

## **THREE YEAR OUTLOOK DELIVERS AVERAGE ANNUAL GOLD PRODUCTION OF 110,000oz at AISC OF \$1,350/oz**

***Outlook prioritises high-margin, open-pit production while significantly reducing Dacian's operating risk***

***Recapitalisation plan underway to reduce debt, improve working capital position and accelerate near-term production and exploration targets***

### ***Three Year Outlook (FY2021-2023)***

- Average expected annual gold production from FY2021-2023 of 110,000oz at AISC of \$1,350/oz
- Significantly de-risked three year production outlook based predominantly (96%) on open pit sources and includes minimal (4%) underground contribution
- Reduced AISC profile and roll-off of existing hedge book supports expanding cash flow profile over the next three years through to FY2023
- Mineral Resources and Ore Reserves, underpinning the three year outlook, reviewed by independent consultants Optiro Pty Ltd and AMC Consultants Pty Ltd

### ***Strategy for Westralia Mine Area***

- Westralia underground to undergo optimisation studies for the remainder of CY2020 to determine an operating strategy that maximises sustainable positive cash flows from the updated Ore Reserve
- Capital development to cease with stope ore production continuing until the end of CY2020

### ***Accelerated Near-Mine Exploration***

- Advanced exploration targets to be accelerated with immediate focus on near-term production sources
- Resource definition drilling at Phoenix Ridge, exploration drilling at Cameron Well and study activities underway at Transvaal

### ***Forward Guidance***

- Updated FY2020 production guidance of 138,000-144,000oz at MMGO AISC of \$1,550-\$1,650/oz
- FY2021 production is estimated at 120,000-130,000oz at AISC of \$1,250-\$1,350/oz

### ***Strategic Review***

- Formal strategic review announced in June 2019 concluded with the Company focused on establishing a high-margin, sustainable operation with a strengthened balance sheet
- Recapitalisation plan underway to reduce debt, improve working capital position and accelerate near-term production sources

As a result of the updated Mineral Resources and Ore Reserves (see separate announcement released today) and three year outlook, the Company remains in ongoing discussions regarding the proposed recapitalisation of the Company. Accordingly, trading in the Company's shares will remain in suspension pending the finalisation of that recapitalisation proposal, which is anticipated to occur by the end of March 2020.

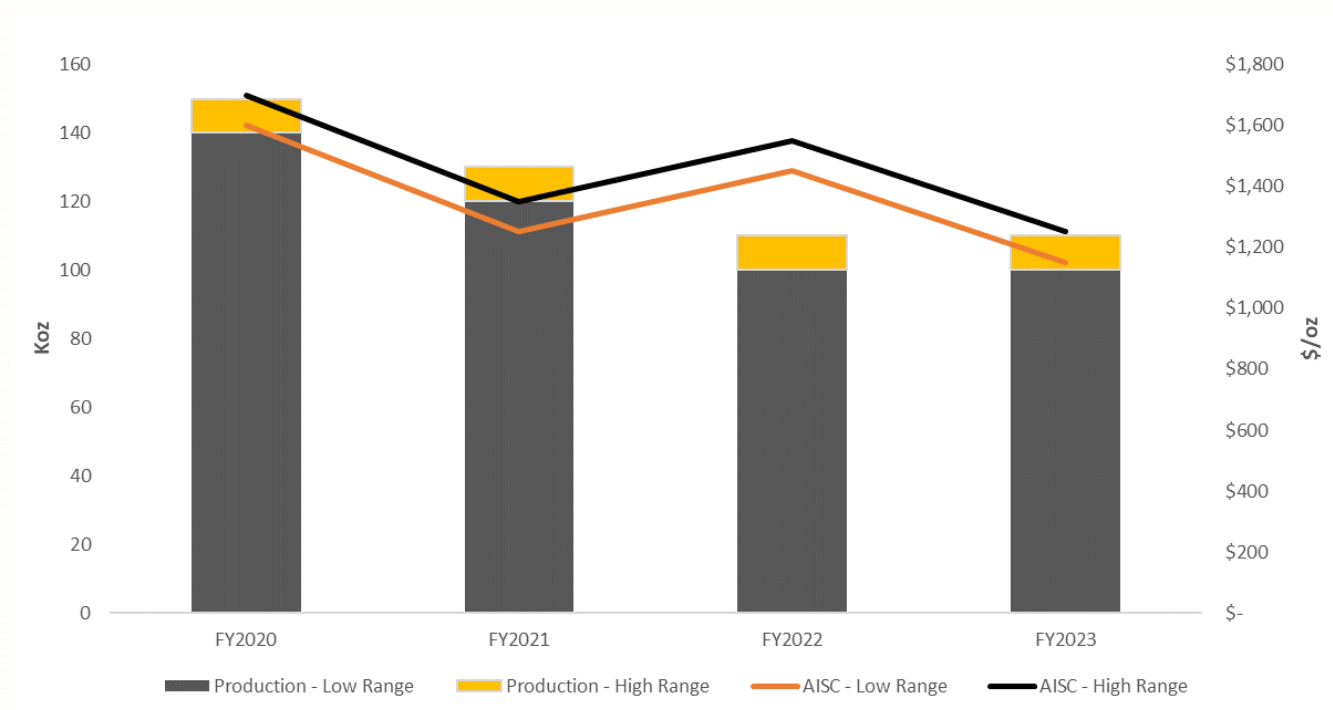
Dacian Gold Ltd (**Dacian Gold** or **the Company**) (ASX: DCN) is pleased to provide its three year production outlook, exploration plan, revised FY2020 guidance and an update of its previously announced strategic review process.

