



BLACK DRAGON GOLD

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# ANNUAL REPORT

FOR THE YEAR ENDED  
31 DECEMBER 2022

Black Dragon Gold Corp. (the "Company") was incorporated under the laws of the Province of British Columbia, Canada on August 20, 2007 and is classified as a junior mining issuer with the Australian Securities Exchange ("ASX") and as a Canadian non venture issuer.

Black Dragon Gold Corporation is incorporated in British Columbia, company incorporation number BC0800267

Black Dragon Gold Corporation is a Registered Foreign Company in Australia: **ARBN 625522250**

## COMPANY DIRECTORY

### DIRECTORS

Paul Cronin (Non-Executive Chairman)

Alberto Lavandeira (Non-Executive Director)

Gabriel Chiappini (Managing Director & CEO)

### COMPANY SECRETARY

Gabriel Chiappini

### CHIEF FINANCIAL OFFICER

Amy Fink

### CANADIAN REGISTERED OFFICE

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### AUSTRALIAN REGISTERED OFFICE

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### AUDITOR

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Chartered Professional Accountants

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### STOCK EXCHANGE LISTING

Australian Securities Exchange (Code: BDG)

### AUSTRALIAN SHARE REGISTRY

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### COMPANY WEBSITE

[www.blackdragongold.com](http://www.blackdragongold.com)

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# STRATEGIC REPORT

## 2022 HIGHLIGHTS

Black Dragon Gold Corporation (Black Dragon or the Company) is the 100% owner of one of the largest undeveloped gold projects in Europe. Based on a cut-off grade of 2 grams per tonne gold, the Salave project has a Measured and Indicated Mineral Resource Estimate containing 1.21 million ounces of gold grading 4.57 grams per tonne and additional Inferred Mineral Resource of 0.35 million ounces of gold grading 3.47 grams per tonne.

MINERAL RESOURCE CLASSIFICATION	MILLION TONNES	AU GRADE	MILLION OUNCES OF GOLD
Measured	1.03	5.59g/t	0.19
Indicated	7.18	4.43g/t	1.02
<b>Total Mineral Resource Measured &amp; Indicated</b>	<b>8.21</b>	<b>4.57g/t</b>	<b>1.21</b>
Inferred	3.12	3.47g/t	0.35

\*See Page 4 for Mineral Resource Estimate details

During financial year 2022 (FY22) Black Dragon continued to progress and de-risk the permitting and development of the Salave Gold Project in Northern Spain in the province of Asturias. With the western world opening their economies post the COVID-19 pandemic, the company was able to achieve a number of significant milestones:

- (i) **Salave Environmental Impact Assessment:** In July 2021, Black Dragon via its Spanish subsidiary, Exploraciones Mineras del Cantábrico (EMC) submitted the Environmental Impact Assessment (EIA) to the Asturian Ministry of Mines. Following the submission of the EIA, Black Dragon has been working closely with Government of the Principality of Asturias in Spain to manage and work through the public consultation period. In Q1-22, the Company was in receipt of the public comments collated via the EIA public consultative period and in May-22, the Company submitted its final dossier containing its reply to all the EIA public comments. Following the consultation period, the Company has had constant dialogue in response to and following up additional queries and clarifications to the EIA and public comments. We understand a decision on the EIA will be made during CY23, until then we continue to maintain an open and responsive relationship with the Asturian Government
- (ii) **Investigation Permit Sallave Extended:** In Q1-22, the Company successfully rolled over its Sallave Investigation Permit with the Government of the Principality of Asturias for a further 3 years. The Sallave Investigation Permit allows Black Dragon the rights to align the location of the mineral resources with the investigation area, thereby retaining the exploration rights over Black Dragon's land package in a favourable geological setting outside of and contiguous to, the mining concessions that hosts the Salave Gold Deposit. Discussions are ongoing with the Government in managing the partial transformation of the Sallave Investigation Permit into a mining concession adjacent to the current Mining Rights of the Salave Gold Project. This Permit allows the Company to conduct exploration in the adjacent area to the Salave Gold Project.
- (iii) **Drilling Permit Received for Salave Gold Project:** During 1H-22, the Government of the Principality of Asturias issued Black Dragon's 100% owned Spanish subsidiary, Exploraciones Mineras del Cantábrico with an 18-hole drilling permit for the Salave Gold Project. The drill hole locations were based on stringent environmental selection criteria to avoid conflicts with local landowners and to comply with the Government's planning framework. This drilling campaign's main focus will be to undertake infill drilling to improve the resource classification from inferred to indicated and from indicated to measured, for mine planning and for geotechnical & metallurgical core samples as part of a definitive feasibility study.
- (iv) **Marlee Gold Acquisition:** In July 2023, Black Dragon diversified its exploration portfolio by acquiring 100% of the shares in Marlee Gold Pty Ltd. Marlee Gold is the owner of 3 exploration licences in the North Yilgarn Craton of Western Australia, that has been underexplored but has significant regional gold and copper regional mines. Marlee Gold has 2 main projects called Padbury Gold and Ivan Well spread out over 3 exploration licences covering 481km<sup>2</sup>. The acquisition was completed by payment of AUD\$70,000 plus AUD\$70,000 shares in Black Dragon Gold (1,428,571 shares) and the issue of 1,000,000 unlisted options exercisable at AUD\$0.098 expiring July 2024. The main focus for the Marlee Gold prospects are to carry out exploration programs utilizing modern exploration techniques to determine the likelihood of bedrock hosted mineralisation with a focus on gold. Refer Managing Director's update in this section for further details.

## RECENT DEVELOPMENTS

There were no subsequent events to 31 December 2022 or material events.



# STRATEGIC REPORT

## MANAGING DIRECTOR'S REVIEW

During 2022, the Gold sector received much needed investor focus with an improved investment sentiment driven by the strengthening gold price that saw the gold price per ounce touch USD\$2,075 from a low of USD\$1,691. There's an expectation that the gold price will remain robust with many forecasts noting a gold price in excess of USD\$2,000 in 2023. Gold historically has been a hedge to inflation and market volatility and with global headwinds caused by non-transitory inflation, the outbreak of war in the Ukraine, the geo-political tensions and a movement to de-dollarise (USD\$) the global economy and trade, we can expect an improved outlook for Gold in 2023. These factors have resulted in an improved and buoyant view for gold and has led to numerous central banks in 2022, buying gold bullion and CY22 being the highest acquisition of gold bullion by central banks since 1967.

All junior companies in the development phase face constant headwinds and challenges to reach their objectives to finance, construct and profitably operate their project and Black Dragon has faced similar challenges. During 2022, we were pleased to wrap up the intensive EIA public consultative process by way of lodgment of our dossier containing our responses to the public comments. This process required a significant investment in time and funds to ensure we filed a complete and professional EIA document that relied on third party experts and a broad spectrum of data points to settle the EIA submission requirements. As a Company, we're immensely proud of the submitted dossier, as we now wait for the Government of the Principality of Asturias's decision on our EIA. Following this submission our Spanish team have had regular follow up dialogue on additional queries to the EIA public comments dossier which Black Dragon Gold has been diligently in submitting its responses in a timely manner.

During CY22, Black Dragon, were successful in attaining 2 Salave Gold project approvals & permits relating to:

- **18-hole drill permit for Salave Gold:** this permit will enable Black Dragon to undertake both feasibility related drilling and additional step out drilling to test mineralisation along strike and depth and/or definition infill drilling to improve confidence in the resource categories with the aim of defining higher gold grades and potential increases in the Measured & Indicated resource classification
- **Extension of the Sallave Investigation Permit:** this permit secures the area surrounding the Salave Gold Project and comprises 94 mining grids, approximately 2,655 hectares and expires three years from the grant date. As part of the granted extension for the Investigation Permit, the Company re-purposed some of the mining grids for locating the gold processing plant and associated surface facilities and infrastructure for the proposed Salave Gold Project. Importantly the investigation Permit enables Black Dragon to undertake further exploration outside and contiguous to its current mining concessions containing mineral resource estimate of measured 1.03 million tonnes grading 5.59 g/t Au, an Indicated Mineral Resource of 7.18 million tonnes grading 4.43 g/t Au, plus Inferred Resources totalling 3.12 million tonnes grading 3.47 g/t Au.

As a shareholder I am disappointed in the share price performance of the Company and your board is focused on achieving its corporate objectives to allow a re-rating of the Company's share price to reflect the strategically significant global asset, that is Salave Gold which is 100% owned by Black Dragon's shareholders.



# STRATEGIC REPORT

## a) Salave Gold Project

The Company's tenure includes five Mining Concessions and associated extensions covering 662 ha and an Investigation Permit covering another 2,765 ha – refer table 2 on page 6. Within the concession boundaries, the Company owns 109,753 m<sup>2</sup> of freehold land over the surface mineralization.

The project has had some €55 million spent on its development and resource definition. A prominent geophysical anomaly coincident with favorable geology, alteration and mineralization defines a significant gold target that prompted intense drilling campaigns by major gold companies resulting in some 69,000 metres of drilling plus extensive social, environmental and engineering studies and testwork.

The 2018 Mineral Resource Estimate ("MRE") has been reported and classified as Measured, Indicated and Inferred in accordance with CIM Definition Standards (May, 2014) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 edition) ("JORC Code") and is therefore suitable for public release. The classification level is based upon an assessment of geological understanding of the deposit, geological and grade continuity, drill-hole spacing, quality control results, search and interpolation parameters, and analysis of available density information.

**Table 1: Mineral Resource Estimate for the Salave Gold Deposit at a 2.0 g/t Au cut-off grade, Effective date, 31 October 2018**

RESOURCE CATEGORY	TONNES (Mt)	AU GRADE (g/t)	AU CONTAINED METAL (koz)
Measured	1.0	5.6	190
Indicated	7.2	4.4	1,020
<b>Measured + Indicated</b>	<b>8.2</b>	<b>4.6</b>	<b>1,210</b>
Inferred	3.1	3.5	350

### Notes:

- The Mineral Resource Estimate was carried out by Dmitry Pertel, MSc (Geol), MAIG, GAA of CSA Global, the independent Qualified Person as defined by National Instrument 43-101. A copy of the technical report "Salave Gold Project Mineral Resource Update for Black Dragon Gold Corp." with an effective date of October 31, 2018, is posted on the Company's website [www.blackdragongold.com](http://www.blackdragongold.com)
- Classification of the MRE was completed based on the guidelines presented by Canadian Institute for Mining (CIM -May 2014), adopted for Technical reports which adhere to the regulations defined in Canadian National Instrument 43-101 (NI43-101), and the JORC Code
- A cut-off grade of 2 g/t Au has been applied when reporting the Mineral Resource.
- All density values were interpolated, except CHL and SER alteration domains where a single density value of 2.67 t/m<sup>3</sup> was used.
- Rows and columns may not add up exactly due to rounding.
- Mineral Resources that are not Mineral Reserves have not demonstrated economic viability.
- The quantity and grade of the Inferred resources reported in this estimation are conceptual in nature and there has been insufficient exploration to define these Inferred resources as an Indicated and Measured resource. It is uncertain if further exploration will result in upgrading them to an Indicated or Measured category, although it is reasonably expected that the majority of the Inferred resources could be upgraded to Indicated Mineral Resources with further exploration.
- The Company first reported the 2018 MRE in accordance with the JORC Code and ASX listing rule 5.8 in its ASX announcement of 25 October 2018. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcement and that all material assumptions and technical parameters underpinning the estimate in the previous announcement continue to apply and have not materially changed

The resource cut-off grade of 2.0 g/t Au was chosen to capture mineralization that is potentially amenable to underground mining, sulphide concentration, and gold recovery using off-site processing. This cut-off grade was selected based on a gold price of US\$1,300/ounce, a gold recovery of 92%, a mining cost of US\$50/tonne, a processing cost of US\$18/tonne, and a general and administration ("G&A") cost of US\$6/tonne. The reported resources occur in bodies of sufficient size and continuity to meet the requirement of having reasonable prospects for eventual economic extraction. Due to the necessity to maintain a surficial crown pillar in a potential underground operation, all material from the present surface to a depth of 40 m is not included in the Salave Resources. For full details regarding the Salave MRE please refer to the CSA Global technical report titled "Salave Gold Project Mineral Resource Update for Black Dragon Gold." on the Company's website, [www.blackdragongold.com](http://www.blackdragongold.com).



