

Unico Silver Limited

(Formerly known as E2 Metals Limited)

ABN 34 116 865 546

Half Year Report - 31 December 2022

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Directors

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

Company Secretary

Ms Melanie Leydin

Registered office

Level 4
100 Albert Road
South Melbourne VIC 3205
Phone: 03 9692 7222

Principal place of business

Level 3 100 Pirie Street
Adelaide SA 5000

Share register

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

Auditor

William Buck
Level 20, 181 William Street
Melbourne VIC 3000

Stock exchange listing

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

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated entity') consisting of Unico Silver Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Directors

The following persons were directors of Unico Silver Limited (USL) during the whole of the half-year and up to the date of this report, unless otherwise stated:

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

Principal activities

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

Review of operations

During the six months to 31 December 2022, the Consolidated entity remained focused on expanding its gold and silver resources in Santa Cruz province, Argentina. On 25 November, the Company announced the intention to acquire a 100% interest in the advanced Pingüino silver gold project from Austral Gold Limited (Austral Gold).

Austral Gold – Pingüino Acquisition

Pingüino is comprised of several licences totalling 9,986Ha strategically located 15km north of USL's Conserrat project. It is the largest undeveloped silver gold project in Santa Cruz and contains indicated and inferred (NI 43-101 foreign estimate) of 32 million ounces silver and 219 thousand ounces gold at a 20 gram per tonne silver equivalent cut off. Commercial terms include US\$5m cash in four tranches over three years, in addition to 49.7 million ordinary USL shares equivalent to 19.9% of pro-forma share capital. Additional consideration includes 15m options to subscribe for fully paid USL shares at a strike price of 26 Australian cents, with a three-year expiry. Refer to Matters subsequent to the end of the financial half-year, below for further details.

Santa Cruz Gold Silver Project

Unico Silver holds an 80% interest in exploration titles totalling 90,000 Ha located in the Santa Cruz province of Argentina prospective for Low Sulphidation (LS) Epithermal vein deposits associated with Jurassic age volcanic rocks of the Deseado Massif geological complex. The landholding and resource base was expanded subsequent to the Austral Gold – Pingüino transaction.

Rio Negro Gold Silver Project

Unico Silver holds an 80% interest in exploration titles totalling 37,979Ha and 100% interest in titles totalling 235,000Ha located in the Rio Negro province of Argentina prospective for gold and silver deposits. Work was focused on the Parades project (80% USL) where the Company has commenced early-stage exploration, including rock chip and soil sampling.

Cobar Project, New South Wales

USL holds a 100% interest in a 175km² land package over the historic Mount Hope copper gold district located in the Cobar Superbasin, New South Wales. Work was limited to desktop studies, data compilation and regional target generation.

Corporate

Operating results

The loss for the Consolidated entity after providing for income tax and non-controlling interest amounted to \$2,419,074 (31 December 2021: \$4,153,374). Operating expenses for the half year was \$3,476,779, a decrease of \$4,135,428 over the corresponding prior period (2021: \$7,612,207). This decrease was mainly due to lower costs on the exploration activities during the half year.

Net assets have decreased by \$2,331,596 from \$10,543,366 at 30 June 2022 to \$8,211,770 as at 31 December 2022. This was mainly driven by a utilisation of the working capital on the exploration activities during the half year.

People

Effective 1 March 2023, Mr José Bordogna has been appointed as Non-Executive Director of the Company.

Company Structure

On 1 March 2023, the Company changed its name from "E2 Metals Limited" to "Unico Silver Limited".

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

Pinguino Acquisition

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

Subsequent to the period ended 31 December 2022, the company satisfied all the conditions precedent in the Agreement and on 1 March 2023 the Pinguino acquisition is completed with following consideration:

- (i) The cash consideration of US\$ 5 million in four tranches:
 - (a) US\$2.5 million paid on 1 March 2023 at the completion date; and
 - (b) US\$750,000 to be paid on each of the first and second anniversary of signing the Agreement; and
 - (c) US\$1 million to be paid on the third anniversary of signing the Agreement.

