



BLACK DRAGON GOLD

ASX:BDG

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**ANNUAL REPORT  
FOR THE YEAR ENDED  
DECEMBER 31, 2023**

# Black Dragon Gold Corp.

Annual report for the year ended December 31, 2023

<b>Contents</b>	<b>Page</b>
<b>Directors' Report</b>	3
2023 Highlights & Recent Developments	3
Chairman's Review	4
Tenement Portfolio & Competent Persons Report	11
Directors & Key Management	14
Company Directory	17
Directors Report	19
Corporate Governance Statement	20
Directors' Responsibilities Statement	24
<b>Audited Consolidated Financial Statements</b>	25
Independent Auditor's Report to the Members of Black Dragon Gold Corp.	26
Consolidated Statement of Financial Position	31
Consolidated Statement of Operations & Comprehensive Loss	32
Consolidated Statement of Changes of Cash Flows	33
Consolidated Statement of Changes in Shareholders' Equity	34
Notes to the Consolidated & Company financial statements	35
<b>ASX Additional Information</b>	51

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## Black Dragon Gold Corp.

Annual report for the year ended December 31, 2023

### Directors' Report

#### 2023 Highlights & Recent Developments

Black Dragon Gold Corporation (Black Dragon or the Company) is the 100% owner of one of the largest undeveloped gold projects in Europe. Based on a cut-off grade of 2 grams per tonne gold, the Salave project has a Measured and Indicated Mineral Resource Estimate containing 1.21 million ounces of gold grading 4.58 grams per tonne and additional Inferred Mineral Resource of 0.35 million ounces of gold grading 3.47 grams per tonne.

Mineral Resource Classification	Million Tonnes	Au Grade	Million Ounces of Gold
Measured	1.03	5.59g/t	0.19
Indicated	7.18	4.43g/t	1.02
<b>Total Mineral Resource Measured &amp; Indicated</b>	<b>8.21</b>	<b>4.58g/t</b>	<b>1.21</b>
Inferred	3.12	3.47g/t	0.35

\*See Page 6 for Mineral Resource Estimate details

During financial year 2023 (FY23) Black Dragon continued to progress and de-risk the permitting and development of the Salave Gold Project in Northern Spain in the province of Asturias. With the western world opening their economies post the COVID-19 pandemic, the Company was able to achieve a number of significant milestones:

- (i) **Salave Environmental Impact Assessment:** In July 2021, Black Dragon via its Spanish subsidiary, Exploraciones Mineras del Cantábrico (EMC) submitted the Environmental Impact Assessment (EIA) to the Asturian Ministry of Mines. Following the submission of the EIA, Black Dragon has been working closely with Government of the Principality of Asturias in Spain to manage and work through the public consultation period. In Q1-22, the Company was in receipt of the public comments collated via the EIA public consultative period and in May 2022, the Company submitted its final dossier containing its reply to all the EIA public comments. Following the consultation period, the Company has had constant dialogue in response to and following up additional queries and clarifications to the EIA and public comments. During CY23 discussions continued to occur between the Company and key stakeholders including the recently elected Asturian Regional Government, led by Spain-based General Manager Jose Dominguez. Company representatives remain in constant communication with the Asturian Regional Government to progress EIA approvals and relevant zoning changes for Salave Gold that are critical to its development pathway. We understand a decision on the EIA will be made during CY24, until then we continue to maintain an open and responsive relationship with the Asturian Government.
- (ii) **Investigation Permit Sallave Extended:** In Q1-22, the Company successfully rolled over its Sallave Investigation Permit with the Government of the Principality of Asturias for a further 3 years. The Sallave Investigation Permit allows Black Dragon the rights to align the location of the mineral resources with the investigation area, thereby retaining the exploration rights over Black Dragon's land package in a favourable geological setting outside of and contiguous to, the mining concessions that hosts the Salave Gold Deposit. Discussions are ongoing with the Government in managing the partial transformation of the Sallave Investigation Permit into a mining concession adjacent to the current Mining Rights of the Salave Gold Project. This Permit allows the Company to conduct exploration in the adjacent area to the Salave Gold Project.
- (iii) **Drilling Permit Received for Salave Gold Project:** During 1H-22, the Government of the Principality of Asturias issued Black Dragon's 100% owned Spanish subsidiary, Exploraciones Mineras del Cantábrico with an 18-hole drilling permit for the Salave Gold Project. The drill hole locations were based on stringent environmental selection criteria to avoid conflicts with local landowners and to comply with the Government's planning framework. This drilling campaign's main focus will be to undertake infill drilling to improve the

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## Black Dragon Gold Corp.

Annual report for the year ended December 31, 2023

resource classification from inferred to indicated and from indicated to measured, for mine planning and for geotechnical & metallurgical core samples as part of a definitive feasibility study.

(iv) **Marlee Gold Acquisition:** In July 2022, Black Dragon diversified its exploration portfolio by acquiring 100% of the shares in Marlee Gold Pty Ltd ('Marlee Gold'). Marlee Gold is the owner of 3 exploration licences in the North Yilgarn Craton of Western Australia, that has been underexplored but has significant regional gold and copper regional mines. Marlee Gold has 2 main projects called Padbury Gold and Ivan Well spread out over 3 exploration licences covering 481km<sup>2</sup>. The acquisition was completed by payment of AUD\$70,000 plus AUD\$70,000 shares in Black Dragon Gold (1,428,571 shares) and the issue of 1,000,000 unlisted options exercisable at AUD\$0.098 expiring July 2024. The main focus for the Marlee Gold prospects is to carry out exploration programs utilizing modern exploration techniques to determine the likelihood of bedrock hosted mineralisation with a focus on gold. Refer to 'Chairman's Review' in this section for further details.

(v) **Marlee Gold Project**

During FY23 the Company also progressed the exploration program of Marlee Gold comprising of Padbury Gold and Ivan Well projects, in Australia. During 1H-23 the company received Heritage Survey clearance on Padbury Gold paving the way for an exploration drilling program. In May 2023 the Company mobilised an RC drilling rig to drill 10 RC holes for a total of 1,000m. The drilling campaign was completed in Q3-23 and assay results yielded low-level anomalous gold and laboratory XRF analysis indicated the presence of multi-element anomalous silver, copper and sulphur.

Linkage between historic mineralization activity and extensive gold nugget occurrences at surface across the Padbury site are yet to be explained and as such the Company decided not to undertake any immediate further exploration activity. The Company continues taking a responsible fiscal approach while looking at potential exploration activity for the 100 per cent-owned Padbury Gold Extension (E51/1969) and Ivan Well (E69/3818) exploration licenses.

### Subsequent Events

On March 13, 2024, the Company announced the successful completion of a private placement, raising AUD\$1.2m (CAD\$1.1m) to fund a range of activities associated with de-risking and progressing the flagship Salave Gold Project. The Company will issue 60,000,000 new fully paid shares at an offer price of A\$0.02 per New Share (the 'Placement'). Participants in the Placement will receive one (1) free attaching option for each one (1) New Share allocated, exercisable at AUD\$0.03 and expiring three years from the date of issue ('Attaching Option').

Settlement of the Placement will be split into 2 tranches, with tranche 1 falling within the Company's available listing rule 7.1 placement capacity, with 25,097,620 tranche 1 shares, in the form of Chess Depositary interests in the Company, issued on March 22, 2024. Tranche 2 will be subject to shareholder approval and will cover off on the director participation in the placement of 16,000,000 shares, in the form of Chess Depositary interests in the Company, 100% of the free attaching options and the balance of the shares from the placement not allotted in Tranche 1. The EGM shareholder meeting is expected to take place on or about April 30, 2024.

There were no other material subsequent events to December 31, 2023.

### Chairman's Review

I was delighted to assume the appointment as Executive Chairman of Black Dragon Gold at the end of November 2023. Prior to this I had visited Salave twice and had the opportunity to meet the wider mining community of Asturias whilst presenting Adriatic Metals' development story to the Oviedo School of Mines. My principal experience has been leading

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## Black Dragon Gold Corp.

Annual report for the year ended December 31, 2023

the progress of projects and I have permitted and built a number of underground mines in Europe. And this is what my absolute focus will be in 2024 – to achieve the permitting conditions required to take Salave into feasibility study.

During 2023 the Company completed a maiden drill campaign on its Padbury Gold Project in Western Australia and continued its dialogue with local government in to advance its Salave Gold Project in Spain:

**Padbury Gold Project** – In March, the Company was granted a 30-hole drill permit and following a successful heritage survey, the Company completed a 10-hole RC drill programme in May. The results of which, published in August identified anomalous gold, silver, and copper mineralisation, suggestive of a hydro-thermal system. However, the grades identified in this first pass campaign did not represent a substantive economic discovery. Accordingly, the Company is reviewing its ownership of the Padbury Gold permits.

**Salave Gold Project** – The Company’s EIA was not approved by the regional government of Asturias in 2023 whilst it waits in turn for the local municipality (Tapia de Casariego) to commence an urban re-zoning exercise. In the July elections the incumbent PSOE (Spanish socialist party) mayor, who had been opposed to granting any permissions for mining activity, lost to a PP (Spanish conservative party) candidate. After the elections, the Company withdrew its legal action against the Municipality and re-commenced effective dialogue with the local authorities to commence the re-zoning. At year end there had been no change to the situation, but the Company understood that the Municipal staff were working through a large backlog of permit applications (specifically a number of solar developments) which gives us confidence that the Salave application will be addressed in due course.

