

QUARTERLY ACTIVITIES REPORT

December 2021

ASX RELEASE

31 January 2022

Issued Capital as at 31 December 2021

1,085.1M shares outstanding

Market Capitalisation as at 31 December 2021

\$206.2M @ \$0.19

BOARD

Robert Reynolds
Non-Executive Chairman

Leigh Junk
Managing Director

Eduard Eshuys
Non-Executive Director

Mick Wilkes
Non-Executive Director

SUBSTANTIAL SHAREHOLDERS

as at 31 December 2021

Perennial (7.8%)
DGO Gold (6.8%)
Paradise (6.7%)

REGISTERED OFFICE

Level 19, 58 Mounts Bay Road
Perth WA 6000
Australia

Exploration programs yielding results as production positioned to increase for remainder of FY2022

Operations & Development

- December quarter production of 17,200oz at an AISC of \$2,288/oz
- Development capital of \$16.9M was predominantly for Doublejay pre-stripping activities and \$3.9M on exploration
- Redcliffe project development on track for commencement of production mid-year with activities well advanced; maiden Ore Reserve for Hub and GTS due in March quarter
- FY2022 production guidance of 100,000-110,000oz is reaffirmed as production is scheduled to ramp up for remainder of FY2022 with targeting of the lower end of the guided range; Challenging labour conditions and cost environment has driven a revision in FY2022 AISC guidance to between \$1,750-\$1,850/oz

Exploration & Growth

- Further significant intersections from the Jupiter extension drill program:
 - 215.2m @ 0.9g/t from 598m below Heffernans, including
 - 34.8m @ 2.2g/t from 605.8m, and
 - 202.6m @ 1.1g/t from 497m below Doublejay, including
 - 27.5m @ 1.7g/t from 585.0m
- Jupiter extension program continues to expand the potential scale of the opportunity with further holes in progress
- RC drilling at Cameron Well delivered numerous significant intercepts across 750m of strike
- Total exploration and growth drilling of 5,540m was completed during the quarter

Corporate & Finance

- Cash and gold on hand at 31 December 2021 of \$30.2M, with total debt of \$16.0M
- Total forward hedge position was 25,650oz at an average gold price of \$2,418/oz
- Completed \$20M placement before costs to support working capital to complete pre-stripping activities at the current stage of the Doublejay open pit and to accelerate exploration programs at Jupiter

Dacian Gold Limited (Dacian Gold or the Company) (ASX: DCN) provides its operating and financial results for the quarter ending 31 December 2021.

Managing Director, Leigh Junk, commented: "Mining at Doublejay open pit proceeded as planned with the current stripping campaign approaching completion. This will provide access to the thick and higher-grade ore zones that underpin an increase in gold production for the remainder of FY2022. In parallel, significant intersections at our Jupiter extension program demonstrate the width and scale of mineralisation below the current open pit. Redcliffe project development is also continuing to plan, and we look forward to ore delivery from this project commencing by mid-2022."

OPERATIONS & DEVELOPMENT

OVERVIEW

The Company is pleased to advise its 12-month rolling Total Recordable Injury Frequency Rate (TRIFR) has continued to fall, and now stands at 7.7 at the end of the quarter (30 September 2021: 11.1).

The Mt Morgans Gold Operation (MMGO) recovered 17,200oz during the December quarter at an All In Sustaining Cost (AISC) of \$2,288/oz.

The December quarter production was below plan primarily due to the extended ramp up in underground activities initially described in the September quarter, however, despite labour shortages and maintenance challenges, the broad step-change in production expected for the remainder of FY2022 remains on track.

The scheduled thick ore zones from the Doublejay stage 7 open pit are set to provide most of the ore feed for the remainder of FY2022, in conjunction with an increase in underground ore production.

COVID-19's impact on supply chains and access to labour, exacerbated by a buoyant Western Australian mining sector and related travel restrictions, persisted during the December quarter and continues to challenge the Company's operations and cost base.