# STRATEGIC REPORT

Several phases of metallurgical testwork has been carried out on the Salave Deposit. The most comprehensive metallurgical program consisting of bench-scale and pilot testing was managed by Ausenco Ltd. From 2005 to 2006 on two bulk samples from the Upper and Lower Zones of the Salave orebody. The results from metallurgical testwork to date indicate that the Salave mineralization is refractory and shows consistently high gold recoveries by flotation and subsequent pressure or bio oxidation of the sulphide concentrate. The Ausenco testwork demonstrated that the Salave ore is moderately hard with a bond work index ranging from 16.3 to 17.2 kWh/tonne, yields flotation recoveries ranging from 96.3 to 97.8% and subsequent recovery from pressure oxidation of the gold bearing sulphide concentrate of over 98%. The resulting overall potential gold recovery is approximately 96.5%.

During FY22 the Company's focus was on submitting the EIA dossier with the Company's responses to the public consultative process, together with securing permits relating to Sallave Investigation Permit and 18-hole drill permit. Subject to permitting success and funding the Company does intend to expand its Salave exploration programme to identify new zones of mineralization and undertake infill drilling. During 2022 Black Dragon diversified its exploration portfolio by acquiring Marlee Gold Pty Ltd, comprising of 3 exploration permits in a highly prospective region in Western Australia, refer below for further details.

## **b) Spanish Operating Environment & In-Country Management Team**

The Salave Gold Project is in Spain and is subject to governmental, political, economic, and other uncertainties, including, but not limited to, expropriation of property, changes in mining policies or the personnel administering them. The Company's operations may also be adversely affected by laws and policies of Canada affecting foreign trade, taxation and investment.

In the event of a dispute arising in connection with the Company's operations in Spain, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgements in such other jurisdictions. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity.

Accordingly, the Company's exploration, development and production activities in Spain could be substantially affected by factors beyond the Company's control, any of which could have a material adverse effect on the Company.

The Company may in the future acquire mineral properties and operations outside of Spain, which expansion may present challenges and risks that the Company has not faced in the past, any of which could adversely affect the results of operations and/or financial condition of the Company. Any material adverse changes in government policies or legislation of Spain, Canada or any other country that the Company has economic interests may affect the viability and profitability of the Company.

The Company's activities will involve mineral exploration and mining and regulatory approval of its activities may generate public controversy. Political and social pressures and adverse publicity could lead to delays in approval of, and increased expenses for, the Company's activities. The nature of the Company's business attracts a high level of public and media interest and, in the event of any resultant adverse publicity, the Company's reputation may be harmed.

The Spanish team is led by our General Manager, Mr Jose Manuel Dominguez, who is a mining engineer with more than 30 years of experience across various projects in Spain, Portugal and Italy, including as a general manager for Luzenac Europe (part of the Rio Tinto Group) from 1999 to 2006, a general manager for Rio Tinto Minerals Spain (part of the Rio Tinto Group) from 2006 to 2011 and a general manager of Imerys Talc Ital (part of the Imerys Group) from 2014 to 2016.



# STRATEGIC REPORT

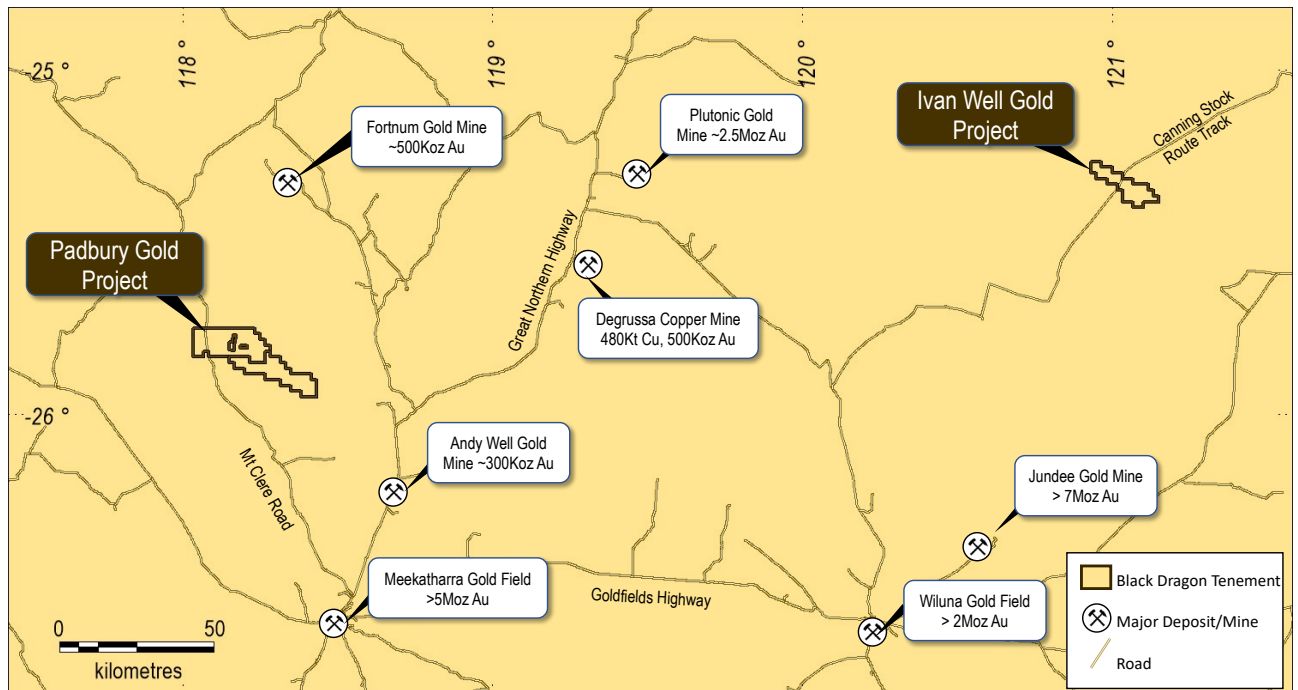
## c) Marlee Gold Acquisition

As announced to the ASX on 6 July 2022, Black Dragon acquired 100% of the shares in Marlee Gold Pty Ltd that held three highly prospective permits that are early-stage exploration prospects with surface gold discovery across 481km<sup>2</sup> in the Yilgarn Craton area of Western Australia. The prospects are divided into 2 distinct projects with Padbury Gold (2 permits @ 366km<sup>2</sup>) and Ivan Well (1 permit @ 115km<sup>2</sup>). Padbury Gold Project includes widespread gold nugget occurrences overlying granitic terrane never before tested with modern gold focused exploration techniques with the acquisition being a key part of Black Dragon's strategic growth plan to expand and diversify its precious metal exploration portfolio whilst advancing the Salave Gold Deposit.

Following the acquisition Marlee Gold, we conducted a 500+ soil geochemistry sample programme and had the samples assayed via a multi-element CSRIO Ultrafine technique that reduces the surface nugget effect and is designed to detect bedrock hosted mineralisation including gold from Intrusion Related Gold Systems (IRGS). On 28 November 2022, Black Dragon announced to the ASX the results of the soil sampling programme and confirmed:

- (i) Total of 8km trend of gold in soil anomalies identified across multiple prospects
- (ii) Gold anomalies coincident with prospecting surface gold nugget occurrences and regional trends in structural geology
- (iii) gold in soil anomalies detected through the sampling program are parallel with a regional WNW-ESE striking structural geological architecture
- (iv) multi-element work with associations of gold with anomalous pathfinders such as silver, copper and other elements provides further evidence suggestive of a bedrock source and that the project area has seen considerable hydrothermal activity with a large potential footprint for an IRGS
- (v) numerous prospective drill-hole targets identified and to be drilled in 2023.

**Location of Padbury Gold Project with surrounding mines and endowment (source of endowment is approximate and compiled from the databases available online at [www.portergeo.com.au](http://www.portergeo.com.au))**



# STRATEGIC REPORT

## d) Black Dragon Gold's Key Principles

The Company has the following key principles:

- demonstrate a commitment to health, safety, security, sustainability and environment at all locations and maintain a safe, healthy work environment;
- ensure adequate resources are allocated to health, safety, security, sustainability and environmental performance;
- comply with local laws relating to health, safety, security, sustainability and environment as well as embrace international laws and best practice, where possible;
- respect for human rights and social and cultural rights including the rights of indigenous and vulnerable people; promote where possible, local communities through procurement and employment practice;
- and ensure that proper management systems for health, safety, security, sustainability and environment are in place through training, information sharing and continuous monitoring

## e) Result for FY22

During the year ended December 31, 2022 (the "current year"), the Company recorded net loss of \$1,102,798 compared to a net loss of \$1,818,420 during the year ended December 31, 2021 (the "comparative year"). The significant variances resulted from the following:

- **Foreign exchange gain (loss):** During the current year, the Company incurred a \$1,236 foreign exchange gain compared to a \$120,995 foreign exchange loss incurred during the comparative year. Last year's loss related mainly to the change in the US\$: CAD\$ foreign exchange rate as it affected US\$-denominated liabilities and EUR: CAD\$ foreign exchange rates during the 2021 financial year.
- **Consultants and Management fees:** During the current year, the Company incurred \$331,153 of consultants and management fees, compared to \$270,049 during the comparative year. This variance related mainly to the Managing Director, Gabriel Chiappini's fee for the current year included in this expense.
- **Directors' fees:** During the current year, the Company incurred \$152,397 of directors' fees compared to \$317,113 in the comparative year. The variance is largely due to Managing Director, Gabriel Chiappini's fee for the current year included in Consultants and Management fees for the current year.
- **General and administrative expenses:** During the current year, the Company incurred \$386,868 of general and administrative expenses, compared to \$487,914 during the comparative year. The company has focused on reducing administrative expenses this year where possible. Costs were higher in the comparative year largely due to the submission of the Environmental Impact Assessment (EIA) to the Asturian Ministry of Mines during 2021.

### EXPLORATION AND EVALUATION COSTS

	DECEMBER 31 2022	DECEMBER 31 2021
Consultants - EIA, Geological compilation and GIS database management	340,513	338,157

- Share-based compensation: During the current year, the Company incurred \$47,212 share-based payments expense (2021 – \$90,177).