Managing Director, Leigh Junk commented: "We are implementing a robust mining plan that delivers strong cash flows while reducing operational risk. The move towards a more measured and staged approach at Westralia, whilst accelerating ore production from the open pits, will allow the Company time to further optimise the strategy to unlock maximum value for the Company and shareholders."

## THREE YEAR OUTLOOK – FY2021-2023

The Company's three year outlook from FY2021-2023 is predominantly underpinned by open pit ore sources (96%), with continuation of production from Jupiter and mining of the Mt Marven open pit\*.

The average annual production from FY2021-2023 is expected to be 110,000oz at an AISC of \$1,350/oz\*\*. Production for FY2021 is estimated at 120,000-130,000oz at an AISC \$1,250-\$1,350/oz.



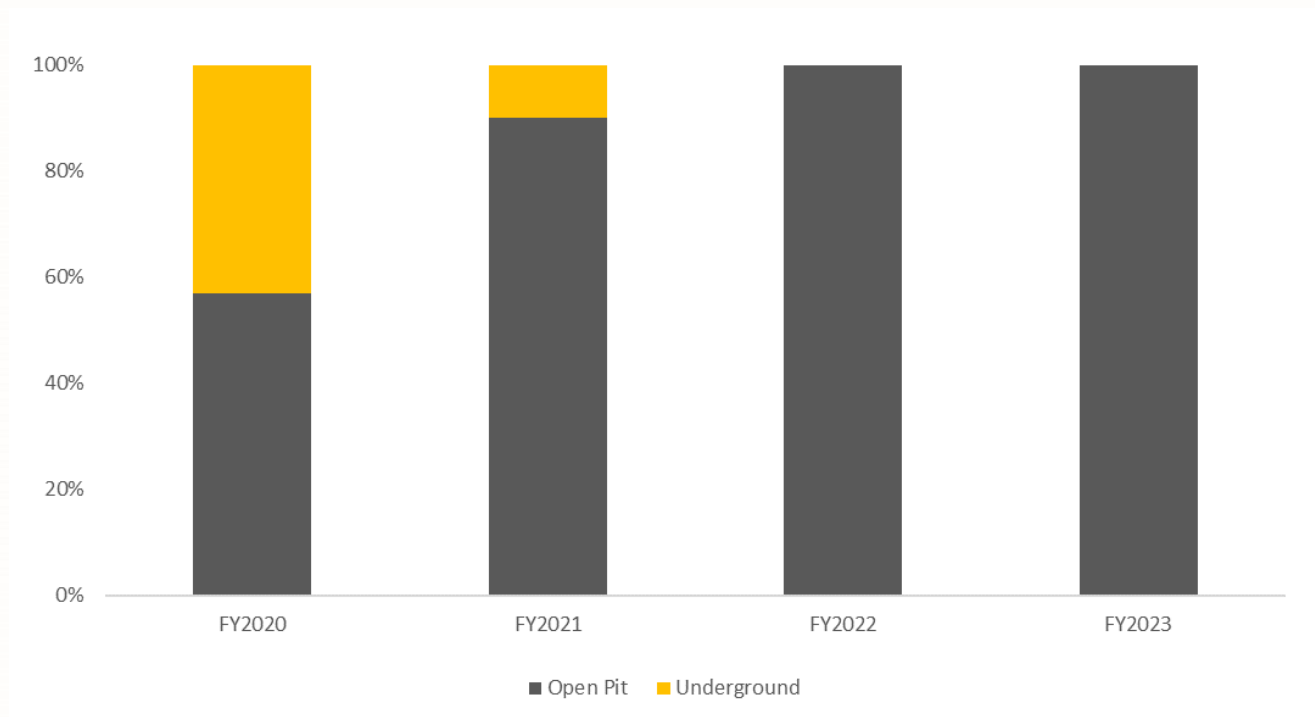
**Figure 1: Three Year Operating Profile from FY2021-2023**

\*Production is expected to be underpinned by 11% of existing Proved Ore Reserves, 89% of existing Probable Ore Reserves

\*\*The Mineral Resources and Ore Reserves underpinning the three year outlook have been prepared by a competent person in accordance with the JORC code 2012

The three year outlook includes only 4% of gold production from the Westralia underground mine (or 10% during FY2021 only) with the outlook providing a high-margin, open pit production platform for the Company while also significantly reducing operating risk. For the purposes of this three year outlook, underground production from Westralia is scheduled to continue until the end of CY2020.