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

- (ii) Consideration Shares: 49,751,970 fully paid ordinary shares of Unico Silver Limited issued to Austral Gold Limited on 1 March 2023. Under the Share Sale Agreement, 50% of these shares are under escrow restrictions for 12 months and balance 50% are escrow restrictions for 24 months from the completion date.
- (iii) Consideration Options: 15 million options issued on 1 March 2023 to subscribe for fully paid Unico Silver shares at a strike price of 26 Australian cents, with a 3-year expiry. The Consideration Options will be non-transferable outside of the Austral Group and will be subject to the condition that Austral or another company within the Austral Group can only exercise the Consideration Options to the extent it will not (and no other party will) exceed 19.9% Voting Power in the Company

To facilitate the above acquisition, the group's shareholders in its General Meeting on 20 February 2023 approved the following:

- (i) Consideration share: issuance to Austral Canada of the number Shares that would give Austral Canada voting power in the Company of 19.9% in the Company; and
- (ii) Consideration options: the issuance of 15 million Consideration Options at completion of the Pinguino Acquisition.

As required under Share Sale Agreement, on 1 March 2023 José Bordogna, representing Austral Canada, has been appointed as the Non-Executive Director to the Board of the Company.

Due to the timing to of the acquisition being completed, the group are yet to finalise its accounting treatment assessment including final fair value of assets acquired.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Consolidated entity's operations, the results of those operations, or the Consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

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

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Todd Williams
Managing Director

15 March 2023

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2022 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

William Buck Audit (Vic) Pty Ltd

ABN 59 116 151 136

N. S. Benbow

N. S. Benbow

Director

Melbourne, 15th March 2023

Unico Silver Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022



		Consolidated	
		31 December 2022	31 December 2021
	Note	\$	\$
Revenue			
Grant and other income		33,600	-
Interest income		31,404	29,227
Investment income	4	813,935	2,757,277
Expenses			
Administration expenses		(168,676)	(114,770)
Corporate expense		(533,697)	(354,394)
Employment expenses		(426,264)	(534,707)
Exploration expenses		(2,146,903)	(6,572,955)
Finance costs		(201,239)	(35,381)
Loss before income tax expense		(2,597,840)	(4,825,703)
Income tax expense		-	-
Loss after income tax expense for the half-year		(2,597,840)	(4,825,703)
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(5,704)	(13,013)
Other comprehensive loss for the half-year, net of tax		(5,704)	(13,013)
Total comprehensive loss for the half-year		<u>(2,603,544)</u>	<u>(4,838,716)</u>
Loss for the half-year is attributable to:			
Non-controlling interest		(178,766)	(672,329)
Owners of Unico Silver Limited		(2,419,074)	(4,153,374)
		<u>(2,597,840)</u>	<u>(4,825,703)</u>
Total comprehensive loss for the half-year is attributable to:			
Non-controlling interest		(176,407)	(674,836)
Owners of Unico Silver Limited		(2,427,137)	(4,163,880)
		<u>(2,603,544)</u>	<u>(4,838,716)</u>
		Cents	Cents
Basic earnings/(loss) per share	9	(1.21)	(2.76)
Diluted earnings/(loss) per share	9	(1.21)	(2.76)

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

Unico Silver Limited
Statement of financial position
As at 31 December 2022



		Consolidated	
		31 December	30 June 2022
	Note	2022	2022
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		8,239,844	10,678,145
GST, VAT and other receivables		46,920	66,354
Prepayments		31,204	86,235
Total current assets		8,317,968	10,830,734
Non-current assets			
Property, plant and equipment		79,612	86,089
Right-of-use assets	5	175,075	197,911
Security deposits		62,604	62,604
Total non-current assets		317,291	346,604
Total assets		8,635,259	11,177,338
Liabilities			
Current liabilities			
Trade and other payables	6	152,100	366,280
Lease liabilities	7	40,815	38,332
Employee benefits		65,648	50,659
Total current liabilities		258,563	455,271
Non-current liabilities			
Lease liabilities	7	145,908	166,862
Employee benefits		19,018	11,839
Total non-current liabilities		164,926	178,701
Total liabilities		423,489	633,972
Net assets		8,211,770	10,543,366
Equity			
Issued capital	8	37,270,397	37,270,397
Reserves		917,557	653,672
Accumulated losses		(26,688,038)	(24,268,964)
Equity attributable to the owners of Unico Silver Limited		11,499,916	13,655,105
Non-controlling interest		(3,288,146)	(3,111,739)
Total equity		8,211,770	10,543,366