*Gabriel Chiappini*

**Gabriel Chiappini**  
Managing Director & CEO

28 March 2023





# STRATEGIC REPORT

## TENEMENT PORTFOLIO

### Salave Gold Project

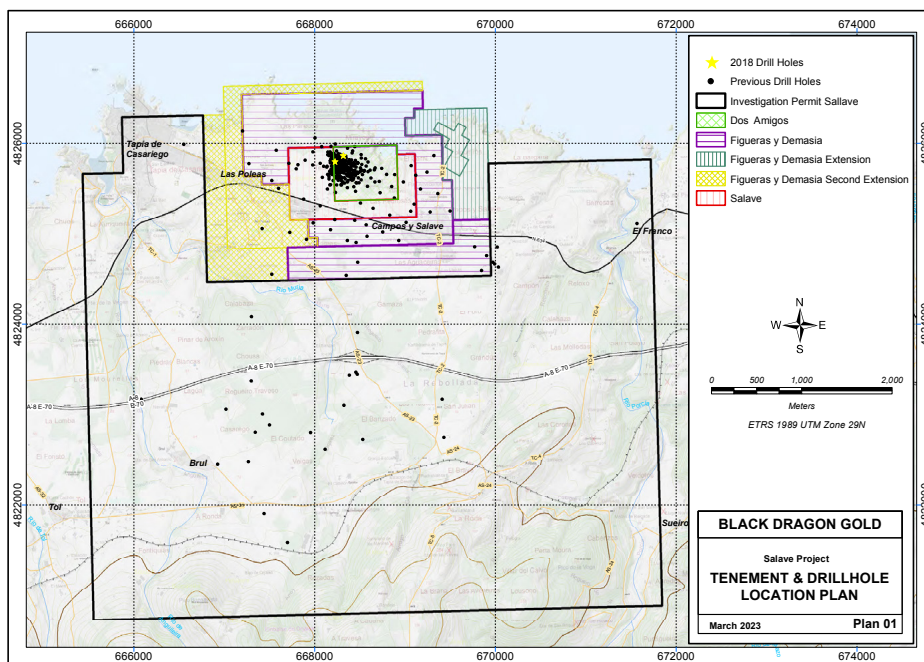
Black Dragon Gold owns 100% of the Salave gold deposit through its wholly owned Spanish subsidiary, EMC. The Black Dragon Gold tenure includes five Mining Concessions and associated extensions covering 662 ha and an Investigation Permit covering another 2,765 ha (Table 2) and (Figure 2).

An Investigation Permit gives the holder the right to carry out, within the indicated perimeter and for a specific term (a maximum of three years), studies and work aimed at demonstrating and defining resources and the right, once defined, to be granted a permit for mining them. The term of an Investigation Permit may be renewed by the Regional Ministry of Economy and Employment for three years and, exceptionally, for successive periods.

A Mining Concession entitles its holder to develop resources located within the concession area, except those already reserved by the State. Under Spanish regulations, ownership of the land is independent of ownership of the mineral rights.

**Table 2: Black Dragon Gold's Concessions - Salave Gold Project, Spain**

CONCESSION/INVESTIGATION PERMIT NAME	REGISTRATION NO.	AREA (ha)	DATE GRANTED	EXPIRATION DATE
<b>Concessions</b>				
Dos Amigos	24.371	41.99	10 Sep 1941	10 Oct 2045
Salave	25.380	67.98	10 Apr 1945	10 Oct 2045
Figueras	29.500	212.02	25 Jan 1977	25 Jan 2037
Demasia		92.55		
Ampliacion de Figueras	29.969	10.99	9 Nov 1988	9 Nov 2048
Demasia		68.85		
Segunda Ampliacion de Figueras Demasia	29.820	100.04	16 Sep 1981	16 Sep 2041
		67.55		
<b>TOTAL</b>		<b>661.97</b>		
Investigation Permit IP Salave	30.812	2,765	18 Feb 2014	Being Rolled Over



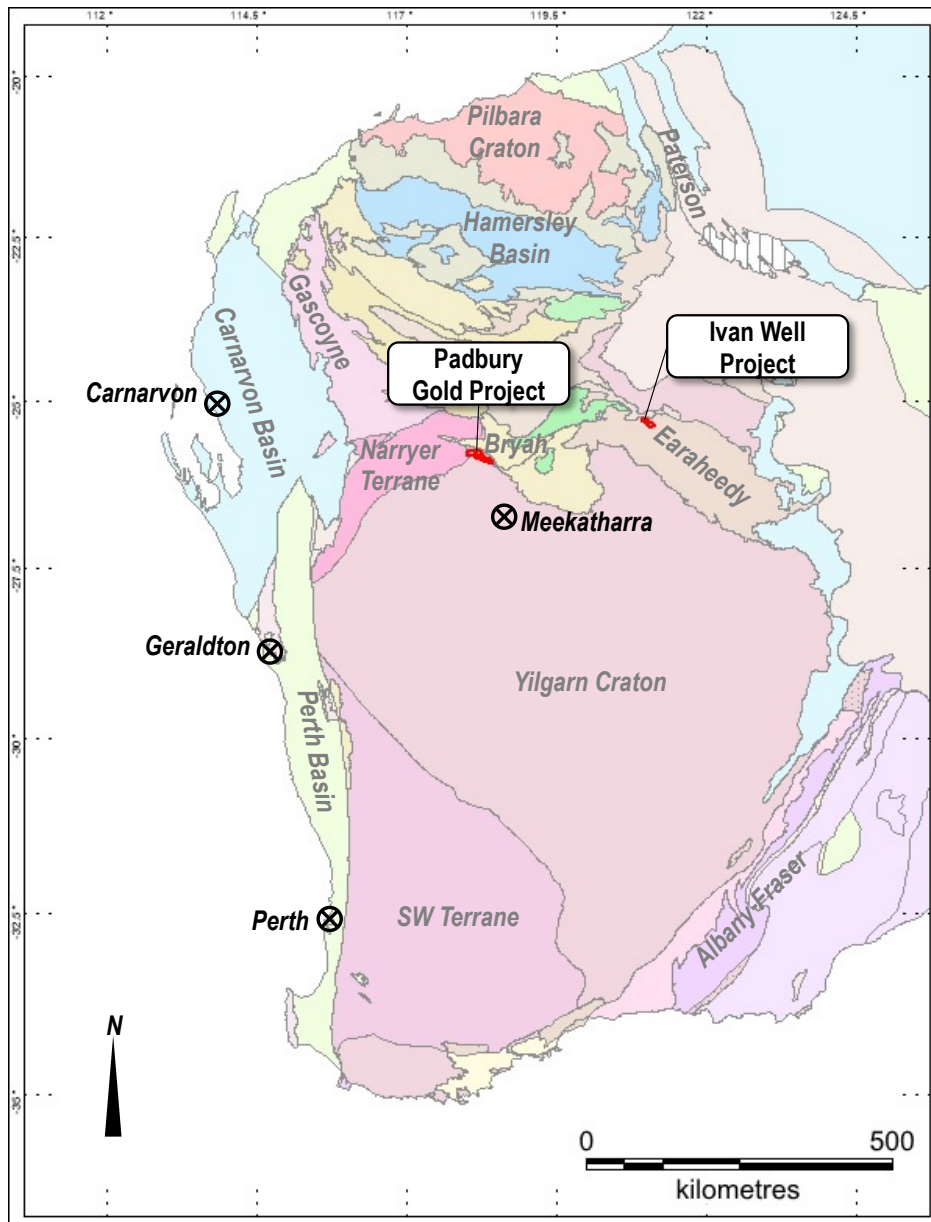
**Figure 2: Tenement and drill-hole location plan.**

# STRATEGIC REPORT

## Marlee Gold Project

Black Dragon Gold is the 100% owner of 3 exploration permits acquired in 2022 via Marlee Gold Pty Ltd comprising 481km<sup>2</sup> in the North Yilgarn Craton in Western Australia.

CONCESSION NAME	LICENCE NUMBER	SQUARE KMS	DATE GRANTED	EXPIRATION DATE
Padbury Gold	E51/1942	208	16 July 2020	15 July 2025
Padbury Gold Extension	E51/1969	158	12 July 2021	11 July 2026
Ivan Well	E69/3818	115	1 March 2022	28 February 2027
<b>Total</b>		<b>481</b>		



**Marlee Gold Projects  
Padbury Gold and Ivan  
Well in Western Australia.**

**Background map is  
the Geological Survey  
of Western Australia's  
(GSWA) Tectonic  
Elements map (1:10M).**

# STRATEGIC REPORT

## COMPETENT PERSONS STATEMENT

The Technical Information disclosed in this Annual Report has been reviewed and approved by Douglas Turnbull, P.Geo., a Qualified Person as defined under National Instrument 43-101 and a Competent Person for the purposes of JORC 2012. Mr Turnbull is a Professional Geologist and a member of the Engineers and Geoscientists of British Columbia. Mr Turnbull is a consultant to Black Dragon, and has sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Turnbull consents to the inclusion in this report of the matters based on that information in the form and context in which it appears.



# REPORT OF THE DIRECTORS

## KEY PERFORMANCE INDICATORS

The near term and primary performance indicators for Black Dragon are related to its exploration activities and include:

- (i) Efficiently managing the exploration programme and increasing the current mineralised footprint and increasing Black Dragon's current JORC resource base;
- (ii) Advancing the permitting status for Salave Gold Project on a pathway towards exploitation;
- (iii) Continued exploration on nearby prospects to define further drill targets with the intent of making additional mineral discoveries;
- (iv) Advancing the exploration programme on the recently acquired Marlee Gold projects in Western Australia and;
- (v) Progressing the technical study elements for Salave, culminating in the completion of a Definitive

Feasibility Study and Environmental and Social Impact Assessment ("ESIA"), both critical steps in making progress towards obtaining the necessary permits required for the development of the Salave Deposit.

## DIRECTORS & KEY MANAGEMENT

### Paul Cronin – Non-Executive Chairman

Paul Cronin is a unique resource finance specialist, with significant experience in equity, debt and mergers and acquisitions within the sector. Mr Cronin was Vice President at the highly regarded resource fund, RMB Resources where he originated, structured and managed several debt and equity investments on behalf of the fund. He is currently Managing Director & CEO of Adriatic Metals, once of the UK's fastest growing base and precious development companies, where he has personally overseen a paradigm shift in the manner in which junior mining companies interface and benefit their local communities. Mr. Cronin has nearly 20 years of commodity trading, funds management and junior mining development experience, giving him an invaluable insight into the inner workings of capital markets serving the mining industry.

Mr. Cronin is also a Non-Executive Director of ASX listed Taruga Minerals Limited.

### Alberto Lavandeira – Non-Executive Director

Alberto Lavandeira has over 43 years' experience operating and developing mining projects. Former Chief Executive Officer, President and COO of Rio Narcea Gold Mines (1995-2007), which built three mines including Aguablanca. Director of Samref Overseas S.A (2007-2014) - involved in the development of the Mutanda Copper-Cobalt Mine in the DRC. Mr. Lavandeira is currently Chief Executive Officer and Managing Director of AIM and TSX listed Atalaya Mining plc.