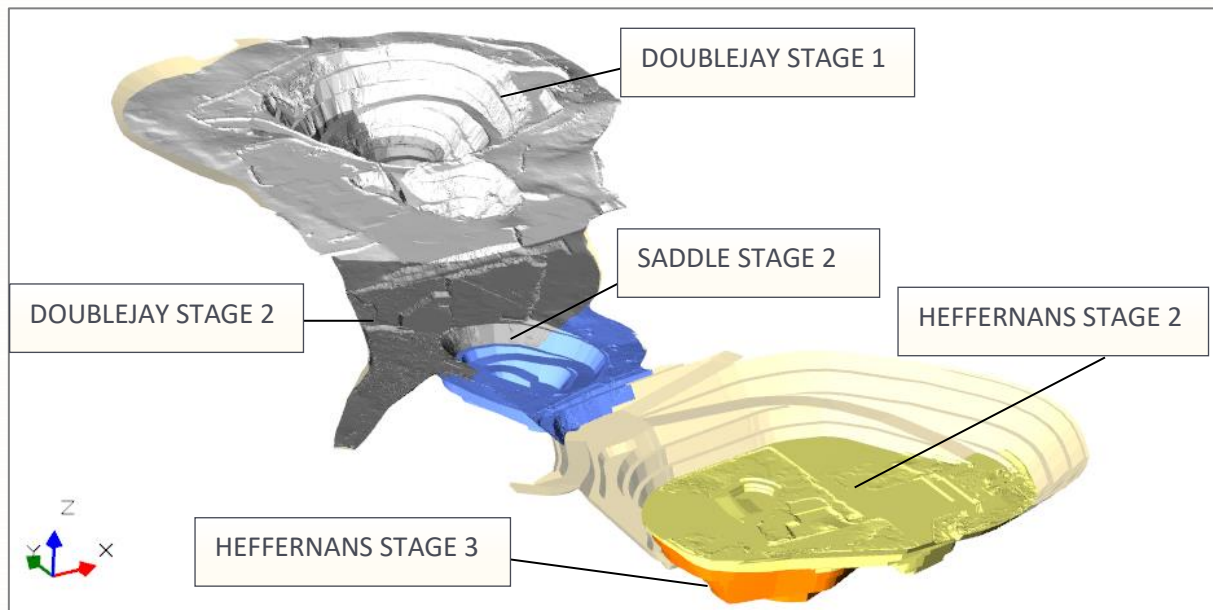
Pending optimisation studies through the remainder of CY2020, optionality exists for the underground to continue beyond CY2020 should it demonstrate its ability to sustainably deliver positive cash flow based on the updated Ore Reserve (please see separate announcement released today). Please also see the below section on updated strategy for Westralia.



**Figure 2: Production Sources FY2020-2023**

## JUPITER MINE AREA

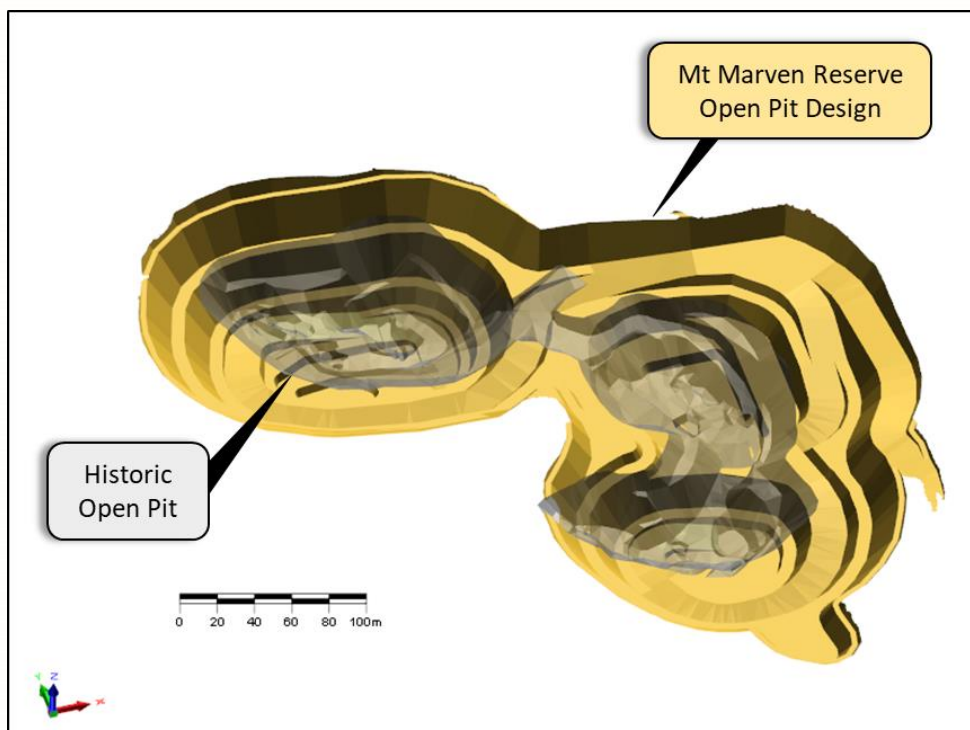
Jupiter comprises three sub-pits named Doublejay, Saddle and Heffernans. Open pit mining commenced at Jupiter in December 2017 with Heffernans Stage 1. Production is currently focussed in Heffernans Stage 2 with pre-stripping of Doublejay Stage 1 to commence in the June quarter. Figure 3 below shows the assumed face position of the respective Jupiter sub-pits as of 1 January 2020.



**Figure 3: As-mined face position of the respective Jupiter sub-pits as of 1 January 2020**

## MT MARVEN

Mt Marven is a satellite pit located approximately 3km west of the Jupiter processing plant. The mine plan involves a cutback to a historical open pit following the success of an extensive RC drilling program during CY2019. Figure 4 below shows a 3D schematic of the Mt Marven open pit design. Mining extends 30m below the floor of the current historical open pit.



**Figure 4: 3D schematic of the Mt Marven open pit design (gold) and the historic Mt Marven Open pit (transparent grey)**

## OPEN PIT PRODUCTION OUTLOOK

The open pit mining schedule was prepared considering operating-to-date performance. The scheduled mining rates, productivities and rate of vertical advancement included in the outlook are supported by current operating parameters seen at the Jupiter open pit. The three year outlook operating physicals and average unit costs are provided below in Figures 5 and 6.

