

QUARTERLY ACTIVITIES REPORT

December 2020



ASX RELEASE

22 January 2021

Issued Capital as at
31 December 2020

556.5M shares outstanding

Market Capitalisation as at
31 December 2020

\$228M @ \$0.41

BOARD

Ian Cochrane
Non-Executive Chairman

Leigh Junk
Managing Director

Robert Reynolds
Non-Executive Director

SUBSTANTIAL SHAREHOLDERS

as at 31 December 2020

Franklin Templeton (7.6%)
Sun Valley Gold (6.2%)
Van Eck Global (5.0%)

REGISTERED OFFICE

Level 2, 1 Preston Street
Como WA 6152
Australia

1H FY2021 production of 59,961oz at AISC \$1,356/oz delivers strong net cash position, on track to meet full-year operating guidance

Operations

- December quarter production of 27,162oz at an AISC of \$1,430/oz
- 1H FY2021 production of 59,961oz at an AISC of \$1,356/oz
- On target to meet full year guidance of 110,000-120,000oz at an AISC of \$1,400-\$1,550/oz
- Total development capital spend for the quarter of \$11.0M

Corporate & Finance

- Cash and gold on hand at 31 December 2020 of \$37.9M
- Debt at 31 December 2020 of \$23.4M after \$15.7M repayment
- Net cash position of \$14.5M, a \$15.1M improvement from September quarter
- Total forward hedge position reduced to 55,488oz at an average gold price of \$2,140/oz
- Announced an all-scrip merger with NTM Gold on 16 November 2020 with transaction set to close in mid-March 2021

Exploration & Growth

- Drilling programs at Cameron Well and the Mt Marven southern extension were conducted during the quarter
- Resource definition drilling activities were completed at Ganymede with Mineral Resource and Ore Reserve estimation work set to commence
- Preliminary technical studies for the Greater Westralia mining area initially identifies the Craic and Transvaal projects to provide potential additional near-term production with resource definition drilling underway and dewatering activities set to commence

Dacian Gold Limited (Dacian Gold or the Company) (ASX: DCN) is pleased to provide its operating and financial results for the quarter ending 31 December 2020.

Managing Director, Leigh Junk, commented: “We have been active on a number of fronts during the quarter with our operations delivering another robust result that has translated into a significantly improved financial position for the Company.

“The consistency of our operations over the past several quarters and stronger balance sheet has culminated in the NTM Gold merger announcement, which meets our stated objective to explore regional consolidation that leverages our significant infrastructure in the Laverton goldfields.

“We are well positioned to meet our annual targets and look forward to continuing this momentum for the remainder of FY2021.”

OPERATIONS

OVERVIEW

The Company’s rolling Total Recordable Injury Frequency Rate (TRIFR) was 23.1 at the end of the quarter (30 September 2020: 24.5). Recordable injuries include any injury that requires medical treatment or those that result in any days lost from work or where an employee or contractor can only perform part of their normal work.

The Mt Morgans Gold Operation (MMGO) recovered 27,162 ounces during the December quarter at an AISC of \$1,430/oz. Total production for the 1H FY2021 is 59,961 ounces at an AISC of \$1,356/oz, which tracks well against FY2021 production guidance of 110,000-120,000 ounces at an AISC of between \$1,400-\$1,550/oz.

OPEN PIT

A total of 989,165 tonnes @ 1.1 g/t gold containing 34,399 ounces was mined from the Jupiter and Mt Marven open pits during the December quarter, with 758,444 tonnes @ 1.2g/t gold containing 30,077 ounces delivered to the processing plant ROM pad for treatment (see Table 1).