### Gabriel Chiappini – Managing Director & Company Secretary

Mr Chiappini was appointed as Black Dragon's Managing Director effective 18 March 2022. Mr Chiappini is a Chartered Accountant and member of the Chartered Accountants Australia & New Zealand (CA ANZ) & Australian Institute of Company Directors. Gabriel has more than 23 years' experience working in key strategic roles including, Executive Chairperson, Director, Chief Financial Officer and Company Secretary roles both in public and private companies. Mr Chiappini has provided advice and services on equity raisings exceeding AU\$500m and assisted his clients with both divestment and acquisition strategies. Some of Gabriel's ASX experience includes:

- Founding & current Director of Black Rock Mining (ASX: BKT), a Graphite development company with the Mahenge Graphite Project in Tanzania (current market capitalisation \$200m);
- Founding & current Director of Zimbabwean oil and gas developer, Invictus Energy Limited (ASX: IVZ – current market capitalisation \$90m);
- Instrumental as a director of Loneer Ltd (ASX: INR), helping with the acquisition of and development of the Rhyolite Ridge Lithium-Boron Project in Nevada – current market capitalisation AUD\$1,050m;
- Part of the pre-IPO team to list Adriatic Metals plc (ASX: ADT) on the ASX and LSE;
- A founding Executive Chairman of robotic solutions company FBR Limited (ASX: FBR) having taken FBR from pre-IPO to a market value of in excess of AUD\$270m;
- Key executive at Avita Medical's Spray on Skin Co, now quoted on NASDAQ; and
- Former Director of Scotgold Resources Ltd (AIM: SGZ).



# REPORT OF THE DIRECTORS

## ADDITIONAL KEY MANAGEMENT PERSONNEL

### Jose Manuel Dominguez – General Manager in Spain

Jose Manuel Dominguez is a mining engineer with more than 30 years of experience across various projects in Spain, Portugal and Italy, including as a general manager for Luzenac Europe (part of the Rio Tinto Group) from 1999 to 2006, a general manager for Rio Tinto Minerals Spain (part of the Rio Tinto Group) from 2006 to 2011 and a general manager of Imerys Talc Ital (part of the Imerys Group) from 2014 to 2016.

### Dr Darren Holden – Exploration and Geology Advisor

Dr Holden is a geologist and experienced director of 25 years of worldwide experience in mineral discovery and mineral exploration technologies. Dr Holden is currently a Chairman of OD6 Metals Ltd (ASX:OD6), Non-Executive Director of Aurumin Limited (ASX: AUN). He has previously been a director of ABM Resources NL (ASX:PRX), an alternative director of Todd River Resources Limited (ASX:TRT) and Clancy Exploration Limited (ASX:CLY).

Currently, Dr Holden runs GeoSpy Pty Ltd, a private mineral exploration advisory business with clients in Western Australia, New South Wales, British Columbia and Fiji. He is a member in good standing of the Australian Institute of Mining and Metallurgy.

### Amy Fink – Chief Financial Officer

Ms Fink was appointed as the Company's CFO during March 2022 and is an experienced Chartered Accountant with a professional career spanning 18 years across EY Australia, publicly listed companies, large private companies. Ms Fink has held over her career include Financial Controller, Chief Financial Officer and Company Secretary, bringing a strong skillset to the Company. Responsibilities have included financial compliance and reporting, company secretarial duties, capital raisings, budgeting and forecasting, cash flow management, investor relations, executive and board reporting, as well as external and internal auditing.

## DIRECTORS' REPORT

The Directors present their annual report with the statutory financial statements of the Group for the year ended December 31, 2022.

This report should be read in conjunction with the Report on pages 2 to 11.

### 1. Board of Directors and Officers of the company

The names of the Directors who held office during the financial year and to the date of this report were:

DIRECTOR NAME	POSITION	APPOINTED	RESIGNED
Paul Cronin	Non-Executive Chairman	10 July 2017	-
Alberto Lavandeira	Non-Executive Director	10 July 2017	-
Gabriel Chiappini	Managing Director	18 March 2022	-
Jonathan Battershill	Non-Executive Director	10 July 2017	18 March 2022

### 2. Results

The Group realized a loss after tax for the year of CAD\$1,102,798 (2021 loss of CAD\$1,818,420).



# REPORT OF THE DIRECTORS

## DIRECTORS' REPORT *(continued)*

### 3. Going Concern

The Group incurred a loss of CAD\$1,102,798 (31 December 2021: CAD\$1,818,420) in the period however the Group had a net asset position of CAD\$1,668,245 at the balance sheet date.

The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in the financial statements.

The consolidated financial statements for the year ended December 31, 2022 do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

### 4. Dividend

As the company is focusing on the development of Salave Gold Project and exploration of the Marlee Gold Project and not yet in production, the Company is not able to declare a dividend for the year ended 31 December 2022 (2021: \$nil).

### 5. Directors' indemnity insurance

The Company has arranged appropriate Directors' and Officers' insurance to indemnify the Directors against liability in respect of proceedings brought about by third parties. Such provisions remain in place at the date of this report.

### 6. Auditor

Davidson & Company LLP, Chartered Professional Accountants have been appointed as auditors of Black Dragon Gold Corp. and at the Company's Annual General Meeting Davidson & Company LLP, Chartered Professional Accountants.

### 7. Financial risk management objectives

The Group's financial risk management objectives and policies and exposures to risk are outlined in Note 10 to the financial statements.

### 8. Rounding of amounts and presentational Currency

Amounts in the Directors Report and the accompanying financial report have been rounded to the nearest thousand dollars, or in certain cases to the nearest dollar, unless otherwise expressly stated. The Group financial statements are presented in Canadian Dollars ("CAD\$") which is the Group's presentational currency.

On behalf of the Board

*Gabriel Chiappini*

**Gabriel Chiappini**  
Managing Director & CEO

28 March 2023



# REPORT OF THE DIRECTORS

## CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Black Dragon Gold is responsible for establishing the corporate governance framework of the group having regard to the ASX Corporate Governance Council published guidelines. The Board guides and monitors the business and affairs of the group on behalf of the shareholders by whom they are elected and to whom they are accountable. The Board has adopted a corporate governance manual, based upon ASX Corporate Governance Council's Principles and Recommendations - 4th Edition. The board considers the Corporate Governance Manual to be suitable for the Company, given the size, history and current strategy of the Company.

The Company's Corporate Governance Manual together with the Appendix 4G 'Key to Disclosures Corporate Governance Council Principles and Recommendations', have been approved by the Board and can be located on the Company's website at <https://www.blackdragongold.com/downloads/corp-governance-files-/bdg-corporategovernance-manual-final-2022.pdf>

## REMUNERATION POLICY FOR EXECUTIVES AND MANAGEMENT

Given the size of the company, the Articles, and the board structure at 31 December 2022 the company had not established a separate Remuneration and Nominations Committee with relevant matters being considered by the full Board of the Company.

The Directors have responsibility for the appointment and performance assessment of the Chief Executive Officer (or CEO equivalent) and Chief Financial Officer, Company Secretary, other senior executives and terms and conditions including remuneration and approving the Company's remuneration and rewards framework. When considering the remuneration policy for the Company's Executives and Management the Board will consider performance and achievement in line with the Company's objectives and to ensure the interests of shareholders and stakeholders are enhanced. The Board will perform an annual review to ensure a strong link between performance and reward is made and will form part of the annual remuneration review.

## SHARE OPTIONS

The Company has adopted a company share option plan (Plan). The Plan forms what the Board considers to be an important element of the Company's total remuneration strategy for its officers and staff. There were no share options issued during the year to Key Management Personnel.

## REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS

The Directors have responsibility to review, monitor and make recommendations to the Board regarding the orientation and education of directors which includes an annual review of the directors' compensation program.

The Company Articles provide that each Director is entitled to such remuneration from the Company as the Directors decide. The remuneration of the Non- Executive Directors must not be increased except pursuant to a resolution passed at a general meeting of the Company where notice of the proposed increase has been given to Shareholders in the notice convening the meeting. During FY22 there was the following change to the Non-Executive Directors' remuneration packages or fees;

- Non-Executive Chairman, Paul Cronin's monthly fee was reduced from GBP6,250 to GBP4,167. This change was effective March 1, 2022.



# REPORT OF THE DIRECTORS

## DIRECTORS' REMUNERATION (AUDITED)

The remuneration of the Non-Executive Directors is determined by the Board as a whole, based on a review of current practices in other equivalent companies. The Non-Executive Directors each have service agreements that are reviewed annually by the Board.

The Company paid the following remuneration to each Director:

2022	SALARY/FEE <sup>(i)</sup> CAD\$	LONG TERM BENEFIT CAD\$	TOTAL CAD\$
Paul Cronin	87,579	-	87,579
Gabriel Chiappini <sup>(i)</sup>	187,839	47,212	235,051
Alberto Lavandeira	47,996	-	47,996
Jonathan Battershill <sup>(i)</sup>	16,821	-	16,821
	<b>340,235</b>	<b>47,212</b>	<b>387,447</b>

(i) Gabriel Chiappini was appointed to the board on March 18, 2022

(ii) Jonathan Battershill resigned from the board on 18 March 2022

The annual Directors fees payable by the Company is as follows:

	SALARY/FEE	
	GBP£	AUD\$
Paul Cronin – Non-Executive Chairman <sup>(i)</sup>	50,000	-
Gabriel Chiappini – Managing Director (appointed March 18, 2022)	-	250,000 <sup>(ii)</sup>
Alberto Lavandeira – Non-executive Director	30,000	-
<b>Total</b>	<b>80,000</b>	<b>250,000</b>

(i) Non-Executive Chairman, Paul Cronin's monthly fee was reduced from GBP6,250 to GBP4,167. This change was effective March 1, 2022.

(ii) The fees payable to Gabriel Chiappini include fees as a Director, Chief Executive Officer and Company Secretary.

## DIRECTORS' SHARE OPTIONS

In addition to the fees above, the Company has issued the following options to Directors

NAME OF DIRECTOR NON-EXECUTIVE AND EXECUTIVE	TOTAL OPTIONS ISSUED AND VESTED AS AT 31 DECEMBER 2021	OPTIONS GRANTED & VESTED DURING 2022	OTHER CHANGES	TOTAL OPTIONS VESTED AS AT 31 DECEMBER 2022
Paul Cronin	2,553,334	-	4,464,285	7,017,619
Alberto Lavandeira	1,100,000	-	714,285	1,814,285
Gabriel Chiappini (appointed March 18, 2022)	1,000,000	-	-	1,000,000
Jonathan Battershill (retired March 18, 2022)	1,633,334	-	(1,633,334)	-





# REPORT OF THE DIRECTORS

## DIRECTORS' PERFORMANCE RIGHTS

In addition to the fees above, the Company has issued the following options to Directors

NAME OF DIRECTOR NON-EXECUTIVE AND EXECUTIVE	TOTAL PERFORMANCE RIGHTS 31 DECEMBER 2021	PERFORMANCE RIGHTS GRANTED DURING 2022	OTHER CHANGES	TOTAL PERFORMANCE RIGHTS AS AT 31 DECEMBER 2022
Gabriel Chiappini (appointed March 18, 2022)	-	5,000,000	-	5,000,000

As part of Gabriel Chiappini's Chief Executive Officer appointment in March 2022, he was issued with a long-term incentive plan comprising of the issue of 5,000,000 performance rights that convert into ordinary shares upon the achievement of the following share price milestone hurdles:

- 1,500,000 performance rights convert to shares upon the Company's volume weighted average price of shares on ASX over 20 consecutive dates on which the Company's fully paid ordinary shares are traded exceeding AUD\$0.10;
- 1,500,000 performance rights convert to shares upon the Company's volume weighted average price of shares on ASX over 20 consecutive dates on which the Company's fully paid ordinary shares are traded exceeding AUD\$0.15; and
- 2,000,000 performance rights convert to shares upon the Company's volume weighted average price of shares on ASX over 20 consecutive dates on which the Company's fully paid ordinary shares are traded exceeding AUD\$0.20.