		FY2021	FY2022	FY2023	Average
<b>Ore Mined</b>	Mtpa	3.1	3.0	2.6	2.9
<b>Processed</b>	Mtpa	2.8	2.9	2.9	2.9
<b>Strip ratio</b>	w:o	8.1	6.7	2.8	6.1
<b>Milled grade</b>	g/t	1.5	1.3	1.2	1.4
<b>Recoveries</b>	%	92	92	92	92
<b>Production</b>	Koz	120-130	100-110	100-110	110
<b>AISC</b>	\$/oz	1,250-1,350	1,450-1,550	1,150-1,250	1,350

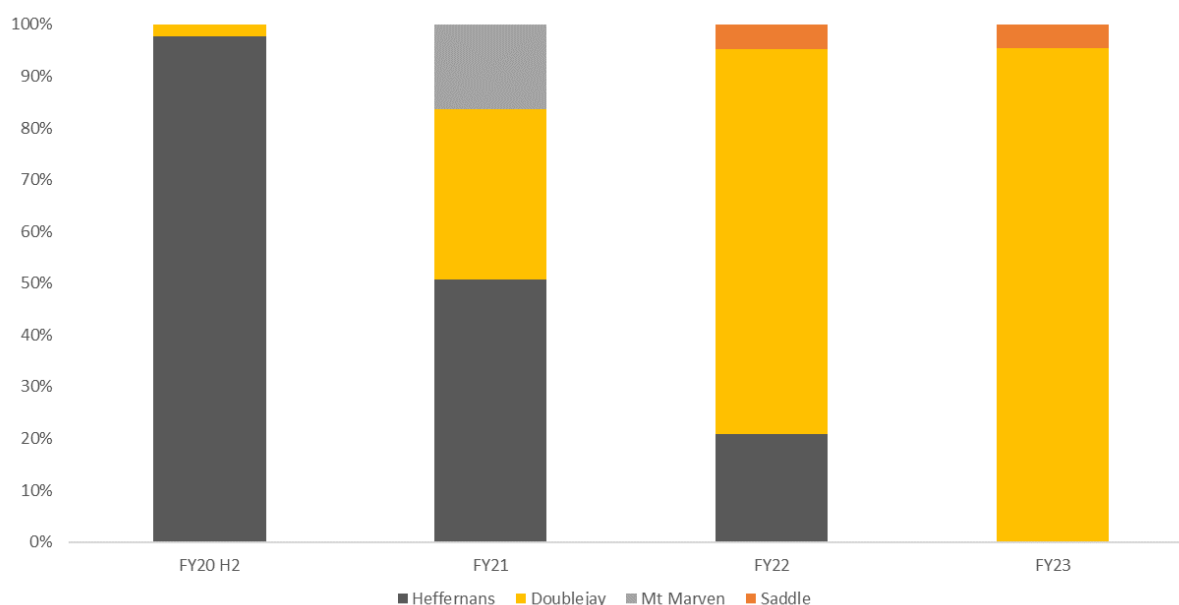
**Figure 5: Three Year Operating Physicals FY2021-2023**

		FY20-2023
<b>Open Pit</b>	\$t/material	\$3.95
<b>Processing</b>	\$t/milled	\$16.60
<b>G&amp;A</b>	\$t/milled	\$3.00

**Figure 6: Average Unit Costs FY2021-2023**

For the remainder of FY2020, open pit mining activities will focus on the Heffernans Stage 2 sub-pit as the primary source of ore production following pre-stripping activities during 1H FY2020. Stripping of Doublejay Stage 1 pit will begin in Q4 FY2020.

Figure 7 below summarises the expected production contribution from each open pit from H2 FY2020 to FY2023.



**Figure 7: Expected production contribution by open pit**

## STRATEGY FOR THE WESTRALIA MINE AREA

Following the Mineral Resource and Ore Reserve update for Westralia released today (see ASX announcement dated 27 February 2020), a detailed review of current underground mining operations has been conducted. That review, while still ongoing, determined that a revised strategy for Westralia is warranted.

To manage the Company's overall operating and financial risk, optimisation studies for Westralia are underway through the remainder of CY2020. During this review period, capital development will cease and stoping from levels currently in production will be completed. Ore drives currently in progress (followed by stoping) will also be completed.

Stoping activities for the remainder of CY2020 will not result in any area of the remaining Ore Reserve being sterilised.

During this optimisation period the following will occur and be considered:

- Confirmation that Westralia's updated Mineral Resource and resultant Ore Reserve performs in line with expectations
- Determine the optimal operating model including production rate, capital development requirements and equipment size to ensure the mine can sustainably operate on a positive cash flow basis moving forward
- Analysis of grade control drill spacing with respect to more accurately predicting mined grades over short intervals
- Further underground drill testing during CY2020

With 195,000oz in Ore Reserves and 655,000oz in Mineral Resources (see ASX announcement dated 27 February 2020), the Company believes there is potential for a de-risked operating model at Westralia. The review period through to end of CY2020 will afford the Company time to have reasonable confidence that the operation can be a sustainable positive cash flow contributor.

Underground contractor RUC Cementation Mining Contractors, has been briefed on the revised plan, remains committed to applying their best endeavours in supporting the Company's plans for Westralia, as well as completing the required work to the end of CY2020, and beyond if required to do so.

