

OPERATIONS AND CORPORATE UPDATE

Dacian positioned to commence its three year outlook on solid footing with FY2021 operating guidance and continued balance sheet deleveraging

June Quarter and FY2020 Production

- Production of 31,883oz for the June quarter versus planned of 33,000-36,000oz and in line with March quarter production of 31,695oz
- Production of 138,814oz for FY2020 within full year guidance of between 138,000-144,000oz
- June quarter production was impacted by slower than planned open pit mining rates during June at the Heffernans open pit delaying access to higher grade ore until late in the month, and localised geological variations at the upper boundary of the Cornwall Shear Zone at Heffernans
- Mining rates at Heffernans have since recovered and are set to increase overall as mining at Doublejay reaches steady state and Mt Marven ramps up
- MMGO AISC for the June quarter is expected to be near the upper end of guidance of between \$1,550-\$1,650/oz given total production for the June quarter

Updated FY2021-2023 Three Year Outlook

- FY2021 production guidance revised to 110,000-120,000oz (previously 120,000-130,000oz) due to a combination of cessation of mining activities at Westralia four months earlier than planned and rescheduling of the Jupiter open pit
- AISC guidance for FY2021 adjusted to \$1,400-\$1,550/oz (previously \$1,250-1,350/oz) to reflect updated FY2021 production and new expenditure for Mt Marven expansion and Morgans North open pits
- FY2021-2023 average annual production of 110,000oz reaffirmed at an AISC of \$1,425/oz (previously \$1,350/oz)
- Total operating (AISC) and development capital change over FY2021-2023 of approximately \$60 million or \$185/oz

Underground Strategy for MMGO

- Holistic underground strategy being developed across the MMGO complex encompassing total underground Mineral Resources of approximately one million ounces across the Westralia, Phoenix Ridge and Transvaal deposits, and the Craic underground project
- Numerous work streams to formulate an operating strategy underway, including a \$6 million investment in a drill drive and diamond drilling program, with an update due later in CY2020

Exploration, Mineral Resources and Ore Reserves

- \$15 million exploration program underway with drilling campaigns across the Phoenix Ridge, McKenzie Well, Mt Marven and Ganymede deposits
- Mineral Resource update for the high-grade Phoenix Ridge deposit due in the September quarter with mining studies towards a potential Ore Reserve to follow
- Infill drilling at the Ganymede open pit to begin in July ahead of a Mineral Resource update and mining studies towards a potential Ore Reserve during FY2021

Corporate and Finance

- Refinancing of the project loan facility is advancing towards a 1HFY2021 targeted completion, with further repayments of \$25 million expected during the September quarter, after which total debt will be \$39.1 million
- Hedge book commitments continued to be reduced through the June quarter with approximately 84,589oz at a gold price of \$2,055/oz remaining at 30 June 2020, reflecting approximately 25% of the Company's three year outlook

Dacian Gold Ltd (**Dacian Gold or the Company**) (ASX: DCN) provides the following update for the June quarter, FY2021-2023 operating outlook, strategy for underground mining operations, exploration and corporate activities.

Given the Company's rapid response to COVID-19 and the cooperation from all site employees and contractors, operations continued essentially unaffected during the quarter. The Company's management plan for COVID-19 continues to be in place as a precaution to ensure the safety of our personnel and contractors, as well as to mitigate the ongoing risk to the MMGO.

Managing Director, Leigh Junk commented: "Dacian has been busy on multiple fronts, striking the right balance between investing in its operations, to managing the risk profile across deposits, to maximising cash flows over the long term, as well as unlocking the significant exploration potential we see across our tenement package.

"I would like to thank all our employees and contractors for their cooperation in helping reduce the risk and minimising any impact COVID-19 has had on our business to date.

"Our optimisation work at MMGO has established a solid baseline on which to deliver our three year plan and execute our exploration and growth strategy."

JUNE QUARTER AND FY2020 PRODUCTION

Production for the June quarter was 31,883oz versus planned of 33,000-36,000oz, and in line with the March quarter of 31,695oz.

Production for the full year of 138,814oz was within full year FY2020 guidance of 138,000-144,000oz.

