

## HALF YEAR REPORT

### FOR THE SIX MONTHS TO 31 DECEMBER 2022

Dacian Gold Limited (ASX:DCN) (Dacian) reports its 31 December 2022 half year financial information and Appendix 4D in accordance with Listing Rule 4.2A. The attached half year report should be read in conjunction with the Financial Report for the year ended 30 June 2022.

Mt Morgans Gold Operations (MMGO) produced 33,564 ounces at an AISC of \$1,771/oz.

#### *Results for announcement to the market – Half Year*

KEY INFORMATION	Units	Dec 2022	Dec 2021	Change	
Revenue from ordinary activities	\$'000	91,541	77,916	13,625	up 17.5%
Profit from ordinary activities after tax attributable to members	\$'000	(44,826)	(42,943)	(1,883)	down 4.4%
Net profit/(loss) attributable to members	\$'000	(44,826)	(42,943)	(1,883)	down 4.4%
Gold produced	oz	33,564	33,018	546	up 1.7%
All in sustaining cost (AISC) <sup>1</sup>	\$/oz	1,711	2,366	(655)	down 27.7%
Average gold price received	\$/oz	2,600	2,277	323	up 14.2%

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

Revenue generated from the MMGO was 17.5% or \$13.6 million higher reflecting 1.7% higher gold production and 14.2% higher average price received for the period compared to the December 2021 half year. The Company delivered the remaining 10,500 ounces of gold hedging and has no gold hedging commitments at 31 December 2022.

The loss from ordinary activities after tax increased by 4.4% or \$1.9 million reflecting impairments recorded. The higher gold production and reduced mining development required following closure of open pit mining in the prior year and predominately stoping activity in the undergrounds prior to closure in September 2022 translated to lower operating costs reflected in the 27.7% lower AISC.

### **Dividend information**

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

<b>Net Tangible Assets per ordinary share</b>	<b>Units</b>	<b>Dec 2022</b>	<b>Jun 2022</b>	<b>Change</b>	
		<b>\$</b>	<b>\$</b>	<b>\$</b>	
<b>Net tangible asset backing per ordinary share</b>	<b>\$</b>	<b>0.064</b>	<b>0.101</b>	<b>0.037</b>	<b>down 36.6%</b>

### **Details of entities over which control has been gained or lost**

There have been no acquisitions of entities or losses of control of entities during the period. In July 2022 Genesis Minerals Limited (Genesis) launched a takeover offer for the Groups head company, Dacian Gold Limited (Dacian). At 31 December 2022 Genesis controlled Dacian holding 77.16% of the ordinary shares of Dacian. On 20 February 2023 the offer closed with Genesis holding 80.08% of Dacian.

### **FURTHER INFORMATION**

Further information is available in the attached 31 December 2022 half year report which contains an Operating and Financial review. The financial statements in the 31 December 2022 half year report have been reviewed by BDO Audit (WA) Pty Ltd and they are not subject to dispute or qualification and do not include any statement of emphasis.

- Ends -

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

For further information please contact:

Dale Richards Chief Executive Officer Dacian Gold Limited +61 8 6323 9000 info@daciangold.com.au	
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**DACIAN GOLD LIMITED**

ABN 61 154 262 978

Half Year Financial Report  
for the period ended  
31 December 2022

**DACIAN GOLD LIMITED**

ABN 61 154 262 978

**HALF YEAR FINANCIAL REPORT  
FOR THE PERIOD ENDED 31 DECEMBER 2022****CORPORATE DIRECTORY**

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

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

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

**Directors**

Craig McGown	Non-Executive Chairman
Sue-Ann Higgins	Non-Executive Director
Morgan Ball	Non-Executive Director
Lee Stephens	Non-Executive Director
Anthony Kiernan	Non-Executive Director

**Registered Office**

Level 19, 58 Mounts Bay Road  
Perth WA 6000

**Company Secretary**

Derek Humphry

Telephone: 08 6323 9000  
Facsimile: 08 6323 9099  
Website: [www.daciangold.com.au](http://www.daciangold.com.au)  
Email: [info@daciangold.com.au](mailto:info@daciangold.com.au)

**Share Registry**

Computershare Investor Services Pty Ltd  
Level 11, 172 St Georges Terrace

**Securities Exchange**

Listed on the Australian Securities Exchange  
ASX Code: DCN

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## DIRECTORS' REPORT

The Directors present the half year financial report of Dacian Gold Limited and its controlled subsidiaries for the period ended 31 December 2022.

