

QUARTERLY ACTIVITIES REPORT

December 2022

December Quarter

ASX RELEASE

30 January 2023

Issued Capital as at 31 December 2022

1,216.8M shares outstanding

Market Capitalisation as at 31 December 2022

\$121.7M @\$0.10 per share

BOARD

Craig McGown
Non-Executive & Independent Chair

Sue-Ann Higgins
Non-Executive & Independent Director

Tony Kiernan AM
Non-Executive Director

Morgan Ball
Non-Executive Director

Lee Stephens
Non-Executive Director

SUBSTANTIAL SHAREHOLDERS as at 30 January 2023

Genesis Minerals Limited	78.3%
Delphi	10.6%

REGISTERED OFFICE

Level 19, 58 Mounts Bay Road
Perth WA 6000
Australia

Operations

- Production of 12,039 ounces at an AISC of A\$2,099/oz
- Mt Morgans successfully transitioned from mining to stockpile processing
- Completing transition to exploration and development in Q3, 2023

Exploration & Growth

- Jupiter phase 2 extension drilling continues to confirm mineralisation of significant width and scale
- Reverse circulation (RC) drilling from the floor of the Doublejay and Saddle open pits is due to be completed in January, intercepts during the quarter include:
 - 298m @ 1.5g/t from 1m¹
 - 207m @ 1.3 g/t from 16m¹
 - 174m @ 1.1 g/t from 0m¹

Phase 2 Jupiter extensional diamond drilling is now complete; recent intercepts during the quarter include:

- 111.7m @ 1.2 g/t from 405.2m¹
- 92m @ 0.9 g/t from 397m²
- 26m @ 1.7 g/t from 383m²
- Mineral Resource update commenced and anticipated in the March 2023 quarter
- Exploration continued for additional water sources to supplement water supply to the Mt Morgans mill which will be required for ongoing operations

Corporate & Finance

- Cash and gold on hand at 31 December 2022 of \$44.0 million, before creditor and other commitments
- \$200,000 debt package extended to 30 June 2023
- All Gold hedging delivered with nil ounces outstanding
- Genesis Minerals Limited (Genesis) (ASX – GMD) takeover offer is unconditional and declared best and final with acceptance of 78% and closing Monday 30 January 2023 (unless further extended or withdrawn).

¹ DCN ASX Release dated 10 October 2022 "Strong Mineral Resource definition and extension results continue at Jupiter"

² DCN ASX Release dated 20 December 2022 "Operation and Exploration Update"

Dacian Gold Limited (Dacian or the Company) (ASX: DCN) provides its operating and financial results for the quarter ending 31 December 2022.

OPERATIONS & DEVELOPMENT

OVERVIEW

The Company's 12-month rolling Total Recordable Injury Frequency Rate (TRIFR) at 31 December 2022 was 7.6 (30 September 2022: 6.1).

The Mt Morgans Gold Operation (MMGO) recovered 12,039 ounces during the December quarter at an All in Sustaining Cost (AISC) of A\$2,099/oz.

The December quarter saw full reliance on low grade stockpiles, with no mining during the period. The Company's primary source of ore feed from the commencement of the March 2023 quarter will be dump leach ore which is classified as Inferred Mineral Resource. Throughput for the quarter was an annualised 2.9 Mtpa down slightly from the September quarter providing for planned downtime. Lower tonnage throughput (down 4%) along with increasing labour, gas and other input costs are reflected in an 8% increase in unit costs. Ongoing cost reduction exercises continue to focus on resetting base fixed costs given the reduced activity level at the operation.

PROCESSING

A total of 727,554 tonnes of ore was milled during the quarter, at an average feed grade of 0.60 g/t gold containing 13,995 ounces (see Table 1).

A total of 12,039 ounces were recovered for the quarter at a recovery rate of 86.0%.

Table 1: Key processing statistics

Key Processing Statistics	Unit	Dec 22 Q	Sept 22 Q
Ore Milled	t	727,554	759,621
Processed Grade	g/t Au	0.60	0.96
Contained Gold	oz	13,995	23,441
Gold Recovery	%	86.0	91.8
Processing Cost	\$/t	25.27	23.39
G&A Cost	\$/t	2.45	2.23
Gold Recovered	oz	12,039	21,525
Gold Sold	oz	12,889	22,224
Gold-on-Hand	oz	1,512	1,853
Average Sale Price	A\$/oz	2,667	2,561

MT MORGANS EXPRESSION OF INTEREST AND ONGOING OPERATIONS

Dacian recently sought expressions of interest (Eoi) for third parties to access the ~2.9Mtpa mill, for some or all of the period from the current March quarter 2023 through to ~September quarter 2024¹.

