Unico Silver

Annual Report

30 June 2023

Unico Silver Limited

ASX:USL

ABN 34 116 865 546

(Formerly known as E2 Metals Limited)

Contents

Corporate directory	3
Chairman's letter	4
Value statement	5
Review of operations	6
Directors' report	18
Auditor's independence declaration	29
Statement of profit or loss and other comprehensive income	30
Statement of financial position	31
Statement of changes in equity	32
Statement of cash flows	33
Notes to the financial statements	34
Directors' declaration	60
Independent auditor's report to the members of Unico Silver Limited	61
Shareholder information	65

Corporate Directory

Directors

- **Mr Peter Mullens**
  (Non-Executive Chairman)
- **Mr Todd Williams**
  (Managing Director)
- **Ms Melanie Leydin**
  (Non-Executive Director)
- **José Bordogna**
  (Non-Executive Director appointed 1 March 2023)

Company Secretary

- **Mr Rajeev Chandra**

Registered Office

- Level 4, 100 Albert Road
  South Melbourne VIC 3205
  Phone: 03 9692 7222
  Fax: 03 9077 9233

Principal Place of Business

- Level 3, 100 Pirie Street
  Adelaide SA 5000

Share Register

- **Link Market Services**
  Tower 4, 727 Collins Street
  Docklands VIC 3008
  Phone: 1300 554 474

Auditor

- **William Buck**
  Level 20, 181 William Street
  Melbourne VIC 3000

Stock Exchange Listing

- Unico Silver Limited shares are listed on the Australian Securities Exchange **(ASX:USL)**

Unico Silver

Chairman's letter

Dear fellow shareholders,

While the prevailing market conditions continue to serve as a head wind to the precious metal sector, our focus on execution and growth has not waivered.

On global precious metal equities, inflation and rising operating costs have compressed margins and cash flows. Meanwhile, the opportunity for investment is shrinking, with a number of established development companies being acquired and delisted during 2023.

Should this trend continue, the next up cycle in the precious metal sector will be characterised by higher prices and a relative dearth of investment opportunities. This is similar to 2002, which was a major market bottom and the start of a 10-year precious metal bull market. Hence, the current set-up provides an opportunity for a "perfect storm" for companies with high quality exploration projects with the potential to develop scale.

In line with this trend and to rationalise investment decisions, Unico Silver has weighted its focus on growth via acquisition and consolidation rather than exploration. The acquisition of our neighbouring Pingüino projects, announced November 2022, is an example of this and adds significant scale and geological pedigree to our greenfields Conserrat project (collectively known as Cerro Leon).

On closing the Pingüino transaction, we welcome Austral Gold as a major shareholder and José Bordogna (Austral's CFO) as a non-executive director.

The maiden resource announced during May this year resulted in a material increase in the total resources, to in excess of 90 million silver equivalent ounces, making us one of the largest silver companies on the ASX.

We believe the Cerro Leon silver project presents a number of strategic advantages:

1. located within the mining friendly Santa Cruz precious metal province,
2. clear pathway for building and permitting mines, as evidenced by Cerrado Gold's recent construction of the Las Calandrias heap leach project in less than 12 months,
3. geological potential (over 100 lineal kilometers of underexplored epithermal veins) supporting future resource growth.

It's these points why we believe Unico Silver is positioning itself to be one of the preeminent silver companies on the ASX: an important point of difference when compared to our gold peers.

I would also like to take this opportunity to thank our dedicated team in Argentina, my fellow directors and our shareholders for their continued support.

Yours faithfully
Peter Mullens

Value Statement

Vision

Our vision is to be a globally relevant silver development company and the preeminent silver development company on the Australian Securities Exchange (ASX).

Mission

We achieve this by:

- Taking a big picture and long-term view
- Selecting projects based on strength, opposed to lack of weakness
- Identifying value that others overlook
- In geological terranes with world-class endowment
- Engaging in mutually profitable partnerships with all of its stakeholders

Values

We ask that all of our employees practice integrity, respect and an uncompromising commitment to our common goals. These are non-negotiable.

However, what we particularly value in our colleagues is:

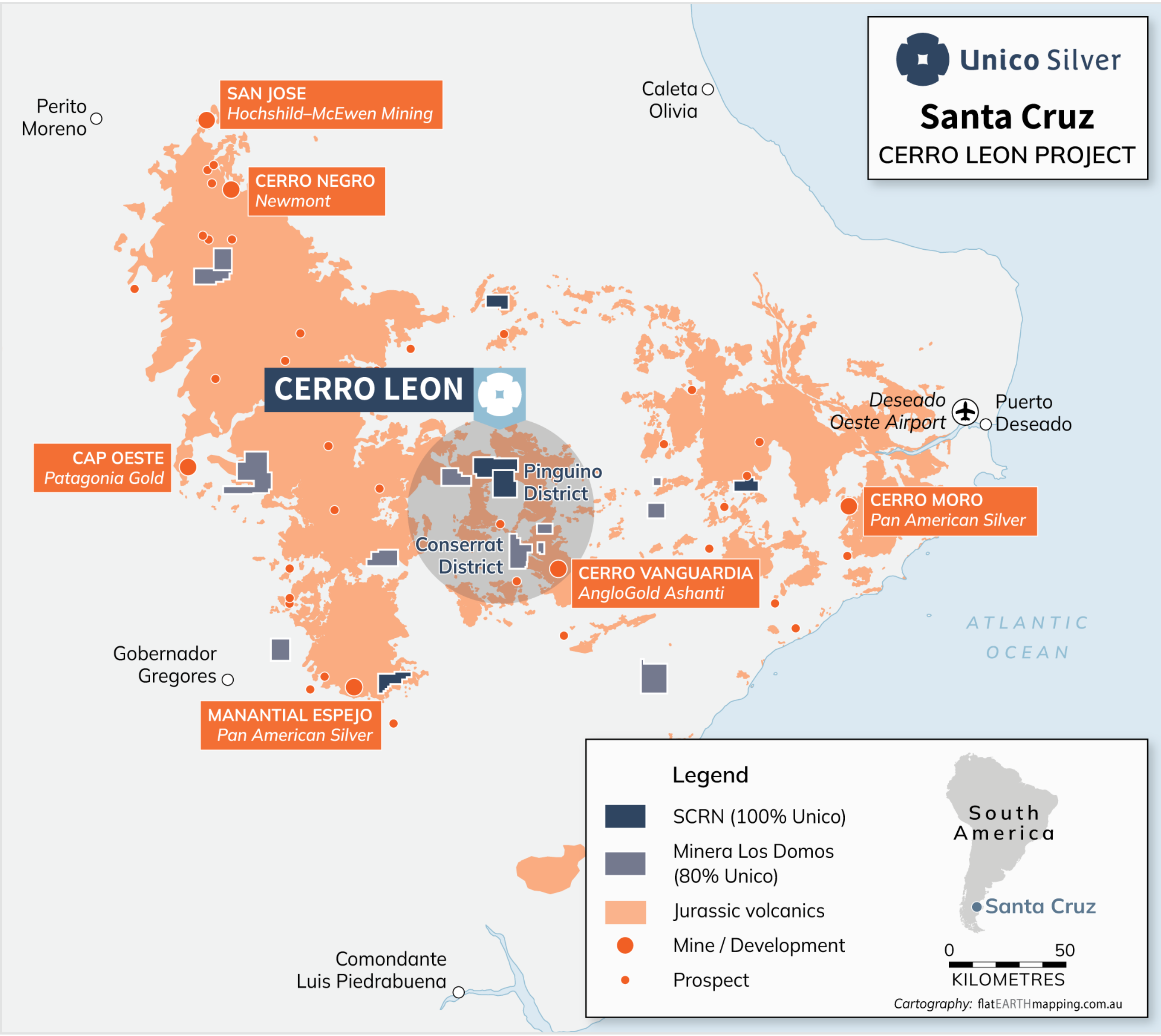
- **Courage** - to embrace wild ideas and progressive concepts that challenge conventional wisdom. These ideas are uncomfortable and attract scepticism until they do not.
- **Good judgement** - to make considered technical and commercial decisions based on imperfect and incomplete information that carries inherent uncertainty and risk.
- **Curiosity** - in the scientific process; sharing bold, interesting & experimental ideas and engaging in thoughtful debate.
- **Bias towards action** - where every day is an opportunity to action exceptional outcomes, for the organisation and its stakeholders.
- **Accountability** - to the workplace culture and the integrity of the Company; where no objective is worth compromising our employees, our reputation or the environment in which we work.

Review of Operations

CERRO LEON PROJECT (Santa Cruz)

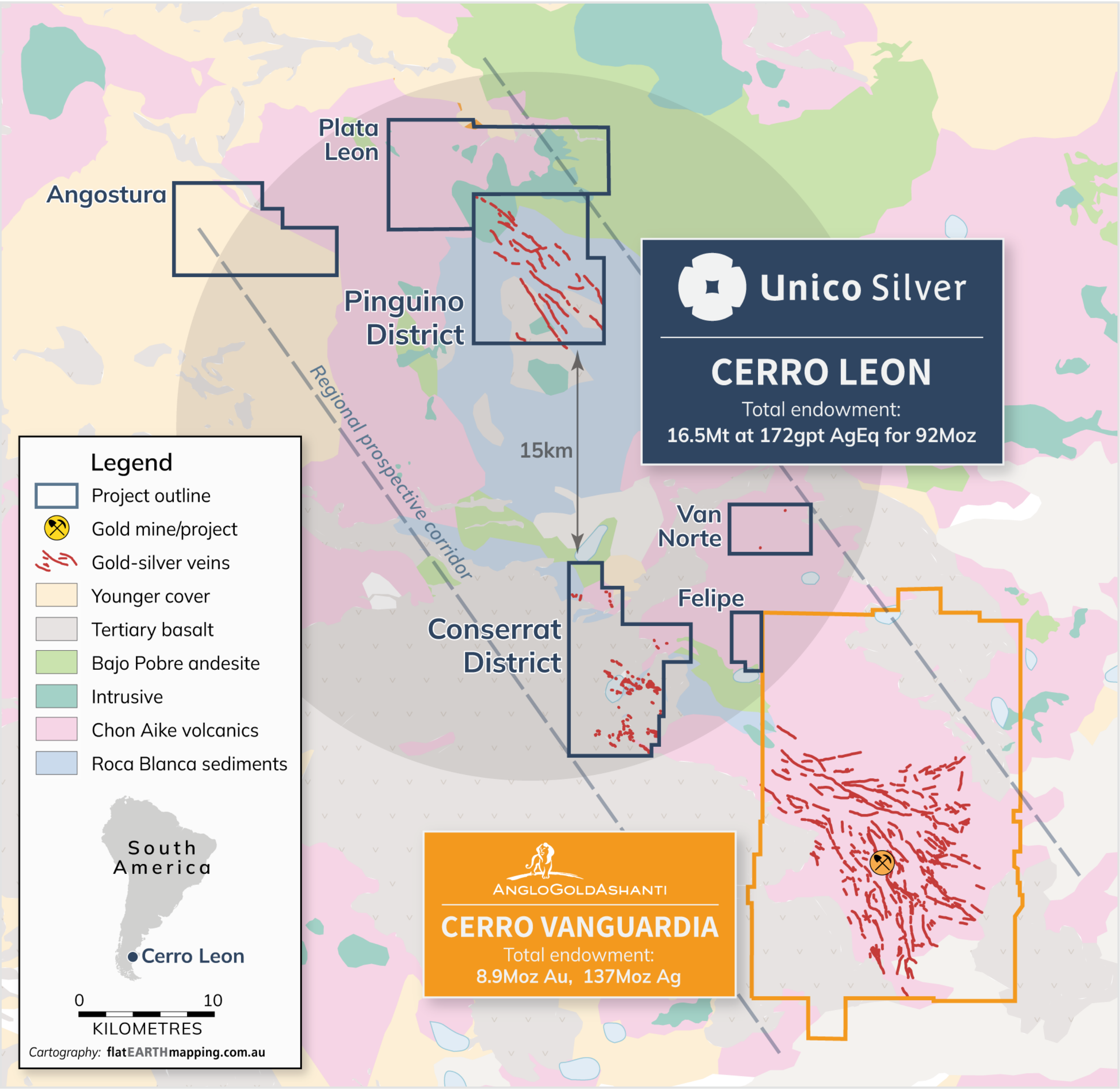
Unico Silver holds interest in a large portfolio of exploration properties in the mining-friendly Santa Cruz province of Argentina (Figure 1), which is host to numerous multi-million-ounce precious metal epithermal vein deposits such as Cerro Negro and Cerro Vanguardia.

The Company's flagship asset is Cerro Leon which includes the Pingüino (100% USL) and Conserrat (80% USL) vein districts located 15km apart, with both assets consolidated in November 2022 via a transaction with ASX listed Austral Gold Limited *(see ASX announcement, 25 November 2022 Transformative 100% Acquisition of Advanced Pingüino Silver Gold Project).*



• *Figure 1: Santa Cruz Portfolio*

Cerro Leon is located 130km northwest of port town San Julian and is centred on the same geological trend that is host to the Cerro Vanguardia mine, where historical and current reserves exceed 9 million ounces of gold and 140 million ounces of silver (Figure 2).



• *Figure 2: Cerro Leon Project*

Pingüino is made up of four contiguous mining titles totalling 9,966 Ha and is host to the second largest vein field in Santa Cruz (behind Cerro Vanguardia) with measured dimensions of 12 km by 9 km. Mineralised veins are up to 13m wide in outcrop and cover a combined strike of 115 km.

Conserrat is made up of one title for 8696Ha located 15km south of Pingüino. The project is host to a recently discovered epithermal vein field that partially outcrops over an area of 25km^2, within 'erosional windows' of younger volcanic and sediment cover. High grade silver mineralisation has been defined at six prospects.

Mineral Resource Estimate

During May 2023, the Company reported an updated Mineral Resource Estimate (**MRE**) for the Cerro Leon project (see Table 1) *(see ASX announcement, 18 May 2022, Cerro Leon Silver Resource Grows 84% to 92Moz)*. This resource update is the first by the Company since the acquisition of the Pingüino project. Pingüino is host to a Foreign Estimate (the Pingüino Estimate) published during 2014 under Canadian Technical reporting National Instrument (NI) 43-101 standards.

At all prospects, the MRE only considered material within 150 m of the surface at a 50 g/t silver equivalent cut-off grade as the potential target volume for open pit mining. Below this, mineral resources are reported using a 150g/t silver equivalent cut-off grade.

