

GENESIS AND DACIAN TO MERGE VIA RECOMMENDED TAKEOVER OFFER

TRANSACTION HIGHLIGHTS

- Genesis Minerals Limited (**Genesis**) to acquire Dacian via a unanimously recommended conditional off-market takeover offer (**Offer**)
- Under the Offer, Dacian shareholders to receive 0.0843 Genesis shares for each Dacian share they hold, representing a premium to Dacian shareholders of¹:
 - 33% based on the 5-day VWAP of Dacian and Genesis shares
 - 28% based on the 10-day VWAP of Dacian and Genesis shares
- Implied Offer value of \$0.102 per share and implied equity value of \$111 million² based on Genesis' last closing price of \$1.205 on 1 July 2022
- On a pro forma basis, Dacian shareholders will own approximately 25.5% of the combined entity³
- Dacian's Directors unanimously recommend shareholders accept the Offer, in the absence of a superior proposal
- The Offer is subject to a 50.1% minimum acceptance condition and other minimal and market standard conditions
- Dacian major shareholder Perennial has entered into a binding pre-bid acceptance agreement over approximately 76.4 million Dacian shares (representing ~7% of Dacian's issued shares) (**Pre-bid Acceptance**)
- Genesis has received commitments from sophisticated and professional investors for up to \$100 million under an equity raising to fund (assuming successful completion of the Offer) Ulysses development, exploration activities for the combined group's assets, fund the Dacian Placement, and for working capital and general corporate purposes (**Capital Raising**)
- Subject to Genesis completing tranche 1 of the Capital Raising, Dacian to conduct an equity placement of ~123.9 million shares to Genesis to raise ~\$12.6 million at the implied Offer price of \$0.102, with proceeds used to accelerate Dacian's Jupiter extensional drilling and provide working capital to continue processing low grade stockpiles at Mt Morgans (**Dacian Placement**). The Dacian Placement (if completed), together with the Pre-bid Acceptance, will give Genesis a ~16.6% interest in Dacian
- Dacian Non-Executive Chairman, Mick Wilkes, to join the Board of Genesis and Dacian CEO Dale Richards to join the merged group as Chief Geologist, subject to Genesis acquiring acceptances for more than 50% of Dacian's shares and the Offer being unconditional

STRATEGIC RATIONALE

- Sensible regional consolidation combining the natural pairing of Genesis' high-grade Resources with Dacian's established operating platform, large-scale strategic milling infrastructure and exploration potential to create a combined company with ~4.5Moz in Resources strategically located in the Tier 1 Leonora-Laverton district
- Combined company to be well-capitalised, led by a highly experienced Board and management team, focused on growth through exploration and on bringing the combined assets into production in due course under an integrated operating model, in order to maximise value to all shareholders
- In parallel, Genesis continues to evaluate regional opportunities and discussions with St Barbara have recommenced regarding potential opportunities for further consolidation in the Leonora District. There can be no assurance, however, that these discussions will lead to a transaction being concluded with St Barbara

¹ VWAPs are for the period to and including 1 July 2022 (being the last trading day before Dacian and Genesis entered a trading halt).

² Based on the diluted capital of Dacian at 1 July 2022 using the Treasury Stock Method.

³ Based on the diluted issued capital of both companies at 1 July 2022 using the Treasury Stock Method and prior to the impact of the Dacian Placement and Genesis Capital Raising and assuming Genesis acquires 100% of Dacian Shares under the Offer.

Transaction Overview

Dacian Gold Limited (**Dacian** or the **Company**) (ASX:DCN) is pleased to announce the proposed merger of Dacian and Genesis Minerals Limited (ASX:GMD) (**Genesis**) by way of a unanimously recommended off-market takeover bid by Genesis for all of the fully paid ordinary shares in Dacian (**Dacian Shares**) (**Offer**).

Under the Offer, subject to the satisfaction or waiver of the conditions set out in Annexure A to this announcement, Dacian Shareholders will be entitled to receive 0.0843 fully paid ordinary shares in Genesis (**Genesis Shares**) for every Dacian Share held (**Offer Consideration**).