FY2022 production guidance of 100,000-110,000oz is expected to be achieved, albeit the lower end of the range. However, while significantly higher AISC were planned for the first half of FY2022, an increasing cost environment and challenging labour market conditions have required additional measures with our contractors and suppliers to maintain production and a continuous supply chain. These additional measures have resulted in a revision to the Company's full-year AISC guidance of between \$1,750-\$1,850/oz.

The step-change in second half production (weighted to the June quarter) for FY2022 is still expected to underpin a fall in AISC and a reduced growth capital spend on waste stripping for the remainder of the year.

OPEN PIT

A total of 572,143t @ 0.81g/t Au containing 14,811oz was mined from the Heffernans and Doublejay open pits during the December quarter, with 401,226t @ 0.92g/t Au containing 11,903oz delivered to the processing plant ROM pad for treatment (see Table 1).

A total of 1.89M bcm of material was mined from these open pits during the quarter of which 1.63M bcm was mined from the Doublejay pits. The Heffernans open pit was completed as planned during the quarter with open pit operations now solely focussed on the Doublejay open pits.

Table 1: Key open pit statistics

Key Open Pit Statistics	Unit	December Q
Ore Mined – to ROM	t	401,226
Mined Grade	g/t Au	0.92
Contained Gold Mined	oz	11,903
Ore Mined – to Stockpile	t	170,917
Mined Grade	g/t Au	0.53
Contained Gold Mined	oz	2,908
Ore Mined – Total	t	572,143
Mined Grade	g/t Au	0.81
Contained Gold Mined	oz	14,811
Waste Mined	t	4,296,438
Total Material Mined	t	4,868,580
Total Material Mined	bcm	1,890,278
Open Pit Mining Cost	\$/t	5.43

A total of 8,012m of RC grade control drilling was completed during the quarter across the open pits.

UNDERGROUND

The Westralia underground commenced mining during the quarter and mined 22,004t @ 4.2g/t Au for 2,962 contained ounces (see Table 2).

Ore was produced from development activities at both the Beresford and Allanson mine areas and stoping at Beresford, with stoping contributing almost 54% of the mined ore tonnes.

Table 2: Key underground statistics

Key Underground Statistics	Unit	December Q
Stope Ore Mined	t	11,863
Development Ore Mined	t	10,141
Total Ore Mined	t	22,004
Mined Ore Grade	g/t	4.19
Contained Gold Mined	oz	2,962
Metres Developed – Capital	m	517.5
Metres Developed – Operating	m	471.0
Total Development	m	988.5

The slower and extended ramp-up of underground development activities continued during the quarter as a result of a tight labour market in the Western Australian mining industry however, the initial stage of the Westralia underground is still scheduled to be predominantly completed by the end of FY2022.

PROCESSING

A total of 705,089t of ore was milled during the quarter at an average feed grade of 0.83g/t Au containing 18,830oz (see Table 3).

A total of 17,200oz was recovered for the quarter at a plant recovery of 91.3%.

Table 3: Key processing statistics

Key Processing Statistics	Unit	December Q
Ore Milled	t	705,089
Processed Grade	g/t Au	0.83
Contained Gold	oz	18,830
Gold Recovery	%	91.3
Processing Cost	\$/t	22.69
G&A Cost	\$/t	2.28
Gold Recovered	oz	17,200
Gold Sold	oz	15,807
Gold-on-Hand	oz	1,324
Average Sale Price	A\$/oz	2,276

REDCLIFFE PROJECT

Studies ahead of commencement of development activities at Redcliffe have been completed with relevant applications submitted and approvals pending. A maiden Ore Reserve is due for completion this quarter for the Hub and GTS open pit deposits.

Interested parties were invited to tender for the open pit mine services contract, with tender submissions to be received by the end of January 2022. Selection and procurement of infrastructure to support the Redcliffe project is also advancing with mining activities on track to begin by mid-2022.