Table 1: Cerro Leon summary of mineral resources reported at variable cut off grades

	Zone	Category	Tonnes (Mt)	Ag Eq (g/t)	Ag (g/t)	Au (g/t)	Zn (%)	Pb (%)	AgEq Moz	Ag Moz	Au koz	Zn Mlb	Pb Mlb
Pingüino (100%)	Near Surface Mineralisation (above 250 mRL)	Indicated	6	169	84	0.39	1.12	0.45	33.0	16.45	76.6	150.8	60.6
	Above 50g/t AgEq	Inferred	6.39	174	82	0.78	0.62	0.32	35.8	16.75	160.2	87.8	45.6
	Sub Total Near Surface (above 250 mRL)		**12.48**	**171**	**83**	**0.59**	**0.87**	**0.39**	**68.8**	33.20	236.8	238.6	106.2
	Below 250 mRL & Above 150 g/t AgEq	Inferred	1.60	215	51	0.55	2.65	0.64	11.1	2.61	28.3	93.5	22.6
	Sub Total deeper (below 250 mRL)		**1.60**	**215**	**51**	**0.55**	**2.65**	**0.64**	**11.1**	2.61	28.3	93.5	22.6
	Total		**14.08**	**176**	**79**	**0.59**	**1.07**	**0.41**	**79.9**	**35.8**	**265.1**	**332.0**	**128.8**
Conserrat (80%)	Near Surface Mineralisation (above 150 mRL)	Indicated	0.73	203	100	1.29			4.7	2.35	30.1		
	Above 50g/t AgEq	Inferred	1.55	114	45	0.88			5.7	2.22	43.7		
	Sub Total Near Surface (above 150 mRL)		**2.27**	**142**	**62**	**1.01**			**10.4**	4.57	73.9		
	Below 250 mRL & Above 150 g/t AgEq	Inferred	0.11	273	159	1.44			1.0	0.57	5.1		
	Sub Total deeper (below 150 mRL)		**0.11**	**273**	**159**	**1.44**			**1.0**	0.57	5.1		
	Total		**2.39**	**149**	**67**	**1.03**			**11.4**	**5.1**	**79.0**		
Cerro Leon Total (100% basis)	Total (variable cutoff 50 and 150 g/t AgEq)	**I+I**	**16.47**	**172**	**77**	**0.65**	**0.91**	**0.35**	**91.3**	**40.9**	**344.2**	**332**	**129**

The preceding statements of Mineral Resources conforms to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2012 Edition. Due to rounding to appropriate significant figures minor discrepancies may occur. All tonnages reported are dry metric.

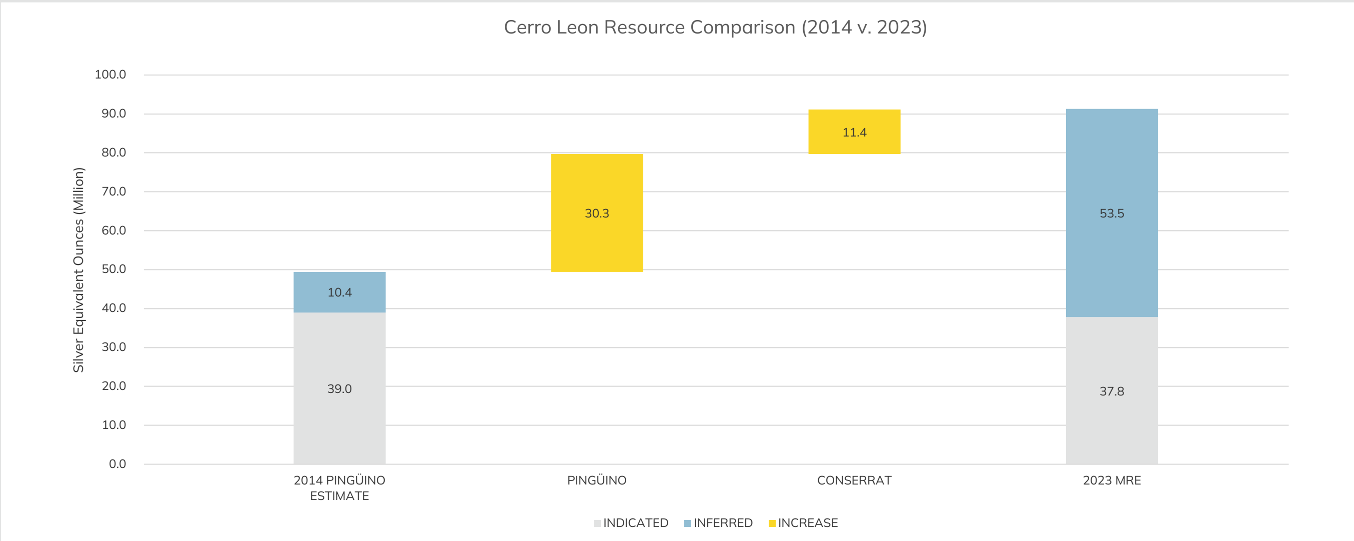
Comparisons With Previous Estimate

In comparison to the Pingüino Estimate from 2014, the combined MRE for Cerro Leon represents a 94% increase in tonnes and 84% increase in silver equivalent ounces (see Figure 3 and Table 2).

This increase is due to:

- At Pingüino: (i) inclusion of vein resources and drill holes that were not previously modelled, (ii) re-modelling of polymetallic silver-zinc-lead mineralisation at the Marta Centro prospect, and
- (iii) a maiden resource at Conserrat

The MRE has been delivered at an all-in discovery (exploration and evaluation expenditure) and acquisition costs of A$0.27 per silver equivalent ounce.



• *Figure 3: Change in Cerro Leon Resources from 2014 Foreign Estimate to 2023 MRE*

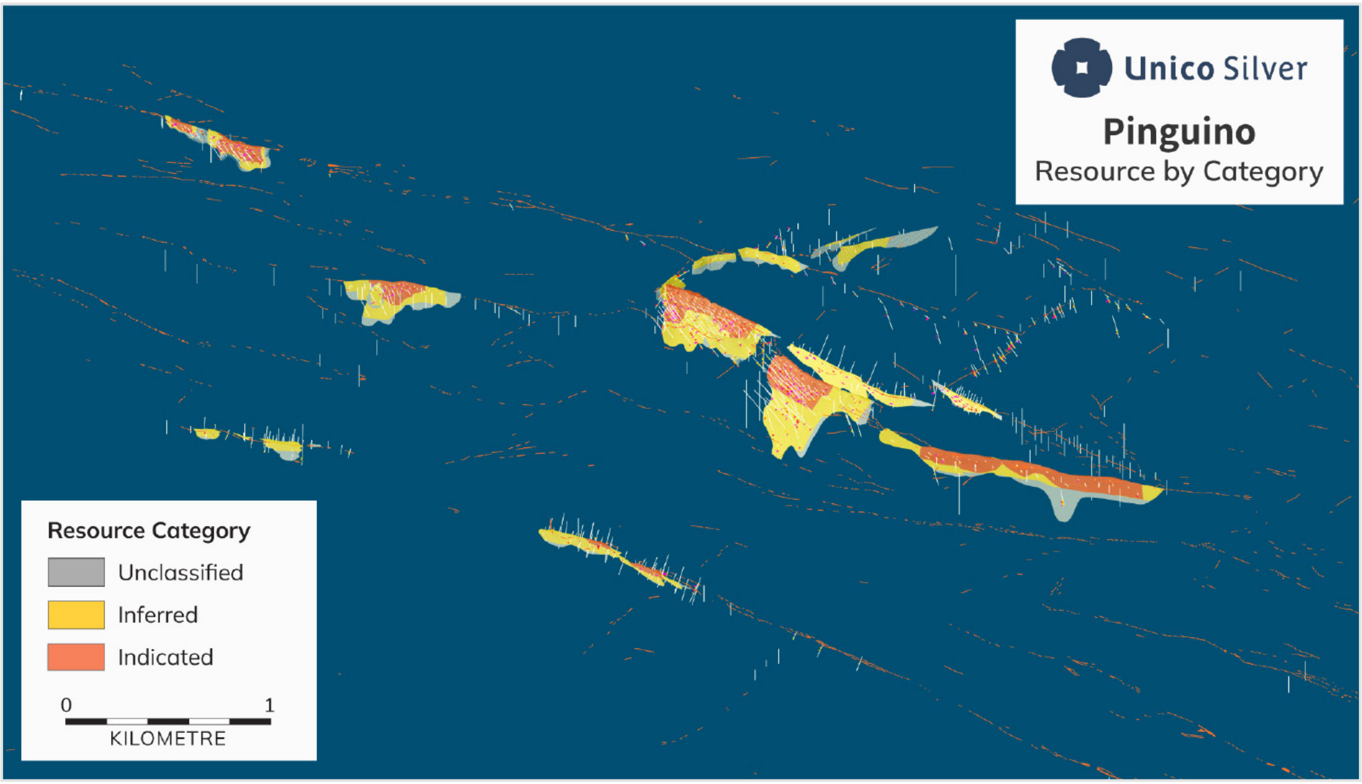
Table 2: 2014 Pingüino Estimate and comparison with the 2023 MRE

	Cutoff	Category	Tonnes (Mt)	Ag Eq (g/t)	Ag (g/t)	Au (g/t)	Zn (%)	Pb (%)	AgEq Moz	Ag Moz	Au koz	Zn Mlb	Pb Mlb
Pingüino (2014)	Variable (40 and 100g/t AgEq)	Indicated	6.28	193.5	103.4	0.58	0.77	0.54	39.07	20.9	116.0	107.2	75.0
		Inferred	2.21	147.0	65.3	0.66	0.52	0.35	10.43	4.6	46.5	25.4	17.1
	Total		**8.49**	**181.4**	**93.49**	**0.60**	**0.70**	**0.49**	**49.50**	**26**	**163**	**133**	**92**

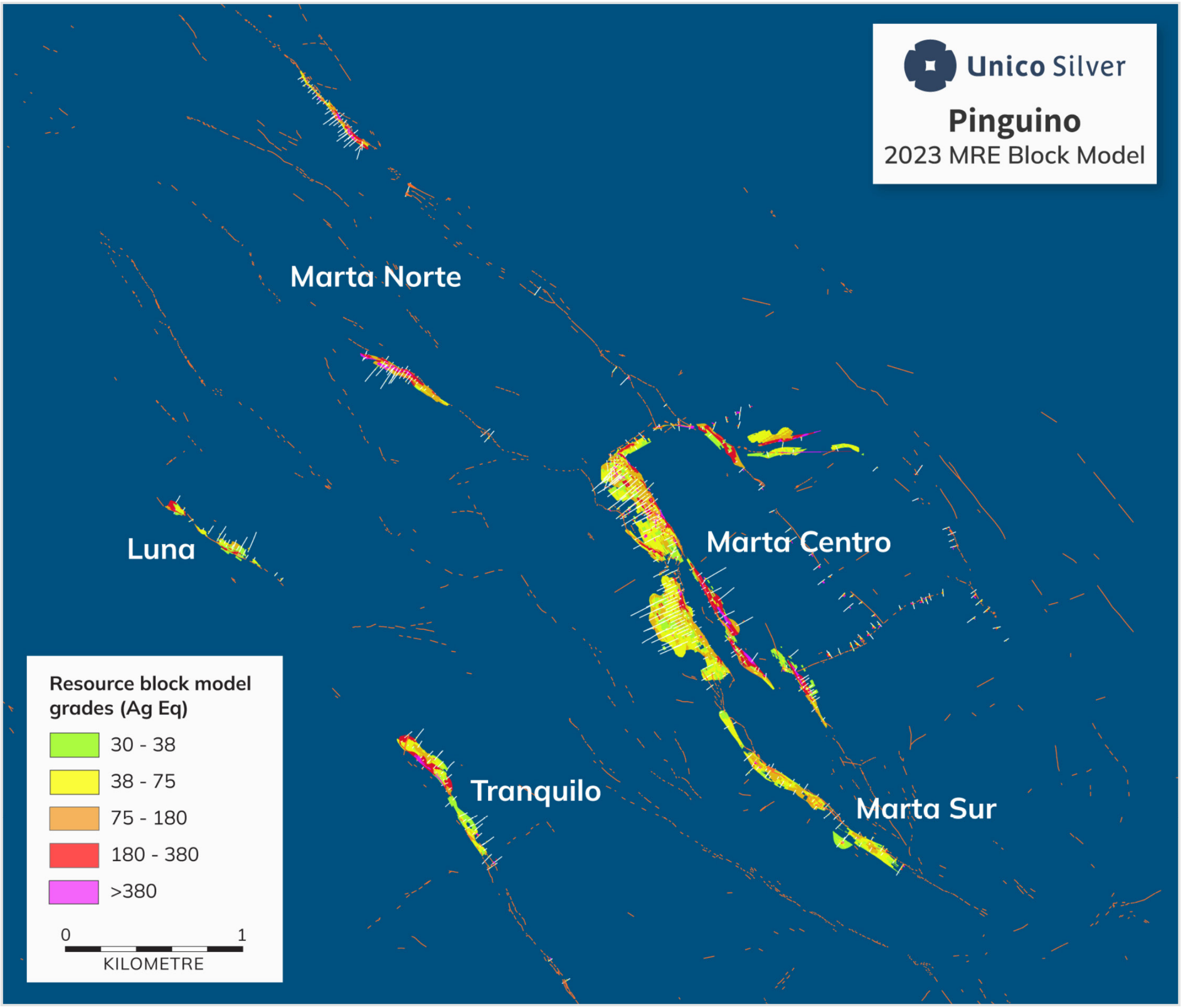
**the 2014 Foreign Estimate is superseded by the current Mineral Resource Estimate*

Resource Growth Potential

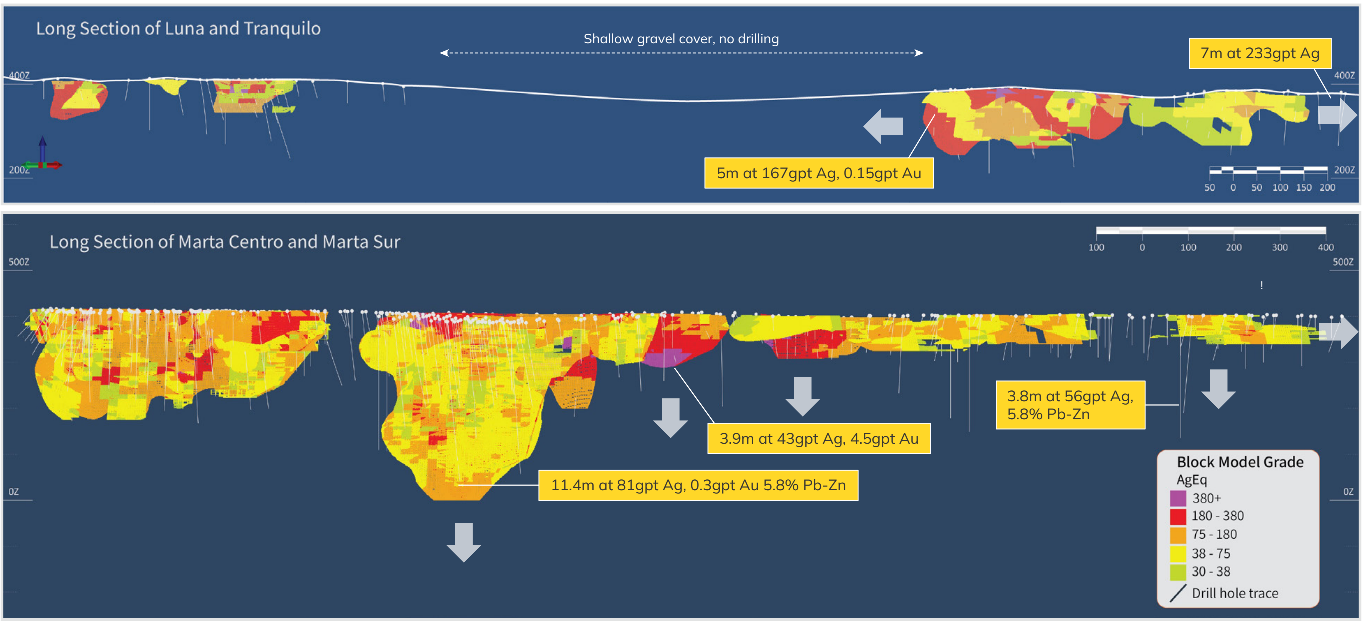
Block models for the Cerro Leon resource include unclassified material that either (i) falls below 150m vertical meters below the surface or (ii) drill spacing exceeds 100m (Figure 4). Opportunity exists to include unclassified mineralisation into indicated and inferred categories by increasing drill density in these domains.



