

5th July 2022

Acquisition of Dacian Gold and Capital Raising

Genesis continues to evaluate sensible regional consolidation opportunities in the world-class Leonora District

HIGHLIGHTS

- Genesis to acquire Dacian Gold Limited (**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 5 day VWAP of Dacian and Genesis
 - ~28% based on 10 day VWAP of Dacian and Genesis
- Implied offer value of \$0.102 per share² and implied equity value of A\$111m for Dacian³
- The acquisition of Dacian, if completed, will achieve sensible regional consolidation by combining the natural pairing of Genesis' organic growth and high-grade Resources with Dacian's large-scale strategic milling infrastructure at Mt Morgans
- Genesis intends to conduct a strategic review of Mt Morgans in the December half of 2022; potential outcomes include:
 - Process stockpiles, followed by care and maintenance
 - Regional consolidation / operation synergies = Keep milling
 - Re-start mining post a more accommodative cost / labour backdrop in Western Australia
- The combined group⁴ will have:
 - ~4.5Moz in Resources exclusively in the world-class Leonora district, with a focus on growth through exploration and a pathway to production through the existing milling solution
 - the financial capacity, operational experience and exploration expertise to continue to grow the existing Mineral Resource, and to bring the combined assets back into production in due course, in order to maximise value to both sets of shareholders
- Dacian's Directors intend to unanimously recommend Dacian shareholders accept the Offer, in the absence of a superior proposal
- The Offer will be subject to a 50.1% minimum acceptance condition and other minimal and market standard conditions
- Dacian shareholder Perennial has entered into a binding pre-bid acceptance agreement over approximately 76.4 million Dacian shares (representing approximately 7% of current Dacian issued shares)

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 Genesis last closing price of A\$1.205/share as at 1 July 2022

³ Based on implied offer price multiplied by Dacian's diluted number of shares using the Treasury Stock Method at the implied offer price

⁴ Assuming Genesis acquires 100% of Dacian Shares under the Offer

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- Genesis to subscribe for approximately 123.9 million fully paid ordinary shares in Dacian under a conditional placement for cash consideration of ~A\$12.6m (**Dacian Placement**), with the proceeds to fund Dacian's Jupiter extension drilling, exploration activities, and general working capital. This placement (if completed), together with the pre-bid acceptance agreement, will give Genesis a ~16.6% interest in Dacian
 - Genesis has received firm commitments to raise up to \$100m (before costs) through a two-tranche placement, to fund (assuming successful completion of the Offer) Ulysses development, exploration activities for the combined group's assets, fund the Dacian Placement, and for other general working capital purposes (**Capital Raising**).
 - Placement strongly supported by institutional and professional investors, including Australian Capital Equity Pty Ltd and Northern Star Resources Limited, among others. In addition, the Genesis Board (including incoming Chair) and Management have agreed to subscribe for ~\$2.7m in aggregate in the Capital Raising⁵
 - Genesis continues to evaluate numerous regional opportunities. Discussions with St Barbara have recommenced and are ongoing 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
 - A teleconference on this release will be held today, commencing at 11am AEST. The call can be accessed at: <https://s1.c-conf.com/diamondpass/10023311-dhye7d.html>

Genesis Minerals Limited (**Genesis** or the **Company**) (ASX:GMD) is pleased to announce its intention to acquire Dacian Gold Limited (ASX:DCN) (**Dacian**) 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 1 Dacian Share held (**Offer Consideration**). Based on Genesis' last closing price on 1 July 2022 of \$1.205, the implied value of the Offer Consideration is \$0.102 per Dacian Share. This exchange ratio represents a substantial and attractive 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); and
- ~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.

Strategic rationale

Genesis is an advanced ASX gold explorer and developer in the Leonora region with a March 2022 Resource of 39.3Mt @ 1.6g/t for 2.0Moz Au. The 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).

Genesis 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

⁵ The participation of Genesis directors in the Capital Raising is subject to shareholder approval under the Listing Rules.

company with enviable strategic optionality, including further regional consolidation opportunities. The merged group would have a clear pathway to production as well as other strategic options, given existing infrastructure, enhanced scale of Resources, exploration upside, a robust balance sheet, and a management team with a strong track record of delivery.