### Directors

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

Craig McGown *(Non-Executive Chairman) - appointed 28<sup>th</sup> September 2022*

Sue-Ann Higgins *(Non-Executive Director)*

Morgan Ball *(Non-Executive Director) – appointed 28<sup>th</sup> September 2022*

Lee Stephens *(Non-Executive Director) – appointed 28<sup>th</sup> September 2022*

Anthony Kiernan *(Non-Executive Director) – appointed 28<sup>th</sup> September 2022*

Mick Wilkes *(Non-Executive Chairman) – resigned 28<sup>th</sup> September 2022*

Eduard Eshuys *(Non-Executive Director) – resigned 28<sup>th</sup> September 2022*

### Company Secretary

Derek Humphry

### Nature of Operations and Principal Activities

Dacian Gold Limited is an ASX listed Australian mid-tier gold producer. The Company operates a 2.5Mtpa CIL treatment plant Mt Morgans Gold Operation and exploration tenement portfolio near Laverton, and the Redcliffe Gold Project exploration tenement portfolio near Leonora, Western Australia.

Open pit mining at Mt Morgans was suspended during the 30 June 2022 year and underground mining at Mt Morgans ceased in the September 2022 quarter. The principal activities of the Group during the period were gold mining and processing at Mt Morgans and exploration at its 100% owned tenement package.

### Operating and Financial Review

Consolidated net loss after tax for the half-year was \$44.8 million (2021: Net loss \$42.9 million). This result was impacted by a \$37.6 million non-cash adjustment being the impairment of the Company's acquired exploration and evaluation interests and of the Mt Morgans mine properties carrying value.

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

Key Financial Result	HY Dec. 2022 \$'000	HY Dec. 2021 \$'000	Change \$'000	Change %
Sales revenue	91,541	77,916	13,625	17.5
Cost of sales (excluding D&A) <sup>(i)</sup>	(61,239)	(73,176)	11,938	(16.3)
Exploration and growth	(11,509)	(9,531)	(1,978)	20.8
Corporate, admin and other costs	(5,450)	(4,371)	(1,079)	(24.7)
EBITDA <sup>(i)</sup>	13,343	(9,162)	22,506	(245.6)
Impairment	(37,576)	-	(37,576)	(100.0)
Depreciation and amortisation (D&A)	(20,166)	(33,165)	12,998	(39.2)
Net interest expense	(427)	(616)	189	(30.7)
Profit/(Loss) before tax	(44,826)	(42,943)	(1,883)	4.4
Income tax expense	-	-	-	-
Reported loss after tax	(44,826)	(42,943)	(1,883)	4.4
Cashflow from operating activities	18,663	(531)	19,194	(3,614.7)
Cashflow used in investing activities	(5,547)	(40,875)	35,328	(86.4)
Cashflow from financing activities	9,371	32,381	(23,010)	(71.0)

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

## DIRECTORS' REPORT

### Operating and Financial Review (continued)

#### *Mt Morgans Gold Operation (MMGO)*

During the half year ended 31 December 2022 the Mt Morgan Gold Operation produced 33,564 ounces of gold at an All in Sustaining Cost (AISC) of \$1,771 per ounce (31 December 2021: 33,018 ounces at an AISC of \$2,366 per ounce). The lower AISC is attributable to the reduced mining cost for the half year reflecting the cessation of open pit and underground mining development in the previous financial year and the completion of underground stoping during the September 2022 quarter.

Gold sales revenue of \$91.3 million (2021: \$77.7 million) was generated from the sale of 35,113 ounces at an average gold price of \$2,600/oz (2021: 34,117 ounces sold at average gold price of \$2,277/oz) with delivery of in the money hedging held at 30 June 2022 contributing a hedging gain of \$1.2 million. Total cost of goods sold inclusive of amortisation and depreciation was \$81.2 million (2021: \$106.1 million).

Ore feed to the processing plant during the half year was sourced from underground mining, run of mine stockpiles and low-grade stockpiles.

Underground production at Westralia concluded in the September 2022 quarter. The underground operations contributed 47,910 tonnes at 4.7 g/t for 7,158 contained ounces of gold.

The following table summarises the production results for the half-year ended 31 December 2022.