The Offer Consideration represents a premium of:

- 33% to the 5-day volume weighted average price (**VWAP**) of Dacian Shares of \$0.082 and Genesis Shares of \$1.296 on and inclusive of 1 July 2022 (being the last trading day before Dacian and Genesis entered a trading halt)
- 28% to the 10-day VWAP of Dacian Shares of \$0.087 and Genesis Shares of \$1.326 on and inclusive of 1 July 2022

The Offer extends to all Dacian Shares currently on issue, and those issued during the Offer period as a result of the exercise of currently issued options or performance rights. Based on Genesis' last closing price of \$1.205 on 1 July 2022, the implied value of the Offer Consideration is \$0.102 per Dacian Share which values Dacian at approximately \$111 million (on a fully diluted basis as of the date of this announcement⁴).

On a pro forma basis, Dacian shareholders will own approximately 25.5% of the combined entity (based on the fully diluted issued capital⁴ as of the date of this announcement and prior to the Genesis Capital Raising and Dacian Placement).

Strategic Rationale

Genesis is an advanced ASX gold explorer and developer in the Leonora region with a March 2022 Mineral Resource of 39.3Mt @ 1.6g/t for 2.0Moz Au. The Mineral Resource includes one of the highest-grade ore sources in the region, with a high-grade portion at Ulysses of 1.8Mt @ 6.4g/t for 363koz Au. Genesis has significant upside with all deposits remaining open along strike and at depth, and limited deeper drilling completed across entire belt.

Genesis is led by a highly experienced board and management team including former Saracen Minerals executives Raleigh Finlayson (Managing Director), Morgan Ball (CFO), Lee Stephens (Operations) and Troy Irvin (Corporate Development). Subject to Genesis obtaining a relevant interest in more than 50% of the Dacian Shares on issue and the Offer becoming unconditional, current Dacian Non-Executive Chair, Mick Wilkes, will join the Genesis Board as a Non-Executive Director. It is planned that Dacian's Chief Executive Officer Dale Richards will join the merged group as Chief Geologist.

Dacian believes there is strong strategic logic in the combination of Genesis and Dacian's assets. The merger would effect a consolidation of nearby high-grade Resources with existing infrastructure, and create a new mid-cap ASX-listed gold company with enviable strategic optionality, including further regional consolidation opportunities.

The merged group would be well-capitalised, have a clear pathway to production as well as other strategic options, given existing infrastructure, enhanced scale of Resources, exploration upside and a robust balance sheet. Should the Offer be successful, the merged group intends to focus on exploration work to grow Resources at Genesis and Dacian's assets in the Tier 1 Leonora-Laverton region, and to work to re-define a robust life of mine plan for the combined operations.

Dacian's Non-Executive Chair, Mick Wilkes, said:

"This transaction represents a compelling opportunity to combine two highly complementary businesses to create a company with significant Mineral Resources, established infrastructure and exploration upside in the Leonora-Laverton region. Importantly, Genesis' concurrent \$100 million equity raising will ensure the combined entity is well-capitalised to pursue its growth strategy and define a pathway to production under an integrated operating model.

Since pouring first gold in March 2018, Dacian has produced over 500,000 ounces from its Mt Morgans operations, yet has continued to face operational challenges in the current environment that led to a review of the operating strategy in June 2022 and the decision to suspend mining activities. The Company is transitioning to processing low-grade ROM stockpiles and will continue to focus on expanding the Mineral Resources at Jupiter based on the recently announced drilling results.

This transaction secures the Company's promising future, provides capital to conduct and accelerate our extensive drilling campaign to test the potential for a large-scale, open-pit mining operation at Jupiter and allows Dacian shareholders to benefit from the significant potential regional consolidation opportunities on offer as shareholders in the enlarged Genesis entity."

⁴Using the Treasury Stock Method.