Should the Offer be successful, Genesis intends to focus on exploration work to grow Resources at Genesis and Dacian's assets in the Tier 1 Leonora district, and to work to re-define a robust restart life of mine plan for the combined operations.

Genesis Managing Director Raleigh Finlayson said: *"This transaction is the first step towards our vision of building the premium Australian gold miner, targeting +300,000 ounces per annum of sustainable, high quality gold production."*

"Sensible M&A is a key component of our multi-pronged growth strategy, and our team has a strong track record of executing transactions that deliver outstanding value for shareholders. Consolidation of the world-class Leonora District is a natural fit for Genesis."

"The complementary nature of the combined Company's significant Resources and infrastructure, exploration upside, and other regional growth opportunities make this the right deal for both Genesis and Dacian shareholders".

"We intend to conduct a strategic review of Mt Morgans over the next six months which will provide an opportunity to re-set strategy without immediate mining pressure in a challenging inflationary environment. Genesis will have the time and funding to grow the combined Resources and Reserves, optimise a new mine plan and await a more accommodative cost backdrop before an eventual re-start of full-scale operations".

Key benefits for Dacian Shareholders

The benefits of the Offer to Dacian Shareholders include:

1. Highly attractive premium

- The implied value of Offer Consideration represents an attractive and substantial premium to recent trading in Dacian shares

2. Opportunity to become a shareholder in Genesis led by an outstanding 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 and a track record of growth and shareholder returns
- Dacian Shareholders will have continuing exposure to the enlarged Genesis group which will benefit from the strategic consolidation of its high grade Ulysses ore with the nearby existing large scale Mt Morgans mill

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, 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

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

- Assuming Genesis completes its A\$100m Capital Raising (described further below), Genesis will have a 30 June 2022 pro-forma cash balance of ~A\$116m and no debt⁶.

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

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- The strength of the merged group's balance sheet will reduce the likelihood or requirement for Dacian to raise further capital in the future to fund operations or ongoing exploration programs, which would likely have associated dilution impacts to Dacian shareholders⁷

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

Support from Dacian Directors

The board of Dacian intends to 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 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.

Dacian Placement

Genesis has entered into a conditional placement agreement with Dacian to acquire a ~10.2% interest in Dacian (**Dacian Placement Agreement**)

Under the Dacian Placement Agreement, Genesis will subscribe for 123,910,441 Dacian Shares for cash consideration of ~A\$12.6m. The issue price for the Dacian Placement is A\$0.102 per Dacian Share, which is equivalent to the implied value of the Offer Consideration for one Dacian Share as at 1 July 2022 (being the last trading day before Dacian and Genesis entered a trading halt). The proceeds of the Dacian Placement will be used to fund Jupiter extension drilling, exploration activities, and general working capital for Dacian.

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.⁸

When combined with its interest under the pre-acceptance agreement described above, the Dacian Placement (if completed) will give Genesis voting power of ~16.6% in Dacian.

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.

⁷ Assumes Genesis acquires 100% of Dacian pursuant to the Offer. The Offer is subject to a 50.1% minimum acceptance condition. If this condition is satisfied or waived, but Genesis does not acquire a 90% interest in Dacian, it will be unable to compulsorily acquire the remaining Dacian Shares. In this scenario, Dacian will remain a separate company, but will be consolidated by Genesis and have Genesis nominees appointed to its board. In these circumstances, the nature of any future Dacian capital raising will be determined by the Board of Dacian. To the extent Genesis is unable or unwilling to participate in such capital raising by Dacian, funds raised in the Capital Raising may be re-allocated for the development and exploration of Genesis' assets or for working capital purposes in Genesis' absolute discretion.

⁸ 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.

Board arrangements

If Genesis acquires more than 50% of Dacian Shares on issue and the Offer is unconditional, it is proposed that:

- Mick Wilkes will resign from the board of Dacian and will be invited to join the Genesis board;
- Dacian and its group entities will appoint to their respective boards a majority of Genesis directors;
- Tony Kiernan will join the board of Genesis as Non-Executive Chair; and
- Current Genesis Non-Executive Directors Tommy McKeith and Nev Power will resign from the Genesis board.

