Dacian Convertible Securities. However, the Offer extends to Shares that are issued on the exercise of Dacian Convertible Securities during the Offer Period.</p> <p>Dacian's Board has resolved that all Dacian Performance Rights will vest and be exercised on the Change of Control Date.</p> <p>Holders of Dacian Shares issued on exercise of Dacian Performance Rights may either:</p> <ul style="list-style-type: none"> • accept the Offer in respect of those Dacian Shares before the end of the Offer Period; • sell their Dacian Shares on market; or • do nothing, in which case they will retain their Dacian Shares unless Genesis is able to compulsorily acquire them due to reaching a Relevant Interest in at least 90% of Dacian Shares during, or at the end of, the Offer Period. <p>Dacian has agreed that the Dacian Options on issue held indirectly by Mr Wilkes, the Dacian Chair, will be cancelled on the Change of Control Date pursuant to the Option Cancellation Deed.</p>
<p>Are there any risks associated with the Offer?</p>	<p>Yes. Dacian Shareholders who accept the Offer will be exposed to a number of risks. You should carefully consider the risk factors that could affect the performance of Genesis and the Combined Group before deciding whether to accept the Offer. A summary of the key risk factors is set out in Section 10.2 of this Target's Statement and Section 8 of the Bidder's Statement.</p>

Question	Answer
<p>Are there risks in not accepting the Offer?</p>	<p>There are risks in retaining your Dacian Shares.</p> <p>If you do not accept the Offer, and Genesis acquires:</p> <ul style="list-style-type: none"> • more than 90% of Dacian Shares during or at the end of the Offer Period, Genesis may compulsorily acquire your Dacian Shares for the same consideration as under the Offer; • more than 50% but less than 90% of Dacian Shares, you will become a minority shareholder in Dacian, which will be controlled by Genesis and may be delisted from the ASX. Genesis may also waive the Offer condition that it must acquire at least 50.1% of Dacian Shares and, on completion of the Offer, hold less than 50% of Dacian Shares. <p>Further details about the risks associated with retaining Dacian Shares are set out in Sections 10.4 and 10.5 of this Target's Statement.</p>
<p>If I accept the Offer now, can I withdraw my acceptance?</p>	<p>If you accept the Offer, you are only able to withdraw your acceptance if:</p> <ul style="list-style-type: none"> • the Conditions of the Offer are not fulfilled or waived by the time specified in the Bidder's Statement; or • Genesis extends its Offer so that it postpones for more than one month the time when you will receive your consideration, and the Offer remains subject to one or more of the conditions at that time. <p>If you accept the Offer after all of the Conditions have been satisfied or waived, you will not be able to withdraw your acceptance.</p> <p>See Section 9.11 of this Target's Statement for further details.</p>
<p>What happens if I do nothing?</p>	<p>You will remain a Dacian Shareholder.</p> <p>However, Genesis may become entitled to compulsorily acquire your Dacian Shares in certain circumstances. See Section 9.15 of this Target's Statement and Section for more details.</p> <p>In addition, if Genesis acquires more than 50% but is unable to acquire 100% of Dacian Shares, you will remain a minority Dacian Shareholder.</p>
<p>Can I be forced to sell my Dacian Shares?</p>	<p>You cannot be forced to sell your Dacian Shares unless Genesis is legally entitled to proceed with compulsory acquisition of those securities. This requires Genesis to have a Relevant Interest in 90% (by number) of all Dacian Shares through acceptances of the Offer or otherwise, during or at the end of the Offer Period.</p> <p>If Genesis does compulsorily acquire the outstanding Dacian Shares in those circumstances, you will receive the same</p>

Question	Answer
	<p>consideration for your Dacian Shares that you would have received under the Offer, but it will take longer for you to receive the consideration from Genesis.</p> <p>If Genesis does not exercise a right to compulsorily acquire the outstanding Dacian Shares within one month of the end of the Offer Period, it may do so at a later date if it (together with its Related Bodies Corporate) acquires the full beneficial interest in at least 90% of all Dacian Shares. In that event, Genesis will need to pay in cash a "fair value" for your Dacian Shares (as assessed by an independent expert).</p> <p>See Section 9.15 of this Target's Statement for further information.</p>
<p>What are the tax implications of accepting the Offer?</p>	<p>A general outline of the tax implications for certain Australian resident Dacian Shareholders of accepting the Offer is set out in Section 11 of this Target's Statement. As that outline is general in nature and does not take into account your individual circumstances, you should not rely on that outline as advice for your particular circumstances.</p> <p>You should seek your own independent taxation advice as to the taxation implications applicable to your specific circumstances.</p>
<p>Do I pay stamp duty if I accept?</p>	<p>Genesis will pay the stamp duty (if any) payable in Australia on the transfers of Dacian Shares under the Offer.</p> <p>See Section 11.15 of the Bidder's Statement.</p>
<p>Do I pay brokerage if I accept?</p>	<p>If your Dacian Shares are registered in an Issuer Sponsored Holding in your name, you will not incur any brokerage in connection with your acceptance of the Offer.</p> <p>If your Dacian Shares are registered in a CHESS Holding, or if you are a beneficial owner whose Dacian Shares are registered in the name of a broker, bank or custodian or other nominee, you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transaction fees or service charges in connection with acceptance of the Offer.</p> <p>If you are an Ineligible Foreign Shareholder or Small Parcel Shareholder, brokerage will be payable in respect of the Genesis Shares sold under the Nominee facility and these costs will be deducted from the proceeds of sale.</p> <p>If you sell your Dacian Shares on the ASX, rather than disposing of them via the Offer, you may incur brokerage charges (and, potentially, GST on those charges).</p>
<p>What if I have further questions?</p>	<p>You should contact your legal, financial, taxation or other professional adviser.</p> <p>Genesis has established an Offer Information Line* which Dacian Shareholders may call if they have any queries in</p>

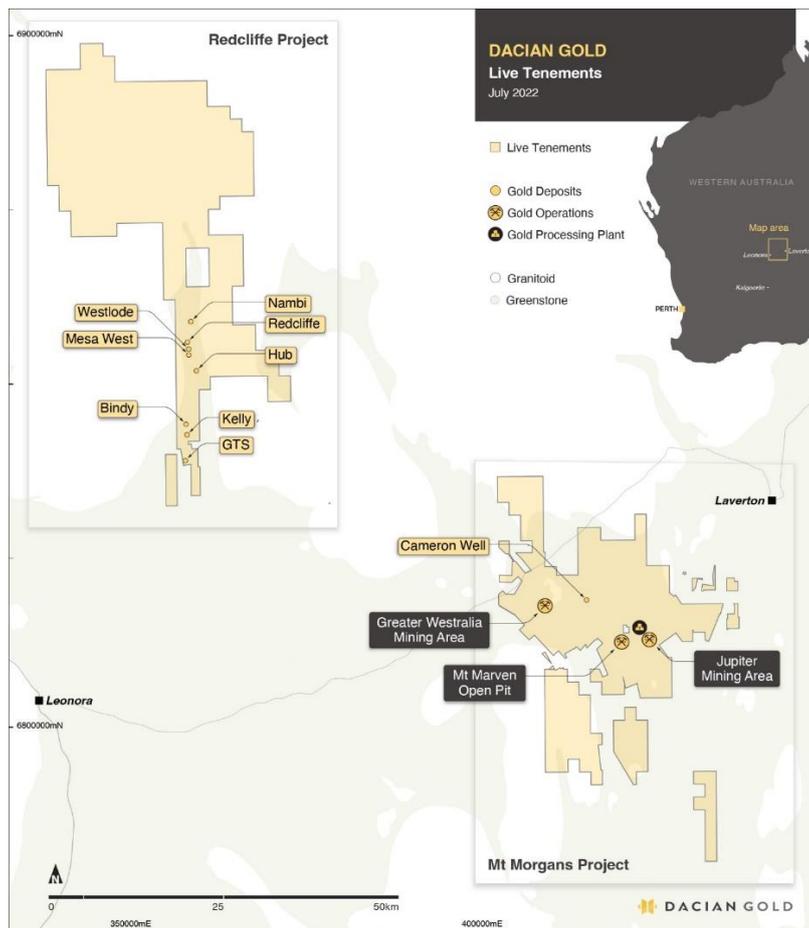
Question	Answer
	<p>relation to the Offer. The telephones numbers for the Offer Information lines are 1300 397 908 (within Australia) or +61 3 9415 4153 from outside Australia) between 8.30am – 5pm (Sydney time), Monday to Friday. For legal reasons, calls to this number will be recorded.</p> <p>If you have any enquiries in relation to your Dacian Shareholding, please contact Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or +61 3 9415 4000 (overseas)*, Monday to Friday between 8.30am and 5.00pm (Perth time) or via email to: web.queries@computershare.com.au.</p>

6. PROFILE OF DACIAN

6.1 Overview of Dacian

Dacian is an Australian ASX-listed gold exploration and production company which owns the Mt Morgans Gold Operation and the Redcliffe Gold Project, with ~1,500km² tenement package comprising predominantly granted mining leases, within the Leonora-Laverton gold district of Western Australia.

Figure 2: Location of Dacian Projects



Dacian was incorporated on 23 November 2011, listed on the ASX on 9 November 2012 and trades under the code 'DCN'.

As at 30 June 2022¹⁹ Dacian has a total Mineral Resource Estimate of 38.8 Mt at 1.8 g/t for 2.2 Moz and an Ore Reserve Estimate of 2.38 Mt at 1.3 g/t for 101,000 oz. Refer to Section 6.9 below for further details.

In June 2022, due to escalating costs, Dacian announced its intention to suspend its open pit and underground mining activities and refocus on exploration, with a particular focus on the Jupiter extension program at Mt Morgans. Further details are provided in Sections 6.6 and 6.7 below.

¹⁹ DCN ASX Release dated 27 July 2022 "2022 Mineral Resources and Ore Reserves Update"

6.2 Directors of Dacian

The Directors of Dacian are:

- (a) Michael Wilkes (Non-Executive Chair);
- (b) Eduard Eshuys (Non-Executive Director); and
- (c) Sue-Ann Higgins (Non -Executive Director).

Mick Wilkes (Non-Executive Chairman)

Mr Wilkes is a seasoned mining professional with over 35 years of experience in the industry, principally in gold and base metals. He has specialised in project development, construction and operations throughout his career.

In the past 20 years he has been responsible as both a senior site manager and executive for the successful greenfield development of four major gold and copper mines, each creating substantial value for shareholders, local communities and Governments with aggregate annual production of over 600koz of gold and 200kt of copper. These developments included the Sepon Gold/Copper Mine in Laos, the Prominent Hill Copper/Gold Mine in South Australia, the Didipio Gold/Copper Mine in the Philippines, and the Haile Gold Mine in South Carolina, USA.

Most recently Mr Wilkes was the President and CEO of Canadian and Australian listed OceanaGold Corporation, building the company from a junior producer in New Zealand to a multinational mid-tier producer with four operations across three countries and a strong growth pipeline.

He was recently a member of the Board Administration Committee for the World Gold Council and is currently a member of the Advisory Board for the Sustainable Minerals Institute at the University of Queensland. He is currently the Non-Executive Chair of Dacian, the Non-Executive Chair of Kingston Resources Limited and the Non-Executive Chair of Andromeda Metals Limited.

He holds a bachelor's degree in mining engineering from the University of Queensland and an MBA from Deakin University.

In the event Dacian acquires more than 50% of Dacian Shares and the Offer becomes unconditional, Genesis has proposed that Mr Wilkes join the board of Genesis as a Non-Executive Director.

Eduard Eshuys (Non-Executive Director) - BSc, FAUSIMM, FAICD

Ed is a geologist with several decades of exploration experience in Western Australia. His successes as Director of Resources for the Great Central Mines Group are well known. In the late 1980s and 1990s he led the teams that discovered the Plutonic, Bronzewing and Jundee gold deposits, and the Cawse Laterite Nickel Deposit. He led the subsequent development and gold production at Bronzewing and Jundee and nickel at Cawse. He has also led the discovery of nickel sulphides at Maggie Hays south of Southern Cross and Mariners nickel at Widgiemooltha WA in the 1970s.

Ed was Managing Director and CEO of St Barbara Mines Limited, from July 2004 to March 2009. He developed St Barbara into a substantial gold producer with the redevelopment of the Sons of Gwalia underground mine which subsequently produced in excess of 2 million ounces.

In 2010, Ed joined DGO Gold Limited as Executive Chairman with responsibility for corporate governance, discovery and investments focused on gold and copper, administration, board conduct and leadership. Ed is also a director of De Grey Mining Limited.

Ed was Non-Executive Director of NTM Gold Limited which merged with Dacian Gold in March 2021, at which time Ed joined the Dacian Board.

Sue-Ann Higgins (Non-Executive Director) - BA LLB (Hons), ACIS, GAICD

Sue-Ann Higgins is an experienced legal practitioner, company secretary and director with diversified skills and over 25 years of experience in senior legal, commercial and executive roles in the resources sector, including with ARCO Coal Australia Inc, WMC Resources Ltd, Oxiana Limited and Citadel Resource Group Limited.

With a focus on providing legal and commercial consulting services to mineral resources companies, Sue-Ann has extensive experience in governance and compliance, mergers and acquisitions, joint ventures, equity capital markets and mineral exploration, development and operations.

Sue-Ann holds Bachelor of Laws (Hons) and Bachelor of Arts degrees from the University of Queensland and Graduate Diplomas in Applied Finance and Investment and Company Secretarial Practice. She is a member of the Australian Institute of Company Directors, the Governance Institute of Australia and the Energy and Resources Law Association.

Sue-Ann is also an executive director and company secretary of Metal Bank Limited.

6.3 Corporate structure

An overview of the corporate structure of Dacian is set out below:



6.4 Mt Morgans Gold Operation

Dacian's Mt Morgans Gold Operation is located 25km west of Laverton and approximately 750km north-east of Perth in Western Australia.

The Mt Morgans Gold Operation is an ~630km² tenement package comprising predominantly of granted mining leases. It is situated in the Laverton gold district, amongst numerous multi-million ounce gold mines with a highly prospective tenement position.

The Mt Morgans Gold Operation includes a 400 person mining camp, a 2.5Mtpa Processing plant, tailings storage facility, borefield and maintenance and administration facilities.

The Mt Morgans processing plant represents a significant strategic asset for Dacian being the only operating mill of size in the region not in the hands of a major.

Production from the Mt Morgans Gold Operation has been primarily from the Jupiter open pit which consists of the Heffernans, Doublejay Ganymede and Saddle deposits and the Westralia underground, with additional ore sources from the Mt Marven open pit and Craic underground.

Construction of the Mt Morgans 2.5Mtpa processing plant and associated infrastructure was completed in 2018 at a capital cost of \$200M²⁰ financed through a project financing syndicated debt facility, with a production target of 200,000 ounces of annual production at an average all-in-sustaining-cost (AISC) of around \$1,000 per ounce.

While the Mt Morgans processing plant has a name plate throughput of 2.5Mtpa, it has consistently achieved 2.9Mtpa throughput, however, due primarily to underperformance of the Mineral Resource and Ore Reserve estimate from the Mt Morgans Feasibility Study²¹, particularly in respect of assessment and application of modifying factors, specifically dilution and ore loss, Mt Morgans' production has underperformed original anticipated levels.

This underperformance led to debt stress from the project financing debt facility, which was financed, and gold production hedged, based on an annual production profile of ~170,000 ounces and the lower gold price at the time of entering into the facility. These hedging obligations required Dacian to deliver a higher percentage of gold produced in satisfaction of hedging than originally anticipated, reducing Dacian's exposure to the rising gold price. Mineral resource definition drilling programs, with associated updated mineral resource estimates and revised mining plans were subsequently developed to address the geological challenges by balancing lower grade open pit base load operations with higher grade underground ore sources.

On 11 November 2021, Dacian announced it had refinanced its existing syndicated debt facility with ANZ (**ANZ Facility**) on comparable terms to Dacian's previous facility.