Each milestone has a 3-year milestone conversion date.

The fair value of the performance rights will be recognized over the estimated vesting period. During the current period, the Company recognized \$47,212 of share-based compensation expense (2021: \$ nil).

## DIRECTORS' INTERESTS

The Directors' interests in shares and other securities in Black Dragon Gold are set out below:

DIRECTOR	NUMBER OF ORDINARY SHARES 31 DECEMBER 2022	NUMBER OF OPTIONS 31 DECEMBER 2022	NUMBER OF PERFORMANCE RIGHTS 31 DECEMBER 2022
Paul Cronin	12,525,427	2,553,334	-
Alberto Lavandeira	2,976,598	1,814,285	-
Gabriel Chiappini (appointed March 18, 2022)	914,286	1,000,000	5,000,000
Jonathan Battershill (retired March 18, 2022)	2,412,163 <sup>1</sup>	1,633,334 <sup>1</sup>	-

<sup>1</sup> Jonathan Battershill resigned from the board on 18 March 2022. The share and option holdings above are on retirement date.

# REPORT OF THE DIRECTORS

## DIRECTORS RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) and applicable Canadian Company law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Canada governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

*Gabriel Chiappini*

**Gabriel Chiappini**  
Managing Director & CEO

28 March 2023





BLACK DRAGON GOLD

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# AUDITED CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

# DAVIDSON & COMPANY LLP

 Chartered Professional Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Black Dragon Gold Corp.

### *Opinion*

We have audited the accompanying consolidated financial statements of Black Dragon Gold Corp. (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, other comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company has incurred losses since inception. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our audit report.

### *Accounting for the Marlee Gold Pty Ltd. Acquisition*

As disclosed in Note 2, 4 and Note 11 of the consolidated financial statements, during the year ended December 31, 2022, the Company acquired Marlee Gold Pty Ltd, 100% holder of the Padbury Gold and Ivan Well projects in Australia. The Company treated the transaction as an asset acquisition, rather than a business combination.



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# DAVIDSON & COMPANY LLP

Chartered Professional Accountants

The principal considerations for our determination that the accounting for the acquisition is a key audit matter are that the transaction is complex and requires management to exercise judgement to determine the appropriate accounting treatment, including whether the acquisition should be accounted for as an asset acquisition or business combination, assessing the fair value of consideration provided including any contingent consideration, and estimating the fair value of net assets acquired.

Our procedures included, but were not limited to:

- Obtaining an understanding of the transaction, including managements assessment of whether the transaction constituted an asset acquisition or business combination.
- Reviewing the Sale Share Agreement to understand key terms and conditions.
- Agreeing the consideration to supporting documentation.
- Evaluating management's assessment of the contingent consideration.
- Evaluating management's calculation of the fair value of the net assets acquired in accordance with the Company's accounting policies.
- Assessing the adequacy of the related disclosures in Notes 2, 4 and 11 to the consolidated financial statements.

## ***Other Information***

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## ***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



# DAVIDSON & COMPANY LLP

Chartered Professional Accountants

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Dylan Connelly.



Vancouver, Canada

Chartered Professional Accountants

March 28, 2023



# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(EXPRESSED IN CANADIAN DOLLARS)

AS AT

	NOTES	DECEMBER 31 2022	DECEMBER 31 2021
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	7	<b>\$1,776,976</b>	\$2,013,952
Receivables	3	<b>197,639</b>	105,639
		<b>1,974,615</b>	2,119,591
<b>Deposits</b>		-	1,240
<b>Total assets</b>		<b>\$1,974,615</b>	\$2,120,831
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	5,8	<b>161,287</b>	401,172
Unlisted options liability	9	<b>145,083</b>	-
<b>Total liabilities</b>		<b>306,370</b>	401,172
<b>SHAREHOLDERS EQUITY</b>			
Share Capital	6	<b>27,292,949</b>	26,299,071
Warrants	6	<b>4,724,574</b>	4,724,574
Reserves	6	<b>6,057,261</b>	5,999,183
Foreign currency reserve	6	<b>(572)</b>	-
Deficit		<b>(36,405,967)</b>	(35,303,169)
<b>Total shareholders' equity</b>		<b>1,668,245</b>	1,719,659
<b>Total liabilities and shareholders' equity</b>		<b>\$1,974,615</b>	\$2,120,831
<b>Nature of operations and going concern (Note 1)</b>			

These consolidated financial statements were approved for issue by the Board of Directors on 28 March 2023 and are signed on its behalf by:

*Paul Cronin***Chairman***Gabriel Chiappini***Managing Director**

The accompanying notes are an integral part of these consolidated financial statements.



# CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(EXPRESSED IN CANADIAN DOLLARS)

YEARS ENDED

	NOTES	2022	2021
<b>EXPENSES</b>			
Consulting	8	<b>\$331,153</b>	\$270,049
Directors' fees	8	<b>152,397</b>	317,113
Exploration and evaluation costs	4	<b>340,513</b>	338,157
Filing fees		<b>43,450</b>	68,342
Foreign exchange (gain) / loss		<b>(1,236)</b>	120,995
General and administrative	8	<b>387,440</b>	487,914
Professional fees		<b>128,309</b>	113,370
Rent		<b>20,456</b>	16,789
Shareholder communications		<b>13,656</b>	21,759
Share-based compensation	6, 8	<b>47,212</b>	90,177
Transfer agent		<b>10,784</b>	11,825
Travel and related		<b>33,206</b>	8,067
Gain on settlement of debt	6, 8	<b>-</b>	(46,074)
Interest income		<b>(1,596)</b>	(63)
Gain on fair value change of unlisted options liability	9	<b>(402,946)</b>	-
<b>Loss for the year</b>		<b>(1,102,798)</b>	(1,818,420)
<b>Other comprehensive loss</b>			
Items that may be subsequently reclassified to net income			
Foreign currency translation		<b>(572)</b>	-
<b>Comprehensive loss for the year</b>		<b>\$(1,103,370)</b>	\$(1,818,420)
<b>Basic and diluted loss per common share</b>			
		<b>\$(0.01)</b>	\$(0.01)
		<b>NUMBER</b>	NUMBER
<b>Weighted average number of common shares outstanding – basic and diluted</b>		<b>198,373,727</b>	138,604,821

The accompanying notes are an integral part of these consolidated financial statements.





# CONSOLIDATED STATEMENTS OF CASH FLOWS

(EXPRESSED IN CANADIAN DOLLARS)

YEARS ENDED

	<b>2022</b>	2021
<b>Operating activities</b>		
Loss for the year	<b>\$(1,102,798)</b>	\$(1,818,420)
Adjustments for:		
Share-based compensation	<b>47,212</b>	90,177
Interest received	<b>(1,596)</b>	(63)
Prepaid deposits written off	<b>1,240</b>	-
Gain on settlement of debt	<b>-</b>	(46,074)
Gain on fair value change to unlisted options liability	<b>(402,946)</b>	-
Shares issued for Marlee Gold acquisition	<b>48,081</b>	-
Options issued for Marlee Gold acquisition	<b>10,866</b>	-
Shares issued for directors and officer services	<b>-</b>	113,776
Changes in non-cash working capital items:		
Increase in receivables	<b>(92,000)</b>	(57,672)
Increase (decrease) in accounts payable and accrued liabilities	<b>(188,742)</b>	60,106
<b>Net cash used in operating activities</b>	<b>(1,680,683)</b>	(1,658,107)
<b>Investing activities</b>		
Interest income	<b>1,596</b>	63
<b>Net cash provided by investing activities</b>	<b>1,596</b>	63
<b>Financing activities</b>		
Shares issued for cash, net	<b>1,442,683</b>	1,574,639
<b>Net cash provided by financing activities</b>	<b>1,442,683</b>	1,574,639
Effect of movement in exchange rates on cash held	<b>(572)</b>	-
<b>Net change in cash and cash equivalents</b>	<b>(236,976)</b>	(83,468)
<b>Cash and cash equivalents at beginning of year</b>	<b>2,013,952</b>	2,097,420
<b>Cash and cash equivalents at end of year</b>	<b>\$1,776,976</b>	\$2,013,952
Cash paid during the year for interest	<b>-</b>	-
Cash paid during the year for taxes	<b>-</b>	-
<b>Supplemental disclosure with respect to cash flows (Note 7)</b>		

The accompanying notes are an integral part of these consolidated financial statements.



# CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(EXPRESSED IN CANADIAN DOLLARS)

	SHARE CAPITAL		WARRANTS	RESERVES	FOREIGN CURRENCY RESERVE	DEFICIT	TOTAL
	NUMBER	AMOUNT					
<b>Balance, December 31, 2020</b>	134,353,612	\$24,661,799	\$4,724,574	\$5,909,006	-	\$(33,484,749)	\$1,810,630
Shares issued for directors and officer services	1,798,586	113,776	-	-	-	-	113,776
Shares issued for cash, net	33,035,730	1,685,496	-	-	-	-	1,685,496
Share-based compensation	-	-	-	90,177	-	-	90,177
Share issuance costs	-	(162,000)	-	-	-	-	(162,000)
Loss for the year	-	-	-	-	-	(1,818,420)	(1,818,420)
<b>Balance, December 31, 2021</b>	<b>169,187,928</b>	<b>\$26,299,071</b>	<b>\$4,724,574</b>	<b>\$ 5,999,183</b>	<b>-</b>	<b>\$(35,303,169)</b>	<b>\$1,719,659</b>
Shares issued for cash, net	<b>30,053,556</b>	<b>1,493,826</b>	-	-	-	-	<b>1,493,826</b>
Share issued for acquisition	<b>1,428,571</b>	<b>48,081</b>	-	-	-	-	<b>48,081</b>
Unlisted options liability	-	<b>(548,029)</b>	-	-	-	-	<b>(548,029)</b>
Options issued for acquisition	-	-	-	<b>10,866</b>	-	-	<b>10,866</b>
Share-based compensation	-	-	-	<b>47,212</b>	-	-	<b>47,212</b>
Foreign currency reserve	-	-	-	-	<b>(572)</b>	-	<b>(572)</b>
Loss for the year	-	-	-	-	-	<b>(1,102,798)</b>	<b>(1,102,798)</b>
<b>Balance, December 31, 2022</b>	<b>200,670,055</b>	<b>\$27,292,949</b>	<b>\$4,724,574</b>	<b>\$6,057,261</b>	<b>\$(572)</b>	<b>\$(36,405,967)</b>	<b>\$1,668,245</b>

The accompanying notes are an integral part of these consolidated financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

## 1

### NATURE OF OPERATIONS AND GOING CONCERN

Black Dragon Gold Corp. (the "Company") was incorporated under the laws of the Province of British Columbia on

August 20, 2007 and is classified as a junior mining issuer with the Australian Securities Exchange (the "ASX"). The Company's head office address is Ground Floor, Regent House, Rodney Road, Cheltenham, Gloucestershire, GL50 1HX, U.K. The registered and records office address is 1000 Cathedral Place, 925 West Georgia Street, Vancouver, BC V6C 3L2.

These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in these financial statements.