• *Figure 4: MRE Block Model by Classification*



• *Figure 5: MRE Block Model by Silver Equivalent Grade*



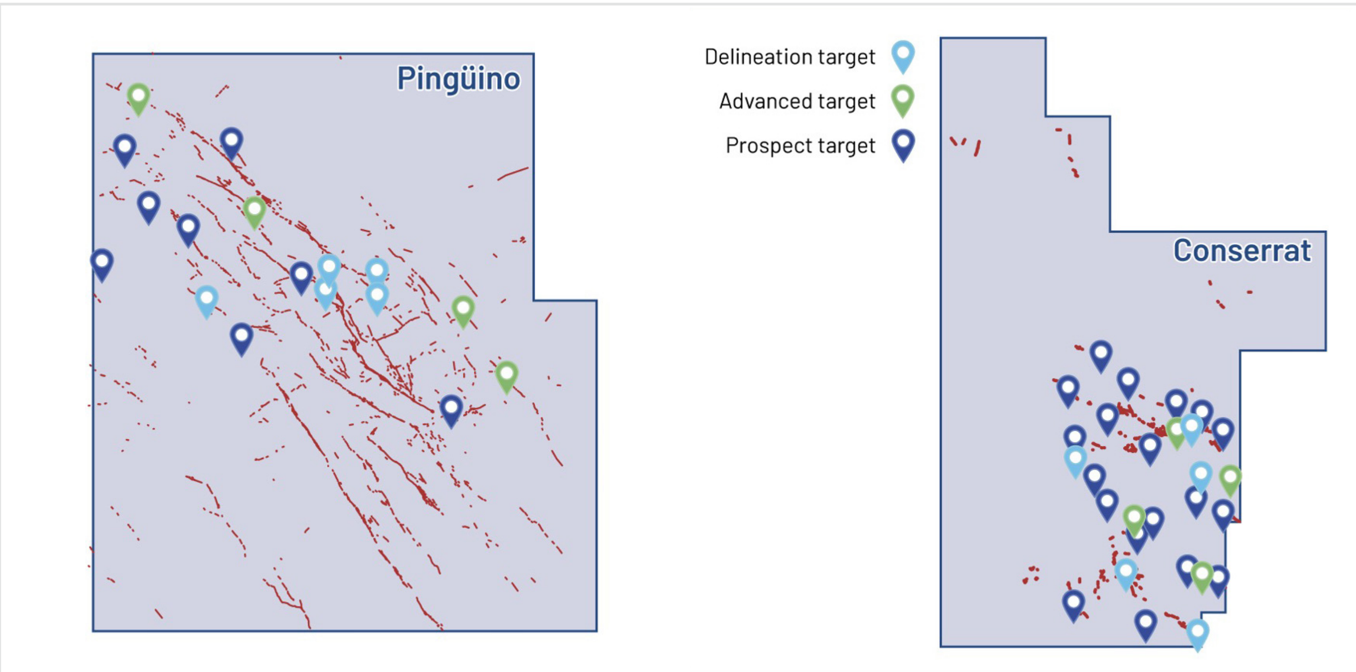
• *Figure 6. Long Section of Marta Centro-Sur and Tranquilo-Luna vein trends*

At numerous prospects, mineralisation is open at depth or along strike, and represent imminent opportunities to expand the current MRE. This includes:

- Malvina: (CODD-295) **1.7m at 2065g/t Ag, 4.53g/t Au** from 143.3m (open at depth)
- Andrea Sur: (CODD-300) **4m at 31g/t Ag, 8.4g/t Au** from 51m (open at depth, along strike)
- Martha Centro: (P269-08) **11.4m at 81g/t Ag, 0.3g/t Au, 1.8% Pb, 4% Zn** from 363m (open at depth)
- Martha Noroeste: (PR015-11) **5m at 444g/t Ag, 0.6g/t Au** from 40m (open at depth)
- Marth Sur: (PR186-12) **4m at 144g/t Ag** from 92m (open along strike)
  (PR202-12) **4m at 138g/t Ag, 0.15g/t Au** from 64m (open at depth)
  (PR364-11) **3.8m at 56g/t Ag, 1.4% Pb, 4.4% Zn** from 157m (open at depth, along strike)
- Tranquillo: (P314-10) **7.2m at 233g/t Ag** (open along strike)
  (PR306-13) **5m at 167g/t Ag, 0.15g/t Au** from 22m (open along strike)

In addition, within the Pingüino and Conserrat vein districts, the Company has identified 35 advanced and early-stage targets that are prospective for new vein discoveries. Both vein districts are underexplored when compared to similar epithermal vein districts in the Santa Cruz province of Argentina.

At both projects, significant potential exists for blind vein discoveries, beneath shallow (<5m) gravel or Tertiary basal cover, or where epithermal veins barren at surface pass down into high-grade mineralised shoots.



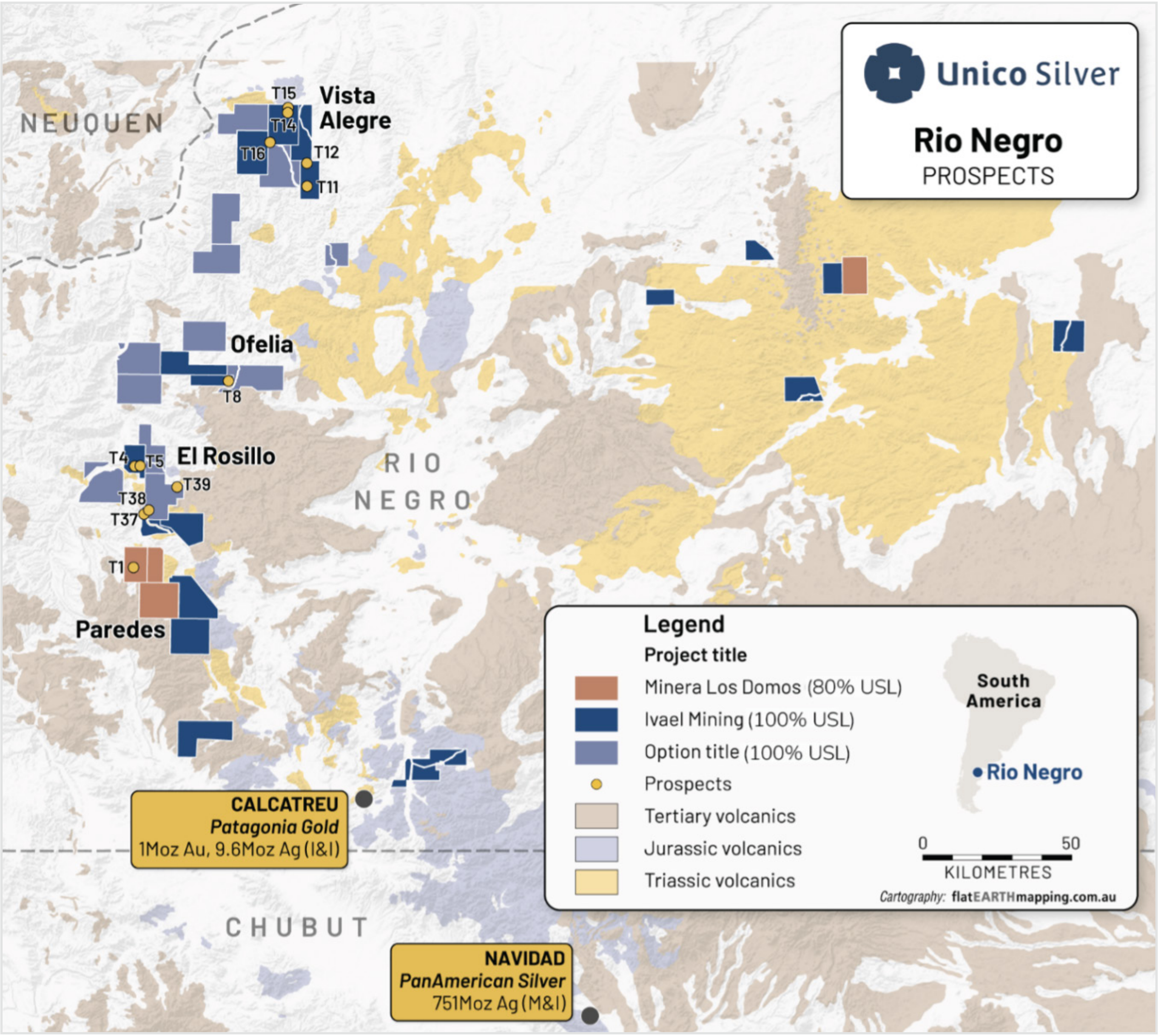
• *Figure 8: Pingüino and Conserrat exploration target*

RIO NEGRO PROJECTS, ARGENTINA

The Rio Negro Province contains the northern portion of the Somuncura Massif, a large volcanic province that is geologically similar to the Deseado Massif in Santa Cruz, but has been subject to far less modern exploration. The Somuncura Massif is host to Pan American Silver's Navidad deposit, the largest undeveloped silver deposit in the world with over 700 million ounces of silver resources.

The Company has consolidated four large districts in the western part of the Rio Negro province centred on the Vista Alegre, Ofelia, Paredes and El Rosillo properties (Figure 9) respectively.

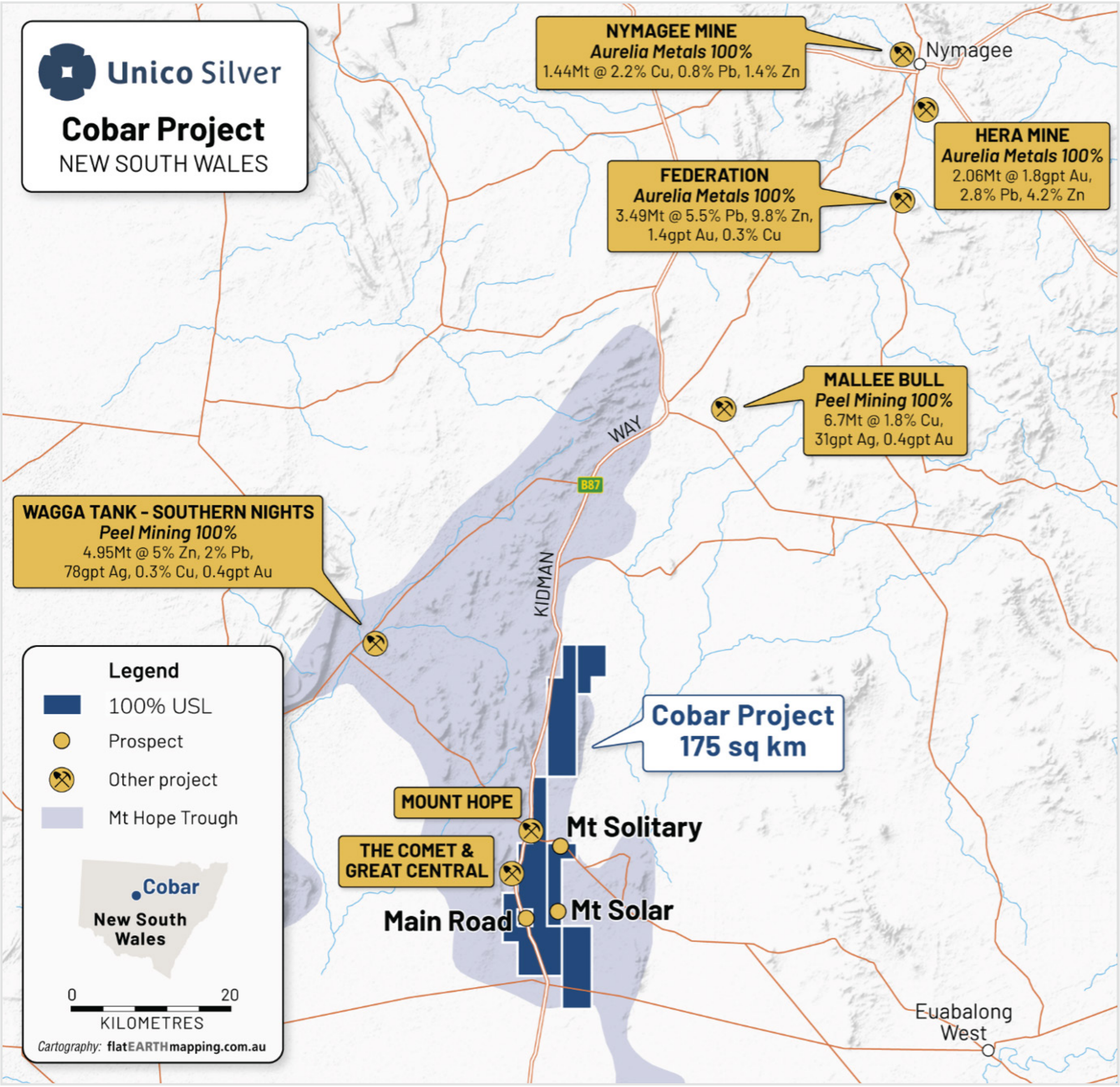
Work within the Rio Negro properties was limited to stakeholder engagement and negotiation of access for the Paredes and Ofelia projects.



• *Figure 9: Rio Negro projects*

COBAR PROJECT, NEW SOUTH WALES, AUSTRALIA

USL holds a large 175km² strategic landholding in the prolific Cobar Superbasin, New South Wales, located on the eastern margin of the Silurian to early Devonian Mount Hope Trough (Figure 10). Mount Hope project is considered to be analogous to other Cobar style deposits such as the Peak and Perseverance mines located within the Cobar Gold Fields.



• *Figure 10: Cobar project*

Given the Company's current focus of silver and gold in Santa Cruz province of Argentina, the Company is considering options to sell or joint venture the Mount Hope project.

CORPORATE

Placement and Share Purchase Plan
On 20 April 2023, the Company announced that it had received binding commitments to raise $5 million at $0.135 per share through for the issue of 37,037,037 shares under the Company's available placement under ASX Listing Rules 7.1 and 7.1A (Placement Shares).

The Company also announced a Share Purchase Plan (SPP), capped at A$1.0 million, at the same issue price as the Placement. The SPP closed on 17 May 2023 and was fully subscribed. Approximately 7,407,407 fully paid ordinary shares (New Shares) were issued under the SPP on 23 May 2023.

Pingüino acquisition
On 1 March 2023, the Company acquired 100% interest in SCRN Properties Limited (SCRN) from Austral Gold Limited (AGD) and its subsidiary, Austral Gold Canada Limited. SCRN owns the mineral claims that make up the Pingüino silver and gold project (Pingüino Project) located in the south-central part of Argentina. SCRN also owns the land underlying the Pingüino Project, being the El Piche Farm, and 9 other non-core mineral properties in Argentina. Refer to note 24 of the financial statements for further information.

Appointment of Non-Executive Director
On 1 March 2023, the Company welcomed AGD as a 19.99% shareholder via the issue of 49.7 million ordinary USL shares, and concurrently announced the appointment of José Bordogna as Non-Executive Director of the Company. Mr. Bordogna is a highly experienced accountant and is the CFO of Austral Gold Limited (Austral Gold).

Mr. Bordogna holds an accounting degree from the Pontificia Universidad Católica Argentina, a Masters of International Business from the University of Sydney, Australia, and a Global Executive MBA from IE Business School, Spain.

During his time with Austral Gold, Mr. Bordogna has overseen the conversion of more than US$50 million in debt to equity, more than $15m in equity investments with TSX-V listed exploration companies with assets in South America, as well as more than US$50m in direct investments in key exploration and mining-related assets in Argentina and Chile.

Prior to joining Austral Gold, Mr. Bordogna worked for the International Finance Corporation (World Bank Group) and Deloitte & Touche in Latin America. He has over 15 years' experience in finance, investment banking and accounting roles.