EXPLORATION & GROWTH

During the quarter, the Company invested \$3.9M in exploration and growth activities, with 5,540m drilled across its key targets, principally the Jupiter extension program and at Cameron Well.

JUPITER EXTENSION

During the quarter the Company continued the extension drilling program at the Jupiter mining complex below the Heffernans and Doublejay open pits, intersecting significant mineralisation within the syenite intrusive system (see ASX announcements 21 December 2021 and 18 January 2022).

Drilling below the Doublejay open pit intersected a significant intercept of:

- 202.6m @ 1.1g/t from 497.0m, including:
 - 34.8m @ 2.2g/t from 585.0m
 - 19.8m @ 1.6g/t from 641.3m
 - 20.6m @ 1.5g/t from 560.6m
- 2.8m @ 11.6g/t from 428.2m

Drilling below the Heffernans open pit intersected a significant intercept of:

- 215.2m @ 0.9g/t from 598.0m, including intercepts of:
 - 27.5m @ 1.7g/t from 605.8m
 - 4.1m @ 9.6g/t from 807.0m

Assays for a zone of syenite outside the main Joanne pipe at Doublejay and for three holes completed at Heffernans are pending.

The program to date has intersected multiple wide intersections in bulk stockwork mineralisation at the syenite basalt contact, and within the syenite pipes, below the Ganymede, Heffernans and Doublejay open pits. The drilling program continues with planning of further holes also being designed to test for additional syenite pipes and mineralisation between Doublejay and Heffernans.