The geo-political turmoil since the COVID-19 crisis, shipping chaos, Russia’s invasion of Ukraine, Israel’s war in Gaza and as the year closed the Houthi shipping attacks in the Red Sea has effectively heralded an era of de-globalisation. This has resulted in two key factors that both impact the Salave Gold Project favourably:

**Gold Pricing** – Gold prices rose 15% in 2023 to reach the highest annual close on record at US\$2,078/Oz making gold one of the best performing asset classes, ahead of both US bonds and cash, and massively outperforming the wider commodity sector. According to the World Gold Council’s “Gold Return Attrition Model” the key drivers to this were strong central bank demand (particularly in the East), robust retail demand in emerging markets and the increased geo-political risk (increased dramatically with the onset of Israel/Gaza war and Houthi shipping attacks in the Red Sea). None of these factors are likely to diminish in the coming year and accordingly the long-term consensus pricing for gold is robust and the \$1,650 price used in the 2019 PEA undervalues the Salave Gold Project considerably (even after taking into account the high rate of inflation of the last four years).

**European Mining Landscape** – In March 2023, the European Union published its first Critical Raw Materials act. Whilst gold is neither classified as a strategic or critical metal this legislature is indicative of the wider way Europe, and Europeans, have acknowledged the need for mining projects to be developed across the Union and supported in selected neighbors and partner countries (near-shoring and friend-shoring as such jurisdictions are often referred to). This “shop local” approach is allied to the gold price rally in that it is being driven by fears of resource scarcity and supply chain fragility in the de-globalising world of the 2020s. As European member states are now under pressure from Brussels to open critical and strategic metal mines it is reasonable to expect this momentum to spill over into the wider sector. But only, and this is critical, if the proposed activity is planned in a way sympathetic to the communities that surround it. Salave can be developed in this way and can be operated and closed in the future in a manner that leaves a long-term positive legacy for its two key stakeholders; the community and the environment who host the deposit.

Not unsurprisingly the Company’s share price performance was lackluster in the year and as incoming Chairman I would like to thank the shareholders for their patience and perseverance. As the year closes, with record gold prices, strong indicators of a protracted bull market and the green shoots of a European renaissance in mining, the advancement of the Salave Gold Project will be my goal in 2024. This project deserves to be permitted and will be.

## Black Dragon Gold Corp.

Annual report for the year ended December 31, 2023

### a) Salave Gold Project

The Company's tenure includes five Mining Concessions and associated extensions covering 662 ha and an Investigation Permit covering another 2,655 ha – refer table 2 on page 11. Within the concession boundaries, the Company owns 109,753 m<sup>2</sup> of freehold land over the surface mineralization.

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

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

The Mineral Resource Estimate for Salave Gold was prepared by CSA Global and noted below:

Category	Salave Mineral Resource Estimate at a 2.0 g/t Au Cut-Off Grade		
	Tonnes	Au	
	Mt	g/t	koz
Measured	1.03	5.59	185
Indicated	7.18	4.43	1,023
<b>Measured &amp; Indicated</b>	<b>8.21</b>	<b>4.58</b>	<b>1,208</b>
Inferred	3.12	3.47	348

Table 2

#### Notes:

- Classification of the MRE was completed based on the guidelines presented by Canadian Institute for Mining (CIM - May 2014), adopted for Technical reports which adhere to the regulations defined in Canadian National Instrument 43-101 (NI 43-101).
- The mineral resource estimate was conducted by CSA Global of Perth Australia, with an effective date of October 22, 2018 and is posted on the ASX & SEDAR+ and the Company's website..
- Mineral Resources that are not Mineral Reserves do not have economic viability.
- A cut-off grade of 2 g/t Au has been applied when reporting the Mineral Resource.
- Rows and columns may not add up exactly due to rounding.
- The quantity and grade of the Inferred resources reported in this estimation are conceptual in nature and there has been insufficient exploration to define these Inferred resources as an Indicated and Measured resource. It is uncertain if further exploration will result in upgrading them to an Indicated or Measured category, although it is reasonably expected that the majority of the Inferred resources could be upgraded to Indicated Mineral Resources with further exploration.
- Since the release of the Mineral Resource Estimate, the Company confirms that it is not aware of any new information or data that materially affects the Mineral Resource Estimate.

The resource cut-off grade of 2.0 g/t Au was chosen to capture mineralization that is potentially amenable to underground mining, sulphide concentration, and gold recovery using off-site processing. This cut-off grade was selected based on a gold price of US\$1,300/ounce, a gold recovery of 92%, a mining cost of US\$50/tonne, a processing cost of US\$18/tonne, and a general and administration (“G&A”) cost of US\$6/tonne. The reported resources occur in

## **Black Dragon Gold Corp.**

Annual report for the year ended December 31, 2023

bodies of sufficient size and continuity to meet the requirement of having reasonable prospects for eventual economic extraction. Due to the necessity to maintain a surficial crown pillar in a potential underground operation, all material from the present surface to a depth of 40 m is not included in the Salave Resources. For full details regarding the Salave MRE please refer to the CSA Global technical report titled “Salave Gold Project Mineral Resource Update for Black Dragon Gold.” on the Company’s website, [www.blackdragongold.com](http://www.blackdragongold.com).

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

During the prior year (FY22) the Company’s focus was on submitting the EIA dossier with the Company’s responses to the public consultative process, together with securing permits relating to Sallave Investigation Permit and 18-hole drill permit. During FY23 discussions continued to occur between the Company and key stakeholders including the recently elected Asturian Regional Government, led by Spain-based General Manager Jose Dominguez. Company representatives remain in constant communication with the Asturian Regional Government to progress EIA approvals and relevant zoning changes for Salave Gold that are critical to its development pathway. We understand a decision on the EIA will be made during CY24, until then we continue to maintain an open and responsive relationship with the Asturian Government. Subject to permitting success and funding the Company does intend to expand its Salave exploration programme to identify new zones of mineralization and undertake infill drilling.

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

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

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

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

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

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

## Black Dragon Gold Corp.

Annual report for the year ended December 31, 2023

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

### c) Marlee Gold Acquisition in the prior year

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

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

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

During FY23, the company received Heritage Survey clearance on Padbury Gold paving the way for an exploration drilling program. In May 2023 the Company mobilised an RC drilling rig to drill 10 RC holes for a total of 1,000m. The drilling campaign was completed in Q3-23 and assay results yielded low-level anomalous gold and laboratory XRF analysis indicated the presence of multi-element anomalous silver, copper and sulphur.

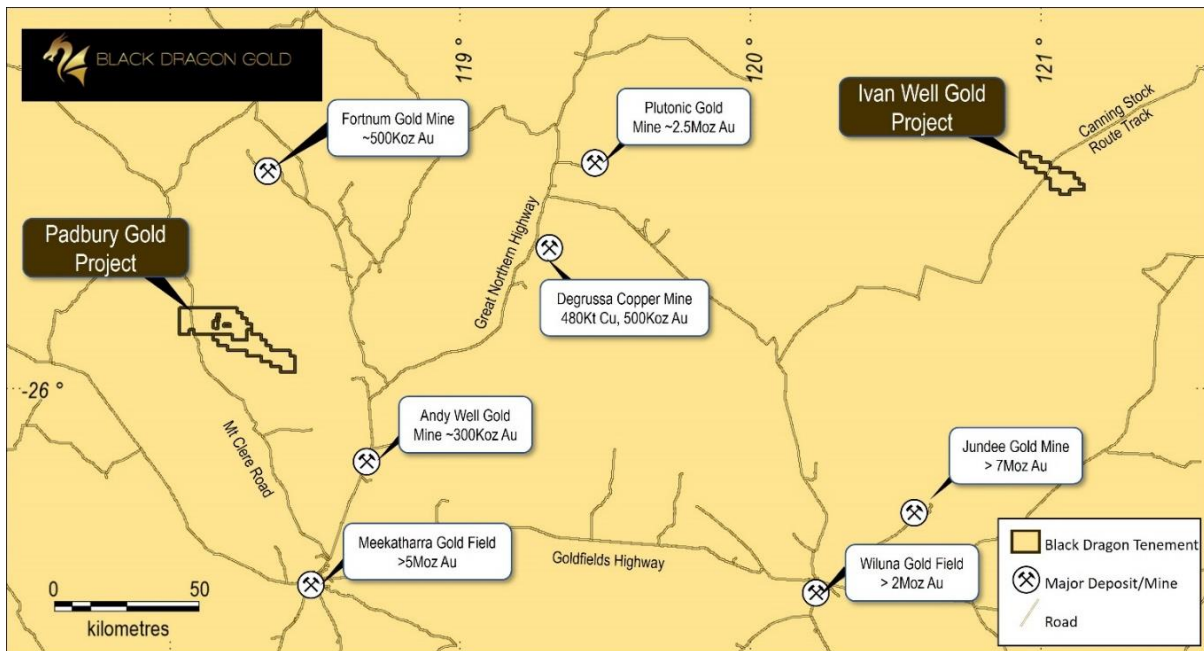
Linkage between historic mineralization activity and extensive gold nugget occurrences at surface across the Padbury site are yet to be explained and as such the Company decided not to undertake any immediate further exploration activity. The Company continues taking a responsible fiscal approach while looking at potential exploration activity for the 100 per cent-owned Padbury Gold Extension (E51/1969) and Ivan Well (E69/3818) exploration licenses.

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## Black Dragon Gold Corp.

