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FUSE ADVISORS

Challenger Gold

Hualilan Toll Milling Project

Preliminary Feasibility Study Summary

San Juan, Argentina

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Prepared for:
Challenger Gold Limited
Level 1, 100 Havelock Street
West Perth, WA 6005, Australia

Prepared by:
Fuse Advisors Inc.
Suite 3123, 595 Burrard Street
Three Bentall Centre
Vancouver, BC

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1 KEY PHYSICAL OUTCOMES

The Challenger Gold Limited (Challenger) Hualilan Toll Milling Project (Project) mine schedule supports a toll treatment agreement with Austral Gold Ltd., targeting the delivery of 150,000 wet metric tonnes (wmt) of gold-silver ore annually over three years, totalling 450,000 wmt as shown in Figure 1-1.

Ore will be sourced from three open pits (i.e., Sanchez, Norte, and Magnata) mined in sequence based on ore grade, strip ratios, and access requirements. Waste rock from the Sanchez and Norte pits will aid in ramp construction for the Magnata pit.

Mined ore will be sorted into four grade-based stockpiles as shown in Figure 1-3 and trucked to the Casposo process plant, with early production focused on higher grades to enhance initial cash flow. Additional stockpiles of mineralised waste (graded at 1.0 grams per tonne [gpt] and 0.30 gpt of gold equivalent [AuEq]) will be retained for potential future processing.

Operations are planned as a 7-day-per-week, day-shift-only schedule, scalable to night shifts if needed. Ore delivery will begin at 20,000 tonnes per month to build a buffer stockpile, then stabilise at 15,000 tonnes per month. The Casposo process plant will process ore in 75,000-tonne quarterly campaigns, with continuous stockpiling to avoid mill downtime.

Ore blending at the site will ensure consistent mill feed, and mineralised waste will remain available for reassessment under future economic or metallurgical scenarios.

Mining activity starts in the Norte and Sanchez pits because access for mining operations can be quickly established and there are high feed grades available. Waste material from those pits will be hauled to the southern ramp waste rock storage facility (WRSF) which will be used to establish access to the upper levels of the Magnata pit. The Magnata pit is the largest pit by volume, and it makes up the bulk of material mined after the first nine months of the mine plan. The type of material mined from each pit is detailed in Figure 1-2. Material mined is categorised as either ore (material above the cut-off grade), cover (unconsolidated material below cut-off), or waste (bedrock below cut-off).

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Figure 1-1: Toll Treatment Ore Feed Detail

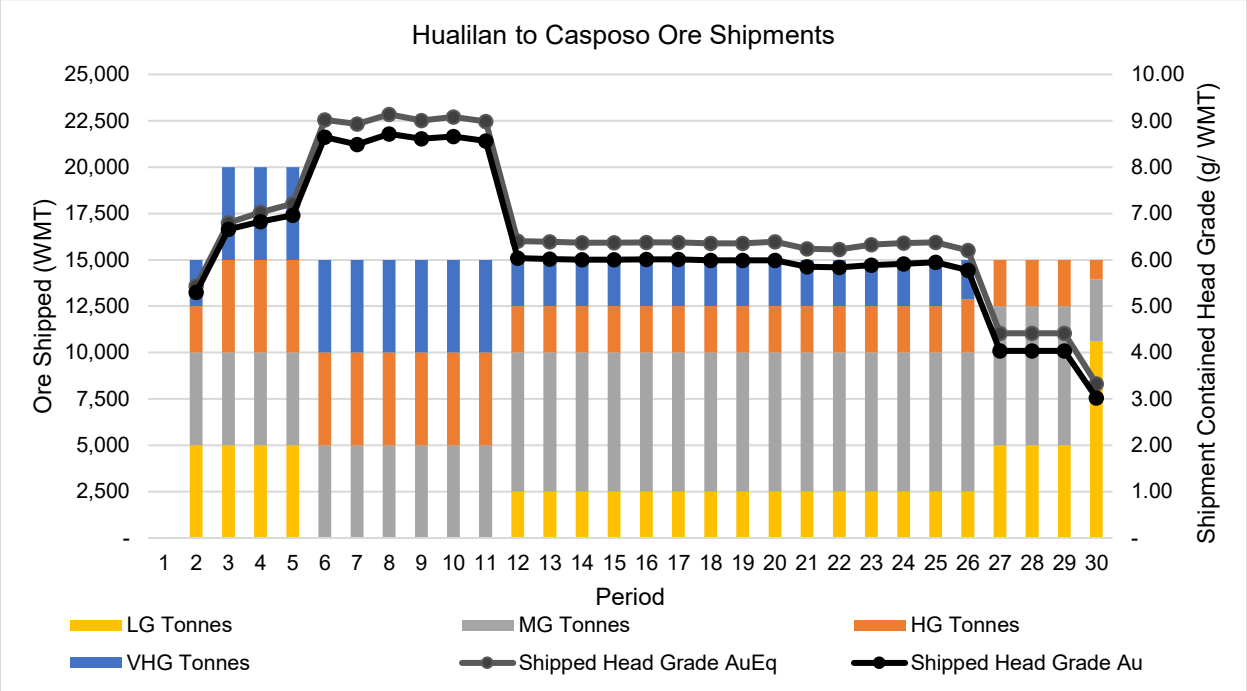
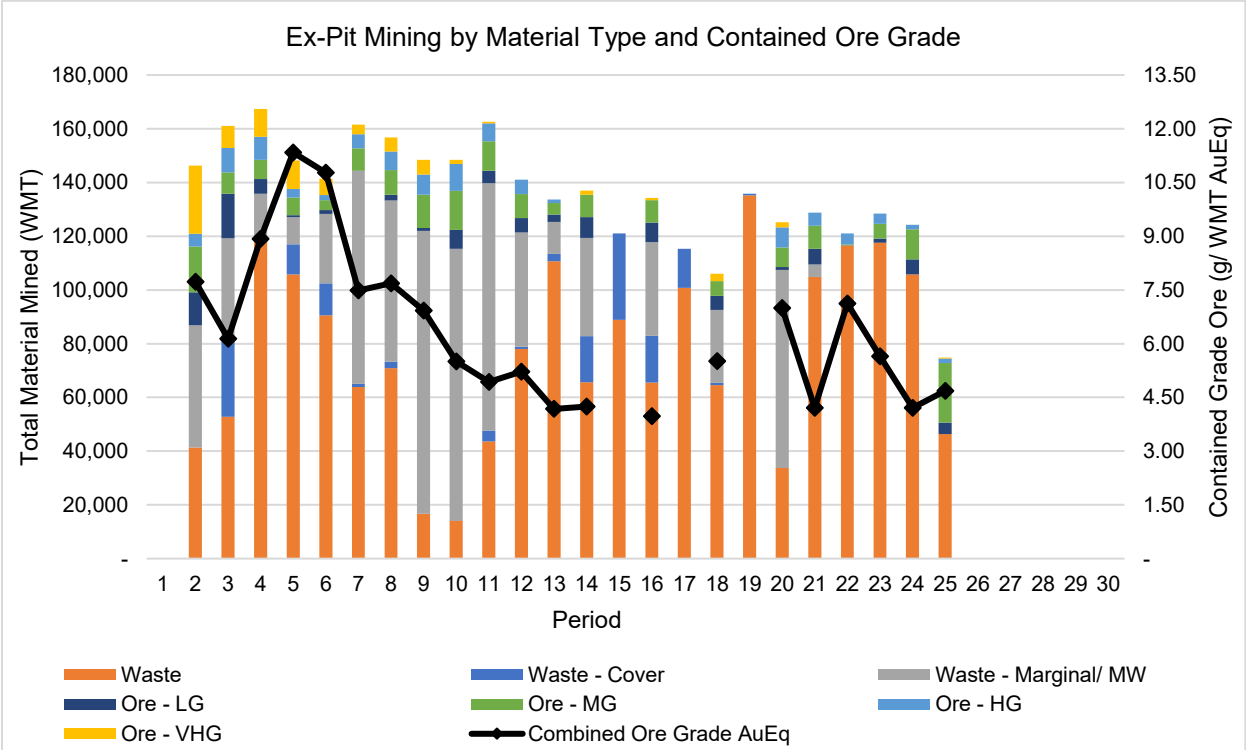
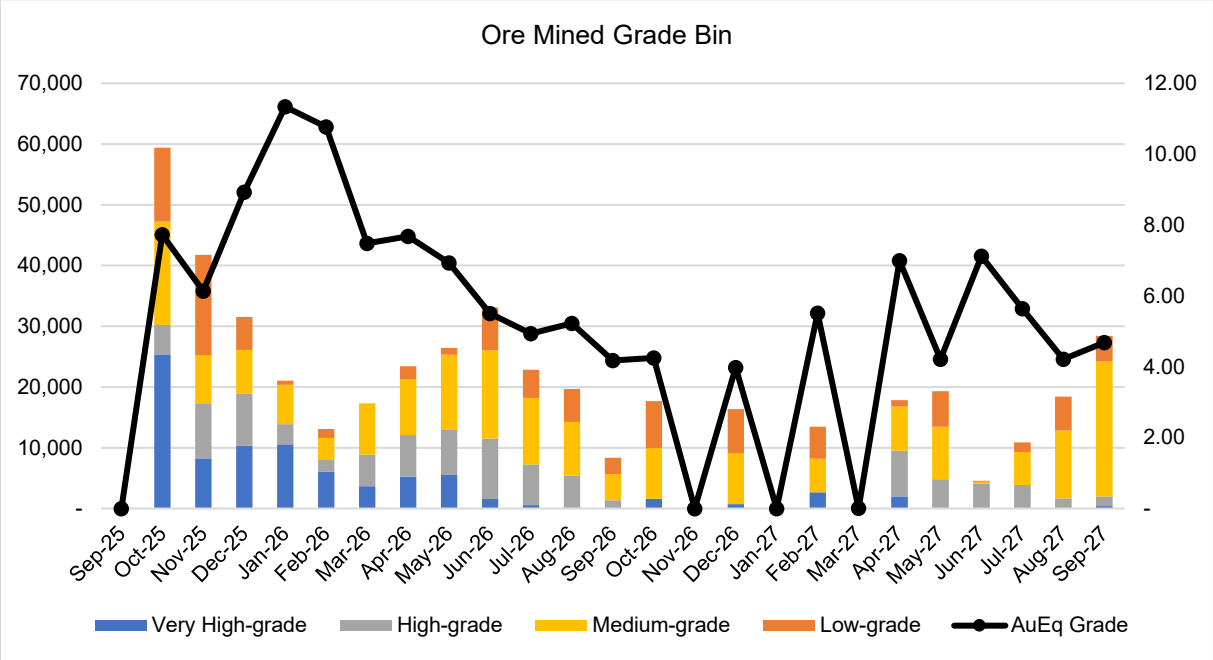


Figure 1-2: Ex-pit Material Mined by Pit and Type



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Figure 1-3: Material Mined to Stockpile Summary



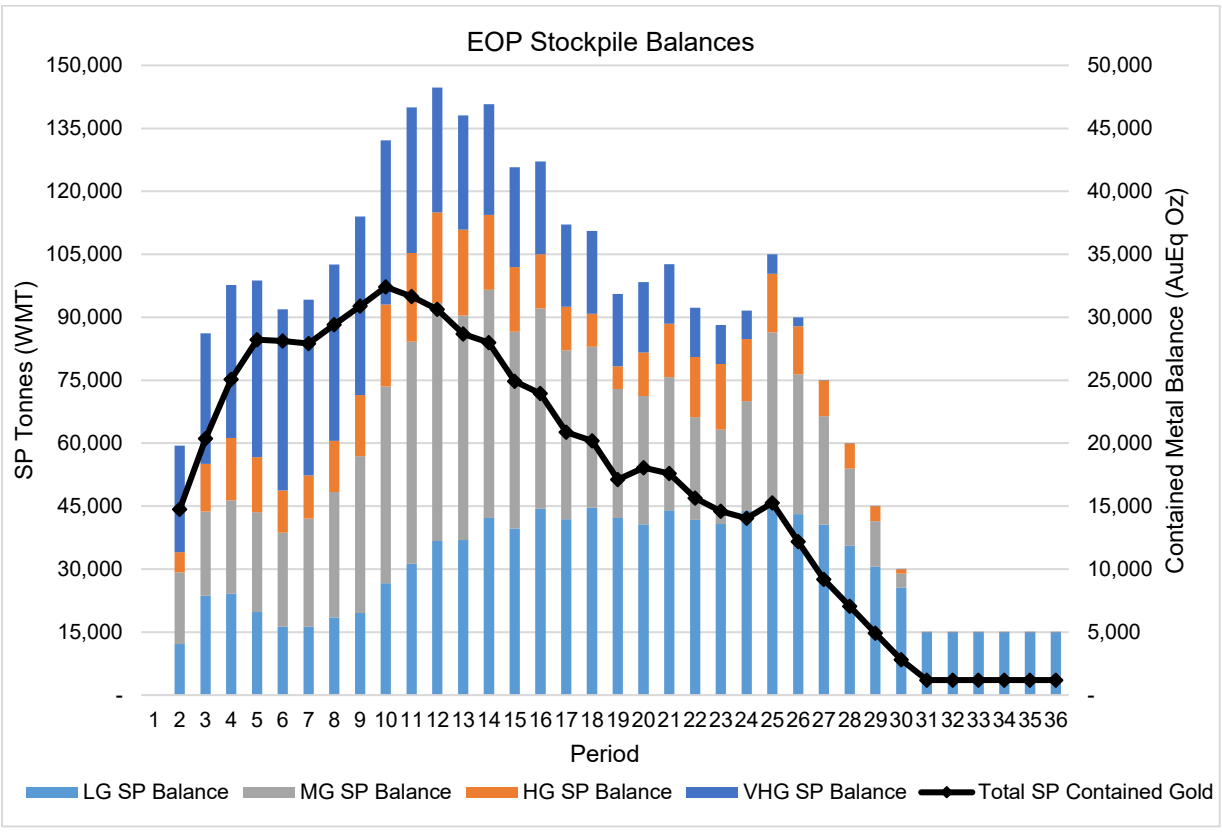


Table 1-1: Hualilan Toll Milling Preliminary Feasibility Study Key Physical Outcomes

Metric	Unit	LOM Value
Life of Mine – Overall	months	34
Life of Mine – Open Pit Mining	months	24
Life of Mine - Toll Processing (3-month batches)	months	33
Total Material Mined	Mt	3.27
Total Gold Contained	oz	92,055
Total Silver Contained	oz	528,236
Average Gold Grade	gpt	6.16
Average Silver Grade	gpt	35.33
Average Gold Recovery	%	84.4%
Average Silver Recovery	%	65.7%
Total Gold Recovered	oz	76,789
Total Silver Recovered	oz	339,530

LOM = life of mine; Mt = million tonnes; oz = ounce; gpt = grams per tonne; % = percent.

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2 KEY ECONOMIC OUTCOMES

Hualilan Toll Milling Project (Project) economics for are presented in the table below. The Project is anticipated to generate earnings before interest, taxes, depreciation and amortisation (EBITDA) of US$88.0M (A$135.4M) and pre-tax cashflow of US$82.5M over the 3 years of toll milling using the Preliminary Feasibility Study (PFS) assumptions of US$2,500/oz of gold (Au) and US$27.50/oz of silver (Ag). At spot prices (US$3,300/oz Au, US$33/oz Ag) the project generates EBITDA of US$142.8M (A$219.7M) and pre-tax cashflow of US$137.3M.

The Project is anticipated to generate pre-tax Net Present Value (NPV) of US$73.8M at a 5% discount rate and a payback period of 7 months from the commencement of first site works in month 1 (May 2025), or 2 months from the start of mining in month 6 (Oct 2025), Using spot prices (US$3,300/oz Au, US$33/oz Ag) this increases to a pre-tax NPV of US$123.3 and a payback period of 6.8 months.

The Project is forecast to generate a post-tax NPV of US$50.5M at a 5% discount rate and produce post-tax cashflow of US$56.6M over the 3 years with a payback period of 2 months. Using spot prices (US$3,300/oz Au, US$33/oz Ag) this increases to post-tax NPV of US$82.2M at a 5% discount rate and produce post-tax cashflow of US$91.8M over the 3 years with a payback period of 2 months from the commencement of mining.

Total upfront Capital Expenditures (CAPEX) of US$4.2M and working capital of US$4.7M is estimated to be required prior to the receipt of initial revenue from first month of toll milling. This is based on working capital required for mining, ore haulage, and Hualilan site general and administrative (G&A) until month 8 (Dec 2025). Note these values exclude Value Added Tax (VAT); however, they include 15% contingency. Toll processing costs have been excluded from this as under the toll milling agreement all charges for toll milling are not payable until after the receipt of initial cashflow from tolling.

Revenue from the initial month of production (month 7 – Nov 2025) is forecast to be US$10.5M and is expected to be received during the first week of December. Using spot prices (US$3,300/oz Au, US$33/oz Ag) US$13.8M in revenue from first month of production is forecast.

These base case economic results for the Project are favourable, however, further work to improve the economics is ongoing.

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Table 2-1: Hualilan Toll Milling Project Economics Summary

Metric	Unit	LOM Value
Life of Mine – Overall	months	34
Life of Mine – Open Pit Mining	months	24
Life of Mine - Toll Processing (3-month batches)	months	33
Gold Sales	oz	76,559
Silver Sales	oz	338,511
Revenue	**US$M**	**200.71**
Treatment and Refining Costs	US$M	0.67
Transport and Freight Costs	US$M	0.82
Net Revenue before Royalties	**US$M**	**199.22**
Royalties and Export Duties	US$M	24.76
Net Revenue after Royalties	**US$M**	**174.46**
Mining Operating Expenses	US$M	26.53
Ore Transport Operating Expense	US$M	7.87
Process Operating Expenses	US$M	45.82
G&A Operating Expenses	US$M	6.28
Operating Margin	**US$M**	**87.95**
Initial CAPEX	**US$M**	**4.2**
Sustaining Capital (SUSEX)	**US$M**	**1.32**
Total CAPEX and SUSEX	**US$M**	**5.48**
All in Sustaining Cost (AISC)	**US$/AuEq oz**	**1,454**
NPV (pre-tax) 5%	**US$M**	**73.81**
Payback Period (pre-tax)	**months**	**7.3**
NPV (post-tax) 5%	**US$M**	**50.48**
Payback Period (post tax)	**months**	**7.8**

LOM = life of mine; oz = ounce; US$M = Million United States dollars; G&A = general and administrative; CAPEX = Capital Expenditures; US$ = United States dollars; AuEq = gold equivalent; NPV = Net Present Value.

Metal Prices

The metal price assumptions used in this PFS are based on combination of consensus pricing from a number of banking institutions, trailing prices, and prevailing prices to arrive at a reasonable estimate over the duration of the Project life of mine (LOM).

A base case gold price of US$2,500/oz and silver price of US$27.50/oz, fixed for the life of the Project, was used to evaluate the Project. This gold price was approximately US$800/oz lower than the prevailing gold price during the completion of the study.

The metal prices used in the economic evaluation of this Project are summarised in Table 2-2 and compared to rolling 5-year average and spot prices.

Table 2-2: Commodity Price Assumptions

Metal	Assumptions used in this PFS (US$/oz)	Rolling 5-Year Average (US$/oz)	Approx. Spot Price (US$/oz)
Gold	2,500	$2,235	$3,300
Silver	27.50	$24.46	$33.00

3 PROJECT OVERVIEW

This study is a prefeasibility level (-20% to +30%) technical and economic study of the potential viability of the portion of the Mineral Resource Estimate (MRE) to be toll milled, and the options identified in this study will be explored and optimised further in later Project phases.

Canadian Mining Consulting firm, Fuse Advisors Inc., was engaged as the lead author for the prefeasibility study and assisted with ore reserves development, mine design and scheduling, capital and operating costs, and financial modelling. Mr. Grant Carlson from Fuse Advisors visited the property on 6 January 2025.

PHC Inc., a Canadian Geotechnical Consulting firm was engaged to conduct an open pit geotechnical study. Dr. Paul Hughes from PHC Inc., visited the property on 6 January 2025 and 7 January 2025.

Ison Designs Pty Ltd. was engaged to develop mineral processing and metallurgical testwork, recovery methods, and process operating costs. SGS Metallurgical Labs out of Chile and BaseMet Labs out of Kamloops were engaged to complete the designed metallurgical testwork programs.

Ausenco Pty Ltd. was engaged in an advisory capacity to provide project development, engineering, costing, and process design expertise.

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4 PROPERTY DESCRIPTION AND LOCATION

The Project is in the Department of Ullum, approximately 120 km from the city of San Juan. Access to the deposit from San Juan is by sealed road on National Route No. 40 from San Juan to Talacasto Station (52 km), then by Provincial Route No. 436 from Talacasto Station to National Route No. 149 junction (23 km), then by National Route No. 149 (45 km), the sealed road is within 1 km of the deposit.

The deposit is in the Central Precordillera, which is part of the La Rioja - San Juan - Mendoza Precordillera. Mineralisation was discovered in 1751 and was worked on a small scale from 1790 to the early 1960s, predominantly from oxidised near-surface high grade 'manto-style' deposits in the San Juan Limestone. Mining was predominantly undertaken through narrow underground workings which are partially surveyed where access is possible. There is no reliable past production data; however, there is approximately 20 kilotonnes (kt) of tailings and re-treated tailings evident on the surface which indicates that low tonnage, but high grade, mineralised material was recovered. Gold and silver recovery was by various processes including washing, roasting, and cyanidation.

Exploration was undertaken periodically from 1984 to 2005. Various explorers completed mapping underground and at surface, via stream sediment, rock chip and channel sampling, development of a 300 metre exploration decline, geophysical surveys, reverse circulation (RC) drilling and diamond core drilling. Data or partial data has been recovered for 156 drill holes (total of 17,283 metres) completed during this period. The 75 drill holes (total of 8,030 metres) were found to have data of sufficient reliability to use in the most recent MRE. No resource estimates consistent with JORC reporting standard were completed during this time.

From 2018 until the date of the MRE, Challenger Gold Limited (Challenger), via Golden Mining S.A. (100% owned by Challenger), has completed ground magnetic and Induced Polarisation (IP) geophysical surveys, additional mapping, underground and surface channel sampling (1,767 samples averaging 1.5 metres length), 37 RC drill holes (2,923 metres), and 762 diamond core drill holes (224,180 metres). These data and the reliable historic data have been used to estimate the current Resource.

The current MRE strikes 2.5 km and is contained with 31 domains that are grouped into three mineralisation styles corresponding to the host rock and structural controls of the mineralisation. Estimation was by Ordinary Kriging of 2 metre composites within the hard boundaries of the mineralised domains. The MRE is approximately 75% Indicated and 25% Inferred, however, only indicated material has been used as the basis for this study.

This PFS presents an open pit operation, delivering 450 kt of ore for processing at Austral Gold's Casposo process plant to recover gold and silver. Hualilan ore will be transported approximately 165 km to the Casposo process plant.

Power is supplied via diesel generators. Initial capital, sustaining capital, and mine operating costs have been estimated from first principles and/or benchmarked from similar projects in South America. Waste rock from open pits will be utilised to construct mining access ramps and lower grade material not suitable for toll milling, but potentially suitable for future processing on site at Hualilan, will be stockpiled. As there are no processing facilities on site at Hualilan, there are minimal water requirements. A nearby fresh water source will supply water for mining, dust suppression and camp usage.