Key Benefits for Dacian Shareholders

The benefits of the Offer to Dacian Shareholders include:

1. Premium offered to Dacian shareholders

- The implied value of the Offer Consideration represents a premium to recent trading in Dacian shares of⁵:
 - 33% based on the 5-day VWAP of Dacian and Genesis shares
 - 28% based on the 10-day VWAP of Dacian and Genesis shares

2. Opportunity to become a shareholder in an enlarged Genesis, creating a central Leonora-Laverton gold company (4.5Moz Resource), led by an experienced management team with a proven track record

- Dacian Shareholders who decide to retain Genesis Shares forming part of the Offer Consideration will become shareholders in an advanced gold explorer and developer with a proven management team
- Dacian Shareholders will have continued exposure to the enlarged Genesis group which will benefit from the strategic consolidation of its shovel-ready, high grade Ulysses ore with the nearby existing large scale Mt Morgans processing facility and infrastructure
- Genesis has outlined a planned base case of ~150kozpa via a bulk open pit with a high-grade sweetener, with the potential for further upside through expansion of the Mt Morgans process plant
- The merged group's strong balance sheet, inclusive of the \$100 million equity raising, will enable the growth of Resources and Reserves through aggressive exploration, development of a new Life of Mine Plan using a low-cost owner-operator mining model, and consideration of further consolidation within the Leonora-Laverton region

3. Genesis' Offer is subject to minimal conditions

- Genesis' Offer is subject to minimal and market standard conditions, including (among other things) a 50.1% minimum acceptance condition, no material acquisitions or disposals, no material adverse change and no prescribed occurrences in relation to Dacian. The full conditions of the Offer are set out in Annexure A to this announcement

4. Reduce likelihood of future funding requirements and associated dilution risk

- Assuming Genesis completes its \$100m Capital Raising (described further below), Genesis has advised it will have a 30 June 2022 pro-forma cash balance of ~\$116m and no debt⁶
- As a standalone entity, Dacian is likely to be required to conduct a capital raise at a discount in the future to fund its operations and ongoing exploration programs, which would involve associated funding obligations or dilution impacts on Dacian shareholders

5. Potential opportunity to benefit from Capital Gains Tax (CGT) scrip for scrip rollover relief in relation to Offer Consideration

- If Genesis acquires at least 80% of Dacian Shares under the Offer, CGT rollover relief may be available to Dacian Shareholders in relation to the Offer Consideration

Dacian Board Recommendation

The Directors of Dacian unanimously recommend that Dacian shareholders accept the Offer in the absence of a superior proposal.

Pre-bid Acceptance

Genesis has secured support for the Offer by way of a pre-bid acceptance agreement with Dacian shareholder Perennial Value Management Ltd (**Perennial**) for approximately 76.4 million Dacian shares, giving Genesis voting power of approximately 7.0% in Dacian based on current Dacian ordinary shares on issue.

⁵ VWAPs are for the period to and including 1 July 2022 (being the last trading day before Dacian and Genesis entered a trading halt).

⁶ Based on Genesis' 30 June 2022 unaudited cash and debt balance, plus gross proceeds of A\$100m capital raising (before costs).

Dacian Placement

Genesis has entered into a conditional placement agreement with Dacian to acquire a ~10.2% interest in Dacian based on the enlarged issued capital of Dacian on an ordinary basis (**Dacian Placement Agreement**).

Under the Dacian Placement Agreement, Genesis will subscribe for 123,910,441 Dacian Shares for cash consideration of \$12.6 million. The issue price for the Dacian Placement will be at the implied Offer price of \$0.1016 per Dacian Share.

The proceeds of the Dacian Placement will be used to accelerate the Jupiter resource extension drilling and provide general working capital to allow processing of low grade stockpiles to commence. Dacian's existing cash and operating cash flows will be applied to costs associated with the cessation of open-pit and underground mining activities, repayment of debt and existing commitments.

The Dacian Placement is conditional on Genesis receiving all funds under Tranche 1 of the Capital Raising (see below). The Dacian Placement is not subject to the approval of Dacian Shareholders or completion of the Offer.⁷

When combined with its interest under the pre-bid acceptance agreement described above, the Dacian Placement (if completed) will give Genesis total voting power of ~16.6% in Dacian based on the enlarged issued capital of Dacian on an ordinary basis.