## ACCELERATED NEAR-MINE EXPLORATION

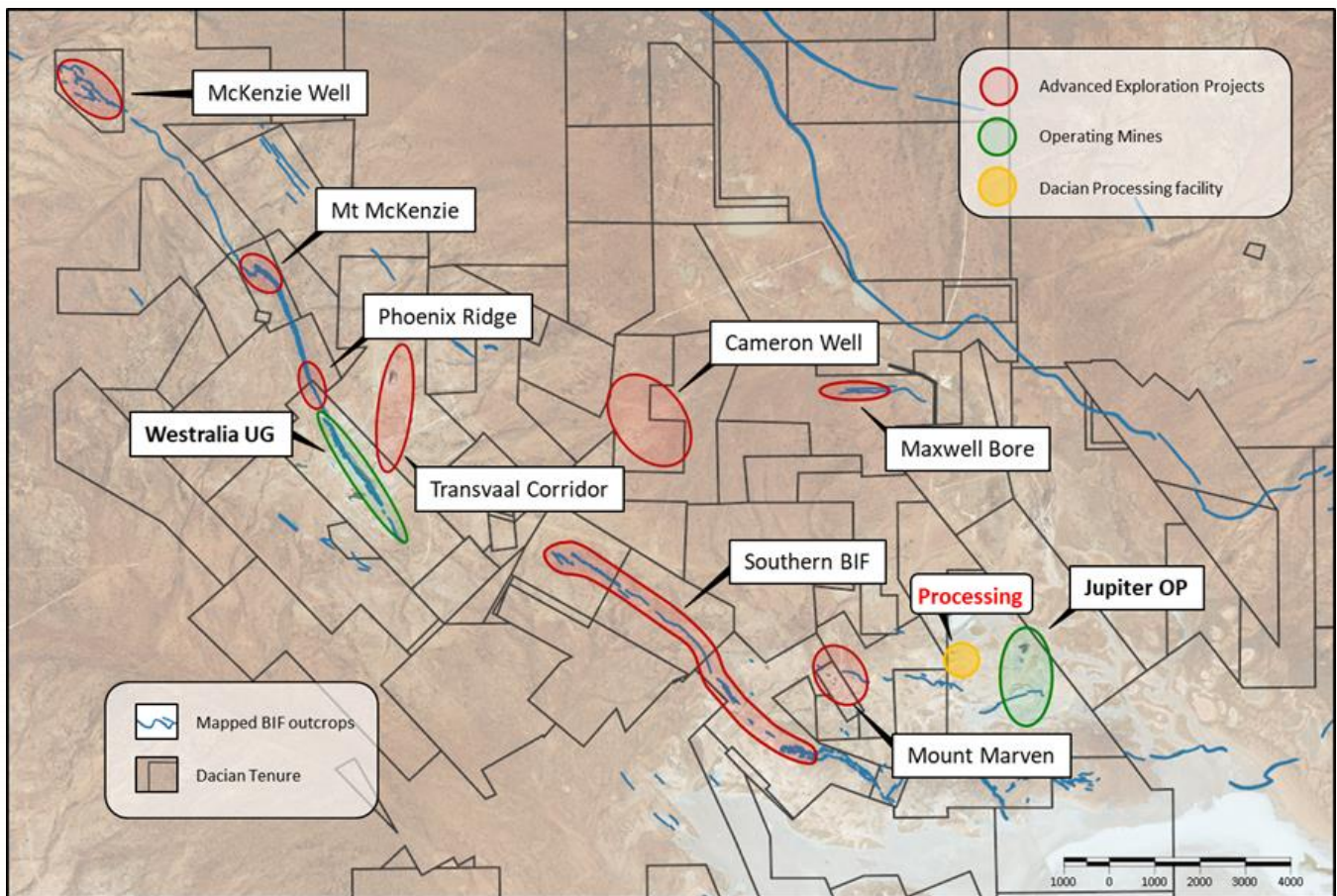
While open pit production provides a stable, high-margin operating platform for the Company, and as Westralia undergoes a period of review, an aggressive exploration program will commence immediately.

The exploration approach will focus on near-term, near mine production sources to extend production beyond FY2023. The Company has several advanced exploration targets shown in Figure 8, which include:

- Cameron Well
- Phoenix Ridge
- Transvaal
- Mt Mckenzie
- Mckenzie Well
- Other exploration targets

The Company aims to rapidly develop a pipeline of advanced exploration projects through RC drilling and targeted diamond drilling to determine which projects can provide the most near-term value for the Company.

Figure 8 below shows the location of these advanced exploration targets including the BIF hosted, Mt McKenzie, McKenzie Well, Southern BIF prospects and Maxwells. The Mt Marven project, while hosting a Mineral Resource (see ASX announcement dated 27 February 2020), contains a number of untested targets that are currently being tested with exploration drilling.