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4.1 Ore Reserve Estimate

The ore reserve declared herein has been estimated based on developing a conventional truck and shovel, surface mining operation. No underground mining has been considered. Ore mined from the open pits will be shipped to a processing plant located 165 km away and with whom the Company has a Toll Treatment Agreement in place. The economic analysis which forms the basis of this reserve estimate is based on the terms of the Toll Treatment Agreement.

4.2 Pit Optimisation

A pit optimisation analysis was carried out to: (1) determine the economic limits of each open pit area to ensure that all material being included in the reserve is economic; and, (2) to guide the strategic mine planning process and pit design for each mining area.

It is important to note that the selection of the ultimate pit shells for each mining area is driven more by the contract terms with the toll treatment facility than by finding the optimal pit limits based on the operating costs and metal price assumptions in the pit optimisation. The toll treatment contract contemplates delivery of 450,000 wet metric tonnes (wmt) of ore over a three-year period and the pit shell selection reflects different revenue factor pits for each zone to achieve the desired ore tonnes, strip ratio and grade scenario. The parameters used in the pit optimisation were based on preliminary estimates for contract mining costs and toll treatment costs and those parameters are summarised in Table 4-1.

Table 4-1: Pit Optimisation Parameters

Parameter	Units	Value
Overall Pit Slope	degrees (°)	45 to 60
Mining Cost	US$/t mined	15.00
Dilution	%	5.0
Mining Recovery	%	95
Processing Cost	US$/t milled	85
Ore Haulage	US$/t milled	15
Gold Recovery	%	80
Silver Recovery	%	65
Gold Price	US$/oz	2,500
Gold Selling Cost	% of revenue	12.5
Silver Price	US$/oz	25
Silver Selling Cost	% of revenue	9.0

° = degrees; US$/t = United States dollars per tonne; US$/oz = United States dollars per ounce; % = percent.

The results of the pit optimisation are summarised in Table 4-2.

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Table 4-2: Pit Optimisation Results Summary

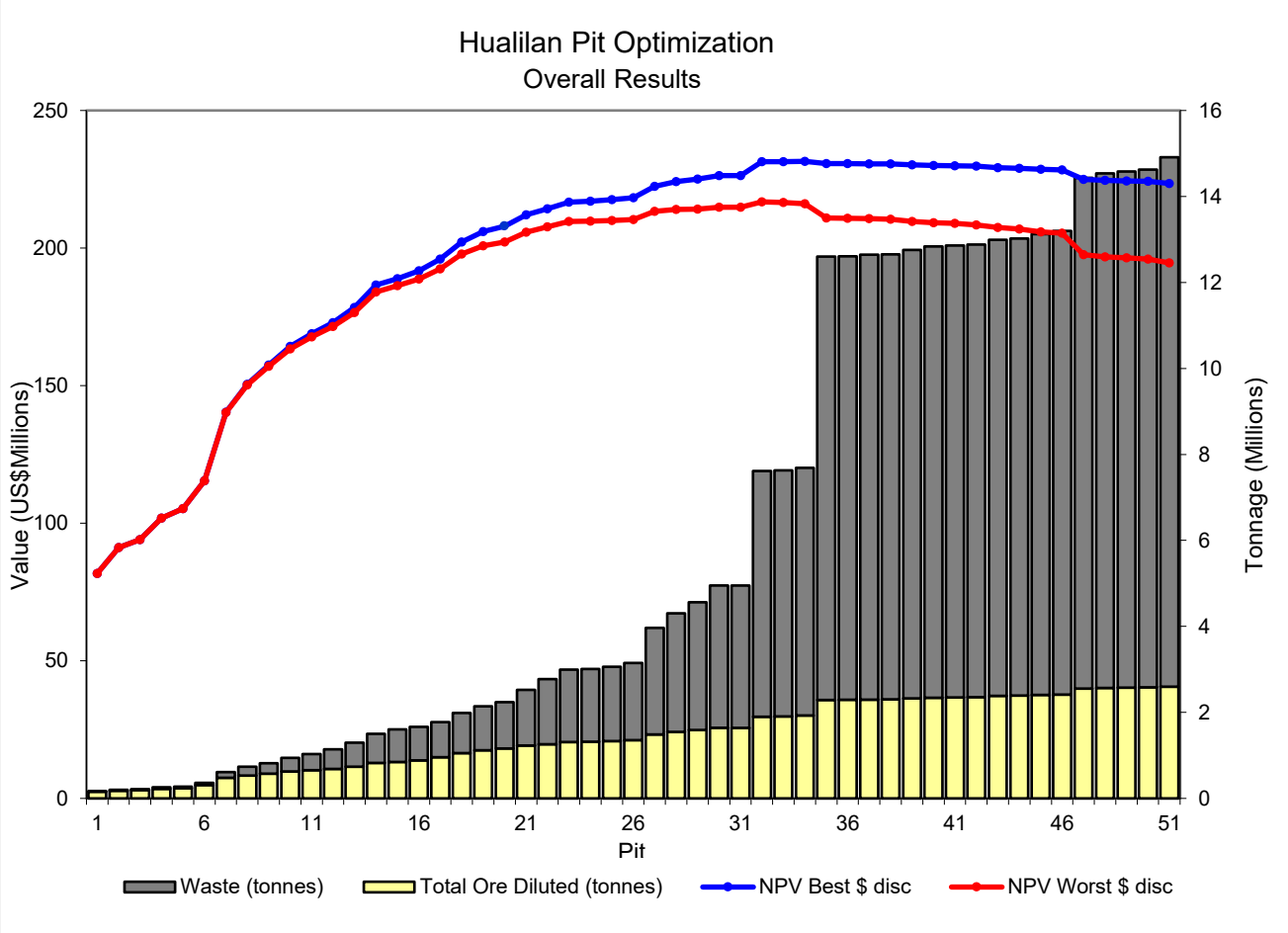
Final Pit	Revenue Factor	Mine Life	Total Ore Diluted					Waste (Mt)	Strip Ratio	Total (Mt)
			(Mt)	Au (gpt)	Au (oz)	Ag (gpt)	Ag (oz)			
1	0.30	0.6	0.15	11.5	1.8	40.8	6.3	0.0	0.1	0.2
2	0.32	0.6	0.18	11.1	2.0	36.5	6.6	0.0	0.1	0.2
3	0.34	0.7	0.19	10.8	2.1	35.4	6.8	0.0	0.1	0.2
4	0.36	0.9	0.22	10.3	2.3	34.6	7.7	0.0	0.2	0.3
5	0.38	1.0	0.24	10.1	2.4	33.5	8.0	0.0	0.2	0.3
6	0.40	1.7	0.31	9.0	2.8	29.7	9.1	0.1	0.2	0.4
7	0.42	1.8	0.48	7.6	3.6	31.1	15.0	0.1	0.3	0.6
8	0.44	2.0	0.53	7.5	4.0	31.2	16.6	0.2	0.4	0.7
9	0.46	2.0	0.58	7.3	4.2	31.3	18.1	0.2	0.4	0.8
10	0.48	2.2	0.62	7.1	4.5	30.4	19.0	0.3	0.5	0.9
11	0.50	2.3	0.66	7.1	4.6	30.3	19.9	0.4	0.6	1.0
12	0.52	2.6	0.69	7.0	4.8	30.5	20.9	0.5	0.7	1.1
13	0.54	2.9	0.73	6.9	5.0	30.0	22.0	0.6	0.8	1.3
14	0.56	3.1	0.83	6.6	5.4	30.9	25.6	0.7	0.8	1.5
15	0.58	3.5	0.85	6.5	5.5	31.3	26.5	0.8	0.9	1.6
16	0.60	3.8	0.89	6.4	5.7	31.2	27.6	0.8	0.9	1.7
17	0.62	3.8	0.95	6.2	5.9	31.1	29.7	0.8	0.9	1.8
18	0.64	3.9	1.05	5.9	6.3	31.4	33.1	0.9	0.9	2.0
19	0.66	4.0	1.12	5.8	6.5	31.3	35.1	1.0	0.9	2.1
20	0.68	4.1	1.16	5.7	6.6	30.9	35.9	1.1	0.9	2.2
21	0.70	4.2	1.23	5.6	6.9	30.6	37.7	1.3	1.1	2.5
22	0.72	4.2	1.26	5.6	7.1	30.2	38.0	1.5	1.2	2.8
23	0.74	4.3	1.31	5.6	7.3	29.7	38.9	1.7	1.3	3.0
24	0.76	4.6	1.32	5.6	7.3	29.6	39.1	1.7	1.3	3.0
25	0.78	4.9	1.34	5.5	7.4	29.4	39.3	1.7	1.3	3.1
26	0.80	5.0	1.36	5.5	7.5	29.4	39.9	1.8	1.3	3.1
27	0.82	5.3	1.48	5.4	8.0	29.7	44.0	2.5	1.7	4.0
28	0.84	6.0	1.55	5.3	8.2	29.4	45.5	2.8	1.8	4.3
29	0.86	6.0	1.59	5.3	8.4	28.8	45.9	3.0	1.9	4.6
30	0.88	6.2	1.64	5.2	8.6	28.6	46.9	3.3	2.0	4.9
31	0.90	6.5	1.64	5.2	8.6	28.6	46.9	3.3	2.0	5.0
32	0.92	7.1	1.90	5.2	9.9	28.1	53.4	5.7	3.0	7.6
33	0.94	7.1	1.91	5.2	9.9	28.1	53.5	5.7	3.0	7.6
34	0.96	9.2	1.93	5.2	9.9	27.9	53.8	5.8	3.0	7.7
35	0.98	9.4	2.29	5.2	11.9	25.2	57.7	10.3	4.5	12.6
36	**1.00**	**9.5**	**2.29**	**5.2**	**11.9**	**25.1**	**57.7**	**10.3**	**4.5**	**12.6**
37	1.02	9.5	2.30	5.2	11.9	25.1	57.8	10.3	4.5	12.6
38	1.04	9.5	2.30	5.2	11.9	25.1	57.8	10.4	4.5	12.7
39	1.06	14.8	2.33	5.2	12.0	25.0	58.2	10.4	4.5	12.8
40	1.08	14.8	2.34	5.2	12.0	25.0	58.6	10.5	4.5	12.8
41	1.10	14.9	2.35	5.1	12.1	25.0	58.6	10.5	4.5	12.9
42	1.12	14.9	2.36	5.1	12.1	24.9	58.7	10.5	4.5	12.9
43	1.14	15.0	2.38	5.1	12.1	24.8	59.1	10.6	4.5	13.0
44	1.16	15.0	2.39	5.1	12.2	24.7	59.2	10.6	4.4	13.0
45	1.18	15.0	2.41	5.1	12.2	24.6	59.3	10.7	4.5	13.1
46	1.20	15.1	2.41	5.1	12.2	24.6	59.3	10.8	4.5	13.2
47	1.22	16.5	2.55	5.0	12.7	23.5	60.1	11.9	4.7	14.4
48	1.24	16.5	2.57	5.0	12.7	23.4	60.2	12.0	4.7	14.5
49	1.26	16.6	2.58	5.0	12.8	23.4	60.3	12.0	4.7	14.6
50	1.28	16.6	2.58	4.9	12.8	23.4	60.4	12.0	4.7	14.6
51	1.30	19.9	2.60	4.9	12.8	23.4	60.7	12.3	4.7	14.9

Mt = million tonnes; Au = gold; Ag = silver; gpt = grams per tonne; oz = ounce.

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The Pit-by-Pit analysis is pictured in Figure 4-1 below. The Project discounted cash flow achieves the bulk of its maximum value around Pit #16 and stays fairly flat up to Pit #33. Pit #24 is the pit shell that achieves the ore delivery target of 450,000 tonnes; however, as described below, different revenue factor pit shells were selected for each pit area to optimise grade, strip ratio, ease of access and simplicity of mine planning.

Figure 4-1: Whittle Pit by Pit Results



NPV = Net Present Value.

Further evaluation of the nested pit shells determined that the pit designs for Sanchez would use Pit Shell #15, Norte would use Pit Shell #21, and Magnata would use Pit Shell #27 (Table 4-3Table 4-3:Tonnes and Grade of Selection Pit Shells). Sentazon was excluded from the mine plan because of its lower average grade and to simplify the mine plan.

Table 4-3: Tonnes and Grade of Selection Pit Shells

Pit	Revenue Factor	Ore (kt)	Au (gpt)	Ag (gpt)	Au (koz)	Ag (koz)	Waste	Strip Ratio	Total Tonnes
Magnata	0.82	283.0	4.76	38.5	43.3	350.6	1,624	5.7	1,907
Norte	0.70	101.2	8.9	48.9	29.0	159.1	520	5.1	622
Sanchez	0.58	67.4	8.9	14.4	19.3	31.2	144	2.1	211
Total	**-**	**451.6**	**6.3**	**37.3**	**91.5**	**541.0**	**2,289**	**5.1**	**2,740**

kt = kilotonnes; Au = gold; Ag = silver; gpt = grams per tonne; koz = thousand ounces.

4.3 Dilution and Ore Loss

The mineral resource block model was adjusted with dilution, ore loss and moisture content to estimate the ore reserve. Dilution and ore loss of 5% each were applied. In addition, a 5% moisture content was assumed to estimate wet tonnes for mine planning.

Table 4-4: Reserve Modifying Factors

Parameter	Unit	Value
Mining Dilution	%	5.0
Mining Recovery	%	95
Moisture Content	%	5.0

4.4 Geotechnical Considerations

The reserve pit is designed on 10 m benches with an 8 m catch berm on every second bench. The designs have an 80 degree face angle which along with the 8 m catch berm results in a 60 degree overall slope.

The Sanchez pit is designed as a trench with few catch berms at all. This is due to the shallow depth of the pit and allows for extracting the ore without laying back a pit wall up the slopes on either side of the mineralisation.

The Norte pit design has one larger high-wall on the east side of the pit with a maximum height of 55 m.

The Magnata pit lays back a section of the Hualilan ridge and as a result has the largest high-wall of the pit designs included in the reserve with a height of 140 m.

4.5 Pit Design

Pit designs were generated based on the selected pit shells with 10 m benches. Ramps were designed at 17.0 m wide for two-way traffic and 12.0 m wide for single lane traffic with a maximum gradient of 10%. Each pit will be mined as a single phase with access to the upper benches built from cut and fill roads. The access to the top of the Norte design required minimal access development and it will be mined first. Access to the top benches of the Magnata pit requires building a fill ramp (the Southern Ramp WRSF) before mining operations can begin; therefore, waste from the Norte pit will be used to construct that access in the early months of the mine plan.

The Sanchez deposit is a narrow, subvertical lens of mineralisation which occurs at the bottom of a gully within the Hualilan ridgeline. Based on geotechnical consultation and review of mining options, a design was developed which simply excavates a deep trench along the mineralised zone without pushing highwalls up either side of the gully up to the crest of the ridgeline. This limits the total ore extracted in this zone but also greatly reduced the mining cost and complexity. Mining will be carried out with an excavator digging a trench and passing material back down to haul trucks lower in the gully. The Sanchez and Norte pit designs are illustrated in Figure 4-2 and Figure 4-3 and the Magnata pit design is illustrated in Figure 4-2 and Figure 4-6. Summaries of the ore and waste in each pit design are presented in Table 4-5 below.

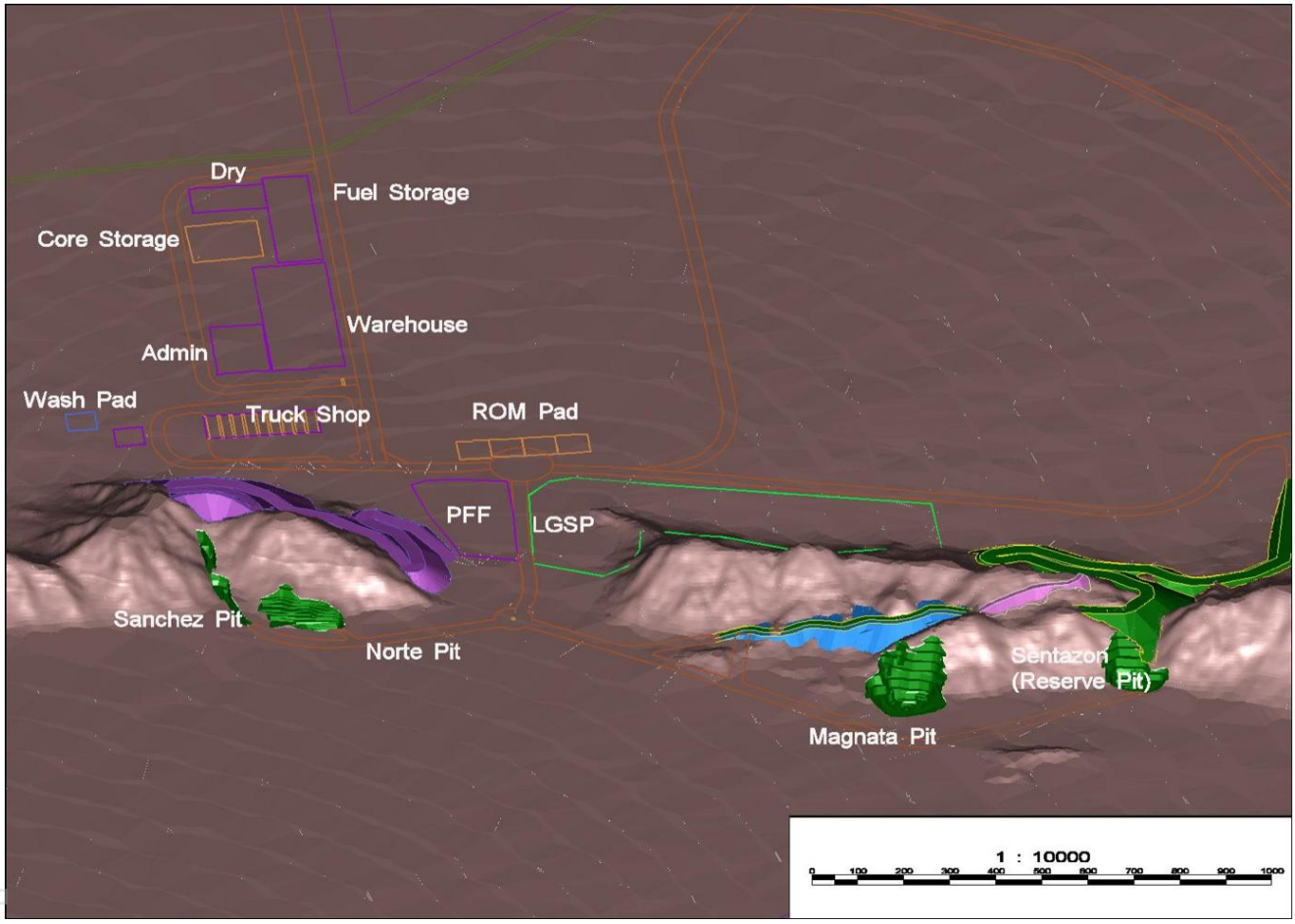
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Table 4-5: Pit Design Inventories

Pit	Ore (000 dwt)	Au Grade (gpt)	Ag Grade (gpt)	Au Contained (000 oz)	Ag Contained (000 oz)	Waste (000 wmt)	Strip Ratio (w:o)	Total Material (000 wmt)
Sanchez	98	6.8	11.72	21.5	37.1	133	1.4	203
Norte	135	8.33	46.18	36.0	200.0	715	5.3	823
Magnata	232	4.62	39.06	34.5	291.1	1,954	8.4	2,096
Total	**465**	**6.16**	**35.33**	**92.1**	**528.2**	**2,803**	**6.0**	**3,324**

000 = thousands; dwt = dry weight tonne; gpt = grams per tonne; oz = ounce; Au = gold; Ag = silver; wmt = wet metric tonne; w:o = waste to ore.

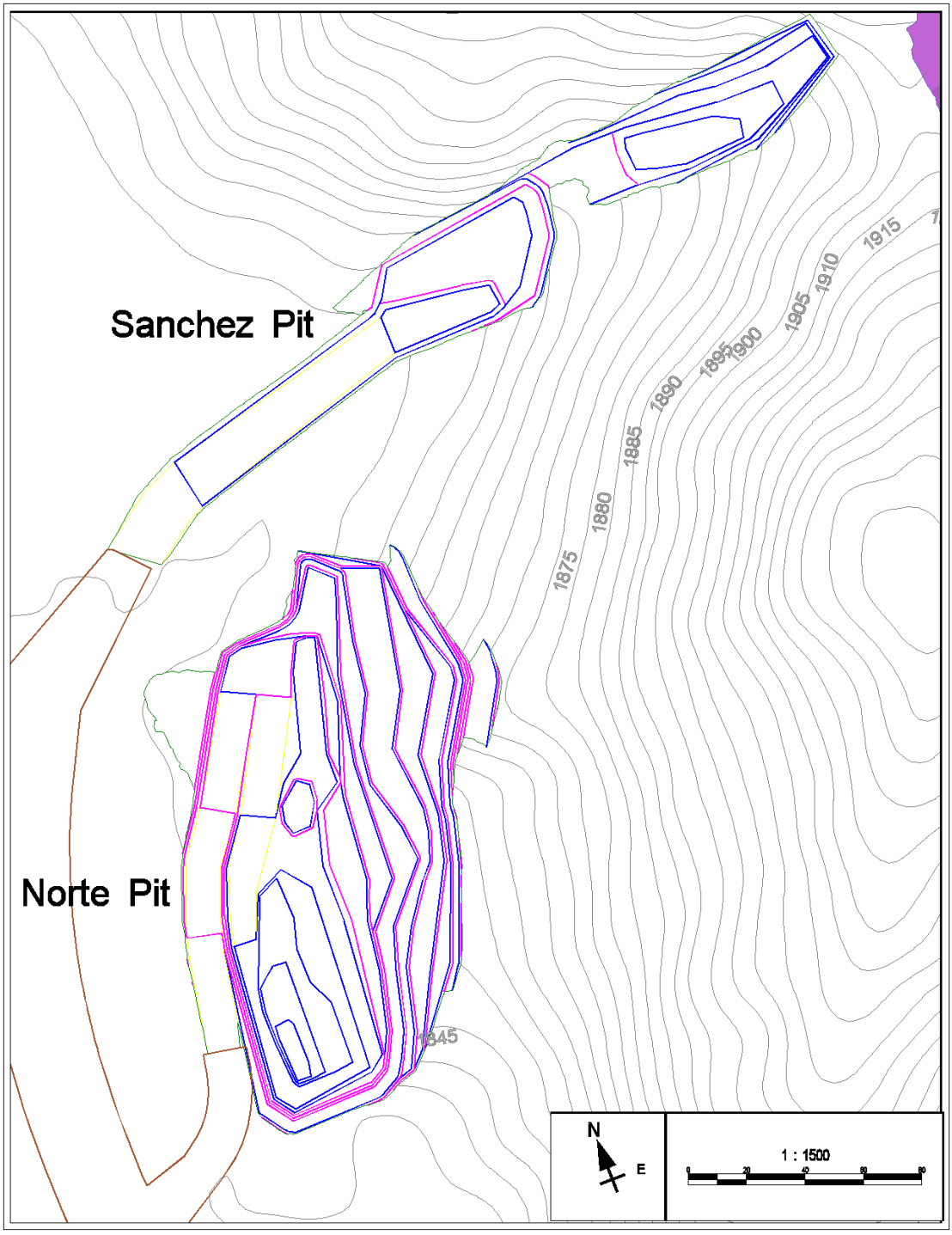
Figure 4-2: Pit Design 3D View



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Figure 4-3: Sanchez and Norte Pit Designs