Annual report for the year ended December 31, 2023



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

### d) Black Dragon Gold's Key Principles

The Company has the following key principles:

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

### e) Result for FY23

During the year ended December 31, 2023 (the "current year"), the Company recorded net loss of \$1,501,196 compared to a net loss of \$1,102,798 during the year ended December 31, 2022 (the "comparative year"). The significant variances resulted from the following:

- Foreign exchange (loss) / gain: during the current year, the Company incurred a \$49,503 foreign exchange loss compared to a \$1,236 foreign exchange gain incurred during the comparative year. This year's loss relates to the change in CAD\$: AUD\$ exchange rate during the year, and the cash held in predominantly AUD\$.
- Consultants and Management fees: during the current year, the Company incurred \$298,624 of consultants and management fees, compared to \$331,153 during the comparative year. The reduction is due to the reduction in remuneration of key management personal during the current year, and the change in composition of the board and the executive roles.

## Black Dragon Gold Corp.

Annual report for the year ended December 31, 2023

- Directors' fees: During the current year, the Company incurred \$99,540 of directors' fees compared to \$152,397 in the comparative year. The variance is largely due to a reduction in Director fees on June 1, 2023.
- Professional fees: during the current year, the Company incurred \$90,876 of professional fees, compared to \$128,309 during the comparative year. The reduction is due to a reduction in accounting fees, and the use of external providers. There has also been a reduction in legal fees in FY23 compared to FY22.

<b>Exploration and evaluation costs</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Consultants - EIA, Geological compilation and GIS database management	\$357,221	\$340,513

- Share-based compensation: during the current year, the Company incurred \$246,287 share-based payments expense (2022 – \$47,212). Refer to Note 6 for details.

*Dominic Roberts*

Dominic Roberts  
Executive Chairman  
March 28, 2024

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## Black Dragon Gold Corp.

Annual report for the year ended December 31, 2023

### Tenement Portfolio

#### Salave Gold Project

Black Dragon Gold owns 100% of the Salave gold deposit through its wholly owned Spanish subsidiary, EMC. The Black Dragon Gold tenure includes five Mining Concessions and associated extensions covering 662 ha and an Investigation Permit covering another 2,655 ha (Table 2) and (Figure 2).

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

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

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

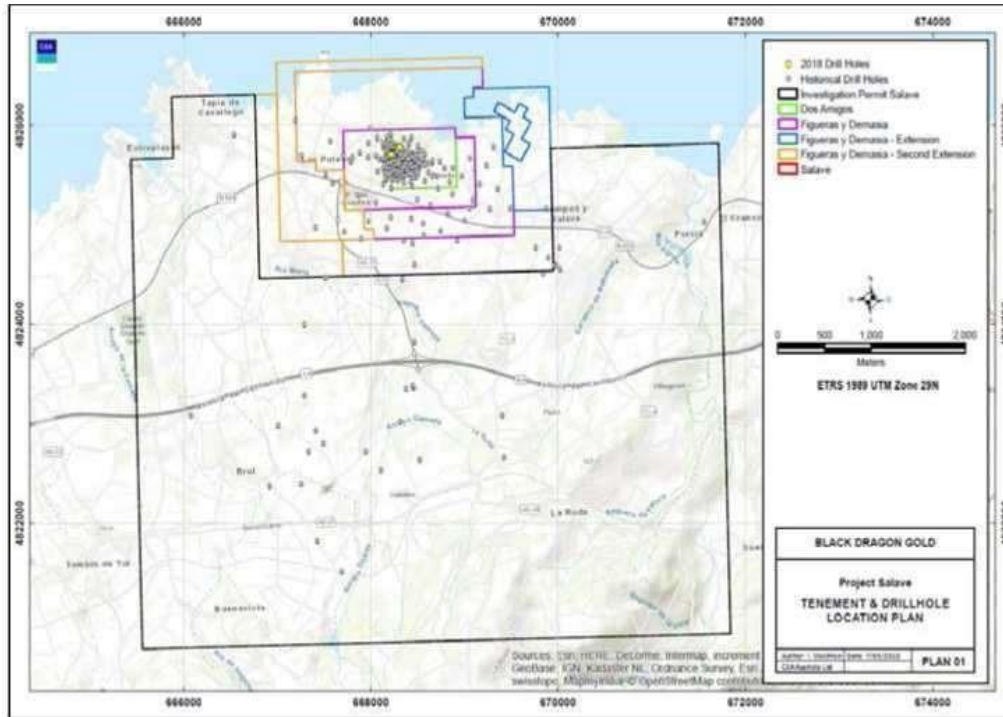
Concession/Investigation Permit name	Registration no.	Area (ha)	Date granted	Expiration date
<b>Concessions</b>				
Dos Amigos	24.371	41.99	10 Sep 1941	10 Oct 2045
Salave	25.380	67.98	10 Apr 1945	10 Oct 2045
Figueras	29.500	212.02	25 Jan 1977	25 Jan 2037
Demasia		92.55		
Ampliacion de Figueras	29.969	10.99	9 Nov 1988	9 Nov 2048
Demasia		68.85		
Segunda Ampliacion de Figueras	29.820	100.04	16 Sep 1981	16 Sep 2041
Demasia		67.55		
<b>TOTAL</b>		<b>661.97</b>		
Investigation Permit IP				
Salave	30.812	2,655	Apr 2022	25 Feb 2025

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# Black Dragon Gold Corp.

Annual report for the year ended December 31, 2023

Figure 2: Tenement and drill-hole location plan



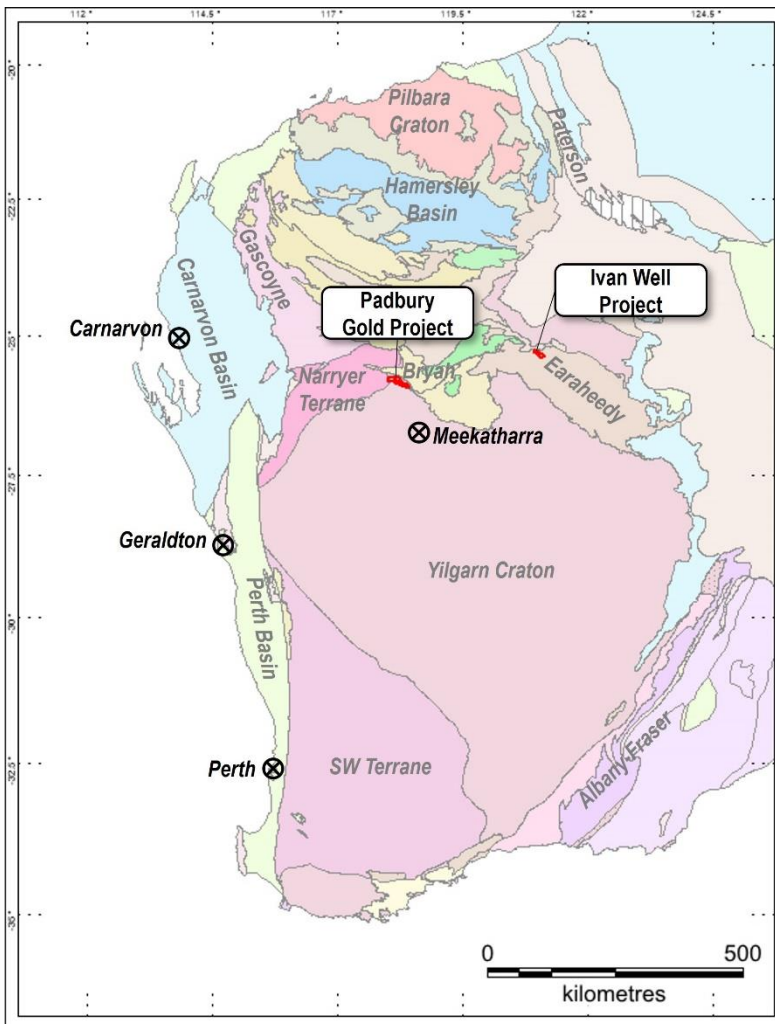
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## Black Dragon Gold Corp.

Annual report for the year ended December 31, 2023

### Marlee Gold Project

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



Marlee Gold Projects Padbury Gold and Ivan Well in Western Australia. Background map is the Geological Survey of Western Australia's (GSWA) Tectonic Elements map (1:10M)

Concession Name	Licence Number	Square Kms	Date Granted	Expiration Date
Padbury Gold	E51/1942	208	16 July 2020	15 July 2025
Padbury Gold Extension	E51/1969	158	12 July 2021	11 July 2026
Ivan Well	E69/3818	115	1 March 2022	28 February 2027
<b>Total</b>		<b>481</b>		

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## **Black Dragon Gold Corp.**

Annual report for the year ended December 31, 2023

### **Competent Persons Statement**

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

### **Key Performance Indicators**

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

- (i) Efficiently managing the exploration programme and increasing the current mineralised footprint and increasing Black Dragon’s current JORC resource base;
- (ii) Advancing the permitting status for Salave Gold Project on a pathway towards exploitation;
- (iii) Continued exploration on nearby prospects to define further drill targets with the intent of making additional mineral discoveries,
- (iv) Advancing the exploration programme on the recently acquired Marlee Gold projects in Western Australia and;
- (v) Progressing the technical study elements for Salave, culminating in the completion of a Definitive Feasibility Study and Environmental and Social Impact Assessment (“ESIA”), both critical steps in making progress towards obtaining the necessary permits required for the development of the Salave Deposit.

### **Directors & Key Management**

#### **Dominic Roberts –Executive Chairman**

Mr Roberts is an experienced and highly effective project leader, with a track record of permitting and commissioning underground mines. For more than fifteen years Mr Roberts has worked exclusively in the European mining sector.