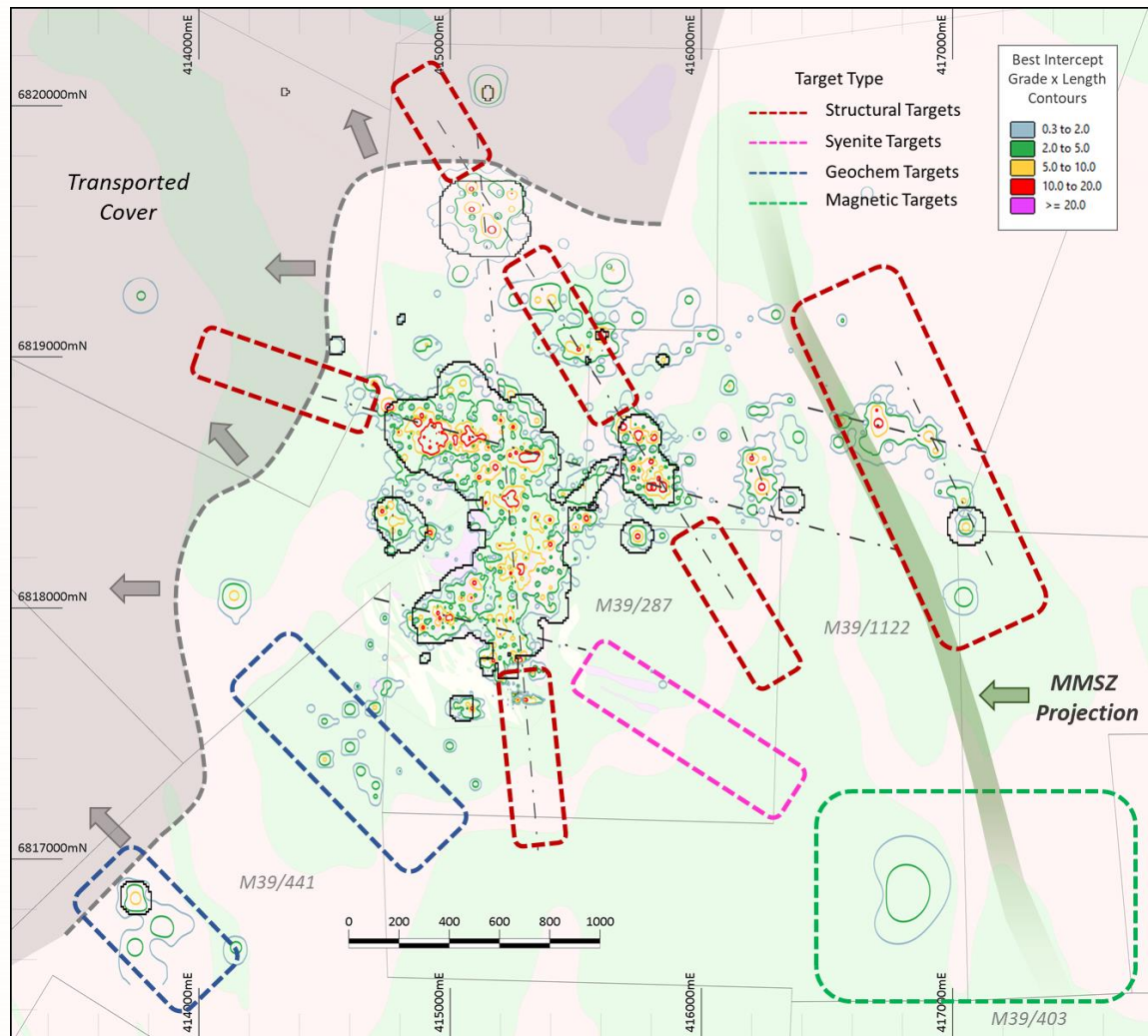
**Figure 8: Plan showing advanced exploration targets at MMGO**

## CAMERON WELL

A two-stage strategy has been developed to continue exploration at Cameron Well. Targeted RC programs that are designed to test the remaining geochemical anomalies not previously drilled. In addition, an AC program will be undertaken to extend reconnaissance drilling further south onto the southern portion of M39/1122 along strike of the Mt Marven Shear Zone (MMSZ). The aim of these RC and AC programs is to rapidly delineate additional open pit opportunities in the short term.

The second stage of the proposed exploration strategy across Cameron Well will be the completion of both broad spaced and targeted diamond drilling with the aim of:

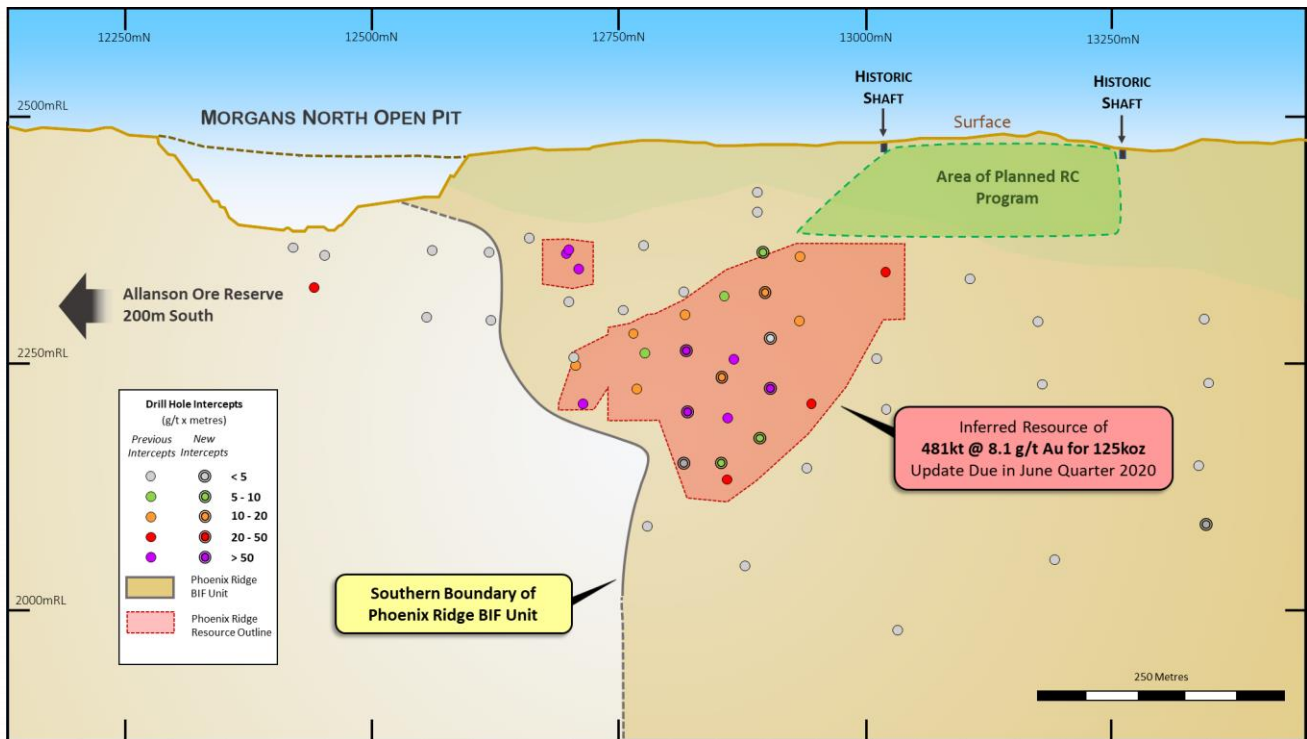
- Understanding the broader structural framework that has produced several mineralised orientations across the project
- The relative timing of syenite intrusion to mineralisation
- Determine what role the MMSZ plays across the deposit