Heffernans and Mt Marven were the main sources of high-grade ore feed to the processing plant during the quarter, while pre-stripping activities at Doublejay continued.

| Key Open Pit Statistics | Unit | December Q | Year-to-Date |
|---------------------------------|------|------------|--------------|
| Ore Mined – to ROM | t | 758,444 | 1,451,292 |
| Mined Grade | g/t | 1.2 | 1.3 |
| Contained Gold Mined | oz | 30,077 | 61,899 |
| Ore Mined – to Stockpile | t | 230,721 | 557,871 |
| Mined Grade | g/t | 0.6 | 0.6 |
| Contained Gold Mined | oz | 4,322 | 10,568 |
| Ore Mined – Total | t | 989,165 | 2,009,163 |
| Mined Grade | g/t | 1.1 | 1.1 |
| Contained Gold Mined | oz | 34,399 | 72,467 |
| Waste Mined | t | 6,079,505 | 12,258,846 |
| Total Material Mined | t | 7,068,670 | 14,268,009 |
| Total Material Mined | bcm | 2,682,595 | 5,476,791 |
| Open Pit Mining Cost | \$/t | 3.92 | 3.91 |

Table 1: Key MMGO open pit statistics

A total of 2.7M bcm of material was mined from all pits during the quarter, of which 1.4M bcm was attributed to pre-stripping of Doublejay. As scheduled, movement rates are anticipated to increase during the second half of FY2021 at Doublejay.

Mining activities at Jupiter during the March 2021 quarter will see Heffernans remain the primary source of high-grade ore feed to the processing plant and Mt Marven will also continue to contribute ore for the remainder of FY2021. Ore mining at Doublejay will increase during the quarter and into FY2022 as pre-stripping starts to expose high-grade ore blocks.

A total of 24,058m of RC drilling was completed during the quarter, inclusive of grade control drilling across the Heffernans, Doublejay and Mt Marven pits as well as Resource definition drilling at Ganymede to improve Mineral Resource confidence ahead of potential conversion to Ore Reserves.

PROCESSING

A total of 719,733 ore tonnes was processed during the quarter at an average feed grade of 1.3 g/t gold containing 29,402 ounces (see Table 2).

The December quarter marked the first quarter of solely open pit and stockpile ore contribution with the underground operation ceasing during the September quarter.

A total of 27,162 ounces was recovered for the quarter, representing a plant recovery of 92.4%.

During the quarter a safety incident occurred whilst undertaking a planned reline of the SAG mill which resulted in an overrun of the mill shutdown by a period of 7 days. This resulted in reduced overall mill throughput for the quarter and impacted recovered gold. Following completion of the reline, throughput rates then returned to normal levels at an annualised run-rate of 2.9Mtpa. Despite the extended shutdown the operations performed well and are positioned favourably to maintain annual gold production in line with stated guidance.

| Key Processing Statistics | Unit | December Q | Year-to-Date |
|---------------------------|-----------|---------------|---------------|
| Ore Milled | t | 719,733 | 1,426,773 |
| Processed Grade | g/t | 1.3 | 1.4 |
| Contained Gold | oz | 29,402 | 64,983 |
| Gold Recovery | % | 92.4 | 92.3 |
| Processing Cost | \$/t | 18.72 | 17.94 |
| G&A Cost | S/t | 3.24 | 3.23 |
| Gold Recovered | oz | 27,162 | 59,961 |
| Gold Sold | oz | 25,169 | 59,186 |
| Gold-on-Hand | oz | 3,935 | 3,935 |
| Average Sale Price | A\$/oz | 2,417 | 2,259 |

Table 2: Key MMGO processing statistics

EXPLORATION & GROWTH

Numerous exploration and growth work streams were progressed during the quarter with activities concentrated in the following areas:

- Resource definition drilling at Ganymede was completed to improve the confidence in the Mineral Resource. Results have been highly encouraging and Mineral Resource estimation work has commenced. Based on results from the drilling program, there appears to be good potential for the re-inclusion of Ganymede into the Company's Ore Reserves and mine plan.
- Framework and initial priority target RC and diamond drilling at Cameron Well was completed, with further evaluation of the Cameron Well targets ongoing.