Appointment of Company Secretary
On 4 July 2023, The Company announced the appointment of Mr Rajeev Chandra as Company Secretary. Rajeev has over 20 years of commercial experience in small cap to multinational organisations including roles at c-suite and Board level. He has worked in multiple industries spanning energy, education, healthcare, mining and resources. Rajeev has a Bachelor of Commerce degree from Auckland University and an MBA from Deakin University. He holds membership of the Institute of Chartered Accountants of Australia and New Zealand, Institute of Chartered Management Accountants (UK) and is a Fellow of the Governance Institute of Australia.

Melanie Leydin continues to serve as a Director of USL but resigned as Company Secretary.

RISKS

Unico Silver Ltd's operating and financial results and performance are subject to various risks and uncertainties, some of which are beyond Unico Silver Ltd's reasonable control. Set out below are matters which the Group has assessed as having the potential to have a material impact on its operating and/or financial results and performance:

(1) **Fluctuations in external economic drivers including macroeconomics and metal prices:** The consolidated entity's primary focus is the advancement of its Santa Cruz Gold Silver Project and Rio Negro Gold Silver Project. Fluctuations in the gold price can result from various aspects beyond Unico Silver Limited's control, including macroeconomic and geopolitical. Sustained lower gold prices would adversely impact the viability of the Project.

(2) **Capital and Liquidity:** The consolidated entity will incur expenditures over the next several years in connection with its exploration objectives and development of new projects and relies on its ability to raise capital as its primary source of funding. The company is exposed to the risk that unfavourable macroeconomic and market conditions would preclude it from raising sufficient capital.

(3) **Capital Controls:** In Argentina, where the Conserrat project is located, effective December 2019 the Alberto Fernandez implemented government changes to Argentina's tax law allowing the Argentine Central Bank to regulate funds coming into and flowing out of Argentina in order to maintain stability and support the economic recovery of the country. The Argentine Government has not set an expiry date for these restrictions and they remain in place. To fund its operations, the Company In addition, the acquires Argentine CCL bonds in US Dollars in the open market and concurrently liquidates the bonds in Argentine Pesos. Changes to Capital Controls has the potential to affect short-term liquidly and how exploration operations are funded.

(4) **Failure to discover mineral resources and convert to ore reserves:** Exploration activities are speculative in nature and often require substantial expenditure on exploration surveys, drilling and sampling as a basis on which to establish the presence, extent and estimated grade (metal content) of mineralised material. Even if significant mineralisation is discovered, it may take additional time and further financial investment to determine whether a mineral resource has attributes that are adequate enough to support the technical and economic viability of mining projects and enable a financial investment and development decision to be made. During that time the economic viability of the project may change due to fluctuations in factors that affect both revenue and costs, including metal prices, foreign exchange rates, the required return on capital, regulatory requirements, tax regimes and future cost of development and mining operations.

5) **Renewal of tenements:** The consolidated entity has been granted tenements in Argentina and Australia on the terms and conditions set out by the host state and provincial government. At the expiry of the lease term, the decision of renewal application to assign tenements to the consolidated entity remains with Argentine Government. A non-renewal of a tenement that makes up the Company's flagship Conserrat project would adversely affect the operational results and fulfilment of the aspirations of the consolidated entity.

6) **Failure to attract and retain key employees:** The consolidated entity is heavily dependent for its continued operational success on its ability to attract and retain high calibre personnel to fill roles including Directors, Managing Director, Exploration Manager and geologists. A loss of key personnel or a failure to attract appropriately skilled and experienced personnel could affect its operations and performance.

Schedule of Tenements as at 30 June 2023:

Description	Tenement number	Holder	Interest owned by Unico Silver Limited %
Mount Hope, Australia	EL6837	Fisher	100
Main Road, Australia	EL8058	Fisher	100
Broken Range, Australia	EL8290	Fisher	100
Mount Hope, Australia	EL8654	Fisher	100
Evelina, Argentina	423.826/MS/09	Minera	80
Lago Hermoso, Argentina	423.827/MS/09	Minera	80
El Salado Este, Argentina	423.828/MS/09	Minera	80
El Salado Central I, Argentina	424.985/MS/10	Minera	80
El Porvenir Norte, Argentina	421.672/MS/12	Minera	80
Tres Cerro Oeste, Argentina	422.990/MS/12	Minera	80
Sierra Morena I, Argentina	430.269/MS/14	Minera	80
Sierra Morena II, Argentina	430.270/MS/14	Minera	80
Cañadón La Angostura, Argentina	437.502/BVG/17	Minera	80
Van Norte, Argentina	437.503/BVG/17	Minera	80
Corona Norte, Argentina	437.470/BVG/17	Minera	80
Corona Sur, Argentina	437.472/BVG/17	Minera	80
Conserrat, Argentina	437.471/BVG/17	Minera	80
Felipe, Argentina	440.732/LD/19	Minera	80
Cerros Blancos, Argentina	32.053/M/2007	Minera	80
Marinao, Argentina	32.055/M/2007	Minera	80
Arroyo de la Ventana, Argentina	32.056/M/2007	Minera	80
Laguna Redonda, Argentina	32.057/M/2007	Minera	80
Paredes Este, Argentina	45.248/M/2020	Minera	80
Paredes Norte, Argentina	46.387-M-2021	Minera	80
Paredes Sur, Argentina	47.465-M-2022	Minera	80
Los Leones, Argentina	46.006-M-2021	Minera	80
Calvo, Argentina	45.041-M-2020	Ivael	100
Curva Oeste y Curva Este, Argentina	45.037-M-2020	Ivael	100
Maria, Argentina	45.042-M-2020	Ivael	100
Marinao Oeste, Argentina	45.043-M-2020	Ivael	100
Ofelia, Argentina	45.044-M-2020	Ivael	100
Ojo Del Toro, Argentina	45.040-M-2020	Ivael	100
Quila Mahuida, Argentina	45.038-M-2020	Ivael	100
Vista Alegre, Argentina	45.035-M-2020	Ivael	100
Yanquihuen, Argentina	45.036-M-2020	Ivael	100
Buitrera, Argentina	46.003-M-2021	Ivael	100
Buitrera Sur, Argentina	46.005-M-2021	Ivael	100
Comallo Arriba, Argentina	46.000-M-2021	Ivael	100
Doradillo, Argentina	46.001-M-2021	Ivael	100
Efeil, Argentina	46.002-M-2021	Ivael	100
Saladero Sur, Argentina	46.004-M-2021	Ivael	100
Ofelia Norte, Argentina	46.110/M/2021	Ivael	100
Cerro Bayo, Argentina	46.111-M-2021	Ivael	100
Rosillo Sur, Argentina	46.154-M-2021	Ivael	100

Schedule of Tenements as at 30 June 2023 (continued):

Description	Tenement number	Holder	Interest owned by Unico Silver Limited %
Vista Alegre Este, Argentina	46.166-M-2021	Ivael	100
Quila Mahuida Este, Argentina	46.178-M-2021	Ivael (Option)	100
Yanquihuen Oeste, Argentina	46.179-M-2021	Ivael (Option)	100
Bonito, Argentina	46.180-M-2021	Ivael (Option)	100
Ofelia Este, Argentina	46.181-M-2021	Ivael (Option)	100
Cañadon Guanaco Muerto Norte, Argentina	46.210-M-2021	Ivael (Option)	100
Cañadon Guanaco Muerto Sur, Argentina	46.211-M-2021	Ivael (Option)	100
Cerro Campo Limpio, Argentina	46.209-M-2021	Ivael (Option)	100
Quinihuau, Argentina	46.208-M-2021	Ivael (Option)	100
Aguada Reuque, Argentina	46.207-M-2021	Ivael (Option)	100
Arroyo Pilahue, Argentina	46.206-M-2021	Ivael (Option)	100
Rosillo Oeste, Argentina	46.226-M-2021	Ivael (Option)	100
El Rosillo, Argentina	42.048-M-2021	Ivael	100
Nuevo Rosillo, Argentina	46.185-M-2021	Ivael	100
Rosillo Este, Argentina	N/A	Ivael	100
Ipa, Argentina	444.802/IM/2021	Ivael	100
Delia, Argentina	444.800/IM/2021	Ivael	100
Los Calafates, Argentina	444.801/IM/2021	Ivael	100
Pingüino, Argentina	414.409/CID/00	SCRN Properties Ltd	100
Tranquilo 1, Argentina	405.334/SCRN/05	SCRN Properties Ltd	100
Tranquilo 2, Argentina	405.335/SCRN/05	SCRN Properties Ltd	100
Cañadón, Argentina	405.336/SCRN/05	SCRN Properties Ltd	100
Cóndor, Argentina	414.085/CID/00	SCRN Properties Ltd	100
Alto Condor, Argentina	400.720/SCRN/10	SCRN Properties Ltd	100
Cerro Contreras Oeste, Argentina	424.987/SCRN/10	SCRN Properties Ltd	100
Cerro Contreras Este, Argentina	424.988/SCRN/10	SCRN Properties Ltd	100
Diamante 1, Argentina	407.929/CID/03	SCRN Properties Ltd	100
Diamante 2, Argentina	407.928/CID/03	SCRN Properties Ltd	100
Plata Leon II, Argentina	445.249/SCRN/21	SCRN Properties Ltd	100
Plata Leon III, Argentina	421.850/SCRN/22	SCRN Properties Ltd	100
Plata Leon I, Argentina	432.542/SCRN/15	SCRN Properties Ltd	100
Menucos 6, Argentina	28.036-M-03	SCRN Properties Ltd	100
Menucos 7, Argentina	28.037-M-03	SCRN Properties Ltd	100
Menucos 8, Argentina	28.038-M-03	SCRN Properties Ltd	100
Menucos 9, Argentina	28.039-M-03	SCRN Properties Ltd	100
Menucos 10, Argentina	28.040-M-03	SCRN Properties Ltd	100
Menucos 11, Argentina	28.041-M-03	SCRN Properties Ltd	100
Menucos 12, Argentina	28.042-M-03	SCRN Properties Ltd	100
Menucos 13, Argentina	28.043-M-03	SCRN Properties Ltd	100

Notes:
Minera - Minera Los Domos S.A, a subsidiary of Unico Silver Limited
Ivael – Ivael Minings S.A, a subsidiary of Unico Silver Limited
Fisher - Fisher Resources Pty Ltd, a wholly owned subsidiary of Unico Silver Limited
SCRN Properties Ltd: SCRN Properties Ltd is a wholly owned subsidiary of Unico Silver Limited

Directors' Report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'the Group') consisting of Unico Silver Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors

The following persons were Directors of Unico Silver Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Peter Mullens (Non-Executive Chairman)
Mr Todd Williams (Managing Director)
Ms Melanie Leydin (Non-Executive Director)
José Bordogna (Appointed Non-Executive Director effective 1 March 2023)

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of exploration and evaluation of mineral deposits in Australia and Argentina, together with reviewing other asset opportunities.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Operating and financial review

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to $17,690,324 (30 June 2022: $8,929,928).

For information on the operating and financial performance and position of the consolidated entity refer to the Review of Operations in the preceding section.

Significant changes in the state of affairs

On 1 March 2023, the Company acquired 100% interest in SCRN Properties Limited (SCRN) from Austral Gold Limited and its subsidiary, Austral Gold Canada Limited. SCRN towns the mineral claims that make up the Pingüino silver and gold project (Pingüino Project) located in the south-central part of Argentina. SCRN also owns the land underlying the Pingüino Project, being the El Piche Farm, and 9 other non-core mineral properties in Argentina. As required under Share Sale Agreement, on 1 March 2023 José Bordogna, representing Austral Canada, has been appointed as the Non-Executive Director to the Board of the Company. Refer to note 24 of the financial statements for further details.

As announced on ASX on 1 March 2023, the company changed its name from E2 Metals Limited (ASX:E2M to Unico Silver Limited (ASX:USL) with effect from 6 March 2023. Other than these, there were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The likely developments of the consolidated entity will be to exploit its current exploration areas of interest in Argentina and the Cobar Basin of New South Wales. The consolidated entity continues to seek suitable opportunities for acquisition or farm-in, while progressing the company's operations.

Environmental regulation

The consolidated entity holds participating interests in a number of exploration tenements. The various authorities granting such tenements require the tenement holder to comply with the terms of the grant of the tenement and all directions given to it under those terms of the tenement. To the best of the Directors' knowledge, the consolidated entity has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and are not aware of any breach of those requirements during the financial year and up to the date of the Directors' report.

Information on Directors

The details of Directors as at the date of this report is as below:

Name:	**Mr Peter Mullens**
Title:	Non-Executive Chairman (Effective from 1 November 2021)
Qualifications:	BSc
Experience and expertise:	Mr Mullens is a geologist with a Bachelor of Science degree from Monash University in Melbourne. Peter has over 30 years' experience in the minerals industry, including grass roots exploration to project development in 20 countries across 5 continents. He held senior roles with Mount Isa Mines (MIM) and moved to Argentina in 1994 following the purchase of the Alumbrera Copper Project. During this time, he was responsible for their entry into the Cerro Negro project (Newmont), staking the claims that now host the multi-million-ounce Vein Zone, Bajo Negro and Silica Cap deposits. He was also a co-founder of the Ironbark Group of companies including Aquiline Resources which held the world-class Navidad silver deposit prior to the 2009 takeover by Pan American Silver. He has participated in several large gold discoveries globally, including the Chang Shan Hoe gold deposit in China, and the Amulsar gold deposit in Armenia where he was the co-founder and financier of Lydian Resources. Mr Mullens is an experienced director having served on a number of public company boards including Laramide Resources, Lydian Resources, Royal Road Minerals, Tethyan Resources and G2 Gold. He is currently the Executive Chairman of GBM Resources (ASX: GBZ), who have development-stage gold projects in the Drummond Basin Queensland.
Other current directorships:	GBM Resources (ASX: GBZ)
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	872,222 fully paid ordinary shares
Interests in options:	500,000 unlisted options, expiring on 1 November 2024.

Name:	**Mr Todd Williams**
Title:	Managing Director
Qualifications:	BSc
Experience and expertise:	Mr Williams is an exploration geologist with a Bachelor of Science graduating from the University of Adelaide in 2011. From 2015 to his appointment as Managing Director of Unico Silver Limited (previously E2 Metals Limited), Mr Williams was the founder and principal of Circum Pacific Pty Ltd, a private Australian-based but South American focused gold explorer. During this time, he managed the development of greenfields projects in Colombia and Argentina, including the Company's Santa Cruz and Rio Negro projects.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	4,035,185 fully paid ordinary shares
Interests in options:	1,000,000 unlisted options, expiring on 1 November 2024.
Interests in rights:	None

Name: **Ms Melanie Leydin**
Title: Non-Executive Director
Qualifications: B.Bus, CA, FGIA
Experience and expertise: Melanie Leydin holds a Bachelor of Business majoring in Accounting and Corporate Law. She is a member of the Institute of Chartered Accountants, Fellow of the Governance Institute of Australia and is a Registered Company Auditor. She graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and from February 2000 to October 2021 was the principal of Leydin Freyer. In November 2021 Vistra acquired Leydin Freyer and, Melanie is now Vistra Australia's Managing Director. Vistra is a prominent provider of specialised consulting and administrative services to clients in the Fund, Corporate, Capital Markets, and Private Wealth sectors.

Melanie has over 25 years' experience in the accounting profession and over 15 years' experience holding Board positions including Company Secretary of ASX listed entities. She has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of Companies, initial public offerings, secondary raisings and shareholder relations.

