

2022 Annual General Meeting – Chairman’s Address

Good morning ladies and gentlemen.

My name is Craig McGown and I am the Independent Non-Executive Chair of Dacian Gold Limited and I am pleased to welcome you to the 2022 Annual General Meeting of shareholders today.

Our meeting this morning is being held on the traditional lands of the Whadjuk Noongar people and I wish to acknowledge them as traditional owners. I would also like to pay my respects to their elders, past, present and emerging.

With me today I have our Chief Executive Officer Dale Richards, Non-Executive directors Sue-Ann Higgins, Morgan Ball, Lee Stephens, and our Company secretary Derek Humphry.

Unfortunately, Non-Executive director Tony Kiernan is not able to join us today due to travel commitments and is an apology.

I would also like to welcome the representatives of our substantial shareholders being Geoff James representing Genesis Minerals and Stephen Jones representing Kin Mining.

The 2022 financial year has been extremely challenging. As with all industry participants your Company has faced cost inflation, increasing labour challenges with both Covid-19 and a tight labour market, including ongoing supply chain disruptions. These challenges resulted in significantly lower production in the restarted underground operations and higher costs in the open pit mining operations leading to the Board decision taken in June 2022 to close the Mt Morgans open pit mining operations and wind down underground mining.

This decision was not taken lightly with a broad range of redundancies of long term committed employees and termination of contracting relationships, as the Company shifted to processing low grade stockpiles and pivots its focus to resetting its resource base, in particular expansion of the Jupiter resources beneath the existing open pits.

Dacian produced 90,809 ounces of gold in 2022 at an all-in-sustaining cost (AISC) of \$1,955 per ounce generating \$31.8 million in operating cash flow, down from \$55.5 million in 2021. This result reflects a significant increase in AISC of 26% albeit the average gold price received increased by 10%.

The EBITDA for the year was \$30.3 million. However, as a result of the termination of mining activities and the corresponding write down of the carrying value of assets and tax benefits, the loss for the year was \$198.4 million and resulted in a reduction in the net assets to \$110 million as at 30 June 2022.

Since the year end remaining underground stopes have been harvested and run of mine stockpiles along with low-grade stockpiles have been treated with a very credible result that 21,525 ounces of gold were produced in the September 2022 quarter. The Company successfully transitioned to low-grade stockpile processing in October 2022.

It is very pleasing to be able to advise that the safety performance continued to improve with the total recordable injury frequency rate falling from 17.0 to 5.4 which, given the substantial change in activities, was an outstanding result.

As part of the change in strategic direction, the General Manager Geology and Exploration, Dale Richards, was appointed Chief Executive Officer in June 2022 which Leigh Junk, Managing Director resigned. Leigh’s contribution and efforts since early 2020 to reinvigorate Dacian were significant.

I would also like to thank Mick Wilkes and Eduard Eshuys for their contribution while on the Dacian Board and welcome new Board members Tony Kiernan, Morgan Ball and Lee Stephens all of whom are nominees of Genesis Minerals Limited (Genesis) and who join independent non-executive directors Sue-Ann Higgins and myself.

As you are aware Genesis launched a takeover offer for your Company on 5 July 2022 which was unanimously recommended by the then Board in the absence of a superior proposal. No superior proposal has been received.

The Genesis strategy is also based on the belief that consolidation of the Leonora-Laverton region is logical and provides 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. At the time of this address Genesis had received acceptances representing over 76% of the Company's fully paid ordinary shares with the offer scheduled to close 5 December 2022 unless extended.

On 12 July 2022, the Company completed a \$12.6 million placement to Genesis to meet its expected cash needs during the offer period. Today, after above target performance, the Company has successfully managed the difficult transition from mining to low grade processing and exploration.

The Company is focussed on expanding the Jupiter resource and studying the recommencement of mining at Mt Morgans to support continuing gold production. An expression of interest process has been commenced to assess the potential of third-party ore sources to supplement low grade stockpile feed sources to continue production until mining can recommence.

On behalf of the Board, I would also like to thank our executive management team and all our employees and contractors for their tremendous effort during a very difficult 2022. I would also like to thank all our stakeholders, and in particular our shareholders and our traditional owners, for their support throughout the year.

Thankyou for your ongoing support.

That concludes my Chairman's address.

Craig McGown
Independent Chair

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