Offer Conditions

The Offer is subject to minimal and market standard conditions, including (among other things) a 50.1% minimum acceptance condition, completion of the Dacian Placement, no material acquisitions or disposals, no material adverse change and no prescribed occurrences in relation to Dacian.

The full conditions of the Offer are set out in Annexure A to this announcement.

Genesis Capital Raising

- Genesis has announced a \$100 million equity raising (before costs) from institutional and sophisticated investors (**Capital Raising**). The Capital Raising will be in two tranches and will comprise the issue of approximately 83.0 million new Genesis Shares at an issue price of \$1.205 per share.
- Support received from institutional and professional investors, including Australian Capital Equity Pty Ltd and Northern Star Resources Limited, among others.
- Genesis directors (including incoming Chair, Tony Kiernan) and management have agreed to subscribe (in the case of directors, subject to Genesis shareholder approval) for approximately \$2.7m of new Genesis shares in aggregate in the Capital Raising.
- Funds raised under the Capital Raising are proposed to be applied as follows:
 - \$67.4 million on the development of the Ulysses project and exploration activities for the combined group's assets;
 - \$12.6 million on the Dacian Placement; and
 - \$20 million for working capital and general corporate purposes.
- The Capital Raising comprises two tranches as follows:
 - Tranche 1: an unconditional placement of approximately 37.8 million Genesis Shares to raise ~\$45.6 million under Genesis' existing ASX Listing Rule 7.1 capacity; and
 - Tranche 2: a conditional placement of approximately 45.2 million Genesis Shares to raise a further ~\$54.4 million, which will include a conditional placement to incoming Genesis directors, subject to Genesis shareholder approval to be sought at an extraordinary general meeting expected to occur in September 2022.
- The Offer does not contain any conditions relating to the Capital Raising and the Capital Raising is not conditional on the outcome of the Offer.

⁷ The Dacian Placement Agreement can be terminated by either party if the Dacian Placement is not completed by 31 July 2022 or such later date as agreed by the parties.

Regional Consolidation Opportunities

Genesis has advised that it continues to evaluate numerous regional opportunities and discussions with St Barbara Limited (ASX:SBM) (**St Barbara**) are ongoing.

A consolidation opportunity with St Barbara offers the potential to create an entity with:

- A dominant Resource and Reserve position in Leonora
- Operational and capital allocation flexibility through optimisation of deposits and regional processing infrastructure
- Sector-leading exploration upside
- Size and quality to “fill the gap” between the ASX100 golds and the rest

There can be no assurance, however, that these discussions will lead to a transaction being concluded with St Barbara. Accordingly, Dacian shareholders and investors are cautioned not to place undue reliance on the potential for further Leonora District consolidation when making decisions in relation to the Offer and the Capital Raising.⁸

Operating Update

As at 30 June 2022, the Company had \$21.6 million in cash and gold on hand and \$2 million in debt, having paid its scheduled debt repayment of \$12.75 million. Gold hedging at 30 June 2022 comprised 10,500 ounces at an average hedge price of \$2,667/ounce deliverable over the next six months. Production of approximately 90,800 ounces has been achieved for the 30 June 2022 financial year, below guidance of 93,000 to 97,000 ounces following delays in production from the underground mining operation.

The Company expects to record an impairment of up to approximately \$140 million to write down the carrying value of underground and open pit development and exploration acquisition expenditure to align its net assets book value with the current market value.

The closure of open pit mining at Mt Morgans and the closure of underground mining at Westralia in August will be followed by an orderly transition to processing low grade ROM stockpiles over the remainder of the 2022. The changes to mining costs which have resulted in Dacian making the decision to halt OP and UG mining, along with mining depletion for financial year 2022, will impact on the Company's Ore Reserve estimate announced 31 August 2021. The future site operating model is yet to be determined and so the impact on reserves has not been assessed.