**Figure 9: Plan view of the Cameron well project. Base image is interpreted bedrock geology; with green for mafic lithologies, pink felsic intrusive and dark green for the Mt Marven Shear Zone (MMSZ). Dark grey for the position of transported cover. Dark black line represents an outline of the pit optimisation used to report the 2019 Mineral Resource update (see ASX announcement dated 27 February 2020). The grade (g/t Au) x drill hole length (m) of the best intercept in each drill hole has been contoured to provide an indication of mineralisation trends in plan view. Dashed squares represent proposed exploration targets for 2020 RC and AC (magnetic targets only) drilling.**

## PHOENIX RIDGE

Phoenix Ridge diamond drilling will be accelerated and the near surface position tested with RC drilling. The Company aims to provide an updated Mineral Resource by the end of the June quarter. Figure 10 below shows the extent of the current Inferred Mineral Resource (see ASX announcement dated 3 October 2019) and the near surface position that will be targeted with RC drilling.



**Figure 10: Longitudinal section showing the Phoenix Ridge Inferred Mineral Resource (see ASX announcements dated 3 October and 25 November 2019). Green areas represent the near surface projection of Phoenix Ridge mineralisation that will be tested with RC drilling.**

## TRANSVAAL

The Transvaal corridor will be reviewed for exploration and resource growth opportunities, including the historic Craic, Ramornie and Sarah deposits. The Transvaal deposit, which currently hosts an Ore Reserve of 518kt at 3.9g/t Au for 65,000oz was reviewed during 2019 and several exploration targets along strike and at depth have been identified.

## UPDATED FY2020 GUIDANCE

Following the updated Mineral Resource, Ore Reserve (see ASX announcement dated 27 February 2020) and three year outlook, the Company is also updating its guidance for the remainder of FY2020 to 138,000-144,000oz at MMGO AISC of \$1,550-\$1,650/oz. Previous guidance was for 150,000-170,000oz at MMGO AISC of \$1,400-\$1,500/oz.

For the 1H of FY2020 the Company produced 75,237oz at MMGO AISC of \$1,562/oz.

The March quarter is guided to be 30,000-33,000oz, with the June quarter 33,000-36,000oz. The MMGO AISC for the 2H of FY2020 is guided to be \$1,550-\$1,650/oz.

## STRATEGIC REVIEW

Following the announcement in June 2019 that it was undertaking a strategic review, the Company closely examined a range of potential corporate and funding options available with a focus on maximising shareholder value.

The strategic review validated the importance for the Company to take the necessary steps to optimise MMGO to focus on establishing a high-margin, sustainable production profile and strengthening balance sheet through debt reduction.

The strategic review has culminated in the Company focusing on completing a recapitalisation plan to achieve these objectives and position the Company on a strong, stable foundation to realise the full value of its significant Mineral Resource base, established processing infrastructure and highly prospective exploration ground.

As part of the recapitalisation plan the Company will endeavour to re-sculpt its total hedge commitments shown in the December quarterly (please see announcement dated 3 February 2020). Based on the 3-year outlook, the Company's current hedge commitments translate to the profile shown in Figure 11.

The Company believes that the robust cash flows generated by its three year outlook are sufficient to service its scheduled debt repayments.

The Company expects to provide an update on its recapitalisation plan by the end of the March quarter.

FY	Hedge Price (%)	Production Hedged (%)	Production Spot Prices (%)
H2 FY2020	\$1,817	100%	0%
FY2021	\$2,083	70%	30%
FY2022	Spot	0%	100%
FY2023	Spot	0%	100%

**Figure 11: Total hedge commitments and average hedge price (AUD) to FY2023**

For further information please contact:

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

## MINERAL RESOURCES AND ORE RESERVES

Mount Morgans Gold Operation Mineral Resources as at 31 December 2019

Mount Morgans Gold Operation Mineral Resources as at 31 December 2019														
Deposit	Cut-off grade	Measured			Indicated			Inferred			Total			Comments
	Au g/t	Tonnes	g/t	Oz	Tonnes	g/t	Oz	Tonnes	g/t	Oz	Tonnes	g/t	Oz	
Westralia UG	2.0	303,000	5.5	53,000	1,950,000	6.0	375,000	1,648,000	4.3	227,000	3,902,000	5.2	655,000	
Ramornie UG	2.0	-	-	-	212,000	3.2	22,000	61,000	3.1	6,000	274,000	3.1	27,000	
Transvaal UG	2.0	367,000	5.8	68,000	404,000	5.3	69,000	482,000	4.7	73,000	1,253,000	5.2	210,000	
Morgans North	2.0	27,000	3.5	3,000	174,000	3.2	18,000	306,000	3.5	34,000	507,000	3.4	55,000	
Phoenix Ridge UG	2.0	-	-	-	-	-	-	481,000	8.1	125,000	481,000	8.1	125,000	
Jupiter UG	2.0	-	-	-	583,000	3.00	57,000	615,000	2.40	47,000	1,197,000	2.7	104,000	
Jupiter OP	0.5	917,000	1.2	35,000	13,891,000	1.30	584,000	1,182,000	1.10	42,000	15,990,000	1.3	661,000	Reported within an AUD \$2400/oz pit optimisation
Mt Marven OP	0.5	-	-	-	469,000	1.80	27,000	42,000	1.50	2,000	511,000	1.8	29,000	
Cameron Well OP	0.5	-	-	-	2,511,000	1.10	89,000	373,000	1.30	16,000	2,884,000	1.1	105,000	
Maxwells OP	0.5	-	-	-	250,000	1.40	11,000	40,000	1.60	2,000	290,000	1.3	12,000	
Mine Stockpiles	0.5	241,000	0.6	5,000	-	-	-	-	-	-	241,000	0.6	5,000	
LG Stockpiles	0.5	938,000	0.70	22,000	-	-	-	-	-	-	938,000	0.70	22,000	
Jupiter LG Stockpiles	0.5	3,494,000	0.5	57,000	-	-	-	-	-	-	3,494,000	0.5	57,000	
Total		6,287,000	1.2	243,000	20,444,000	1.9	1,252,000	5,230,000	3.4	574,000	31,962,000	2.0	2,067,000	

Please note - Totals may differ due to rounding

Mount Morgans Gold Operation Ore Reserves as at 1 January 2020

Deposit	Cut off Grade	Proven			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
Jupiter OP	0.5	956,000	1.0	32,000	8,754,000	1.3	358,000	9,711,000	1.3	390,000
Mt Marven OP	0.5	-	-	-	460,000	1.4	20,000	460,000	1.4	20,000
Westralia UG	*0.5/2.2	172,000	3.6	20,000	1,332,000	4.1	175,000	1,504,000	4.0	195,000
Transvaal UG	1.4	193,000	4.7	29,000	325,000	3.4	36,000	518,000	3.9	65,000
Mine Stockpiles	0.5	241,000	0.6	5,000	-	-	-	241,000	0.6	5,000
Historical LG Stockpiles	0.5	938,000	0.7	22,000	-	-	-	938,000	0.7	22,000
Jupiter LG Stockpile	0.5	3,494,000	0.5	57,000	-	-	-	3,494,000	0.5	57,000
<b>Total</b>	-	<b>5,994,000</b>	<b>0.9</b>	<b>165,000</b>	<b>10,871,000</b>	<b>1.7</b>	<b>589,000</b>	<b>16,866,000</b>	<b>1.4</b>	<b>754,000</b>

\* Development and stoping grades respectively. Rounding errors will occur

## **COMPETENT PERSON STATEMENT**

### **EXPLORATION**

The information in this report that relates to Exploration Results is based on information compiled by Mr Christopher Oorschot who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Oorschot holds options in and is a full-time employee of Dacian Gold Ltd. Mr Oorschot has sufficient experience which is relevant to the style of mineralisation under consideration to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Oorschot consents to the inclusion in the report of the matters based on the information compiled by him, in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information in the relevant ASX releases and the form and context of the announcements has not materially changed.

### **MINERAL RESOURCES**

The information in this report that relates to Mineral Resources for Cameron Well, Morgans North and Maxwells is based on information compiled by Mr Christopher Oorschot who is a member of the Australasian Institute of Mining and Metallurgy. Mr Oorschot holds options in and is a full-time employee of Dacian Gold Ltd. Mr Oorschot has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012). Mr Oorschot consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources for Beresford, Allanson, Jupiter, Mt Marven and Low Grade Stockpiles is based on information compiled by Mr Calvin Ferguson who is a member of the Australasian Institute of Mining and Metallurgy. Mr Ferguson is a full-time employee of Dacian Gold Ltd. Mr Ferguson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Ferguson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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

All information relating to the Mineral Resources and Ore Reserves were prepared and disclosed under the JORC Code 2012.

### **ORE RESERVES**

The information in this report that relates to Open Pit Ore Reserves is based on information compiled by Mr. Mathew Lovelock who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr. Lovelock has been employed by Mt Morgans WA Mining Pty Ltd. (a subsidiary of Dacian Gold Ltd.) since February 2018 and is based at the Mt Morgan Gold Operation (MMGO). Mr. Lovelock has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to

the mining activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.” Mr. Lovelock consents to the inclusion in the report of the matters based on the information compiled by him, in the form and context in which it appears.

The information in this report that relates to Westralia Underground Ore Reserves is based on information compiled by Dr. Kelly Fleetwood (BSc, MSc, PhD MinEng) who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Dr. Fleetwood has been employed by Mt Morgans WA Mining Pty Ltd. (a subsidiary of Dacian Gold Ltd.) since February 2017 and is based at the Mt Morgan Gold Operation (MMGO). Dr. Fleetwood has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the mining activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.” Dr. Fleetwood consents to the inclusion in the report of the matters based on the information compiled by him, in the form and context in which it appears.

The information in this report that relates to Transvaal Underground Ore Reserves (see ASX announcement 21 November 2016) is based on information compiled or reviewed by Mr Matthew Keenan and Mr Shane McLeay. Messrs. Keenan and McLeay have confirmed that they have read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition). They are Competent Persons as defined by the JORC Code 2012 Edition, having more than five years’ experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity for which they are accepting responsibility. Messrs. Keenan and McLeay are both a Member of the Australasian Institute of Mining and Metallurgy and full time employees of Entech Pty Ltd and consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.