The proposed merger of Genesis with St Barbara Limited (ASX – SBM), and comments from Genesis and St Barbara² that ore from the Ulysses gold project may now be re-directed³ to Gwalia mill (rather than Mt Morgans mill) creates uncertainty in Dacian's development plan.

¹ DCN ASX Release dated 16 November 2022 "Opportunity for third parties to access Mt Morgans Plant"

² SBM ASX Release dated 25 January 2023 "December 2022 Quarterly Report"

³ GMD ASX Release dated 12 December 2022 "Presentation - Creating a leading Australian gold house"

Further to this, in the event the Genesis - St Barbara merger fails to complete, St Barbara and Genesis are working together on an ore purchase agreement to potentially enable Ulysses or other Genesis ore sources to be processed at Gwalia mill. The uncertainty surrounding the processing of Genesis' Ulysses ore increased the minimum threshold required by the Company for near-term volumes from third parties to optimise mill throughput, while industry-wide shortages of people and equipment placed pressure on near term ore delivery.

The expression of interest's process has not yet identified an equivalent replacement ore source and risks around approvals timing and general project delivery for multiple third-party ore sources complicate scheduling. The uncertainty around dump leach grade, lead times to improve longer term water security, the cost environment, along with near term tailing storage lift capital investment funding requirement have resulted in the Company determining to pause the EoI process and complete its transition to exploration and development in March 2023.

CARE AND MAINTENANCE

In the light of the previously mentioned factors, the Dacian Board has determined that the mill will be put on care and maintenance to preserve suitable stockpiles to complement a future restart of operations at Mt Morgans and preserve cash by deferring capital investment in tailings storage facility lifts and replacement water sources, while progressing required studies and approvals. This will complete the June 2022 planned pivot from operations to focussing on exploration, expansion and future development of the Jupiter Resource.

REDCLIFFE DEVELOPMENT

The Company continues to progress mining approval conditions and is exploring processing alternatives closer to the Redcliffe project site.

EXPLORATION & GROWTH

During the quarter, the Company invested \$4.9 million in exploration and growth activities, with the primary focus being the Jupiter extension drilling program scheduled to be completed in Q2, FY23.

A total of 12,412m was drilled across the Jupiter extension program.

JUPITER EXTENSION

During the quarter the Company continued the extension drilling program at the Jupiter mining complex, intersecting significant mineralisation within the syenite intrusive system (see ASX 10 October 2022 and 20 December 2022). Drilling intercepts recorded during the quarter are presented in Appendix 1 to this report.

These mineral resource definition and exploration results continue to build confidence in the continuity and extent of mineralisation beyond the previously designed mineable Doublejay and Saddle open pits, and in the defined Jupiter Exploration Target⁴, and underpin the strategy to investigate a larger, bulk open pit mining opportunity under a leaner operating model.

During the quarter, diamond drilling was performed from surface at drilling sites located around the DoubleJay existing open pit. The results provide important mineralisation intercepts and control on the interpretation and modelling of the Jupiter system, particularly at structural intersections which are interpreted to control emplacement of the wider syenite stocks at Ganymede, Heffernans, and Doublejay (Jenny and Joanne).

In addition to the above, Mineral Resource definition, and extension Reverse Circulation (RC) drilling from the existing Doublejay and Saddle Open Pit floor has also been completed, with these results demonstrating continuity of mineralisation from the existing Jupiter Mineral Resource⁵, through to the Jupiter Exploration Target⁶, which extends below the open pit, through the 400m below surface drilling target, and remains open at depth.

Phase 2 drilling of the Jupiter extension program is continuing and is designed to evaluate the Jupiter exploration target across the full strike extent of the Jupiter syenite system, to a depth of ~400 m below surface. This phase of the Jupiter extension drilling was completed in Q2, FY23.