Dacian is continuing its Jupiter extension drilling program with further drilling planned through the Saddle structural zone following significant recent drilling results below the Heffernans Open Pit which confirmed the potential for mineralisation of significant width and scale at depth and along strike at the Mt Morgans Gold Operation.

Indicative Timetable and Next Steps

The indicative timetable for the Offer, Dacian Placement and Capital Raising is as follows:

Settlement of Tranche 1 of the Capital Raising	8 July 2022
Completion of the Dacian Placement	12 July 2022
Lodgement of Genesis Bidder's Statement with ASIC and ASX	25 July 2022
Despatch of Genesis Bidder's Statement to Dacian shareholders ⁹	1 August 2022
Offer opens	1 August 2022
Despatch of Dacian Target's Statement	Prior to 16 August 2022
Offer closes (unless extended)	2 September 2022
General meeting of Genesis shareholders to approve Tranche 2 of the Capital Raising	5 September 2022
Settlement of Tranche 2 of the Capital Raising	6 September 2022

This timetable is indicative only and may be subject to change subject to the requirements of the Corporations Act and the ASX Listing Rules.

⁸ Refer to the 'Risk Overview' section in the Genesis presentation released to the ASX on the date of this announcement.

⁹ Dacian has consented to the early despatch of the Bidder's Statement for the purposes of section 633(1) of the Corporations Act.

Advisors

Dacian has engaged Treadstone Resource Partners as financial advisor and EMK Lawyers as legal advisor in relation to the Offer.

– ENDS –

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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Compliance statement

Full details of the Company's Mineral Resources and Ore Reserves are provided in the Dacian ASX announcement dated 31 August 2021 and 16 February 2022. Dacian confirms that, excluding depletion from mining activities, it is not aware of any new information or data that materially affects the information included in the relevant market announcement and that all material assumptions and technical parameters underpinning the mineral resource estimates in the relevant market announcement continue to apply and have not materially changed. Dacian further confirms that it is aware of new information or data that materially affects the information included in the relevant market announcement and that not all material assumptions and technical parameters underpinning the ore reserve estimates in the relevant market announcement continue to apply. The material change includes changes to mining costs since the 2021 midyear reserves, which has resulted in Dacian making the decision to halt OP and UG mining (refer to Dacian ASX Announcement dated 17 June 2022). The future site operating model is yet to be determined and so the impact on the reserves has not been assessed.

Annexure A - Offer conditions

The Offer will be subject to the following defeating conditions:

Minimum relevant interest

During, or at the end of the Offer Period, Genesis has Relevant Interests in at least 50.1% of Dacian Shares (on a fully diluted basis).

No material acquisitions, disposals or new commitments

Between the Announcement Date and the end of the Offer Period (each inclusive), neither Dacian nor any of its subsidiaries:

- a) acquires or disposes of, or enters into or announces any agreement for the acquisition or disposal of, any asset or business, or enters into any corporate transaction, for an amount in aggregate greater than \$1 million; or
- b) enters into any contract or commitment that is not in the ordinary course of business, other than a contract or commitment entered into to reasonably respond to an emergency or disaster (including a situation giving rise to a risk of personal injury or damage to property).

No material adverse change

Between the Announcement Date and the end of the Offer Period (each inclusive) none of the following occurs:

- a) an event, change, condition, matter or thing occurs or will or is reasonably likely to occur;
- b) information is disclosed or announced by Dacian concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur; or
- c) information concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur becomes known to Genesis (whether or not becoming public),

each of (i), (ii) and (iii) a **Specified Event**) the occurrence or reasonable likelihood of which was not known by Genesis before the Announcement Date and which, whether individually or when aggregated with all such events, changes, conditions, matters or things that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have:

- d) a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the Dacian Group taken as a whole; or
- e) without limiting the generality of condition d), the effect of a diminution in the value of the consolidated net assets of the Dacian Group, taken as a whole, by at least \$15 million against what it would reasonably have been expected to have been but for such Specified Event.