The lower than anticipated production for the June quarter was attributed to mining rates being below those planned for the Heffernans open pit, delaying access to higher-grade ore until late June. The Company has addressed resourcing issues affecting mining rates that led to the delay.

In addition, mining at the upper boundary of the Cornwall Shear Zone (CSZ) at the Heffernans open pit encountered a zone of local geological variance versus expectations and mining of several narrower lodes saw dilution and ore loss above expected levels.

The Company has implemented a number of measures to address these issues experienced while mining through these narrower lodes.

Figure 1 below shows the status of mining activities at Heffernans compared to the Mineral Resource model and highlights mining during FY2021 is focused on the wider, higher grading lodes whose historical performance has generally met expectations.

The Company anticipates that the MMGO AISC for the quarter will be near the upper end of guidance of between \$1,550-\$1,650/oz given the lower than planned total recovered gold production for the June quarter.

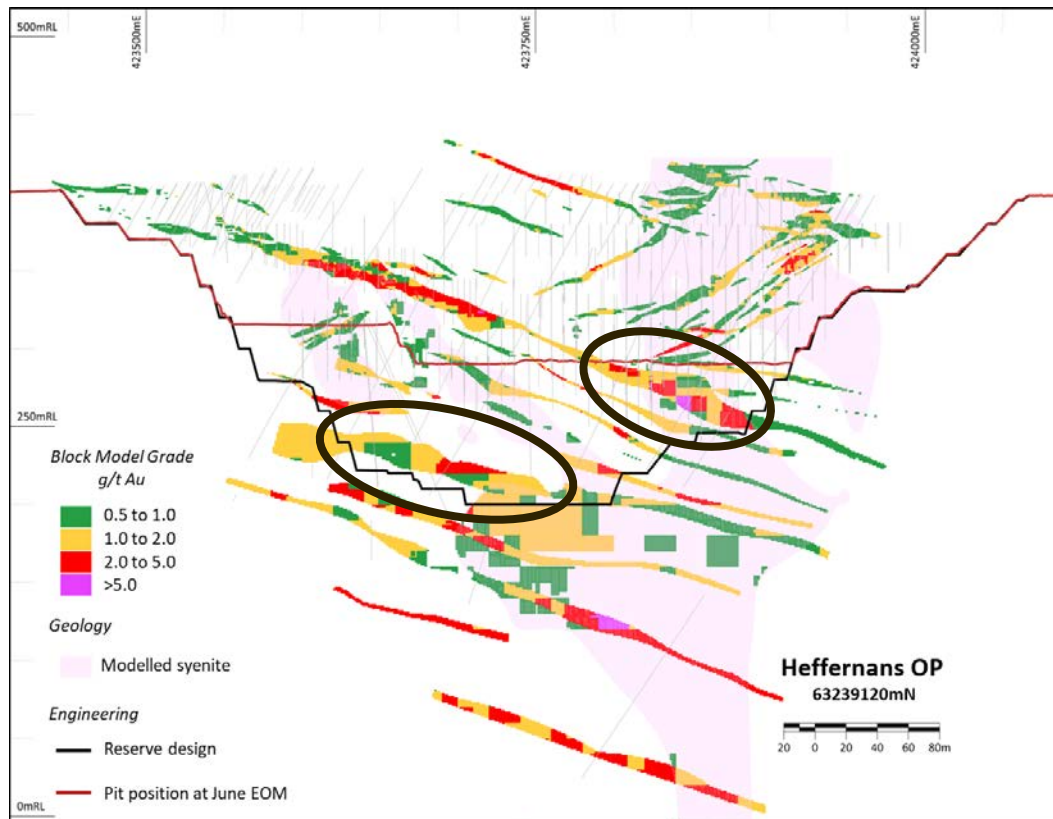


Figure 1: Cross-section through Heffernans open pit depicting current pit position at 30 June 2020; Ellipses highlight wide, high grade lodes planned for mining during FY2021

FY2021-2023 OPERATING OUTLOOK

PRODUCTION AND AISC FOR FY2021

Production for FY2021 is guided to be between 110,000-120,000oz at an AISC of between \$1,400-\$1,550/oz (previously 120,000-130,000oz at an AISC of between \$1,250-\$1,350/oz).