MINERAL RESOURCE UPDATE

With drilling now completed at Jupiter, Mineral Resource update work is underway towards a targeted larger scale development plan to complement a restart of open pit mining at Mt Morgans. The Jupiter Mineral Resource update is scheduled for March 2023.

⁴ DCN ASX Release dated 22 July 2022 "Jupiter Underground Resource Reclassification"

⁵ DCN ASX Release dated 27 July 2022 "2022 Mineral Resources and Ore Reserves Update"

⁶ DCN ASX Release dated 22 July 2022 "Jupiter Underground Resource Reclassification"

CORPORATE & FINANCE

The Genesis takeover offer (**Offer**) announced 5 July 2022 continued throughout the quarter. The Offer has received acceptances for 78% of Dacian shares, is unconditional, declared best and final and closes Monday 30 January 2023 (unless further extended or withdrawn).

Sharing of corporate costs with Genesis commenced during the quarter and will continue to expand to optimise synergies. Further rationalisation of the Dacian corporate function will be completed during the remainder of the financial year to reduce overhead outflows in line with the transition from mining operations to exploration and development.

During the quarter the Company's \$200,000 December 2022 scheduled debt repayment was rescheduled to 30 June 2023 following a review of the debt arrangements. Debt covenants were reduced and a hedging line extended.

At 31 December 2022, the Company had total cash and unsold gold on hand of \$44.0 million, before creditor and accruals of approximately \$19.8 million.

Table 2 below summarises the Company's cash, gold-on-hand and debt position.

Table 2: Net cash analysis

Key Cash/Debt Statistics	Unit	31 Dec 22	30 Sept 22
Cash	\$M	40.0	39.4
Gold-on-Hand	oz	1,512	1,853
Gold-on-Hand	\$M	4.0	4.8
Total Cash and Gold	\$M	44.0	44.2
Debt ¹	\$M	(0.2)	(0.2)
Cash after debt²	\$M	43.8	44.0

1 – excluding lease commitments

2 – before creditor and accruals

Figure 3 below summarises the cash movements for the quarter.

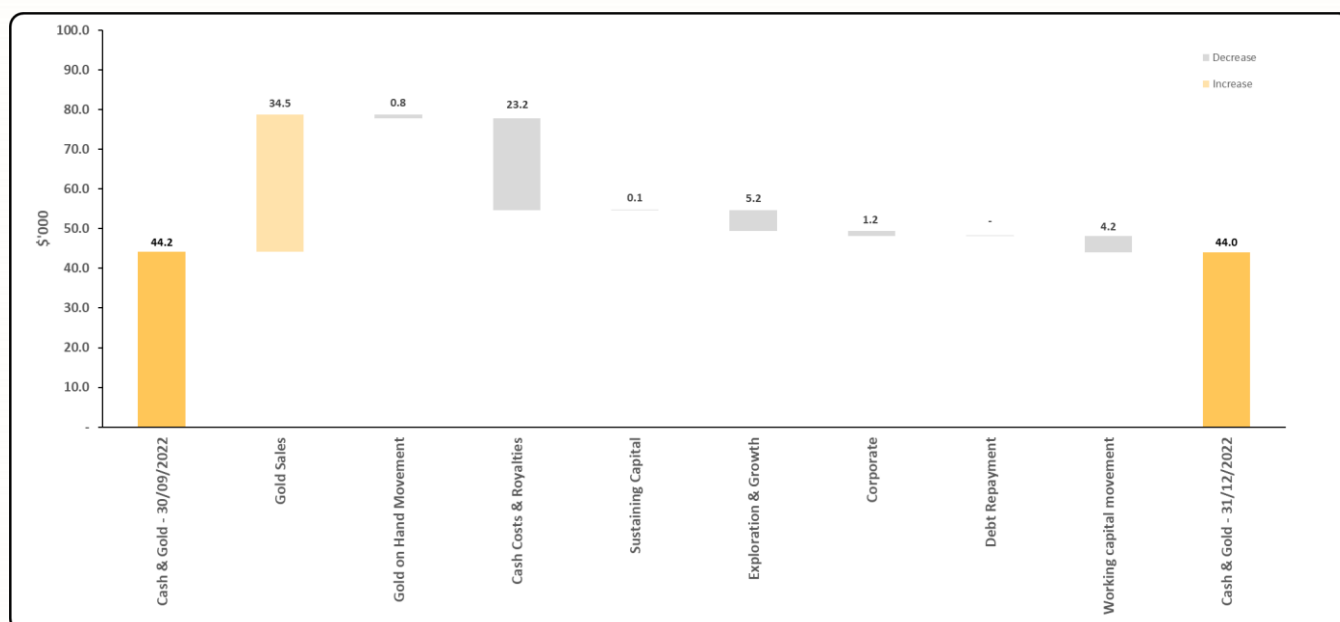


Figure 3: December quarter cash movements

A summary of the key cash costs, AISC and other statistics for the quarter are in Table 3 below.