Prior to joining Black Dragon Gold Mr Roberts was Head of Corporate Affairs at Adriatic Metals where his collaboration with both government and regulatory authorities led to the rapid and successful permitting of the world-class Vares silver mine.

#### **Paul Cronin – Non-Executive Director**

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

Mr. Cronin is also a Non-Executive Director of ASX listed Taruga Minerals Limited and LSE/ASX listed Adriatic Metals plc.

## **Black Dragon Gold Corp.**

Annual report for the year ended December 31, 2023

### **Alberto Lavandeira - Non-Executive Director**

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

### **Gabriel Chiappini – Non-Executive Director & Company Secretary**

Mr Chiappini was appointed as Black Dragon's Managing Director effective 18 March 2022, and resigned from this role on 22 November 2023. Mr Chiappini retained his role as Non-Executive Director and Company Secretary. Mr Chiappini is a Chartered Accountant and member of the Chartered Accountants Australia & New Zealand (CA ANZ) & Australian Institute of Company Directors. Gabriel has more than 24 years' experience working in key strategic roles including, Executive Chairperson, Director, Chief Financial Officer and Company Secretary roles both in public and private companies. Mr Chiappini has provided advice and services on equity raisings exceeding AU\$500m and assisted his clients with both divestment and acquisition strategies. Some of Gabriel's ASX experience includes:

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

### **Additional Key Management Personnel**

#### **Jose Manuel Dominguez - General Manager in Spain**

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

#### **Dr Darren Holden – Exploration and Geology Advisor**

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

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

#### **Amy Fink – Chief Financial Officer**

Ms Fink was appointed as the Company's CFO during March 2022 and is an experienced Chartered Accountant with a professional career spanning 18 years across EY Australia, publicly listed companies, large private companies. Roles Ms Fink has fulfilled during her career include Financial Controller, Chief Financial Officer and Company

**Black Dragon Gold Corp.**

Annual report for the year ended December 31, 2023

Secretary, bringing a strong skillset to the Company. Responsibilities have included financial compliance and reporting, company secretarial duties, capital raisings, budgeting and forecasting, cash flow management, investor relations, executive and board reporting, as well as external and internal auditing.

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## **Black Dragon Gold Corp.**

Annual report for the year ended December 31, 2023

### **Company Directory**

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

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

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

### **Directors**

Dominic Roberts (Executive Chairman)

Paul Cronin (Non-Executive Director)

Alberto Lavandeira (Non-Executive Director)

Gabriel Chiappini (Non-Executive Director)

### **Company Secretary**

Gabriel Chiappini

### **Chief Financial Officer**

Amy Fink

### **Canadian Registered Office**

1000 Cathedral Place, 925 West Georgia Street, Vancouver, BC V6C 3L2. Email: [info@blackdragongold.com](mailto:info@blackdragongold.com)

### **United Kingdom Office**

Ground Floor, Regent House, 65 Rodney Road, Cheltenham, Gloucestershire, GL50 1HX U.K. Phone: +44 0207 993 4077

### **Australian Registered Office**

Level 1, 10 Outram Street, West Perth, WA 6005.

### **Auditor**

BDO Audit Pty Ltd, Level 9, Mia Yellagonga Tower 2, 5 Spring Street, Perth Western Australia 6000

### **Stock Exchange Listing**

Australian Securities Exchange (Code: BDG)

### **Australian Share Registry**

Computershare Investor Services Pty Limited Level 17, 221 St Georges Terrace, Perth WA 6000 T: 1300 787 272

F: (08) 9323 2033

E: web. [queries@computershare.com.au](mailto:queries@computershare.com.au)

### **Canadian Share Registry**

Computershare Investor Services Inc. 510 Burrard St, Vancouver, BC, V6C 3B

### **Company Website**

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

## Black Dragon Gold Corp.

Annual report for the year ended December 31, 2023

### Directors' Report

The Directors present their annual report with the statutory financial statements of the Group for the year ended December 31, 2023.

This report should be read in conjunction with the Report on pages 3 to 15.

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

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

Director Name	Position	Appointed	Resigned
Dominic Roberts <sup>1</sup>	Executive Chairman	22 November 2023	-
Paul Cronin <sup>1</sup>	Non-Executive Director	10 July 2017	-
Alberto Lavandeira	Non-Executive Director	10 July 2017	-
Gabriel Chiappini <sup>1</sup>	Non-Executive Director	18 March 2022	-

<sup>1</sup>On 22 November 2023, Dominic Roberts was appointed Executive Chairman, Paul Cronin resigned as Non-Executive Chairman and retained as Non-Executive Director, and Gabriel Chiappini resigned as Managing Director and retained as Non-Executive Director and Company Secretary.

#### 2. Results

The Group realized a loss after tax for the year of \$1,501,196 (2022 loss of \$1,102,798).

#### 3. Going Concern

The Group incurred a loss of \$1,501,196 (2022 loss of \$1,102,798) in the period and had a net asset position of \$415,860 at the balance sheet date. The Company had operating cash outflows of \$1,270,659 in the period (2022: \$1,680,683).

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

The consolidated financial statements for the year ended December 31, 2023 do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

Subsequent to period end, on March 13, 2024, the Company announced the successful completion of a private placement, raising AUD\$1.2m (CAD\$1.1m) to fund a range of activities associated with de-risking and progressing the flagship Salave Gold Project.

## **Black Dragon Gold Corp.**

Annual report for the year ended December 31, 2023

### **4. Dividend**

As the company is focusing on the development of Salave Gold Project and exploration of the Marlee Gold Project and not yet in production, the Company is not able to declare a dividend for the year ended 31 December 2023 (2022: \$nil).

### **5. Directors' indemnity insurance**

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

### **6. Auditor**

BDO Audit Pty Ltd have been appointed as auditors of Black Dragon Gold Corp. and at the Company's Annual General Meeting Davidson & Company LLP resigned.

### **7. Financial risk management objectives**

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

### **8. Rounding of amounts and presentational Currency**

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

On behalf of the Board

*Dominic Roberts*

Dominic Roberts  
Executive Chairman  
March 28, 2024

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## Black Dragon Gold Corp.

Annual report for the year ended December 31, 2023

### Corporate Governance Statement

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

The Company's Corporate Governance Manual together with the Appendix 4G 'Key to Disclosures Corporate Governance Council Principles and Recommendations', have been approved by the Board and can be located on the Company's website at <https://www.blackdragongold.com/downloads/corpgovernance-files-/bdg-corporategovernance-manual-final-2023.pdf>

### Remuneration policy for Executives and Management

Given the size of the company, the Articles, and the board structure at December 31, 2023 the company had not established a separate Remuneration and Nominations Committee with relevant matters being considered by the full Board of the Company.

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

### Share options and Performance Rights

The Company has adopted a company share option plan (Plan). The Plan forms what the Board considers to be an important element of the Company's total remuneration strategy for its officers and staff. There were no share options issued during the year to Key Management Personnel. There were 5 million performance rights issued to Executive Chairman, Mr Dominic Roberts.

### Remuneration policy for Non-Executive Directors

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

The Company Articles provide that each Director is entitled to such remuneration from the Company as the Directors decide. The remuneration of the Non- Executive Directors must not be increased except pursuant to a resolution passed at a general meeting of the Company where notice of the proposed increase has been given to Shareholders in the notice convening the meeting. During 2023 there was the following change to the Non-Executive Directors' remuneration packages or fees;

- Non-Executive Chairman, Paul Cronin's monthly fee was reduced from £4,167 to £2,083 (CAD\$7,027 to CAD\$3,513). This change was effective June 1, 2023.
- Non-Executive Director, Alberto Lavandeira's monthly fee was reduced from £2,500 to £1,667 (CAD\$4,213 to CAD\$2,811). This change was effective June 1, 2023.
- Non-Executive Director, Gabriel Chiappini resigned as Managing Director and retained as Non-Executive Director and Company Secretary on November 22, 2023. His annual fee was reduced from AUD\$250,000 to AUD\$200,000 on June 1, 2023, and further reduced to AUD\$150,000 on September 1, 2023, and then to AUD\$90,000 on November 22, 2023 (CAD\$225,970 to CAD\$180,776 to CAD\$135,582 to CAD\$81,349).

## Black Dragon Gold Corp.

Annual report for the year ended December 31, 2023

Directors' remuneration (audited)

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

The Company paid the following remuneration to each Director during the year:

<b>2023</b>	<b>Salary/Fee</b>	<b>Long term benefit<sup>2</sup></b>	<b>Total</b>
	<b>CAD\$</b>	<b>CAD\$</b>	<b>CAD\$</b>
Dominic Roberts <sup>1</sup>	18,370	-	18,370
Paul Cronin	59,173	-	59,173
Gabriel Chiappini	177,967	246,287	424,254
Albero Lavandeira	40,366	-	40,366
	<b>295,876</b>	<b>246,287</b>	<b>542,163</b>

<sup>1</sup> Dominic Roberts was appointed to the board on November 22, 2023

<sup>2</sup> Long term benefit relates to share based payments expense. Refer to Note 6 for details.

The annual Directors fees, at December 31, 2023, is as follows:

	<b>Salary/Fee</b>
Dominic Roberts – Executive Chairman <sup>1</sup>	CAD\$168,634 (£100,000)
Paul Cronin – Non-Executive Director <sup>2</sup>	CAD\$42,158 (£25,000)
Gabriel Chiappini – Non-Executive Director <sup>3</sup>	CAD\$81,135 (AUD\$90,000)
Alberto Lavandeira – Non-Executive Director <sup>4</sup>	CAD\$33,726 (£20,000)
	<b>CAD\$325,653</b>

<sup>1</sup> Dominic Roberts was appointed to the board on November 22, 2023.