The consolidated financial statements for the years presented do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

## 2

### SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

These consolidated financial statements for the year ended December 31, 2022 are prepared in accordance with

International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

The preparation of consolidated financial statements requires the use of certain critical accounting estimates and the exercise of management's judgement in applying the Company's accounting policies. Areas involving a high degree of judgement or complexity and areas where assumptions and estimates are significant to the Company's consolidated financial statements are discussed below.

The Company's consolidated financial statements for the year ended December 31, 2022 have been prepared on a historical cost basis except for certain financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

## 2

### SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Use of estimates

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

#### Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The Company also makes estimates as to when performance conditions for stock options will be met. The determination of whether or not the achievement of performance milestones for stock options likely requires management to consider factors such as the likelihood of an employee or consultant remaining with the Company until requisite performance is achieved as well as external factors such as government regulations, financial market developments and industry trends which influence the milestones. Additionally, factors internal to the Company, such as the financial and strategic support for the achievement of the milestone must be considered. This determination is subject to significant judgement and changes to any of these factors or management's interpretation thereof, may result in expenses being recognized or previously recognized expense being reversed. The assumptions and models used for estimating fair value for share-based payment transactions are discussed in Note 6.

#### Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

#### Asset acquisition

The Company has determined that Marlee Gold Pty Ltd did not meet the definition of a business under IFRS 3 and has been accounted for as an asset acquisition with the net asset value being determined by the consideration paid or issued (Note 11).

#### Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Exploraciones Mineras del Cantabrico S.L. ("EMC") and Marlee Gold Pty Ltd ("Marlee Gold"). EMC is a mining company in Asturias, Spain. On July 6, 2022 the Company acquired and consolidated Marlee Gold. All intercompany transactions and accounts have been eliminated upon consolidation.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

## 2

### **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

#### **Exploration and evaluation assets**

Costs related to the acquisition and exploration and evaluation of mineral properties are recognized in profit or loss as incurred. Exploration expenditures are the costs of exploring for mineral resources other than those occurring at existing operations and projects and comprise geological and geophysical studies, exploratory drilling, and sampling and resource development. Evaluation expenditures include the cost of conceptual and feasibility studies and evaluation of mineral resources at existing operations. When a decision is taken that a mining project is technically feasible and commercially viable, the project is first tested for impairment and subsequent directly attributable expenditures are considered development expenditure and are capitalized within property, plant and equipment or mineral properties. If a property does not prove economically recoverable or technically feasible, all irrecoverable costs associated with the project, net of any previous impairment provisions, are written off.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited within profit or loss.

#### **Contingent consideration**

Contingent consideration from an asset acquisition is recognized when the conditions associated with the contingency are met, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

#### **Impairment of non-financial assets**

At each reporting date the carrying amounts of the Company's long-lived non-financial assets, which are comprised of exploration and evaluation assets, are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use, which is the present value of future cash flows expected to be derived from the asset or its related cash generating unit. For purposes of impairment testing, assets are grouped at the lowest levels that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit").

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the associated assets are reduced to their recoverable amount and the impairment loss is recognized in profit or loss for the year.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment charge is reversed through profit or loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of any applicable depreciation, if no impairment loss had been recognized.

#### **Decommissioning provisions**

The Company recognizes the fair value of a liability for a decommissioning provision in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. The Company does not have any decommissioning provisions as at December 31, 2022 and 2021.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

## 2

### SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting years.

#### Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity. Common shares issued for consideration other than cash, are valued based on their trading value at the date the shares are issued.

The Company uses the residual value method with respect to the measurement of shares and warrants/unlisted options issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a unit private placement to be the more easily measurable component. The balance, if any, is allocated to the attached warrants/unlisted options. Any fair value attributed to the warrants is recorded as reserves.

#### Share-based compensation

Stock options and direct awards of stock granted to employees and others providing similar services are measured at fair value on the date of grant and is recognized as an expense with a corresponding increase in reserves as the options vest. Fair value is determined using the Black Scholes option pricing model taking into consideration the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options expected to vest. Each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value.

Options granted to non-employees are measured at their fair value of goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received. Consideration paid for the shares on the exercise of stock options is credited to share capital.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

## 2

### SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value.

#### Foreign currency translation

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for the Company is the Canadian dollar, its subsidiaries, EMC and Marlee Gold have a functional currency of Canadian dollar and Australian dollar, respectively. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the financial position reporting date. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the period.

The Company translates the assets and liabilities of subsidiaries with functional currencies other than the Canadian dollar into Canadian dollars at the exchange rate in effect on the reporting date. The results of operations of those entities are translated into Canadian dollars at the average exchange rates in effect during the reporting period. We recognize the foreign currency differences which arise from translation in other comprehensive loss (income). When the Company disposes of an entity in its entirety, or partially such that the Company has lost control, the Company reclassifies the cumulative amount in the foreign currency reserve related to that operation to profit or loss as part of the gain or loss on disposal.

#### Financial instruments

##### Classification

Financial assets are classified at initial recognition as either: measured at amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI"). The classification depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income ('OCI').

Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL or the Company has opted to measure at FVTPL.

##### Measurement

Financial assets and liabilities at FVTPL are initially recognized at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets or liabilities held at FVTPL are included in profit or loss in the period in which they arise. Where the Company has opted to designate a financial liability at FVTPL, any changes associated with the Company's credit risk will be recognized in OCI.

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment.

##### Impairment

The Company assesses on a forward looking basis the expected credit losses ("ECL") associated with financial assets measured at amortized cost, contract assets and debt instruments carried at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

## 2

### SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### New accounting pronouncements

There are no new accounting policies and pronouncements that would have a significant effect on the consolidated financial statements.

## 3

### RECEIVABLES

	DECEMBER 31 2022	DECEMBER 31 2021
Value-Added Tax receivable	<b>\$167,254</b>	\$96,326
GST receivable	<b>13,852</b>	9,313
Other Receivable	<b>16,533</b>	-
<b>Total</b>	<b>\$197,639</b>	\$105,639

## 4

### EXPLORATION AND EVALUATION ASSETS

Although the Company has taken steps to verify title to its mineral property in which it has an interest, these procedures do not guarantee the Company's title. Its property may be subject to prior agreements or transfers and title may be affected by undetected defects. Further, we make judgements for properties where concessions terms have expired, and a renewal application has been made and is awaiting approval. We use judgement as to whether the concession renewal application is probable to be received, but ultimately this is beyond our control. If a renewal application is not approved, we could lose rights to those concession.

#### Salave Gold Property

The Salave Project is comprised of 30-year-term mining concessions over the resource area in the province of Asturias, Spain.

A Preliminary Economic Assessment was released in 2019 and the Company submitted its final Environmental Impact Assessment for the property during 2022 and is awaiting a response from the Asturian Government.

#### Marlee Gold Project

During 2022, the Company acquired Australian mining explorer Marlee Gold Pty Ltd, 100% holder of Padbury Gold and Ivan Well projects. (Note 11).





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

## 5

### ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	DECEMBER 31 2022	DECEMBER 31 2021
Accounts payables	\$56,319	\$137,601
Accrued liabilities	104,968	213,662
Due to related parties (Note 8)	-	49,909
<b>Total</b>	<b>\$161,287</b>	<b>\$401,172</b>

## 6

### SHARE CAPITAL AND RESERVES

#### Authorized:

Unlimited number of common shares without par value.

#### Issued – 2022 transactions

On January 13, 2022, the Company issued 19,696,414 common shares at an issue price of AUD\$0.056 to raise \$999,645 (AUD\$1,102,999) under the Company's securities purchase plan. Share issuance costs of \$28,109 were paid in connection with the transaction.

On January 24, 2022, the Company issued 10,357,142 common shares at an issue price of AUD\$0.056 to raise \$522,290 (AUD\$580,000). These common shares were subject to shareholder approval on January 10, 2022 as they were issued to directors Mr. Paul Cronin (\$452,100) (AUD\$500,000) and Mr. Alberto Lavandeira (\$72,322) (AUD\$80,000).

On July 7, 2022, the Company issued its 1,428,571 common shares valued at \$48,081 (AUD\$61,909) to acquire the Marlee Gold project (Note 4 and 11).

#### Issued – 2021 transactions

On May 3, 2021, the Company issued 1,285,539 shares valued at \$0.07 per share to settle outstanding director fees. The shares had a fair value of \$85,342, which resulted with a gain on debt settlement of \$34,799 (Note 8).

On September 22, 2021, the Company issued 513,047 shares valued at \$0.06 per share to settle outstanding director fees. The shares had a fair value of \$28,434, which resulted with a gain on debt settlement of \$11,275 (Note 8).

On November 25, 2021, the Company issued 33,035,730 common shares at AUD\$0.056 per share for gross proceeds of \$1,685,496 (AUD\$1,850,000). Share issuance costs totaled \$162,000, of which \$110,857 was paid and \$51,143 was included in accounts payable and accrued liabilities as of December 31, 2021 (Note 7).

#### Warrants

A summary of the number of common shares reserved pursuant to the Company's warrants outstanding as of December 31, 2022 and 2021 is as follows:

	NUMBER OF WARRANTS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding, December 31, 2020	2,666,666	\$ 0.33
Expired	(2,666,666)	0.33
Outstanding, December 31, 2021 and 2022	-	\$ -



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

## 6

### SHARE CAPITAL AND RESERVES *(continued)*

#### Stock options

The Company has a stock option plan under which it is authorized to grant options to directors, employees and consultants, to acquire up to 10% of the issued and outstanding common stock. The exercise price of each option is based on the market price of the Company's stock at the date of grant. The options can be granted for a maximum term of 10 years and vest as determined by the board of directors.

A summary of the status of the Company's stock options as at December 31, 2022 and 2021 is as follows:

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding, December 31, 2020	8,233,332	\$0.22
Granted	4,160,000	AUD\$0.096
Outstanding, December 31, 2021	<b>12,393,332</b>	<b>\$0.18</b>
Granted	<b>32,544,627</b>	<b>AUD\$0.10</b>
Expired	<b>(1,500,000)</b>	<b>AUD\$0.10</b>
<b>Outstanding, December 31, 2022</b>	<b>43,437,959</b>	<b>\$0.12</b>

A summary of the number of common shares reserved pursuant to the Company's options outstanding as at December 31, 2022 is as follows:

EXPIRY DATE	NUMBER OF OPTIONS OUTSTANDING	EXERCISE PRICE	NUMBER OF OPTIONS EXERCISABLE
September 24, 2027	5,983,333	\$0.24	5,983,333
October 22, 2027	416,666	\$0.24	416,666
February 7, 2028	333,333	\$0.33	333,333
September 7, 2024	4,160,000	AUD\$0.096	4,160,000
December 31, 2023	31,544,627	AUD\$0.10	31,544,627
July 6, 2024	1,000,000	AUD\$0.098	1,000,000
<b>Total</b>	<b>43,437,959</b>		<b>43,437,959</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

## 6

### SHARE CAPITAL AND RESERVES *(continued)*

#### Details of stock options granted during the year ended December 31, 2022

The Company issued 19,696,414 common shares at an issue price of AUD\$0.056 to raise AUD\$1,102,999 under the Company's securities purchase plan. As part of the issuance, the Company also issued on one unlisted option for every two common shares issued, ('1-for-2 basis'), for a total of 9,848,195 unlisted options with an exercise price of AUD\$0.10, expiring December 31, 2023. The options were issued on January 14, 2022.