	UOM	HY Dec-22	HY Jun-22	HY Dec-21
<i>Underground</i>				
Stope Ore Mined	kt	47	24	12
Development Ore Mined	kt	1	55	10
Mined Ore Grade	g/t	4.7	3.1	4.2
Contained Gold	oz	7,158	7,921	2,962
<i>Open Pit Operations</i>				
Ore Mined	kt	-	1,568	1,106
Mined Ore Grade	g/t	-	1.1	0.8
Contained Gold	oz	-	58,540	27,997
Waste Mined	kbcm	-	1,707	3,846
<i>Processing</i>				
Ore Milled	kt	1,487	1,519	1,392
Head Grade	g/t	0.8	1.3	0.8
Recovery	%	89.7	91.9	91.3
Gold produced	oz	33,564	57,790	33,018
Gold Sold	oz	35,113	57,378	34,117

During the period Genesis Minerals Limited (Genesis) acquired a controlling interest in Dacian in September 2022. In accordance with the requirements of the Australian Accounting Standards, Genesis is required to assess its accounting treatment for the transaction and have advised Dacian that they will be accounting for the transaction as a business combination in accordance with AASB 3 Business Combinations. This requires Genesis to undertake a fair value assessment of the assets and liabilities of Dacian at the date of control.

Genesis has advised the Dacian Board that the Purchase Price Accounting assessment of fair value of the Dacian plant and equipment is materially higher than the Dacian carrying value. Dacian, in accordance with accounting principles, carries plant and equipment assets at the lower of cost and written down value. As a stand alone reporting entity Dacian cannot, under the current Australian Accounting Standards, recognise the uplift attributed by Genesis to the Mt Morgans plant and equipment.

Genesis has advised the Dacian Board that its fair value assessment of the Dacian exploration and evaluation assets and mine properties has resulted in a materially lower value than the Dacian carrying value of these assets.

The Dacian Board has reviewed the fair value assessment and in accordance with Australian Accounting Standards, Dacian, as an entity which will be consolidated with Genesis as the parent company, is required to impair the carrying value of the exploration and evaluation assets and the mine properties assets to their fair value where that fair value is lower than their carrying value.

Consequently, Dacian has booked an impairment of \$37.6 million. Further detail of the impairment charge is included in Note 3 to the Financial Statements.

## **DIRECTORS' REPORT**

### **Operating and Financial Review (continued)**

#### *Exploration & Growth*

During the half year the Company's main exploration focus was completing the extension drilling program at the Jupiter mining complex, which continued to intersect significant mineralisation within the syenite intrusive.

Mineral resource definition and exploration results from this program continue to build confidence in the continuity and extent of mineralisation beyond the previously designed Ganymede, Heffernans, Doublejay and Saddle open pits, and in the defined Jupiter Exploration Target, which was announced to the ASX on 22 July 2022. The extension drilling program was designed to evaluate the Jupiter Exploration Target across the full strike extent of the Jupiter syenite system, to a depth of ~400 m below surface. The program underpins the strategy to investigate a larger, bulk open pit mining opportunity under a leaner operating model.

During the period, diamond drilling was performed from surface at drilling sites located around the Doublejay existing open pit. The results provide important mineralisation intercepts and control on the interpretation and modelling of the Jupiter system, particularly at structural intersections which are interpreted to control emplacement of the wider syenite stocks at Ganymede, Heffernans, and Doublejay.

In addition to the above, Mineral Resource definition drilling from the existing Doublejay and Saddle Open Pit floor has also been completed, with these results demonstrating continuity of mineralisation from the existing Jupiter Mineral Resource through to the Jupiter Exploration Target, which extends below the open pit, through the 400m below surface drilling target, and remains open at depth.

The diamond drilling of the Jupiter extension program was completed in December 2022 with results expected in the March 2023 quarter. With this drilling program now completed at Jupiter, geological interpretation has commenced to inform an update to the Mineral Resource estimate, with the aim of targeting a larger scale development plan to complement a restart of open pit mining at Mt Morgans. The Jupiter Mineral Resource update is scheduled for March 2023.

#### *Corporate*

Total cash at 31 December 2022 was \$40.0 million (30 June 2022: \$17.5 million). The Group's working capital position has improved to \$30.0 million (30 June 2022: \$7.7 million).

In July 2022 a takeover offer from Genesis (Offer) was announced and unanimously recommended by the then Dacian Board, in the absence of a superior proposal. In September 2022, following the Offer becoming unconditional and Genesis securing more than 50.1% acceptances, Genesis nominated Mr Tony Kiernan, Mr Morgan Ball and Mr Lee Stephens to join the Dacian Board as non-executive directors. In addition, Mr Craig McGown joined as an independent non-executive director and Chair, joining independent non-executive director, Ms Sue-Ann Higgins. Mr Mick Wilkes and Mr Eduard Eshuys resigned as directors. At 31 December 2022 Genesis controlled 77.16% of Dacian fully paid ordinary shares. The Offer closed on 20 February 2023 with Genesis controlling 80.08% of Dacian fully paid shares.