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Figure 4-4: Sanchez Pit - Trench Style Cross Section

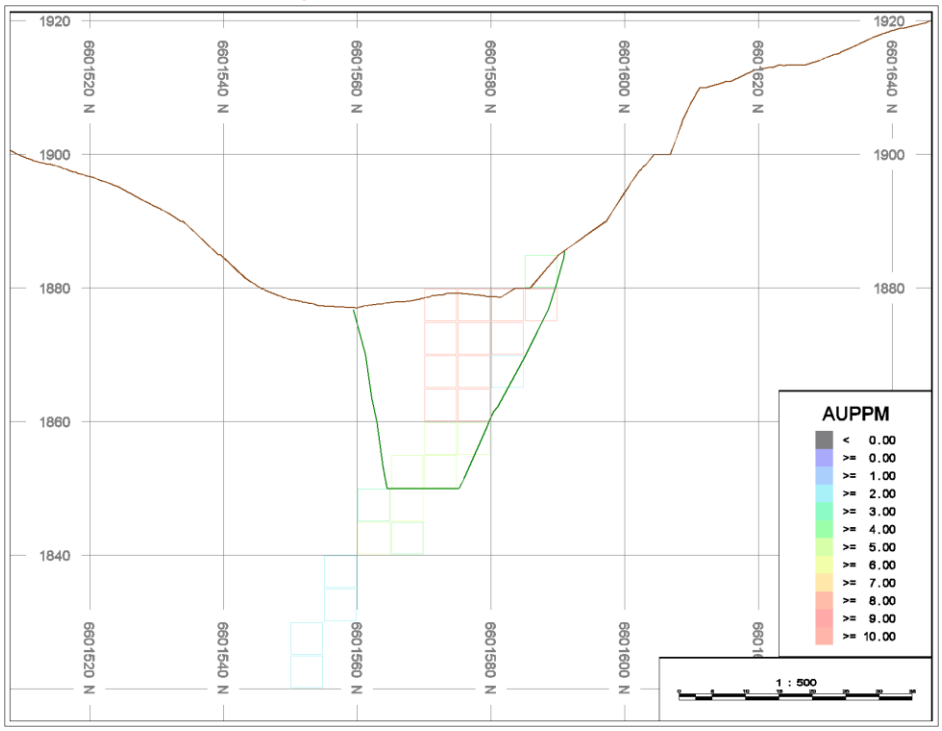
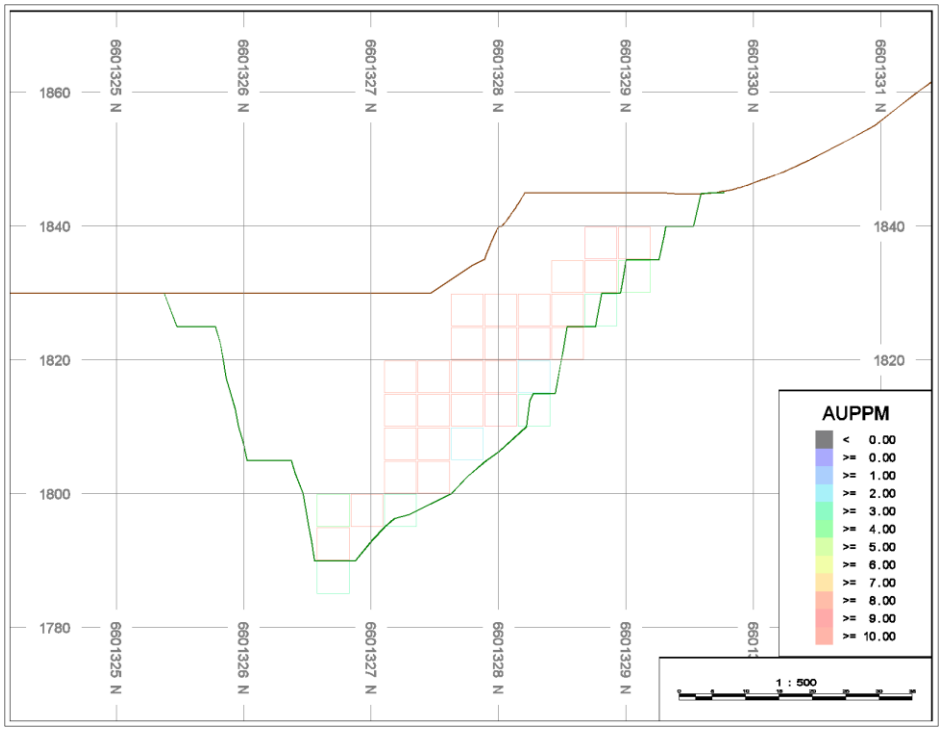


Figure 4-5: Norte Pit Cross Section



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Figure 4-6: Magnata Pit Design

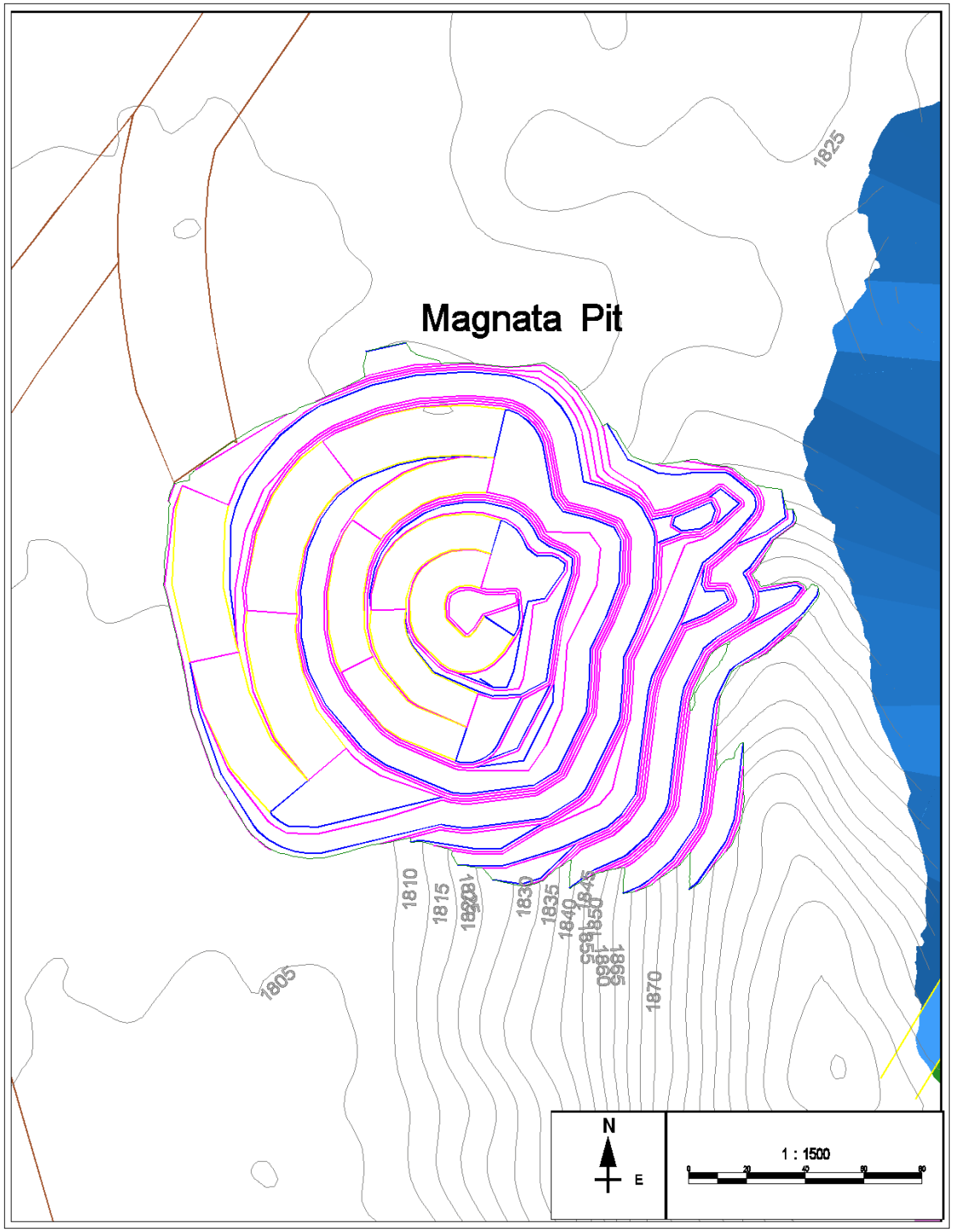
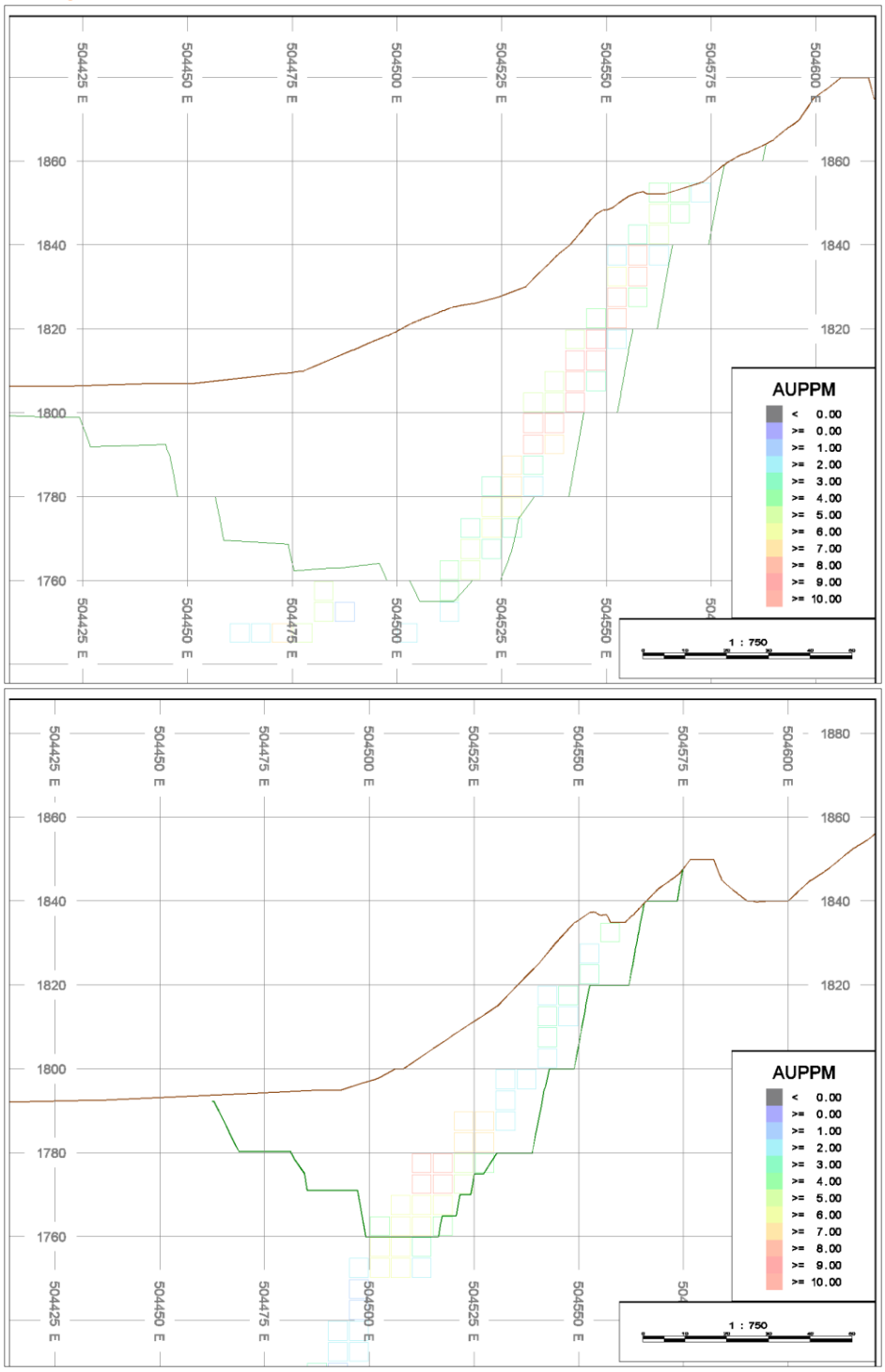


Figure 4-7: Magnata Pit Cross Section



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4.6 Cut-off Grade

Based on the processing cost, site general and administrative (G&A), ore haulage cost, toll treatment fees, the long-term gold and silver prices and the tonnes and grade profile within the ultimate pit designs, a cut-off grade of 1.9 gpt AuEq was selected for this Ore reserve.

Table 4-6: Gold Equivalent Cut-off Grade Parameters

Parameter	Units	Value
Gold Price	$/oz	2,500
Selling Cost	% of revenue	12.5
Mining Cost	U$/t mined	15.00
Processing Cost	U$/t processed	85
Metallurgical Recovery	%	80
Highway Haulage Cost	U$/t processed	15
Breakeven Cutoff	gpt AuEq	1.87
Cutoff Selected	**gpt AuEq**	**1.9**

U$/t = United States dollars per tonne; gpt = grams per tonne; AuEq = gold equivalent.

The cut-off grade for this mine plan is 1.9 gpt AuEq where AuEq is calculated using the following formula:

$$AuEq\ (gpt) = Au\ (gpt) + Ag(gpt) \times 0.0085628$$

4.7 Mine Production Schedule

The Ore reserve outlined in this report is based on a detailed production schedule that includes the excavation of ore, unconsolidated cover, and waste rock on a monthly basis across the LOM. All mine planning and scheduling activities have been based on wet metric tonnes (wmt).

Mining operations are scheduled to commence in September 2025 and are expected to conclude by September 2027. A total of 465,000 wmt of ore will be excavated from the Norte, Sanchez, and Magnata pits, with 450,000 wmt reclaimed from the ROM stockpile and transported to the Casposo process plant for toll milling. Norte and Sanchez pits are prioritised in the early stages of the mine plan to enable faster access and to capitalise on higher-grade ore zones, and to provide the required waste material to build the access ramp to the upper levels of Magnata.

Ore haulage from Hualilan to the Casposo site will begin in October 2025 and is planned for completion by February 2028. Processing of Hualilan ore at the Casposo process plant will occur in discrete batches, with the first batch commencing in Q4 2025 and the final batch expected to start in Q2 2028. Hualilan ore mining and haulage to the Casposo process plant will proceed ahead of the processing schedule to ensure the establishment of a buffer stockpile at Casposo and to allow for a smoothed haulage fleet profile over time.

Mining activities will be carried out on dayshift only, allowing for surge capacity on the night shift if required.

The LOM plan for the Project delivers an average mined grade of 6.16 gpt Au and 35.3 gpt Ag, equating to total contained metal of approximately 92,055 ounces of gold and 528,236 ounces of silver.

The mine schedule includes the movement of approximately 2,657,404 wmt of waste rock and 146,298 wmt of unconsolidated cover material. This results in a strip ratio of 6.0:1 (waste to ore).

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4.8 Ore Reserve Statement

Ore reserves have been generated using prefeasibility level pit designs, mining costs, processing costs, capital costs, geotechnical slope criteria, dilution, metallurgical recovery and cut-off grade specific to the Hualilan deposit and the Toll Treatment agreement between the Company and Austral Gold Ltd. Gold and silver prices of $US2,500/oz and $US27.50/oz respectively have been used to determine the appropriate cut-off grade and establish Ore reserves in the project economic analysis. The tonnes, grade and contained gold and silver ounces in the Ore reserve are summarized by classification in Table 4-7.

The Ore reserve is based on 3D pit designs generated in Hexagon™ MinePlan3D software which are modified from optimized pit shells generated in Geovia Whittle™ software to include practical considerations for mining includes catch berms, access ramps and minimum mining widths.

The mining, stockpiling, ore delivery to the toll treatment facility and ore parcel processing schedule have been incorporated into an economic evaluation to demonstrate the economic viability of the Ore reserve. No inferred mineral resources have been included in the Ore reserve as those resources are considered too speculative geologically to have economic value placed on them and as such, they are treated as waste material in the mine plan.

Table 4-7: Ore Reserve Statement

Classification	Cut-off Grade (gpt AuEq)	Tonnes (000 dmt)	AuEq (gpt)	Au (gpt)	Ag (gpt)	AuEq Contained (000 oz)	Au Contained (000 oz)	Ag Contained (000 oz)
Proven	1.9	-	-	-	-	-	-	-
Probable	1.9	427.5	7.0	6.6	37.6	96.2	91.0	517.0
Proven+Probable	**1.9**	**427.5**	**7.0**	**6.6**	**37.6**	**96.2**	**91.0**	**517.0**

dmt = dry metric tonne; wmt = wet metric tonnes; gpt = grams per tonne; AuEq = gold equivalent; 000 = thousands; Au = gold; Ag = silver;
Notes:

1. Ore Reserves are reported in accordance with the JORC Code (2012 Edition).
2. The Ore Reserves are based on a Pre-Feasibility Study (PFS) completed in April 2025, considering modifying factors including mining, metallurgical, economic, environmental, social, and regulatory factors.
3. The Ore Reserves are inclusive of diluting material and mining losses.
4. Ore reserves are reported to a cut-off grade of 1.9 gpt AuEq. The gold equivalent grade was calculated using the following formula:
   AuEq = Au(gpt) + Ag(gpt)*0.008614
5. The cut-off grades are based on a gold price of $2,500/oz Au and $27.50/oz Ag.
6. The Ore Reserve estimate is supported by a mine design, schedule, and economic model demonstrating positive cash flow under reasonable assumptions.
7. Metallurgical recoveries used for the estimation are based on a test work program specifically evaluating metal recoveries in the flowsheet available at the toll treatment facility with which the Company has a Toll Treatment Agreement and that this mine plan contemplates shipping ore to Austral Gold's Casposo toll treatment facility.
8. The Ore Reserve is reported above a pit shell optimized using metal prices and operating costs consistent with the PFS inputs.
9. Rounding has been applied in accordance with JORC Code guidelines. Totals may not sum exactly due to rounding.
10. The Ore Reserves were estimated by Grant Carlson, P.Eng., an employee of Fuse Advisors Inc., in Vancouver Canada, and a Competent Person and Member of Engineers and Geoscientists British Columbia, with sufficient experience relevant to the style of mineralisation and type of deposit under consideration.
11. The estimate includes only Probable Reserves as it is based on Indicated Mineral Resources. No Proved Reserves have been declared.
12. Inferred Resources are considered too speculative geologically to apply any economic value and are treated as waste material in this reserve estimate.
13. Units for the reserve estimate are metric tonnes and grams, plus troy ounces for gold.
14. The estimate of Ore reserves may be materially affected by geology, environment, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant risks.

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The results of the economics analysis to support the Ore reserves represent forward looking information that is subject to several known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those presented herein. The QP has not identified any known legal, political, environmental, or other risks that would materially affect the potential development of the Ore reserves. Areas of uncertainty that may materially affect the Ore reserve estimation include:

- Commodity price and exchange rate assumptions;
- Capital and operating cost estimates;
- Geotechnical slope designs for pit walls;
- Mining selectivity near the ore and waste contacts; and
- Metallurgical recoveries in the Toll Treatment facility.

As noted in the sections above, mine planning activities and the agreement with the toll treatment partner are all based on wet metric tonnes while the Ore reserve statement in Table 4-7 above is stated in dry metric tonnes. Re-stating the Ore reserve on a wet metric tonnes basis with the assumed 5% moisture content results in 450,000 wmt of ore per the ore production target contemplated in the toll treatment agreement with Austral and summarized in Table 4-8.

Table 4-8: Toll Treatment Plant Feed Summary by Reserve Classification

Classification	Cut-off Grade (gpt AuEq)	Tonnes (000 wmt)	AuEq (gpt)	Au (gpt)	Ag (gpt)	AuEq Contained (000 oz)	Au Contained (000 oz)	Ag Contained (000 oz)
Proven	1.9	-	-	-	-	-	-	-
Probable	1.9	450	6.65	6.29	35.72	96.2	91.0	517.0
Proven+Probable	**1.9**	**450**	**6.65**	**6.29**	**35.72**	**96.2**	**91.0**	**517.0**

dmt = dry metric tonne; wmt = wet metric tonnes; gpt = grams per tonne; AuEq = gold equivalent; 000 = thousands; Au = gold; Ag = silver

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5 MINING METHODS

5.1 Introduction

The mining strategy presented in this PFS has been developed to support a robust, capital-efficient pathway to early-stage production at the Project, while preserving future optionality and scalability. The guiding principle behind the proposed mining approach is to optimise project economics and minimise execution risk, ensuring a technically sound and commercially viable operation that can be implemented reliably in the Argentine operating context.

A range of development scenarios have been assessed during the PFS phase to test the economic viability and practical execution of various mining delivery models. These include:

- Full-service mining contracts, offering turnkey delivery but generally associated with higher unit costs and reduced operational flexibility;
- Partial or auxiliary contracting models, where certain services (e.g., drill and blast or load and haul) are outsourced while others remain in-house;
- Owner-operator configurations, which require upfront capital acquisition and in-house technical capability, but offer lower long-term operating costs and greater operational control; and
- Modified owner-operator schemes, leveraging original equipment manufacturers (OEMs) to provide vendor-financed equipment supply under a structured rental-to-buy arrangement.

The selected model for the purposes of this PFS is a rent-to-buy arrangement with Komatsu, under which Challenger pays a fixed monthly rental fee for mining equipment and retains the option to purchase the equipment at the end of the agreement. This approach balances capital efficiency with long-term value creation, enabling early-stage production without requiring significant upfront capital while building ownership of productive assets over time. Ordinary servicing and maintenance activities will be undertaken by Komatsu, who will have a staff presence on site at Hualilan.

Additionally, Orica has been engaged to provide a Rock on Ground Drill and Blast Service, utilising a third-party contractor for drilling operations, with Challenger retaining the right to internalise drilling operations at any time during the contract.

Additional mining contractor equipment is anticipated for the provision of ancillary services, namely the delivery of fuel, lubricants, and water delivery and dust suppression. There is a robust availability of day-hire equipment in the San Juan province should Challenger wish or need to engage further equipment during the Toll Milling phase.

Mining equipment has been selected through a comparative analysis based on the following key criteria:

- Economic efficiency, including fuel consumption, maintenance cost, and expected operating life;
- OEM presence and support, ensuring access to spare parts, consumables, and technical expertise within Argentina and the broader South American region; and
- Future compatibility, with consideration given to the potential expansion of Hualilan from a toll-milling operation to a standalone processing facility supporting larger-scale mining.

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An important consideration in equipment selection was operational flexibility, particularly with respect to shift scheduling. The base case assumes single-shift, day-only operations. As such, equipment was selected to achieve the required production volumes on a single shift, with sufficient capacity margin to enable future night shift operations in the event of a required ramp-up in mining rate. This has resulted in a preference for slightly larger equipment than might otherwise be used under a continuous day/night operation, thereby embedding scalability into the initial fleet profile and reducing the need for additional fleet procurement if production increases are required.

This equipment and strategy selection framework ensures that Hualilan can be developed in a phased, risk-managed manner, with each capital and operational decision supporting both near-term cash flow generation and long-term growth potential.

5.2 Geotechnical

Geotechnical inputs for the study were generated by Challenger personnel and the contracted rock mechanic laboratory. The data sources provided were core logs, downhole televiewer scans, LiDAR scans, rock strength laboratory tests, and field mapping.

