ASX RELEASE
29 April 2021
Issued Capital as at
31 March 2021
811.4 M shares outstanding

Market Capitalisation as at
31 March 2021
\$268M @\$0.33

BOARD
Ian Cochrane
Non-Executive Chairman
Leigh Junk
Managing Director
Robert Reynolds
Non-Executive Director
Eduard Eshuys
Non-Executive Director

SUBSTANTIAL SHAREHOLDERS
as at 31 March 2021

DGO Gold (6.3\%)
Franklin Templeton (5.3\%)

REGISTERED OFFICE
Level 2, 1 Preston Street
Como WA 6152
Australia

## Mt Morgans positioned for strong finish to FY2021 ahead of updated Life-of-Mine plan for the Laverton operations

## Operations

- March quarter production of 21,400 oz at an AISC of $\$ 1,874 / o z$
- YTD FY2021 production of $81,361 \mathrm{oz}$ at an AISC of $\$ 1,492 / o z$
- Full year guidance of $110,000-120,000$ oz at an AISC of $\$ 1,400-\$ 1,550 / o z$ maintained
- Total development capital for the quarter of $\$ 14.1 \mathrm{M}$


## Corporate \& Finance

- Cash and gold on hand at 31 March 2021 of $\$ 28.3 \mathrm{M}$
- Repaid $\$ 2.0 \mathrm{M}$ in debt during the quarter with total debt now standing at \$21.4M
- Total forward hedge position reduced to 41,406oz at an average gold price of $\$ 2,173 / \mathrm{oz}$
- Merger with NTM Gold implemented on 15 March 2021


## Exploration \& Growth

- $+30,000 \mathrm{~m}$ of exploration and resource definition drilling completed during the quarter
- Mineral Resource estimation underway across the Jupiter, Westralia, Mt Marven and Redcliffe mining areas
- Geophysical survey completed over the southern tenement package targeting potential base load opportunities
- Greater Westralia mining area preliminary technical study update due early May
- Ore Reserve estimation activities underway ahead of an updated Life-ofMine plan due in the September quarter

Dacian Gold Limited (Dacian Gold or the Company) (ASX: DCN) is pleased to provide its operating and financial results for the quarter ending 31 March 2021.

Managing Director, Leigh Junk, commented: "While we were anticipating that production for the March quarter would be our lowest for the financial year, the result was below expectations. The short-term challenges encountered have been addressed with a plan for the June quarter to end the year strongly. Additionally, the growth platform that we have established at Mt Morgans has been bolstered during the quarter with the addition of the Redcliffe project, which leverages our significant infrastructure in the region to increase and extend our production with an updated Life-of-Mine plan due for completion later this year."

## OPERATIONS

## OVERVIEW

The Company's rolling Total Recordable Injury Frequency Rate (TRIFR) was 20.3 at the end of the quarter (31 December 2020: 23.1). 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 21,400oz during the March quarter at an AISC of $\$ 1,874 /$ oz. Year to date total production for FY2021 is 81,361 oz at an AISC of $\$ 1,492 / \mathrm{oz}$, with the Company maintaining FY2021 guidance of 110,000-120,000 oz at an AISC of between $\$ 1,400-\$ 1,550 / \mathrm{oz}$.
While the Company was anticipating production for the March quarter would be the lowest for the financial year, the result was lower than planned as material movement productivities were below expectations, primarily due to operator shortages as a result of a tightening labour market in Western Australia.
During the quarter, measures were implemented to better attract and retain operator personnel and by late March, these measures had stabilised the workforce. Furthermore, towards the end of the quarter an additional excavator, haulage trucks and blast-hole drill rig were mobilised and as a result, material movement has since returned to targeted levels.

The additional equipment and personnel will underpin an increase in production rates from Heffernans and Doublejay during the June quarter to meet annual guidance for FY2021.

The processing plant performed strongly during the quarter with throughput of 755,970t (~3.0Mt annualised), however, delays in accessing high-grade ore resulted in increased supplemental mill feed from lower grade material, which contributed to an overall lower than planned grade for the quarter.