²⁰ DCN ASX Release 3 April 2018 "DCN pours first gold at Mt Morgan"

²¹ DCN ASX Release 21 November 2016 "Mount Morgans Feasibility Study delivers an Initial Ore Reserve of 1.2Moz"

During the 2021 and 2022 financial years, Dacian substantially addressed the debt burden, through delivery of ounces produced into reduction of the out of the money hedging position and repayment of the majority of remaining debt. As at 30 June 2022, the remaining debt under the ANZ Facility includes a final repayment of \$2 million due on 31 December 2022, with gold hedging comprised of 10,500 ounces at an average hedge price of \$2,667/ounce deliverable over the six months to December 2022.

During FY2022, the re-commissioned Westralia underground mining operation was impacted by Covid-19 induced labour shortages and impacts on supply chains and escalating inflationary cost pressures, significantly increasing mining unit costs, which further eroded cash margins. During this period, the Jupiter Resource extension exploration program continued to define the potential for a larger scale, bulk deposit at Jupiter, which culminated in Dacian's June 2022 pivot to exploration to increase the resource base and to allow time to reset Dacian's operating model.

Annual production for the financial year ended 30 June 2022 was impacted by labour shortages, equipment availability and other COVID 19 effects, underperformance of the underground operations and increasing costs. Full year production for FY2022 totalled 90,800 ounces, below revised guidance of 93,000 – 97,000 ounces at an ASIC of \$1,955/oz, marginally higher than revised guidance of \$1,850/oz to \$1,950/oz.

The primary source of ore processed for FY2022 was from the Doublejay and Heffernans open pits at Jupiter, supplemented by ore produced from the Westralia underground, including development activities at both the Beresford and Allanson mine areas and stope extraction at Beresford.

6.5 Redcliffe Project

In March 2021, Dacian acquired the Redcliffe Gold Project via a merger with NTM Gold Limited. The Redcliffe Gold Project is located 45-60km northeast of Leonora in the Eastern Goldfields Region of Western Australia. The Redcliffe Gold Project area comprises over ~890km² and overlies Archean-aged greenstones. The primary focus of exploration within the tenements is the Mertondale Shear Zone (MSZ), a regional structure with demonstrated gold mineralisation.

The Redcliffe Project includes the Redcliffe, Hub, GTS, Nambi, Kelly, Bindy and Mesa Westlode deposits

Since acquisition of the Redcliffe Project, Dacian has conducted drilling programs designed to improve geological confidence and advance the Hub, GTS and Nambi deposits through to mining studies. During FY2022 Dacian conducted further Mineral Resource definition drilling, grade control drilling, mining studies, geotechnical, hydrological and sterilisation drilling programs to advance open pit development of the Hub and GTS deposits, and Mineral Resource definition drilling at the Nambi deposit. The potential for underground extraction at Hub, GTS and Nambi, was also considered in the above resource development programs.

Development works for commencement of mining at the Hub and GTS open pits continued during FY2022, pending government approval of the mining proposal, which is still outstanding.

6.6 A new focus

Over the last 12 months, Dacian has experienced material increases in the costs of labour, consumables, maintenance, load and haul rates, fuel, gas and other costs,

compounded by supply chain challenges, labour shortages and approval delays, together with underperformance of underground operations.

After assessment of the full impact of the accelerating cost environment, the Dacian Board concluded that Dacian's previous operating model, with a contractor mining approach, was no longer viable.

On 17 June 2022, Dacian announced a new focus, with the Company pivoting towards exploration, focussing on increasing resources and developing a leaner operating model.

The new focus includes:

- (a) suspension of existing mining to preserve asset value, with open pit mining operations at Jupiter suspended at the end of June 2022 and underground operations to continue until previously developed stopes at the Beresford, Allanson, and Craic underground mines have been mined during the first quarter of FY2023;
- (b) processing of Dacian's large existing stockpiles as the main source of ore feed for the Mt Morgans mill;
- (c) exploration focussing on increasing resources from the significant potential beneath and alongside the Jupiter open pits and continued exploration of other high priority targets; and
- (d) development of a new operating regime for any future return to production, which reduces costs and maximises future cash flows.

With encouraging exploration results to date, the Jupiter extension drilling program combined with Dacian's significant existing Mineral Resource base and exploration potential across Dacian's Prospective tenements, the Board is of the view that Dacian's projects have the potential to provide significant mineralisation capable of supporting future large-scale mining operations.

During FY2023, Dacian intends to process ore from low grade and historical low grade heap leach stockpiles, with some additional ore sourced from underground mines until existing stopes are extracted in the first quarter of FY2023.

Dacian holds Ore Reserves²² of 2.38 Mt at 1.3 g/t for 101,000 oz in mine and low grade stockpiles, together with an Inferred Mineral Resource²³ of 3.63Mt @ 0.4 g/t for 48,000oz for a historic heap leach stockpile located adjacent to the Mt Morgans' processing plant.

Cash flow from the above processing will be applied towards costs associated with the cessation of open-pit and underground mining activities, repayment of debt and existing commitments.

As announced 12 July 2022, Dacian completed a placement of 123,910,441 ordinary shares at a placement price of 10.2 cents per share. The proceeds of the placement will be used to accelerate the Jupiter extension drilling and provide general working capital.

²² DCN ASX Release 27 July 2022 "2022 Mineral Resources and Ore Reserves Update"

²³ DCN ASX Release 27 July 2022 "2022 Mineral Resources and Ore Reserves Update"

In its announcement of 17 June 2022, Dacian included the potential for open pit mining of the Hub deposit in FY2023. Dacian had progressed the Hub and GTS open pits at the Redcliffe Project to a development ready position at 30 June 2022, subject to pending Government approvals. Grade control drilling was completed for both Hub and GTS pit designs. With the 17 June 2022 pivot towards exploration previous plans were refocussed on a low capital development, high grade option for Hub, with GTS deferred due to the higher strip ratio and associated capital development investment. Given delays in Government approvals and access arrangements, coupled with continuing escalating costs, Dacian is re-assessing future production options at Hub and GTS which align with the new strategy for the Mt Morgans operations.

As an exploration focussed entity with limited stockpiles for continued processing, there are significant risks for Dacian and its shareholders from Dacian proceeding as a stand-alone entity and these are summarised in Section 10.5.

6.7 Jupiter Resource Extension Program

The Jupiter complex spans approximately 2km with variable widths ranging between 50m to 300m. The complex consists of an extensive syenite intrusive system, associated mafics, and structures, with several identified pipes and linking dykes beneath and between the Heffernans, Doublejay and Ganymede open pits. The Jupiter syenite intrusive system is interpreted to be associated with the main Kurnalpi gold mineralisation event in published literature.

Through its target generation and development work, Dacian has demonstrated its syenite systems are suitable hosts for deposits of significant scale. In the second half of 2021, Dacian commenced a three-phase program targeting its known syenite pipes below the Jupiter mining complex:

- Phase 1: Proof of concept for the potential of Jupiter to host mineralisation of significant scale, which has been completed.
- Phase 2: Drilling program to target potential bulk extractable mineralisation to ~400m from surface across the entire length of the Jupiter complex, which is ongoing.
- Phase 3: Mineral Resource estimation and conceptual mining studies for potential expansion of large-scale mining operations.

Phase 1 results 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, confirming mineralisation of significant width and scale associated with the syenite intrusive system, over a strike extent of ~2km.

Phase 2 of the program, which is ongoing, includes drilling targeting potential bulk extractable mineralisation to ~400m from surface across the entire length of the Jupiter complex.

Initial Phase 2 drilling results²⁴ have confirmed the potential for mineralisation of significant width and scale associated with the syenite intrusive system over a strike extent of ~2km, with variable widths ranging between 50m to 300m, and to a depth of

²⁴ Releases 17 June 2022, 30 June 2022 and 18 July 2022.

approximately 400m below surface, continuing to 650m below surface and remaining open at depth.

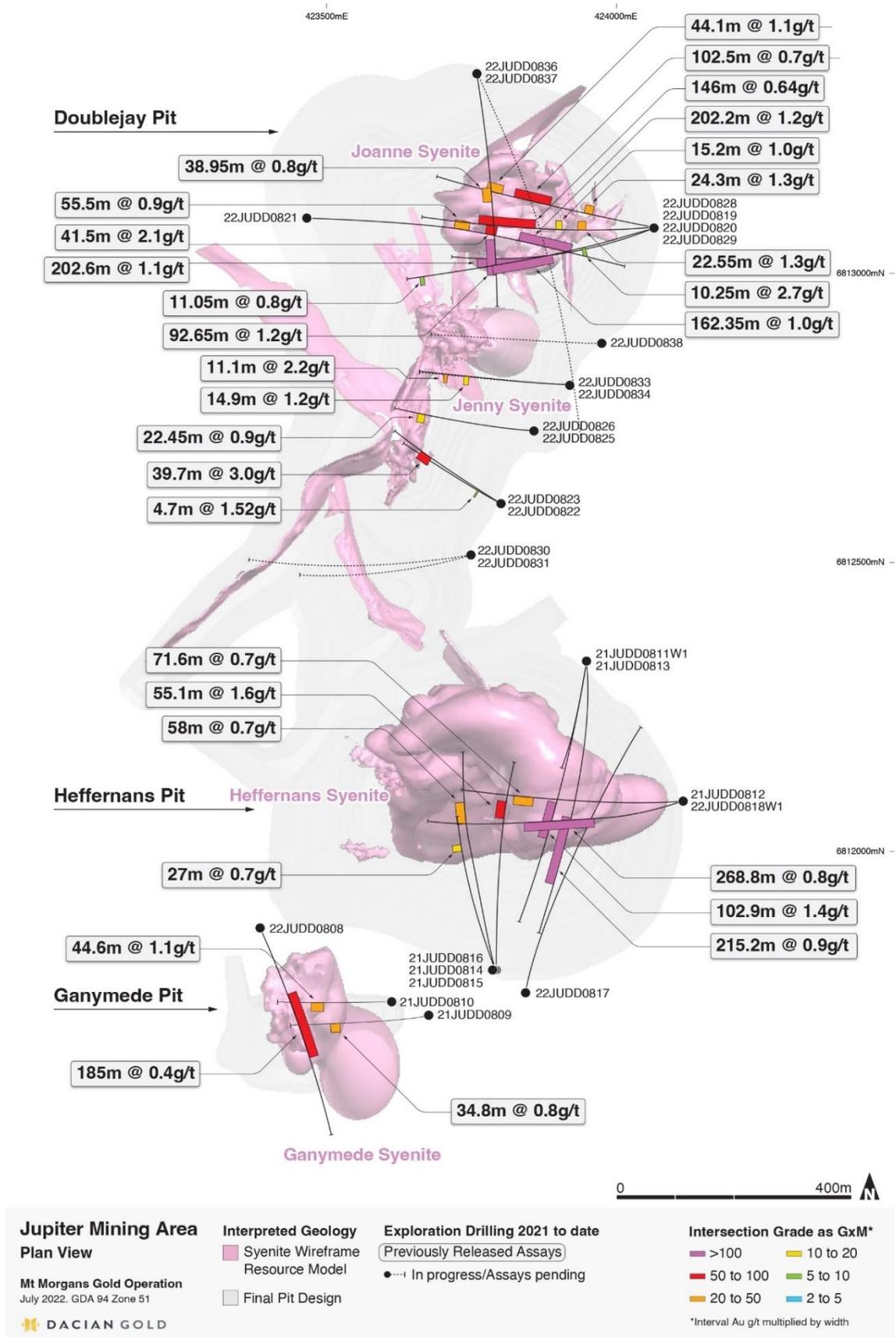


Figure 3: Jupiter Mining Area Plan View

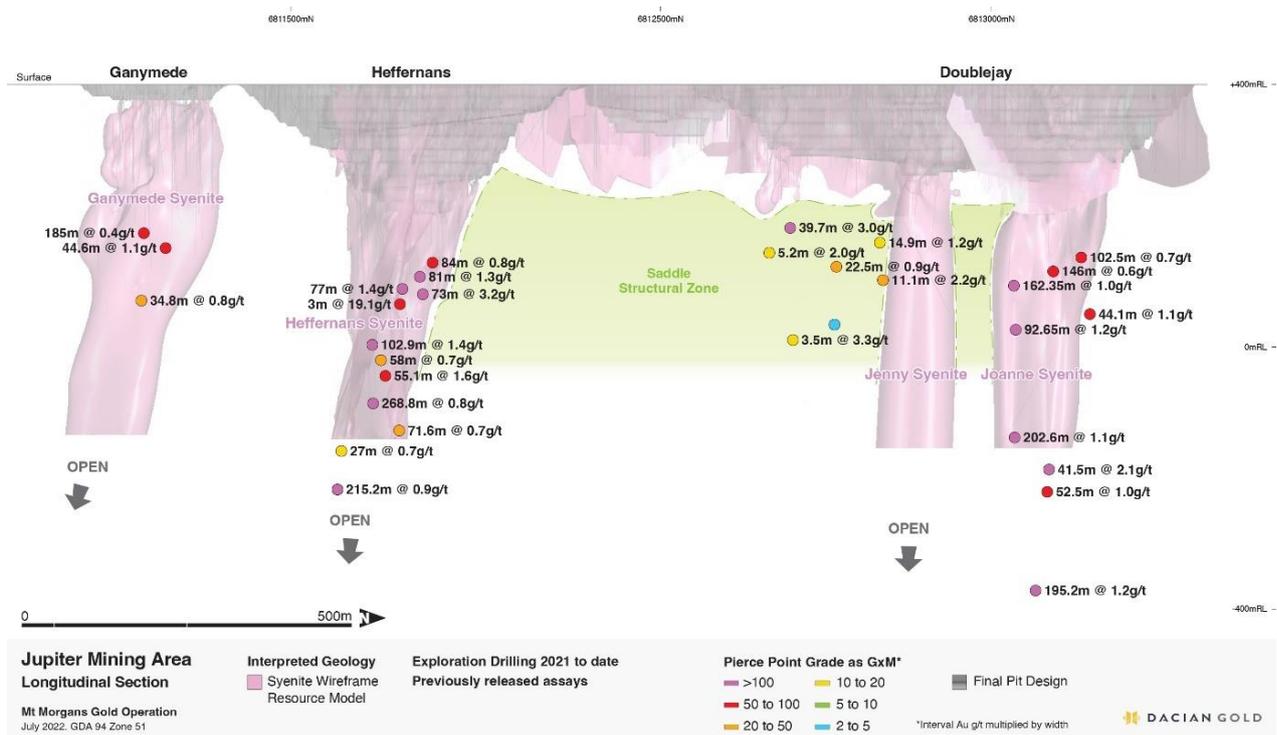


Figure 4: Jupiter Mining Area Longitudinal Section

Phase 2 drilling of the Jupiter extension program is continuing. Following completion of Phase 2, and subject to continuing positive results, Dacian will commence Phase 3, comprising mineral resource estimation and order of magnitude studies for potential expansion of large-scale mining operations. Additional drilling programs will be identified during this phase of study which will be required to improve the geological confidence in the interpretation and support further mining studies.

6.8 Exploration projects

Over the last two years, Dacian has pursued a multi-level exploration program to define base load exploration targets using a mineral systems approach, and to grow Dacian's Mineral Resources and Ore Reserves.

This has included geophysical surveys, geochemical soil sampling, structural studies, selected geochronological analysis, petrography and exploration and resource definition drilling across Dacian's various deposits and tenements.

The exploration at Dacian's Southern Tenement has recently developed targets for large potential base load ore feed to compliment the advanced development projects. This includes aeromagnetic data, geochronology and structural interpretation, which has identified three priority targets along the granite-greenstone contact at Robinta, Habibi, and Liberte/Ambassador. Anomalism over all three targets has been determined through results of ultra fine soil sampling, over coincident geophysical target definition. Infill soil sampling has been conducted, in addition to a stratigraphic drilling program with results pending for these exploration programs.