During the period the Company completed a placement of 123.9 million shares at 10.2 cents per share to Genesis to secure \$12.6 million to meet its expected cash needs during the Offer as it transitioned from miner to low grade stockpile processor and explorer/developer.

During the period the Company repaid \$1.8 million in debt reducing the debt position to \$200,000. The debt arrangements were reviewed with the final \$200,000 scheduled debt repayment, rescheduled to 30 June 2023 following a review of the debt arrangements. Debt covenants were reduced and a hedging line extended.

During the half-year, the Company delivered its remaining 10,500 ounces of hedging realising a hedging increment of \$1.2 million. At 31 December 2022 the Company had no gold hedging commitments.

The Company successfully completed its transition from miner to low grade processor and anticipates completing the transition to explorer/developer in calendar 2023. Dacian has carefully planned its cashflow to execute the transition particularly during the Offer period where alternative sources of funding may have been limited. Once the transition is complete, Dacian as an explorer/developer will no longer have an operating cashflow, and may in future require ongoing capital raisings to fund its future exploration programs, costs associated with advancing projects to development and maintaining of the Mt Morgans mill on care and maintenance. While no assurances can be given about the future ability to finance the Group's activities, the Directors believe, given the quality of the Group's assets and the well-funded position of its controlling shareholder, that the Company can, if required, raise future funds to pursue its business strategy and meet its obligations as and when they fall due.

## **DIRECTORS' REPORT**

### **Significant Changes in the State of Affairs**

Underground mining at Mt Morgans ceased in the September 2022 quarter, and the Mt Morgans Gold Operation focussed on processing stockpiles, and drilling the Jupiter target.

Otherwise, there were no significant changes in the state of affairs of the Group during the half-year, not otherwise disclosed in this report.

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

Post 31 December 2022, the Company made the decision to complete its transition to explorer/developer and place the Mt Morgans processing plant on care and maintenance in the March 2023 quarter.

Other than the above there has not arisen in the interval between the end of the reporting period and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

### **Rounding off**

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

### **Auditor's Independence Declaration**

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on the following page.

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

DATED at Perth this 22<sup>nd</sup> day of February 2023



**Craig McGown**

Non-Executive Chair

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

As lead auditor for the review of Dacian Gold Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

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

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



Glyn O'Brien  
Director

BDO Audit (WA) Pty Ltd  
Perth  
22 February 2023

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	Note	Consolidated	
		31 December 2022 \$'000	31 December 2021 \$'000
Revenue	2	91,541	77,916
Cost of goods sold	3	(81,165)	(106,067)
<b>Gross profit/(loss)</b>		<b>10,376</b>	<b>(28,151)</b>
Corporate employee expenses	3	(1,292)	(1,705)
Share-based employee expense	12	(515)	(731)
Finance costs	3	(794)	(993)
Finance income		355	25
Exploration and growth		(11,508)	(9,531)
Other expenses	3	(3,872)	(1,857)
Impairment	3	(37,576)	-
<b>Loss before income tax</b>		<b>(44,826)</b>	<b>(42,943)</b>
Income tax (expense) / benefit	4	-	-
<b>Net loss for the period attributable to the members of the parent entity</b>		<b>(44,826)</b>	<b>(42,943)</b>
Other comprehensive income for the period, net of tax		-	-
<b>Total comprehensive loss for the period attributable to the members of the parent entity</b>		<b>(44,826)</b>	<b>(42,943)</b>
<b>Loss per share</b>			
Basic and diluted earnings per share attributable to ordinary equity holders of the parent (cents per share)		(3.7)	(4.4)