Other current directorships: None
Former directorships (last 3 years): Alchemia Limited (ASX:ACL), Medibio Limited (ASX:MEB)
Special responsibilities: None
Interests in shares: 976,800 fully paid ordinary shares
Interests in options: 500,000 unlisted options, expiring on 1 November 2024.

Name: **José Bordogna**
Title: Non-Executive Director effective 1 March 2023
Qualifications: BAcc, MIB, EMBA
Experience and expertise: Mr. Bordogna is a highly experienced accountant and is the CFO of Austral Gold Limited (Austral Gold).During his time with Austral Gold, Mr. Bordogna has overseen the conversion of more than US$50 million in debt to equity, more than $15m in equity investments with TSX-V listed exploration companies with assets in South America, as well as more than US$50m in direct investments in key exploration and mining-related assets in Argentina and Chile. Prior to joining Austral Gold, Mr. Bordogna worked for the International Finance Corporation (World Bank Group) and Deloitte & Touche in Latin America. He has over 15 years' experience in finance, investment banking and accounting roles. Mr. Bordogna holds an accounting degree from the Pontificia Universidad Católica Argentina, a Masters of International Business from the University of Sydney, Australia, and a Global Executive MBA from IE Business School, Spain.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: None
Interests in shares: None
Interests in options: None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company Secretary

Rajeev Chandra– BCom, CA, MBA, FGIA (appointed effective 4 July 2023)

Rajeev has over 20 years of commercial experience in small cap to multinational organisations including roles at c-suite and Board level. He has worked in multiple industries spanning energy, education, healthcare, mining and resources. Rajeev has a Bachelor of Commerce degree from Auckland University and an MBA from Deakin University. He holds membership of the Institute of Chartered Accountants of Australia & New Zealand, Institute of Chartered Management Accountants (UK) and is a Fellow of the Governance Institute of Australia.

Melanie Leydin – BBus (Acc. Corp Law) CA FGIA

Melanie Leydin holds a Bachelor of Business majoring in Accounting and Corporate Law. She is a member of the Institute of Chartered Accountants, Fellow of the Governance Institute of Australia and is a Registered Company Auditor. She graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and from February 2000 to October 2021 was the principal of Leydin Freyer. In November 2021 Vistra acquired Leydin Freyer and, Melanie is now Vistra Australia's Managing Director. Vistra is a prominent provider of specialised consulting and administrative services to clients in the Fund, Corporate, Capital Markets, and Private Wealth sectors.

Melanie has over 25 years' experience in the accounting profession and over 15 years' experience holding Board positions including Company Secretary of ASX listed entities. She has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of Companies, initial public offerings, secondary raisings and shareholder relations.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2022, and the number of meetings attended by each Director were:

	Full Board	
	Attended	Held
Melanie Leydin	8	8
Todd Williams	8	8
Peter Mullens	7	8
José Bordogna*	4	4

Held: represents the number of meetings held during the time the Director held office.

* Mr José Bordogna (Appointed Non-Executive Director effective 1 March 2023)

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive Director and executive Director remuneration is separate.

Non-executive directors remuneration

Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their role. Non-Executive Directors' fees and payments are reviewed annually. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairperson's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairperson is not present at any discussions relating to the determination of her own remuneration.

ASX listing rules require the aggregate non-executive directors remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 12 November 2018, where the shareholders approved an aggregate remuneration of $300,000.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has the following components:

- base pay and non-monetary benefits
- long-term performance incentives; and
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

Incentives are payable to Executives based upon the attainment of agreed corporate and individual milestones and are reviewed and approved by the Board of Directors. In 2023 no cash incentives were paid (2022: nil).

Executives are issued with equity instruments as Long Term Incentives (LTI) in a manner that aligns this element of remuneration with the creation of shareholder wealth. LTI grants are made to Executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the creation of shareholder wealth. During the 2019 financial year, the Company issued 2,250,000 performance rights to the Managing Director, Mr Todd Williams. During the year ended 30 June 2023, these performances rights vested and 2,250,000 shares were issued upon exercise of these performance rights. The performance rights vested in three tranches, were subject to performance hurdles relating to the consolidated entity achieving 100% JORC resource targets detailed in the performance conditions as below:

Tranche	Performance conditions
Tranche 1	750,000 Performance Rights that vest once the Company achieved a total resource inventory[1], in accordance with JORC guidelines, of more than 300,000 ounces of gold at a 0.7g/t cutoff grade;
Tranche 2	750,000 Performance Rights that vest once the Company achieved a total resource inventory[1], in accordance with JORC guidelines, of more than 500,000 ounces of gold at a 0.7g/t cutoff grade;
Tranche 3	750,000 Performance Rights that vest once the Company achieved a total resource inventory[1], in accordance with JORC guidelines, of more than 750,000 ounces of gold at a 0.7g/t cutoff grade.

[1] "Total Resource Inventory" means a combination of Inferred, Indicated and Measured Mineral Resources reported in accordance with JORC2012 over one or more of the Company's projects located in NSW Australia or Argentina.

Consolidated entity performance and link to remuneration
Remuneration for certain individuals is directly linked to the exploration findings of the consolidated entity. The performance rights vested during the year to Managing Director, Mr Todd Williams, as noted above, were subjects to performance hurdles relating to the consolidated entity achieving 100% JORC resource targets detailed in the performance conditions.

Use of remuneration consultants
During the financial year ended 30 June 2023, the consolidated entity did not engage any remuneration consultants.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel ('KMP') of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following Directors of Unico Silver Limited:

- **Mr Peter Mullens** (Non-Executive Chairman)
- **Mr Todd Williams** (Managing Director)
- **Ms Melanie Leydin** (Non-Executive Director)
- **Mr José Bordogna** (Non-Executive Director) (Appointed effective 1 March 2023)

Key management personnel are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company and the Group.

30 June 2023	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Salary and fees $	Cash bonus $	Annual leave $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Peter Mullens	54,299	-	-	5,701	-	21,454	81,454
Melanie Leydin*	39,996	-	-	-	-	21,454	61,450
José Bordogna	12,012	-	-	1,321	-	-	13,333
Executive Director(s):							
Todd Williams	199,095	-	4,230	20,905	8,832	89,917	322,979
	305,402	-	4,230	27,927	8,832	132,825	479,216

* In addition to the Director fee as above to Ms Leydin, $170,900 was paid/payable to Vistra Australia, an entity associated to Ms Leydin, for company secretarial and CFO services provided to the consolidated entity during the financial year ended 30 June 2023.

30 June 2022	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Salary and fees $	Cash bonus $	Annual leave $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Peter Mullens	44,697	-	-	4,470	-	41,696	90,863
Melanie Leydin*	39,996	-	-	-	-	41,696	81,692
Bradley Evans**	24,130	-	-	-	-	-	24,130
Executive Director(s):							
Todd Williams	200,913	-	16,923	20,091	7,874	114,704	360,505
	309,736	-	16,923	24,561	7,874	198,096	557,190

* In addition to the Director fee as above to Ms Leydin, $142,000 was paid/payable to Vistra Australia, an entity associated to Ms Leydin, for company secretarial and CFO services provided to the consolidated entity during the financial year ended 30 June 2022.

** Mr Bradley Evans resigned as Non-Executive Director effective 1 November 2021.

Equity-settled share-based payments in the tables above represents the valuation of the options and/or performance rights granted to the relevant KMP, as required by Accounting Standard AASB 2- Share-based Payment to be accounted as the cost to the company. The amount disclosed for equity-settled share-based payments represents the accounting valuation recognised as cost to the company during the year and does not represent cash remuneration to the KMP.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Non-Executive Directors:						
Melanie Leydin	65%	49%	-	-	35%	51%
Bradley Evans**	-	100%	-	-	-	-
Peter Mullens	74%	54%	-	-	26%	46%
José Bordogna*	100%	-	-	-	-	-
Executive Directors:						
Todd Williams	72%	68%	-	-	28%	32%

* Mr José Bordogna was appointed Non-Executive Director on 1 March 2023.
** Mr Bradley Evans resigned as Non-Executive Director effective 1 November 2021

Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Todd Williams
Title:	Managing Director
Agreement commenced:	20 December 2018
Term of agreement:	Six months notice in writing
Details:	Annual salary of $220,000 including statutory superannuation. Subsequent to the year end, effective 1 July 2023 the annual salary increased to $250,000 including statutory superannuation.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2023.

Options
Options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2023 as below:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Todd Williams	1,000,000	01/11/2021	01/11/2022	01/11/2024	$0.369	$0.126
Peter Mullens	500,000	01/11/2021	01/11/2022	01/11/2024	$0.369	$0.126
Melanie Leydin	500,000	01/11/2021	01/11/2022	01/11/2024	$0.369	$0.126

Performance rights
There were no performance rights issued to directors and other key management personnel as part of compensation during the year ended 30 June 2023. In 2019 financial year, the Company issued 2,250,000 performance rights to Mr Todd Williams (Managing Director), which have vested during the year ended 30 June 2023 upon meeting performance conditions and 2,250,000 shares were issued upon exercise of these performance rights.

As at 30 June 2023 there were nil unvested performance rights (30 June 2022: 2,250,000).

Performance rights granted carry no dividend or voting rights.

Additional information

The earnings of the consolidated entity for the five years to 30 June 2022 are summarised below:

	2023 $	2022 $	2021 $	2020 $	2019 $
Revenue	1,303,522	5,397,891	3,702,886	373,042	65,345
Loss after income tax	(17,948,199)	(10,356,202)	(6,178,937)	(2,789,455)	(3,237,499)
Total comprehensive income	(17,818,898)	(10,324,493)	(6,280,151)	(2,857,388)	(3,203,200)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2023	2022	2021	2020	2019
Share price at financial year end ($)	0.10	0.13	0.28	0.16	0.20
Basic earnings per share (cents per share)	(8.15)	(5.56)	(3.66)	(2.53)	(3.24)
Diluted earnings per share (cents per share)	(8.15)	(5.56)	(3.66)	(2.53)	(3.24)

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions*	Others**	Balance at the end of the year
Ordinary shares					
Todd Williams	1,600,000	-	185,185	2,250,000	4,035,185
Melanie Leydin	976,800	-	-	-	976,800
Peter Mullens	650,000	-	222,222	-	872,222
	3,226,800	-	407,407	2,250,000	5,884,207

* The balance in Additions represents shares issued following participation in the Company's Share Purchase Plan (SPP) as announced on ASX on 26 April 2023.

** The balance in Others represents shares issued upon exercise of performance rights vested during the year.

Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted/ (exercised)	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares				
Todd Williams	1,000,000	-	-	1,000,000
Peter Mullens	500,000	-	-	500,000
Melanie Leydin	500,000	-	-	500,000
	2,000,000	-	-	2,000,000

Performance rights holding
The number of performance rights over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted during the year	Expired/ forfeited/ other*	Vested and exercised	Balance at the end of the year
Todd Williams	2,250,000	-	-	(2,250,000)	-

On 20 December 2018, the Company issued 2,250,000 performance rights to Mr Todd Williams (Managing Director). These performance rights vested during the year ended 30 June 2023 upon meeting the performance conditions.

Other transactions with key management personnel and their related parties
Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of Unico Silver Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
18/02/2021	17/02/2024	$0.580	1,570,000
01/11/2021	01/11/2024	$0.369	2,000,000
21/02/2022	21/02/2025	$0.343	1,550,000
21/02/2022	21/02/2025	$0.383	250,000
01/06/2022	01/06/2024	$0.300	2,500,000
01/03/2023	01/03/2026	$0.260	15,000,000
02/03/2023	02/03/2026	$0.207	2,050,000
28/04/2023	28/04/2026	$0.270	3,000,000
			27,920,000

* The above are unlisted options. In addition to the above, 27,199,841 free attaching options with the expiry date 5 May 2024 were issued in 2022 financial year, in relation to share placements, that are not included in the above table. The Company has not issued any listed options.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares under performance rights
There were no unissued ordinary shares of Unico Silver Limited under performance rights outstanding at the date of this report.

Shares issued on the exercise of performance rights and options
There were no ordinary shares of Unico Silver Limited issued from the exercise of options during the year ended 30 June 2023 and up to the date of this report.

2,250,000 ordinary shares of Unico Silver Limited were issued during the year ended 30 June 2023 and up to the date of this report on the exercise of performance rights.

Indemnity and insurance of officers
During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services
There were no non-audit services provided during the financial year by the auditor.

Officers of the Company who are former partners of William Buck Audit (Vic) Pty Ltd
There are no officers of the Company who are former partners of William Buck Audit (Vic) Pty Ltd.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

Auditor
William Buck Audit (Vic) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Todd Williams
Managing Director

27 September 2023

William Buck
ACCOUNTANTS & ADVISORS

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF UNICO SILVER LIMITED

I declare that, to the best of my knowledge and belief, the only contravention during the year ended 30 June 2023 there has been:

- of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- of any applicable code of professional conduct in relation to the audit is the contravention set out below.

Nicholas Benbow served as the engagement director of Unico Silver Limited and its controlled entities for the half-year review and full year audit for the periods 30 June 2018 to 30 June 2022. He also served as the engagement director for the half-year review for 31 December 2022 in breach of the requirements which requires the engagement director to rotate off the engagement after serving five years. This matter was rectified by appointing another eligible engagement director for 30 June 2023.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

R. P. Burt
Director
Melbourne, 27 September 2023

	Note	Consolidated 30 June 2023 $	Consolidated 30 June 2022 $
Interest income		84,527	79,761
Other income		61,465	-
Investment income	5	1,157,530	5,318,130
Expenses			
Administrative expenses		(350,057)	(282,799)
Corporate expenses		(1,079,100)	(782,065)
Employment expenses		(617,177)	(971,457)
Exploration expenses		(17,008,327)	(13,541,201)
Finance income/(expense)		(197,060)	(176,571)
Loss before income tax expense		(17,948,199)	(10,356,202)
Income tax expense		-	-
Loss after income tax expense for the year		(17,948,199)	(10,356,202)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		129,301	31,709
Other comprehensive income for the year, net of tax		129,301	31,709
Total comprehensive loss for the year		(17,818,898)	(10,324,493)
Loss for the year is attributable to:			
Non-controlling interest		(257,875)	(1,426,274)
Owners of Unico Silver Limited		(17,690,324)	(8,929,928)
		(17,948,199)	(10,356,202)
Total comprehensive loss for the year is attributable to:			
Non-controlling interest		(285,708)	(1,428,217)
Owners of Unico Silver Limited		(17,533,190)	(8,896,276)
		(17,818,898)	(10,324,493)
		Cents	**Cents**
Basic loss per share	29	(7.93)	(5.56)
Diluted loss per share	29	(7.93)	(5.56)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	Consolidated	
		30 June 2023 $	30 June 2022 $
Assets			
Current assets			
Cash and cash equivalents	6	8,532,275	10,678,145
GST, VAT and other receivables	7	112,806	66,354
Prepayments		76,788	86,235
Total current assets		8,721,869	10,830,734
Non-current assets			
Property, plant and equipment	9	1,510,070	86,089
Right-of-use assets	8	152,239	197,911
Security deposits		62,604	62,604
Total non-current assets		1,724,913	346,604
Total assets		10,446,782	11,177,338
Liabilities			
Current liabilities			
Trade and other payables	10	289,499	366,280
Lease liabilities	11	47,779	38,332
Employee benefits		67,846	50,659
Deferred consideration	12	1,071,434	-
Total current liabilities		1,476,558	455,271
Non-current liabilities			
Lease liabilities	11	123,447	166,862
Employee benefits		21,823	11,839
Deferred consideration	12	2,153,798	-
Total non-current liabilities		2,299,068	178,701
Total liabilities		3,775,626	633,972
Net assets		6,671,156	10,543,366
Equity			
Issued capital	13	49,774,020	37,270,397
Reserves	14	2,199,486	653,672
Accumulated losses		(41,934,102)	(24,268,964)
Equity attributable to the owners of Unico Silver Limited		10,039,404	13,655,105
Non-controlling interest		(3,368,248)	(3,111,739)
Total equity		6,671,156	10,543,366