Capital Raising

Genesis has received commitments from institutional and sophisticated investors to raise up to \$100 million (before costs) (**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.

The Capital Raising was strongly supported by institutional and professional investors, including Australian Capital Equity Pty Ltd and Northern Star Resources Limited, among others.

Genesis directors (including incoming Chair) and management have agreed to subscribe (in the case of directors, subject to shareholder approval) for approximately \$2.7m of new Genesis shares in aggregate in the Capital Raising.

Funds raised under the Capital Raising will be applied as follows:⁹

- \$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 other 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 of approximately 1.6 million Genesis Shares to existing and incoming Genesis directors, subject to Genesis shareholder approval expected 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.

The proposed Capital Raising represents approximately:

- ~32.9% of the current number of Genesis Shares on issue; and

⁹ Assumes Genesis acquires 100% of Dacian pursuant to the Offer. The Offer is subject to a 50.1% minimum acceptance condition. If this condition is satisfied or waived, but Genesis does not acquire a 90% interest in Dacian, it will be unable to compulsorily acquire the remaining Dacian Shares. In this scenario, Dacian will remain a separate company, but will be consolidated by Genesis and have Genesis nominees appointed to its board. In these circumstances, the nature of any future Dacian capital raising will be determined by the Board of Dacian. To the extent Genesis is unable or unwilling to participate in such capital raising by Dacian, funds raised in the Capital Raising may be re-allocated for the development and exploration of Genesis' assets or for working capital purposes in Genesis' absolute discretion.

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- ~19.4% of the Genesis Shares on issue assuming Genesis acquires 100% of Dacian pursuant to the Offer.

New Genesis Shares issued under the Capital Raising will rank equally with existing Genesis Shares.

The Capital Raising is not underwritten.

Genesis has appointed Euroz Hartleys Limited and Canaccord Genuity (Australia) Limited as joint lead managers to the Capital Raising.

Regional consolidation opportunities and discussions with St Barbara

Genesis continues to evaluate numerous regional opportunities and discussions with St Barbara (ASX:SBM) have recommenced and are ongoing. Consolidation 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, investors and Dacian shareholders are cautioned not to place undue reliance on the potential for further Leonora District consolidation when making decisions in relation to the Capital Raising and the Offer (see “Risk Overview” section in the accompanying presentation).

Genesis will keep the market informed of any material developments in this regard in accordance with its obligations under the Corporations Act and ASX Listing Rules.

Indicative timetable for the Offer, Capital Raising and Dacian Placement

The indicative timetable for the Offer, Capital Raising and Dacian Placement 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 ¹⁰	1 August 2022
Offer opens	1 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

¹⁰ Genesis confirms that Dacian has consented to the early despatch of the Bidder's Statement for the purposes of section 633(1) of the Corporations Act.

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

Genesis has appointed Sternship Advisers as financial adviser and Gilbert + Tobin as legal adviser to the Offer and Capital Raising. Euroz Hartleys Limited and Canaccord Genuity (Australia) Limited are acting as joint lead managers to the Capital Raising.

This announcement is approved for release by Raleigh Finlayson, Managing Director of Genesis.

For further information, visit: www.genesisminerals.com.au or please contact

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Compliance statement

Full details of (1) *the Company's exploration results contained in this announcement are provided in the Company's ASX announcements dated 5 July 2022 and entitled "June quarterly report and drilling update" and 3 February 2022 and entitled "Exceptional new drilling results set to underpin resource growth at Ulysses"* and (2) the Leonora Gold Project Mineral Resource estimate contained in this announcement are provided in the Company's ASX announcement dated 29 March 2022 and entitled "Leonora Resource increases by 400,000oz to 2Moz". The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and the Company confirms 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.

Not an offer in the United States

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

Annexure A
Offer conditions

The Offer will be subject to the following defeating conditions:

1 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).

2 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).

3 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 3(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.

4 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;

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- (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.

5 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.

6 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.