The updated operating outlook reflects lower production from Westralia as mining activities are now planned to cease by the end of August 2020 (previously December 2020) and a review of the Jupiter geological model and mine plan to mitigate localised geological variance experienced in the mining of the narrower lodes at Heffernans during the June quarter of FY2020.

This review has culminated in a reoptimised mine plan at the Jupiter open pit, an expansion at Mt Marven to encompass a larger open pit and an additional open pit, Morgans North, will also be mined during FY2021.

The Company is set to deliver its FY2021 operating outlook with open pit mining rates at scheduled levels at Heffernans and mine development activities on track at Doublejay. Mining at the Mt Marven open pit is underway and Morgans North open pit mine will commence operation in 2HFY2021.

The Company will cease mining activities at Westralia in August ahead of the previously scheduled timeline, preserving the 195,000oz Ore Reserve remaining (before 2HFY2020 mining depletion) as part of its optimisation studies.

This is in line with the Company's previous announcement (see ASX release dated 27 February 2020) to suspend Westralia pending a revised strategy that considers a holistic approach to underground mining operations across the MMGO that includes the Westralia, Phoenix Ridge and Transvaal deposits as well as the Craic project.

Dacian believes that the optimal operating model in unlocking value across its underground deposits is via an approach that balances underground mining at various stages across the operations (discussed further below).

PRODUCTION, AISC AND DEVELOPMENT CAPITAL FY2021-2023

Production for the three year outlook totals 325,000oz with FY2021 having been revised to 110,000-120,000oz and FY2022 and 2023 remaining unchanged at 100,000-110,000oz for both years.

A summary of the updated FY2021-2023 operating outlook is provided below in Figure 2.

	FY2021	FY2022	FY2023	Three Year Outlook
Production	110-120koz	100-110koz	100-110koz	325koz
AISC	\$1,400-\$1,550/oz	\$1,400-\$1,550/oz	\$1,250-\$1,400/oz	\$1,425/oz
Development Capital	\$55m	\$18m	nil	\$73m (\$225/oz)

Figure 2: Summary of the updated FY2021-2023 operating outlook

The reoptimisation of the mine plan for Jupiter and a detailed review of the MMGO operating plan as part of the FY2021 budget process has led to an overall increase in operating (AISC) and development capital of approximately \$60 million (or \$185/oz) over FY2021-2023 (or a c.13% increase in operating and capital expenditure versus the Company's previous outlook).

The change in expenditure for AISC and development capital across the three year outlook can be attributed as follows:

AISC

- The reoptimisation of the mine plan at Heffernans to accelerate mining of this open pit during FY2021 has resulted in an increase in the overall material movement for the current financial year
- The expansion of the Mt Marven open pit increases the total volume of material to be mined, realising more contained metal
- The inclusion of the development of the Morgans North open pit in the second half of FY2021
- Increased annual site infrastructure, processing and maintenance costs, predominantly greater preventative maintenance activities at the treatment plant to maintain current processing rates
- Note the reclassification of spending for Doublejay to development capital (previously within AISC) has been largely offset by the inclusion of the new AISC items described above.
- Reduced production outlook for FY2021 impacting AISC on a per ounce basis

DEVELOPMENT CAPITAL

- A reclassification of Doublejay mining expenditure during FY2021 and FY2022 from AISC to development capital is the result of a change to the commercial production date for Doublejay and reflects the updated mine schedule that accelerates mining of the Heffernans open pit during FY2021. The total mine plan for Doublejay remains unchanged over the three year outlook and this change solely reflects a revision in timing of development and the commercial production date.
- As per previous guidance, development capital associated with Mt Marven pre-stripping activities is included within development capital and have not changed.

DEVELOPMENT OF A HOLISTIC UNDERGROUND STRATEGY

MMGO currently has four underground projects in its pipeline, namely the Westralia, Phoenix Ridge and Transvaal deposits and the Craic underground project (Figure 4). Total underground Mineral Resources and Ore Reserves are approximately one million ounces and 260,000 ounces, respectively (before 2HFY2020 mining depletion; see ASX release dated 27 February 2020).