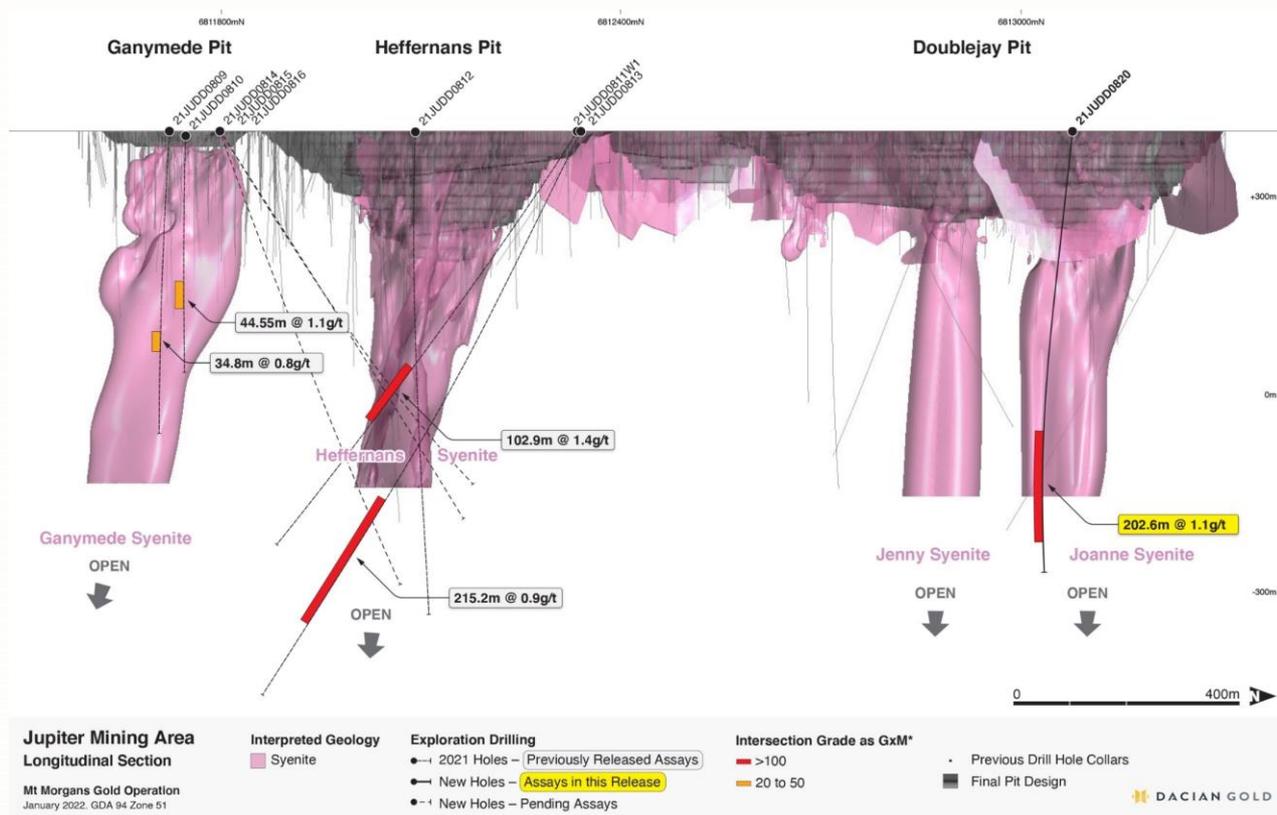


Figure 1: Long section view facing west of the Jupiter syenite complex with the current final pit design

CAMERON WELL

During the quarter, the Company reported strong RC drilling results from Cameron Well's Piccolo Star prospect at the structural intersection with the Mt Marven Shear Zone (MMSZ) with numerous significant intercepts over 750m of strike (see ASX announcement 4 November 2021).

Significant intercepts include:

- 5m @ 6.3g/t from 81m
- 4m @ 6.7g/t from 108m
- 5m @ 5.2g/t from 84m
- 12m @ 2.1g/t from 59m
- 18m @ 1.1g/t from 174m
- 4m @ 4.7g/t from 162m
- 11m @ 1.7g/t from 92m
- 15m @ 1.2g/t from 108m
- 1m @ 17.0g/t from 214m to EOH
- 4m @ 2.7g/t from 199m to EOH

The current drilling focused on the north-west trending Piccolo Star structure, which is interpreted as a splay off the regional north-north-west striking MMSZ. The MMSZ is the dominant structural feature in the Cameron Well area and can be traced over 7km between the Mt Marven open pit to the Piccolo Star prospect (Figure 2).