6.9 Mineral Resources and Ore Reserves Estimates and Exploration Target

Mineral Resources and Ore Reserves Estimates

Based on Dacian's 2022 Mineral Resources and Ore Reserves update released to ASX on 27 July 2022, Dacian's Mineral Resources and Ore Reserves are summarised

below. Dacian's Total Mineral Resource estimate and Total Ore Reserve estimate as at 30 June 2022 are attached as Annexure 1 to this Target's Statement.

Mineral Resources Estimates

Total Mineral Resources of 38.8 Mt @ 1.8 g/t for 2.2 Moz

- Total Measured & Indicated Mineral Resources of 18 Mt @ 1.9 g/t for 1.1 Moz

Mt Morgans Gold Operations

- Total Mineral Resources of 26.3Mt @ 1.8 g/t for 1,523,000 oz
- Total Measured and Indicated Mineral Resources of 15.5 Mt @ 1.7 g/t for 865,000 oz
- Jupiter Mining Area Measured & Indicated of 10 Mt @ 1.2 g/t for 390,000 oz
- Greater Westralia Area Measured & Indicated of 3.4 Mt @ 4.1 g/t for 440,000 oz

Redcliffe Project

- Total Mineral Resources of 12.7 Mt @ 1.7 g/t for 680,000 oz
- Total Measured & Indicated Mineral Resources of 2.5 Mt @ 3.0 g/t for 240,000 oz

Ore Reserves Estimates

Total Ore Reserves of 2.38 Mt @ 1.3 g/t for 101,000 oz

Mt Morgans Gold Operations

- Total stockpile Ore Reserves of 1.62 Mt @ 0.6 g/t for 32,000 oz

Redcliffe Project

Ore Reserve 755 Kt @ 2.8 g/t for 69,000 oz:

- Hub Open Pit Ore Reserves of 256 Kt @ 4.1 g/t for 34,000 oz
- GTS Open Pit Ore Reserves of 499 Kt @ 2.2 g/t for 35,000 oz

Exploration Target

The EOFY 2021 Jupiter underground Mineral Resource estimate (MRE) reported by Dacian on 31 August 2021²⁵ has now been reclassified, removing those underground Mineral Resources from Dacian's total Mineral Resource inventory.

The reclassified underground volume is now part of a broader Exploration Target²⁶ set out below.

Table 1: Jupiter Deposit – Exploration Target

Exploration Target	Tonnage range (Mt)		Grade range (g/t Au)		Ounces range (oz Au)	
	31.8	39.7	0.8	1.6	810,000	1,960,000
TOTAL	31.8	39.7	0.8	1.6	810,000	1,960,000

It should be noted that the potential quantity and grade of the Exploration Target are conceptual in nature, that there has been insufficient exploration to estimate a Mineral

²⁵ DCN ASX release dated 31 August 2021 "2021 Mineral Resources and Ore Reserves update"

²⁶ DCN ASX release 22 July 2022 "Jupiter Underground Resource Reclassification"

Resource, and that it is uncertain if further exploration will result in the estimation of a Mineral Resource.

6.10 Competent Person Statements

In relation to the Mineral Resources and Ore Reserves estimates and the Exploration Target set out in section 6.9 and elsewhere in this Target's Statement, Dacian confirms that it is not aware of any new information or data that materially affects the information included in the relevant ASX announcements referenced in the text and all material assumptions and technical parameters underpinning the estimates in the referenced announcements continue to apply and have not materially changed. Dacian also confirms that the form and context in which the Competent Persons findings are presented have not materially changed from the original announcements.

6.11 Financial information on Dacian

As at 30 June 2022, Dacian had \$17.5 million in cash, \$4.1 million in gold on hand and \$2 million in debt, having paid its scheduled debt repayment to ANZ of \$12.75 million. Gold hedging at 30 June 2022 comprised 10,500 ounces at an average hedge price of \$2,667/ounce deliverable over the next six months.

Remaining debt to ANZ is \$2 million, which is due for payment on or before 31 December 2022.

Dacian's existing cash and operating cash flows will be applied to costs associated with the cessation of open-pit and underground mining activities, repayment of debt and existing commitments.

On 12 July 2022, Dacian completed a placement to Genesis under which Genesis subscribed for 123,910,441 Dacian Shares for cash consideration of \$12.6 million (**Dacian Placement**). The issue price for the Dacian Placement was at the Offer price of \$0.1016 per Dacian Share. The proceeds of the Dacian Placement will be used to accelerate the Jupiter resource extension drilling and provide general working capital for processing of low grade stockpiles.

Historical Financial Information

The historical financial information in this section 6.11 has been extracted from the audited consolidated financial statements of Dacian and its controlled entities (Dacian Group) for the financial years ended 30 June 2020 and 20 June 2021 and the reviewed consolidated financial statements for the half year ended 31 December 2021. The full consolidated financial statements for the financial periods ended 30 June 2020, 30 June 2021, and 31 December 2021, including the notes to those financial statements, can be found in the corresponding annual reports and half year reports that are available from Dacian's website www.daciangold.com.au or from the ASX website.

The historical financial information relates to the performance of Dacian before the 17 June 2022 announced pivot to exploration. This historical financial information should not be relied on as being indicative of the future performance of Dacian as an exploration focussed entity with the new focus described in Section 6.6 of this Target's Statement.

Historical consolidated statement of financial position

The historical consolidated statement of financial position of the Dacian Group set out below has been derived from Dacian's audited consolidated statement of financial position for the financial years ending 30 June 2020 and 30 June 2021 and from the reviewed consolidated statements of financial position for the half year ended 31 December 2021. The consolidated statement of financial position set out below should be read in conjunction with the accompanying notes to Dacian's FY20 Annual Report, Dacian's FY21 Annual Report and Dacian's HY22 Interim Report.

\$'000	As at 31 December 2021	As at 30 June 2021	As at 30 June 2020
Current assets			
Cash and cash equivalents	26,917	35,942	51,976
Receivables	4,411	3,906	3,179
Inventories	17,286	19,431	20,382
Derivative financial instruments	-	-	45
Total current assets	48,614	59,279	75,582
Non-current assets			
Property, plant and equipment	81,183	89,544	107,205
Exploration and evaluation assets	103,504	103,504	4,072
Mine properties	110,485	95,606	84,486
Deferred tax assets	13,106	13,070	13,374
Total non-current assets	308,278	301,724	209,137
Total assets	356,892	361,003	284,719
Current liabilities			
Trade and other payables	29,439	26,228	21,016
Provisions	1,589	1,343	1,420
Borrowings	19,942	18,713	34,585
Other financial liabilities	-	-	261
Total current liabilities	50,970	46,284	57,282
Non-current liabilities			
Provisions	28,504	28,771	21,195
Borrowings	8,374	8,911	43,600
Total non-current liabilities	36,878	37,682	64,795
Total liabilities	87,848	83,966	122,077
Net assets	269,044	277,037	162,642
Equity			
Issued capital	491,318	457,099	338,904
Share-based payments reserve	6,077	5,346	2,250
Accumulated losses	(228,351)	(185,408)	(178,512)
Total equity	269,044	277,037	162,642

Historical consolidated statement of profit and loss and other comprehensive income

The historical consolidated statements of profit or loss and other comprehensive income of the Dacian Group set out below have been derived from the audited consolidated statements of profit or loss and other comprehensive income for the financial years ending 30 June 2020 and 30 June 2021 and from the consolidated statements of profit or loss and other comprehensive income for the half year ended 31 December 2021. The consolidated statement of profit or loss and other comprehensive income set out below should be read in conjunction with the accompanying notes to Dacian's FY21 Annual Report, Dacian's FY20 Annual Report and Dacian's HY22 Interim Report

\$'000	Half year ended 31 December 2021	Year ended 30 June 2021	Year ended 30 June 2020
Revenue	77,916	241,623	270,047
Cost of goods sold	(106,067)	(216,920)	(264,996)
Gross profit / (loss)	(28,151)	24,703	5,051
Corporate employee expenses	(1,705)	(3,880)	(3,985)
Share-based employee expense	(731)	(1,294)	(1,712)
Borrowing and finance costs	(968)	(2,575)	(6,644)
Exploration and growth	(9,531)	(20,318)	(9,148)
Losses on derivative instruments	-	(45)	(6,808)
Other expenses	(1,857)	(4,092)	(4,304)
Impairment loss on assets	-	-	(68,537)
(Loss) before income tax	(42,943)	(7,501)	(96,087)
Income tax (expense) / benefit	-	-	(20,377)
Net (loss) for the period attributable to the members of the parent entity	(42,943)	(7,501)	(116,464)
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)	(7,501)	(116,464)

Historical consolidated statement of cash flows

The historical consolidated statement of cash flows of the Dacian Group set out below has been derived from Dacian's audited consolidated statement of cash flows for the financial years ending 30 June 2020 and 30 June 2021 and from the reviewed consolidated statements of cash flows for the half year ended 31 December 2021. The consolidated statement of cash flows set out below should be read in conjunction with the accompanying notes to Dacian's FY20 Annual Report, Dacian's FY21 Annual Report and Dacian's HY22 Interim Report.

\$'000	Half year ended 31 December 2021	Year ended 30 June 2021	Year ended 30 June 2020
Cash flows from operating activities			
Gold sales	77,670	241,053	269,489
Interest received	25	143	330
Other income	246	570	557
Interest paid	(377)	(1,643)	(5,263)
Payments for exploration and growth	(9,497)	(19,622)	(8,820)
Payments to suppliers and employees	(68,598)	(165,022)	(233,334)
Net cash from / (used in) operating activities	(531)	55,479	22,959
Cash flows from investing activities			
Payments for mine properties expenditure	(39,715)	(42,654)	(43,085)
Payments for plant and equipment	(1,169)	(3,595)	(2,993)
Proceeds from disposal/(acquisition) of assets	9	(420)	45
Net cash (used in) investing activities	(40,875)	(46,669)	(46,033)
Cash flows from financing activities			
Proceeds from issue of share capital	35,905	27,793	98,351
Share issue transaction costs	(1,771)	(1,536)	(6,954)
Repayment of borrowings	(16,196)	(47,904)	(41,400)
Proceeds from borrowings	16,000	-	-
Transaction costs associated with borrowings	(280)	(519)	(1,269)
Repayment of lease liabilities	(1,277)	(2,413)	(2,481)
Premiums paid on put options	-	(265)	(6,712)
Net cash from / (used in) financing activities	32,381	(24,844)	39,535
Net increase / (decrease) in cash and cash equivalents	(9,025)	(16,034)	16,461
Cash and cash equivalents at beginning of period	35,942	51,976	35,515
Cash and cash equivalents at end of period	26,917	35,942	51,976

Pro forma historical financial information

Set out below is the historical statement of financial position of Dacian Group as of 31 December 2021, which has been extracted from the Dacian HY22 Interim Report, lodged with ASX on 25 February 2022. Copies of the reviewed interim financial reports can be found on the Dacian website (www.daciangold.com.au).

The Pro Forma historical financial information presented in the table below is illustrative, unaudited, does not represent complete financial statements and should

therefore be read in conjunction with the financial statements for the respective periods, including the description of accounting policies contained in those financial statements and the notes to those financial statements. Where appropriate, adjustments have been made to headings and classifications of historical data to provide a consistent basis of presentation.

In the interval between 31 December 2021 and the date of this Target's Statement, the following transactions or events of a material and unusual nature likely, in the opinion of the directors of Dacian, to significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years are set out below:

- Dacian's market capitalisation at 30 June 2022 was \$89.0M. Immediately after year end Dacian placed shares at 10.16 cents per Dacian Share implying a market capitalisation of \$110M. Dacian has indicated that its annual financial statements are likely to include an impairment of net assets, being an adjustment of up to approximately \$140 million to write down the carrying value of deferred tax assets, exploration and evaluation assets and mining properties;
- the increase in cash due to the 12 July 2022 Dacian Placement;
- FY22 total completed \$14.0M scheduled debt repayment; and
- Net depreciation and amortisation of plant and development for the six month period.

The historical financial statements relate to the prior performance of Dacian. They should not be relied on as being indicative of the future performance of Dacian as an exploration focussed entity with the new focus described in Section 6.6 of this Target's Statement.

Pro-forma Statement of financial position

	Note	31-Dec 2021 \$'000	Pro-forma Adjustments \$'000	Pro-forma \$'000
Current assets				
Cash	1, 2	26,918	-1,411	25,507
Receivables		4,411		4,411
Inventories		17,286		17,286
Total current assets		48,615	-1,411	47,204
Non-current assets				
Property, plant and equipment,	3	81,182	-10,000	71,182
Exploration and evaluation assets, and Mine properties	3, 4	213,990	-149,000	64,990
Deferred tax assets	5	13,105	-13,105	0
Total non-current assets		308,277	-172,105	136,172
Total assets		356,892	-173,516	183,376

	Note	31-Dec 2021 \$'000	Pro-forma Adjustments \$'000	Pro-forma \$'000
Current liabilities				
Trade and other payables		29,440		29,440
Provisions		1,589		1,589
Bank Debt	1	16,000	-14,000	2,000
Lease liabilities		3,942		3,942
Total current liabilities		50,971	-14,000	36,971
Non-current liabilities				
Provisions		28,504		28,504
Lease liabilities		8,374		8,374
Total non-current liabilities		36,878		36,878
Total liabilities		87,849	-14,000	73,849
Net assets		269,043	-159,516	109,527
Equity				
Issued capital	2	491,317	12,589	503,907
Share-based payments reserve		6,077		6,077
Accumulated losses	3, 4, 5	-228,351	-172,105	-400,457
Total equity		269,043	-159,516	109,527

Pro-forma adjustments (unaudited)

Adj #	Account	Debit (\$'000)	Credit (\$'000)	Description
1	Bank debt	14,000		To recognise scheduled debt repayments made in six months to 30 June 2022
1	Cash		14,000	To recognise scheduled debt repayments made in six months to 30 June 2022
2	Cash	12,589		To recognise proceeds from placement of 123M shares as announced 12 July 2022
2	Issued capital		12,589	To recognise proceeds from placement of 123M shares as announced 12 July 2022
3	Accumulated losses	10,000		To recognise net depreciation for six months to 30 June 2022
3	Property, plant and equipment		10,000	To recognise net depreciation for six months to 30 June 2022
3	Accumulated losses	22,000		To recognise net amortisation for six months to 30 June 2022
3	Mine properties		22,000	To recognise net amortisation for six months to 30 June 2022

Adj #	Account	Debit (\$'000)	Credit (\$'000)	Description
4	Accumulated losses	127,000		To impair carrying value Mine properties and exploration and evaluation assets
4	Exploration and evaluation assets, and Mine properties		127,000	To impair carrying value Mine properties and exploration and evaluation assets
5	Accumulated losses	13,105		To reduce carry forward tax losses recognised not virtually certain
5	Deferred tax assets		13,105	To reduce carry forward tax losses recognised not virtually certain

Pro forma historical financial information for the Combined Group

Section 4.6 of the Bidder's Statement sets out historical statements of financial position of Genesis and Dacian as of 31 December 2021 and the pro forma historical statement of financial position in relation to the Combined Group as of 31 December 2021. The historical financial information contained in that section has been extracted from Genesis' HY22 Interim Report, lodged with ASX on 10 March 2022, and Dacian's HY22 Interim Report, lodged with ASX on 25 February 2022. Copies of the reviewed interim financial reports can be found on their respective websites, being www.genesisminerals.com.au and www.daciangold.com.au.

The pro forma historical statement of financial position in relation to the Combined Group has been prepared to reflect the acquisition of Dacian by Genesis pursuant to the Offer, assuming that the Offer becomes unconditional and the level of acceptances result in Genesis acquiring 100% of Dacian. The pro forma historical statement of financial position in relation to the Combined Group is provided for illustrative purposes only and is prepared on the assumption that Dacian became a wholly-owned subsidiary of Genesis on 31 December 2021. It does not illustrate the financial position that may be contained in future financial statements of Genesis and does not contain all disclosures required for a financial report under the Corporations Act. The pro forma historical statement of financial position in relation to the Combined Group should be read in conjunction with the risk factors and other information contained in the Bidder's Statement, the accounting policies of Genesis and Dacian as disclosed in their most recent respective annual reports and information disclosed by the companies on ASX.