With five declines already established between Westralia, Transvaal and Craic, the Company is evaluating an operating model that potentially encompasses all of the aforementioned underground deposits. The model being considered includes:

- Campaign style, ore block focus approach to underground mining
- Potential for a leaner operating model
- Fit-for-purpose development layout designs and excavation profiles to match revised mining strategy
- Mining blocks to be extracted over annual time frames that support selective, smaller operations
- Multiple declines across deposits could be accessible simultaneously with each decline at different stages of the production life cycle and supporting continuous operations (i.e. drill out, development, stoping)

A study has been commissioned with several work streams underway to evaluate recommencement of underground mining operations, including:

- Development of a 175m diamond drill drive at Beresford North has now been completed, enabling drilling of identified high grade ore blocks. At Allanson, drilling has commenced to increase density across high grade areas currently in Inferred Resource for potential upgrade
- At Transvaal, the current Mineral Resource estimate is being reviewed prior to mining studies later this financial year
- RC and diamond drilling at Phoenix Ridge are well advanced with an updated Mineral Resource due in the September quarter with mining studies to follow leading to a potential Ore Reserve estimate
- Mineral Resource estimation underway prior to a maiden JORC 2012 Mineral Resource for Craic by the end of FY2021

The Company believes the conceptual plan for its underground operations may deliver meaningful incremental high-grade ore feed and will develop a plan during FY2021 with an interim update due by the end of CY2020.

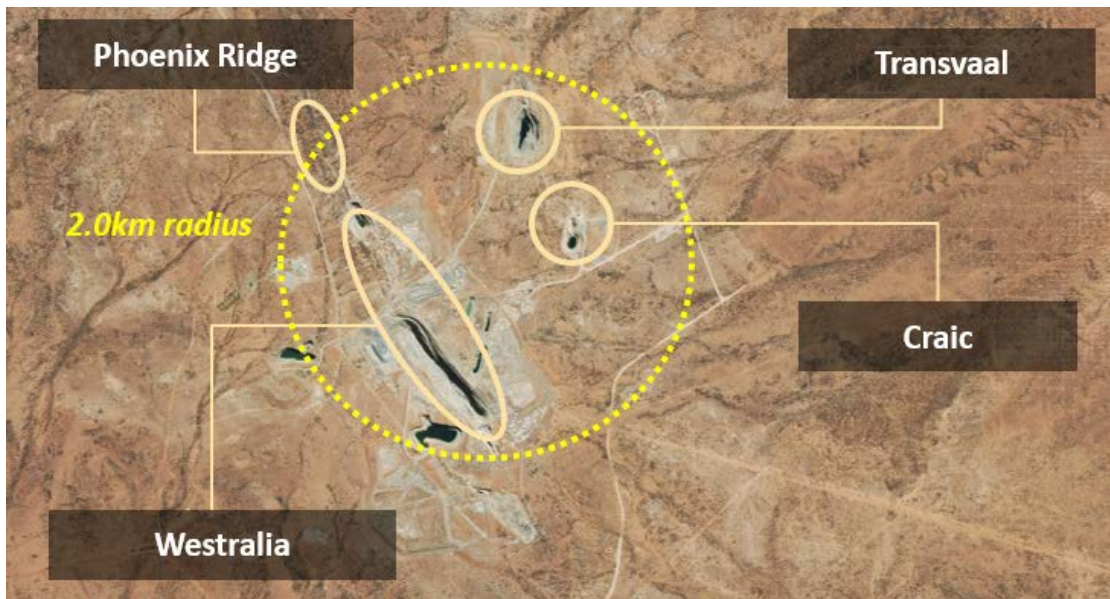


Figure 3: Potential underground production sources for MMGO

EXPLORATION, MINERAL RESOURCES AND ORE RESERVES

Dacian plans to spend \$15 million to the end of FY2021 on exploration activities with a number of programs already nearing completion across several projects.

- At Phoenix Ridge, the 40m by 40m infill diamond drilling program was completed, while a targeted 20m by 20m diamond drill program is presently underway within the core of the current Inferred Mineral Resource.

The higher density drilling will enable Dacian to more accurately model the distribution of the structurally controlled high-grade domains that will underpin the next Mineral Resource update due during the September quarter.

A 2,800m program of RC drilling to test for any shallow expressions of the mineralisation across the Phoenix Ridge deposit has also been completed.