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

Unico Silver Limited
Statement of changes in equity
For the half-year ended 31 December 2022



Consolidated	Issued capital \$	Shared based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2021	29,195,743	125,143	(107,380)	(15,349,584)	(1,683,522)	12,180,400
Loss after income tax expense for the half-year	-	-	-	(4,153,374)	(672,329)	(4,825,703)
Other comprehensive loss for the half-year, net of tax	-	-	(10,506)	-	(2,507)	(13,013)
Total comprehensive loss for the half-year	-	-	(10,506)	(4,153,374)	(674,836)	(4,838,716)
<i>Transactions with owners in their capacity as owners:</i>						
Issue of share capital	101,944	-	-	-	-	101,944
Share based payment expense	-	353,153	-	-	-	353,153
Balance at 31 December 2021	<u>29,297,687</u>	<u>478,296</u>	<u>(117,886)</u>	<u>(19,502,958)</u>	<u>(2,358,358)</u>	<u>7,796,781</u>

Consolidated	Issued capital \$	Shared based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2022	37,270,397	727,400	(73,728)	(24,268,964)	(3,111,739)	10,543,366
Loss after income tax expense for the half-year	-	-	-	(2,419,074)	(178,766)	(2,597,840)
Other comprehensive income/(loss) for the half-year, net of tax	-	-	(8,063)	-	2,359	(5,704)
Total comprehensive loss for the half-year	-	-	(8,063)	(2,419,074)	(176,407)	(2,603,544)
Share based payment expense	-	271,948	-	-	-	271,948
Balance at 31 December 2022	<u>37,270,397</u>	<u>999,348</u>	<u>(81,791)</u>	<u>(26,688,038)</u>	<u>(3,288,146)</u>	<u>8,211,770</u>

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

Unico Silver Limited
Statement of cash flows
For the half-year ended 31 December 2022



	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST and VAT)	(3,236,323)	(7,006,638)
Interest received	31,404	29,227
Other income	26,400	-
Net cash used in operating activities	(3,178,519)	(6,977,411)
Cash flows from investing activities		
Payments for property, plant and equipment	-	(4,736)
Payments for security deposits	-	(32,604)
Net proceeds from the sales of bonds	813,936	2,757,278
Net cash from investing activities	813,936	2,719,938
Cash flows from financing activities		
Payment of lease liabilities	(25,486)	(8,380)
Net cash used in financing activities	(25,486)	(8,380)
Net decrease in cash and cash equivalents	(2,390,069)	(4,265,853)
Cash and cash equivalents at the beginning of the financial half-year	10,678,145	11,035,452
Effects of exchange rate changes on cash and cash equivalents	(48,232)	(6,064)
Cash and cash equivalents at the end of the financial half-year	<u>8,239,844</u>	<u>6,763,535</u>

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

Note 1. General information

The financial statements cover Unico Silver Limited as a Consolidated entity consisting of Unico Silver Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Unico Silver Limited's functional and presentation currency.

Unico Silver Limited is a listed public company limited by shares, incorporated and domiciled in Australia. On 1 March 2023, the Company changed its name from "E2 Metals Limited" to "Unico Silver Limited".

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 15 March 2023.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Note 3. Operating segments

Identification of reportable operating segments

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

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

The reportable segments are:

Australia
Argentina

Intersegment transactions

There were no material intersegment transactions during the reporting period.

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

Major customers

The Consolidated entity does not have any customers.