The above statement of financial position should be read in conjunction with the accompanying notes

Consolidated	Issued capital $	Share based payment reserve $	Foreign currency translation reserve $	Accumulated losses $	Non-controlling interest $	Total equity $
Balance at 1 July 2021	29,195,743	125,143	(107,380)	(15,349,584)	(1,683,522)	12,180,400
Loss after income tax expense for the year	-	-	-	(8,929,928)	(1,426,274)	(10,356,202)
Other comprehensive income/(loss) for the year, net of tax	-	-	33,652	-	(1,943)	31,709
Total comprehensive income/(loss) for the year	-	-	33,652	(8,929,928)	(1,428,217)	(10,324,493)
Issue of shares	8,601,933	-	-	-	-	8,601,933
Cost of share issue	(555,745)	-	-	-	-	(555,745)
Lapse of share options	-	(10,548)	-	10,548	-	-
Vesting of share based payments	-	621,435	-	-	-	621,435
Share issued on exercise of unlisted options	19,836	-	-	-	-	19,836
Movement reserve on the exercise of options	8,630	(8,630)	-	-	-	-
Balance at 30 June 2022	37,270,397	727,400	(73,728)	(24,268,964)	(3,111,739)	10,543,366

Consolidated	Issued capital $	Share based payment reserve $	Foreign currency translation reserve $	Accumulated losses $	Non-controlling interest $	Total equity $
Balance at 1 July 2022	37,270,397	727,400	(73,728)	(24,268,964)	(3,111,739)	10,543,366
Loss after income tax expense for the year	-	-	-	(17,690,324)	(257,875)	(17,948,199)
Other comprehensive income/(loss) for the year, net of tax	-	-	127,935	-	1,366	129,301
Total comprehensive income/(loss) for the year	-	-	127,935	(17,690,324)	(256,509)	(17,818,898)
Issue of shares	6,062,500	-	-	-	-	6,062,500
Cost of share issue	(681,653)	317,721	-	-	-	(363,932)
Consideration shares and options issued on Pingüino acquisition (note 24)	6,965,276	964,500	-	-	-	7,929,776
Lapse of share options	-	(25,186)	-	25,186	-	-
Vesting of share based payments	-	318,344	-	-	-	318,344
Share issued on exercise of performance rights	157,500	(157,500)	-	-	-	-
Balance at 30 June 2023	49,774,020	2,145,279	54,207	(41,934,102)	(3,368,248)	6,671,156

The above statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Consolidated	
		30 June 2023 $	30 June 2022 $
Cash flows from operating activities			
Payments for exploration activities (inclusive of GST)		(3,527,261)	(12,319,313)
Payments to suppliers and employees for corporate and administrative activities (inclusive of GST)		(1,677,353)	(1,389,760)
Interest received		84,527	79,761
		(5,120,087)	(13,629,312)
Other income		48,000	-
Net cash used in operating activities	28	(5,072,087)	(13,629,312)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	24	(3,817,727)	-
Payments for property, plant and equipment	9	-	(4,736)
Payments for deposits		-	(32,604)
Payments for bonds purchased		(1,096,269)	(6,301,428)
Proceeds from the sales of bonds		2,253,799	11,619,558
Net cash from/(used in) investing activities		(2,660,197)	5,280,790
Cash flows from financing activities			
Proceeds from issue of shares		6,000,000	8,519,825
Equity raising costs		(339,062)	(545,517)
Repayment of lease liabilities		(47,300)	(33,520)
Net cash from financing activities		5,613,638	7,940,788
Net decrease in cash and cash equivalents		(2,118,646)	(407,734)
Cash and cash equivalents at the beginning of the financial year		10,678,145	11,035,452
Effects of exchange rate changes on cash and cash equivalents		(27,224)	50,427
Cash and cash equivalents at the end of the financial year	6	8,532,275	10,678,145

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Unico Silver Limited (formerly known as E2 Metals Limited) as a consolidated entity consisting of Unico Silver Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Unico Silver Limited's functional and presentation currency.

Unico Silver Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 27 September 2023. The Directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about the transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Long-term employee benefits

The liability for annual leave and long service leave not expected to be settled wholly within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 2. Significant accounting policies (continued)

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Unico Silver Limited ('company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Unico Silver Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Specifically, the consolidated entity controls an investee if and only if the consolidated entity has:
- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the consolidated entity has less than a majority of the voting or similar rights of an investee, the consolidated entity considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The consolidated entity's voting rights and potential voting rights

Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Unico Silver Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

Note 2. Significant accounting policies (continued)

Revenue recognition
The consolidated entity recognises revenue as follows:

Interest and other income
Other income
Other income is recognised when it is received or when the right to receive payment is established.

Investment income
Investment income was recognised for gains realised on the sale of Argentine CCL bonds which were acquired for the purpose of selling in the short term.

Interest income
Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All interest revenue is stated net of the amount of goods and services tax (GST).

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Note 2. Significant accounting policies (continued)

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Exploration and Development Expenditure
Exploration and evaluation expenditure incurred are expensed in full in the statement of profit or loss as they are incurred. Expenditure are capitalised as development expenditure when technical feasibility and commercial viability of extracting a mineral resource is established.

During the exploration stages the consolidated entity does not provide for site restoration costs due to the uncertainties around the timing of such commitments. However, cost of site restoration are provided for once a mine plan / production phase has commenced and a known mine plan is evident. Site restoration costs usually include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology. Costs are discounted back to present value, using an applicable cost of capital relevant to the consolidate entity and then amortised over the life of the mine. Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs are determined on the basis that the restoration will be completed within one year of abandoning the site.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 3. Critical accounting judgements, estimates and assumptions

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Share based payment transactions
Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 30.

Allowance for expected credit losses on VAT receivables for Argentinian operations
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, days overdue and historical recovery rates. Due to significant delays in the assessment of VAT by Argentinian Tax Authorities, the Consolidated Entity has assessed recovery of claimable VAT as doubtful when providing for expected credit losses on it as at 30 June 2023. Refer to note 7 for further details.

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Based on the latest management assessment no deferred tax assets is recognised as at 30 June 2023.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Deferred consideration
The deferred consideration liability is the difference between the total purchase consideration, usually on an acquisition of a business combination, and the amounts paid or settled up to the reporting date, discounted to net present value. Thereafter, at each reporting date, the increase in the liability resulting from the passage of time is recognised as a finance cost. Incremental borrowing rate was used to discount to deferred consideration liability to net present value.

Acquisition of SCRN Properties Limited- Determination as an asset acquisition
On 1 March 2023, the Company acquired 100% of the issued capital of SCRN Properties Limited (SCRN), which owns Pingüino silver and gold project (Pingüino Project) located in the south-central part of Argentina and the land underlying the Pingüino Project, being the El Piche Farm, and 9 other non-core mineral properties in Argentina.

The consolidated entity assessed the acquisition for existence of business elements under AASB-3 -Business Combinations and determined it be accounted for as an asset acquisition based as below:

- SCRN has assets in the early exploration phase but has no production licence. There were no proven reserves.
- Input: There were no inputs to operations as SCRN is at the exploration stage with no employees.
- Processes: SCRN had exploration program but no processes place to convert the inputs. There were no production plans.
- Output: There were no development plans and planned production.

With SCRN's operation not meeting the criteria of a "business" under AASB-3 -Business Combinations, Consolidated entity determined the acquisition to be accounted for as an asset acquisition.

Note 4. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into two operating segments: Australia projects and Argentina projects. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews financial management accounts on a monthly basis. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The reportable segments are:

Australia
Argentina

Intersegment transactions
There were no material intersegment transactions during the reporting period.

Intersegment receivables, payables and loans
There were no material intersegment receivables, payables and loans during the reporting period.

Major customers
The consolidated entity does not have any customers.

Note 4. Operating segments (continued)

Operating segment information

Consolidated - 30 June 2023	Australia $	Argentina $	Total $
Investment income	-	1,159,733	1,159,733
Other income	72,052	71,737	143,789
Administrative expenses	(249,766)	(100,291)	(350,057)
Corporate expenses	(700,486)	(378,614)	(1,079,100)
Employment expenses	(504,321)	(112,856)	(617,177)
Exploration expenses	(354,834)	(16,653,493)	(17,008,327)
Finance costs	(183,912)	(13,148)	(197,060)
Loss before income tax expense	(1,921,267)	(16,026,932)	(17,948,199)
Income tax expense			-
Loss after income tax expense			(17,948,199)
Assets			
Unallocated assets:			
Cash and cash equivalents			8,532,275
GST,VAT and other receivables			112,806
Other current assets			76,788
Trade and other receivables-non-current			1,724,913
Total assets			10,446,782
Liabilities			
Unallocated liabilities:			
Trade and other payables			289,499
Employee Benefits			89,669
Purchase consideration liability			3,225,232
Lease liabilities			171,226
Total liabilities			3,775,626

Consolidated - 30 June 2022	Australia $	Argentina $	Total $
Investment income	-	5,318,130	5,318,130
Other income	1,911	77,850	79,761
Administrative expenses	(202,087)	(80,712)	(282,799)
Corporate expenses	(456,285)	(325,780)	(782,065)
Employment expenses	(803,130)	(168,327)	(971,457)
Exploration expenses	(443,817)	(13,097,384)	(13,541,201)
Finance costs	157,323	(333,894)	(176,571)
Loss before income tax expense	(1,746,085)	(8,610,117)	(10,356,202)
Income tax expense			-
Loss after income tax expense			(10,356,202)
Assets			
Unallocated assets:			
Cash and cash equivalents			10,678,145
GST,VAT and other receivables			66,354
Other current assets			86,235
Other non-current assets			346,604
Total assets			11,177,338
Liabilities			
Unallocated liabilities:			
Trade and other payables			366,280
Employee Benefits			62,498
Lease liabilities			205,194
Total liabilities			633,972

Note 5. Investment income

	Consolidated	
	30 June 2023 $	30 June 2022 $
Gain from bonds	1,157,530	5,318,130

The gain from bonds relates to gain from the sale of Argentine sovereign bonds. The bonds were acquired in US Dollars and sold in Argentine Pesos as part of transferring the operating working capital to the Group's Argentine subsidiary for exploration activities. There were no bonds on hand as at 30 June 2023 (2022: $nil).

Note 6. Cash and cash equivalents

	Consolidated	
	30 June 2023 $	30 June 2022 $
Current assets		
Cash at bank	8,449,822	10,175,360
Cash on deposit	82,453	502,785
	8,532,275	10,678,145

Accounting policy for cash and cash equivalents
Cash and cash equivalents include cash on hand and deposits held at call with banks with maturity period of less than 3 months.

Note 7. GST, VAT and other receivables

	Consolidated	
	30 June 2023 $	30 June 2022 $
Current assets		
GST and VAT receivable	55,415	37,165
Other receivable	57,391	29,189
	112,806	66,354

As at 30 June 2023, the Consolidated entity has ARS 189,566,576 (equivalent to $1,099,486) of VAT and other local tax receivables in Argentina which are subject to successful assessment by the Argentinian tax authorities. Due to significant delays in assessment by the Argentinian tax authorities, the Consolidated entity has created provision for doubtful debt for 100% of these VAT receivables as of 30 June 2023 and expensed to exploration expense.

Note 8. Right-of-use assets

	Consolidated	
	30 June 2023 $	30 June 2022 $
Non-current assets		
Office space - right-of-use	228,359	228,359
Less: Accumulated depreciation	(76,120)	(30,448)
	152,239	197,911

Note 8. Right-of-use assets (continued)

The consolidated entity leased office space for its Adelaide office under agreements of for 5 years commencing on 1 November 2021 and expiring on 31 October 2026 with no clause for renewals.

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Office space $	Total $
Balance at 1 July 2021	-	-
Additions	228,359	228,359
Depreciation expense	(30,448)	(30,448)
Additions	197,911	197,911
Depreciation expense	(45,672)	(45,672)
Balance at 30 June 2022	152,239	152,239

Accounting policy for right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 9. Property, plant and equipment

	Consolidated	
	30 June 2023 $	30 June 2022 $
Non-current assets		
Land and buildings - at cost	1,674,150	-
Less: Accumulated depreciation	(251,381)	-
	1,422,769	-
Office equipment - at cost	88,163	45,116
Less: Accumulated depreciation	(66,435)	(22,971)
	21,728	22,145
Plant and equipment- at cost	403,283	105,872
Less: Accumulated depreciation	(337,710)	(41,928)
	65,573	63,944
	1,510,070	86,089

Note 9. Property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Plant & equipment $	Office equipment $	Land and buildings $	Total $
Balance at 1 July 2021	84,690	35,003	-	119,693
Additions	1,674	-	-	1,674
Depreciation expense	(24,661)	(13,865)	-	(38,526)
Exchange differences	2,241	1,007	-	3,248
Balance at 30 June 2022	63,944	22,145	-	86,089
Additions through Pingüino acquisition (note 24)	7,268	39	1,403,281	1,410,588
Depreciation expense	(7,202)	(4,256)	(1,664)	(13,122)
Exchange differences	1,563	3,800	21,152	26,515
Balance at 30 June 2023	65,573	21,728	1,422,769	1,510,070

Accounting policy for property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3-7 years
Office equipment	3-5 years
Buildings	30 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 10. Trade and other payables

	Consolidated	
	30 June 2023 $	30 June 2022 $
Current liabilities		
Trade payables	76,521	146,906
Accrued expenses	47,879	175,965
Other payables	165,099	43,409
	289,499	366,280

Note 10. Trade and other payables (continued)

Refer to note 16 for further information on financial instruments.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30-90 days of recognition.

Note 11. Lease liabilities

	Consolidated	
	30 June 2023 $	30 June 2022 $
Current liabilities		
Lease liability	47,779	38,332
Non-current liabilities		
Lease liability	123,447	166,862
	171,226	205,194

Refer to note 16 for further information on financial instruments.

Accounting policy for lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 12. Deferred consideration

	Consolidated	
	30 June 2023 $	30 June 2022 $
Current liabilities		
Deferred cash consideration payable	1,071,434	-
Non-current liabilities		
Deferred cash consideration payable	2,153,798	-
	3,225,232	-

Note 12. Deferred consideration (continued)

Deferred consideration liabilities relates to the acquisition of SCRN Properties Ltd as detailed in note 24. Under the related Share Sales Agreement (the Agreement), US$750,000 will be paid on the first anniversary of signing the Agreement, (equivalent to AUD1,114,413 of undiscounted contractual liability or discounted liability of AUD1,071,434 as at 30 June 2023); and US$750,000 and US$1.0 million will be paid on the second and the third anniversary of signing the Agreement, respectively (equivalent to AUD2,600,297 of undiscounted contractual liability or discounted liability of AUD2,153,798 as at 30 June 2023). An incremental borrowing rate of 10% was used to determine the discounted liabilities.