6.12 Financial Forecasts

Dacian's financial performance will be largely dependent on expenditure incurred, and returns received, from the processing of its existing stockpiles at the Mt Morgans mill which, (especially in respect of returns), are inherently uncertain at the present time due to the effects of inflation, COVID-19, exchange rate volatility, variable grade and plant performance.

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe they do not have a reasonable basis to forecast future earnings. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

6.13 Issued Capital of Dacian

As at the Last Practicable Date, the issued capital of Dacian consists of:

- (a) 1,208,987,504 Dacian Shares;
- (b) 300,000 Dacian Options, with an exercise price of A\$0.28 and expiring 10 September 2026¹; and
- (c) 10,189,569 Dacian Performance Rights with various performance conditions and expiry dates.

Notes:

1. The Dacian Options are held by Eligius Holdings Pty Ltd as trustee for The Wilkes Family Trust (**Eligius**), an associate of Dacian's Chair, Mr Wilkes. The terms and conditions of the Options are set out in Dacian's ASX announcement titled "Clarification – Appendix G" released on 15 September 2021.

Dacian, Genesis and Eligius have executed an Option Cancellation Deed under which Genesis has agreed to pay Eligius, on cancellation of the Options, a cash amount of \$17,190 reflecting a Black & Scholes valuation of \$0.0573 for each Option (**Option Cancellation Deed**).²⁷ The cancellation of these Options is conditional on (amongst other things) Genesis acquiring a Relevant Interest in more than 50% of Dacian Shares, and the Offer becoming unconditional.

Each Dacian Director has confirmed their intention, subject to and on Genesis acquiring a Relevant Interest in more than 50% of the Dacian Shares on issue and the Offer being declared unconditional, to take all action and exercise all discretion as reasonably necessary to cause all of the Dacian Performance Rights on issue to either vest and be exercised, or to lapse for nil or nominal consideration (if that has not already occurred).

The Dacian Board has resolved that, upon Genesis acquiring a Relevant Interest in more than 50% of Dacian Shares, and the Offer becoming unconditional, the Dacian Performance Rights will be cancelled all performance conditions applying to the Dacian Performance Rights will be waived and, subject to the holders remaining employees of Dacian at the Change of Control Date, the Dacian Performance Rights will automatically vest and be exercised.

6.14 Recent trading in Dacian

Dacian Shares are quoted on the ASX. Set out below is a table showing relevant trading prices of Dacian Shares on ASX.

²⁷ Dacian has obtained a waiver of ASX Listing Rule 6.23.2 to allow the Dacian Options to be cancelled for consideration without Dacian Shareholder approval.

Comparative trading period price of Dacian Shares	Price of Dacian Shares (A\$)
Highest trading price in the 4 months prior to the Last Practicable Date before this Target's Statement was lodged with ASIC	\$0.320
Lowest trading price in the 4 months prior to the Last Practicable Date before this Target's Statement was lodged with ASIC	\$0.077
Closing trading price on the last trading day in which both Dacian and Genesis Shares traded for the full trading day prior to Dacian requesting a trading halt in Dacian Shares on ASX (being the last date Dacian Shares traded on ASX before the Announcement Date), being 1 July 2022	\$0.092
Last practicable closing price of Dacian Shares traded on ASX prior to the date this Target's Statement was lodged with ASIC, being 27 July 2022	\$0.105

6.15 Substantial holders

As at the Last Practicable Date prior to the date of this Target's Statement, based on substantial holder notices lodged with ASX, the substantial holders of Dacian were as follows, based on 1,208,987,504 Dacian Shares being on issue on the Last Practicable Date.

Name	Number of Dacian Shares	Percentage of Dacian Shares
Genesis Minerals Limited	200,308,897	16.6%*
Perennial Value Management Limited	79,805,609	6.6%*
Gold Road Resources Limited	74,293,843	6.1%
Regal Funds Management	72,362,998	6.0%
Paradice Investment Management Pty Ltd	72,825,224	6.0%

* Genesis' Relevant Interest in 16.6% of Dacian Shares arises as a result of Genesis being the registered holder of 123,910,441 Dacian shares (being ~10.3% Shareholding) and its Pre-bid Agreement with Perennial Value Management Limited for 76,398,453 Dacian Shares, an ~6.3% Shareholding. Further details relating to Pre-bid Agreement are set out in Section 10.4 of the Bidder's Statement.

6.16 Dacian's dividend history

No dividends were declared or paid during the financial year ending 30 June 2021 and no dividends are expected to be declared or paid for the financial year ending 30 June 2022.

6.17 Further information on Dacian

Dacian is a listed disclosing entity for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, as a listed company, Dacian is subject to the ASX Listing Rules which require continuous disclosure of any information Dacian has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

In addition, Dacian is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Dacian may be obtained from, or inspected at, an ASIC office.

A substantial amount of information about Dacian, including its ASX announcements, is available in electronic form from its website <http://www.daciangold.com.au>.

7. PROFILE OF GENESIS

7.1 Overview of Genesis

Genesis is an ASX-listed gold explorer and developer in the Leonora region of Western Australia. Genesis was admitted to the official list of ASX on 2 August 2007 (ASX:GMD).

Sections 2 and 3 of the Bidder's Statement provides an overview of Genesis and Genesis Securities.

7.2 Directors

The Directors of Genesis are:

- (a) Mr Tommy McKeith (Non-Executive Chairman);
- (b) Mr Raleigh Finlayson (Managing Director, CEO);
- (c) Mr Michael Bowen (Non-Executive Director);
- (d) Mr Gerry Kaczmarek (Non-Executive Director); and
- (e) Mr Neville Power (Non -Executive Director).

Biographical details of each of the directors are set out in Section 2.6 of the Bidder's Statement.

7.3 Corporate structure of Genesis

Section 3 of the Bidder's Statement sets out detailed information relating to the capital structure of Genesis, including its substantial shareholders.

7.4 Gold Projects

Section 2.3 of the Bidder's Statement provides an overview of the principal gold projects of Genesis.

7.5 Genesis financial information

Genesis released its:

- (a) full year financial accounts for the financial year ending 30 June 2021 on 28 September 2021; and
- (b) half year accounts for the financial half year ending 31 December 2021 on 10 March 2022.

Electronic copies of these reports can be obtained from Genesis' website <http://www.genesisminerals.com.au> or from ASX.

Section 2.9 of the Bidder's Statement includes consolidated financial statements of Genesis':

- (a) financial position; and
- (b) profit and loss and other comprehensive income,

extracted from the reviewed financial statements of Genesis for the half year ending 31 December 2021, being the last reviewed financial statements prior to the date of this Target's Statement.

Section 2.9 of the Bidder's Statement also provides detailed commentary on Genesis' historical financial results.

7.6 Further information on Genesis

Genesis is a listed disclosing entity for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, as a listed company, Genesis is subject to the ASX Listing Rules which require continuous disclosure of any information Genesis has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

In addition, Genesis is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Genesis may be obtained from, or inspected at, an ASIC office.

A substantial amount of information about Genesis, including its ASX announcements, is available in electronic form from its website at www.genesisminerals.com.au.

8. PROFILE OF COMBINED GROUP

8.1 Introduction

Genesis has prepared a profile of the Combined Group which appears at Section 7 of the Bidder's Statement. Your Directors have reviewed the Combined Group profile and recommend that you read and carefully consider the information in Section 7 of the Bidder's Statement.

8.2 Board of Combined Group

If Genesis obtains a Relevant Interest in more than 50% of the Dacian Shares on issue and the Offer is unconditional, Genesis has proposed that Mr Michael Wilkes (the current Non-Executive Chair of Dacian), will resign from the Dacian Board and join the Board of the Combined Group, Mr Anthony Kiernan will join as Non-Executive Chair of Genesis, and existing Genesis Directors Tommy McKeith and Neville Power will resign as Genesis Directors. In addition, in these circumstances it is also proposed that Dacian and its group entities will appoint to their respective boards a majority of Genesis directors.

Details of the existing and proposed Genesis Board, including biographical details, are set out in Section 2.6 of the Bidder's Statement.

8.3 Capital structure of Combined Group

A description of the capital structure of the Combined Group, and the assumptions on which that description is based is set out at Section 7.4 of the Bidder's Statement.

8.4 Pro forma financial information for the Combined Group

Section 7.7 of the Bidder's Statement sets out a Combined Group pro-forma unaudited consolidated statement of financial position as at 31 December 2021, together with:

- (a) a description of the pro forma adjustments made; and
- (b) the assumptions underlying the preparation of that financial statement.

9. INFORMATION REGARDING THE OFFER

9.1 Overview

This Section contains a summary of the terms and conditions of Genesis' Offer.

The full terms and conditions of the Offer are set out in Section 11 of Genesis' Bidder's Statement.

9.2 The Offer

Genesis is offering to acquire all of the Dacian Shares from Dacian Shareholders²⁸. The Offer relates to Dacian Shares that exist as at the Record Date (other than Dacian Shares registered in Genesis' name).

You may only accept the Offer in respect of all (and not a part) of your Dacian Shares.

The Offer does not extend to Dacian Convertible Securities. The Offer does, however, extend to all Dacian Shares that are issued during the Offer Period due to the exercise of Dacian Convertible Securities.

9.3 Consideration under the Offer

The consideration being offered by Genesis under the Offer is 0.0843 new Genesis Share for every 1 Dacian Share accepted into the Offer (subject to the rounding discussed below). Each new Genesis Share will rank equally with the Genesis Shares currently on issue.

If the number of Genesis Shares to which you are entitled is not a whole number, then any fractional entitlement will be rounded down to the nearest whole number.

If you accept the Offer made to you, the value of the consideration you will receive will depend on the price of Genesis Shares at the time that the Genesis Shares are issued to you under the Offer.

As at the Last Practicable Date, the implied value of the Offer consideration was equivalent to 11.0 cents per Dacian Share, based on the closing price of Genesis Shares on the ASX of \$1.300 on the Last Practicable Date.

You should be aware that the implied value of the Offer will fluctuate with changes in the market price of Genesis Shares.

9.4 Offer Period

The Offer is open for acceptances until 5.00pm (WST) on 5 September 2022, unless otherwise extended or withdrawn.

Genesis may extend the Offer at any time before giving the Notice of Status of Conditions (see Section 9.6 of this Target's Statement) while the Offer remains subject to Conditions. However, if the Offer is unconditional (that is, all the Conditions

²⁸ Excluding Genesis which, as at the Last Practicable Date, is the registered holder of 123,910,441 Dacian Shares being a ~10.2% shareholding. Genesis also has a Relevant Interest in a further 76,398,453 Dacian Shares as a result of the Pre-bid Agreement.

in respect of the Offer are satisfied or waived), Genesis may extend the period of the Offer at any time before the end of the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period:

- (a) Genesis improves the consideration offered under the Offer; or
- (b) Genesis' voting power in Dacian increases to more than 50%.

If either of these two events occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

9.5 Conditions of the Offer

The Offer is subject to a limited number of Conditions which are set out in full in Section 11.9 of the Bidder's Statement.

Unless all of these Conditions are satisfied or waived before the end of the Offer Period²⁹, Genesis' Offer will lapse and no consideration will be received by Dacian Shareholders who have accepted the Offer. Furthermore, Dacian Shareholders that accept the Offer will lose their ability to deal with their Dacian Shares, including accepting any potentially higher competing offer, except in limited circumstances.

As at the date of this Target's Statement, Dacian is not aware of any act, omission, event or fact that would result in any of the Conditions to the Offer being triggered (or not being satisfied, as appropriate).

9.6 Notice of Status of Conditions

Section 10.1 of the Bidder's Statement states that Genesis will give a Notice of Status of Conditions to ASX and Dacian on 26 August 2022 (subject to extension in accordance with Section 630(2) of the Corporations Act if the Offer Period is extended).

Genesis is required to set out in its Notice of Status of Conditions:

- (a) whether the Offer is free of any or all of the Conditions;
- (b) whether, so far as Genesis knows, any of the Conditions have been fulfilled; and
- (c) Genesis' voting power in Dacian.

If the Offer Period is extended before the time by which the Notice of Status of Conditions is to be given, the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period. In the event of such an extension, Genesis is required, as soon as practicable after the extension, to give a notice to ASX and Dacian that states the new date for giving the Notice of Status of Conditions.

If a Condition is fulfilled (so that the Offer becomes free of that Condition) during the Offer Period but before the date for giving the Notice of Status of Conditions is required to be given, Genesis must, as soon as practicable, give the ASX and Dacian a notice that states that the particular Condition has been fulfilled.

²⁹ Or in the case of the "No prescribed Occurrences" Condition, by the end of the third Business Days after the end of the Offer Period.

As at the date of this Target's Statement, Genesis has not given notice that any of the Conditions have been fulfilled.

9.7 Genesis' ability to waive Conditions

Under the Corporations Act, Genesis may waive (in its absolute discretion) any of the Conditions prior to giving the Notice of Status of Conditions.

9.8 Withdrawal of the Offer

Genesis may not withdraw the Offer made to you if you have already accepted it. Before you accept the Offer made to you in respect of each of your Dacian Shares, Genesis may withdraw that Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

9.9 Lapse of Offer

The Offer made to you will lapse if the Conditions are not satisfied or waived by the end of the Offer Period. If the Offer lapses, all contracts resulting from acceptances of the Offer and all acceptances that have not resulted in binding contracts are void. In those circumstances, you will be free to deal with your Dacian Shares as you see fit.

9.10 Effect of acceptance

The effect of acceptance of the Offer is set out in Section 11.6 of the Bidder's Statement. Dacian Shareholders should read these provisions in full to understand the effect that acceptance will have on the rights attaching to their Dacian Shares, and the representations and warranties that they give by accepting the Offer made to them.

Importantly, the Conditions are conditions to performance of Genesis' obligations. Accordingly, Dacian Shareholders that accept the Offer while they are still subject to the Conditions will give up their right to sell their Dacian Shares on market, or otherwise deal with their Dacian Shares, and the rights attaching to those securities.

9.11 Your ability to withdraw your acceptance

If you accept the Offer made to you, you will have limited rights to withdraw that acceptance.

You may withdraw your acceptance of the Offer only if:

- (a) the Conditions of the Offer are not fulfilled or waived by the time specified in the Bidder's Statement; or
- (b) Genesis varies the Offer in a way that postpones for more than one month the time when Genesis needs to issue the Genesis Shares under the Offer. This will occur if Genesis extends the Offer Period by more than one month and the Offer is still subject to one or more of the Conditions at the time of your purported withdrawal.

9.12 When you receive your consideration

If you accept the Offer you will be issued your Genesis Shares on or before the later of:

- (a) one month after the date the Offer becomes or is declared unconditional or one month after the date you accept the Offer (whichever is later); and
- (b) 21 days after the end of the Offer Period.

Full details of when consideration will be provided are set out in Section 11.7 of the Bidder's Statement.

Ineligible Foreign Shareholders and Small Parcel Shareholders will be provided with the net proceeds of sale to which they are entitled under the Offer at a different time. See Section 11.8 of the Bidder's Statement for more information.

9.13 Effect of an improvement in consideration on Dacian Shareholders who have already accepted the Offer

If Genesis improves the consideration offered under the Offer, all Dacian Shareholders to whom the Offer is made, whether or not they have accepted the Offer before that improvement in consideration, will be entitled to the benefit of that improved consideration should they accept the Offer and the Offer becomes or is declared unconditional.

9.14 Ineligible Foreign Shareholders and Small Parcel Shareholders

Ineligible Foreign Shareholders and Small Parcel Shareholders will not be entitled to receive Genesis Shares as consideration for their Dacian Shares. Instead, the relevant Genesis Shares (which would otherwise be transferred to Ineligible Foreign Shareholders or Small Parcel Shareholders) will be allotted to the Nominee who will sell the Genesis Shares and will distribute to each of those Ineligible Foreign Shareholders and Small Parcel Shareholders their proportion of the proceeds of sale, net of expenses.