<sup>2</sup> Paul Cronin resigned as Non-Executive Chairman and retained as Non-Executive Director. His annual salary was reduced from £50,000 to £25,000 on June 1, 2023 (CAD\$84,395 to CAD\$42,197). As at December 31, 2023 there is £4,167 (CAD\$7,033) owing to Mr Cronin by the Company.

<sup>3</sup> Gabriel Chiappini resigned as Managing Director and retained as Non-Executive Director and Company Secretary. His annual salary was reduced from AUD\$250,000 to AUD\$200,000 on June 1, 2023, and further reduced to AUD\$150,000 on September 1, 2023, and then to AUD\$90,000 on November 22, 2023 (CAD\$225,970 to CAD\$180,776 to CAD\$135,582 to CAD\$81,349).

<sup>4</sup> Alberto Lavandeira's annual salary was reduced from £30,000 to £20,000 on June 1, 2023 (CAD\$50,637 to CAD\$33,758). As at December 31, 2023 there is £3,333 (CAD\$5,617) owing to Mr Lavandeira by the Company.

## Black Dragon Gold Corp.

Annual report for the year ended December 31, 2023

### Directors' Share options

Options held by Directors during the current year is as follows:

Name of Director Non-Executive and Executive	Total options issued and vested as at 31 December 2022	Options granted & vested during 2023	Options expired during 2023	Total Options Vested as at 31 December 2023
Dominic Roberts	-	-	-	-
Paul Cronin	7,017,619	-	(4,464,285)	2,553,334
Gabriel Chiappini	1,000,000	-	-	1,000,000
Alberto Lavandeira	1,814,285	-	(714,285)	1,100,000

### Directors' Performance Rights

In addition to the fees above, the Company has issued the following performance rights to Directors:

Name of Director Non-Executive and Executive	Total performance rights 31 December 2022	Performance rights granted during 2023	Other changes	Total performance rights as at 31 December 2023
Dominic Roberts	-	5,000,000	-	5,000,000
Gabriel Chiappini	5,000,000	-	-	5,000,000

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

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

Each milestone has a 3-year milestone conversion date. As at December 31, 2023 none of the performance rights have vested.

The fair value of the performance rights is \$293,499. During the current period, the Company recognized \$246,287 of share-based compensation expense in respect of these performance rights (2022: \$47,212). The total fair value of the performance rights has been expensed as the milestones are market-based in nature. The performance rights were valued using the Trinomial Pricing Model, with the following inputs used:

## Black Dragon Gold Corp.

Annual report for the year ended December 31, 2023

Tranche	A	B	C
Number of performance rights	1,500,000	1,500,000	2,000,000
Grant date	3 March 2022	3 March 2022	3 March 2022
Expiry date	3 March 2025	3 March 2025	3 March 2025
Risk-free rate	1.499%	1.499%	1.499%
VWAP barrier	AUD\$0.10	AUD\$0.15	AUD\$0.20
Stock volatility	90%	90%	90%
Share price at grant date	AUD\$0.08	AUD\$0.08	AUD\$0.08
Exercise price	\$nil	\$nil	\$nil
Fair value per right (AUD\$)	AUD\$0.072	AUD\$0.064	AUD\$0.057
Fair value per right (CAD\$)	CAD\$0.067	CAD\$0.059	CAD\$0.052

As part of Domonic Roberts's Executive Chairman appointment in November 2023, he was issued with a long-term incentive plan comprising of the issue of 5,000,000 performance rights that convert into ordinary shares upon the achievement of the following share price milestone hurdles:

- 2,500,000 Class A performance rights convert to shares upon issuance of an environmental Impact Assessment in relation to the Company's Salave Gold Project; and
- 2,500,000 Class B performance rights convert to shares upon issuance of upon issuance of the Tapia Urban Planning & Modification Permit in relation to the Company's Salave Gold Project

Each milestone has a November 22, 2024 milestone conversion date. As at December 31, 2023 none of the performance rights have vested. The share price on grant date has been used to calculate the fair value of the performance rights. The fair value is \$116,192 and will be recognized over the estimated vesting period. During the current period, the Company recognized \$nil of share-based compensation expense, as the likelihood of vesting is less than probable.

### Directors' Shares

Shares held by Directors during the current year is as follows:

Name of Director Non-Executive and Executive	Total shares held as at 31 December 2022	Shares acquired during 2023	Other changes	Total shares held as at 31 December 2023
Dominic Roberts	-	-	-	-
Paul Cronin	12,525,427	500,000	-	13,025,427
Gabriel Chiappini	1,004,286	409,749	-	1,414,035
Alberto Lavandeira	2,976,598	-	-	2,976,598

### Directors' Interests

The Directors' interests in shares and other securities in Black Dragon Gold as at December 31, 2023 are set out below:

Name of Director Non-Executive and Executive	Number of ordinary Shares 31 December 2023	Number of options 31 December 2023	Number of performance rights 31 December 2023
Dominic Roberts	-	-	5,000,000
Paul Cronin	13,025,427	2,553,334	-
Alberto Lavandeira	2,976,598	1,100,000	-
Gabriel Chiappini	1,414,035	1,000,000	5,000,000

## Black Dragon Gold Corp.

Annual report for the year ended December 31, 2023

### Directors Responsibilities Statement

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

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

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

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

The directors confirm that:

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

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

On behalf of the Board

*Dominic Roberts*

Dominic Roberts  
Executive Chairman  
March 28, 2024

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**BLACK DRAGON GOLD CORP.**  
**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in Canadian dollars)**

**FOR THE YEARS ENDED**  
**DECEMBER 31, 2023 AND 2022**

## INDEPENDENT AUDITOR'S REPORT

To the members of Black Dragon Gold Corp.

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Black Dragon Gold Corp. (the Entity) and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

#### Basis for opinion

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

#### Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

## Accounting for share-based payments

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As disclosed in Note 6, the Group has recognised a share-based payment expense in the Statement of Profit and Loss and Other Comprehensive Income as at 31 December 2023 due to the issue of a number of equity instruments.</p> <p>Share-based payments is a key audit matter as the accounting can be complex and requires judgement and the use of assumptions regarding their recognition and measurement.</p>	<p>Our procedures included, but were not limited to:</p> <ol style="list-style-type: none"> <li>1. Reviewing market announcements and board minutes to consider management’s assessment that all new equity instruments granted during the year have been accounted for;</li> <li>2. Reviewing relevant supporting documentation to obtain an understanding of the contractual nature and terms and conditions of the share-based payment arrangements;</li> <li>3. Considering whether the Group used an appropriate model in valuing the equity instruments;</li> <li>4. Recalculating estimated fair value of the equity instruments using a relevant valuation methodology, and assessed the valuations inputs;</li> <li>5. Evaluating management’s assumptions used in the calculation;</li> <li>6. Engaging auditor’s internal experts to review valuation models and inputs used where considered necessary;</li> <li>7. Assessing the allocation of the share-based payment expense over management’s expected vesting period; and</li> <li>8. Assessing the adequacy of the related disclosures in Note 2 and 6.</li> </ol>

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### **Other matter**

The financial statements of Black Dragon Gold Corp., for the year ended 31 December 2022 was audited by another auditor who expressed an unmodified opinion on that report on 28 March 2023.

### **Other information**

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

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

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

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

### **Responsibilities of management and those charged with governance for the Financial Statements**

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

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

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

### **Auditor's responsibilities for the audit of the Financial Statements**

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

**BDO Audit Pty Ltd**



**Jarrad Prue**

**Director**

Perth, 28 March 2024

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**BLACK DRAGON GOLD CORP.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian dollars)  
AS AT

	Notes	December 31, 2023	December 31, 2022
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	7	\$464,265	\$1,776,976
Receivables	3	73,322	197,639
<b>Total assets</b>		<b>\$537,587</b>	<b>\$1,974,615</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	5,8	\$121,727	\$161,287
Unlisted options liability	9	-	145,083
<b>Total liabilities</b>		<b>\$121,727</b>	<b>\$306,370</b>
<b>Net assets</b>		<b>\$415,860</b>	<b>\$1,668,245</b>
<b>SHAREHOLDERS EQUITY</b>			
Share Capital	6	27,292,949	27,292,949
Warrants	6	4,724,574	4,724,574
Reserves	6	6,303,548	6,057,261
Foreign currency reserve		1,952	(572)
Deficit		(37,907,163)	(36,405,967)
<b>Total shareholders' equity</b>		<b>\$415,860</b>	<b>\$1,668,245</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$537,587</b>	<b>\$1,974,615</b>

*The above Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Consolidated Financial Statements.*

These consolidated financial statements were approved for issue by the Board of Directors on March 28, 2024 and are signed on its behalf by:

*"Dominic Roberts"*

Executive Chairman

*"Gabriel Chiappini"*

Non-Executive Director

**BLACK DRAGON GOLD CORP.****CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian dollars)

YEARS ENDED

	Notes	December 31, 2023	December 31, 2022
<b>EXPENSES</b>			
Consulting		\$298,624	\$331,153
Directors' fees	8	99,540	152,397
Exploration and evaluation costs	4	357,221	340,513
Filing fees		36,575	43,450
Foreign exchange loss / (gain)		49,503	(1,236)
General and administrative		413,039	387,440
Professional fees		90,876	128,309
Rent		16,496	20,456
Shareholder communications		15,933	13,656
Share-based compensation	6, 8	246,287	47,212
Transfer agent		5,440	10,784
Travel and related		21,673	33,206
Interest income		(4,928)	(1,596)
Gain on fair value change of unlisted options liability	9	(145,083)	(402,946)
<b>Loss before income tax</b>		<b>\$1,501,196</b>	<b>\$1,102,798</b>
Income tax expense		-	-
<b>Loss after income tax</b>		<b>\$1,501,196</b>	<b>\$1,102,798</b>
<b>Other comprehensive loss</b>			
Items that may be subsequently reclassified to net income			
Foreign currency translation (gain)/loss		(2,524)	572
<b>Comprehensive loss for the year</b>		<b>\$1,498,672</b>	<b>\$1,103,370</b>
<b>Basic and diluted loss per common share (cents)</b>	18	\$(0.75)	\$(0.56)

*The above Consolidated Statement of Loss and Comprehensive Loss should be read in conjunction with the Notes to the Consolidated Financial Statements.*



**BLACK DRAGON GOLD CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian dollars)  
YEARS ENDED

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<b>Operating activities</b>		
Loss for the year	\$(1,501,196)	\$(1,102,798)
Adjustments for:		
Share-based compensation	246,287	47,212
Interest received	(4,928)	(1,596)
Prepaid deposits written off	-	1,240
Gain on fair value change to unlisted options liability	(145,083)	(402,946)
Shares issued for Marlee Gold acquisition	-	48,081
Options issued for Marlee Gold acquisition	-	10,866
Foreign exchange loss / (gain)	49,503	1,246
Changes in non-cash working capital items:		
Decrease (increase) in receivables	124,317	(92,000)
Increase (decrease) in accounts payable and accrued liabilities	(39,559)	(189,988)
<b>Net cash used in operating activities</b>	<b>(1,270,659)</b>	<b>(1,680,683)</b>
<b>Investing activities</b>		
Interest income	4,928	1,596
<b>Net cash provided by investing activities</b>	<b>4,928</b>	<b>1,596</b>
<b>Financing activities</b>		
Shares issued for cash, net	-	1,442,683
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>1,442,683</b>
Effect of movement in exchange rates on cash held	(46,980)	(572)
<b>Net change in cash and cash equivalents</b>	<b>(1,312,711)</b>	<b>(236,976)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,776,976</b>	<b>2,013,952</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$464,265</b>	<b>\$1,776,976</b>
Cash paid during the year for interest	-	-
Cash paid during the year for taxes	-	-
<b>Supplemental disclosure with respect to cash flows (Note 7)</b>		

*The above Consolidated Statement of Cashflows should be read in conjunction with the Notes to the Consolidated Financial Statements.*

**BLACK DRAGON GOLD CORP.****CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Canadian dollars)

	Share Capital		Warrants	Reserves	Foreign currency reserve	Deficit	Total
	Number	Amount					
<b>Balance, December 31, 2021</b>	<b>169,187,928</b>	<b>\$26,299,071</b>	<b>\$4,724,574</b>	<b>\$5,999,183</b>	-	<b>\$(35,303,169)</b>	<b>\$1,719,659</b>
Shares issued for cash, net	30,053,556	1,493,826	-	-	-	-	1,493,826
Share issued for acquisition	1,428,571	48,081	-	-	-	-	48,081
Unlisted options liability	-	(548,029)	-	-	-	-	(548,029)
Options issued for acquisition	-	-	-	10,866	-	-	10,866
Share-based compensation	-	-	-	47,212	-	-	47,212
Foreign currency reserve	-	-	-	-	(572)	-	(572)
Loss for the year	-	-	-	-	-	(1,102,798)	(1,102,798)
<b>Balance, December 31, 2022</b>	<b>200,670,055</b>	<b>\$27,292,949</b>	<b>\$4,724,574</b>	<b>\$6,057,261</b>	<b>\$(572)</b>	<b>\$(36,405,967)</b>	<b>\$1,668,245</b>
Share-based compensation	-	-	-	246,287	-	-	246,287
Foreign currency reserve	-	-	-	-	2,524	-	2,524
Loss for the year	-	-	-	-	-	(1,501,196)	(1,501,196)
<b>Balance, December 31, 2023</b>	<b>200,670,055</b>	<b>\$27,292,949</b>	<b>\$4,724,574</b>	<b>\$6,303,548</b>	<b>\$1,952</b>	<b>\$(37,907,163)</b>	<b>\$415,860</b>

*The above Consolidated Statement of Changes in Shareholders' Equity should be read in conjunction with the Notes to the Consolidated Financial Statements.*

## **1. NATURE OF OPERATIONS AND GOING CONCERN**

Black Dragon Gold Corp. (the “Company”) was incorporated under the laws of the Province of British Columbia on August 20, 2007 and is classified as a junior mining issuer with the Australian Securities Exchange (the “ASX”). The Company’s head office address is Ground Floor, Regent House, Rodney Road, Cheltenham, Gloucestershire, GL50 1HX, U.K. The registered and records office address is 1000 Cathedral Place, 925 West Georgia Street, Vancouver, BC V6C 3L2.

The Group incurred a loss of \$1,501,196 (2022 loss of \$1,102,798) in the period and had a net asset position of \$415,860 at the balance sheet date. The Company had operating cash outflows of \$1,270,659 in the period (2022: \$1,680,683).

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

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

Subsequent to period end, on March 13, 2024, the Company announced the successful completion of a private placement, raising AUD\$1.2m (CAD\$1.1m) to fund a range of activities associated with de-risking and progressing the flagship Salave Gold Project.

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

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of presentation**

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”).

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

The Company’s consolidated financial statements for the year ended December 31, 2023 have been prepared on a historical cost basis except for certain financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The Group financial statements are presented in Canadian Dollars (“\$”, “CAD\$”) which is the Group’s presentational currency.

### **New accounting pronouncements**

The following new or revised accounting pronouncements have been adopted by the Company from January 1, 2023.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

A number of new standards, amendments to standards and interpretations issued by the IAS which are not yet mandatorily applicable to the Group have not been applied in preparing these consolidated financial statements and none are expected to be relevant to the Group. The Group does not plan to adopt these standards early.

### **Use of estimates**

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

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

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

#### *Share-based payment transactions*

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

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

#### *Income taxes*

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management’s assessment of the Company’s ability to utilize future tax deductions changes, the Company

would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

*Asset acquisition in prior year*

In determining whether an acquisition is a business combination or an asset acquisition, management apply significant judgement to assess whether the net assets acquired constitute a 'business' in accordance with IFRS 3. Under that standard, a business is an integrated set of activities and assets that is capable of being conducted or managed for the purpose of providing a return, and necessarily consists of inputs, processes, which when applied to those inputs, have the ability to create outputs.

The Company has determined that Marlee Gold Pty Ltd did not meet the definition of a business under IFRS 3 and has been accounted for as an asset acquisition in the prior year with the net asset value being determined by the consideration paid or issued (Note 11). The contingent consideration has not been assigned any value in the consideration paid. Contingent consideration from an asset acquisition is recognized when the conditions associated with the contingency are met, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

**Principles of consolidation**

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Exploraciones Mineras del Cantabrico S.L. ("EMC") and Marlee Gold Pty Ltd ("Marlee Gold"). EMC is a mining company in Asturias, Spain. In the prior year, on July 6, 2022 the Company acquired and consolidated Marlee Gold. All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

**Exploration and evaluation expenditure**

Costs related to the acquisition and exploration and evaluation of mineral properties are recognized in profit or loss as incurred. Exploration expenditures are the costs of exploring for mineral resources other than those occurring at existing operations and projects and comprise geological and geophysical studies, exploratory drilling, and sampling and resource development. Evaluation expenditures include the cost of conceptual and feasibility studies and evaluation of mineral resources at existing operations.

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

**Contingent consideration**

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

**Loss per share**

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

### **Share capital**

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

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

### **Cash and cash equivalents**

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

### **Foreign currency translation**

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

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

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

### **Financial instruments**

#### Classification

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

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

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL or the Company has opted to measure at FVTPL. The Group's financial liabilities include trade and other payables.

### Measurement

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

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

### Impairment

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

### **Goods and Services Tax / Value Added Tax**

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST") or Value Added Tax ("VAT"), except where the amount of GST/VAT incurred is not recoverable from the taxation authority. In these circumstances, the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST/VAT included. The net amount of GST/VAT recoverable from, or payable to, the relevant tax authority is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST/VAT components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the relevant tax authority are classified as operating cash flows.

### **Trade and other receivables**

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method, less any allowances for expected credit losses. Trade and other receivables are generally due for settlement within 120 days.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists and in any event when the debt is more than 60 days overdue.

### **Trade and other payables**

These amounts represent liabilities for goods and services provided to the company 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 days of recognition.

### **Segment reporting**

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

**BLACK DRAGON GOLD CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian dollars)  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team. The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Methods used to distribute the products or provide the services; and if applicable
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by IFRS 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements. Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for “all other segments”.

### 3. RECEIVABLES

	December 31, 2023	December 31, 2022
Value-Added Tax receivable	\$52,916	\$167,254
GST receivable	828	13,852
Other Receivable	17,447	16,533
Deposit	2,131	-
<b>Total</b>	<b>\$73,322</b>	<b>\$197,639</b>

### 4. EXPLORATION AND EVALUATION EXPENDITURE

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

#### Salave Gold Property

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

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

#### Marlee Gold Project

During 2022, the Company acquired Australian mining explorer Marlee Gold Pty Ltd, 100% holder of Padbury Gold and Ivan Well projects (Note 11). The Company has incurred the following exploration and evaluation expenditure during the period:

	December 31, 2023	December 31, 2022
Salave Gold Property	\$84,296	\$129,019
Marlee Gold Project	272,925	211,494
<b>Total</b>	<b>\$357,221</b>	<b>\$340,513</b>

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**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Accounts payables	\$46,687	\$56,319
Accrued liabilities	62,390	104,968
Due to related parties (Note 8)	12,650	-
<b>Total</b>	<b>\$121,727</b>	<b>\$161,287</b>

**6. SHARE CAPITAL AND RESERVES**

*Authorized:*

Unlimited number of common shares with no par value.