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Consolidated	
		31 December 2022 \$'000	30 June 2022 \$'000
<b>Current assets</b>			
Cash and cash equivalents		39,951	17,464
Receivables		2,221	3,797
Inventories	5	11,773	21,391
<b>Total current assets</b>		<b>53,945</b>	42,652
<b>Non-current assets</b>			
Property, plant and equipment	6	59,019	72,786
Exploration and evaluation assets	7	26,384	54,454
Mine properties	8	6,853	11,805
<b>Total non-current assets</b>		<b>92,256</b>	139,045
<b>Total assets</b>		<b>146,201</b>	181,697
<b>Current liabilities</b>			
Trade and other payables		19,817	28,490
Provisions	10	1,223	1,559
Borrowings	9	2,933	4,944
<b>Total current liabilities</b>		<b>23,973</b>	34,993
<b>Non-current liabilities</b>			
Provisions	10	37,875	29,216
Borrowings	9	6,100	7,488
<b>Total non-current liabilities</b>		<b>43,975</b>	36,704
<b>Total liabilities</b>		<b>67,948</b>	71,697
<b>Net assets</b>		<b>78,253</b>	110,000
<b>Equity</b>			
Issued capital	11	503,201	489,247
Share-based payments reserve		3,679	4,594
Accumulated losses		(428,627)	(383,841)
<b>Total equity</b>		<b>78,253</b>	110,000

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Consolidated			
	Issued capital	Share reserve	Accumulated losses	Attributable to owners of the parent
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2021</b>	<b>457,099</b>	<b>5,346</b>	<b>(185,408)</b>	<b>277,037</b>
Reported profit / (loss) for the period	-	-	(42,943)	(42,943)
Other comprehensive income	-	-	-	-
Total comprehensive profit for the period	-	-	(42,943)	(42,943)
Shares issued	35,905			35,905
Share issue costs	(1,722)	-	-	(1,722)
Deferred tax on share issue costs	36	-	-	36
Share-based payments expense		731	-	731
<b>Balance at 31 December 2021</b>	<b>491,318</b>	<b>6,077</b>	<b>(228,351)</b>	<b>269,044</b>
<b>Balance at 1 July 2022</b>	<b>489,247</b>	<b>4,594</b>	<b>(383,841)</b>	<b>110,000</b>
Reported profit / (loss) for the period	-	-	(44,826)	(44,826)
Other comprehensive income	-	-	-	-
Total comprehensive profit for the period	-	-	(44,826)	(44,826)
Shares issued	12,589			12,589
Share issue costs	(25)	-	-	(25)
Performance rights exercised	1,390	(1,390)	-	-
Performance rights forfeited	-	(40)	40	-
Share-based payments expense	-	515	-	515
<b>Balance at 31 December 2022</b>	<b>503,201</b>	<b>3,679</b>	<b>(428,627)</b>	<b>78,253</b>

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

### FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Consolidated	
	31 December 2022 \$'000	31 December 2021 \$'000
<b>Cash flows from operating activities</b>		
Gold sales	91,295	77,670
Interest received	355	25
Other income	246	246
Interest paid	(37)	(377)
Payments for exploration and growth	(11,226)	(9,497)
Payments to suppliers and employees	(61,970)	(68,598)
<b>Net cash from operating activities</b>	<b>18,663</b>	<b>(531)</b>
<b>Cash flows from investing activities</b>		
Payments for mine properties expenditure	(4,050)	(39,715)
Payments for plant and equipment	(1,508)	(1,169)
Proceeds from disposal of assets	11	9
<b>Net cash from investing activities</b>	<b>(5,547)</b>	<b>(40,875)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	12,589	35,905
Share issue transaction costs	(25)	(1,771)
Repayment of borrowings	(1,800)	(16,196)
Proceeds from borrowings	-	16,000
Transaction costs associated with borrowings	(3)	(280)
Repayment of lease liabilities	(1,390)	(1,277)
<b>Net cash from financing activities</b>	<b>9,371</b>	<b>32,381</b>
Net increase/(decrease) in cash and cash equivalents	22,487	(9,025)
Cash and cash equivalents at the beginning of the period	17,464	35,942
<b>Cash and cash equivalents at the end of the period</b>	<b>39,951</b>	<b>26,917</b>

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

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

### **(a) Basis of Preparation and Accounting Policies**

The interim consolidated financial statements of Dacian Gold Limited and its subsidiaries (collectively referred to as the “Group”) for the six months ended 31 December 2022 have been prepared in accordance with Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by Dacian Gold Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

The interim consolidated financial statements were approved by the Board of Directors on the 22<sup>nd</sup> of February 2023.

### **(b) Going Concern**

These financial statements have been prepared on the basis, that the entity is a going concern, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

At 31 December 2022, the Group had a cash balance of \$40.0 million (30 June 2022: \$17.5 million), net working capital of \$30.0 million (30 June 2022: \$7.7 million) and incurred a net loss for the half of \$44.8 million (31 December 2021: \$42.9 million).