On January 14, 2022, in connection with the AUD\$1,850,000 financing (Note 6, 2021 transactions), the Company also issued on a 1-for-2 basis a total of 16,517,862 unlisted options with an exercise price of AUD\$0.10, expiring December 31, 2023. The options were issued on January 14, 2022.

On January 24, 2022, the Company issued 10,357,142 common shares at an issue price of AUD\$0.056 to raise AUD\$580,000. These common shares were subject to shareholder approval on January 10, 2022 as they were issued to directors Mr. Paul Cronin (AUD\$500,000) and Mr. Alberto Lavandeira (AUD\$80,000). In accordance with the terms of the placement and the shareholder General Meeting, the Company also issued to the directors as approved by shareholders on a 1-for-2 basis a total of 5,178,570 unlisted options with an exercise price of AUD\$0.10, expiring December 31, 2023.

On July 6, 2022, as part of the purchase consideration for Marlee Gold Pty Ltd, the Company also issued 1,000,000 unlisted options with an exercise price of AUD\$0.098, expiring July 5, 2024 (Note 11). The options vested immediately upon grant and were valued at \$10,866 using the Black-Scholes option pricing model with the following assumptions:

Stock price	AUD\$0.04
Risk-free interest rate	2.54%
Expected volatility	100%
Expected life (years)	2
Expected dividend	nil

#### Details of stock options granted during the year ended December 31, 2021

On September 9, 2021, the Company granted 4,160,000 stock options to officers and directors of the Company. The options are exercisable for a period of three years at a price of AUD\$0.096 (\$0.09) per share. The options vested immediately upon grant and were valued at \$90,177 which is included in share-based compensation at December 31, 2021 and were valued using the Black-Scholes option pricing model with the following weighted average assumptions:

Stock price	AUD\$0.06
Risk-free interest rate	0.49%
Expected volatility	71.78%
Expected life (years)	3
Expected dividend	nil

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

## 6

### **SHARE CAPITAL AND RESERVES** *(continued)*

#### **Details of performance rights granted during the year ended December 31, 2022**

As part of Gabriel Chiappini's Chief Executive Officer appointment in March 2022, he was issued with a long-term incentive plan comprising of the issue of 5,000,000 performance rights that convert into ordinary shares upon the achievement of the following share price milestone hurdles:

- 1,500,000 performance rights convert to shares upon the Company's volume weighted average price of shares on ASX over 20 consecutive dates on which the Company's fully paid ordinary shares are traded exceeding AUD\$0.10;
- 1,500,000 performance rights convert to shares upon the Company's volume weighted average price of shares on ASX over 20 consecutive dates on which the Company's fully paid ordinary shares are traded exceeding AUD\$0.15; and
- 2,000,000 performance rights convert to shares upon the Company's volume weighted average price of shares on ASX over 20 consecutive dates on which the Company's fully paid ordinary shares are traded exceeding AUD\$0.20.

Each milestone has a 3-year milestone conversion date.

The fair value of the performance rights will be recognized over the estimated vesting period. During the current period, the Company recognized \$47,212 of share-based compensation expense in respect of these performance rights.

As part of EMC's General Manager's remuneration, he was issued with an incentive plan comprising of 5,750,000 performance rights that convert into ordinary shares upon the award of a Declaración de Impacto Ambiental by the Government of the Principality of Asturias to the Company (through its subsidiary, EMC) in respect of the Company's Environmental Impact Assessment for the Salave Gold Project (the 'Milestone').

The number of performance rights which will vest on satisfaction of the Milestone will be as follows:

- 5,750,000 performance rights will vest if Milestone is achieved by 31 December 2022;
- 4,312,500 performance rights will vest if Milestone is achieved during the 6 months ended 30 June 2023;
- 2,875,000 performance rights will vest if Milestone is achieved during the 6 months ended 31 December 2023;
- 2,156,250 performance rights will vest if Milestone is achieved during 2024.

During the current period, the Company recognized \$nil of share-based compensation expense in respect of these performance rights.

#### **Details of performance rights granted during the year ended December 31, 2021**

There were no performance rights issued during 2021.

## 7

### **SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS**

Cash and cash equivalents consist of \$1,771,442 (2021 – \$2,008,418) of cash and \$5,534 (2021 – \$5,534) in cash equivalents.

Share issuance costs of \$nil were included in accounts payable and accrued liabilities as at December 31, 2022 (2021 – \$51,143).

The Company issued 1,428,571 common shares and 1,000,000 unlisted options for the acquisition of the Marlee Gold Project (Note 11).

The Company reclassified unlisted options valued at \$548,029 (2021 - \$nil) from equity to unlisted options liability and at financial year end there was a gain on fair value change of unlisted options liability to the profit & loss of \$402,946.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

## 8

### RELATED PARTY TRANSACTIONS

The Company considers personnel with the authority and responsibility for planning, directing and controlling the activities of the Company to be key management personnel.

#### Transactions with key management personnel

The following amounts were incurred with respect of key management personnel being the Chief Executive Officer, Directors, and the Chief Financial Officer of the Company:

	<b>2022</b>	2021
Management and consulting fees – Chief Executive Officer	<b>207,816</b>	-
Directors' fees	<b>152,397</b>	317,113
Management and consulting fees – Chief Financial Officer	<b>58,646</b>	124,747
Wages and salary	<b>105,142</b>	109,944
Share-based compensation	<b>47,212</b>	90,177
	<b>\$571,213</b>	\$641,981

#### 2022

As at December 31, 2022, included in accounts payable and accrued liabilities for unpaid standard directors' fees is \$Nil (2021 - \$49,909) that is due to directors, officers and companies controlled by directors or officers.

#### 2021

On May 3, 2021, the Company issued 1,285,539 shares valued at \$0.07 per share to settle outstanding director fees. The shares had a fair value of \$85,342, which resulted with a gain on debt settlement of \$34,799.

On September 22, 2021, the Company issued 513,047 shares valued at \$0.06 per share to settle outstanding director fees. The shares had a fair value of \$28,434, which resulted with a gain on debt settlement of \$11,275.

## 9

### UNLISTED OPTIONS LIABILITY

As detailed in Note 6, the Company issued unlisted options with an exercise price in Australian dollars. As the functional currency of the Company is the Canadian dollar, the unlisted options issued as part of the financings completed during the years ended December 31, 2022 and 2021, are classified and accounted for as an unlisted options liability. The fair value of these unlisted options was \$548,029, valued using the Black-Scholes Pricing model with the following assumptions:

Risk-free interest rates	Between 0.64% and 0.81%
Expected life of unlisted options	1.96 years
Expected annualized volatility	Between 92.31% and 93.16%
Expected dividend	Nil

The change in fair value resulted in a gain of \$402,946 and is recognizable in the consolidated statement of loss and comprehensive loss for the year ended December 31, 2022. The fair value of the unlisted options was re-valued at period end using the Black-Scholes Pricing Model with the following assumptions:

Risk-free interest rates	3.41%
Expected life of unlisted options	1 year
Expected annualized volatility	91.09%
Expected dividend	Nil



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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### FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### *Fair value*

The inputs used in making fair value measurements are classified within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;
- Level 3 – Inputs that are not based on observable market data.

The carrying value of receivables and accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments. Cash and cash equivalents are measured at fair value using Level 1 inputs.

Other than the unlisted options liability, the Company does not carry any financial instruments at FVTPL.

Financial instruments measured at fair value on the consolidated statements of financial position are summarized in levels of fair value hierarchy as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Cash and cash equivalents	\$1,776,976	-	-	<b>\$1,776,976</b>
Unlisted options liability	-	\$145,083	-	<b>\$145,083</b>

The Company has exposure to the following risks from its use of financial instruments:

#### *Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's cash and cash equivalents are held at large financial institutions and it believes it has no significant credit risk. The Company's receivables are due from the Government of Canada, Government of Spain, and Government of Australia, and are therefore considered to have no significant credit risk.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating investing and financing activities. As at December 31, 2022, the Company had current assets of \$1,974,615 to settle current liabilities of \$161,287 which either have contractual maturities of less than 30 days and are subject to normal trade terms or are due on demand. The Company is exposed to liquidity risk.

#### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors, such as interest rates and foreign exchange rates.

#### *a) Interest rate risk*

Interest rate risk is the risk due to variability of interest rates. The Company is exposed to interest rate risk on its bank accounts. The income earned on the bank accounts are subject to the movements in interest rates. The Company has cash balances and no-interest bearing debt, therefore, interest rate risk is nominal.

#### *b) Foreign currency risk*

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses in Spain by using Euros converted from its Canadian bank accounts. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

Based on the Company's Euro, AUD, USD, and GBP denominated financial instruments at December 31, 2022, a 10% change in exchange rates between the Canadian dollar, Euro, AUD, USD, and GBP would result in a change of \$181,000 in foreign exchange gain or loss.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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### ACQUISITION OF MARLEE GOLD PTY LTD

On July 7, 2022, the Company acquired Marlee Gold, 100% holder of Padbury Gold and Ivan Well projects, in Australia.

At acquisition the Company paid:

- \$70,856 (AUD\$80,000) cash;
- 1,428,571 common shares valued at \$48,081;
- 1,000,000 unlisted options exercisable at A\$0.098 each and an expiry date of 24 months from the date of issue, valued at \$10,866.

Additionally, the Company will be required to pay:

- A\$1,000,000 payable in cash or shares subject to Black Dragon announcing to ASX a mineral resource estimate (of at least indicated category) for the Marlee Gold projects(s) in accordance with the JORC Code of an additional 500,000 ounces of gold at a grade of at least 2 grams per tonne.
- A\$1,000,000 payable in cash or shares subject to Black Dragon announcing to ASX a mineral resource estimate (of at least indicated category) for the Marlee Gold project(s) in accordance with the JORC Code of an additional 500,000 ounces of gold at a grade of at least 2 grams per tonne.

The election to pay the deferred consideration in cash or shares is at the sole discretion of Black Dragon. Should Black Dragon elect to issue shares, the deemed issue price will be equal to the 20-day volume weighted average price to the date of satisfaction of the relevant milestone.

In addition, within the Padbury Gold Project, Marlee Gold has an option to acquire an additional exploration block from Daniel Di Nunzio Block (P51/3158). The option period expires on January 30, 2030 and allows Marlee Gold to explore on P51/3158 and purchase the prospecting license outright for A\$100,000 with A\$1 per ounce payable on resources (measured and indicated categories) and reserves, in accordance with JORC Code, if a threshold of > 250,000 ounces at greater than or equal to 2g/t gold.

All projects are subject to a 1.5% net smelter return royalty on future production.

The transaction is being accounted for as an asset acquisition.

Below is the consideration and assets acquired valued at fair value.

<b>PURCHASE CONSIDERATION</b>	
Cash paid	\$70,856
Shares issued	48,081
Options issued	10,866
<b>Total</b>	<b>\$129,803</b>
<b>Net asset acquired</b>	
Other Receivable	\$1,523
<b>Excess charged to exploration expense</b>	<b>128,280</b>
<b>Total</b>	<b>\$129,803</b>

The Company also reimbursed the vendor for the tenement rent paid in advance, from acquisition date, totaling \$16,218.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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### CAPITAL MANAGEMENT

The Company's capital structure consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its business and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing, selling assets, and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, high liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the year. The Company will need to raise additional capital by obtaining equity financing, selling assets and incurring debt to develop its business.