Note 13. Issued capital

	Consolidated			
	30 June 2023 Shares	30 June 2022 Shares	30 June 2023 $	30 June 2022 $
Ordinary shares - fully paid	296,051,591	199,132,323	49,774,020	37,270,397

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2021	150,158,406		29,195,743
Shares issued for acquisition of El Rosillo tenement	10 August 2021	193,655	$0.325	63,112
Shares issued for acquisition of El Rosillo tenement	31 August 2021	119,152	$0.325	38,832
Share placement to sophisticated investors	23 March 2022	22,570,681	$0.175	3,949,914
Share issued on exercise of unlisted options	22 March 2022	90,000	$0.220	19,836
Share placement to sophisticated investors	05 May 2022	26,000,429	$0.175	4,550,075
Exercised options fair value transfer from option reserve to issued capital		-	$0.000	8,630
Capital raising cost		-	$0.000	(555,745)
Balance	30 June 2022	199,132,323		37,270,397
Shares issued for acquisition of SCRN Properties Ltd	1 March 2023	49,751,970	$0.140	6,965,276
Shares issued towards corporate advisory fees	1 March 2023	472,875	$0.132	62,500
Share placement to sophisticated investors	28 April 2023	37,037,037	$0.135	5,000,000
Share placement to eligible shareholders under the Share Purchase Plan	23 May 2023	7,407,386	$0.135	1,000,000
Shares issued on performance rights exercised	25 May 2023	2,250,000	$0.000	157,500
Capital raising cost		-	$0.000	(681,653)
Balance	30 June 2023	296,051,591		49,774,020

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the consolidated entity in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 13. Issued capital (continued)

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity manages its capital to ensure that entities in the group will be able to continue as a going concern maximising and optimising the return to stakeholders through optimisation of the debt and equity balance.

The capital structure of the consolidated entity consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the statement of financial position. The consolidated entity operates globally, primarily through subsidiary companies established in the markets in which the consolidated entity trades. None of the consolidated entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand the consolidated entity's assets.

The Consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues its activity in mineral exploration.

The capital risk management policy remains unchanged from the 30 June 2022 Annual Report.

Accounting policy for issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 14. Reserves

	Consolidated	
	30 June 2023 $	30 June 2022 $
Foreign currency translation reserve	54,207	(73,728)
Share based payment reserve	2,145,279	727,400
	2,199,486	653,672

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations of Minera Los Domos S.A, Ivael Mining S.A and SCRN Properties Ltd with its functional currency being US dollars to Australian dollars.

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed off.

Share based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Note 15. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 16. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange and ageing analysis for credit risk analysis in respect of investment portfolios to determine market risk.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Generally, the consolidated entity's main exposure to exchange rate risk relates primarily to trade payables and cash denominated in US dollars, arising in relation to its activities in Argentina. The Consolidated entity did not seek to hedge its exposure but where a payable is significant, US dollars may be purchased on incurring the liability or commitment.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
Consolidated	30 June 2023 $	30 June 2022 $	30 June 2023 $	30 June 2022 $
US dollars	3,232,906	1,790,979	3,223,509	162,713
Argentine Peso	21,878	27,183	164,870	38,964
	3,254,784	1,818,162	3,388,379	201,677

The consolidated entity had net liabilities denominated in foreign currencies of $133,595 as at 30 June 2023 (2022: net asset $1,616,485). Based on this exposure, had the Australian dollars weakened by 1%/strengthened by 1% (2022: weakened by 1%/strengthened by 1%) against these foreign currencies with all other variables held constant, the consolidated entity's loss before tax for the year would have been $1,525 lower/$1,523 higher (2022: $16,565 lower/$16,239 higher) and equity would have been $1,525 higher/$1,523 lower (2022:$16,565 higher/$16,239 lower).

Although this does not meet the accounting definition of a financial asset, the consolidated entity has a foreign exchange risk relating to its VAT receivable asset on the balance sheet, which is denominated in Argentinian pesos. The value of this receivable is disclosed in note 7 to the financial statements, being $nil as at 30 June 2023 (2022: $nil).

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity.

The consolidated entity has no credit risk from trade receivables due no trading activity during the year. Other receivables includes VAT and other local tax on expenditure incurred by Argentinian subsidiaries. Due to significant delays in assessment by the Argentine tax authorities, the Consolidated entity has assessed credit risk on ARS189,566,576 (equivalent to $1,099,486) of VAT and other local tax receivables in Argentina as at 30 June 2023 and has created a provision for doubtful debt on it as of 30 June 2023. Refer to note 7 for further details.

Note 16. Financial instruments (continued)

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows based on the earliest date on which the financial liabilities are required to be paid.

Consolidated - 30 June 2023	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	(289,499)	-	-	-	(289,499)
Deferred consideration liability (note 12)	-	(1,114,413)	(1,114,413)	(1,485,884)	-	(3,714,710)
Interest-bearing -						
Lease liability	-	(58,149)	(133,917)	-	-	(192,066)
Total non-derivatives		(1,462,061)	(1,248,330)	(1,485,884)	-	(4,196,275)

Consolidated - 30 June 2022	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	(366,280)	-	-	-	(366,280)
Deferred consideration liability (note 12)	-	-	-	-	-	-
Interest-bearing -						
Lease liability	-	(51,663)	(53,786)	(133,917)	-	(239,366)
Total non-derivatives		(417,943)	(53,786)	(133,917)	-	(605,646)

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 17. Key management personnel disclosures

Directors

The following persons were Directors of Unico Silver Limited during the financial year:

Mr Peter Mullens (Non-Executive Chairman)
Mr Todd Williams (Managing Director)
Ms Melanie Leydin (Non-Executive Director)
José Bordogna (Non-Executive Director) (Appointed effective 1 March 2023)

Note 17. Key management personnel disclosures (continued)

Compensation
The aggregate compensation made to Directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	30 June 2023 $	30 June 2022 $
Short-term employee benefits	309,632	326,659
Post-employment benefits	27,927	24,561
Long-term benefits	8,832	7,874
Share-based payments	132,825	198,096
	479,216	557,190

Share-based payments for the year end 30 June 2023 relates the vesting charge of $47,010 (2022: $31,311) on performance rights granted and issued to Mr Todd Williams in financial year 2019 and vesting charge of $85,815 on 2,000,000 options issued to the Directors in financial year 2022. (2022: $166,785).

Note 18. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck Audit (Vic) Pty Ltd, the auditor of the Company:

	Consolidated	
	30 June 2023 $	30 June 2022 $
Audit services - William Buck Audit (Vic) Pty Ltd		
Audit or review of the financial statements	49,565	40,800

Note 19. Contingent assets

There were no contingent assets at 30 June 2023 (2022: nil).

Note 20. Contingent liabilities

There were no contingent liabilities at 30 June 2023 (2022: nil).

Note 21. Commitments

	Consolidated	
	30 June 2023 $	30 June 2022 $
Planned exploration expenditure		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	17,865	17,865
One to five years	71,460	71,460
	89,325	89,325

Note 21. Commitments (continued)

Exploration Expenditure Commitments

Under the terms of mineral tenement licences held by the Group in New South Wales and Argentina, there are no minimum annual expenditure obligations required to be expended during the forthcoming financial year in order for the tenements to maintain a status of good standing. Work programs are submitted on application and renewal which may be subject to variation from time to time in accordance with the relevant state department's regulations. The Group may at any time relinquish tenements, and avoid expenditure required on work programs, or may seek exemptions from the relevant authority. The Groups only commitments in relation to these tenements are the payment of annual rents as detailed above.

Note 22. Related party transactions

Parent entity
Unico Silver Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 25.

Key management personnel
Disclosures relating to key management personnel are set out in note 17 and the remuneration report included in the Directors' report.

Transactions with related parties
The following transactions occurred with related parties (amounts are exclusive of GST):

	Consolidated	
	30 June 2023 $	30 June 2022 $
Sale of goods and services:		
Payments to Vistra Australia, an associated entity of Ms Melanie Leydin*	170,900	142,000

* The amounts paid to Vistra Australia relate to company secretarial and CFO services provided to the consolidated entity during the financial year.

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	30 June 2023 $	30 June 2022 $
Current payables:		
Trade payables to Vistra Australia, an entity associated to Ms Melanie Leydin	14,953	12,650

All related party transactions occurred on commercial arms-length terms.

Note 23. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	30 June 2023 $	30 June 2022 $
Loss after income tax	(1,915,301)	(1,732,897)
Total comprehensive loss	(1,915,301)	(1,732,897)

Statement of financial position

	Parent	
	30 June 2023 $	30 June 2022 $
Total current assets	8,505,649	10,234,522
Total assets	46,311,567	31,114,826
Total current liabilities	1,311,940	252,123
Total liabilities	3,611,008	430,824
Net assets	42,700,559	30,684,002
Equity		
Issued capital	48,860,194	36,356,571
Share based payment reserve	2,145,279	727,400
Accumulated losses	(8,304,914)	(6,399,969)
Total equity	42,700,559	30,684,002

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity has a deed of cross guarantee in place with Land & Minerals Pty Limited as per note 26.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

The parent entity information above reflects Unico Silver Limited as it remains the legal parent entity of the Group.

Note 24. Pingüino Acquisition

In November 2022, the company signed a Share Sale Agreement (the Agreement) with ASX and TSX-V listed Austral Gold Limited (ASX: AGD; TSX-V: AGLD) and its subsidiary, Austral Gold Canada Limited (Austral Canada), to acquire all of the outstanding shares in SCRN Properties Limited (SCRN), a subsidiary of Austral Canada, that owns the mineral claims that make up the Pingüino silver and gold project (Pingüino Project) located in the south-central part of Argentina. SCRN also owns the land underlying the Pingüino Project, being the El Piche Farm, and 9 other non-core mineral properties in Argentina. On 1 March 2023 the Pingüino acquisition is completed with following consideration:

(i) The cash consideration of US$ 5 million in four tranches:

(a) US$2.5 million paid on 1 March 2023 at the completion date; and
(b) US$750,000 to be paid on each of the first and second anniversary of signing the Agreement; and
(c) US$1 million to be paid on the third anniversary of signing the Agreement.

The US$2.5 million in deferred cash payments has been secured by a share mortgage over 51% of SCRN's common shares until the second cash instalment is paid, at which time the share mortgage is to be reduced to 19%. The mortgage to be discharged on the payment of third instalment.

(ii) Consideration Shares: 49,751,970 fully paid ordinary shares of Unico Silver Limited issued to Austral Gold Limited on 1 March 2023. Under the Share Sale Agreement, 50% of these shares are under escrow restrictions for 12 months and balance 50% are escrow restrictions for 24 months from the completion date.

(iii) Consideration Options: 15 million options issued on 1 March 2023 to subscribe for fully paid Unico Silver shares at a strike price of 26 Australian cents, with a 3-year expiry. The Consideration Options will be non-transferable outside of the Austral Group and will be subject to the condition that Austral or another company within the Austral Group can only exercise the Consideration Options to the extent it will not (and no other party will) exceed 19.9% Voting Power in the Company.

The Company, at the time of acquisition, assessed that in the absence of proven or probable reserves and plan for site development and further no employees and business processes acquired as part of this transaction, this acquisition does not meet the definition of a business under AASB 3 - Business Combinations. Therefore, the acquisition is accounted as an asset acquisition and all identifiable assets and liabilities of SCRN Properties Limited were accounted at the acquisition date at their fair values in the financial statements.

SCRN Properties Limited is accounted for using the acquisition method of accounting in these financial statements.

Details of the acquisition are as follows:

	Fair Value $
Cash and cash equivalents	96,674
Trade receivables	3,842
Exploration assets*	13,433,823
Property, plant and equipment	1,410,588
Trade payables and other liabilities	(176,720)
Acquisition-date fair value of the total consideration transferred	14,768,207
Representing:	
Cash paid to vendor (USD 2.5 million)	3,714,401
Unico Silver Limited shares issued to vendor (49,751,970 shares) (note 13)	6,965,276
Unico Silver Limited options issued to vendor (15 million options) (note 30)	964,500
Deferred consideration payments to be made in future periods (USD 2.5 million) (note 12)	3,124,030
	14,768,207

* Under Unico Silver Limited's group accounting policy, exploration and evaluation expenditure incurred are expensed in full in the statement of profit or loss as they are incurred. Expenditure are capitalised as development expenditure when technical feasibility and commercial viability of extracting a mineral resource is established. On the alignment of SCRN's accounting policy to Unico Silver Limited's group accounting policy, exploration asset acquired above were expenses to exploration expense in the statement of profit or loss and other comprehensive income for the year ended 30 June 2023.

Note 25. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 30 June 2023 %	Ownership interest 30 June 2022 %
Land & Mineral Pty Limited	Australia	100.00%	100.00%
Fisher Resources Pty Ltd	Australia	100.00%	100.00%
Los Domos Pty Ltd	Australia	100.00%	100.00%
Minera Los Domos S.A	Argentina	80.00%	80.00%
Ivael Mining S.A	Argentina	100.00%	100.00%
SCRN Properties Limited	Canada	100.00%	-

Summarised financial information
Summarised financial information of Minera Los Domos S.A, the subsidiary with non-controlling interests that is material to the consolidated entity is set out below:

	30 June 2023 $	30 June 2022 $
Summarised statement of financial position		
Current assets	80,241	201,791
Non-current assets	77,027	84,118
Total assets	157,268	285,909
Current liabilities	18,876	32,324
Non-current liabilities	16,969,917	15,822,114
Total liabilities	16,988,793	15,854,438
Net liabilities	(16,831,525)	(15,568,529)
Summarised statement of profit or loss and other comprehensive income		
Revenue	630,672	4,699,748
Expenses	(1,920,047)	(11,831,119)
Loss before income tax expense	(1,289,375)	(7,131,371)
Income tax expense	-	-
Loss after income tax expense	(1,289,375)	(7,131,371)
Other comprehensive income/(loss)	6,829	(9,705)
Total comprehensive loss	(1,282,546)	(7,141,076)

Note 26. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Unico Sliver Limited
Land & Mineral Pty Limited

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Unico Silver Limited, they also represent the extended closed group.

Total liabilities for the closed Group at 30 June 2023 total $4,075,618 (2022: $430,825).

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group'.

Statement of profit or loss and other comprehensive income	30 June 2023 $	30 June 2022 $
Other income	72,052	1,911
Administrative expenses	(249,766)	(201,738)
Corporate expenses	(700,196)	(456,285)
Employment expenses	(504,321)	(803,130)
Exploration expenses	(349,158)	(432,342)
Finance income/(expense)	(183,912)	157,413
Loss before income tax expense	(1,915,301)	(1,734,171)
Income tax expense	-	-
Loss after income tax expense	(1,915,301)	(1,734,171)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive loss for the year	(1,915,301)	(1,734,171)

Note 26. Deed of cross guarantee (continued)

Statement of financial position	30 June 2023 $	30 June 2022 $
Current assets		
Cash and cash equivalents	8,384,725	10,119,780
GST, VAT and other receivables	54,209	37,165
Prepayments	75,599	86,235
	8,514,533	10,243,180
Non-current assets		
Inter company receivables	21,509,215	19,571,567
Investments	16,005,707	975,000
Other financial assets	32,604	32,604
Property, plant and equipment	2,980	-
Right-of-use assets	152,239	197,911
	37,702,745	20,777,082
Total assets	46,217,278	31,020,262
Current liabilities		
Trade and other payables	124,882	163,132
Lease liabilities	25,318	18,472
Deferred consideration	1,071,434	-
Other	67,846	50,659
	1,289,480	232,263
Non-current liabilities		
Lease liabilities	145,908	186,723
Deferred consideration	2,153,798	-
Other	21,824	11,839
	2,321,530	198,562
Total liabilities	3,611,010	430,825
Net assets	42,606,268	30,589,437
Equity		
Issued capital	49,774,020	37,265,073
Reserves	2,145,279	732,724
Accumulated losses	(9,313,031)	(7,408,360)
Total equity	42,606,268	30,589,437

Note 27. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 28. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	30 June 2023 $	30 June 2022 $
Loss after income tax expense for the year	(17,948,199)	(10,356,202)
Adjustments for:		
Depreciation and amortisation	60,402	69,569
Interest expense on lease liability	13,332	10,355
Share-based payments	318,344	713,150
Foreign exchange differences	128,409	(19,484)
Unwinding of the discount on liability	101,201	-
Investment income classified as cashflow from investing activity	(1,157,530)	(5,318,130)
Non-cash exploration cost (through SCRN acquisition)	13,696,323	-
Change in operating assets and liabilities:		
Decrease/(increase) in GST, VAT and other receivables	(42,620)	1,032,934
Increase in prepayments	9,457	(4,005)
Increase/(decrease) in trade and other payables	(261,071)	208,887
Increase in employee benefits	9,865	33,614
Net cash used in operating activities	(5,072,087)	(13,629,312)

Note 29. Earnings per share

	Consolidated	
	30 June 2023 $	30 June 2022 $
Loss after income tax	(17,948,199)	(10,356,202)
Non-controlling interest	257,875	1,426,274
Loss after income tax attributable to the owners of Unico Silver Limited	(17,690,324)	(8,929,928)
	Cents	**Cents**
Basic loss per share	(7.93)	(5.56)
Diluted loss per share	(7.93)	(5.56)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	223,167,995	160,564,896
Weighted average number of ordinary shares used in calculating diluted earnings per share	223,167,995	160,564,896

Note 29. Earnings per share (continued)

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Unico Silver Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

The rights to options held by option holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for inclusion in AASB 133 "Earnings per Share". The rights to options are non-dilutive as the consolidated entity has generated a loss for the year. As at 30 June 2023 there were 55,119,841 (2022: 35,369,841) (potential ordinary shares not considered dilutive.