The database was reviewed and empirical, analytical, and numerical analyses of this data was applied to determine recommended pit wall slope angles, bench widths, and bench face angles. Where information was unavailable, industry accepted practices and assumptions to complete the study were used.

5.2.1 Geological Structures

A discontinuity analysis was performed on the downhole televiewer data, field mapping, and digital surveys provided by Challenger. The analysis investigates the dip and dip direction on mapped discontinuities within the boreholes and outcrops. Stereographic projections were evaluated using Rocscience Dips (2018) software. Discontinuities were selected visually, and no differentiation was made on the type of structure (e.g., viz. shear, foliation, vein) when selecting discontinuity windows unless otherwise specified.

In general, there is one dominant bedding plane discontinuity set that steeply dips to the northwest. A secondary orthogonal set moderately dips to the east-southeast. A steeply dipping northern discontinuity sets is present but widely spaced. The deposit has mine-wide scale structural features that need to be considered in the design of the life-of-mine and toll pits. The main structure at the site is the Hualilan Fault that strikes NNE, and current modelling shows a curvilinear dip (Cross faults – Snachez and Magnata).

Discontinuity sets were investigated based on region, lithology and sheared structures. The dip of the major structures appear to change over the mine area but the data does not support a differentiation in dip at present. From investigation of lithologies, the sedimentary units have comparable mean dip and dip directions; whereas the intrusive dacite (DAC) unit appears to have an additional flat joint set that is not well developed in the others. Sheared structures are contained within the major joint sets and have not been shown to have a unique trend. The major plane dip and dip direction windows are summarised in Table 5-1.

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Table 5-1: Mean Dip and Dip Direction for Discontinuity Sets

Set	Mean Dip	Mean Dip Direction	Number of Poles	Percent of Total
B1	68	282	1,825	28%
J1	47	116	1,168	18%
J2	66	3	6,78	10%
J3	16	227	1,32	2%

5.2.2 Material Properties

The geotechnical parameters are based on the laboratory strength data, geotechnical logging of select boreholes, structural model interpretations, and discontinuity sets from mapping and downhole televiewer data.

Intact Rock Strength

Laboratory testing was performed by SGS Laboratory in Santiago, Chile. Samples were selected based on rock type and location across the mine deposit. The overall purpose of the rock lab strength program was to obtain representative strength characteristics for the major rock units.

The following rock strength tests were performed that are pertinent to the geotechnical study:

- One-hundred seven (107) Physical Properties (Bulk Density);
- Nineteen (19) Uniaxial Compressive Strength Testing with thirteen (13) accompanying Elastic Moduli of Intact Rock Results;
- Fifty-three (53) Triaxial Compression Strength Test;
- Thirty-four (34) Indirect (Brazilian) Tensile Strength Test; and
- Thirty-one (31) Discontinuity Direct Shear Testing.

Additional testing should be performed to determine strengths of the lesser lithologies (siltstone [LUT], Brecia [BX], and fine-grained sandstone [ARN] units) and analysis should be performed to determine the impact of alteration on strength.

A summary of the median intact rock strength testing is presented in Table 5-2.

Table 5-2: Summary of Median Intact Rock Strength Properties

Rock Unit	Bulk Density (g/cm^3)	Unconfined Compressive Strength (MPa)	Young's Modulus (GPa)	Poisson's Ratio	Indirect Tensile Strength (MPa)	Triaxial Test Results[a]	
						Cohesion (MPa)	Friction Angle
CAL	2.69	72.62	59.95	0.23	8.15	16	50
(Qty)	(48)	(10)	(6)	(6)	(15)	(23)	
DAC	2.53	87.58	32.3	0.15	15.63	18	53
(Qty)	(45)	(9)	(7)	(7)	(15)	(21)	
ARN	2.67	N/A	N/A	N/A	15.85	16	49
(Qty)	(8)	(0)	(0)	(0)	(3)	(5)	
CAL Baked	2.70	N/A	N/A	N/A	6.09	17	48
(Qty)	(5)	(0)	(0)	(0)	(1)	(4)	

a) Triaxial test result material properties are based on curve fitting of Mohr-Circle failure plots.
CAL = limestone; DAC = dacite; ARN = fine-grained sandstone; g/cm^3 = grams per cubic centimetre; MPa = megapascals; GPa = gigapascals; Qty = quantity; N/A = not applicable.

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Direct Shear Discontinuity Tests

Thirty-one satisfactory Direct Shear tests were performed on discontinuities present in core. SGS Santiago Laboratory performed the testing per ASTM D5607-07 and ISRM Recommendations. An additional nine tests were performed but were not suitable for analysis as the samples had degraded under tests loads such that they were no longer representative samples.

Table 5-3 summarises the frictions angles of the materials based on rock type. Further, sample intervals were matched against DTV surveys and where possible, the test sample was assigned a DIP and DIP DIRECTION and compared to the major discontinuity sets discussed above (Table 5-1). Direct shear test sample summarised by discontinuity sets are provided in Table 5-4.

It should be noted that the cohesion values provided are extrapolated values based on the intercept value of the best fit line of the shear vs. normal stress plots.

Table 5-3: Summary of Median Discontinuity Shear Strength Properties by Rock Type

Rock Unit	Number of Tests	Friction Angle	Extrapolated Cohesion (kPa)
All tests	31	39.9	203
CAL	22	38.6	136.5
DAC	9	42.9	163.6

CAL = limestone; DAC = dacite; kPa = kilopascals.

Table 5-4: Summary of Median Discontinuity Shear Strength Properties by Discontinuity Set

Discontinuity Set	Number of Tests	Friction Angle	Extrapolated Cohesion (kPa)
1	17	43.2	134.2
2	3	37.9	70.1
3	1	27.3	534.4
4	1	37.3	717.4
Unclassified	9	36	163.6

kPa = kilopascals.

5.2.3 Rock Mass Characterisation

Challenger performed geotechnical logging on select boreholes to provide an indication of the general rock mass characteristics for the deposit. In total six boreholes were logged for rock mass characteristics. The boreholes with geotechnical logs are:

- GNDD810;
- GNDD811;
- GNDD812;
- GNDD813;
- GNDD814; and
- GNDD815.

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In terms of the toll-mining pits - GNDD811 is near the Sanchez pit and GNDD815 pierces the Sentazon pit shell. Given the level of detailed drilling at this stage of the program within the pits, general rock mass properties are assigned to individual lithologies across the site.

Rock mass at Hualilan was assessed based on the following characteristics and properties: Lithology, Rock Quality Designation (RQD), Index Strength, qualitative shear strength determinations, NGI Q' index, and RMR90 rock mass characterisation. The Rock Mass Rating (RMR) rating system was used as the primary classification system in the stability analysis.

Outside of the BX unit the lithologies at site tend to be of similar rock mass classification with the mean and median within the FAIR classification for RMR. Further, the ARN, BX, and LUT units have low data populations and reported values cannot be considered representative without additional geotechnical logging.

However, it does appear that the majority of the poor rock is within the primarily BX rock unit, and secondarily the LUT. It was noted that the BX unit has a high degree of breakage in core and is likely due to the clastic nature of the material. Outside of specific lithologies, it was found that the poor rock masses occur within the major and secondary structural features with the rock mass sheared and gouged over discrete intervals.

Table 5-5: Rock Mass Summary after Bieniawski (1990)

	Lithology					
	All	CAL	DAC	ARN	BX	LUT
# of Obs	1,068	511	344	45	24	22
Minimum	23	28	32	41	23	41
25th Percentile	55	41	5	60	35	47
Average	62	58	63	64	50	60
50th Percentile	64	59	64	64	50	65
75 Percentile	69	64	10	69	67	69
Maximum	89	84	86	81	73	74
C.O.V	17%	18%	16%	13%	32%	19%

CAL = limestone; DAC = dacite; ARN = fine-grained sandstone; BX = Brecia; LUT = siltstone; Obs = logged core run; C.O.V = Coefficient of Variance

5.2.4 Pit Failure Mechanisms and Stability Modelling

The Open Pit Design provides design parameters for the open pit mine designers with regards to bench width, bench face angle, and inter ramp angles. A limitation is that the open pit design is based on limited geotechnical information within the proposed pit walls but has been assumed to be an extension of known geotechnical information gathered for the overall pit study

The design criteria for acceptable stability were based on Read and Stacey (2007) guidelines with the consequences of failure determined to be of medium risk for the proposed pit.

Static Design Considerations

The design criteria selected was a Factor of Safety of 1.3 for the static case for the overall pit slope angle.

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Seismic Design Considerations

The Hualilan region is considered to be in a high risk seismic area based on its proximity to the regional El Tigre Fault. A Factor of Safety of 1.05 for the overall pit design for a seismic event with a 0.40g Peak Ground Acceleration (PGA) is the design requirement based on published seismic data. A pseudo-static seismic design was performed for the open pit design. The pseudo-static analysis provides a constant horizontal force to the pit walls that approximates the lateral earthquake load. The horizontal acceleration component was assumed to be half the maximum PGA.

Limit Equilibrium Analysis

Limit Equilibrium Analyses provided overall pit slope analysis based primarily on the cross-sections of the pits provided by Challenger. In total, 16 sections were performed, four on each proposed pit to determine the factor of safety against large scale rotational instability.

The limit equilibrium analysis was performed using Rocscience Slide2 (Version 9.038) software. Sections were cut through the major and minor axis of all pits and analysed for global static and seismic stability.

Modified Hoek-Brown Failure criteria were used where sufficient data existed; where the lab testing methods did not allow for Hoek-Brown failure values (notably intact rock strength testing), the Mohr-Coulomb values were used. Intact values were based on median values obtained from rock strength testing and average rock mass ratings values for the units. The Bieniawski RMR (1990) ratings were transformed to Geological Strength Index (GSI) ratings per Zhang (2019).

Kinematic Analysis

A kinematic design analysis was performed to determine the bench face configurations and to determine potential kinematic issues that would affect global pit stability. Bench designs were performed with SBLOCK to determine the recommended bench face angles and widths for the determined discontinuity sets. Block Planar failures are considered to be problematic in the eastern walls; wedge failures in south walls.

A design criteria for satisfactory bench width design criteria was one that contains 80% of failed volume.

5.2.5 Pit Slope Parameters

Based on the structural data sets, it was determined that the optimum bench heights and widths for the highwall (pit walls dipping to the west):

- 10 m High Bench / 8 m Wide;
- 15 m High Bench / 9 m Wide; and
- 20 m High Bench / 10 m Wide.

These recommendations assume a bench face angle of 90 degrees and account for modelled back break of bench face angles generally in line with the open pit design.

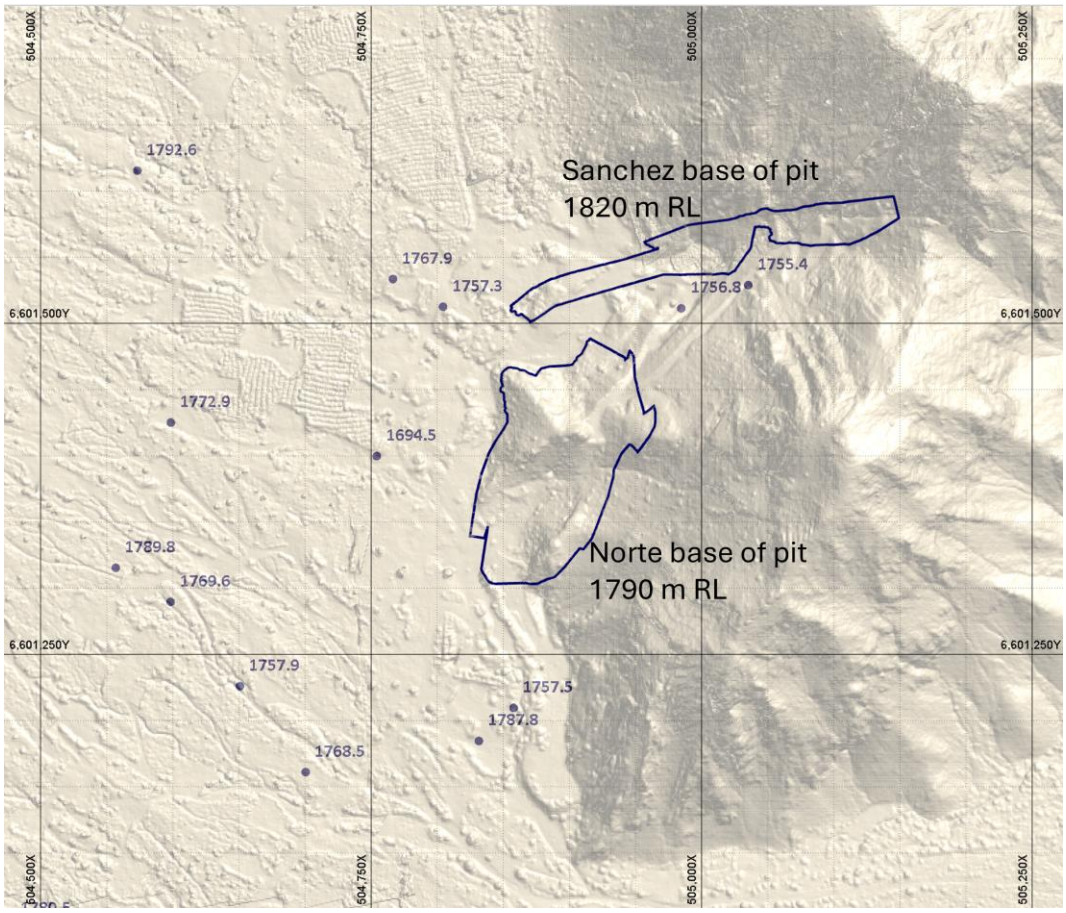
The problematic sectors are between 300 and 090 - or generally the Northeast to West dipping Sectors. Kinematic analysis finds that these sectors have a high propensity of wedge failures. Ground support consisting of meshing or tendon support may be required in areas where high pit walls are encountered due to topographic

relief - specifically the Sanchez pit. Constructability of the highwall in pits with steep topographic relief will be challenging and will require rock scaling of natural slopes and the creation of access ramps.

5.2.6 Pit Groundwater and Dewatering

The three pits contemplated in this PFS mine plan are Sanchez, Norte, and Magnata. The level of the base of these pits is 1,820 metres above sea level (masl), 1,790 masl, and 1,745 masl, respectively. Groundwater observations from nearby boreholes range are shown in Figure 5-1 and Figure 5-2. It is expected that open pit mining operations will remain above the estimated water table, which will avoid the requirement to dewater the pits.

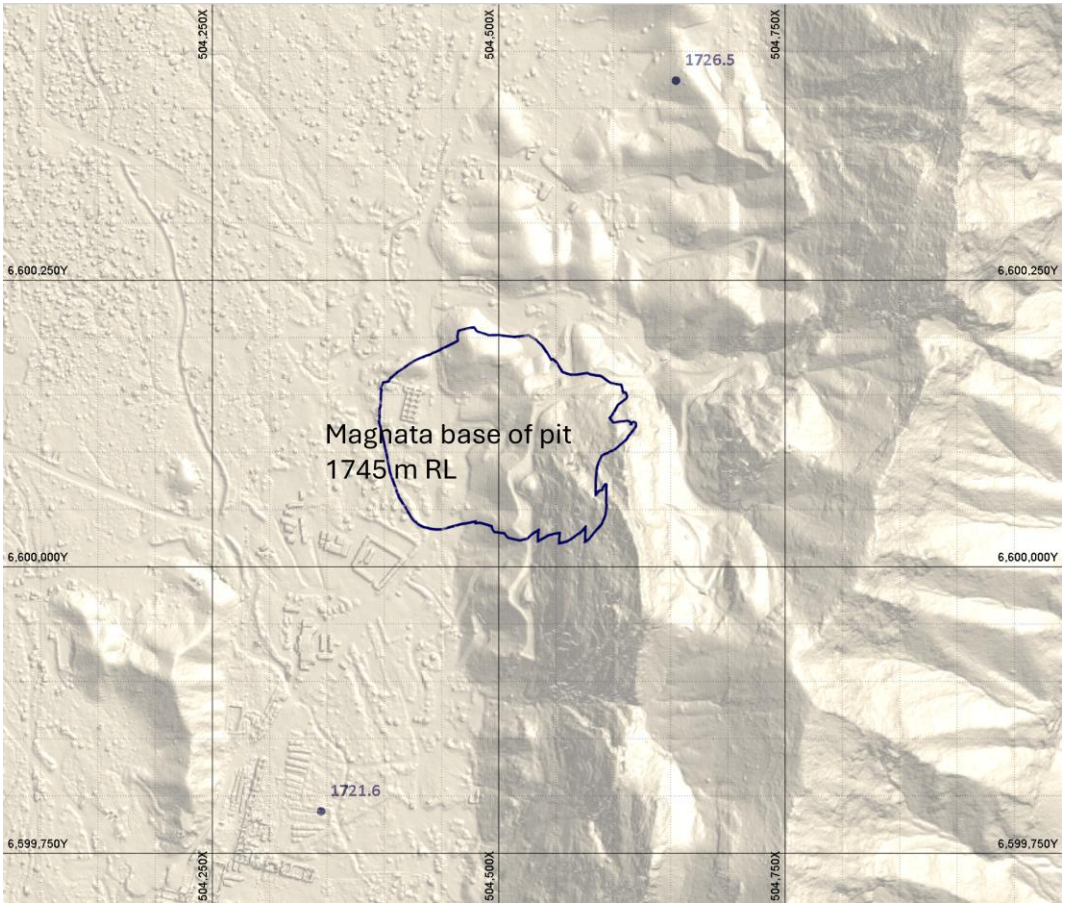
Figure 5-1: Base Elevations of Sanchez and North Pits with nearby Bore Hole Groundwater Observation Depths



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Figure 5-2: Base Elevations of Magnata Pit with nearby Bore Hole Groundwater Observation Depths



5.3 Mine Schedule Design Basis

The mine schedule described herein is designed to satisfy the ore delivery requirements contemplated in the Company's Toll Treatment Agreement with Austral Gold Ltd. whereby the Company will delivery 150,000 wmt per year of gold and silver ore to Austral Gold's Casposo process plant over a term of three years. This results in a total ore tonnage target of 450,000 wmt over the LOM.

The production schedule contemplates mining the pit designs detailed in the sections above with conventional open pit mining equipment sized appropriately for the mining rate, the size of the open pits and the required mining selectivity. Each of the open pit designs is scheduled to be mined in a single phase and the sequence between the various pits was determined by evaluating the relative average ore grades, strip ratios and effort required to establish access to the upper reaches of the design. The result of that analysis was to mine Norte and Sanchez first which are relatively high-grade and waste rock mined from Norte and Sanchez will be used to construct the rock fill ramps required to access the top of the Magnata pit.

Ore mined from the open pits will be placed into one of four ore stockpiles depending on the gold and silver grade of the material. The stockpile bins include very high-grade (>10 gpt AuEq), high-grade (6.0 < AuEq <10 gpt), medium grade (3.0 < AuEq <6.0 gpt), and low-grade (1.9 < AuEq <3.0 gpt). Once placed in stockpile,

the ore will be loaded into highway trucks and hauled to the Casposo process plant. The ore hauled to Casposo is planned to be blended to achieve a consistent feed grade to the mill; however, the grade in the early phase of the mine plan is targeted to be higher to maximise the discounted cash flow of the Project.

In addition to the four ore stockpiles, there are two mineralised waste stockpiles for material which falls below the current cut-off grade. These stockpiles, Mineralised Waste A and Mineralised Waste B, have cut-off grades of 1.0 gpt and 0.30 gpt AuEq, respectively. This material is being stockpiled separately from other barren waste materials because it's economic viability will be re-evaluated in any future mine production scenarios are Hualilan or different future market conditions.

Mine production activities are planned to be a day shift only, 7-day-per-week operation, with equipment fleets and staffing sufficient to achieve the mine plan objectives on that schedule basis; however, this gives the Company the opportunity to mobilise a night shift crew to double production rates with the same fleet if the need arises.

5.4 Pit Design

The ultimate pit designs are presented in Section 4.5.

5.4.1 Pit Phase Designs

All three pits included in the ore reserve are planned to be mined as single phases from the top down and no internal phasing has been designed.

5.4.2 Sentazon Pit Design

The Sentazon pit was optimised as part of the pit optimisation process and a pit design was developed; although the Sentazon pit was excluded from the reserve mine plan because the other pits provided higher-grade, lower strip ratio and easier to access ore material to satisfy the Toll Treatment Agreement targets.

The Sentazon pit is illustrated in Figure 5-3 and Figure 5-4. The inventory of the Sentazon pit is summarised in Table 5-6. Note that this inventory in not included in the Ore reserve.

Table 5-6: Sentazon Pit Inventory at 1.9 gpt of Gold Cut-off

Classification	Tonnes (000 dmt)	Au (gpt)	Ag (gpt)	Au (000 oz)	Ag (000 oz)
Indicated	55.2	5.54	28.2	9.83	50.0
Inferred	5.8	2.77	31.2	0.52	5.83
Waste	524.6	-	-	-	-
Strip Ratio	8.6	-	-	-	-
Total Material	**585.6**	**-**	**-**	**-**	**-**

000 = thousand; dmt = dry metric tonnes, gpt = grams per tonne; oz = ounce.