Table 3: Key cash cost, AISC and other costs for the December quarter

Key Cost Statistics	\$M	\$/t milled	\$/oz
Mining and LG Haulage	3.1	4.2	257
Processing	18.4	25.3	1,527
Site Administration	1.8	2.4	148
Silver Credits	(0.1)	(0.1)	(8)
Inventory Movement	-	-	-
Cash Cost¹	23.2	31.8	1,924
Royalties	0.8	1.2	71
Sustaining Capital	0.1	0.1	4
Corporate	1.2	1.6	100
AISC²	25.3	34.7	2,099
Exploration & Growth	5.2		

1. Cash cost represent 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. AISC is made up of the Cash Cost plus royalty expense, corporate expenditure (but excludes one off costs related to the ongoing merger) and sustaining capital.

Gold sold in the quarter was 12,889 ounces, at an average realised price of \$2,667/oz. A total of 3,000 ounces of the quarter sales were delivered into hedge contracts, with the remaining sold at spot prices.

At 31 December 2022, the Company's hedging was nil ounces.

- 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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OTHER INFORMATION

Where the Company refers to the Exploration Results, Mineral Resources and Ore Reserves, 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 Exploration Results, Mineral Resources and Ore Reserve estimates 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.

APPENDIX 1

JUPITER SYENITE SYSTEM DRILLING INTERCEPTS FOR DECEMBER 2022 QUARTER

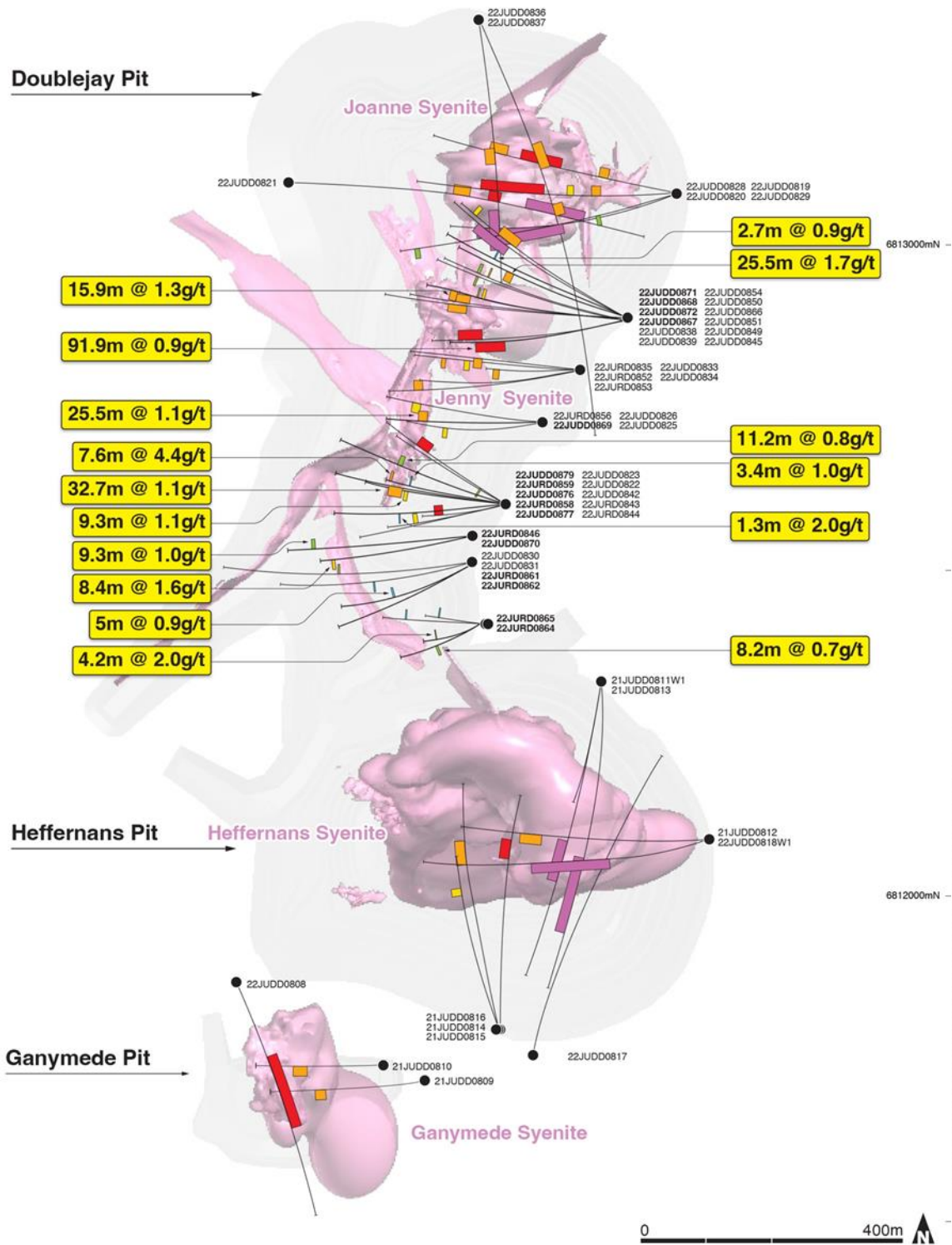
At the Jupiter Syenite system, the following RC drilling intercepts were recorded:

- Drillhole 22DJRC0029
 - 298m @ 1.5g/t from 1m
- Drillhole 22DJRC0012
 - 207m @ 1.3 g/t from 16m
- Drillhole 22DJRC0031
 - 143m @ 1.1g/t from 38m
- Drillhole 22DJRC0011
 - 174m @ 1.0 g/t from 0m
- Drillhole 22DJRC0004
 - 88m @ 1.3 g/t from 0m
- Drillhole 22DJRC0014
 - 56m @ 1.9 g/t from 0m
- Drillhole 22DJRC0009
 - 100m @ 1.0g/t from 20m
- Drillhole 22DJRC0005
 - 75m @ 1.2g/t from 1m
- Drillhole 22DJRC0010
 - 84m @ 1.1 g/t from 54m
- Drillhole 22DJRC0035
 - 100m @ 0.9 g/t from 90m
- Drillhole 22DJRC0030
 - 66m @ 1.3 g/t from 36m
- Drillhole 22DJRC0007
 - 55m @ 1.7 g/t from 4m
- Drillhole 22DJRC0002
 - 69m @ 1.0 g/t from 2m
- Drillhole 22DJRC0006
 - 77m @ 0.9 g/t from 53m
- Drillhole 22DJRC0003
 - 54m @ 1.0 g/t from 2m

- Drillhole 22DJRC0036
 - 143m @ 1.1 g/t from 271m
- Drillhole 22DJRC0038
 - 41m @ 2.0 g/t from 205m
- Drillhole 22DJRC0043
 - 68m @ 1.0 g/t from 170m
- Drillhole 22DJRC0037
 - 64m @ 1.0 g/t from 174m
 - 14m @ 4.7 g/t from 69m

At the Jupiter Syenite system, the following diamond drilling intercepts were recorded:

- Drillhole 22JUDD0854
 - 111.7m @ 1.2 g/t from 405.2m
- Drillhole 22JUDD0866
 - 59.7m @ 1.1 g/t from 366.3m
- Drillhole 22JUDD0837
 - 60.4m @ 0.8 g/t from 314m
- Drillhole 22JURD0844
 - 52.6m @ 1.1 g/t from 428.6m
- Drillhole 22JUDD0867
 - 91.9m @ 0.9 g/t from 397.4m
- Drillhole 22JUDD0868
 - 25.5m @ 1.7 g/t from 384m
- Drillhole 22JUDD0878
 - 25.5m @ 1.7 g/t from 384m