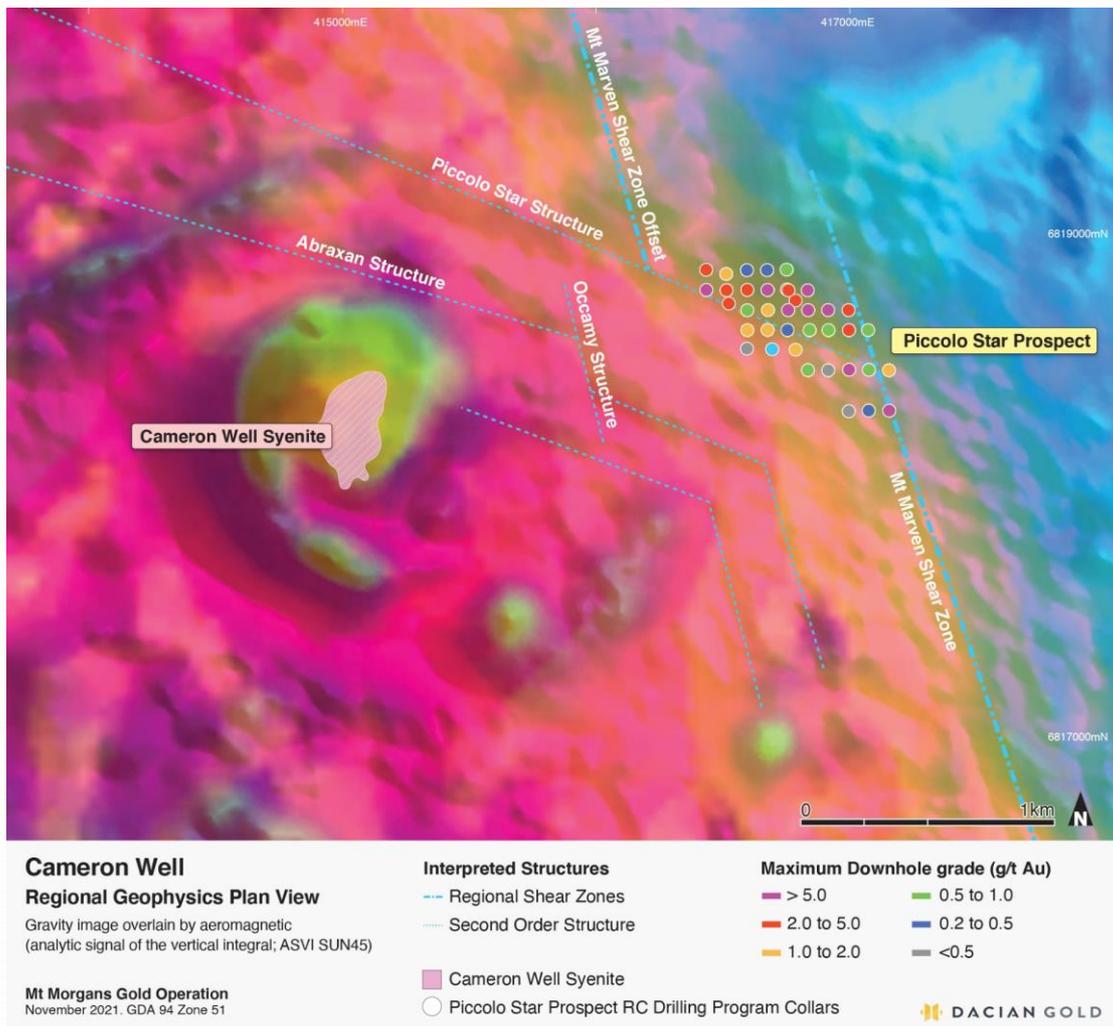


Figure 2: Plan view of the regional geophysics at Cameron Well - Gravity image overlain by aeromagnetic

The RC drilling program has tested a limited portion, approximately 750m, of the interpreted structurally controlled mineralisation, which remains open along strike and at depth.

The program was designed to test for structural orientation and mineralisation extent, and confirm the Piccolo Star north-west orientation, interpreted from geophysical data (Figure 2). Mineralisation remains open along strike at Piccolo Star to the north-west, and at the intersection with the MMSZ to the south-east.