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Figure 5-3: Sentazon Pit Design

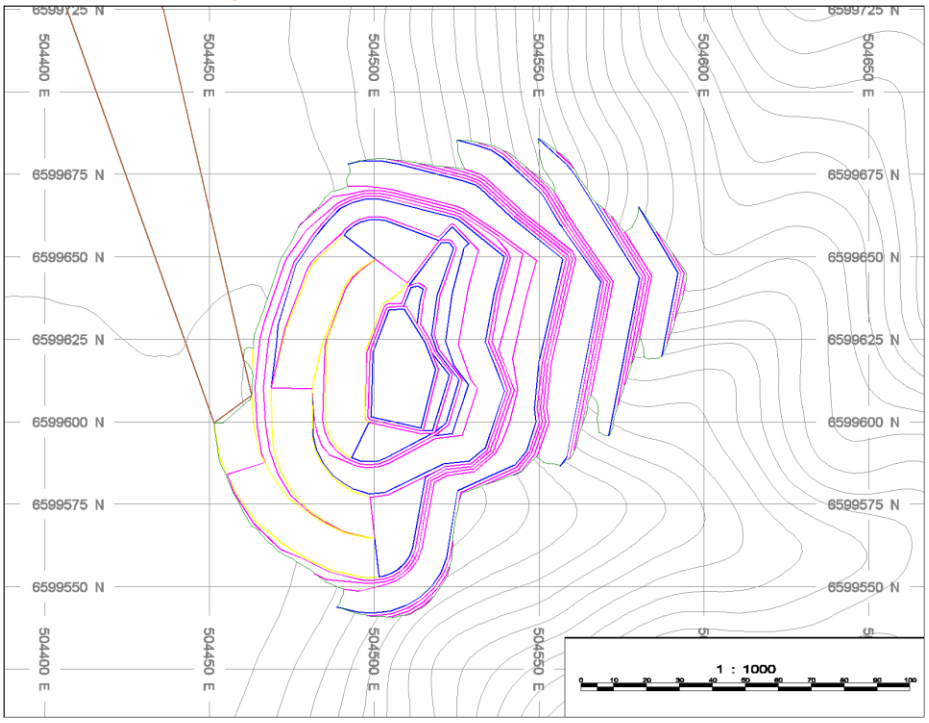
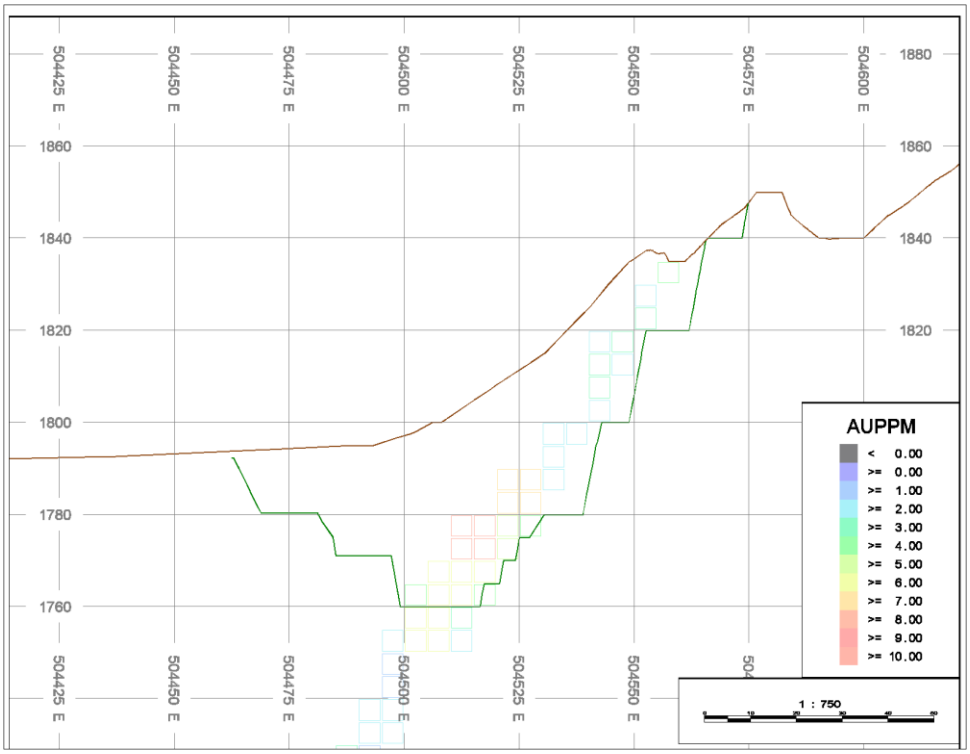


Figure 5-4: Sentazon Pit Cross Section



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5.5 Waste Rock Storage Facilities

Waste rock storage facilities (WRSF) have been designed for the placement of material below the mineralised waste cut-off grade of 0.3 gpt AuEq. There are two primary facilities that have been designed with sufficient capacity to store the waste rock material from the mine plan proposed herein and both facilities take the form of fill ramps which, when completed, create haulage access to the upper reaches of the Hualilan ridgeline. The Company anticipates evaluating additional mining scenarios in the future which will require mining down the Hualilan ridgelines and by using waste rock from the Toll Treatment mine plan to establish ridgeline access will be a significant capital cost savings for potential future operations with only a marginal cost increase for the Toll Treatment operation.

The WRSFs will be constructed in 10 m lifts and use waste rock to construct the ramps up to each new lift elevation. The face slope of each lift is expected to be 37 degrees while the overall slope of the facility will be adjusted by leaving catch berms at each lift elevation to achieve the slope determined by the geotechnical analysis. The Northeast Ramp and Southern Ramp WRSFs are illustrated in Figure 5-5 and Figure 5-6.

Figure 5-5: Northeast Ramp Waste Rock Storage Facility

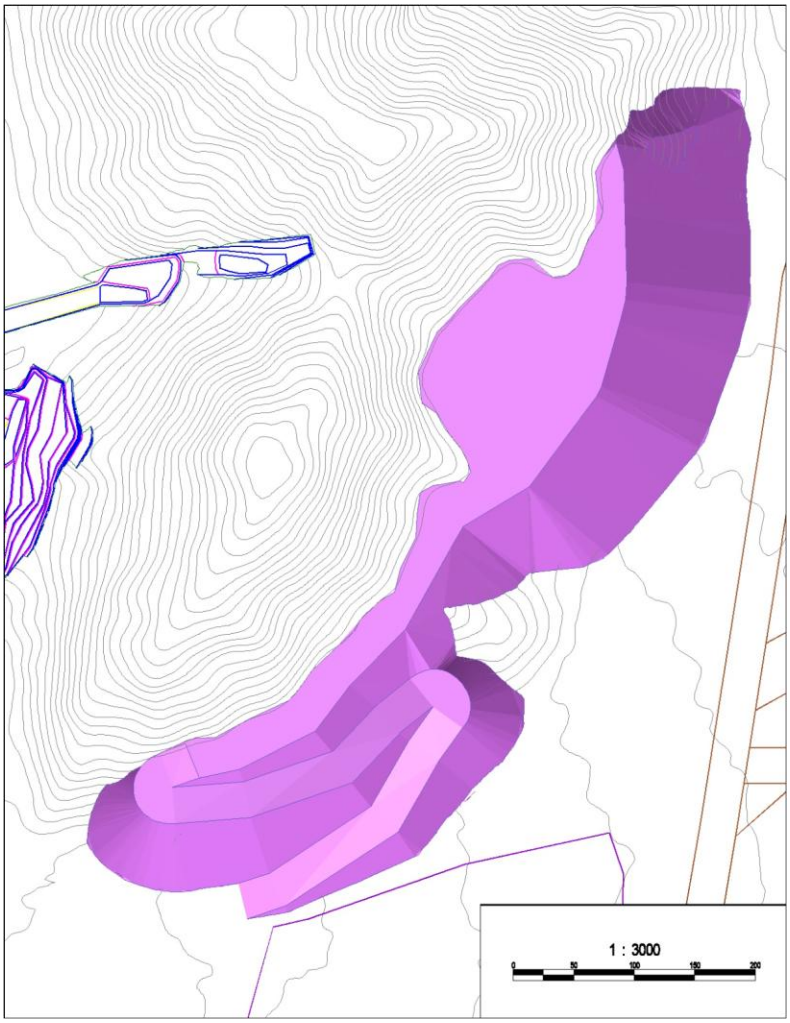
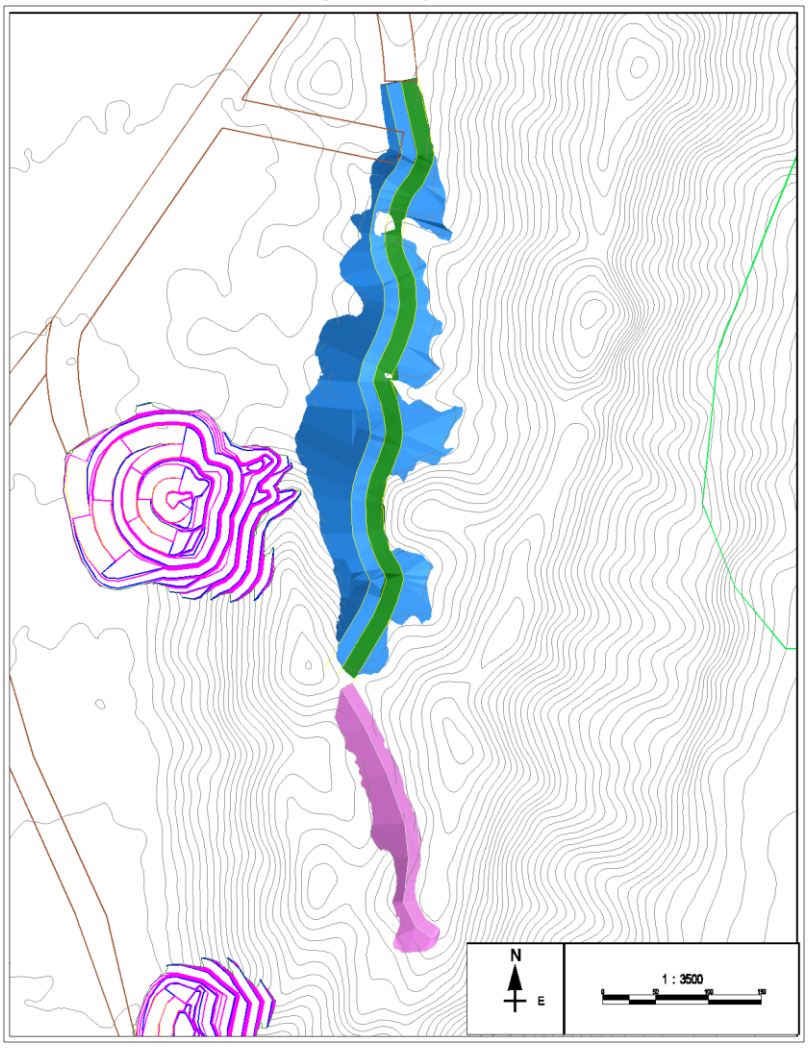


Figure 5-6: South Ramp Waste Rock Storage Facility



5.6 Stockpile Facilities

Separate stockpile facilities will be employed to execute the mine plan described herein. The ROM stockpile facility will have stockpiles based on gold equivalent grades in the ore: very high-grade is over 10 gpt, highgrade is greater than 6 gpt, medium-grade is greater than 3 gpt and low-grade is greater than the reserve cut-off grade of 1.9 gpt AuEq. The ROM stockpiles will act as ore transfer pads for material being hauled to the Casposo process plant. The material being shipped to the Casposo process plant will be a blend of these grade bins so as to maintain a consistent plant feed grade to optimise metallurgical recovery in a steady state operation.

A second stockpile facility will be constructed to enable the segregation of two categories of mineralised waste. Mineralised Waste A is defined as material with a gold equivalent grade between 1.0 gpt AuEq and 1.9 gpt AuEq, while Mineralised Waste B includes material grading between 0.30 gpt AuEq and 1.0 gpt AuEq.

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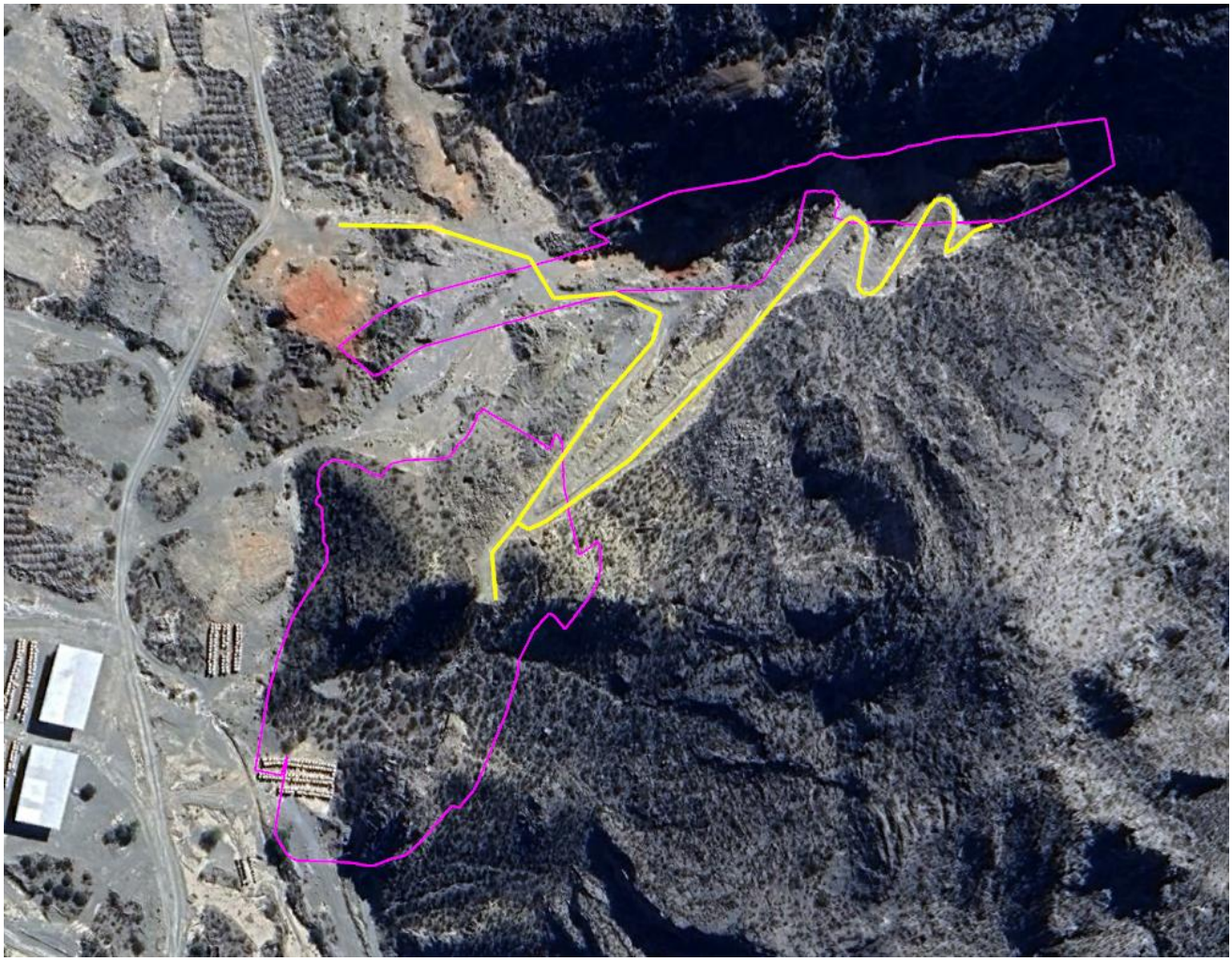
This material falls below the current reserve cut-off grade of 1.9 gpt AuEq but is being separated from barren waste due to its potential future economic value. - The Company intends to preserve this material for exploitation in a larger stand-alone operation at Hualilan.

5.7 Pre-production Activities

Pre-production site development is described in Section 7 below. Mining production specific pre-production activities include establishing haul roads between the mining areas, waste storage areas, ore stockpiles and the site access road. They also include the mobilisation and set up fuel storage, equipment washing and maintenance facilities, site offices, a mine changehouse, and the four ore stockpile areas.

The first production mining areas will be the Sanchez and Norte pits. Existing light vehicle and drill trails will require limited upgrading prior to production mining taking place and they are illustrated in Figure 5-7.

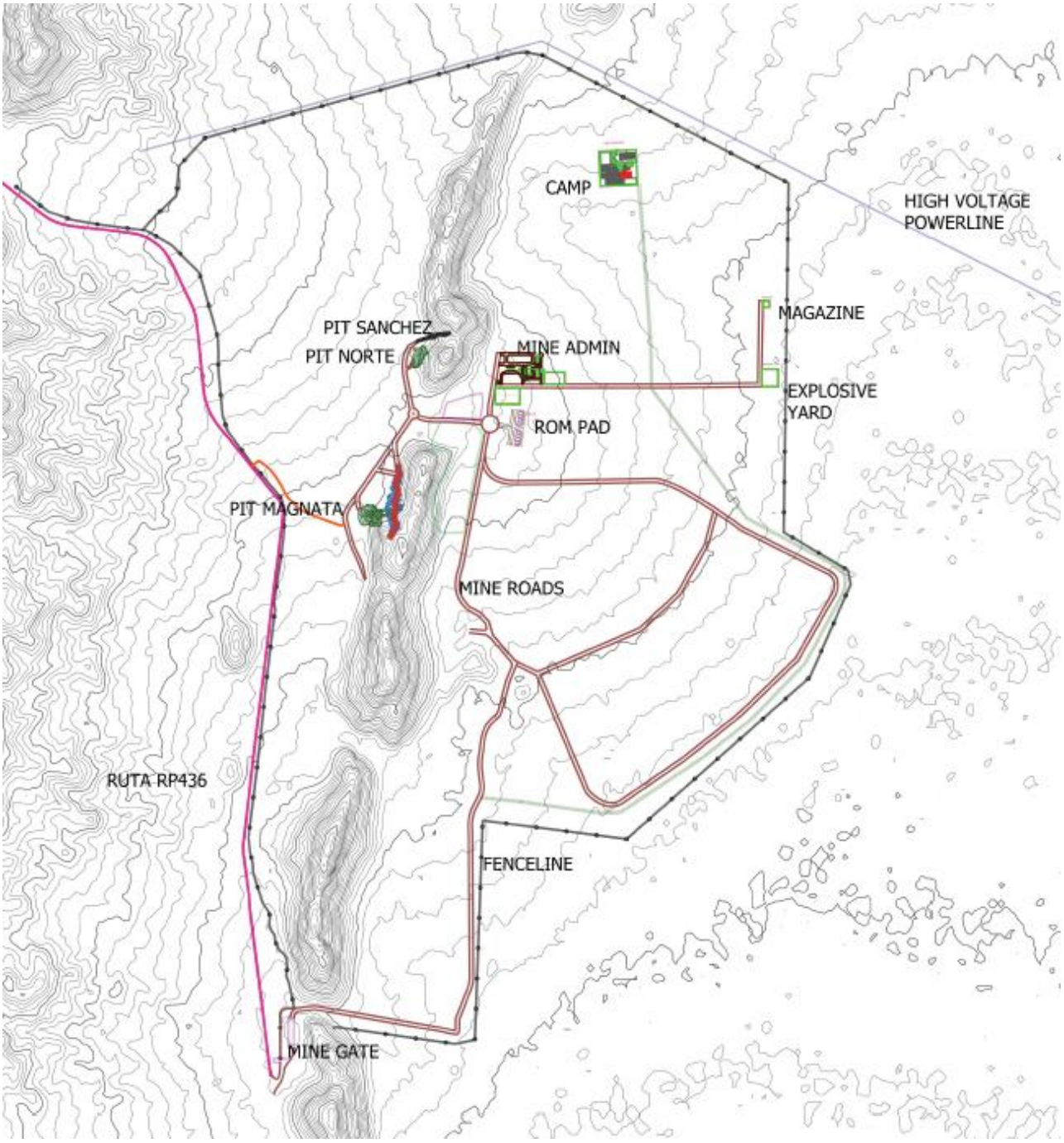
Figure 5-7: Existing Access Route for Norte and Sanchez



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There are 26 km of site roads, some of which will be constructed before the commencement of mining operations as well as other facilities critical for supporting the operation such as fuel storage, explosive magazine, truck wash and maintenance area, the ROM stockpile pads, camp and site offices, and a mine change house. These facilities are presented on Figure 5-8.

Figure 5-8: Pre-production Site Road Layout



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5.8 Mine Schedule

The mine production schedule was designed to satisfy the requirements of the Toll Treatment Agreement. Ore will be sourced from three open pits (i.e., Sanchez, Norte, and Magnata) and placed on run-of-mine (ROM) stockpile pads prior to loading onto highway haulage trucks for transport to the toll processing facility.

The typical ore delivery rate to the Casposo process plant is 15,000 tonnes per month. However, during the initial ore delivery period, haulage will ramp up to 20,000 tonnes per month to establish a robust buffer stockpile at the toll facility and mitigate the risk of mill downtime due to ore shortages.

The Casposo process plant is expected to process Hualilan ore in three-month campaigns, each totalling 75,000 tonnes. Between campaigns, ore stockpiling at the treatment site will continue to ensure uninterrupted mill operations during processing windows.

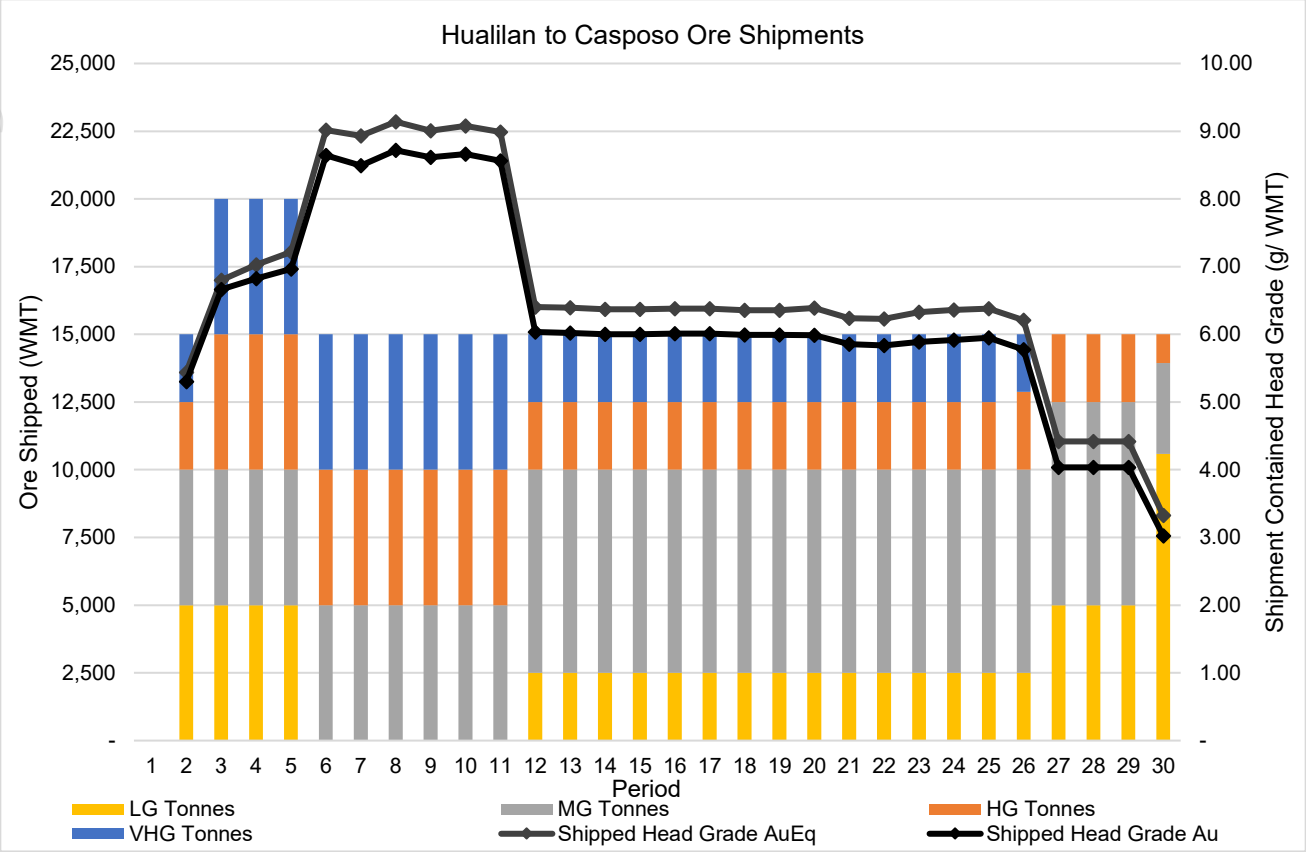
At the Hualilan site, ROM ore will be stockpiled on the transfer pad in four grade bins: very high grade, high grade, medium grade, and low grade. An additional stockpile of mineralised waste will be maintained adjacent to the ROM pad. This mineralised waste may be re-evaluated for processing under alternate economic or metallurgical scenarios.

The ROM stockpiles will be reclaimed in controlled ratios designed to deliver a consistent blended grade to the Casposo process plant. Higher-grade ore will be prioritised early in the haulage and processing schedule to support strong initial cash flows.

Details on the tonnes and grade profile of ore deliveries to the Casposo process plant are provided in Figure 5-9.