## OPEN PIT

A total of 863,099 tonnes @ $0.8 \mathrm{~g} / \mathrm{t}$ gold containing 23,516oz was mined from the Heffernans, Doublejay and Mt Marven open pits during the March quarter, with 597,705 tonnes @ $1.0 \mathrm{~g} / \mathrm{t}$ gold containing 18,983oz 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 | March Q | Year-to-Date |
| :--- | :---: | :---: | :---: |
| Ore Mined - to ROM | t | 597,705 | $2,048,997$ |
| Mined Grade | $\mathrm{g} / \mathrm{t}$ | 1.0 | 1.2 |
| Contained Gold Mined | oz | 18,983 | 80,881 |
| Ore Mined - to Stockpile | t | 265,394 | 823,265 |
| Mined Grade | $\mathrm{g} / \mathrm{t}$ | 0.5 | 0.6 |
| Contained Gold Mined | oz | 4,533 | 15,101 |
| Ore Mined - Total | t | 863,099 | $2,872,262$ |
| Mined Grade | $\mathrm{g} / \mathrm{t}$ | 0.8 | 1.0 |
| Contained Gold Mined | oz | 23,516 | 95,983 |
| Waste Mined | t | $5,812,812$ | $18,071,658$ |
| Total Material Mined | t | $6,675,911$ | $20,943,921$ |
| Total Material Mined | bcm | $2,495,071$ | $7,971,862$ |
| Open Pit Mining Cost | $\$ / \mathrm{t}$ | 4.38 | 4.06 |

Table 1: Key MMGO open pit statistics
A total of 2.50 M bcm of material was mined from all pits during the quarter, of which 1.48 M bcm was attributed to pre-stripping of Doublejay.

Mining activities at Mt Marven will be completed and Heffernans substantially completed in the June quarter as planned, with mining to transition to Doublejay, Ganymede and Saddle beginning FY2022, providing the predominant ore feed at Mt Morgans. 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 $19,281 \mathrm{~m}$ of RC grade control drilling was completed during the quarter across the Heffernans, Doublejay, Ganymede and Mt Marven open pits.

## PROCESSING

A total of 755,970 ore tonnes was processed during the quarter at an average feed grade of $1.0 \mathrm{~g} / \mathrm{t}$ gold containing 23,761oz (see Table 2).

Delays in accessing high-grade ore resulted in increased supplemental mill feed from lower grade material, which contributed to an overall lower than planned grade for the quarter. A planned processing plant shutdown was carried out in March to reline both the SAG and ball mills contributing to the higher unit costs for the quarter.

A total of $21,400 \mathrm{oz}$ was recovered for the quarter, representing a plant recovery of $90.1 \%$. Recovery was lower than the year-to-date average due to the lower feed grade.

| Key Processing Statistics | Unit | March Q | Year-to-Date |
| :--- | :---: | :---: | :---: |
| Ore Milled | t | 755,970 | $2,182,743$ |
| Processed Grade | $\mathrm{g} / \mathrm{t}$ | 1.0 | 1.3 |
| Contained Gold | oz | 23,761 | 88,745 |
| Gold Recovery | $\%$ | 90.1 | 91.7 |
| Processing Cost | $\$ / \mathrm{t}$ | 19.56 | 18.50 |
| G\&A Cost | $\$ / \mathrm{t}$ | 3.59 | 3.35 |
| Gold Recovered | oz | $\mathbf{2 1 , 4 0 0}$ | $\mathbf{8 1 , 3 6 1}$ |
| Gold Sold | oz | 24,542 | 83,728 |
| Gold-on-Hand | oz | 1,798 | 1,798 |
| Average Sale Price | $\mathrm{A} \$ / \mathrm{oz}$ | 2,197 | 2,241 |

Table 2: Key MMGO processing statistics

## EXPLORATION \& GROWTH

On 15 March 2021, the merger with NTM Gold Limited was implemented and the Redcliffe Gold Project has been integrated into Dacian.

Mineral Resource and Ore Reserve estimate activities are underway for an updated Life-of-Mine plan that encompasses both Mt Morgans and Redcliffe ("Laverton Operations"). Initial work activities for Redcliffe are focused on the shallow, high-grade Hub, GTS and Nambi deposits.

In addition, the Company plans to provide preliminary results from its technical studies for the Greater Westralia Mining Area (GWMA) in early May.

Twelve deposits form the GWMA, including the large Beresford and Allanson deposits, with the area undergoing an extensive reassessment for potential inclusion in the upcoming Laverton operations Life-ofMine plan.

The Company is targeting an updated Life-of-Mine plan for the Laverton Operations that delivers base case annual production rates of circa 110,000ozpa for an initial 5 years, and anticipates the work stream to be completed during the September quarter.

The Company's current operating outlook does not incorporate production from the Redcliffe Gold Project or the GWMA.