- At McKenzie Well, the first phase of RC drilling was completed, this included 51 holes for a total of 5,500m of drilling. Results are currently being compiled.
- At Mt Marven, seven diamond holes have been completed below the current open pit Mineral Resource and Ore Reserve. Results are currently being compiled.
- At Cameron Well, preparation for RC and diamond drilling are underway with drilling scheduled to commence in August.
- At Ganymede, infill drilling to 20m by 20m will commence later this month ahead of a Mineral Resource update and mining studies towards a potential Ore Reserve.

A complete exploration update encompassing the above projects is planned to be released early in the September quarter.

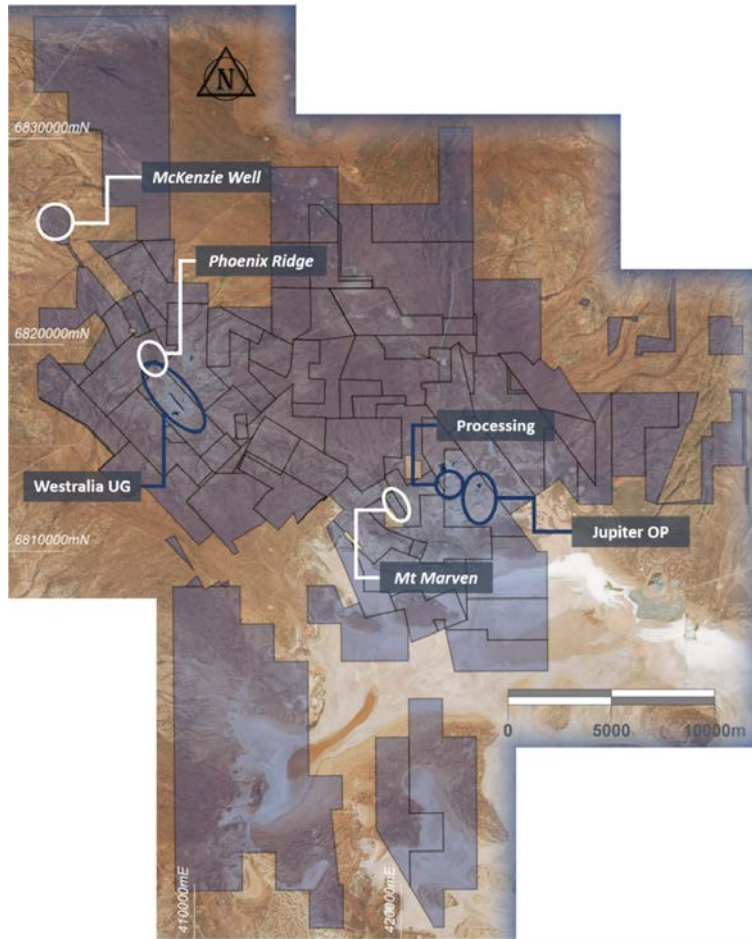


Figure 4: Focus of exploration and development activities across the MMGO

CORPORATE AND FINANCE

At 30 June 2020, the Company had total debt of approximately \$64.1 million following a \$5.9 million repayment during the quarter. Total cash and equivalents at 30 June 2020 is approximately \$57.3 million.

The Company anticipates making a repayment of \$25 million towards its project loan facility during the September quarter from cash on hand and operating cash flows.

Following this repayment, the project loan facility will have reduced to a balance of \$39.1 million which positions the Company to complete a refinancing to a corporate-style debt facility during 1HFY2021.

At 30 June 2020, total hedge commitments continued to be reduced, now standing at 84,589oz at an average gold price of \$2,055/oz, reflecting 25% of the Company's three year outlook. A breakdown of the Company's current outstanding hedge commitments will be provided with the upcoming June quarterly activities report.

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

For further information, please contact:

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APPENDIX 1

Mineral Resources (as at 31 December 2019) – Refer ASX release 27 February 2020

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	
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	

Rounding errors will occur

Ore Reserves (as at 1 January 2020) – Refer ASX release 27 February 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
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
Total		5,994,000	0.9	165,000	10,871,000	1.7	589,000	16,866,000	1.4	754,000

* Development and stoping grades respectively. Rounding errors will occur

Where the company refers to the Mineral Resources and Ore Reserves in this announcement (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.