**Issued – 2023 transactions**

No transactions for the current year.

**Issued – 2022 transactions**

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

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

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

**Warrants**

There are no common shares reserved pursuant to the Company’s warrants outstanding as at December 31, 2023 or December 31, 2022.

**Stock options**

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

**BLACK DRAGON GOLD CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian dollars)  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

A summary of the status of the Company's stock options as at December 31, 2023 and 2022 is as follows:

	Number of Options	Weighted Average Exercise Price
<b>Outstanding, December 31, 2021</b>	<b>12,393,332</b>	<b>\$0.18</b>
Granted	32,544,627	AUD\$0.10
Expired	(1,500,000)	AUD\$0.10
<b>Outstanding, December 31, 2022</b>	<b>43,437,959</b>	<b>\$0.12</b>
Expired	(31,544,627)	AUD\$0.10
<b>Outstanding, December 31, 2023</b>	<b>11,893,332</b>	<b>\$0.18</b>

A summary of the number of common shares reserved pursuant to the Company's options outstanding as at December 31, 2023 is as follows:

Expiry Date	Number of Options Outstanding	Exercise Price	Number of Options Exercisable
September 24, 2027	5,983,333	\$0.24	5,983,333
October 22, 2027	416,666	\$0.24	416,666
February 7, 2028	333,333	\$0.33	333,333
September 7, 2024	4,160,000	AUD\$0.096	4,160,000
July 6, 2024	1,000,000	AUD\$0.098	1,000,000
<b>Total</b>	<b>11,893,332</b>		<b>11,893,332</b>

**Details of stock options granted during the year ended December 31, 2023**

No stock options were granted during the year ended December 31, 2023.

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

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

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

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

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**BLACK DRAGON GOLD CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian dollars)  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

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

**Details of performance rights granted during the year ended December 31, 2023**

As part of Domonic Robert's Executive Chairman appointment in November 2023, he was issued with a long-term incentive plan comprising of the issue of 5,000,000 performance rights that convert into ordinary shares upon the achievement of the following share price milestone hurdles:

- 2,500,000 Class A performance rights convert to shares upon issuance of an environmental Impact Assessment in relation to the Company's Salave Gold Project; and
- 2,500,000 Class B performance rights convert to shares upon issuance of upon issuance of the Tapia Urban Planning & Modification Permit in relation to the Company's Salave Gold Project

Each milestone has a November 22, 2024 milestone conversion date. As at December 31, 2023 none of the performance rights have vested. The share price on grant date has been used to calculate the fair value of the performance rights. The fair value is CAD\$116,192 and will be recognized over the estimated vesting period. During the current period, the Company recognized \$ nil of share-based compensation expense, as the likelihood of vesting is less than probable.

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

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

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

Each milestone has a 3-year milestone conversion date. As at December 31, 2023 none of the performance rights have vested.

The fair value of the performance rights is \$293,499. During the current period, the Company recognized \$246,287 of share-based compensation expense in respect of these performance rights (2022: \$47,212). The fair value of the performance rights has been expensed as the milestones are market-based in nature. The performance rights were valued using the Trinomial Pricing Model, with the following inputs used:

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**BLACK DRAGON GOLD CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian dollars)  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

<b>Tranche</b>	<b>A</b>	<b>B</b>	<b>C</b>
Number of performance rights	1,500,000	1,500,000	2,000,000
Grant date	3 March 2022	3 March 2022	3 March 2022
Expiry date	3 March 2025	3 March 2025	3 March 2025
Risk-free rate	1.499%	1.499%	1.499%
VWAP barrier	AUD\$0.10	AUD\$0.15	AUD\$0.20
Stock volatility	90%	90%	90%
Share price at grant date	AUD\$0.08	AUD\$0.08	AUD\$0.08
Exercise price	\$nil	\$nil	\$nil
Fair value per right (AUD\$)	AUD\$0.072	AUD\$0.064	AUD\$0.057
Fair value per right (CAD\$)	CAD\$0.067	CAD\$0.059	CAD\$0.052

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

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

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

The first three milestones above have lapsed as at December 31, 2023. During the current period, the Company recognized \$nil of share-based compensation expense, as the likelihood of the last tranche vesting is less than probable.

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

Cash and cash equivalents consist of \$464,265 (2022: \$1,771,442) of cash and \$nil (2022: \$5,534) in cash equivalents.

No shares were issued in the current year. The Company issued 1,428,571 common shares and 1,000,000 unlisted options for the acquisition of the Marlee Gold Project (Note 11) in the prior year.

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## 8. RELATED PARTY TRANSACTIONS

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

### Transactions with key management personnel

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

	<b>2023</b>	<b>2022</b>
Management and consulting fees – Chief Executive Officer & Executive Chairman	\$196,338	\$207,816
Directors' fees	99,540	152,397
Management and consulting fees – Chief Financial Officer	70,051	58,646
Wages and salary	100,861	105,142
<b>Total short-term employee benefits</b>	<b>466,790</b>	<b>524,001</b>
<b>Total long-term employee benefits</b>	-	-
<b>Termination benefits</b>	-	-
<b>Share-based payments</b>	<b>246,287</b>	<b>47,212</b>
<b>TOTAL</b>	<b>\$713,077</b>	<b>\$571,213</b>

As at December 31, 2023, included in accounts payable and accrued liabilities for unpaid standard directors' fees is \$12,650 (2022 - \$nil) that is due to directors, officers and companies controlled by directors or officers.

## 9. UNLISTED OPTIONS LIABILITY

As detailed in Note 6, the Company issued unlisted options with an exercise price in Australian dollars. As the functional currency of the Company is the Canadian dollar, the unlisted options issued as part of the financings completed during the years ended December 31, 2022, are classified and accounted for as an unlisted options liability. As at December 31, 2023 the fair value of these unlisted options was \$nil as the options expired during the current year (2022: \$145,083). The fair value of these unlisted options on initial grant date was \$548,029, valued using the Black-Scholes Pricing model with the following assumptions:

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

The change in fair value resulted in a gain of \$145,083 and is recognizable in the consolidated statement of loss and comprehensive loss for the year ended December 31, 2023 (2022: \$402,946).

## 10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### Fair value

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

**BLACK DRAGON GOLD CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian dollars)  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

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

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

*Credit risk*

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

*Liquidity risk*

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating investing and financing activities. As at December 31, 2023, the Company had current assets of \$537,587 to settle current liabilities of \$121,727 which either have contractual maturities of less than 30 days and are subject to normal trade terms or are due on demand. The Company is exposed to liquidity risk.

*Market risk*

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

*a) Interest rate risk*

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

*b) Foreign currency risk*

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

Based on the Company's Euro, AUD, USD, and GBP denominated financial instruments at December 31, 2023, a 10% change in exchange rates between the Canadian dollar, Euro, AUD, USD, and GBP would result in a change of \$35,000 in foreign exchange gain or loss.

## **11. ASSET ACQUISITION OF MARLEE GOLD PTY LTD IN 2022**

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

At acquisition the Company paid:

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

**BLACK DRAGON GOLD CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian dollars)  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

Additionally, the Company will be required to pay:

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

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

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

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

The transaction is being accounted for as an asset acquisition. Below is the consideration and assets acquired valued at fair value.

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

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

## 12. CAPITAL MANAGEMENT

The Company's capital structure consists of shareholders' equity. The Company's objective when managing capital, which is unchanged from 2022, is to maintain adequate levels of funding to support the development of its business and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing, selling assets, and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, high liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the year. The Company will need to raise additional capital by obtaining equity financing, selling assets and incurring debt to develop its business.

The Company is not subject to any capital restrictions.

**BLACK DRAGON GOLD CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian dollars)  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

**13. SEGMENT INFORMATION**

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

**14. INCOME TAXES**

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

	<b>2023</b>	<b>2022</b>
Loss for the year	\$(1,501,196)	\$(1,102,798)
Expected income tax benefit	(405,000)	(298,000)
Change in statutory, foreign tax, foreign exchange rates and other	109,000	(37,000)
Permanent differences	130,000	-
Adjustment to prior year tax provision versus statutory tax returns	-	(148,000)
Change in unrecognized deductible temporary differences	166,000	483,000
<b>Total income tax expense (benefit)</b>	<b>-</b>	<b>-</b>

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

Temporary Differences	2023	Expiry Date Range	Expiry Date	
			2022	Range
Exploration and evaluation assets	\$18,508,000	No expiry date	\$18,287,000	No expiry date
Share issue costs and other	\$193,000	2042 to 2045	\$391,000	2042 to 2045
Non-capital losses available for future period	\$27,139,000	2028 to no expiry	\$26,812,000	2028 to no expiry

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

**15. INTERESTS IN OTHER ENTITIES**

The consolidated financial statements incorporate the assets, liabilities and the results of the following subsidiaries in accordance with the accounting policy described in Note 1:

Name	Country of Incorporation	Class of Share	Equity holding	
			December 31, 2023	December 31, 2022
Exploraciones Mineras del Cantábrico	Spain	Ordinary	100%	100%
Marlee Gold Pty Ltd	Australia	Ordinary	100%	100%



## 16. CONTINGENT LIABILITIES/ASSETS

On July 7, 2022, the Company acquired Marlee Gold, 100% holder of Padbury Gold and Ivan Well projects, in Australia. The Company will be required to pay the following contingent consideration:

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

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

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

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

There were no other contingent liabilities as at December 31, 2023 (December 31, 2022: nil).