Note 3. Operating segments (continued)

Consolidated - 31 December 2022

	Argentina \$	Australia \$	Total \$
Other income	836,779	42,160	878,939
Administration expenses	(45,950)	(122,726)	(168,676)
Corporate expenses	(194,305)	(339,392)	(533,697)
Employment expenses	(59,657)	(366,607)	(426,264)
Finance costs	(23,228)	(178,011)	(201,239)
Exploration expense	(2,138,385)	(8,518)	(2,146,903)
Loss before income tax expense	<u>(1,624,746)</u>	<u>(973,094)</u>	<u>(2,597,840)</u>
Income tax expense			-
Loss after income tax expense			<u>(2,597,840)</u>
Assets			
<i>Unallocated assets:</i>			
Cash and cash equivalents			8,239,844
GST, VAT and other receivables			46,920
Other current assets			31,204
Other non-current assets			317,291
Total assets			<u>8,635,259</u>
Liabilities			
<i>Unallocated liabilities:</i>			
Trade and other payables			152,100
Employee benefits			84,666
Lease liabilities			186,723
Total liabilities			<u>423,489</u>

Consolidated - 31 December 2021

	Argentina \$	Australia \$	Total \$
Other income	2,785,586	918	2,786,504
Administration expenses	(48,915)	(65,855)	(114,770)
Corporate expenses	(150,773)	(203,621)	(354,394)
Employment expenses	(78,927)	(455,780)	(534,707)
Finance costs	(47,982)	12,601	(35,381)
Exploration expense	(6,541,133)	(31,822)	(6,572,955)
Loss before income tax expense	<u>(4,082,144)</u>	<u>(743,559)</u>	<u>(4,825,703)</u>
Income tax expense			-
Loss after income tax expense			<u>(4,825,703)</u>

Consolidated - 30 June 2022

Assets			
<i>Unallocated assets:</i>			
Cash and cash equivalents			10,678,145
GST, VAT and other receivables			66,354
Other current assets			86,235
Other non-current assets			346,604
Total assets			<u>11,177,338</u>
Liabilities			
<i>Unallocated liabilities:</i>			
Trade and other payables			366,280
Employee benefits			62,498
Lease liabilities			205,194
Total liabilities			<u>633,972</u>

Note 4. Investment income

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
Gain from bonds	813,935	2,757,277

The gain from bonds relates to the gain from the sale of Argentine sovereign bonds. The bonds were purchased in US Dollars and sold in Argentine Pesos as part of transferring the operating working capital to the Group's Argentine subsidiary for exploration activities.

Note 5. Right-of-use assets

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
Building - right-of-use	228,359	228,359
Less: Accumulated depreciation	(53,284)	(30,448)
	175,075	197,911

The Right-of-use assets related to the Adelaide office lease for 5 years from November 2021. Refer to Note 7 for related lease liabilities as of 31 December 2022.

Reconciliations

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

Consolidated	Office space	Total
	\$	\$
Balance at 1 July 2022	197,911	197,911
Depreciation expense	(22,836)	(22,836)
Balance at 31 December 2022	175,075	175,075

Note 6. Trade and other payables

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
Trade payables	92,074	146,906
Accruals	11,384	175,965
Other payables	48,642	43,409
	152,100	366,280

Note 7. Lease liabilities

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
Lease liabilities- current	40,815	35,949
Lease liabilities- non- current	145,908	186,723
	<u>186,723</u>	<u>222,672</u>

Note 8. Issued capital

	Consolidated			
	31 December 2022	30 June 2022	31 December 2022	30 June 2022
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>199,132,323</u>	<u>199,132,323</u>	<u>37,270,397</u>	<u>37,270,397</u>

Ordinary shares

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

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

Share buy-back

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

Note 9. Earnings per share

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
Loss after income tax	(2,597,840)	(4,825,703)
Non-controlling interest	<u>178,766</u>	<u>672,329</u>
Loss after income tax attributable to the owners of Unico Silver Limited	<u>(2,419,074)</u>	<u>(4,153,374)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>199,132,323</u>	<u>150,389,613</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>199,132,323</u>	<u>150,389,613</u>
	Cents	Cents
Basic earnings/(loss) per share	(1.21)	(2.76)
Diluted earnings/(loss) per share	(1.21)	(2.76)

Diluted earnings/(loss) per share

The rights to options held by option holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for inclusion in AASB 133 "Earnings per Share". The rights to options are non-dilutive as the consolidated entity has generated a loss for the year.