For the purposes of this condition 3, Genesis shall not be taken to know of information concerning any Specified Event before the Announcement Date, unless the information has been disclosed by Dacian in its public filings with the ASX before the Announcement Date or fairly disclosed to Genesis no later than 2 days before the Announcement Date.

No regulatory action

Between the Announcement Date and the end of the Offer Period (each inclusive):

- a) there is not in effect any preliminary or final decision, order or decree issued by any Public Authority;
- b) no action or investigation is announced, commenced or threatened by any Public Authority; and
- c) no application is made to any public authority (other than by Genesis or any associate of Genesis),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, or action or investigation by, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impact upon, the making of the Offers and the completion of any transaction contemplated by the Bidder's Statement (including, without limitation, full, lawful, timely and effectual implementation of the intentions set out in the Bidder's Statement) or which requires the divestiture by Genesis of any Genesis Shares or any material assets of Dacian or any subsidiary of Dacian.

No prescribed occurrences

Between the Announcement Date and the date 3 Business Days after the end of the Offer Period, none of the following prescribed occurrences (being the occurrences listed in section 652C of the Corporations Act) happen:

- a) Dacian converting all or any of the Dacian Shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- b) Dacian or a Dacian Group member resolving to reduce its share capital in any way;
- c) Dacian or a Dacian Group member entering into a buyback agreement or resolving to approve the terms of a buyback agreement under sections 257C(1) or 257D(1) of the Corporations Act;
- d) Dacian or a Dacian Group member making an issue of shares or granting an option over shares or agreeing to make such an issue or grant such an option other than the issue of Dacian shares:
 - i. to Genesis pursuant to the Dacian Placement; or
 - ii. on the exercise or conversion (as applicable) of Dacian Options and Dacian Performance Rights on issue before the Announcement Date;
- e) Dacian or a Dacian Group member issuing, or agreeing to issue, convertible notes;
- f) Dacian or a Dacian Group member disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- g) Dacian or a Dacian Group member granting, or agreeing to grant, a Security Interest in the whole, or a substantial part, of its business or property;
- h) Dacian or a Dacian Group member resolving that it be wound up;
- i) the appointment of a liquidator or provisional liquidator of Dacian or a Dacian Group member;
- j) the making of an order by a court for the winding up of Dacian or a Dacian Group member;
- k) an administrator of Dacian or a Dacian Group member being appointed under sections 436A, 436B or 436C of the Corporations Act;
- l) Dacian or a Dacian Group member executing a deed of company arrangement; or
- m) the appointment of a receiver, receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of Dacian or a Dacian Group member.

Dacian Placement

The Dacian Placement is completed in accordance with the terms of the Dacian Placement Agreement.

Definitions used in this Annexure A:

Announcement Date means the date of the announcement of Genesis' intention to make the Offer, being 5 July 2022.

ASIC means the Australian Securities and Investments Commission.

Bidder's Statement means the statement of Genesis under Part 6.5 Division 2 of the Corporations Act relating to the Offer.

Business Day means a day on which banks are open for business in Perth, Western Australia, excluding a Saturday, Sunday or public holiday.

Corporations Act means the *Corporations Act 2001* (Cth).

Dacian Group means Dacian and each of its subsidiaries.

Dacian Option means an unlisted option to acquire Dacian Shares.

Dacian Performance Right means a performance right issued by Dacian to acquire a Dacian Share subject to the terms of that performance right.

Dacian Placement means the placement of Dacian Shares to Genesis in accordance with the Dacian Placement Agreement.

Dacian Placement Agreement means the placement agreement between Dacian and Genesis dated 4 July 2022.

Dacian Share means a fully paid ordinary share in Dacian.

Offer Period means the period during which the Offer will remain open for acceptance in accordance with the Bidder's Statement.

Public Authority means any government or any governmental, semi governmental, statutory or judicial entity, agency or authority, whether in Australia or elsewhere, including (without limitation) any self regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, and ASX or any other stock exchange.

Relevant Interest has the meaning given to that term in sections 608 and 609 of the Corporations Act.

Security Interest has the same meaning as in section 51A of the Corporations Act.