The Company is not subject to any capital restrictions.

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### SEGMENT INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition, exploration of exploration and evaluation assets located in Spain and Australia.

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### INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2022	2021
Loss for the year	<b>\$(1,102,798)</b>	\$(1,818,420)
Expected income tax recovery	<b>(298,000)</b>	(491,000)
Change in statutory, foreign tax, foreign exchange rates and other	<b>(37,000)</b>	577,000
Share issuance costs	-	(44,000)
Permanent differences	-	25,000
Adjustment to prior year tax provision versus statutory tax returns	<b>(148,000)</b>	(1,328,000)
Change in unrecognized deductible temporary differences	<b>483,000</b>	1,261,000
<b>Total income tax expense (recovery)</b>	<b>\$ -</b>	\$ -

The significant components of the Company's temporary differences and tax losses that have not been recognized on the consolidated statements of financial position are as follows:

TEMPORARY DIFFERENCES	2022	EXPIRY DATE RANGE	2021	EXPIRY DATE RANGE
Exploration and evaluation assets	<b>\$18,287,000</b>	<b>No expiry date</b>	\$18,202,000	No expiry date
Share issue costs and other	<b>\$391,000</b>	<b>2042 to 2045</b>	\$442,000	2042 to 2045
Non-capital losses available for future period	<b>\$26,812,000</b>	<b>2028 to no expiry</b>	\$25,036,000	2028 to no expiry

Tax attributes are subject to review and potential adjustment by tax authorities.





# ASX ADDITIONAL INFORMATION

## ANNUAL MINERAL RESOURCES STATEMENT

A summary of the Company's annual review of its Mineral Resources is in the Executive Director's Review.

As at 31 December 2022, the Company's Mineral Resource holdings was comprised of the following.

### Salave Gold Project in Asturias, Spain

Mineral Resource Estimate for the Salave Gold Deposit at a 2.0 g/t Au cut-off grade

MINERAL RESOURCE CLASSIFICATION	MILLION TONNES	AU GRADE	MILLION OUNCES OF GOLD
Measured	1.03	5.59g/t	0.19
Indicated	7.18	4.43g/t	1.02
Inferred	3.12	3.47g/t	0.35
<b>Total Mineral Resource</b>	<b>11.33</b>	<b>4.45g/t</b>	<b>1.56</b>

Notes:

- The Mineral Resource Estimate was carried out by Dmitry Pertel, MSc (Geol), MAIG, GAA of CSA Global, the independent Qualified Person as defined by National Instrument 43-101. A copy of the technical report "Salave Gold Project Mineral Resource Update for Black Dragon Gold Corp." with an effective date of October 31, 2018, is posted on the Company's website [www.blackdragongold.com](http://www.blackdragongold.com)
- Classification of the MRE was completed based on the guidelines presented by Canadian Institute for Mining (CIM - May 2014), adopted for Technical reports which adhere to the regulations defined in Canadian National Instrument 43-101 (NI43-101), and the JORC Code
- A cut-off grade of 2 g/t Au has been applied when reporting the Mineral Resource.
- All density values were interpolated, except CHL and SER domains where a single density value of 2.67 t/m<sup>3</sup> was used.
- Rows and columns may not add up exactly due to rounding.
- Mineral Resources that are not Mineral Reserves have not demonstrated economic viability.
- The quantity and grade of the Inferred resources reported in this estimation are conceptual in nature and there has been insufficient exploration to define these Inferred resources as an Indicated and Measured resource. It is uncertain if further exploration will result in upgrading them to an Indicated or Measured category, although it is reasonably expected that the majority of the Inferred resources could be upgraded to Indicated Mineral Resources with further exploration.
- The Company first reported the 2018 MRE in accordance with the JORC Code and ASX listing rule 5.8 in its ASX announcement of 25 October 2018. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcement and that all material assumptions and technical parameters underpinning the estimate in the previous announcement continue to apply and have not materially changed.

The Company has ensured that the Mineral Resources quoted are subject to thorough governance arrangements and internal controls. The Mineral Resource estimates were prepared by independent specialist resource and mining consulting group CSA Global. The Company understands that CSA Global is an experienced consulting group which applies best practice in modelling and estimation methods. CSA has also undertaken reviews of the underlying information used to generate the resource estimation. In addition, the Company's management carries out regular reviews and audits of internal processes and external consultants that have been engaged by the Company.

The Annual Mineral Resources statement above is based on and fairly represents information and supporting documentation prepared by a competent person or persons. The Annual Mineral Resource statement as a whole has been approved by Douglas Turnbull, P. Geo., a consultant to Black Dragon Gold, a Professional Geologist and a member of the Engineers and Geoscientists of British Columbia. Douglas Turnbull, has provided prior written consent to the issue of the Annual Mineral Resource statement in the form and context in which it appears in this annual report. Please refer to competent person's statement on page 10 of this annual report.



# ASX ADDITIONAL INFORMATION

## CORPORATE GOVERNANCE STATEMENT

The Company's corporate governance statement for the year ended 31 December 2022 is available on the Company's website at <https://www.blackdragongold.com/downloads/corp-governance-files-/bdg-corporategovernance-manualfinal-2022.pdf>

## SHAREHOLDINGS

The issued capital of the Company as at 3 March 2023 was 200,670,055 fully paid ordinary shares. All issued ordinary shares carry one vote per share and carry the rights to dividends.

### Distribution of Ordinary Shares

Range of Units as of 3 March 2023

RANGE	TOTAL HOLDERS	UNITS	% UNITS
1 - 1,000	20	6,022	0.00
1,001 - 5,000	13	54,480	0.03
5,001 - 10,000	58	521,258	0.26
10,001 - 100,000	175	7,658,429	3.82
100,001 Over	172	192,429,866	95.89
<b>Total</b>	<b>438</b>	<b>200,670,055</b>	<b>100.00</b>

UNMARKETABLE PARCELS (AUSTRALIAN CDI)	MINIMUM PARCEL SIZE	HOLDERS	UNITS
Minimum \$ 500.00 parcel at \$ 0.0380 per unit	13,158	103	719,119

### Substantial shareholders as at 3 March 2023

As at 3 March 2023 there were 3 shareholders who held a substantial shareholding within the meaning of the Australian Corporations Act. A person has a substantial holding if the total votes that they or their associates have relevant interests in is five per cent of more of the total number of votes.

NAME	SHARES	% OF ISSUED CAPITAL
Deutsche Balaton Aktiengesellschaft	25,903,647	12.9
David Michael	17,955,848	8.9
Paul Cronin	12,525,427	6.2

# ASX ADDITIONAL INFORMATION

## Top 20 Shareholders as at 3 March 2023

RANK	NAME	SHARES	% SHARES
1	MR PAUL CRONIN	11,615,098	5.79
2	OCEANIC CAPITAL PTY LTD	10,650,599	5.31
3	DEUTSCHE BALATON AKTIENGESELLSCHAFT	9,142,857	4.56
4	CITICORP NOMINEES PTY LIMITED	7,662,792	3.82
5	DELPHI UNTERNEHMENSBERATUNG AKTIENGESELLSCHAFT	7,335,000	3.66
6	BNP PARIBAS NOMS PTY LTD <DRP>	7,005,532	3.49
7	REDLAND PLAINS PTY LTD <BRIAN BERNARD RODAN S/F A/C>	6,692,889	3.34
8	DEUTSCHE BALATON AKTIENGESELLSCHAFT	6,449,290	3.21
9	MR BARRY FRANCIS CRONIN <THE HILLVIEW 52 SUPER A/C>	6,372,377	3.18
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,074,463	2.53
11	BUPRESTID PTY LTD <HANLON FAMILY SUPER A/C>	4,550,000	2.27
12	ST BARNABAS INVESTMENTS PTY LTD	4,362,388	2.17
13	PAYZONE PTY LTD <ST BARNABAS SUPER A/C>	4,028,575	2.01
14	ANTILLES GOLD TECHNOLOGIES PTY LTD	3,666,666	1.83
15	DELPHI UNTERNEHMENSBERATUNG AKTIENGESELLSCHAFT	2,900,000	1.45
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,886,095	1.44
17	GREATCITY CORPORATION PTY LTD <RICHARD MONTI A/C>	2,413,502	1.20
18	CDS & CO	2,266,302	1.13
19	MR OWEN BARRY MERRETT <MERRETT SUPER FUND A/C>	2,200,000	1.10
20	DIXSON TRUST PTY LIMITED	2,069,047	1.03
	<b>Total</b>	<b>109,343,472</b>	<b>54.49</b>



# ASX ADDITIONAL INFORMATION

## VOTING RIGHTS

The Company is incorporated under the legal jurisdiction of British Columbia, Canada. To enable companies such as the Company to have their securities cleared and settled electronically through CHESS, Depository Instruments called CHESS Depository Interests (CDIs) are issued. Each CDI represents one underlying ordinary share in the Company (Share). The main difference between holding CDIs and Shares is that CDI holders hold the beneficial ownership in the Shares instead of legal title. CHESS Depository Nominees Pty Limited (CDN), a subsidiary of ASX, holds the legal title to the underlying Shares.

Pursuant to the ASX Settlement Operating Rules, CDI holders receive all of the economic benefits of actual ownership of the underlying Shares. CDIs are traded in a manner similar to shares of Australian companies listed on ASX.

CDIs will be held in uncertificated form and settled/transferred through CHESS. No share certificates will be issued to CDI holders. Each CDI is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

If holders of CDIs wish to attend and vote at the Company's general meetings, they will be able to do so. Under the ASX Listing Rules and the ASX Settlement Operating Rules, the Company as an issuer of CDIs must allow CDI holders to attend any meeting of the holders of Shares unless relevant English law at the time of the meeting prevents CDI holders from attending those meetings.

In order to vote at such meetings, CDI holders have the following options:

- (i) instructing CDN, as the legal owner, to vote the Shares underlying their CDIs in a particular manner. A voting instruction form will be sent to CDI holders with the notice of meeting or proxy statement for the meeting and this must be completed and returned to the Company's Share Registry prior to the meeting; or
- (ii) informing the Company that they wish to nominate themselves or another person to be appointed as CDN's proxy with respect to their Shares underlying the CDIs for the purposes of attending and voting at the general meeting; or
- (iii) converting their CDIs into a holding of Shares and voting these at the meeting (however, if thereafter the former CDI holder wishes to sell their investment on ASX it would be necessary to convert the Shares back to CDIs). In order to vote in person, the conversion must be completed prior to the record date for the meeting. See above for further information regarding the conversion process.

As holders of CDIs will not appear on the Company's share register as the legal holders of the Shares, they will not be entitled to vote at Shareholder meetings unless one of the above steps is undertaken.

As each CDI represents one Share, a CDI Holder will be entitled to one vote for every CDI they hold.

Proxy forms, CDI voting instruction forms and details of these alternatives will be included in each notice of meeting sent to CDI holders by the Company.

These voting rights exist only under the ASX Settlement Operating Rules, rather than under British Columbia Law. Since CDN is the legal holder of the applicable Shares and the holders of CDIs are not themselves the legal holder of their applicable Shares, the holders of CDIs do not have any directly enforceable rights under the Company's articles of association.

As holders of CDIs will not appear on our share register as the legal holders of shares of ordinary shares they will not be entitled to vote at our shareholder meetings unless one of the above steps is undertaken.