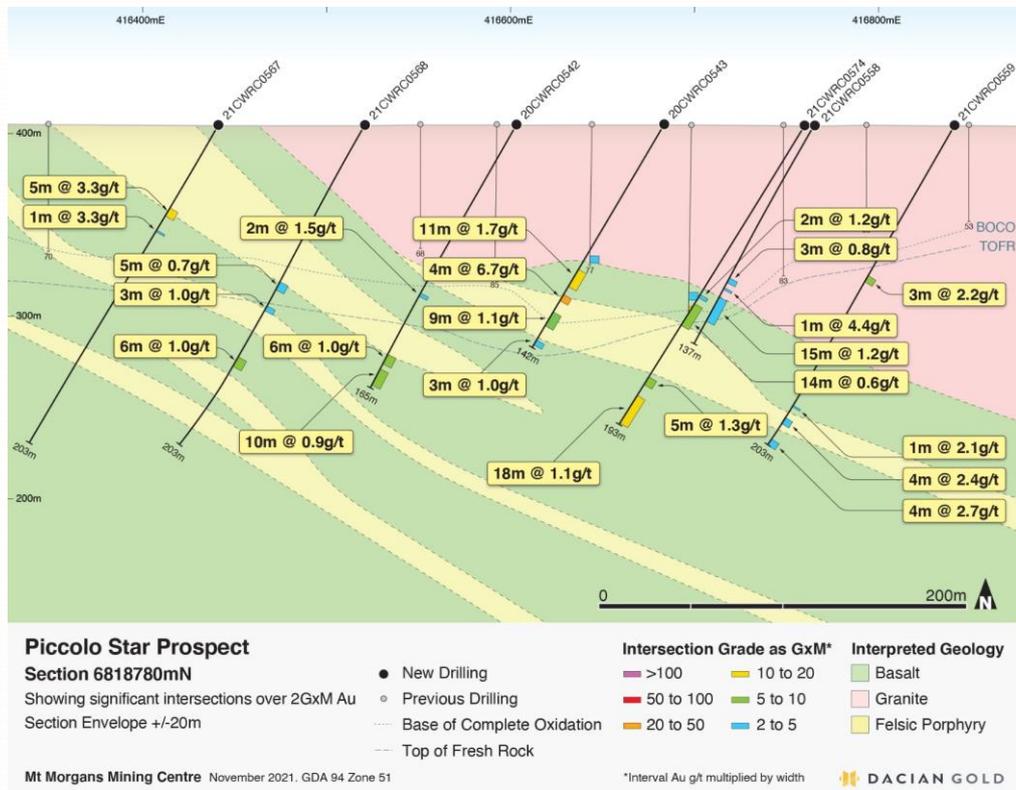


Figure 3: Section view facing north, oblique to geology, showing significant intersections and interpreted geology

CORPORATE & FINANCE

As at 31 December 2021, the Company had total cash and unsold gold on hand of \$30.2M.

During the quarter the Company completed a refinancing of the existing project finance facility with a \$16.0M corporate-level debt facility with ANZ. At 31 December 2021 the Company's new loan facility balance stood at \$16.0M with strong forecast cash flows for the remainder of the financial year supporting debt repayments to reduce the total debt position to \$2.0M by 30 June 2022.

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

Table 4: Net cash analysis

Key Cash/Debt Statistics	Unit	31 December 2021	30 September 2021
Cash	\$M	26.9	31.0
Gold-on-Hand	oz	1,324	996
Gold-on-Hand	\$M	3.3	2.2
Total Cash and Gold	\$M	30.2	33.2
Debt	\$M	(16.0)	(16.0)
Net Cash	\$M	14.2	17.2

Figure 4 below summarises the cash movements for the quarter. Total cash and gold-on-hand decreased from 30 September after investing \$3.9M in exploration and \$16.9M on development capital for Doublejay open pit pre-stripping and Redcliffe development, offset by the \$20M (before costs) placement completed in the quarter.