Subsequent to period end the Company announced it would cease processing of low-grade stockpiles in March 2023 and complete its transition to explorer/developer. Dacian may require ongoing capital raisings to fund its future exploration programs, costs associated with advancing projects to development and maintaining of the Mt Morgans mill on care and maintenance. While no assurances can be given about the future ability to finance the Group’s activities, the Directors believe, given the quality of the Group’s assets and the well-funded position of its controlling shareholder, that the Company can, if required, raise future funds to pursue its business strategy and meet its obligations as and when they fall due.

Should the Company not be able to continue as a going concern, it may be required to realise assets and discharge liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustment relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

### **(c) New and amended standards adopted by the Group**

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company’s annual financial report for the financial year ended 30 June 2022.

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

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

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

### **(d) Use of judgements and estimates**

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

### Note 1 Segment Information

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

Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. The Group's sole activity is mineral production, exploration and development at the Mt Morgans Gold Operation ("MMGO") wholly within Australia, therefore it has aggregated all operating segments into the one reportable segment being mineral production, exploration and development.

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

### Note 2 Revenue

	31 December 2022 \$'000	31 December 2021 \$'000
<i>Revenue from contracts with customers</i>		
Gold Sales	91,295	77,670
Silver Sales	246	246
	<b>91,541</b>	<b>77,916</b>

### Note 3 Expenses

	31 December 2022 \$'000	31 December 2021 \$'000
a) <i>Cost of goods sold</i>		
Costs of production	59,111	71,380
Royalties	2,128	1,794
Depreciation of mine plant and equipment	14,786	10,569
Amortisation of mine properties	5,140	22,324
	<b>81,165</b>	<b>106,067</b>
b) <i>Finance costs</i>		
Unwind of rehabilitation and restoration provision discount	563	104
Transaction costs	12	352
Interest expense on borrowings	219	537
	<b>794</b>	<b>993</b>
c) <i>Corporate employee expenses</i>		
Salaries and wages	940	957
Director fees and consulting expenses	154	458
Defined contribution superannuation	93	122
Other employment expenses	105	168
	<b>1,292</b>	<b>1,705</b>
d) <i>Other expenses</i>		
Costs associated with takeover	2,536	-
Administration & corporate	1,096	1,585
Non-production depreciation	240	272
	<b>3,872</b>	<b>1,857</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

### Impairment loss on assets

During the period Genesis Minerals Limited (Genesis) acquired a controlling interest in Dacian in September 2022. In accordance with the requirements of the Australian Accounting Standards, Genesis is required to assess its accounting treatment for the transaction and have advised Dacian that they will be accounting for the transaction as a business combination in accordance with AASB 3 Business Combinations. This requires Genesis to undertake a fair value assessment of the assets and liabilities of Dacian at the date of control.

Genesis has advised the Dacian Board that the Purchase Price Accounting assessment of fair value of the Dacian plant and equipment is materially higher than the Dacian carrying value. Dacian, in accordance with accounting principles, carries plant and equipment assets at the lower of cost and written down value. As a standalone reporting entity Dacian cannot, under the current Australian Accounting Standards, recognise the uplift attributed by Genesis to the Mt Morgans plant and equipment.

Genesis has advised the Dacian Board that its fair value assessment of the Dacian exploration and evaluation assets and mine properties has resulted in a materially lower value than the Dacian carrying value of these assets.

The Dacian Board has reviewed the fair value assessment and in accordance with Australian Accounting Standards, Dacian, as an entity which will be consolidated with Genesis as the parent company, is required to impair the carrying value of the exploration and evaluation assets and the mine properties assets to their fair value where that fair value is lower than their carrying value.

Consequently, Dacian has booked an impairment of the carrying value of exploration and evaluation assets by \$28.1 million (refer note 7) and impairment of mine properties of \$9.5 million (refer note 8).

	Note	31 December 2022 \$'000	31 December 2021 \$'000
<i>Impairment loss on assets</i>			
Exploration and evaluation assets	7	28,070	-
Mine properties	8	9,506	-
		<b>37,576</b>	-

### Note 4 Income Tax

Income tax expense for the period is \$nil (31 December 2021: \$nil).