See Section 11.8 of the Bidder's Statement for further information.

9.15 Compulsory acquisition

- (a) Compulsory acquisition following the Offer

Genesis has stated in Section 6.3 of its Bidder's Statement that it intends to proceed with compulsory acquisition of any Dacian Shares not acquired under the Offer if it is entitled to do so in accordance with the Corporations Act.

Genesis will be entitled, under Section 661A of the Corporations Act, to compulsorily acquire any Dacian Shares in respect of which it has not received an acceptance of the Offer on the same terms as the Offer if, during or at the end of the Offer Period:

- (i) Genesis and its Associates have a Relevant Interest in at least 90% (by number) of Dacian Shares; and
- (ii) Genesis and its Associates have acquired at least 75% (by number) of the Dacian Shares that Genesis has offered to acquire under the Offer.

If this threshold is met, Genesis will have one month after the end of the Offer Period within which to give compulsory acquisition notices to Dacian Shareholders that have not accepted the Offer.

If compulsory acquisition occurs under Section 661A of the Corporations Act, Dacian Shareholders that have their Dacian Shares compulsorily acquired will be issued their consideration later than Dacian Shareholders that accept the Offer.

Dacian Shareholders have statutory rights to challenge any compulsory acquisition. However, a successful challenge will require the relevant Dacian Shareholder to establish to the satisfaction of a court that the terms of the Offer does not represent fair value for the Dacian Shares.

(b) General compulsory acquisition

Under Part 6A.2 of the Corporations Act, Genesis will be entitled to compulsorily acquire any outstanding Dacian Shares and Dacian Convertible Securities, if Genesis (either alone or with a related body corporate) holds full beneficial interests in at least 90% of Dacian Shares and Dacian Convertible Securities (by number).

If this threshold is met, Genesis will have six months after Genesis becomes a 90% holder within which to give compulsory acquisition notices to Dacian Securityholders. The compulsory acquisition notices sent to Dacian Securityholders must be accompanied by an independent expert's report and an objection form.

The independent expert's report must set out whether the terms of the compulsory acquisition give a "fair value" for the Dacian Shares and the independent expert's reasons for forming that opinion.

If Dacian Shareholders with at least 10% of Dacian Shares or Dacian Convertible Securities covered by the compulsory acquisition notice object to the acquisition before the end of the objection period (which must be at least one month), Genesis may apply to the Court for approval of the acquisition of the securities covered by the notice.

10. RISK FACTORS

10.1 Introduction

In considering the Offer, Dacian Shareholders should be aware that there are a number of risk factors associated with either accepting the Offer or rejecting the Offer and continuing to hold Dacian Shares.

In deciding whether to accept the Offer, Dacian Shareholders should read this Target's Statement and the Bidder's Statement carefully and consider these risks. While some of these risks can be mitigated, some are outside the control of Dacian and the Dacian Board and cannot be mitigated.

The risks set out in this Section do not take into account the individual investment objectives, financial situation, position or particular needs of Dacian Shareholders. The risk factors set out in this Section are not an exhaustive list of all risks. In addition, these risks are general in nature only and do not cover every risk that may be associated with an investment in Dacian now or in the future. The mining, exploration and development of natural resources are activities which are speculative in nature and are subject to significant risks.

There may also be additional risks and uncertainties not currently known to Dacian, or which are currently known to Dacian but which Dacian currently considers to be individually immaterial, which may adversely affect Dacian's business, operations and future prospects and the price or value of Dacian Shares in the future.

Risks relating to accepting the Offer and being a holder of Genesis Shares as part of a Combined Group are set out in Section 8 of the Bidder's Statement. Some additional risks are summarised in Sections 10.2 and 10.3 below.

Risks associated with rejecting the Offer and continuing as a Dacian Shareholder, are set out in Section 10.4 below.

The risks of Dacian continuing as a stand-alone entity in the event the Offer is not successful are summarised in Section 10.5.

If you are unclear in relation to any matter you should consult your legal, investment, taxation or other professional adviser.

10.2 Risks associated with accepting the Offer

(a) **Possibility of a superior proposal emerging**

If you accept the Offer, you will forego the opportunity to benefit from any superior proposal by another party for your Dacian Shares should such a proposal eventuate. As at the date of this Target's Statement, the Dacian Board is not aware of a proposal by anyone to make a superior proposal.

(b) **Possibility of future Dacian Share price appreciation**

You may be able to sell your Dacian Shares in the future for more valuable consideration than that offered under the Offer (although Dacian can give no assurances and makes no forecast of whether this will occur).

(c) **Limited withdrawal rights**

As described in Section 11.6 of the Bidder's Statement, you may only withdraw your acceptance of the Offer in limited circumstances (see also Section 9.11 of this Target's Statement). Otherwise, you will be unable to

withdraw your acceptances even if the value of the Genesis Shares to be issued to you as consideration varies from the date of your acceptance.

(d) Ineligible Foreign Shareholders and Small Parcel Shareholders

Ineligible Foreign Shareholders and Small Parcel Shareholders will not be issued with Genesis Shares. Instead, those Genesis Shares will be sold on their behalf by a nominee and the proceeds of sale (net of expenses) remitted to the Ineligible Foreign Shareholders and Small Parcel Shareholders. Those Ineligible Foreign Shareholders and Small Parcel Shareholders will therefore no longer be exposed to any potential upside relating to the assets of Dacian or the Combined Group.

10.3 Risks associated with holding Genesis Shares in a Combined Group

If you accept the Offer (and the Offer becomes unconditional) you will become a shareholder in Genesis. The Combined Group will, moving forward, be subject to a range of risks. Many of these risks are risks that are common to most gold exploration companies looking to explore, develop and operate gold projects and, to a large extent comprise of risks that Dacian Shareholders already face.

Sections 8.2 and 8.3 of the Bidder's Statement set out the risks that Dacian Shareholders may face when investing in Genesis Shares. You should read those Sections of the Bidder's Statement carefully and in full.

You should also read Section 10.5 of this Target's Statement which sets out risks that Dacian Shareholders face if the Offer is unsuccessful, as a number of these risks will also apply to the Combined Group if the Offer is successful.

10.4 Risks associated with not accepting the Offer if the Offer is successful

If you decide not to accept the Offer and remain a Dacian Shareholder (and assuming the Offer is completed but your Dacian Shares are not compulsorily acquired) the outcome of the Offer may be that Genesis controls or is a major Shareholder of Dacian and you are a minority Dacian Shareholder.

If this occurs, the liquidity of your Dacian Shares may be reduced. Further, ASX may also de-list Dacian, which would mean that you would not be able to sell your Dacian Shares on market.

You should consider carefully Genesis' current intentions depending on the extent to which Genesis acquires Dacian Shares as a result of the Offer, which are set out in Sections 6.4 and 6.5 of the Bidder's Statement.

If Genesis acquires more than 50% but less than 90% of Dacian Shares, it will be able to cast the majority of votes at a general meeting of Dacian, which will enable it to control the Board and senior management, determine Dacian's dividend policy and control the strategic direction of Dacian.

Subject to the Corporations Act and Dacian's constitution, Genesis may appoint nominees to the Dacian Board.

If Genesis acquires 75% or more of Dacian Shares, it will be able to pass special resolutions of Dacian. This will enable Genesis to amend Dacian's constitution.

10.5 Risks associated with being a Dacian Shareholder if the Offer is unsuccessful

There are various risks associated with continuing to hold Dacian Shares if the Offer is unsuccessful. Some of these risks are of a more general nature that apply to any investment in a listed company, while others are specific to the industry in which Dacian operates or are specific to Dacian.

As described in Section 6.6, Dacian has suspended mining activities and is transitioning to processing low-grade stockpiles with an ongoing focus on exploration, in particular the Jupiter extension drilling.

Specific risks associated with being a Dacian Shareholder are summarised below.

- (a) **Focus on exploration and new operating regime:** While Dacian has existing Mineral Resources and attractive exploration targets on its tenements with the potential for bulk mineralisation, there is no certainty the exploration will be successful or generate sufficient economic reserves for processing through Dacian's Mt Morgans Mill on a profitable basis based on the current gold price. In the event significant mineralisation is identified, significant time and capital would be required to develop an operation and commence production. Dacian's intention is to develop a new operating regime for a future return to production with reduced costs and maximised future cash flows, however, it cannot be guaranteed to be successful in doing so. If unsuccessful, each of these factors may adversely affect the financial position and performance of Dacian and/or have a negative impact on Dacian's share price.
- (b) **Future Funding Requirements:** Dacian's existing cash at 30 June 2022 will be applied to costs associated with the cessation of open-pit and underground mining activities, repayment of debt and existing commitments. Proceeds from the Dacian Placement will be used to accelerate the Jupiter extension drilling and provide general working capital. Proceeds from processing of low grade stockpiles will primary be used for the costs of operations and working capital.
- Dacian is likely to require further capital in the future to fund its ongoing exploration and development programs, corporate costs, and additional costs required to advance one or more projects towards production, which would involve associated funding obligations or dilution impacts on Dacian Shareholders. Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of further exploration and development or force Dacian to pursue transactions which it would not pursue had sufficient funding been available.
- If Dacian is unable to raise sufficient funds by way of the issue of securities, it may consider other funding alternatives. These alternatives could include additional debt funding, joint venture or farm-in arrangements, streaming finance, convertible loans or asset sales. None of these alternatives have been determined at present, and any need to implement a funding alternative would be considered if the need arises having regard to the circumstances at that time. There is no assurance that Dacian will be able to implement any specific alternative. Any additional equity funding may have a dilutionary impact on a shareholder's holding in Dacian, or a negative impact on Dacian's share price.
- (c) **Stockpile processing:** During FY2023, Dacian intends to process ore from low grade and historically low grade heap leach stockpiles to provide cash flow and avoid costs of shutting down the processing facility. As the

stockpiles are low grade, whether they can be economically processed may be affected by fluctuations in the gold price. In addition, existing stockpiles will be depleted over time and, if not replaced by production from existing or new deposits, closure of the processing plant may be required, which will incur additional costs and may adversely affect the financial position and performance of Dacian.

In the event that the grades and metallurgical recovery of these stockpiles is less than estimated, the economics of processing this material may be affected which could result in Dacian incurring a loss and lead to closure of the processing plant to a care and maintenance production profile which may adversely affect the operations, financial position and/or performance of Dacian.

- (d) **Redcliffe approval and development:** While there is potential for open pit mining of the Hub and other Redcliffe deposits in the future, final Government approvals are still awaited and access agreements are yet to be finalised. There is no guarantee that these approvals or agreements will be obtained, and if obtained will be on acceptable terms. Even if approvals are obtained and an access agreement entered into, significant initial capital would be required to fund development and mining. Continued escalating costs may mean that the profitability of the project may be reduced and development and mining may not proceed, which may adversely affect the financial position of Dacian.
- (e) **Processing Plant operating:** The performance of the Mt Morgans processing plant may be adversely affected by many factors including retention of and access to adequate technical and operating employees and contractors, COVID-19 outbreak or restrictions causing disruption to operations, supply chain disruption reducing access to critical inputs, in particular, parts required for maintenance and inflating costs.
- (f) **Processing Plant closure:** In the event that the low grade stockpiles are depleted and mining operations are not recommenced and/or toll treatment or other ore sources are not secured to provide sufficient ore supply, Dacian may need to place the Mt Morgans plant on care and maintenance, which will incur additional costs and will adversely affect the financial position and performance of Dacian.

Dacian has various leases and take or pay commitments in relation to its ongoing processing operations, some of which are essential to ongoing operations including the gas-powered power station and related infrastructure and supply. Should insufficient economic ore be available to support ongoing operation of the plant Dacian faces certain significant financial commitments to retain access to equipment, infrastructure and supply and may face termination payments if contracts are terminated. Dacian would also be exposed to significant processing plant care and maintenance costs to maintain access to the infrastructure and to maintain the plant in a manner allowing for efficient recommencement of processing operations. In the event mining is recommenced in the future, Dacian will incur additional costs in restarting the processing plant and may suffer delays in restarting.

- (g) **Water supply and management:** Dacian's water supply is sourced from a borefield managed under the tenement conditions imposed by DMIRS. Due to the presence of stygofauna in the borefield, trigger and action limits were imposed on the borefield which, if reached, necessitate the implementation of the stygofauna action plan which requires supplementary water sources, reduced borefield drawdown, and active exploration for a replacement

borefield, which will require significant additional capital funding. Adequate alternate water of a suitable quality is required to underpin future processing and there is no guarantee that such alternate water supply will be found. Trigger and action levels have been reached at the borefield, with the appropriate measures being undertaken to source alternative water of suitable quality.

- (h) **Tailings storage facility (TSF):** Dacian's current TSF design requires lifts on an a 15 to 18 month basis using dried tails as the construction material, with the size of the cells resulting in a very tight turnaround time between construction and deposition commencement. Any delays with commitment of capital and to construction may put production from the Mt Morgans' Processing Facility at risk. A new TSF site is likely to be required within 4 years which will require a suitable site to be identified, approvals, capital funding and development. Any delays in development of a new TSF when required may lead to delays or cessation of production from the Mt Morgans' Processing Facility.
- (i) **Gas supply:** Continued access to the Mt Morgans' power station, which is leased from a third party, and to the APA gas pipeline and input gas at reasonable prices are critical to ongoing success of the Mt Morgans' plant operations. Gas price inflation could impact on gas supply and on the price of that supply. While Dacian has contracted gas supply through to 31 December 2022, it will need to secure reasonably priced reliable supply beyond that time. There are no guarantees that reasonably priced access and supply will be achieved in the future and increased costs and inadequacy of supply may adversely affect future Dacian operations.
- (j) **Macmahon contract:** Dacian has partially terminated its contract for mining services with Macmahons for Mt Morgans and agreement has been reached on progressive payment of outstanding fees. There is no guarantee that, should there be any further changes to Dacian's operations, this contractor will not seek to accelerate repayment of its fees, which may adversely affect Dacian's financial position.
- (k) **Substantial shareholder:** Genesis holds a Relevant Interest in 16.6% of Dacian as a result of the Dacian Placement and the Pre-bid Agreement with Perennial. There is no guarantee that Genesis will remain a shareholder of Dacian if the Offer is not successful and any sale of shares held by it in Dacian may have an adverse impact on the market price of Dacian Shares. In the event Genesis remains as a shareholder, its substantial interest may act as a deterrent to potential further transactions with third parties whether by way of merger, takeover or otherwise.
- (l) **Financing:** The change of control which will occur if Genesis acquires control of Dacian under the Offer is a review event under Dacian's facility with ANZ. If ANZ gives Dacian a review notice in respect of this review event, and ANZ considers the review event to be unacceptable, ANZ may require Dacian to accelerate repayment of Dacian's remaining facilities, being \$2 million in debt to be paid on or before 31 December 2022 and cash back guarantees for bonds in the sum of \$815,000. Dacian has engaged with ANZ and, as at the Last Practicable Date, is not aware of any intention of ANZ to give Dacian a review notice or accelerate any repayments. In addition, the closure of mining at Mt Morgans may result in breaches of debt covenants requiring waivers, including due to reduced forecast operating cashflow and the reduction in Ore Reserves as a result of Dacian's withdrawal of Reserves for the Jupiter open pit and Westralia underground. Should such waivers not be forthcoming ANZ may seek to accelerate repayment of the remaining

facilities or Dacian may elect to repay the remaining facilities early, which may adversely affect Dacian's financial position.

(m) **Hedging:** Dacian's current financial position limits its access to hedging counterparties and facilities with which to protect its longer term exposure to the gold price and to the diesel fuel price.

(n) **Dacian Shares may fall in value**

If the Offer is unsuccessful and no other offers emerge, the value of Dacian Shares may decrease and Dacian Shareholders will be exposed to the ongoing risks associated with an investment in Dacian. In particular, Dacian Shareholders will have full exposure to the risk associated with Dacian's existing projects and will not benefit from Genesis' development expertise or financial strength.