Figure 1: Greater Westralia Mining Area
During the quarter, the Company invested $\$ 4.9 \mathrm{M}$ in exploration, growth and resource definition activities, including total drilling of $24,302 \mathrm{~m}$ across its key exploration and growth targets. In addition, $6,285 \mathrm{~m}$ in resource definition drilling at Doublejay, Ganymede and Saddle was conducted ahead of an increase in mining at these deposits.

Numerous activities were advanced during the quarter across multiple areas with a focus on Mineral Resource estimation and Ore Reserve studies ahead of an upcoming Life-of-Mine update, including:

## Greater Westralia Mining Area

- Greater Westralia mining area technical study update to be provided in early May, including updated Mineral Resource estimates for Beresford, Allanson, Morgans North and Phoenix Ridge.
- Resource definition drilling was completed at the Transvaal deposit, aimed at improving confidence in the down plunge mineralisation, in preparation for mining studies with a Mineral Resource update underway.
- Extension drilling was initiated testing the $1,200 \mathrm{~m}$ strike of the Ramornie Transvaal Shear Zone (RTSZ) to follow up on anomalous air core drilling results, with phase 1 of this program to be completed in the June quarter, followed by evaluation and additional extensional and infill drilling.
- An infill drilling program was completed at the Craic underground with a Mineral Resource update underway.


## Jupiter Mining Area

- Following completion of Resource definition drilling at Ganymede, work programs included the completion of Mineral Resource estimation activities and commencement of mining studies.
- Targeted drilling was initiated south of the Ganymede deposit to follow up on anomalous gold intersections from an earlier drilling campaign.
- Resource definition drilling program at Doublejay was completed with a Mineral Resource update underway.
- Resource definition and extensional drilling of the Saddle pit commenced during the quarter, with results and follow up drilling expected during the June quarter.


## Mt Marven Mining Area

- Extensional drilling program to expand the Mt Marven open pit was completed with a Mineral Resource update initiated during the quarter.
- Additional extensional drilling program targeting the northern extension at Mt Marven has commenced.


## Cameron Well Project Area

- Resource definition drilling at Maxwell Bore, as part of the greater Cameron Well project area, was completed with a Mineral Resource update to commence during the June quarter
- Exploration drilling testing $1,500 \mathrm{~m}$ of strike of the Maxwell Bore Banded Iron Formation was completed with assay results pending.


## Redcliffe Project

- Resource definition diamond drilling programs advancing at Hub to target mineralisation at depth with a Mineral Resource update commenced.
- Auger drilling program initiated over the Wells tenements, north of Redcliffe, to define prospective areas. The Wells tenements cover over $500 \mathrm{~km}^{2}$ and are under-explored for gold mineralisation.
- Resource Potential Pty Ltd were engaged to provide a comprehensive geological review and interpretation based on geophysical imagery and data for the entire Leonora project area (Redcliffe and Wells projects).


## BASE LOAD TARGETING

A new airborne magnetic and radiometric survey covering 4,252 line-kms was flown at 50 m line spacings over the southern tenements (see ASX announcement 14 April 2021). This new geophysical data covering $178 \mathrm{~km}^{2}$ will inform the identification and ranking of new base load targets for Dacian to add to its pipeline of exploration targets being advanced through to drill testing.
The Mineral Systems approach is being applied to base load targeting, underpinned by higher resolution aeromagnetic surveys, geomechanical modelling, UltraFine soil surveys and geochronological age dating.
Geomechanical modelling over all of Dacian's Mt Morgans tenements was commenced by GMEX Services Pty Ltd in January 2021. In addition, orientation soil surveys using the UltraFine technique were completed
during the quarter at La Strada and testing is planned for the June quarter at Rainbow Bore and the Basin Margin project.

Exploration Incentive Scheme funding was approved for a 1,100m diamond drill hole at Cedar Island, a large syenite target within the southern tenements. A regional aircore drilling program was also initiated at the Horse Head project.


Figure 2: Regional aeromagnetic map (Total Magnetic Intensity) flown at coarse 400 m line spacings with the new aeromagnetic survey flown at 50m line spacings outlined over the southern tenements

## McKENZIE WELL DEPOSIT

The Company released a maiden Inferred Mineral Resource estimate for McKenzie Well of 946,000 tonnes @ $1.10 \mathrm{~g} / \mathrm{t}$ for 34,000 oz (see ASX announcement 16 February 2021). The McKenzie Well project is located approximately 25 km from the Mt Morgans processing plant and follows a targeted two-phase reverse circulation (RC) drilling program that began in May 2020.