- An infill drilling program at the Mt Marven southern extension was initiated to improve geological confidence along strike and down-dip to an initial depth of 120m.
- Results for the first phase diamond drilling at Mt McKenzie were received and are pending release.
- Mineral Resource update work stream advanced for Beresford, Allanson, Morgans North and Phoenix Ridge within the Greater Westralia mining area.
- Assessment of the Company's geophysical datasets has been completed, with additional data procurement underway to inform the regional targeting program planned for the March quarter.
- Initiated a review of the Company's geochemical data, with orientation surveys being conducted over specific sites using a new surficial soil sampling technique.

During the December quarter, the Company invested \$4.3M in exploration and growth including drilling 22,001m across its key exploration and growth targets as follows:

- Ganymede: 110 RC holes for 8,812m – program complete.
- Cameron Well: 47 RC holes for 6,514m and 11 DD holes for 5,098m – program complete, awaiting last assays.
- Mt Marven: 16 RC holes for 1,577m – program ongoing.

GREATER WESTRALIA MINING AREA

Preliminary results from the Company's technical studies for the Greater Westralia mining area are targeted for release in the current quarter.

Evaluation of the historical satellite pits and associated underground workings in the Greater Westralia Area has initially identified the Craic and Transvaal projects as deposits with potential for near-term inclusion in the production outlook for the MMGO. Resource definition drilling is underway to improve geological confidence and test mineralisation continuity along strike and down plunge, with dewatering activities set to commence.

Refined stratigraphic, structural and intrusive modelling of the Beresford, Allanson, Morgans North and Phoenix Ridge deposits is well advanced and scheduled for completion in the current quarter, leading into an updated Mineral Resource estimation later this year.

The remaining open pit deposits are systematically being reviewed for potential medium-term inclusion in the MMGO mine plan.

The Company's current operating outlook does not incorporate production from the Greater Westralia mining area.

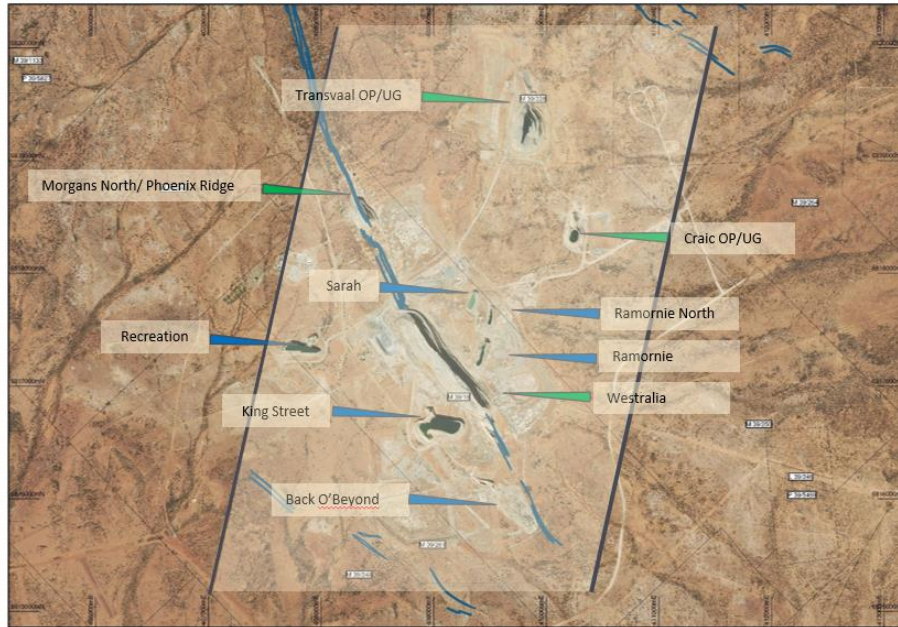


Figure 1: Greater Westralia mining area within the Westralia/Transvaal shear corridor

McKENZIE WELL

The Company completed a targeted 39 hole, 2,950m of infill RC drilling at McKenzie Well during the quarter which confirmed BIF-hosted gold mineralisation near surface (see ASX announcement 16 December 2020). The deposit remains open down plunge and to the south with a structural review of the project initiated to determine the extent of the thickened zones around the fold hinge.