Industry specific risks associated with being a Dacian Shareholder include the following.

(o) **Exploration**

While the Board is of the view that Dacian's projects have the potential to provide significant mineralisation capable of supporting future large-scale mining operations and significant mineralisation has been identified to date, there is no guarantee that further significant mineralisation will be identified and even if identified, that such mineralisation can be successfully developed and economically mined. Exploration and drilling programs are designed to discover new exploration targets for development, as well as improve confidence in existing targets throughout the development stages of exploration projects to feasibility study level.

Exploration results that include drill results on wide spacings may not be indicative of the occurrence of a mineral deposit, such results do not provide assurance that further work will establish sufficient grade, continuity, metallurgical characteristics and economic potential to be classed as a category of mineral resource. The potential quantities and grades of drilling targets are conceptual in nature and, there has been insufficient exploration to define a mineral resource, and it is uncertain if further exploration will result in the targets being delineated as mineral resources.

(p) **Development**

In the event significant mineralisation is identified, and Dacian proceeds to mineral development, Dacian's financial performance will substantially depend on the accuracy of the cost estimates for the proposed development, other current and future expansion, development and infrastructure plans, working capital requirements, the duration of relevant works program, government approvals, heritage approvals and clearances and personnel and equipment availability. The cost and time forecasts estimates are based on assumptions including those in relation to study costs, scope and duration, the approvals process and timeline estimated, and operational issues, which are subject to uncertainty.

Any increase in capital/operating costs, study or development timelines, delays in obtaining any necessary approvals, supply chain disruptions, sourcing of equipment and personnel could have an adverse impact on the

performance of Dacian. Dacian intends to develop a new operating regime for any future return to production, which reduces costs and maximises future cash flows, however, there can be no guarantee that it will be successful in doing so and escalating costs and other factors such as technical difficulties, geological conditions, adverse changes in government policy or legislation, or lack of access to sufficient funding may mean that identified resources are not economically recoverable or may otherwise preclude Dacian from successfully exploiting the resources.

(q) **Operations**

Dacian's assets and mining operations and its ability to achieve any production, development, operating cost and capital expenditure estimates, as any others, will be subject to uncertainty with respect to (among other things): ore tonnes, mine grade, ground conditions, metallurgical recovery or unanticipated metallurgical issues (which may affect extraction costs), in-fill resource drilling, mill performance, availability and the cost of labour, the level of experience of the workforce, input prices (some of which are unpredictable and beyond the Combined Group's control), operational environment, funding for development, regulatory changes, accidents and other unforeseen circumstances such as supply chain disruptions, unplanned mechanical failure of plant or equipment, storms, floods, bushfires or other natural disasters.

The occurrence of any of these circumstances could result in Dacian not realising its operational or development plans, or plans costing more than expected or taking longer to realise than expected. Any of these outcomes could have an adverse effect on Dacian's financial and operational performance.

(r) **Mineral Resources and Ore Reserve estimates**

The estimation of Mineral Resources and Ore Reserves are expressions of judgement based on knowledge, experience and industry practice. The reported estimates, which were valid when originally estimated, may alter significantly when new information or techniques become available. As Dacian obtains new information through additional drilling and analysis, and potentially other factors such as expectations of obtaining government authorisations, Mineral Resources and Ore Reserve estimates are likely to change. This may result in alterations to Dacian's exploration, development and production plans which may, in turn, positively or negatively affect Dacian's operations and financial position. In addition, by their very nature, Mineral Resources and Ore Reserves estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Resource and Reserve estimates may also be impacted by material changes in the gold price, in costs and changes to operations. This risks restatement or withdrawal of Reserves and/or Resources. As further information becomes available through additional fieldwork and analysis, and as circumstances change the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Combined Groups operations.

Dacian has estimated exploration targets for some of its exploration projects. Exploration targets are conceptual in nature and there is insufficient information to establish whether further exploration will result in the determination of Mineral Resources under the JORC Code. An exploration

target is a statement or estimate of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade, relates to mineralization where there has been insufficient exploration to estimate a Mineral Resource under the JORC Code. Failure to convert exploration targets into Mineral Resources or Ore Reserves may adversely affect the operations, financial position and/or performance of Dacian and the market price of its Shares.

Whilst Dacian intends, as at the date of this Target's Statement, to undertake exploration activities with the aim of defining new Mineral Resources, no assurances can be given that exploration will result in the determination of a new resource. Even if a resource is identified, no assurance can be provided that this can be economically extracted.

(s) **Metallurgical**

Metal and/or mineral recoveries are dependent on the metallurgical process that is required to liberate economic minerals and produce a saleable product and by nature contain elements of significant risk such as:

- identifying a metallurgical process through test work to produce a saleable metal and/or concentrate;
- developing an economic process route to produce a metal and/or concentrate; and
- changes in mineralogy in the ore deposit, which can result in inconsistent metal recovery, affecting the economic viability of the project.

(t) **Commodity price risk and exchange rate risk**

Dacian will be vulnerable to fluctuations in the price of gold. Falls in the gold price can render economic gold resources sub-economic. Dacian's performance may also be affected by fluctuations in exchange rates, including the AUD denominated gold price, diesel fuel price and the AUD/USD exchange rate. These prices can fluctuate rapidly and widely and are affected by numerous factors beyond the control of Dacian. These factors include world demand for precious and other metals, forward selling by producers, and production cost levels in major metal-producing regions. Other factors include expectations regarding inflation, the financial impact of movements in interest rates, gold price forward curves, global economic trends, confidence and conditions, and domestic and international fiscal, monetary and regulatory policy settings.

If the price of gold should fall below or remain below Dacian's estimated or actual costs of production for any sustained period due to these or other factors and events, Dacian's exploration, development or mining could be delayed or even abandoned. A delay in exploration or development or mining or the abandonment of one or more of Dacian's projects may require Dacian to write-down any mineral resources or reserves and may have a material adverse effect on Dacian's production, earnings and financial position.

Dacian's performance may also be affected by fluctuations in exchange rates, such as the AUD denominated gold price, diesel fuel price and the AUD / USD exchange rate.

If Dacian achieves exploration/development success which leads to viable mining production, its financial performance will be highly dependent on the prevailing commodity prices and exchange rates.

These factors can affect the value of Dacian's assets and the supply and demand characteristics of gold and may have an adverse effect on the viability of Dacian's exploration, development and production activities, its ability to fund those activities and the value of its assets.

(u) **Reliance on key personnel**

Dacian's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group. The loss of the services of one or more of such key management personnel could have an adverse effect on Dacian. Dacian ability to manage its exploration and development activities, and hence its success, will depend in large part on the efforts of these individuals.

Dacian will need to employ and retain appropriately motivated, skilled and experienced staff. Difficulties in attracting and retaining such staff may have an adverse effect on the performance of Dacian.

(v) **Native Title**

In areas where native title exists or may exist, the ability of Dacian to acquire a valid mining lease may also be subject to compliance with the 'right to negotiate' process under the Native Title Act. Compliance with this process can cause delays in obtaining the grant of a mining lease and does not ultimately guarantee that a mining lease will be granted. Attaining a negotiated agreement with native title claimants or holders to facilitate the grant of a valid mining can add significantly to the costs of any development or mining operation.

(w) **Aboriginal Heritage**

The ability of Dacian to conduct activities on exploration or mining tenements is subject to compliance with laws protecting Aboriginal heritage. Conduct of site surveys to ensure compliance can be expensive and subject to delays. If any Aboriginal sites are located within areas of proposed exploration, mining or other activities, the ability of Dacian to conduct those activities may be dependent on Dacian obtaining further regulatory consents or approvals.

The *Aboriginal Cultural Heritage Act 2021 (WA)* was passed in December 2021 and is expected to come into full operation in 2023. The new Act introduces a new and vastly more complex regime in relation to the protection of Aboriginal cultural heritage in Western Australia with severe penalties for non-compliance. This legislation has the potential to slow down the process of obtaining requisite approvals, particularly during the transition phase.

(x) **Tenement obligations**

Tenements in Western Australia are governed by the Mining Act 1978 (WA). Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Failure to meet these expenditure, work and reporting commitments may render the tenements subject to forfeiture or result in the

tenement holders being liable for penalties or fees. Further, if any contractual obligations are not complied with when due, in addition to any other remedies that may be available to other parties, this could result in dilution or forfeiture of Dacian's interest in the projects.

(y) **Liquidity risk**

Liquidity risk arises from the possibility that Dacian might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. At present, Dacian manages this risk through the following mechanisms: preparing forward-looking cash flow analysis in relation to its operational, investing and financial activities which are monitored on a monthly basis; monitoring the state of equity markets in conjunction with Dacian's current and future funding requirements, with a view to appropriate capital raisings as required; managing credit risk related to financial assets; only investing surplus cash with major financial institutions; and comparing the maturity profile of current financial liabilities with the realisation profile of current financial assets.

(z) **Climate change and social risks**

There are a number of climate-related factors that may affect the operations and proposed activities of Dacian, including:

- the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. Dacian may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact Dacian and its profitability. While Dacian will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that Dacian will not be impacted by these occurrences; and
- climate change may cause certain physical and environmental risks that cannot be predicted by Dacian, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which Dacian operates.

Establishment of strong relationships with the community and other stakeholders is fundamental to the long term success of Dacian's business. Although Dacian endeavours to conduct its business in a manner which respects those communities and ensures mutually beneficial outcomes, Dacian's activities may have or be perceived to have an adverse impact on local communities, cultural heritage, the environment, or other matters which may result in community concern, adverse publicity, activism, litigation or other adverse actions taken by community, environmental or other action groups. Failure to maintain and build strong relationships and such adverse actions could affect Dacian's social licence to operate, its reputation and lead to delays and increase costs which may adversely impact on Dacian's operations, financial position and/or performance and the market price of its Shares.

(aa) **Access and third-party interests**

Dacian may be required to obtain the consent from the holders of third-party interests which overlay areas within its tenements, prior to accessing or commencing any exploration or mining activities on the affected areas. No assurance can be given that necessary access will be obtained when required or on acceptable terms.

(bb) **Joint venture parties, agents and contractors**

The Dacian Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which Dacian is or may become party to, or the insolvency or managerial failure by any of the contractors or other service providers used by Dacian, which may adversely affect Dacian's activities.

(cc) **Environmental liabilities and Occupational Health and Safety risk**

Dacian's activities are subject to potential risks and liabilities associated with the potential pollution of the environment and the necessary disposal of mining waste products resulting from mineral exploration. Insurance against environmental risk (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration) is not generally available to Dacian (or to other companies in the minerals industry) at a reasonable price. To the extent that Dacian becomes subject to environmental liabilities, the satisfaction of any such liabilities would reduce funds otherwise available to Dacian and could have a material adverse effect on Dacian. Laws and regulations intended to ensure the protection of the environment are constantly changing and are generally becoming more restrictive.

The mining industry has become subject to increasing occupational health and safety responsibility and liability. The potential for liability is a constant risk. If Dacian fails to comply with necessary OH&S legislative requirements, it could result in fines, penalties and compensation for damages as well as reputational damage. Safety legislation may also change in a manner that may include requirements, in addition to those now in effect, and a heightened degree of responsibility for companies and their Directors and employees.

(dd) **Land rehabilitation requirements**

Although variable, depending on location and the governing authority, land rehabilitation requirements are generally imposed on resource companies, in order to minimise long term effects of land disturbance. Rehabilitation may include requirements to control dispersion of potentially deleterious effluents and to reasonably re-establish pre-disturbance land forms and vegetation. In order to carry out rehabilitation obligations imposed on Dacian in connection with its activities, Dacian will need to allocate financial resources that might otherwise be spent on further exploration and/or development programs.

(ee) **Laws, regulations, rules, approvals, licences and permits**

Dacian's operations are subject to various Federal, State and local laws and plans, including those relating to mining, prospecting, development permit and licence requirements, industrial relations, environment, land use,

royalties, water, native title and cultural heritage, mine safety and occupational health. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration, production or development.

Approvals, licences and permits required to comply with such rules and regulations are subject to the discretion of the applicable government officials. No assurance can be given that Dacian will be successful in obtaining any or all of the various approvals, licences and permits or maintaining such authorisations in full force and effect without modification or revocation.

(ff) **Litigation risk**

Dacian will be exposed to possible litigation risks including Native Title claims, tenure disputes, disputes in relation to the interpretation of royalty agreements or other contractual entitlements, environmental claims, occupational health and safety claims and employee claims. Further, Dacian may be involved in disputes with other parties now or in the future which may result in litigation or other forms of dispute resolution procedure. Any such claim or dispute if proven, may impact adversely on Dacian's operations, financial performance and financial position.

(gg) **Insurance**

The future viability of and profitability of Dacian is also dependent on a number of other factors which affect the performance of all industries, and not just mineral exploration and mining, such as COVID-19 and pandemic risks, cyber security risks, industrial disputation, litigation, natural disasters and extreme weather conditions and acts of war and terrorism or the outbreak or escalation of international hostilities and tensions. No assurance can be given that Dacian will be able to obtain insurance cover for all risks faced by Dacian at reasonable rates or that the insurance cover it arranges will be adequate and available to cover all possible claims. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of Dacian.

(hh) **Royalties**

Dacian's gold mining projects will be subject to Western Australian royalties. If State royalties rise, the profitability and commercial viability of Dacian's projects may be negatively impacted.

(ii) **Change in Law and Regulation**

Dacian's activities may be impacted by regulatory or other changes implemented by the Commonwealth or Western Australian Governments. A change in laws that impact on Dacian's operations, such as land access, Native Title, environmental protection, carbon emissions, labour, mining, taxation and royalties, could have an adverse impact on Dacian's operations. Mining industry activities are subject to discretionary regulations and approvals, the exercise of which cannot always be predicted.

General risk associated with being a Dacian Shareholder include the following.

(jj) **COVID-19**

The outbreak of the coronavirus disease (COVID-19) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of Dacian remains uncertain. Dacian's Share price may be adversely affected in the short to medium term by the continued economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact Dacian's operations and are likely to be beyond its control.

(kk) **Economic risks**

The operating and financial performance of Dacian will be influenced by a variety of general economic and business conditions, including levels of consumer spending, oil prices, inflation, interest rates and exchange rates, supply and demand, industrial disruption, access to debt and capital markets and government fiscal, monetary and regulatory policies.

The Western Australian mining sector is currently experiencing supply chain disruptions, inflationary cost pressures and labour availability challenges. If those conditions persist, it may have an adverse impact on Dacian's operating and financial performance and financial position.

More generally, changes in general economic conditions may result from many factors including government policy, international economic conditions, significant acts of terrorism, hostilities, war, pandemics or natural disasters. A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have an adverse impact on Dacian's operating and financial performance and financial position.

(ll) **Unforeseen expenses**

Dacian may be subject to significant unforeseen expenses or actions. This may include unplanned operating expenses, future legal actions or expenses in relation to future unforeseen events.

(mm) **Share market conditions**

There are risks associated with any investment in securities. Dacian's shares are listed on ASX. There are a number of risks associated with any stock market. Factors affecting the price at which shares are traded on the ASX may be unrelated to Dacian's operating and financial performance and beyond the control of Dacian.

There can be no guarantee that there will be an active market in Dacian Shares, or that the market price of Dacian Shares will increase. If a market is not sustained, it may be difficult for investors to sell their Dacian Shares, as there may be relative few, if any, potential buyers or sellers on ASX at any time. Volatility in the market price may result in Dacian Shareholders receiving a price for their Dacian Shares that is less than price paid to acquire them.

The price at which Dacian Shares are quoted on the ASX may increase or decrease due to a number of factors. Some of the factors which may affect the price of Dacian Shares include economic conditions in both Australia and internationally, investor sentiment and local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

(nn) **Cyber risks**

Dacian, as with all organisations, is reliant on information technology for the effective operation of its business. Any failure, unauthorised or erroneous use of Dacian's information and/or information systems may result in financial loss, disruption or damage to the reputation of Dacian.