The value of unrecognised tax losses (gross basis) available to the Group at 31 December 2022 for income tax purposes is \$360 million and unrecognised capital tax losses totalling \$1.5 million (30 June 2022: \$359 million). Utilisation will be subject to relevant tax legislation associated with recoupment including the same business test and continuity of ownership test. The Group has a reasonable expectation that these losses can be carried forward to future years for income tax purposes.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**
**Note 5 Inventories**

	<b>31 December 2022 \$'000</b>	<b>30 June 2022 \$'000</b>
ROM inventory	-	5,752
Crushed ore	164	1,114
Gold in circuit	3,052	6,189
Gold dore	3,943	3,673
Mine spares and stores – cost	4,897	4,663
Provision for obsolescence <sup>(ii)</sup>	(283)	-
	<b>11,773</b>	<b>21,391</b>

(i) At 31 December 2022, ROM stocks, dore and gold in circuit was carried at NRV rather than cost.

(ii) A provision for obsolescence for low value consumables maintained in the stores area was raised at 31 December 2022

**Note 6 Property, Plant and Equipment**

	<b>31 December 2022 \$'000</b>	<b>30 June 2022 \$'000</b>
Cost	158,860	157,667
Accumulated depreciation	(99,841)	(84,881)
<b>Net Book Value</b>	<b>59,019</b>	<b>72,786</b>
Movements:		
Opening net book value	72,786	89,544
Additions	1,269	5,809
Disposals	(11)	(34)
Depreciation expense	(15,025)	(22,533)
<b>Closing net book value</b>	<b>59,019</b>	<b>72,786</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

### Note 7 Exploration and evaluation assets

	31 December 2022 \$'000	30 June 2022 \$'000
Opening carrying amount	54,454	103,504
Impairment	(28,070)	(49,050)
Closing net book value	26,384	54,454

#### Impairment

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any).

The recoverable amount of the exploration and evaluation assets was determined based on fair value assessment completed by controlling shareholder Genesis in its purchase price accounting assessment at the time Genesis secured a controlling interest in Dacian being September 2022. The assessment of fair value was determined based on a market approach using comparable trading resource multiples for listed ASX junior explorers implied from trading market caps as at the acquisition date, and by reference to comparable transaction resource multiples for similar exploration assets with uncertain timing of access to infrastructure. An impairment of \$28.1 million being recognised against the exploration asset.

### Note 8 Mine Properties

	31 December 2022 \$'000	30 June 2022 \$'000
Opening carrying amount	11,805	95,606
Additions	1,647	61,006
Impairment	(9,506)	(76,345)
Change in rehabilitation provision	8,048	86
Amortisation expense	(5,141)	(68,548)
Closing net book value	6,853	11,805

#### Impairment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

Dacian had previously fully impaired all mine development assets related to its Mt Morgans mining operation following the decision to suspend mining. The residual mine properties carrying value largely relates to the Tailing Storage Facilities (TSF), gas pipeline, borefields and ROM pad which all remain in use in the ongoing low grade stockpile processing operations. As part of the Genesis purchase price accounting assessment a fair value of these assets has been assessed at values below Dacian's carrying value which included the mine rehabilitation asset resulting from the increased mine rehabilitation provision. Accordingly, the Group mine properties were reviewed to align with the controlling entities assessment resulting in an impairment to mine properties of \$9.5 million.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

### Note 9 Borrowings and Finance Costs

	31 December 2022 \$'000	30 June 2022 \$'000
Current:		
Insurance premium funding liability	-	185
Lease Liabilities	2,733	2,759
Bank Loan	200	2,000
	<b>2,933</b>	4,944
Non-Current:		
Lease Liabilities	6,100	7,488
	<b>6,100</b>	7,488

#### *Bank loan*

During the half year the ANZ facility was restructured to defer the final debt repayment of \$200,000 due 30 December 2022 until 30 June 2023. Debt covenants and reporting obligations were reduced.

### Note 10 Provisions

	31 December 2022 \$'000	30 June 2022 \$'000
Current:		
Employee leave liabilities	1,223	1,559
	<b>1,223</b>	1,559
Non-current:		
Employee leave liabilities	426	378
Rehabilitation provision	37,449	28,838
	<b>37,875</b>	29,216

#### *Provision for rehabilitation*

Balance at the start of the financial period	28,838	28,463
Rehabilitation costs incurred during the period	-	(112)
Provisions recognised during the period	8,048	197
Unwinding of discount	563	290
Balance at the end of the financial period	<b>37,449</b>	28,838

Dacian's rehabilitation and closure cost estimate was prepared by an independent third party in June 2021. Given the ongoing industry cost inflation and in conjunction with Genesis's purchase price allocation work the Group considers it prudent to recognise an increase in contingency on total closure cost estimate to reflect uncertainties and cost volatility.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