Significant results of the drill program include:

- 17m @ 1.51g/t Au from 49m in 20MWRC0060
- 20m @ 0.95g/t Au from 19m in 20MWRC0079
- 9m @ 2.05g/t Au from 15m in 20MWRC0062
- 10m @ 1.27g/t Au from 142m in 20MWRC0061
- 5m @ 2.37g/t Au from 37m in 20MWRC0068
- 5m @ 2.15g/t Au from 33m in 20MWRC0085

CORPORATE & FINANCE

As at 31 December 2020, the Company had total cash and unsold gold on hand of \$37.9M. The Company repaid \$15.7M in debt during the quarter including an additional performance-based payment of \$4.4M, reducing the Company's project loan facility balance to \$23.4M.

Table 3 below summarises the Company's cash, gold-on-hand and debt position as at 31 December 2020.

| Key Cash/Debt Statistics | Units | 31 December 2020 | 30 September 2020 |
|----------------------------|------------|------------------|-------------------|
| Cash | \$M | 28.2 | 36.0 |
| Gold-on-Hand | Ounces | 3,935 | 1,108 |
| Gold-on-Hand | \$M | 9.7 | 2.5 |
| Total Cash and Gold | \$M | 37.9 | 38.5 |
| Debt | \$M | (23.4) | (39.1) |
| Net Cash/(Debt) | \$M | 14.5 | (0.6) |

Table 3: Net cash/(debt) analysis

Figure 2 below summarises the cash movements for the quarter. Total cash and gold-on-hand remained broadly consistent with the September quarter, after \$15.7M in debt repayments and \$15.3M invested in exploration and growth, and planned Doublejay open pit development capital expenditure. In line with guidance, development capital spend will increase for the remainder of FY2021 as pre-stripping rates at Doublejay peak ahead of FY2022 ore production.