Jupiter Mining Area Plan View

Mt Morgans Gold Operation
January 2023. GDA 94 Zone 51

DACIAN GOLD

Interpreted Geology	Intersection Grade as GxM*
 Syenite Wireframe Resource Model	 >100
 Final Pit Design	 20 to 50
	 5 to 10
	 50 to 100
	 10 to 20
	 2 to 5

*Interval Au g/t multiplied by width

Figure 1: Plan view of the Jupiter syenite complex with diamond drilling intercepts (excludes RC intercepts)

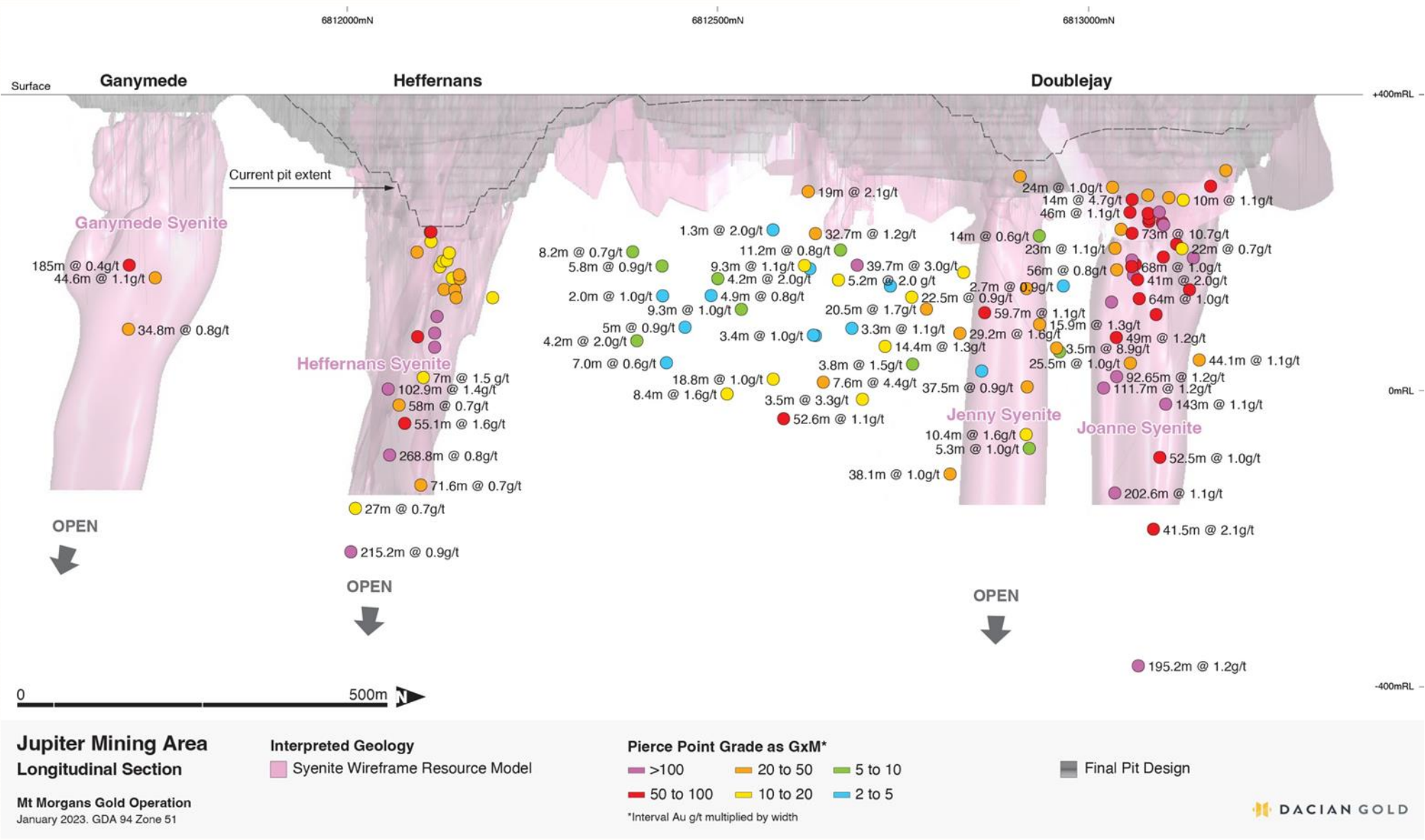


Figure 2: Longsection of the Jupiter syenite complex with significant intercepts