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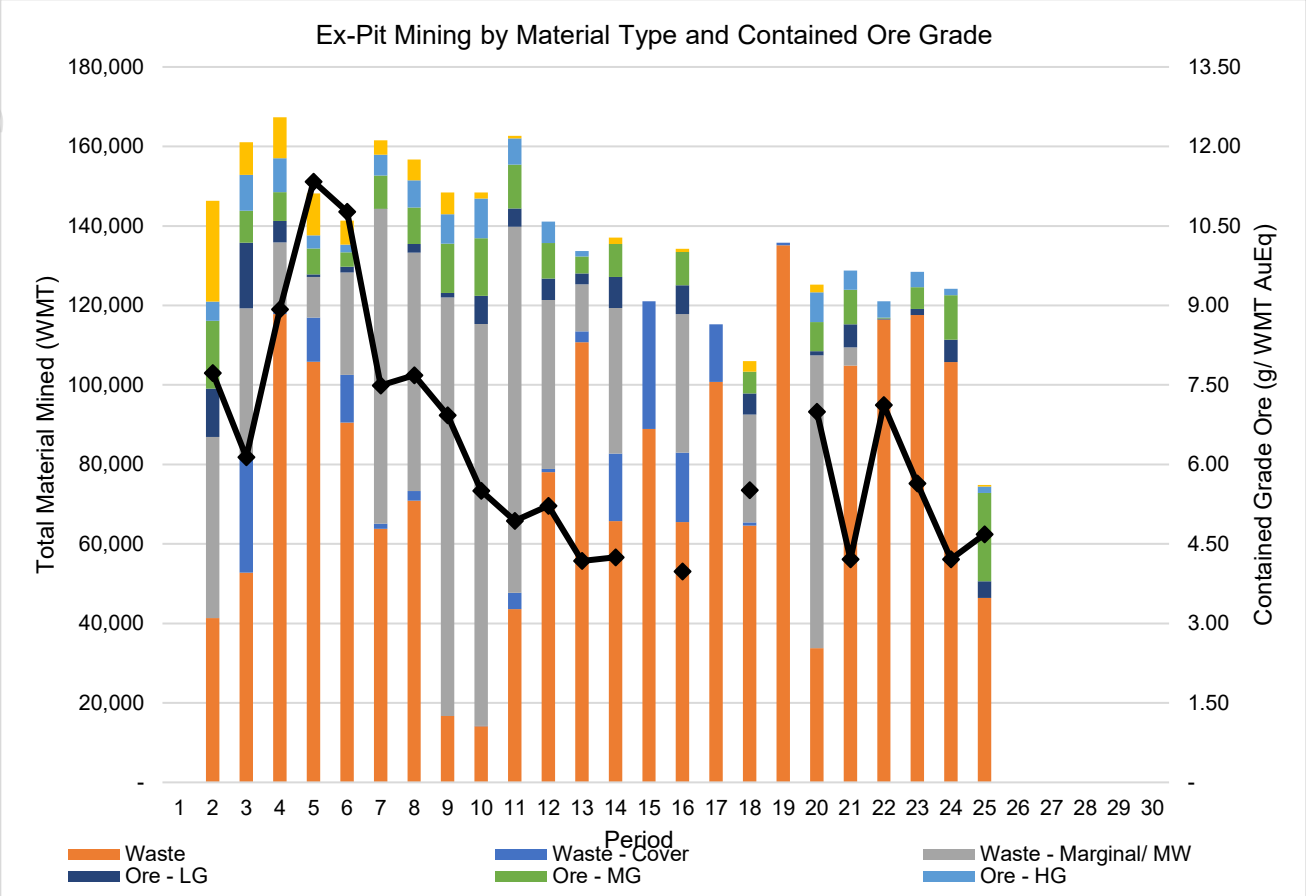
Figure 5-9: Toll Treatment Ore Feed Detail



Mining activity starts in the Norte and Sanchez pits because access for mining operations can be easily established and there are high feed grades available. Waste material from those pits will be hauled to the southern ramp WRSF which will be used to establish access to the upper levels of the Magnata pit. The Magnata pit is the largest pit by volume, and it makes up the bulk of material mined after the first nine months of the mine plan. The type of material mined from each pit is detailed in Figure 5-10. Material mined is categorised as either ore (material above the cut-off grade), cover (unconsolidated material below cut-off), or waste (bedrock below cut-off).

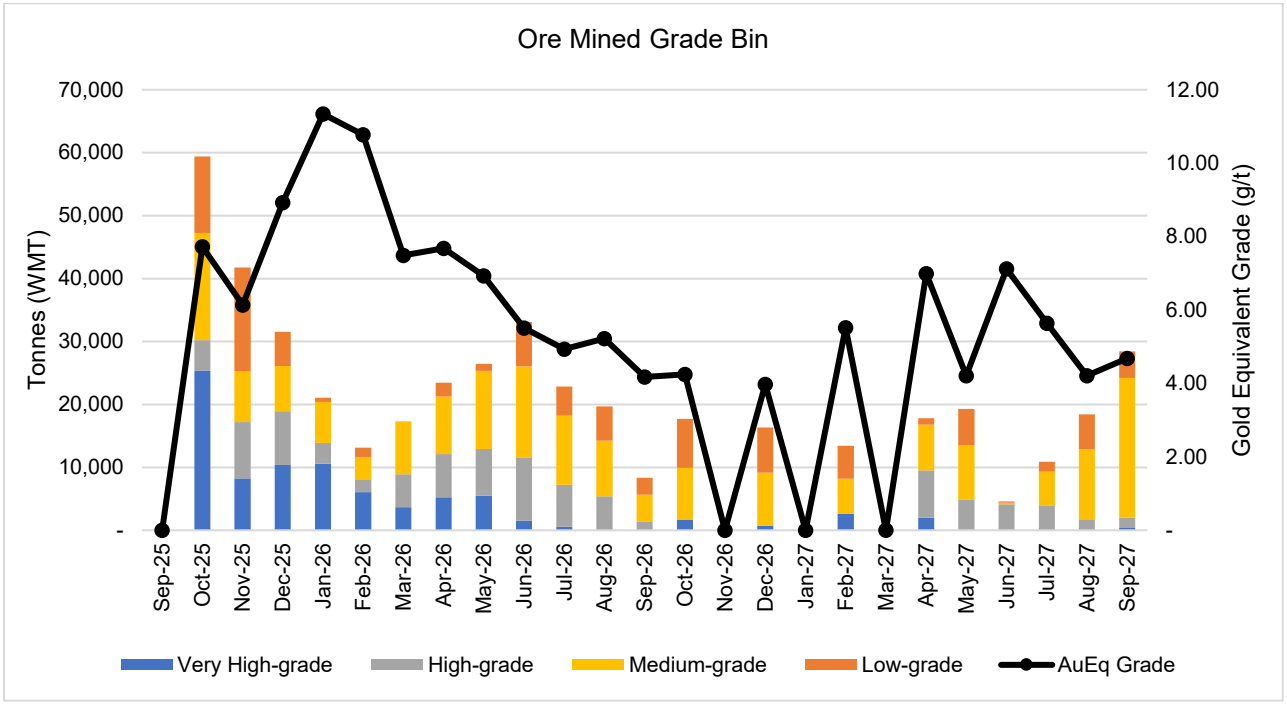
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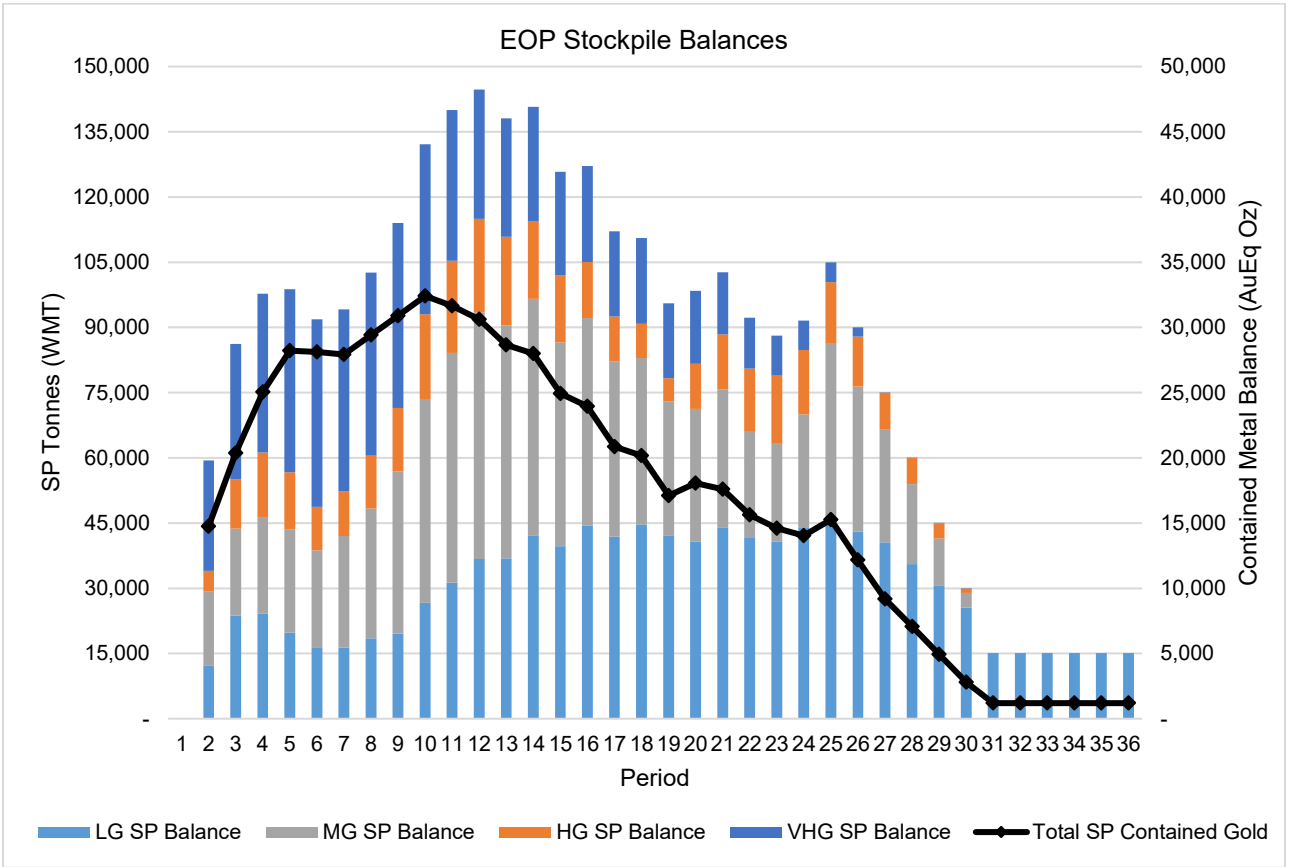
Figure 5-10: Ex-pit Material Mined by Pit and Type



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Figure 5-11: Material Mined to Stockpile Summary





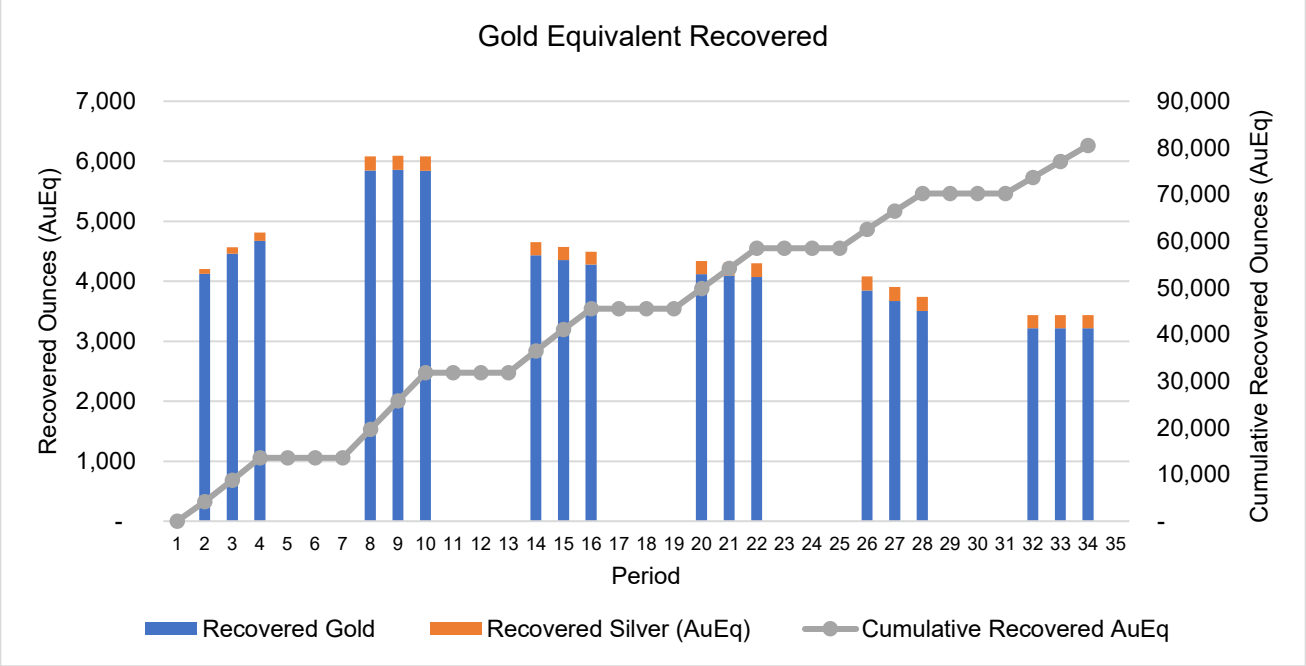
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Although there is the opportunity to ship all the very high-grade material in the first months of the mine plan, this mine plan utilises the following strategy: Ore from the ROM stockpiles is blended to maintain a consistent head grade over the three-year mine life with a few periods of higher relative grade early on. This will help the Casposo process plant during the ramp-up and commissioning and mitigate recovery risk associated with a volatile grade profile.

While ore mining at Hualilan and hauling to the Casposo process plant is planned continually over the LOM, the processing of the ore will take place in batches over three-month periods. The ore hauled to the Casposo process plant will be stockpiled on site until processed.

Figure 5-12: Hualilan Ore Processing Schedule at Casposo



5.8.1 Alternate Mining Schedules Evaluated

Several mine production schedules were evaluated using Micromine's Alastri Tactical Scheduling tool to assess potential impacts in mining rate and equipment utilisation. Scenarios considered operation on both dayshift and nightshift and evaluated the use of slightly smaller-scale equipment than what is contemplated in this PFS.

- **Scenario 1:** Utilises a PC500 (or equivalent) excavator and three HM400 (or equivalent) trucks operating on dayshift only. This scenario formed the basis of the mine schedule detailed in this PFS.
- **Scenario 2:** Employed a smaller PC360 excavator (or equivalent) and two HM400 (or equivalent) trucks, with operations extending across both dayshift and night shift. Truck utilisation resulted in approximately 1.5 trucks, leaving excess equipment capacity unused and extending the mining schedule to three years.
- **Scenario 3**: Mirrors Scenario 2 in configuration but fully utilises available equipment across DS and NS. This improved efficiency enabled completion of mining activities one year earlier than Scenario 2.

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All mine schedule scenarios achieved sufficient ore feed to satisfy the terms of the Toll Milling Agreement, however, Scenario 1, was ultimately progressed as the basis of this PFS as a result of optimal equipment utilisation, desired accelerated mining rates and the selection of larger mining equipment that could be utilised in potential future mining operations at Hualilan.

5.9 Mine Equipment

The mining fleet contemplated consists of a conventional open pit, truck and shovel style operation with equipment sized appropriately for the mining rate required. The loading fleet is also sized to achieve the desired mining selectivity along ore/waste contacts in the mine plan.

Table 5-7: Primary Production Equipment

Equipment	Number of Units
Blasthole Drill 4.5″	1
Excavator 50T – Komatsu PC500LC or equivalent	1
Wheel Loader 60T – Komatsu WA600 or equivalent	1
Articulated Truck 40T – Komatsu HM400 or equivalent	3
Tracked Dozer 13.7 m – Komatsu D275AX or equivalent	1
Motor Grader 4.3 m – Komatsu GD655 or equivalent	1

5.10 Production Drilling and Blasting

The Company has engaged a globally recognised drill and blast services provider, Orica, for a Rock-on-Ground drilling and blasting services whereby the contractor will supply the drill(s), bulk explosives, explosive accessories, explosives storage, blast initiation, and all related maintenance and safety programs, required for the execution of the mine plan described herein.

Drill patterns will be designed for either 5 m or 10 m benches depending on the grade control requirements. The base case drill pattern will be 3.1 m x 3.6 m and 3.9 m x 4.5 m for 5 m and 10 m benches, respectively, with 1.0 additional meters of subdrill. Hole diameters will be 115 millimetres (mm) and 130 mm for 5 m and 10 m benches respectively. This design results in a requirement for approximately 6,400 blast holes per year or about 38,000 m of production drilling.

The primary bulk explosive will be ammonium nitrate fuel oil (ANFO) with a density of 0.82 grams per cubic centimetre (g/cm^3) with a target powder factor of 0.19 kgpt. Each mobile manufacturing unit (MMU) can deliver approximately 12 tonnes of ANFO, loading 400 blast holes with blasting required approximately every 2 to 3 weeks.

Table 5-8: Drill and Blast Productivity

Drill and Blast	Unit	Value
Blasted	BCM	29,263
Drilling Requirements	BCM/m	9.30
Drilling (+5% RD)	m/mo	3,304
Penetration Rate	m/SMU h	25
Drill Demand	SMU h/mo	132
Powder Factor	kg/BCM	0.48
Required ANFO	Avg kg/mo	25,000
FO Component	Avg L/mo	1,700

BCM = bulk cubic meters; m/mo = meters per month; SMU = selective mining unit; h = hour; Avg = average; kg = kilogram; L = litre; FO = fuel oil; ANFO = ammonium nitrate fuel oil.

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5.11 Loading Equipment

The loading fleet will consist of one 50-t class hydraulic excavator and one 60-t class front-end loader. The 50-t hydraulic excavator was selected because it is appropriately sized to load the 40-t articulated haul trucks and the 1.44 m wide bucket allows for selective mining along ore-waste contacts. In addition, the hydraulic excavator has the ability to excavate the trench style pit benches in the Sanchez pit design. The 60-t front-end loader was selected to compliment the 50-t excavator with its high productivity and lower production costs while also having the mobility to move around the project site daily to carry out several ancillary functions in addition to stockpile rehandling to load the highway trucks at the ore stockpile.

The equipment mining rate per production hour has been modelled based on the cycle time of the equipment and bucket size and adjusted with appropriate bucket fill factors to reflect a realistic mining rate. The mining rate was used to determine the required equipment production hours per month which were then adjusted with the utilisation assumptions detailed in Table 5-9 to confirm the required fleet size in each period of the mine plan.

Table 5-9: Excavator Utilisation

Excavator 50-T	Units	Value
Quantity	#	1
Availability	%	90.0%
Available Hours	av.h/mo	334.8
Standby: Shift Change + Pre-Start	av.h/mo	7.8
Standby: Refueling/ Daily Service	av.h/mo	7.8
Standby: Meal Break/ Crib	av.h/mo	31.0
Standby: Blasting	av.h/mo	1.3
Standby: EOS Clean	av.h/mo	2.6
Standby: Not Required/ Hot Seating	av.h/mo	-
Standby Hours	av.h/mo	50.4
Utilisation of Availability	%	84.9%
Operating Time (SMU Hours)	op.h/mo	284.4
Utilisation	%	76.4%
Delay: Major Relocation	op.h/mo	4.4
Delay: Move for Blast	op.h/mo	1.3
Delay: Hot Seat Changeover	op.h	-
Delay: Toilet Break	op.h	5.2
Delay Hours	op.h	10.9
Efficiency	%	96.2%
Working Time	wo.h	273
Non Productive: SP Rehandle	wo.h	-
Non Productive: Projects	wo.h	-
Non Productive: Pulling Batters	wo.h	31
Non Productive: Propel/ Face Prep	wo.h	24
Productive Time	pr.h	218
Modelled Hang Time		35
Truck Presentation Factor	%	83.9%
Fuel Consumption	l/ op.h	35.8

SMU = service meter unit; % = percent; av.h/mo = available hours per month; op.h/mo = operating hours per month; op.h = operating hours; wo.h = working hours; pr.h = production hours; l/ op.h = litres per operating hour; hc = head count; - = not applicable.

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Table 5-10: Excavator Average Production Hours Required

Parameter	Units	Value
Tonnes Produced	wmt	102,000
Production Rate	wmt/pr.hr	572
Excavator Hours Required	pr.hr	177

wmt = wet metric tonnes; pr.hr = production hours.

Table 5-11: 60-t Front-end Loader Average Production Hours Required

Parameter	Units	Value
Tonnes Produced	wmt	35,000
Production Rate	wmt/pr.hr	879
Excavator Hours Required	pr.hr	40

wmt = wet metric tonnes; pr.hr = production hours.

Table 5-12: 60-t Front-End Loader Utilisation

60-t Front-End Loader	Units	Value
Quantity	#	1
Availability	%	89.0%
Available Hours	av.h/mo	331.1
Standby: Shift Change + Pre-Start	av.h/mo	7.8
Standby: Refueling/ Daily Service	av.h/mo	7.8
Standby: Meal Break/ Crib	av.h/mo	31.0
Standby: Blasting	av.h/mo	1.3
Standby: EOS Clean	av.h/mo	2.6
Standby: Not Required/ Hot Seating	av.h/mo	31.0
Standby Hours	av.h/mo	81.4
Utilisation of Availability	%	75.4%
Operating Time (SMU Hours)	op.h/mo	249.7
Utilisation	%	67.1%
Delay: Major Relocation	op.h/mo	31.0
Delay: Move for Blast	op.h/mo	0.7
Delay: Hot Seat Changeover	op.h/mo	-
Delay: Toilet Break	op.h/mo	5.2
Delay Hours	op.h/mo	36.8
Efficiency	%	85.2%
Working Time	wo.h/mo	213
Non Productive: SP Rehandle	wo.h/mo	93.0
Non Productive: Projects	wo.h/mo	46.5
Non Productive: Pulling Batters	wo.h/mo	-
Non Productive: Propel/ Face Prep	wo.h/mo	4
Productive Time	pr.h/mo	70
Fuel Consumption	l/ op.h	61.8

SMU = service meter unit; % = percent; av.h/mo = available hours per month; op.h/mo = operating hours per month; op.h = operating hours; wo.h = working hours; pr.h = production hours; l/ op.h = litres per operating hour; hc = head count; - = not applicable.

5.12 Hauling Equipment

The 40-t class articulated haul trucks were selected for the mine plan based on their productivity and their agility in relatively tight working areas requiring tight turning ability and ability to climb potentially steeper gradients than rigid frame haul trucks.

Haul truck productivity was modelled with the designed haul road and pit ramp network using Micromine's Alastri™ mine scheduling software where each dig block has an estimated cycle time from its location to each available destination.

Table 5-13: 40-t Articulated Haul Truck Utilisation

HM400-3M0	Units	Value
Quantity	#	3
Availability	%	89.0%
Available Hours	av.h/mo	993.2
Standby: Shift Change + Pre-Start	av.h/mo	7.8
Standby: Refueling/ Daily Service	av.h/mo	7.8
Standby: Meal Break/ Crib	av.h/mo	10.3
Standby: Blasting	av.h/mo	1.3
Standby: EOS Clean	av.h/mo	2.6
Standby: Not Required/ Hot Seating	av.h/mo	-
Standby Hours	av.h/mo	89.3
Utilisation of Availability	%	91.0%
Operating Time (SMU Hours)	op.h/mo	904.0
Utilisation	%	81.0%
Delay: Major Relocation	op.h/mo	-
Delay: Move for Blast	op.h/mo	0.7
Delay: Hot Seat Changeover	op.h/mo	5.2
Delay: Toilet Break	op.h/mo	5.2
Delay Hours	op.h/mo	33.0
Efficiency	%	96.3%
Working Time	wo.h/mo	871
Fuel Consumption	l/ op.h	38.5

SMU = selective mining unit; % = percent; av.h/mo = available hours per month; op.h/mo = operating hours per month; op.h = operating hours; wo.h = working hours; pr.h = production hours; l/ op.h = litres per operating hour; hc = head count; - = not applicable.