The McKenzie Well deposit reflects a potential satellite open pit opportunity, on a current mining lease, for the Mt Morgans Gold Operation outside of the current mine plan with further infill drilling programs set to commence next quarter with mining studies planned thereafter.

| Classification | Tonnes | g/t | Ounces |
| :--- | :---: | :---: | :---: |
| Inferred (0.5g/t cut-off) | 946,000 | 1.10 | 34,000 |

Table 3: Maiden Mineral Resource estimate for McKenzie Well at a $0.5 \mathrm{~g} / \mathrm{t}$ cut-off

## CORPORATE \& FINANCE

As at 31 March 2021, the Company had total cash and unsold gold on hand of $\$ 28.3 \mathrm{M}$. The Company repaid $\$ 2.0 \mathrm{M}$ in debt during the quarter, reducing the Company's project loan facility balance to $\$ 21.4 \mathrm{M}$.
Table 4 below summarises the Company's cash, gold-on-hand and debt position.

| Key Cash/Debt Statistics | Unit | 31 March 2021 | 31 December 2020 |
| :--- | :---: | :---: | :---: |
| Cash | \$M | 24.3 | 28.2 |
| Gold-on-Hand | OZ | 1,798 | 3,935 |
| Gold-on-Hand | \$M | 4.0 | 9.7 |
| Total Cash and Gold | \$M | 28.3 | 37.9 |
| Debt | $\$ M$ | $(21.4)$ | $(23.4)$ |
| Net Cash/(Debt) | \$M | 6.9 | 14.5 |

Table 4: Net cash/(debt) analysis
Figure 3 below summarises the cash movements for the quarter. Total cash and gold-on-hand reduced from 31 December, after $\$ 2.0 \mathrm{M}$ in debt repayments and $\$ 19.0 \mathrm{M}$ invested in exploration and growth, and Doublejay open pit development capital expenditure.


Figure 3: March quarter cash movements
A summary of the key cash costs, AISC and other statistics for the quarter are in Table 5 below.

| Key Cost Statistics | $\mathbf{\$ M}$ | \$/t milled | \$/oz |
| :--- | :---: | :---: | :---: |
| Mining | 17.1 | 22.5 | 796 |
| Processing | 14.8 | 19.6 | 691 |
| Site Administration | 2.7 | 3.6 | 127 |
| Silver Credits | $(0.1)$ | $(0.2)$ | $(4)$ |
| Inventory Movement $^{\text {Cash Cost }}{ }^{\mathbf{1}}$ | 0.7 | 1.0 | 34 |
| Royalties $^{\text {Sustaining Capital }}$ | $\mathbf{3 5 . 2}$ | $\mathbf{4 6 . 5}$ | $\mathbf{1 , 6 4 4}$ |
| Corporate $_{\text {AlSC }^{2}}$ | 1.4 | 1.9 | 66 |
| Development Capital $^{3}$ | 1.8 | 2.3 | 82 |
| Exploration \& Growth $^{\text {Eabla }}$ | 1.8 | 2.3 | 82 |

Table 5: Key cash cost, AISC and other costs for the March 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 $24,542 \mathrm{oz}$ at an average realised price of $\$ 2,197 / \mathrm{oz}$. A total of $14,802 \mathrm{oz}$ was delivered into hedge commitments, with the remaining sold at spot.

At 31 March 2021 the Company's hedging obligations reduced to $41,406 \mathrm{oz}$ at a weighted average price of \$2,173/oz.

| Period | JQ | SQ | DQ | TOTAL |
| :--- | :---: | :---: | :---: | :---: |
| Forward Sales (oz) | 14,082 | 13,119 | 14,205 | $\mathbf{4 1 , 4 0 6}$ |
| Hedged Price (A\$/oz) | $\$ 2,047$ | $\$ 2,240$ | $\$ 2,237$ | $\mathbf{\$ 2 , 1 7 3}$ |

Table 6: Summary of total outstanding hedge commitments at 31 March 2021
The Company's remaining put options expired during the March quarter and no further hedging was established.

## MERGER WITH NTM GOLD

On 15 March 2021, the merger with NTM Gold Limited was implemented and the Redcliffe Gold Project has been integrated into Dacian's operations.

The Company welcomed new Non-Executive Director Mr Eduard Eshuys to the Board in March. Mr Eshuys is an accomplished geologist and director, and currently also serves on the Boards of DeGrey Mining Limited and DGO Gold Limited.

## - 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.

Where the Company refers to Mineral Resources 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 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.