11. TAXATION CONSIDERATIONS

11.1 Introduction

The following is a general summary of the Australian income tax, GST and Duty considerations for Dacian Shareholders who either accept the Offer and dispose of their Dacian Shares to Genesis, or whose Dacian Shares are compulsorily acquired in accordance with Part 6A.1 of the Corporations Act.

This summary does not provide an exhaustive consideration of all possible Australian income tax, GST and Duty implications that could apply to Dacian Shareholders in relation to the Offer. Furthermore, this summary does not consider any tax implications in jurisdictions outside of Australia.

This summary has been prepared solely for Dacian Shareholders as described and limited below. Further, it is not intended to and should not be used or relied upon by anyone else and there is no acceptance of a duty of care to any other person or entity.

Only Dacian Shareholders that are individuals, complying superannuation funds and corporate shareholders that hold their shares on capital account have been considered in this summary. In particular, this summary is not intended to cover Dacian Shareholders who:

- (a) are exempt from Australian income tax;
- (b) hold their Dacian Shares on revenue account or as trading stock;
- (c) are partnerships or persons that are partners of such partnerships;
- (d) acquired their Dacian Shares under an employee share scheme or similar employee incentive plan;
- (e) are temporary residents of Australia for Australian tax purposes;
- (f) have changed tax residency while holding their Dacian Shares;
- (g) are foreign tax residents and hold their Dacian Shares in carrying on a business at or through a permanent establishment in Australia; or
- (h) are subject to the taxation of financial arrangements rules in Division 230 of the Income Tax Assessment Act 1997 (Cth) in relation to gains and losses on their Dacian Shares.

This summary does not constitute tax advice and is intended only as a general guide to the Australian tax implications of accepting the Offer upon Australian taxation law and administrative practice in effect as at the date of this Target's Statement (which are both subject to change at any time, possibly with retrospective effect). Dacian Shareholders should not refer to this summary for any other purpose.

This summary does not consider any specific facts or circumstances that may apply to Dacian Shareholders. As the tax consequences for accepting the Offer depend on each Dacian Shareholder's individual circumstances, all Dacian Shareholders are advised to seek independent professional advice regarding the Australian and foreign tax consequences of the Offer according to their own particular circumstances.

11.2 Income tax implications for Australian residents

This section applies to Dacian Shareholders that accept the Offer or whose Dacian Shares are compulsorily acquired by Genesis, are residents of Australia for Australian income tax purposes and hold their Dacian Shares on capital account. For capital

gains tax (CGT) purposes, Dacian does not have any “significant stakeholders” or “common stakeholders”.

11.2.2 Capital Gains Tax (CGT) Event

If the Offer becomes unconditional, acceptance of the Offer by a Dacian Shareholder will involve the disposal of their Dacian Shares to Genesis. This change of ownership of Dacian Shares will constitute a CGT event for Australian tax purposes. The date of disposal for CGT purposes should be the date the contract to dispose of the Dacian Shares is formed.

If a Dacian Shareholder does not dispose of their Dacian Shares under the Offer and their Dacian Shares are compulsorily acquired in accordance with Part 6A.1 of the Corporations Act, those Dacian Shareholders will also be treated as having disposed of their Dacian Shares for CGT purposes. In this case, the CGT event will be the date when the Dacian Shareholder ceases to be the owner of the Dacian Shares.

In the absence of CGT roll-over relief, the following tax consequences are expected to arise for the Dacian Shareholders:

- (a) a capital gain will be realised to the extent the capital proceeds received by the Dacian Shareholders from the disposal of their Dacian Shares exceed the cost base of those shares; or
- (b) a capital loss will be realised to the extent the capital proceeds received by the Dacian Shareholders from the disposal of their Dacian Shares are less than the reduced cost base of those shares.

Capital losses can be offset against capital gains derived in the same income year or in later income years. Specific loss recoupment rules apply to companies to limit their availability in future years in certain circumstances. Dacian Shareholders should seek independent professional tax advice in relation to the operation of these rules.

11.2.3 Capital Proceeds

The capital proceeds on the disposal of the Dacian Shares should be equal to the Offer Consideration received by Dacian Shareholders, ie the capital proceeds will be equal to the market value of the Genesis shares received by Dacian Shareholders determined at the time of the CGT event.

11.2.4 Cost Base and Reduced Cost Base of Dacian Shares

The cost base of Dacian Shares will generally be equal to the cost of acquiring the Dacian Shares, plus any incidental costs of acquisition and disposal (such as brokerage fees and legal costs). The reduced cost base of Dacian Shares is determined in a similar but not identical manner. The cost base and reduced cost base of Dacian Shares will depend on the individual circumstances of each Dacian Shareholder.

11.2.5 CGT Discount

The CGT Discount may apply to Dacian Shareholders that are individuals, complying superannuation funds or trusts, who have held, or are taken to have held, their Dacian Shares for at least 12 months (not including the date of acquisition or the date of disposal) at the time of the disposal of their Dacian Shares.

The CGT Discount is:

- (a) one-half if the Dacian Shareholder is an individual or trustee; meaning only 50% of the capital gain will be included in assessable income; and
- (b) one-third if the Dacian Shareholder is a trustee of a complying superannuation entity; meaning only two-thirds of the capital gain will be included in assessable income.

The CGT Discount is not available to Dacian Shareholders that are companies.

If the Dacian Shareholder makes a discount capital gain, any carried forward capital losses will be applied to reduce the undiscounted capital gain before either the one-half or one-third discount is applied. The resulting amount is then included in the Dacian Shareholder's net capital gain for the income year and included in assessable income.

The CGT Discount rules relating to trusts are complex. Accordingly we recommend trustees seek independent professional tax advice on how the CGT Discount applies to them and the trust's beneficiaries.

11.2.6 CGT Scrip for Scrip Roll-over Relief

Dacian Shareholders who make a capital gain from the disposal of their Dacian Shares may be eligible to choose CGT scrip for scrip roll-over relief (provided certain conditions are met). Broadly, CGT scrip for scrip roll-over relief enables Dacian Shareholders to disregard the capital gain they make from the disposal of their Dacian Shares.

For CGT scrip for scrip roll-over relief to be available, amongst other things, Genesis must become the owner of 80% or more of the shares in Dacian and the Dacian Shareholders must make a capital gain on the disposal of their Dacian Shares. If a capital loss arises, no CGT scrip for scrip roll-over relief is available.

Dacian Shareholders do not need to inform the ATO, or document their choice to claim CGT scrip for scrip roll-over relief in any particular way, other than to complete their income tax return in a manner consistent with their choice.

In addition, it is noted that Genesis will not make a choice pursuant to sub-section 124-795(4) of the Income Tax Assessment Act 1997 (Cth) such that Dacian Shareholders are unable to obtain CGT scrip for scrip roll-over relief.

11.2.7 Consequences of Choosing CGT Scrip for Scrip Roll-over Relief

If a Dacian Shareholder chooses to obtain CGT scrip for scrip roll-over relief, the capital gain arising on the disposal of their Dacian Shares should be disregarded.

Further, the first element of the cost base for the Genesis shares received is determined by attributing to them, on a reasonable basis, the existing cost base of the Dacian Shares subject to disposal. The first element of the reduced cost base is determined similarly.

Finally, for the purposes of determining future eligibility for the CGT Discount, the acquisition date of the Genesis shares is taken to be the date when the Dacian Shareholder originally acquired their Dacian Shares.

11.2.8 Consequences if CGT Scrip for Scrip Roll-over Relief is not Available or is not Chosen

If a Dacian Shareholder does not qualify for CGT scrip for scrip roll-over relief or does not choose to obtain CGT scrip for scrip roll-over relief, the general CGT treatment outlined above at paragraph 11.2.1 will apply.

If a Dacian Shareholder makes a capital loss from the disposal of their Dacian Shares, this loss may be used to offset capital gains in the same or subsequent years of income (subject to satisfying certain conditions). The capital loss cannot be offset against ordinary income or carried back to offset against capital gains arising in earlier income years.

11.3 Foreign Tax Resident Shareholders

This Section applies to Dacian Shareholders that accept the Offer or whose Dacian Shares are compulsorily acquired by Genesis, are not residents of Australia for Australian tax purposes and hold their Dacian Shares on capital account. It does not apply to Dacian Shareholders who have held their Dacian Shares at any time in carrying on a business at or through a permanent establishment in Australia or who have changed their tax residency while holding their Dacian Shares.

11.3.1 Indirect Australian Real Property Interests

Foreign tax resident Dacian Shareholders who hold their Dacian Shares on capital account should generally not be subject to the CGT rules in Australia on the disposal of their Dacian Shares, provided their Dacian Shares are not an “indirect Australian real property interest” as at the time of the disposal.

Broadly, a Dacian Shareholder’s Dacian Shares will not be an indirect Australian real property interest unless both of the following conditions are satisfied:

- (a) the foreign tax resident Dacian Shareholder and associates (as defined for tax purposes) together hold 10% or more of the issued shares in Dacian at the time of disposal, or held 10% or more of the issued shares for at least 12 months during the 24 months prior to disposal of their Dacian Shares (the non-portfolio interest test); and
- (b) the aggregate market value of Dacian’s assets which are taxable Australian property (being direct and indirect interests in real property, including land, leases of land and property affixed to land, situated in Australia) exceeds the aggregate market value of Dacian’s assets which are not taxable Australian property (the principal asset test).

As at the date of this Target’s Statement, Dacian considers it may pass the principal asset test, that is, the aggregate market value of Dacian’s assets which are taxable Australian property may exceed the aggregate market value of Dacian’s assets which are not taxable Australian property. However, in any event, it is expected that no foreign resident Dacian Shareholder holds/held the requisite 10% or more of the issued shares in Dacian at the time of disposal so the non-portfolio interest test is likely to be failed. The Dacian Shares would therefore not be an indirect Australian real property interest and no CGT should apply.

11.3.2 Foreign Resident CGT Withholding Rules

In broad terms, a foreign resident CGT withholding tax applies to transactions involving the acquisition of the legal ownership of an asset that is an indirect Australian real property interest from a foreign resident. The current withholding rate is 12.5%.

As noted above, it is unlikely that any foreign resident Dacian Shareholders would pass the non-portfolio interest test and no CGT liability should therefore arise. However, to avoid any withholding, foreign resident Dacian Shareholders should complete a foreign resident capital gains withholding–vendor declaration form and provide this to Genesis prior to Genesis acquiring their Dacian Shares.

Foreign resident Dacian Shareholders should seek independent professional tax advice in relation to the vendor declaration and the application of an exemption from CGT withholding in respect of this transaction.

11.4 GST

No GST should be payable by Dacian Shareholders on the disposal of their Dacian Shares to Genesis. Dacian Shareholders who are registered for GST may not be entitled to input taxed credits (or only entitled to reduced input taxed credits) for any GST incurred on costs associated with the disposal of their Dacian Shares. They should seek independent professional tax advice in relation to their individual circumstances.

11.5 Duty

No Australian duty should be payable by Dacian Shareholders on the disposal of their Dacian Shares to Genesis.

12. ADDITIONAL INFORMATION

12.1 Interest and dealings in Dacian Securities

(a) Interests in Dacian Securities

As at the date of this Target's Statement, the Directors of Dacian have the following Relevant Interests in Dacian Securities:

Name	Position	Dacian Shares	Dacian Options	Dacian Performance Rights
Michael Wilkes	Non-Executive Chair	Nil	300,000 ¹	Nil
Eduard Eshuys	Non-Executive Director	Nil	Nil	Nil
Sue-Ann Higgins	Non-Executive Director	Nil	Nil	Nil

1. Unlisted exercisable at \$0.28 expiring on 10 September 2026. Held by Eligius Holdings Pty Ltd as trustee for The Wilkes Family Trust, of which Mr Wilkes is a director and beneficiary respectively. Mr Wilkes has executed an Option Cancellation Deed under which these Options will be cancelled on the Change of Control Date in return for Genesis paying the Optionholder a cash amount of \$17,190 reflecting a Black & Scholes valuation of \$0.0573 per Option.

(b) Dealings in Dacian Securities

Except as otherwise set out in this Target's Statement, no Director has acquired or disposed of a Relevant Interest in any Dacian Securities in the four-month period ending on the date immediately before the Last Practicable Date.

(c) Intentions of the Directors in relation to the Offer

As at the Last Practicable Date, the Dacian Directors do not have a Relevant Interest in any Dacian Shares but intend to accept the Offer in respect of any Dacian Shares they acquire during the Offer Period in the absence of a superior proposal.

12.2 Interest and dealings in Genesis Securities

(a) Interests in Genesis Securities

As at the Last Practicable Date, no Director had a Relevant Interest in any Genesis Securities.

(b) Dealings in Genesis Securities

No Director has acquired or disposed of a Relevant Interest in any Genesis Securities in the four-month period ending on the Last Practicable Date.

Neither Dacian nor any Associate of Dacian has acquired or disposed of a Relevant Interest in any Genesis Securities in the four months period ending on the date immediately before the date of this Target's Statement.

12.3 Benefits and Agreements

(a) Directorships

As at the date of this Target's Statement, no Director of Dacian is a director of Genesis.

(b) Benefits in connection with retirement from office

Except as otherwise set out in this Target's Statement, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a board or managerial office of Dacian or a Related Body Corporate of Dacian.

(c) Agreements connected with or conditional on the Offer

Except as otherwise set out in this Target's Statement, there are no agreements made between any Director and any other person in connection with, or conditional upon, the outcome of the Offer other than in their capacity as a holder of Dacian Shares.

(d) Benefits from Genesis

Except as otherwise set out in this Target's Statement, none of the Directors has agreed to receive, or is entitled to receive any benefit from Genesis which is conditional on, or is related to, the Offer, other than in their capacity as a holder of Dacian Shares.

(e) Interests of Directors in contracts with Genesis

Except as set out below or otherwise disclosed in this Target's Statement, none of the Directors have any interest in any contract entered into by Genesis.

(f) Impact on Chair and Chief Executive Officer

If Genesis acquires a Relevant Interest in more than 50% of Dacian Shares and the Offer is unconditional, Genesis has proposed that:

(i) Mr Michael Wilkes will resign from the Dacian Board and will be appointed as a Non-Executive Director of Genesis. Mr Wilkes is expected to receive directors' fees consistent with Genesis' existing Directors in respect of his role; and

(ii) the Chief Executive Officer of Dacian, Mr Dale Richards, will be appointed Chief Geologist of Genesis.

(g) Dacian Performance Rights to vest and be exercised

Dacian's Board has resolved that all Dacian Performance Rights will vest and be exercised on the date that Genesis acquires a Relevant Interest in more than 50% of Dacian Shares and the Offer is declared unconditional, subject to the holder remaining a Dacian employee at that time.

(h) Effect of Offer on material contracts

The change of control which will occur if Genesis acquires control of Dacian under the Offer is a review event under Dacian's facility with ANZ. If ANZ gives Dacian a review notice in respect of this review event, and ANZ considers the review event to be unacceptable, ANZ may require Dacian to accelerate repayment of Dacian's remaining facilities, being \$2 million in debt to be paid on or before 31 December 2022 and cash back guarantees for bonds in the sum of \$815,000. Dacian has engaged with ANZ and, as at the Last Practicable Date, is not aware of any intention of ANZ to give Dacian a review notice or accelerate any repayments.

12.4 Consents to be named

Treadstone Resource Partners has consented to being named in this Target's Statement as the financial adviser to Dacian in the form and context in which it is named and has not withdrawn that consent at the date of this Target's Statement.

EMK Lawyers has consented to being named in this Target's Statement as the legal adviser to Dacian in the form and context in which it is named and has not withdrawn that consent at the date of this Target's Statement.

Each person named above:

- (a) has not authorised or caused the issue of this Target's Statement;
- (b) does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based; and
- (c) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name.