5.13 Grade Control

The grade control program will rely on a combination of blast hole sampling, detailed pit mapping and sampling procedures to identify and demarcate ore/waste contacts. The mine geology team will implement a blast hole sampling program which eliminates sampling bias and errors as much as possible; however, confirmatory mapping and pit sampling will be carried out in conjunction with the blast hole sampling to improve confidence in the grade control model.

5.14 Highway Haulage

Ore material mined at Hualilan and place on the ore stockpiles will then be hauled to the Casposo process plant located 165 km to the southwest in San Juan province. The highway haulage will be carried out by a contractor using 25-40t capacity covered highway trucks which will be loaded by a front-end loader at the Hualilan ore stockpiles.

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5.14.1 Potential Haulage Routes

There are three potential haulage routes have been identified by the Company for the transport of ore from Hualilan (1,750 masl, Ullum Department) to the Casposo process plant (2,340 masl, Calingasta Department).

Route 1: North on National Route No. 149 towards the town of Iglesia (asphalt), connecting with Provincial Route No. 412 south (gravel) to the town of Villanueva and continuing on paved road to the junction with the access to Mina Casposo by mining track (consolidated gravel). Total approximate distance 175 km.

Route 2: South (Las Burras) to Villa Calingasta on National Route No. 149, then from the town centre north on Provincial Route No. 412 (100% paved road), to the junction with access to Mina Casposo by mining track (consolidated gravel). Total approximate distance 165 km.

Route 3: North on National Route No. 149 then west along Provincial Route No. 425 (Camino del Puntudo), and traveling west-southwest to the intersection with Provincial Route No. 412 (gravel) and continuing south as per Route 1. Total approximate travel 135 km.

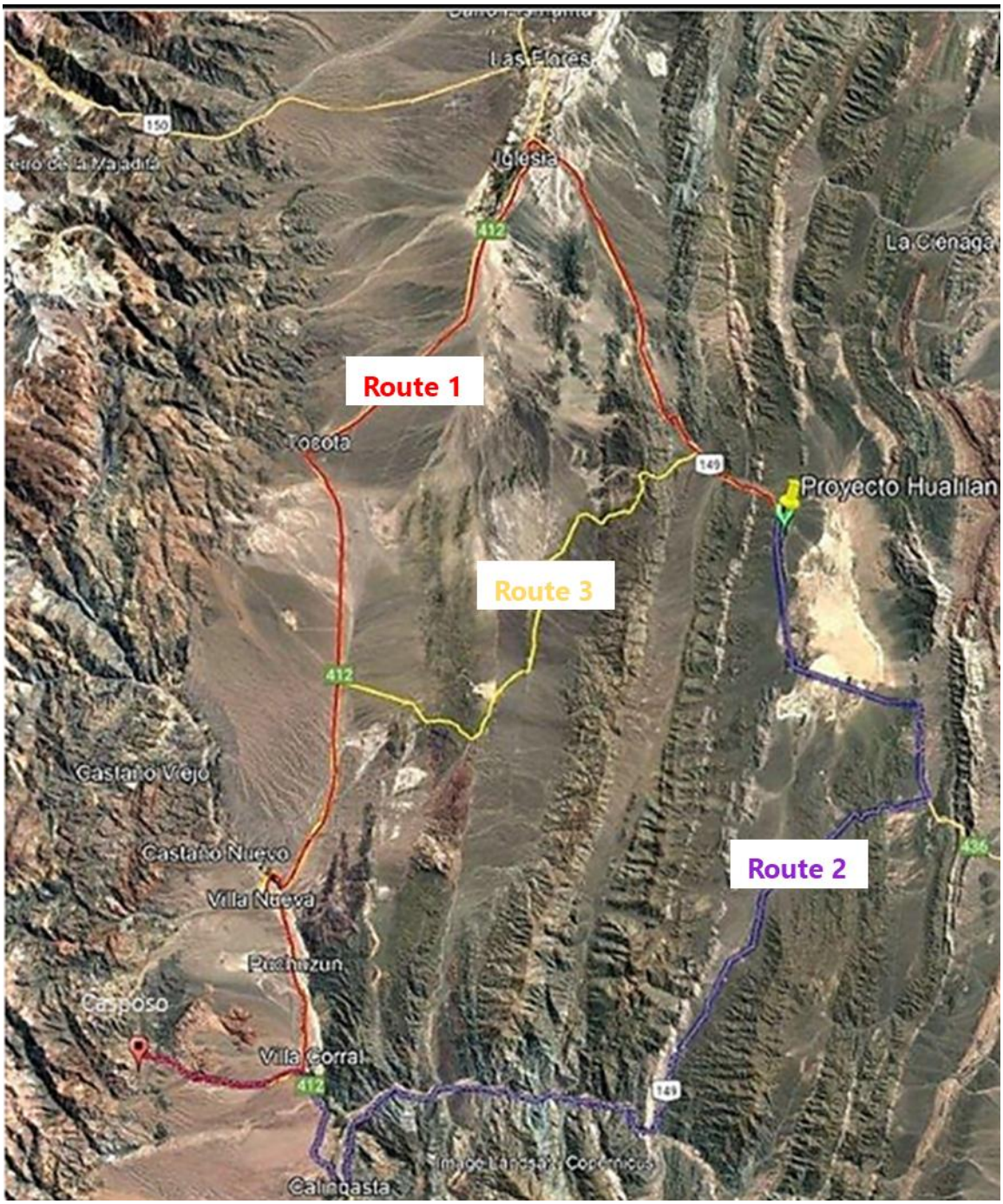
The Company conducted an analysis of the routes that considered the following factors:

- Distance (km) of the route;
- Type of route (asphalt – gravel – mining road);
- Safety;
- Topography, slopes, maximum heights and degree of difficulty, temporary river/stream crossings, state of bridges, climatic factors, and maintenance;
- Density and frequency of heavy vehicle traffic, commercial assistance transport and private tourism;
- Community factors including crossing through urban areas, schools, public and historic buildings. Impact from noise pollution, dust or vibrations that alter populated centres;
- Logistical assistance, existence of communication services and nearby assistance;
- Cost including;
- Haulage costs including Request of Quotations (RFQs) delivered to several haulage contractors and follow-up discussions with contractors about the route options and cost;
- Capital cost considerations; and
- Ongoing maintenance.

In terms of safety conditions and slopes Route 3 (Puntudo road, with a short uphill section up to 2,680 masl and then all downhill to the Casposo trail crossing) is significantly more suitable with Route 1 and Route 2 involving several climbs and descents with steep slopes for heavy-duty vehicles (Portezuelo del Colorado - 2,650 masl, Tocota 2,660 masl, and de las Burras 2,300 masl, respectively). Although Route 1 and Route 2 are permanently used by convoys of equipment to the Veladero mine in Iglesia and mining services to the Calingasta projects, there is also frequent transit of commercial, service and private vehicles on these routes with tourist destinations, emergencies and supplies, increasing the probability of traffic incidents.

Following discussions with the community groups, local government, and the provincial government; the ore haulage options considered in the study is transport via Route 2 for the duration of the mine life. The use of Route 2 initially requires some minor repairs to low points, involving the installation of culverts.

Figure 5-13: Haulage Route Option to the Casposo Process Plant



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5.15 Mine Personnel

The mining personnel required for the Project is presented below and in Table 5-14. Toll mining operations will use a combination of Challenger employees and specialised contractors.

Table 5-14: Mining Personnel for Toll Mining Operations

Headcount	Challenger	Contractor	Total
Mine Technical Services			
Management	1	-	1
Geotechnical	1	-	1
Mine Planning	2	-	2
Survey	4	-	4
Geology	11	-	11
Mine Operations			
Supervision	4	-	4
Auxiliary	4	4	8
Drill & Blast (ROG Contract including Admin and Maintenance)	-	9	9
Load	4	-	4
Haul	8	-	8
Mine Maintenance			
Mine Production Equipment Mechanic	-	4	4
Total Mine Personnel	**39**	**17**	**56**

A projected complete site staffing plan including management and other overhead positions outside of mine technical services, operations, and maintenance is shown in Table 5-15.

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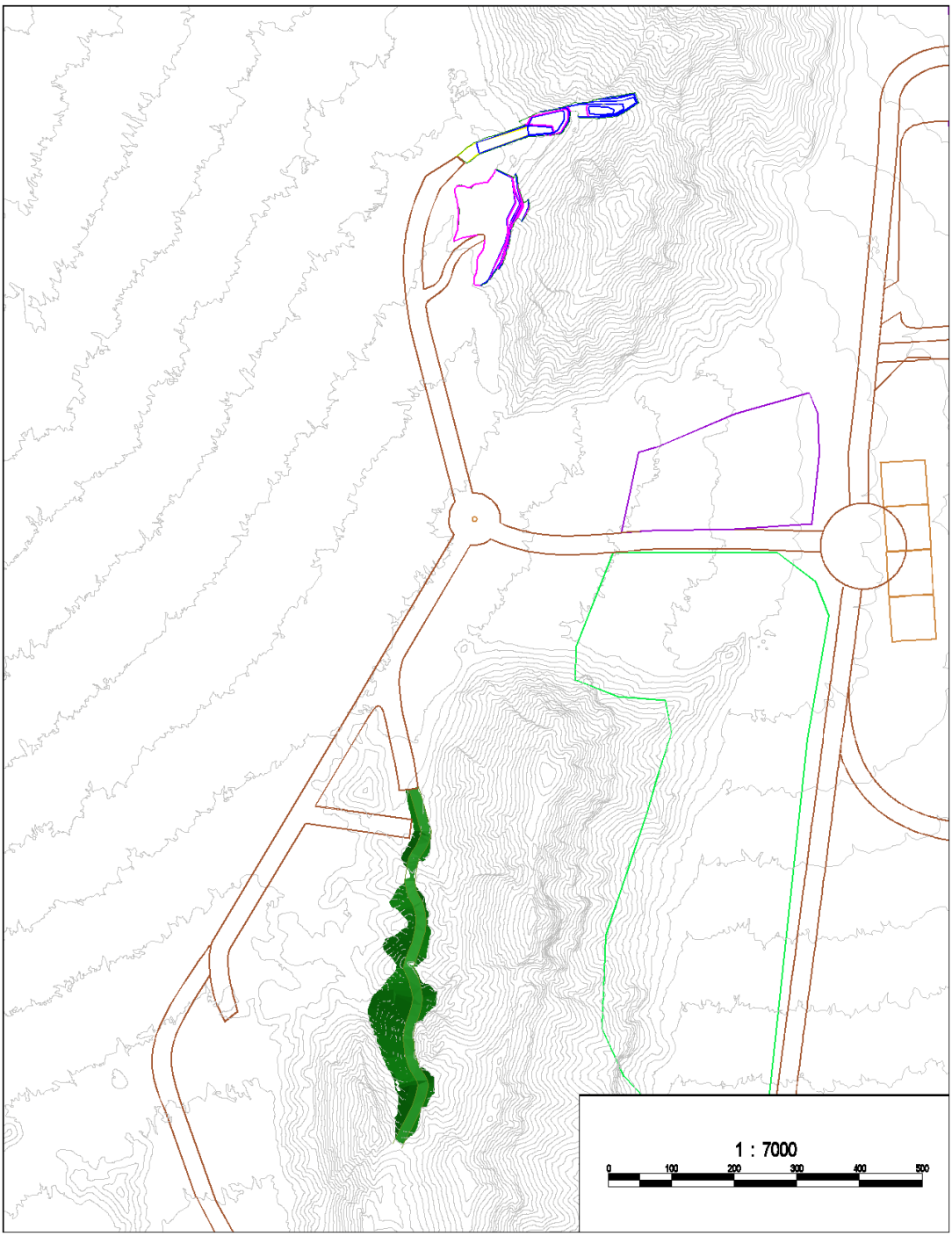
Table 5-15: Mining Personnel for Toll Mining Operations Site Staffing Plan

Role		2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2026 Q4	2027 Q1	2027 Q2	2027 Q3
General Manager	Count	1	1	1	1	1	1	1	1	1
Deputy General Manager	Count	1	1	1	1	1	1	1	1	1
Manager - Commercial and CFO	Count			1	1	1	1	1	1	1
Superintendent - Financial Operations	Count			1	1	1	1	1	1	1
Senior Specialist - AP/AR	Count			1	1	1	1	1	1	1
Senior Specialist - IT Systems	Count			1	1	1	1	1	1	1
Senior Specialist - HR Operations	Count	1	1	1	1	1	1	1	1	1
Chief - Surface Safety	Count			1	1	1	1	1	1	1
Safety Partner - OP Mining	Count	2	2	2	2	2	2	2	2	2
Manager - Technical Services	Count	1	1	1	1	1	1	1	1	1
Mining Engineer - Production	Count	2	2	2	2	2	2	2	2	2
Mining Engineer - Geotechnical	Count	1	1	1	1	1	1	1	1	1
Senior Surveyor - Open Pit	Count	1	1	1	1	1	1	1	1	1
Surveyor - Open Pit	Count	1	1	1	1	1	1	1	1	1
Assistant - Survey	Count	2	2	2	2	2	2	2	2	2
Senior Geologist - Production	Count	2	2	2	2	2	2	2	2	2
Geologist - Production	Count	2	2	2	2	2	2	2	2	2
Graduate Geologist - Production	Count	2	2	2	2	2	2	2	2	2
Assistant - Geology Sampler	Count	4	4	4	4	4	4	4	4	4
Senior Specialist - DB Management	Count	1	1	1	1	1	1	1	1	1
Chief - Load and Haul	Count	1	1	1	1	1	1	1	1	1
Supervisor - Load and Haul	Count	2	2	2	2	2	2	2	2	2
Operator - Excavator	Count	2	2	2	2	2	2	2	2	2
Operator - Loader	Count	2	2	2	2	2	2	2	2	2
Operator - Haul Truck	Count	8	8	8	8	8	8	8	8	8
Operator - Dozer	Count	2	2	2	2	2	2	2	2	2
Operator - Grader	Count	2	2	2	2	2	2	2	2	2
Operator - Fuel Cart	Count	2	2	2	2	2	2	2	2	2
Operator - Water Cart	Count	2	2	2	2	2	2	2	2	2
Chief - Construction Projects	Count	1	1	1	1	1	1	1	1	1
Total	**Count**	**48**	**48**	**53**	**53**	**53**	**53**	**53**	**53**	**53**

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5.16 End-of-Period Maps

Figure 5-14: End of Year 1



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Figure 5-15: End of Year 2

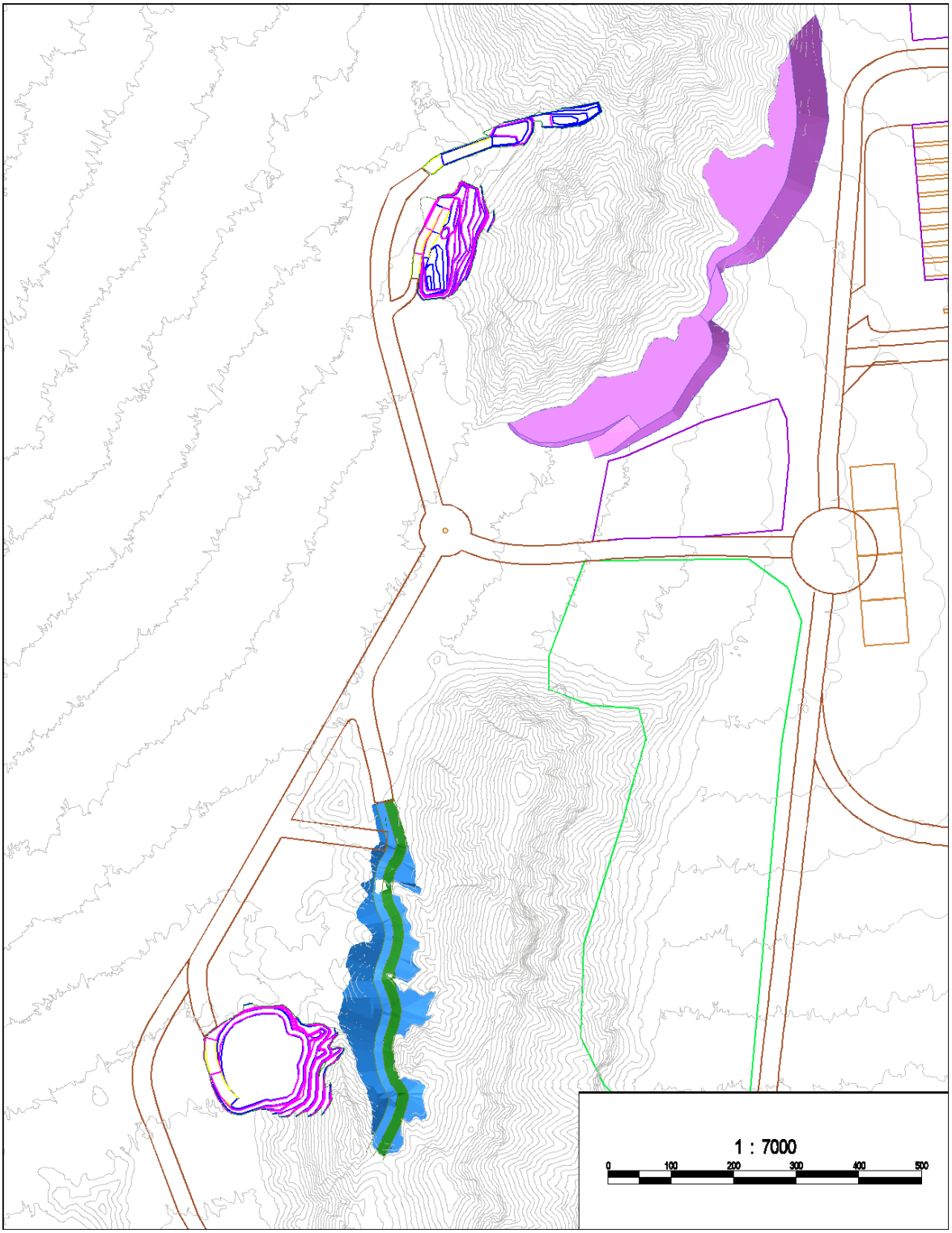
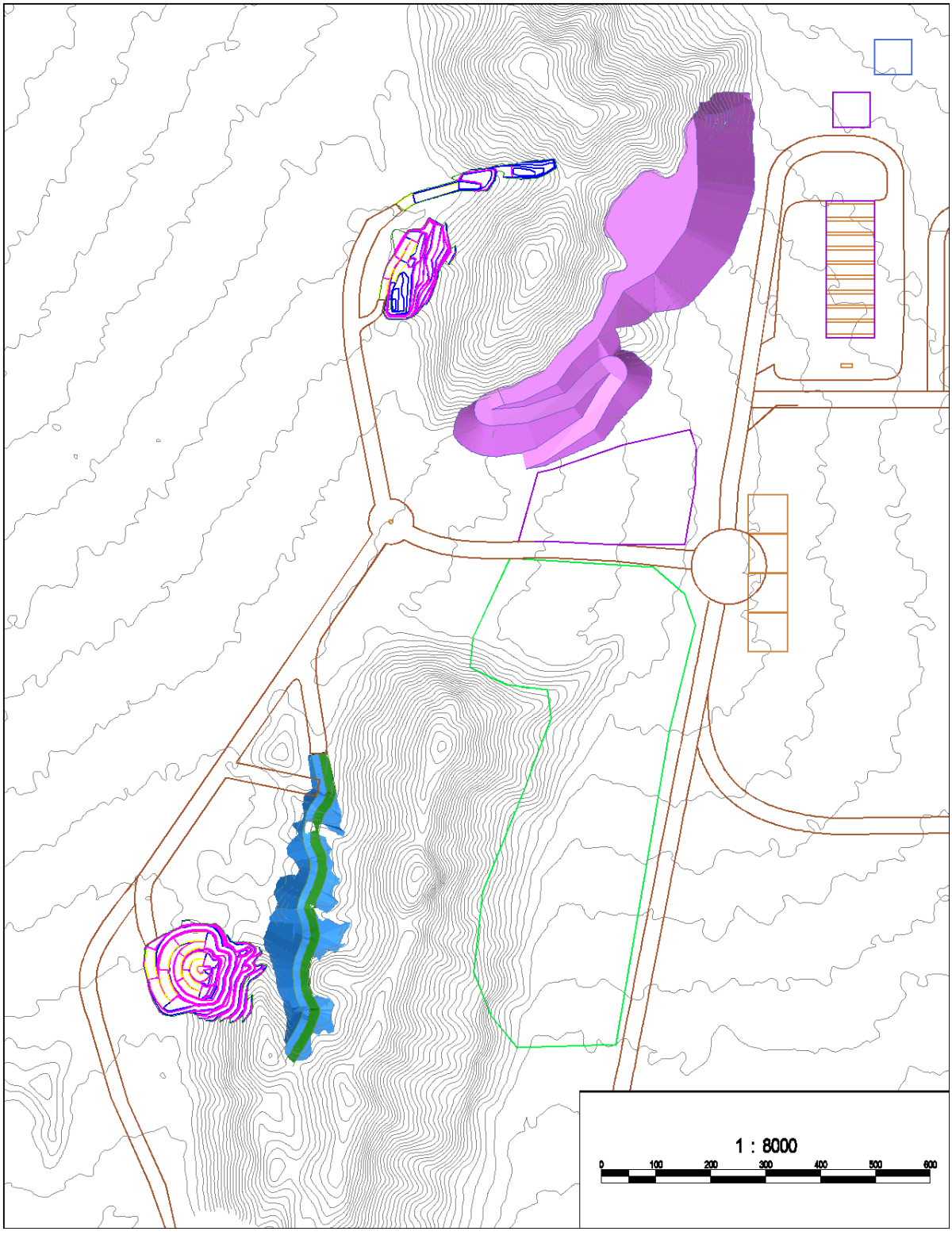


Figure 5-16: End of Year 3



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6 MINERAL PROCESSING AND METALLURGICAL TESTING

6.1 Introduction

Separate metallurgical testwork programs at two independent laboratories have been conducted on samples representing the Hualilan ore to be toll treated at the Casposo process plant. The Austral Gold metallurgical team supervised testwork at one laboratory while Challenger metallurgical team supervised testwork at the other laboratory and results were shared between each group. Using two independent metallurgical laboratories validates the results, ensuring repeatability and provides high confidence in the results.

Separate splits of the same drill core intervals were despatched for testwork to the following laboratories.

- Base Metallurgical Laboratory Ltd. (BML) in British Columbia, Canada, supervised by Challenger.
- SGS Argentina SA (SGS) located in San Juan, Argentina, supervised by Austral Gold.

Testwork scope at both laboratories included gravity and leaching to allow prediction of Hualilan ore performance when processed through the Casposo process plant for both metal recovery and reagent consumption.

Comminution testwork conducted on samples selected to represent Hualilan ore have been used to determine the suitability of the Casposo milling circuit to process Hualilan ore at the required treatment rate and grind size.