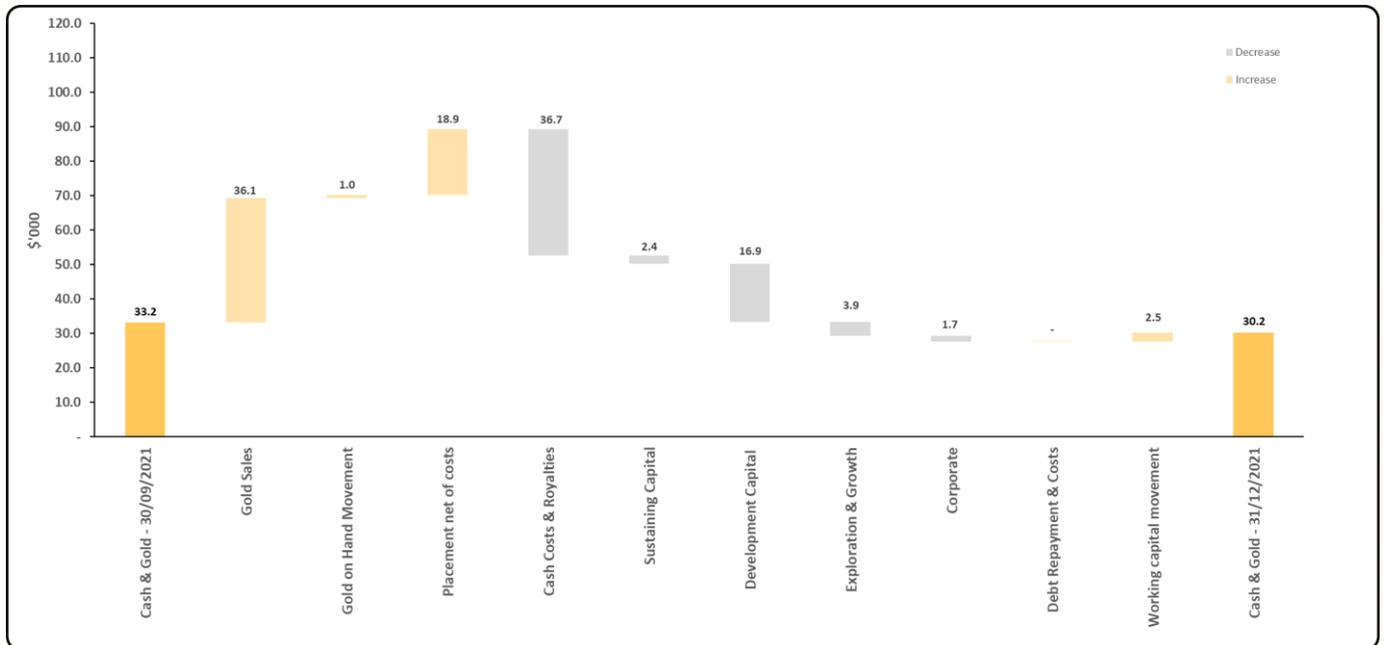


Figure 4: December quarter cash movements

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

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

Key Cost Statistics	\$M	\$/t milled	\$/oz
Mining	19.6	25.8	1,058
Processing	16.0	22.7	930
Site Administration	1.6	2.3	93
Silver Credits	(0.1)	(0.1)	(4)
Inventory Movement	(1.4)	(2.0)	(81)
Cash Cost¹	35.7	48.7	1,996
Royalties	1.0	1.4	56
Sustaining Capital	2.4	3.4	141
Corporate	1.7	2.3	95
AISC²	40.8	55.8	2,288
Development Capital ³	16.9		
Exploration & Growth	3.9		

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

Gold sold in the quarter was 15,807oz at an average realised price of \$2,276/oz, with the final original project finance related legacy hedging now fully delivered. A total of 13,410oz was delivered into hedge contracts with the remaining sold at spot prices.

At 31 December 2021 the Company's hedging was 25,650oz at a weighted average price of \$2,418/oz.

Table 6: Summary of total hedge contracts at 31 December 2021

Period (CY 2022)	March Q	June Q	Sept Q	Dec Q	TOTAL
Forward Sales (oz)	10,050	13,600	2,000	-	25,650
Hedged Price (A\$/oz)	\$2,415	\$2,408	\$2,504	-	\$2,418

Chief Operating Officer, James Howard, resigned during the quarter, leaving the Company in late January 2022. Mr Howard made a significant contribution in the development and operation of MMGO and the Company wishes him well in his future endeavours.

In December, the Company announced the appointment of Chief Financial Officer Derek Humphry as Company Secretary to replace retiring Kevin Hart of Endeavour Corporate.

\$20 MILLION PLACEMENT

In December, the Company completed a \$20M placement before costs with the proceeds to be used to support working capital to complete pre-stripping activities at the current stage of the Doublejay open pit by March 2022, and to accelerate exploration programs at Jupiter following recent drilling success.

- ENDS -

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

For further information please contact:

Leigh Junk Managing Director Dacian Gold Limited +61 8 6323 9000 info@daciangold.com.au	Phil Russo General Manager – Corporate Development Dacian Gold Limited +61 8 6323 9000 info@daciangold.com.au
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COMPETENT PERSON STATEMENT

The information in this report that relates to Exploration Results is based on information compiled by Mr. Dale Richards, a Competent Person who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Richards is a full-time employee of Dacian Gold Limited. Mr Richards has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the 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 Richards consents to the inclusion in the report of the matters based on his information 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.

Where the Company refers to the Mineral Resources 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 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.