Note 10. Share-based payments

Share based payments expense during the period is \$271,948 (2021: \$268,384) related to Options and Performance Rights granted to Directors, KMP and other employees of the company as below:

Unlisted Options

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

	Number of options 31 December 2022	Weighted average exercise price 31 December 2022	Number of options 31 December 2021	Weighted average exercise price 31 December 2021
Outstanding at the beginning of the financial half-year	8,170,000	\$0.38	500,000	\$0.22
Granted	-	\$0.00	3,570,000	\$0.46
Exercised	-	\$0.00	-	\$0.00
Expired	(150,000)	\$0.26	-	\$0.00
Outstanding at the end of the financial half-year	<u>8,020,000</u>	\$0.37	<u>4,070,000</u>	\$0.43

There were no options exercised during the half year ended 31 December 2022.

Performance rights

The number of performance rights over ordinary shares in the Company held as of 31 December 2022 is 2,250,000 (December 2021: 2,250,000), issued under the Company's share option plan.

These relates 2,250,000 performance rights issued to Mr Todd Williams in December 2018 with vesting conditions relating to performance hurdles. The vesting of the performance rights is to take place in three tranches, which were subject to performance hurdles relating to the consolidated entity achieving 100% JORC resource targets detailed in the performance conditions. No performance rights were vested during the period ended 31 December 2022.

Note 11. Contingent liabilities

The group had no material contingent liabilities as at the date of this report (30 June 2022: nil)

Note 12. Events after the reporting period

Pinguino Acquisition

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

Subsequent to the period ended 31 December 2022, the company satisfied all the conditions precedent in the Agreement and on 1 March 2023 the Pinguino acquisition is completed with following consideration:

- (i) The cash consideration of US\$ 5 million in four tranches:
 - (a) US\$2.5 million paid on 1 March 2023 at the completion date; and
 - (b) US\$750,000 to be paid on each of the first and second anniversary of signing the Agreement; and
 - (c) US\$1 million to be paid on the third anniversary of signing the Agreement.

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

- (ii) Consideration Shares: 49,751,970 fully paid ordinary shares of Unico Silver Limited issued to Austral Gold Limited on 1 March 2023. Under the Share Sale Agreement, 50% of these shares are under escrow restrictions for 12 months and balance 50% are escrow restrictions for 24 months from the completion date.
- (iii) Consideration Options: 15 million options issued on 1 March 2023 to subscribe for fully paid Unico Silver shares at a strike price of 26 Australian cents, with a 3-year expiry. The Consideration Options will be non-transferable outside of the Austral Group and will be subject to the condition that Austral or another company within the Austral Group can only exercise the Consideration Options to the extent it will not (and no other party will) exceed 19.9% Voting Power in the Company

To facilitate the above acquisition, the group's shareholders in its General Meeting on 20 February 2023 approved the following:

- (i) Consideration share: issuance to Austral Canada of the number Shares that would give Austral Canada voting power in the Company of 19.9% in the Company; and
- (ii) Consideration options: the issuance of 15 million Consideration Options at completion of the Pinguino Acquisition.

As required under Share Sale Agreement, on 1 March 2023 José Bordogna, representing Austral Canada, has been appointed as the Non-Executive Director to the Board of the Company.

Due to the timing to of the acquisition being completed, the group are yet to finalise its accounting treatment assessment including final fair value of assets acquired.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Consolidated entity's operations, the results of those operations, or the Consolidated entity's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Consolidated entity's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Todd Williams
Managing Director

15 March 2023

Unico Silver Limited
Independent auditor's review report

REPORT ON THE REVIEW OF THE HALF-YEAR FINANCIAL REPORT

Conclusion

We have reviewed the accompanying half-year financial report of Unico Silver Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Unico Silver Limited is not in accordance with the *Corporations Act 2001* including:

- a. giving a true and fair view of the consolidated group's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- b. complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the consolidated group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of Management for the Financial Report

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

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

William Buck

William Buck Audit (Vic) Pty Ltd

ABN 59 116 151 136



N. S. Benbow

Director

Melbourne, 15th March 2023