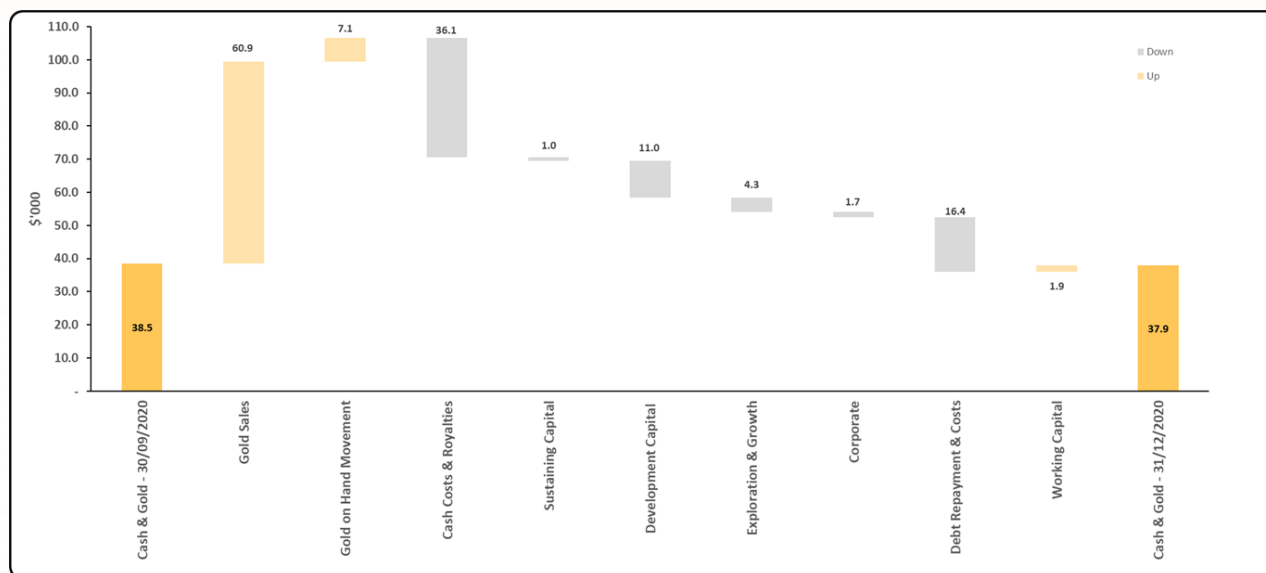


Figure 2: December quarter cash movements

A summary of the key cash costs, AISC and other statistics for the quarter are in Table 4 below.

| Key Cost Statistics | \$M | \$/t milled | \$/oz |
|----------------------------------|-------------|-------------|--------------|
| Mining | 17.9 | 24.9 | 660 |
| Processing | 13.5 | 18.8 | 498 |
| Site Administration | 2.3 | 3.2 | 86 |
| Silver Credits | (0.1) | (0.1) | (3) |
| Inventory Movement | 0.7 | 0.9 | 24 |
| Cash Cost¹ | 34.3 | 47.7 | 1,265 |
| Royalties | 1.8 | 2.4 | 64 |
| Sustaining Capital | 1.0 | 1.5 | 38 |
| Corporate | 1.7 | 2.4 | 63 |
| AISC² | 38.8 | 54.0 | 1,430 |
| Development Capital ³ | 11.0 | | |
| Exploration & Growth | 4.3 | | |

Table 4: Key cash cost, AISC and other costs for the December quarter (accrual basis)

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 development.

Gold sold in the quarter was 25,169 ounces at an average realised price of \$2,417/oz. A total of 6,000 ounces was delivered into legacy hedge commitments, with the remaining ounces sold at spot.

At 31 December 2020 the Company's hedging obligations reduced to 55,488 ounces at a weighted average price of \$2,140/oz.

| Period | MQ | JQ | FY2021 | SQ | DQ | FY2022 | TOTAL |
|-----------------------|---------|---------|----------------|---------|---------|----------------|----------------|
| Forward Sales (oz) | 10,041 | 18,123 | 28,164 | 13,119 | 14,205 | 27,324 | 55,488 |
| Hedged Price (A\$/oz) | \$1,956 | \$2,096 | \$2,046 | \$2,240 | \$2,237 | \$2,238 | \$2,140 |

Table 5: Summary of total outstanding hedge commitments at 31 December 2020

The Company's remaining put options expired during the 31 December 2020 quarter and no further hedging was established.

At the Company's AGM on 30 November 2020, one of the Company's founding shareholders and non-executive directors, Mr Barry Paterson stepped down from the board. Sadly, Mr Paterson passed away on 9 December 2020 and the Company's deepest condolences are extended to his family. Mr Paterson had a distinguished career in the mining and healthcare industries and will be sorely missed.

MERGER WITH NTM GOLD

On 16 November 2020, Dacian and NTM Gold announced an all-scrip merger via an NTM Scheme of Arrangement under which Dacian will acquire 100% of the shares in NTM. The merger is anticipated to close by mid-March 2021.

The merger is in line with Dacian's corporate objective of pursuing sensible regional consolidation opportunities to bolster its production and mine life outlook.

- Ends -

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

For further information please contact:

| | |
|---|---|
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|---|---|

COMPETENT PERSON STATEMENT EXPLORATION

The information in this report that relates to Exploration Results is based on information compiled by Dr. Stephen Michael Rowins who is a member of the Australian Institute of Geoscientists. Dr. Stephen Michael Rowins is a full-time employee of Dacian Gold Limited, and 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. Dr. Stephen Michael Rowins 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.