12.5 Reliance on ASIC modifications

As permitted by ASIC Class Order 13/521, this Target's Statement contains statements which are made, or based on statements made, in documents lodged by Genesis with ASIC or given to the ASX including the Bidder's Statement. Pursuant to that class order, the consent of the entity making those statements is not required, and has not been provided, for the inclusion of such statements in this Target's Statement. Any Dacian Securityholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) during the Offer Period by contacting Dacian's Company Secretary on +61 8 6323 9000.

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement contains:

- (a) security price trading data sourced from IRESS without its consent;
- (b) publicly available historical geological data; and
- (c) certain statements fairly representing a statement by an official person, or from a public official document or published book, journal or comparable publication.

12.6 Continuous Disclosure

Dacian is a disclosing entity under the Corporations Act and therefore has continuous disclosure obligations under that legislation and also under the ASX Listing Rules. Dacian is required to immediately disclose to the market through ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of Dacian Shares.

Dacian is in compliance with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules. Dacian's announcements are available free of charge from the ASX website at www.asx.com.au (ASX code: DCN).

The most recent financial information regarding Dacian is Dacian's half year report for the half year ending 31 December 2021 and full year report for the financial year ending 30 June 2021. A copy of these documents are also available free of charge from Dacian on request and are also available on Dacian's website at <http://www.daciangold.com.au/site/content/>.

12.7 Material litigation

Dacian does not believe that it is involved in any litigation or dispute which is material in the context of Dacian.

12.8 No other material information

This Target's Statement is required to include all the information that Dacian Shareholders and their professional advisers would reasonably require to make an informed assessment whether or not to accept the Offer but:

- (a) only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in the Target's Statement; and
- (b) only if the information is known to any Director.

The Directors are of the opinion that the only information that Dacian Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer are:

- (a) the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- (b) the information contained in releases by Dacian and Genesis to ASX before the date of this Target's Statement; and
- (c) the information contained in this Target's Statement.

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate, unless expressly indicated otherwise in this Target's Statement and subject to the following qualification.

The Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- (a) the nature of the Dacian Shares;

- (b) the matters Dacian Shareholders may reasonably be expected to know;
- (c) the fact that certain matters may reasonably be expected to be known to the professional advisers to Dacian Shareholders;
- (d) the nature of the Offer; and
- (e) the time available to Dacian to prepare this Target's Statement.

13. APPROVAL OF TARGET'S STATEMENT

This Target's Statement has been approved by a resolution passed by the Directors. All Directors voted in favour of that resolution.

Signed for and on behalf of Dacian by:



Mr Michael Wilkes
Non-Executive Chair
Date: 29 July 2022

14. GLOSSARY AND INTERPRETATION

14.1 Glossary

In this Target's Statement (including its annexures), unless the context otherwise requires:

\$, \$A or AUD means Australian dollars.

Acceptance Form means the form of acceptance form for the Offer enclosed with the Bidder's Statement or alternatively an acceptance form sent to a Dacian Shareholder by Genesis' share registry in relation to the Offer.

Advisers means in relation to an entity, its legal, financial and other expert advisers.

Announcement Date means the date the Takeover Bid was announced, being 5 July 2022.

ASIC means the Australian Securities and Investments Commission.

Associate has the same meaning as given to that term for the purposes of Chapter 6 of the Corporations Act (as modified by ASIC from time to time).

ASX means ASX Limited ABN 98 008 624 691 or, where the context requires, a financial market operated by it.

ASX Listing Rules means the listing rules of ASX, as amended or replaced.

ASX Settlement means ASX Settlement Pty Limited ACN 008 504 532.

ASX Settlement Operating Rules means the operating rules of the settlement facility provided by ASX Settlement.

ATO means the Australian Tax Office.

Bidder's Statement means the bidder's statement by Genesis dated 29 July 2022 setting out the terms, Conditions and other information in relation to the Offer.

Business Day means a day on which trading takes place on the stock market of ASX.

CGT means Capital gains tax.

Change of Control Date means the date that Genesis acquires a Relevant Interest in more than 50% of Dacian Shares and the Offer is declared unconditional.

CHESS Holding means a number of Dacian Securities which are registered on Dacian's share register being a register administered by ASX Settlement and which records uncertificated holdings of Dacian Securities.

Conditions means the conditions of the Offer set out in Section 11.9 of the Bidder's Statement.

Combined Group means Genesis and its Subsidiaries following Genesis acquiring control of Dacian.

Control means the meaning given to that term in the Corporations Act.

Controlling Participant in relation to your Dacian Shares, has the same meaning as in the ASX Settlement Operating Rules.

Corporation Act means the *Corporation Act 2001* (Cth).

Dacian means Dacian Gold Limited ACN 154 262 978.

Dacian Board means the board of directors of Dacian.

Dacian Convertible Securities means Dacian Options and Dacian Performance Rights.

Dacian Option means an option, issued by Dacian, to acquire a Dacian Share

Dacian Performance Right means a right, granted by Dacian, to acquire a Dacian Share.

Dacian Securities means Dacian Shares and/or Dacian Convertible Securities (as the context requires).

Dacian Securityholder means a registered holder of Dacian Shares or Dacian Convertible Securities.

Dacian Share means a fully paid ordinary share in the capital of Dacian.

Dacian Shareholder means a holder of Dacian Shares.

Director means a director of Dacian.

Genesis or **GMD** means Genesis Minerals Limited (ACN 124 772 041).

Genesis Capital Raising means the two-tranche placement to sophisticated and professional investors of 82,987,552 Genesis Shares at an issue price of \$1.205 each, to raise ~\$100 million before costs announced by Genesis on 5 July 2022.

Genesis Performance Rights means a right, granted by Genesis, to acquire a Genesis Share.

Genesis Shares means fully paid ordinary shares in the capital of Genesis.

GST means goods and services tax.

Ineligible Foreign Shareholder has the meaning given in the Bidder's Statement.

Issuer Sponsored Holding means a holding of Dacian Shares on the Dacian issuer sponsored subregister.

Last Practicable Date means 27 July 2022, the last practicable date before the date of this Target's Statement.

Mt Morgans Project means the Mt Morgans gold mine located near Laverton, Western Australia, operated by Dacian.

Nominee means Euroz Hartleys Limited.

Notice of Status of Conditions means a notice required to be given under Section 630(3) of the Corporations Act.

Offer Period means the period during which the Offer will remain open for acceptance in accordance with Section 11.2 of the Bidder's Statement.

Offer means the takeover offer for Dacian Shares on the terms and conditions contained in Section 11 of the Bidder's Statement.

Option Cancellation Deed has the meaning given in Section 6.13.

Perennial means Perennial Value Management Limited.

Pre-bid Agreement means the pre-bid acceptance agreement between Genesis and Perennial dated 4 July 2022.

Record Date means the date set by Genesis under Section 633(2) of the Corporations Act, being 5.00pm (WST) on 29 July 2022.

Related Body Corporate has the meaning given to that term in the Corporations Act.

Relevant Interest has the meaning given in Sections 608 and 609 of the Corporations Act.

Small Parcel means a parcel of Genesis Shares having a value of less than \$500 based on the highest closing price of Genesis Shares on the ASX during the period from the date of the Bidder's Statement until the earlier of the end of the Offer Period and five ASX trading days before the first day on which Genesis must provide the Offer consideration under the Offer.

Small Parcel Shareholder means a Dacian Shareholder who would be entitled to receive a total number of Genesis Shares as consideration under the Offer which constitute a Small Parcel.

Takeover Bid means the off-market takeover bid constituted by the dispatch of the Offer.

Target's Statement means this document.

Tax Law means the *Income Tax Assessment Act 1936* (Cth), the *Income Tax Assessment Act 1997* (Cth) and the *Taxation Administration Act 1953* (Cth), whether individually or collectively.

Tranche 2 means tranche 2 of the Genesis Capital Raising, involving a placement by Genesis, subject to Genesis Shareholder approval, of 45,152,229 Genesis Shares at an issue price of \$1.205 per Genesis Share to raise ~\$54.4 million before costs.

VWAP means the daily volume weighted average price of all shares sold on ASX's trading platform.

WST means Western Standard Time.

14.2 Interpretation

In this Target's Statement, unless the context otherwise requires:

- (a) the singular includes the plural and vice versa and words importing one gender include other genders;
- (b) terms defined in the Corporations Act as at the date of this Target's Statement have the meanings given to them in the Corporations Act at that date;
- (c) a reference to dollars, A\$, AUD, \$ and cents is a reference to Australian currency;
- (d) a reference to a statute of any parliament or any section, provision or schedule of a statute of any parliament includes a reference to any statutory amendment, variation or consolidation of the statute, section, provision or schedule and includes all statutory instruments issued under the statute, section, provision or schedule;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (f) a reference to a section is a reference to a section of this Target's Statement and a reference to this Target's Statement includes any annexure or schedule to this Target's Statement;
- (g) a reference to time is a reference to Perth time; and
- (h) headings and bold type are used for reference only.

15. CORPORATE DIRECTORY

Directors

Michael Wilkes (Non-Executive Chair)
Eduard Eshuys (Non-Executive Director)
Sue-Ann Higgins (Non-Executive Director)

Chief Executive Officer

Dale Richards

Company Secretary

Derek Humphry

Principal Place of Business

Level 19, 58 Mounts Bay Road
Perth WA 6000
Phone: +61 8 6323 9000
Website: www.daciangold.com.au

Share Registry

Computershare Investor Services
Level 11, 172 St Georges Terrace
Perth WA 6000
Telephone: 1300 850 505 (within Australia) or +61 3 9415 4000 (overseas)
Email: web.queries@computershare.com.au
Website: www.computershare.com/au
Postal Address: Computershare Investor Services Pty Limited, GPO Box 2975, Melbourne
VIC 3001 Australia

Solicitors

EMK Lawyers
Suite 1, 519 Stirling Highway
Cottesloe WA 6011

Corporate Adviser

Treadstone Resource Partners
Level 26, 6-10 O'Connell Street
Sydney NSW 2000

Annexure 1:

Total Mineral Resource estimate as at 30 June 2022 (after mining depletion)

Note: rounding may have caused imbalanced totals. *Reported above A\$2,400 pit optimisation shell.

MINING CENTRE	Deposit/Area	Deposit/Prospect	Cut-off grade (Au g/t) and constraints	Measured			Indicated			Inferred			Total Mineral Resource			
				Tonnes (kt)	Au g/t	Au Oz	Tonnes (kt)	Au g/t	Au Oz	Tonnes (kt)	Au g/t	Au Oz	Tonnes (kt)	Au g/t	Au Oz	
MT MORGANS	Westralia Mine Corridor	Beresford	2.0	130	4.3	18,000	1,920	4.0	247,000	1,490	3.0	144,000	3,540	3.6	410,000	
		Allanson	2.0	70	4.2	9,000	550	4.5	79,000	890	3.9	113,000	1,510	4.1	201,000	
		Morgans North - Phoenix Ridge	2.0							330	6.7	72,000	330	6.7	72,000	
		SUBTOTAL		220	3.8	27,000	2,470	4.1	326,000	2,720	3.8	329,000	5,390	3.9	682,000	
	Westralia Satellite Deposits	Transvaal	2.0				650	3.8	79,000	1,110	3.5	126,000	1,760	3.6	205,000	
		Ramornie OP	0.5							570	2.5	46,000	570	2.5	46,000	
		Ramornie UG	0.5 & >290RL OR 2.0 & <290RL							160	2.7	13,000	160	2.7	13,000	
		Craic	2.0				30	7.9	8,000	70	5.9	13,000	100	6.5	21,000	
		McKenzie Well	0.5							950	1.1	34,000	950	1.1	34,000	
		SUBTOTAL					680	3.9	86,000	2,850	2.5	232,000	3,530	2.8	318,000	
	GREATER WESTRALIA MINING AREA	SUBTOTAL		200	4.2	27,000	3,150	4.1	412,000	5,570	3.1	561,000	8,920	3.5	1,001,000	
	Jupiter OP*	Heffernans*	0.5				1,610	1.2	60,000				1,610	1.2	60,000	
		Doublejay*	0.5	1,960	1.6	100,000	3,140	1.1	106,000	220	0.9	7,000	5,310	1.2	212,000	
		Ganymede*	0.5				2,450	1.0	75,000	250	1.0	8,000	2,700	1.0	83,000	
		Mt Marven*	0.5				1,220	1.2	48,000	500	1.4	23,000	1,720	1.3	71,000	
		JUPITER MINING AREA	SUBTOTAL	0.5	1,960	1.6	100,000	8,420	1.1	289,000	970	1.2	37,000	11,340	1.2	426,000
	Cameron Well Project Area	Cameron Well											0	-	-	
		Maxwells	0.5				170	0.9	5,000	500	0.8	12,000	660	0.8	17,000	
	CAMERON WELL PROJECT AREA	SUBTOTAL					170	0.9	5,000	500	0.8	12,000	660	0.8	17,000	
	Stockpiles	Mine Stockpiles	0	370	0.7	9,000							370	0.7	9,000	
LG Stockpiles		0	1,250	0.6	23,000							1,250	0.6	23,000		
Jupiter Heapleach		0							3,630	0.4	48,000	3,630	0.4	48,000		
Total - Stockpiles			1,620	0.6	32,000				3,630	0.4	48,000	5,250	0.5	79,000		
TOTAL MMGO	SUBTOTAL		3,780	1.3	159,000	11,730	1.9	706,000	10,670	1.9	658,000	26,180	1.8	1,523,000		
REDCLIFFE PROJECT	Southern Zone	GTS	0.5 & >300RL OR 2.0 & <300RL				930	1.9	56,000	1,360	1.2	51,000	2,290	1.4	107,000	
		Hub	0.5 & >300RL OR 2.0 & <300RL				710	4.4	100,000	710	2.4	55,000	1,420	3.4	155,000	
		Bindy	0.5 & >300RL OR 2.0 & <300RL							3,080	1.3	129,000	3,080	1.3	129,000	
		Kelly	0.5 & >300RL OR 2.0 & <300RL							2,350	0.9	67,000	2,350	0.9	67,000	
		SUBTOTAL					1,640	2.9	155,000	7,500	1.3	302,000	9,130	1.6	458,000	
	Central Zone	Nambi	0.5 & >300RL OR 2.0 & <300RL				880	2.9	82,000	870	2.8	78,000	1,750	2.9	160,000	
		Redcliffe	0.5 & >300RL OR 2.0 & <300RL							930	1.2	35,000	930	1.2	35,000	
		Mesa - Westlode	0.5 & >300RL OR 2.0 & <300RL							850	1.0	28,000	850	1.0	28,000	
		SUBTOTAL					880	2.9	82,000	2,650	1.7	142,000	3,530	2.0	224,000	
	TOTAL	SUBTOTAL					2,520	2.9	237,000	10,150	1.4	444,000	12,660	1.7	681,000	
TOTAL					3,780	1.3	159,000	14,250	2.1	943,000	20,820	1.6	1,102,000	38,840	1.8	2,204,000

Total Ore Reserve estimate as at 30 June 2022

Area	Deposit	Cut-off Grade	Proved			Probable			Total		
		Au g/t	Tonnes t	Au g/t	Au oz	Tonnes t	Au g/t	Au oz	Tonnes t	Au g/t	Au oz
Redcliffe	Hub OP	0.7				256,000	4.1	34,000	256,000	4.1	34,000
	GTS OP	*0.8/0.9/1.0				499,000	2.2	35,000	499,000	2.2	35,000
	Sub-total					755,000	2.8	69,000	755,000	2.8	69,000
Mt Morgans	Mine Stockpiles	0.5				371,000	0.7	9,000	371,000	0.8	9,000
	LG Stockpiles	0.5				1,249,000	0.6	23,000	1,249,000	0.6	23,000
	Sub-total					1,620,000	0.6	32,000	1,620,000	0.6	32,000
	TOTAL ORE RESERVE		0	0.0	0	2,375,000	1.3	101,000	2,375,000	1.3	101,000

*Oxide, transitional and fresh ore respectively.