## 17. COMMITMENTS

### Exploration and evaluation commitments

Exploration and evaluation expenditure contractually committed to as at December 31, 2023 is as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Not later than 1 year	\$158,000	\$158,000
Later than 1 year but not later than 2 years	158,000	158,000
	<b>\$316,000</b>	<b>\$316,000</b>

## 18. GAIN/(LOSS) PER SHARE

### Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, 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 the bonus elements in ordinary shares issued during the year.

The calculation of basic gain per share at the reporting date was based on the loss attributable to ordinary shareholders of \$1,501,196 (2022: loss of \$1,102,798) and a weighted average number of ordinary shares outstanding during the current financial year of 200,670,055 (2023: 198,373,727) shares calculated as follows:

	<b>2023</b>	<b>2022</b>
Loss for the year	\$(1,501,196)	\$(1,102,798)
Weighted average number of ordinary shares (basic and diluted)	200,670,055	198,373,727
Basic and diluted loss per share (cents)	(0.75)	(0.56)

### Diluted gain/(loss) 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.

Potential ordinary shares are not considered dilutive, thus diluted gain/(loss) per share is the same as basic gain/(loss) per share.

## 19. SUBSEQUENT EVENTS

On March 13, 2024, the Company announced the successful completion of a private placement, raising AUD\$1.2m (CAD\$1.1m) to fund a range of activities associated with de-risking and progressing the flagship Salave Gold Project. The Company will issue 60,000,000 new fully paid shares at an offer price of A\$0.02 per New Share (the 'Placement'). Participants in the Placement will receive one (1) free attaching option for each one (1) New Share allocated, exercisable at AUD\$0.03 and expiring three years from the date of issue ('Attaching Option').

Settlement of the Placement will be split into 2 tranches, with tranche 1 falling within the Company's available listing rule 7.1 placement capacity, with 25,097,620 tranche 1 shares, in the form of Chess Depositary interests in the Company, issued on March 22, 2024. Tranche 2 will be subject to shareholder approval and will cover off on the director participation in the placement of 16,000,000 shares, in the form of Chess Depositary interests in the Company, 100% of the free attaching options and the balance of the shares from the placement not allotted in Tranche 1. The EGM shareholder meeting is expected to take place on or about April 30, 2024.

Other than the above, no matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations, results or state of affairs of the Group in future financial years.

### Annual Mineral Resources Statement

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

As at December 31, 2023, the Company's Mineral Resource holdings was comprised of the following.

#### Salave Gold Project in Asturias, Spain

The Mineral Resource Estimate for Salave Gold was prepared by CSA Global and noted below:

Category	Salave Mineral Resource Estimate at a 2.0 g/t Au Cut-Off Grade		
	Tonnes	Au	
	Mt	g/t	koz
Measured	1.03	5.59	185
Indicated	7.18	4.43	1,023
<b>Measured &amp; Indicated</b>	<b>8.21</b>	<b>4.58</b>	<b>1,208</b>
Inferred	3.12	3.47	348

*Notes:*

- Classification of the MRE was completed based on the guidelines presented by Canadian Institute for Mining (CIM -May 2014), adopted for Technical reports which adhere to the regulations defined in Canadian National Instrument 43-101 (NI 43-101).
- The mineral resource estimate was conducted by CSA Global of Perth Australia, with an effective date of October 22, 2018 and is posted on the ASX & SEDAR+ and the Company's website..
- Mineral Resources that are not Mineral Reserves do not have economic viability.
- A cut-off grade of 2 g/t Au has been applied when reporting the Mineral Resource.
- Rows and columns may not add up exactly due to rounding.
- The quantity and grade of the Inferred resources reported in this estimation are conceptual in nature and there has been insufficient exploration to define these Inferred resources as an Indicated and Measured resource. It is uncertain if further exploration will result in upgrading them to an Indicated or Measured category, although it is reasonably expected that the majority of the Inferred resources could be upgraded to Indicated Mineral Resources with further exploration.
- Since the release of the Mineral Resource Estimate, the Company confirms that it is not aware of any new information or data that materially affects the Mineral Resource Estimate.

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

The Annual Mineral Resources statement above is based on and fairly represents information and supporting documentation prepared by a competent person or persons. The Annual Mineral Resource statement as a whole has been approved by Douglas Turnbull, P. Geo., a consultant to Black Dragon Gold, a Professional Geologist and a member of the Engineers and Geoscientists of British Columbia. Douglas Turnbull, has provided prior written consent to the issue of the Annual Mineral Resource statement in the form and context in which it appears in this annual report. Please refer to competent person's statement on page 14 of this annual report.

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**BLACK DRAGON GOLD CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian dollars)  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

**Corporate governance statement**

The Company's corporate governance statement for the year ended December 31, 2023 is available on the Company's website at <https://www.blackdragongold.com/downloads/corp-govomance-files-/bdg-corporategovomance-manualfinal-2023.pdf>.

**Shareholdings**

The issued capital of the Company as at February 27, 2024 was 200,670,055 fully paid ordinary shares. All issued ordinary shares carry one vote per share and carry the rights to dividends.

**Distribution of Ordinary Shares**

**Range of Units as of February 27, 2024**

<b>Range</b>	<b>Total holders</b>	<b>Units</b>	<b>% Units</b>
1 - 1,000	19	5,022	0.00
1,001 - 5,000	10	44,027	0.02
5,001 - 10,000	53	480,689	0.24
10,001 - 100,000	170	7,464,649	3.72
100,001 Over	169	192,675,668	96.02
<b>Total</b>	<b>421</b>	<b>200,670,055</b>	<b>100.00</b>

<b>Unmarketable Parcels (Australian CDI)</b>	<b>Minimum parcel size</b>	<b>Holders</b>	<b>Units</b>
Minimum \$ 500.00 parcel at \$ 0.025 per unit	20,000	115	995,156

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**BLACK DRAGON GOLD CORP.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian dollars)  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

**Substantial shareholders as at February 27, 2024**

As at February 27, 2024 there were three shareholders who held a substantial shareholding within the meaning of the Australian Corporations Act. A person has a substantial holding if the total votes that they or their associates have relevant interests in is five per cent of more of the total number of votes.

<b>Name</b>	<b>Shares</b>	<b>% of issued capital</b>
Paul Cronin	12,115,098	6.04
OCEANIC CAPITAL PTY LTD	10,650,599	5.31
Deutsche Balaton Aktiengesellschaft	15,592,147	7.77

**Top 20 Shareholders as at February 27, 2024**

<b>Rank</b>	<b>Name</b>	<b>Shares</b>	<b>% Shares</b>
1	MR PAUL CRONIN	12,115,098	6.04
2	OCEANIC CAPITAL PTY LTD	10,650,599	5.31
3	DEUTSCHE BALATON AKTIENGESELLSCHAFT	9,142,857	4.56
4	BNP PARIBAS NOMS PTY LTD	8,569,872	4.27
5	MR BARRY FRANCIS CRONIN	7,672,377	3.82
6	DELPHI UNTERNEHMENSBERATUNG AKTIENGESELLSCHAFT	7,335,000	3.66
7	CITICORP NOMINEES PTY LIMITED	7,032,487	3.51
8	DEUTSCHE BALATON AKTIENGESELLSCHAFT	6,449,290	3.21
9	REDLAND PLAINS PTY LTD <Brian Bernard Rodan S/F A/C>	4,892,889	2.44
10	BUPRESTID PTY LTD <HANLON FAMILY SUPER A/C>	4,550,000	2.27
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,392,796	2.19
12	PAYZONE PTY LTD <ST BARNABAS SUPER A/C>	4,378,575	2.18
13	ST BARNABAS INVESTMENTS PTY LTD	4,362,388	2.17
14	ANTILLES GOLD TECHNOLOGIES PTY LTD	3,666,666	1.83
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	3,160,631	1.58
16	DELPHI UNTERNEHMENSBERATUNG AKTIENGESELLSCHAFT	2,900,000	1.45
17	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENTS>	2,845,366	1.42
18	CROESUS MINING PTY LTD <The Second Super Fund A/C>	2,500,000	1.25
19	GREATCITY CORPORATION PTY LTD <Richard Monti A/C>	2,413,502	1.20
20	CDS & CO	2,266,302	1.13
	<b>Total</b>	<b>111,296,695</b>	<b>55.46</b>

**Voting Rights**

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

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Shares instead of legal title. CHESSE Depository Nominees Pty Limited (CDN), a subsidiary of ASX, holds the legal title to the underlying Shares.

Pursuant to the ASX Settlement Operating Rules, CDI holders receive all of the economic benefits of actual ownership of the underlying Shares. CDIs are traded in a manner similar to shares of Australian companies listed on ASX. CDIs will be held in uncertificated form and settled/transferred through CHESSE. No share certificates will be issued to CDI holders. Each CDI is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

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

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

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

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

As each CDI represents one Share, a CDI Holder will be entitled to one vote for every CDI they hold. Proxy forms, CDI voting instruction forms and details of these alternatives will be included in each notice of meeting sent to CDI holders by the Company.

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

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