### Note 11 Issued Capital

	31 December 2022 No.	30 June 2022 No.	31 December 2022 \$'000	30 June 2022 \$'000
Issued share capital	<b>1,216,800,938</b>	1,085,077,063	<b>503,201</b>	489,247
<i>Share movements during the year</i>				
Balance at the start of the period	<b>1,085,077,063</b>	910,625,572	<b>489,247</b>	457,099
Share issue	<b>123,910,441</b>	174,451,491	<b>12,589</b>	35,905
Exercise of performance rights	<b>7,813,434</b>	-	<b>1,390</b>	-
Less share issue costs	-	-	<b>(25)</b>	(1,728)
Deferred tax on share issue costs	-	-	-	(2,029)
Balance at the end of the period	<b>1,216,800,938</b>	1,085,077,063	<b>503,201</b>	489,247

### Note 12 Share-Based Payments

The Group provides share-based incentives to employees (including Executive Directors).

#### Options over Unissued Shares

During the half-year ended 31 December 2022, no options over unissued shares were granted pursuant to the Group's Employee Share Option Plan (31 December 2021: 300,000). The share-based payments expense in relation to the options issued for the period was \$nil (31 December 2021: \$23,280).

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

	31 December 2022		31 December 2021	
	No.	WAEP	No.	WAEP
Options outstanding at the start of the period	<b>300,000</b>	<b>\$0.28</b>	<b>22,222,222</b>	<b>\$0.27</b>
Options granted/ (expired) during the period	<b>(300,000)<sup>(i)</sup></b>	-	<b>300,000</b>	<b>\$0.28</b>
Options outstanding at the end of the period	-	-	22,522,222	\$0.27

(i) 300,000 options with an exercise price of \$0.28 and expiry date of 10 September 2026 were issued in connection with the appointment of non-executive director, Mick Wilkes. These options were cancelled on 6 October 2022 after Genesis acquired a relevant interest in more than 50% of Dacian shares and the Offer became unconditional. Under the Option Cancellation Deed between Dacian, Genesis and Eligius (as trustee for The Wilkes Family Trust), Genesis paid Eligius a cash amount of \$17,190.

b) *Subsequent to the reporting date*

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

c) *Weighted average contractual life*

There were no options outstanding at 31 December 2022 (the weighted average contractual life for vested and un-exercised options at 31 December 2021 was 3 months).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

### Note 12 Share-Based Payments (continued)

#### Performance Rights

During the half-year ended 31 December 2022, no performance rights (31 December 2021: 10,617,758) were granted to employees, pursuant to the terms of the Dacian Gold Limited Employee Securities Investment Plan. The share-based payments expense for the period includes \$0.5 million (31 December 2021: \$0.7 million) relating to the fair value of performance rights apportioned over the respective vesting period. During the period 2,376,136 rights were forfeited on ceasing of employment. A further 7,813,434 performance rights vested as a result of the Genesis Minerals Limited takeover offer and converted to ordinary shares in the Company.

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

	31 December 2022		31 December 2021	
	No.	WAFV	No.	WAFV
Rights outstanding at the start of the period	10,189,570	\$0.52	12,582,585	\$0.36
Rights granted during the period	-	-	10,617,758	\$0.15
Rights vested during the period	(7,813,434)	\$0.18	-	-
Rights forfeited during the period	(2,376,136)	\$0.17	(1,914,428)	\$0.20
Rights outstanding at the end of the period	-	-	21,285,916	\$0.27

*b) Fair value of performance rights granted*

No performance rights were granted during the period.

*c) Vesting conditions of performance rights issued during the period*

No performance rights were issued during the period.

### Note 13 Commitments & Contingencies

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

### Note 14 Related Party Disclosures

During the period, the Company provided services under a Management Services Agreement and secondment arrangement to controlling entity, Genesis Minerals Limited to the value of \$0.28 million which was applied to reduce company operating expenses.

### Note 15 Events Subsequent to the Reporting Date

Post 31 December 2022, the Company made the decision to complete its transition to explorer/developer and place the Mt Morgans processing plant on care and maintenance in the March 2023 quarter.

Other than the above there has not arisen in the interval between the end of the reporting period and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

## DIRECTORS' DECLARATION

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

- a. The interim financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:
  - i. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year then ended; and
  - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
- b. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

DATED at Perth this 22<sup>nd</sup> day of February 2023



**Craig McGown**  
Chairman

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dacian Gold Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Dacian Gold Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

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

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

#### Responsibility of the directors for the financial report

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



#### Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Glyn O'Brian', with a stylized flourish extending from the end of the name.

Glyn O'Brian

Director

Perth

22 February 2023