Note 30. Share-based payments

Share based payments expense during the period is $318,644 (30 June 2022: $611,206) which relates to performance rights and options issued to KMP and other employees of the Company.

Options

Set out below are summaries of options granted under the plan:

30 June 2023							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
23/12/2019	23/12/2022	$0.260	150,000	-	-	(150,000)	-
27/05/2020	27/05/2023	$0.170	150,000	-	-	(150,000)	-
18/02/2021	17/02/2024	$0.580	1,570,000	-	-	-	1,570,000
01/11/2021	01/11/2024	$0.369	2,000,000	-	-	-	2,000,000
21/02/2022	21/02/2025	$0.343	1,550,000	-	-	-	1,550,000
21/02/2022	21/02/2025	$0.383	250,000	-	-	-	250,000
01/06/2022	01/06/2024	$0.300	2,500,000	-	-	-	2,500,000
01/03/2023	01/06/2026	$0.260	-	15,000,000	-	-	15,000,000
02/03/2023	02/03/2026	$0.207	-	2,050,000	-	-	2,050,000
28/04/2023	28/04/2026	$0.270	-	3,000,000	-	-	3,000,000
			8,170,000	20,050,000	-	(300,000)	27,920,000
Weighted average exercise price			$0.378	$0.256	$0.000	$0.215	$0.292

On 1 March 2023, 15,000,000 options with an exercise price of $0.26 per option and 3-year expiry period were issued to Austral Gold Limited as consideration options in relation to the acquisition of SCRN Properties Limited. These consideration options may not be exercised if the issue of the underlying Unico Silver Limited's share would cause Austral Gold Limited to exceed its voting power of 19.99% in Unico Silver Limited, unless approved by shareholders under the Corporation Act. Refer to the note 24 for further information.

On 2 March 2023, 2,050,000 options, with an exercise price of $0.2074 per option, were granted to employees, with vesting period of 12 months from the grant date and expiring on 2 March 2026. These equity-settled options were granted to the employees under Unico Sliver Limited's Employee Incentive Plan Rules. On the cessation of employment, the options will generally lapse unless otherwise determined by the Board.

Note 30. Share-based payments (continued)

On 28 April 2023, 3,000,000 lead manager equity-settled options, with exercise price of $0.27 per option, were granted to Whistler Wealth Management Pty Ltd as part of the capital raising cost. These options vested immediately on grant and will expire on 28 April 2026.

30 June 2022							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
25/03/2019	22/03/2022	$0.220	200,000	-	(90,000)	(110,000)	-
23/12/2019	23/12/2022	$0.260	150,000	-	-	-	150,000
27/05/2020	27/05/2023	$0.170	150,000	-	-	-	150,000
18/02/2021	17/02/2024	$0.580	-	1,570,000	-	-	1,570,000
01/11/2021	01/11/2024	$0.369	-	2,000,000	-	-	2,000,000
21/02/2022	21/02/2025	$0.343	-	1,550,000	-	-	1,550,000
01/06/2022	01/06/2024	$0.300	-	2,500,000	-	-	2,500,000
21/02/2022	21/02/2025	$0.383	-	250,000	-	-	250,000
			500,000	7,870,000	(90,000)	(110,000)	8,170,000
Weighted average exercise price			$0.217	$0.384	$0.220	$0.220	$0.378

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	30 June 2023 Number	30 June 2022 Number
23/12/2019	23/12/2022	-	150,000
27/05/2020	27/05/2023	-	150,000
18/02/2021	17/02/2024	1,570,000	1,570,000
01/11/2021	01/11/2024	2,000,000	-
21/02/2022	21/02/2025	1,550,000	-
21/02/2022	21/02/2025	250,000	-
01/06/2022	01/06/2024	2,500,000	-
01/03/2023	01/06/2026	15,000,000	-
28/04/2023	28/04/2026	3,000,000	-
		25,870,000	1,870,000

During FY22 financial year 27,199,841 free attaching options were issued with the expiry date 5 May 2024, in relation to share placements, that are not included in the above tables as they are not considered share-based payments under AASB 2 Share-Based Payment.

The options granted during the year were fair valued using the Black Scholes option pricing model using the following inputs:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
01/03/2023	01/03/2026	$0.140	$0.260	91.51%	-	3.51%	$0.064
02/03/2023	02/03/2026	$0.140	$0.207	95.75%	-	3.57%	$0.075
28/04/2023	28/04/2026	$0.140	$0.270	95.75%	-	3.00%	$0.066

Note 30. Share-based payments (continued)

Performance rights

The number of performance rights over ordinary shares in the Company held during the financial year, issued under the Company's share option plan, is set out below:

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
20/12/2018	30/12/2023	-	2,250,000	-	(2,250,000)	-	-

In December 2018, the consolidated entity agreed to issue 2,250,000 performance rights to Mr Todd Williams with vesting conditions relating to performance hurdles. The vesting of the performance rights is to take place in three tranches, which were subject to performance hurdles relating to the consolidated entity achieving 100% JORC resource targets detailed in the performance conditions. These performance rights vested and exercised during the year.

Accounting policy for share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees and advisors.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

Share based payments are delivered in the form of rights over shares which vest over a period of three to five years subject to meeting performance measures, with no opportunity to retest. The vesting of the performance rights is to take place in three tranches, which were subject to performance hurdles relating to the consolidated entity achieving JORC resource targets.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date;

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 26 to the financial statements.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Todd Williams
Managing Director

27 September 2023

William Buck
ACCOUNTANTS & ADVISORS

For personal use only

Unico Silver Limited
Independent auditor's report to members

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Unico Silver Limited (formally known as E2 Metals Limited) (the Company) and its controlled entities (together, the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and

ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

ACCOUNTING FOR AN ASSET ACQUISITION	
Area of focus	**How our audit addressed it**
As disclosed in Note 12 and Note 24, the Group acquired 100% of the issued share capital of SCRN Properties Pty Limited as at 1 March 2023. The arrangement was considered an asset acquisition as the definition of a business within AASB 3 *Business Combinations* was not met, with the initial consideration paid to the vendor including cash and issuance of equity. Further to this, the consideration arrangement to the vendor included deferred consideration payable in future periods and the issuance of 15 million share options as at 1 March 2023. The share options arrangement was considered to meet the definition of a share-based payment in scope of AASB 2 *Share Based Payments*, with management assessing the arrangements as being equity-settled and measured the fair value of the award on grant date. The options issued were valued using a Black Scholes model and $964,500 was recognised as part of the consideration paid. There is a financial risk that the Group may not have recognised the deferred consideration payable in future periods to appropriate discounted amounts, and that the fair value of consideration paid was incorrect should the share options Due to the judgements and estimates required in the appropriate valuation and recognition of the deferred consideration and share options, this matter was considered to be a Key	Our audit procedures included the following: — Reviewing the terms and conditions of the executed sale and purchase agreement, including nature of the assets and activities acquired; — Assessing management's consideration of AASB 3 *Business Combinations* and subsequent accounting as an asset acquisition; — Agreeing initial consideration paid to underlying support including bank statements and share registry for issuance of equity shares to the vendor; — Assessing measurement of the fair value of the deferred consideration payable in subsequent periods and related financial statement disclosure — Understanding the terms of the share option issued to the vendor including the number of options issued, grant date, expiry date, exercise price and the presence of any market or non-market conditions; — Assessing the appropriateness of the Black Scholes model inputs used by management to determine the valuation of the option and examining the key inputs used in the model; — Recomputing the share option expense recognised as part of the consideration paid; and — Assessing the adequacy of the Group's disclosures in the financial report for the acquisition of the asset including deferred consideration payable and the requirements of AASB 2 for the share options.

ACCOUNTING FOR FAIR VALUE GAIN ON BONDS	
Area of focus	**How our audit addressed it**
As disclosed in note 5, the Group recognised a fair value gain related to the sale of CCL bonds which have been used as a mechanism to investment Australian dollars, through the USD-denominated bonds, through to Argentinian Pesos. The arrangements were considered to meet the definition of a financial asset in accordance with AASB 9 *Financial Instruments* and due to the nature of the arrangements being held for	Our audit procedures included the following: — Understanding the terms of the arrangement entered into with the counterparty; — Assessing the contractual terms and conditions in accordance with AASB 9 *Financial Instruments* including the assessment as being held for trading; — Testing a sample of fair value gains recognised in the period to contract and obtaining evidence to support the completeness of gains recognised in the period; and

trading, were recognised as a financial asset at fair value through the profit or loss. There is a financial risk that the Group may not have recognised the fair values for each trade of bonds and may not have recorded all fair values in the period subject to open derivative contracts. Notwithstanding that all bond trading was realised during the period, due to the quantum of the income earned from the trading activity this was considered to be a Key Audit Matter.	— Assessing the adequacy of the Group's disclosures in the financial report in accordance with the requirements of AASB 7 *Financial Instruments: Disclosures*.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

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

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

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 the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or they have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian 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 this financial report.

William Buck
ACCOUNTANTS & ADVISORS

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 21 to 26 of the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Unico Silver Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

R. P. Burt
Director
Melbourne, 27 September 2023

The shareholder information set out below was applicable as at 19 September 2023:

DISTRIBUTION OF EQUITABLE SECURITIES

Analysis of number of equitable security holders by size of holding for holders of ordinary shares:

Range	Total holders	Units	% Units
1 - 1,000	141	40,321	0.01
1,001 - 5,000	256	807,397	0.27
5,001 - 10,000	403	2,650,104	0.90
10,001 - 100,000	539	21,464,527	7.25
100,001 Over	279	271,089,242	91.57
Total	**1,618**	**296,051,591**	**100.00**
Holdings less than Marketable parcel	**451**	**1,120,615**	**0.38**

Analysis of number of equitable security holders by size of holding for holders of unlisted options:

Range	Total holders	Units	% Units
1 - 1,000	0	0	0.00
1,001 - 5,000	1	2,927	0.00
5,001 - 10,000	1	10,000	0.00
10,001 - 100,000	32	1,826,715	3
100,001 Over	55	53,280,172	97
Total	**89**	**55,119,814**	**100.00**
Holdings less than Marketable parcel	**-**		

EQUITY SECURITY HOLDERS

The names of the twenty largest security holders of listed equity securities are listed below:

Twenty Largest Shareholders

	Name	No. of shares	% Units
1	Austral Gold Canada Limited	49,751,970	16.81
2	Citicorp Nominees Pty Limited	20,676,851	6.98
3	Instant Expert Pty Limited <The P Jurkovic Family A/C>	12,502,233	4.22
4	BNP Paribas Noms Pty Ltd <DRP>	10,916,975	3.69
5	Dellta Pty Ltd <SLSD A/C>	9,000,000	3.04
6	Loktor Holdings Pty Ltd <Taybird A/C>	6,358,124	2.15
7	Ratatat Investments Pty Ltd <Ratatat Investment A/C>	5,300,000	1.79
8	Puresteel Holdings Pty Ltd <Rattigan Super Fund A/C>	5,295,000	1.79
9	Instant Expert Pty Limited <P Jurkovic Family A/C>	5,290,323	1.79
10	Rayne Investments Pty Ltd <Stewart Investment A/C>	5,175,210	1.75
11	CCF No 1 Pty Ltd	4,556,125	1.54
12	Bonza View Superannuation Fund Pty Ltd <Bonza View S/F A/C>	4,373,173	1.48
13	Dael Investments (SA) Pty Ltd	4,193,707	1.42
14	J P Morgan Nominees Australia Pty Limited	3,431,189	1.16
15	Superhero Securities Limited <Client A/C>	3,423,279	1.16
16	Royal Park Services Pty Ltd	3,300,000	1.11
17	Equity Trustees Limited <Lowell Resources Fund A/C>	3,142,857	1.06
18	Mr Warrick Geoffrey Cannon & Mrs Lorna Hazel Cannon <Wacklorn SF A/C>	2,300,000	0.78
19	Todd Williams	2,250,000	0.76
20	Mr Phillip Richard Perry	2,100,000	0.71
Total Top 20 Shareholders		**163,337,016**	**55.17**

Substantial Shareholders
Details of substantial shareholders are set out below:

Name	No. of shares	% Units
Dellta Pty Ltd (Dellta Group)	16,097,189	5.44%
2176423 Ontario Ltd. and Eric Sprott	17,142,860	5.79%
Austral Gold Canada Limited	49,751,970	16.81%

VOTING RIGHTS
The voting rights attached to ordinary shares are set out below:

At meeting of members or classes of members:

(a) each member entitled to vote may vote in person or by proxy, attorney or respective;

(b) on a show of hands, every person present who is a member or a proxy, attorney or representative of a member has one vote; and

(c) on a poll, every person present who is a member or a proxy, attorney or representative of a member has:

(i) for each fully paid share held by person, or in respect of which he/she is appointed a proxy, attorney or representative, one vote for the share;

(ii) or each partly paid share, only the fraction of one vote which the amount paid (not credited) on the share bears to the total amounts paid and payable on the share (excluding amounts credited).

Subject to any rights or restrictions attached to any shares or class of shares. Unlisted Options and Performance Rights do not carry any voting rights.

ANNUAL GENERAL MEETING AND DIRECTOR NOMINATIONS CLOSING DATE

The 2023 Annual General Meeting will be held on Monday, 13 November 2023 at 12.00pm (Melbourne time). Further details relating to the meeting will be advised in the Notice of Meeting to be sent to all Shareholders and released to ASX immediately upon dispatch.

In accordance with rule 8.1(m)(4) of the Company's constitution, the closing date for Nomination of Director is Monday, 9 October 2023. Any nomination must be received in writing no later than 5.00pm (Melbourne time) on Monday, 9 October 2023 at the Company's Registered Office.

Unico Silver Limited
ASX:USL
ABN: 34 116 865 546

Address: Level 4, 100 Albert Road
South Melbourne VIC 3205
P: +61 3 9692 7222
F: +61 3 9077 9233
E: info@unicosilver.com.au
W: www.unicosilver.com.au