6.2 Metallurgical Samples

6.2.1 Sample Composition

The testwork samples were selected from diamond drill hole intervals across the three pits to be toll treated at the Casposo process plant to represent the typical material to be treated. BML generated a separate testwork composite for each pit while SGS generated a single overall composite to represent combining the three pits.

An interval make-up summary is shown for the composites in Table 6-1. Weighted average head assays calculated from the geological interval assays are shown in Table 6-2. Weighted head grades varied between 4.5 gpt Au for Magnata composite up to 5.6 gpt Au for the Sanchez composite. Composite grades are close to the grade expected to feed the Casposo process plant of 5.2 gpt Au to 9.2 gpt Au from the toll treatment mining schedule.

Composite zinc grades varied from 0.2% in the Sanchez composite up to 2.6% in the Magnata composite. Copper grades were low in range from 0.02% to 0.08%.

Table 6-1: Summary of Metallurgical Composite Samples

Sample Title	Testwork Laboratory	Testwork Type	Number of Drill Holes	Number of Intervals	Total Interv (m)	Depth Min (m)	Depth Max (m)
Sanchez Composite	BML	Gravity and Leach	3	6	9.00	7.50	29.80
Norte Composite	BML	Gravity and Leach	5	10	13.35	9.00	55
Magnata Composite	BML	Gravity and Leach	3	9	12.05	17.10	66.10
Overall Composite	SGS	Gravity and Leach	11	25	34.40	9.00	66.10

BML = Base Metallurgical Laboratory; SGS = SGS Laboratory; m = metre.

Table 6-2: Summary of Metallurgical Sample Expected Head Grades

Sample Title	Testwork Laboratory	Testwork Type	Au (gpt)	Ag (gpt)	Cu (%)	Pb (%)	Zn (%)	S (%)
Sanchez Composite	BML	Gravity and Leach	5.60	13.0	0.02	0.08	0.2	0.1
Norte Composite	BML	Gravity and Leach	4.80	35.7	0.04	0.25	1.7	2.7
Magnata Composite	BML	Gravity and Leach	4.50	30.4	0.08	0.45	2.6	7.0
Overall Composite	SGS	Gravity and Leach	4.92	27.0	0.05	0.28	1.6	3.5

Au = gold; Ag = silver; Cu = copper; Pb = lead; Zn = zinc; S = sulphur; BML = Base Metallurgical Laboratory; SGS = SGS Laboratory; gpt = grams per tonne; % = percent.

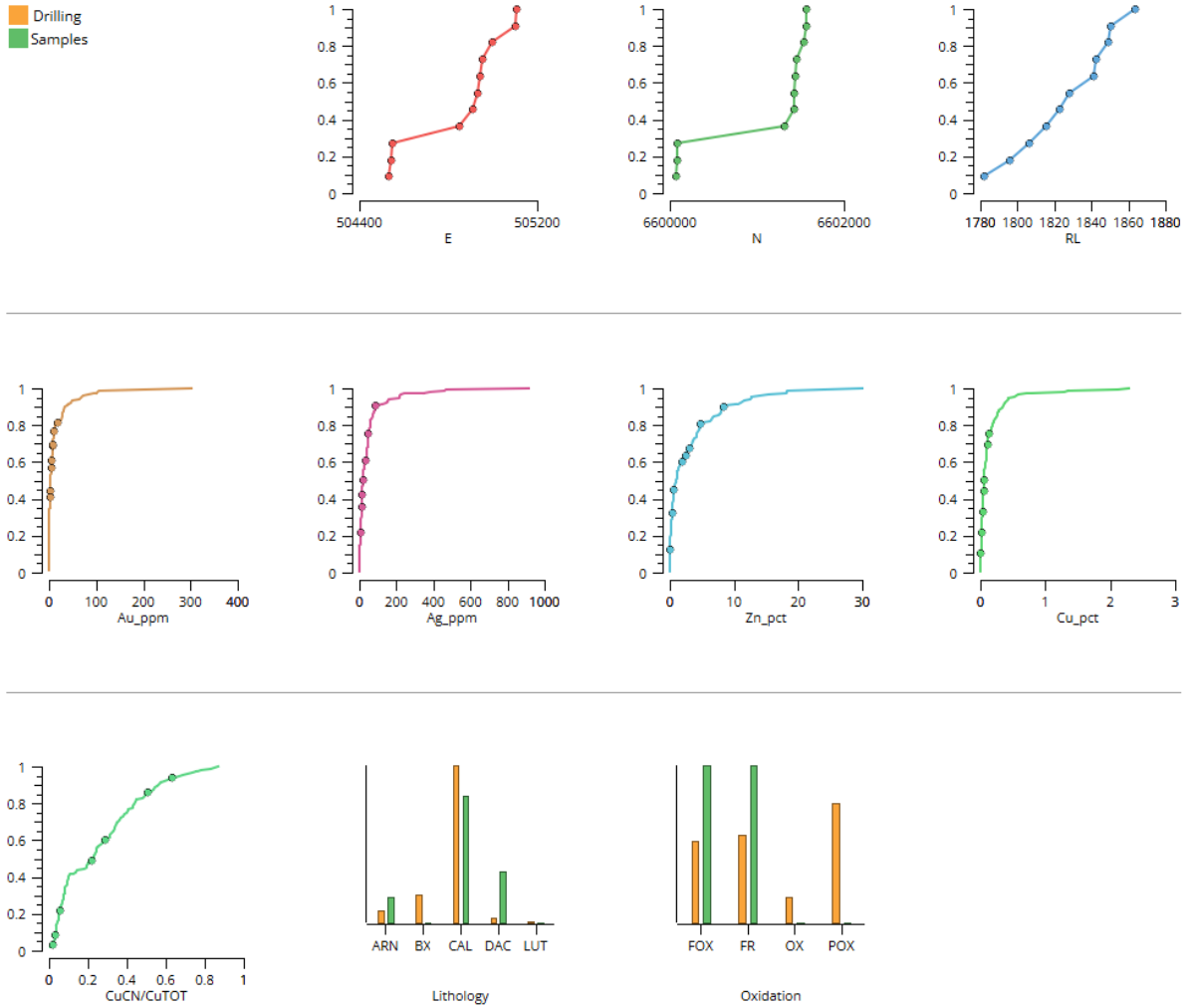
6.2.2 Sample Characterisation

Plots of the metallurgical sample interval locations from the toll treatment sample intervals versus drill hole interval data (bottom cut at 2.0 gpt Au and >1,700 m RL) for the following range of parameters are shown in Figure 6-1, including:

- Location of sample compared to the location of drill holes in the database.
- Grade of gold, silver, zinc, total copper, and proportion of cyanide soluble copper in the samples compared with the grades of drill hole intervals in the database.
- Lithology and oxidation of the composite intervals compared with the drill hole intervals in the database.

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Figure 6-1a: Toll Treatment Sample Interval Representivity versus Drilling Results (>2.0 gpt Au and >1,700mRL with the Block Model)



CuCN/CuTOT = proportion of copper that is cyanide soluble, drill data in orange and composite interval data represented in green, y-axis representing frequency.

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Figure 6-1b: Feature Representivity of Drill Hole Database Versus Toll Treatment Sample Intervals (>2.0 gpt Au and >1,700mRL with the Block Model)

DH

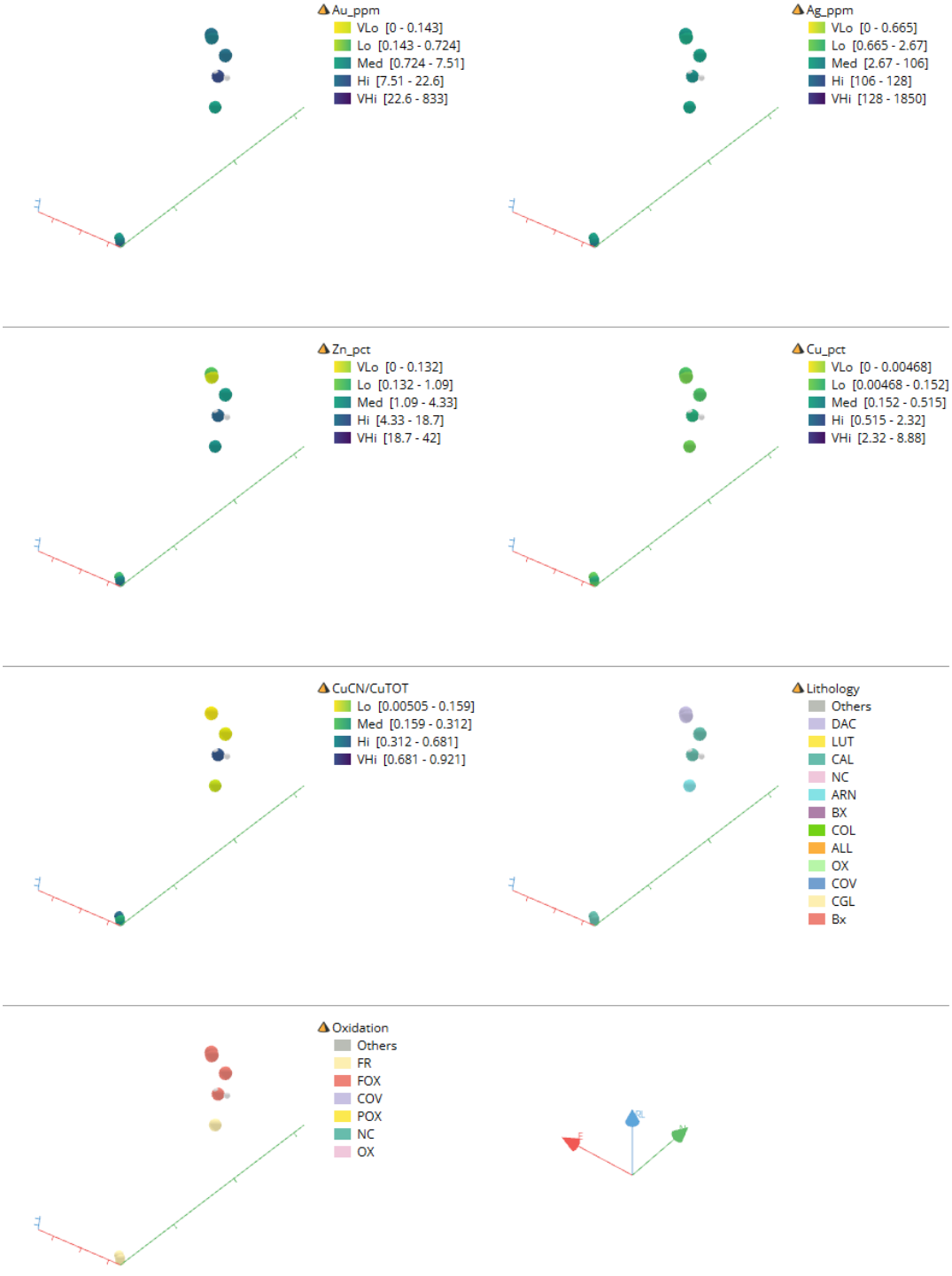
% of 169	Ag_ppm					Zn_pct					Cu_pct					CuCN/CuTOT				Lithology										Oxidation						
Au_p...	VLo	Lo	Med	Hi	VHi	VLo	Lo	Med	Hi	VHi	VLo	Lo	Med	Hi	VHi	Lo	Med	Hi	VHi	ALL	ARN	BX	Bx	CAL	CGL	COL	COV	DAC	LUT	NC	OX	Others	COV	FOX	FR	NC	OX	POX	Others
VLo	3	4	1			5	2	1			7	1		1		1	3	3	1					8										4	3		1	1	
Lo	1	4	14			3	8	3	3	1	2	12	2	2		11	3	3	2		1	4		14									5	1		2	10	
Med		2	37		1	7	12	14	7			33	6	1		19	5	15			4	5		29				1					8	15		4	13	
Hi		1	14		2	2	6	3	5		1	11	4	1		4	4	8	1			1		14				1					7	4		1	5	
VHi			12	1	6	5	1	4	8			11	7	1		9	2	4	2		1	4		13					1				3	5		1	9	

Samples

% of 7 samples	Ag_ppm					Zn_pct					Cu_pct					CuCN/CuTOT				Lithology										Oxidation						
Au_p...	VLo	Lo	Med	Hi	VHi	VLo	Lo	Med	Hi	VHi	VLo	Lo	Med	Hi	VHi	Lo	Med	Hi	VHi	ALL	ARN	BX	Bx	CAL	CGL	COL	COV	DAC	LUT	NC	OX	Others	COV	FOX	FR	NC	OX	POX	Others
VLo																																							
Lo																																							
Med			43				14	29				43				14	14	14			14			29											43					
Hi			57				14	14	29			57				29	14	14						43				14						43	14				
VHi																																							

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Figure 6-1c: Representivity 3D Plots of Toll Treatment Sample Interval Features Across the Deposit (>2.0 gpt Au and >1,700mRL)



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The key findings of this comparison include:

- Sample spatial representivity is good, with sample intervals located within the proposed pits, also good for RL and is also good for Easting and Northing, missed sections are due to not being within the three toll treatment pits.
- Grades are well represented for Au, Ag, Zn, and Cu at low and medium grade ranges, but high grades are not well represented.
- Grades for CuCN/CuTOT are well represented across the full grade range.
- Lithology representivity is good.
- Oxidation representivity is good for both fresh and FOX (fracture surface oxidised material) which are two of the most dominant oxidations present in the drilling, but do not represent oxidation OX and POX well. OX is only minor, and POX is classified as unfractured FOX, so would expect similar performance to FOX.

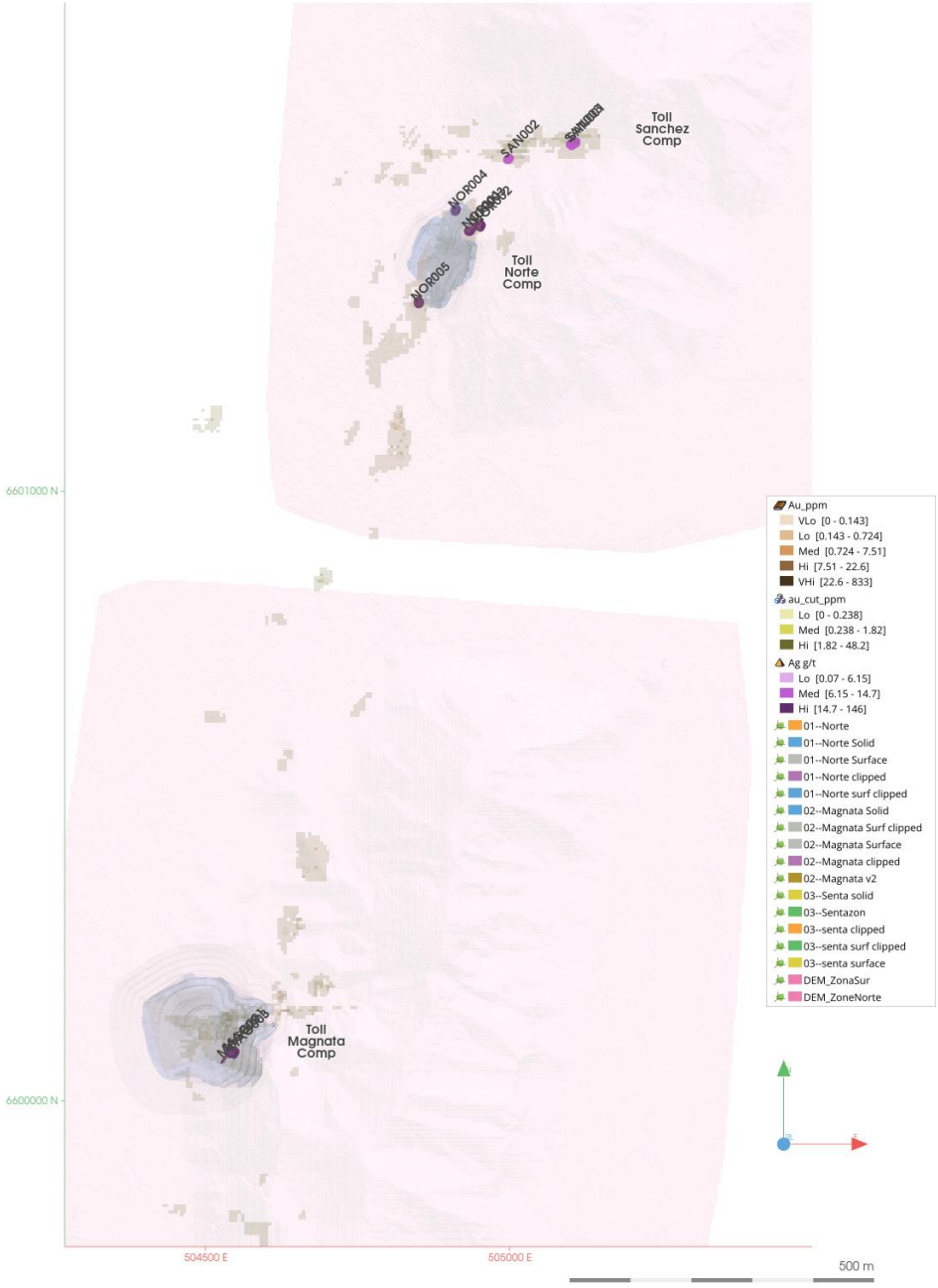
6.2.3 Sample Spatial Distribution

Figure 6-2 and Figure 6-4 are plan views of the composite metallurgical sample locations. These views illustrate the location of samples compared to each of the toll treatment pits. This is showing that the samples are located within the starter pits.

Figure 6-3 illustrates 3D views of the metallurgical interval locations. This illustrates that the selected intervals provide good coverage over the range of depths of the starter pits.

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Figure 6-2: Plan View of Toll Treatment Composite Intervals Compared with Drill Hole Locations



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Figure 6-3: 3D View of Toll Treatment Composite Intervals Compared with Drill Hole Locations

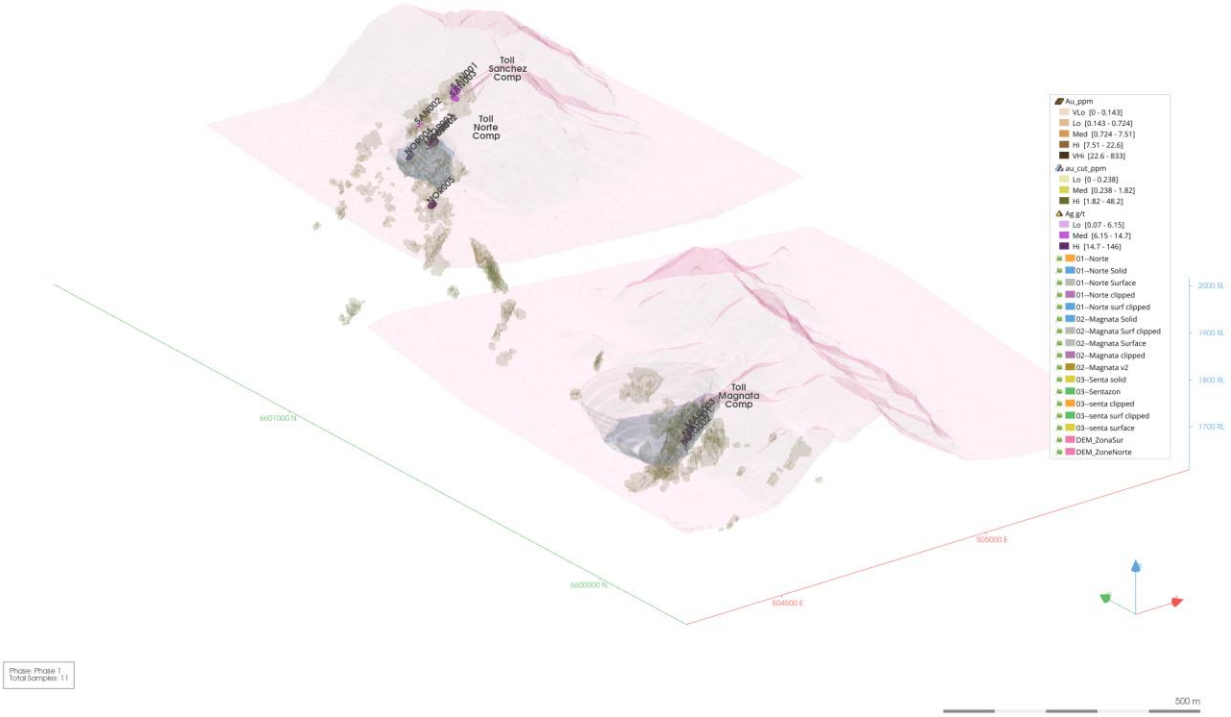
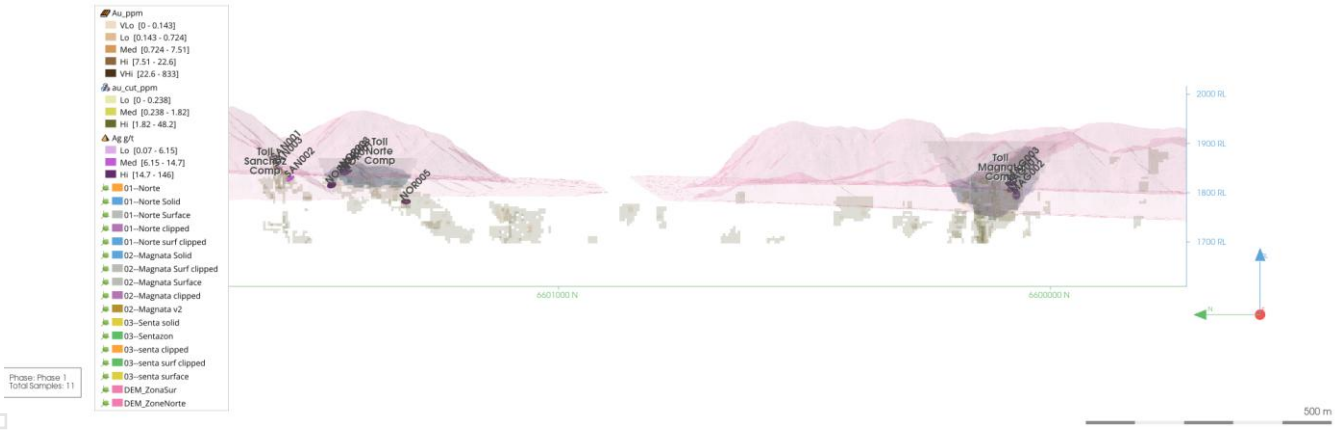


Figure 6-4: Elevation View of Toll Treatment Composite Intervals Compared with Drill Hole Locations



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6.3 Metallurgical Testwork

This section discusses:

- A summary of comminution results;
- A summary of the pertinent results of the leaching and gravity testwork;
- Interpretation of the testwork results to provide a basis for prediction of toll treatment performance; and
- Process opportunities and risks.

6.3.1 Comminution Testwork

Comminution testwork results representing the various geological domains and lithologies making up the Hualilan resource have provided an understanding of comminution performance of Hualilan ore when processed through the Casposo grinding circuit. These results are summarised in Table 6-3 below.

This program resulted in the:

- Determination of SMC indices for the lithology composite samples;
- Determination of Bond Ball Mill Work indices (BBWi) and abrasion indices (Ai) for the lithology composite samples; and
- Composite HG A testwork was conducted using Geopyörä method as insufficient sample mass was available to generate a composite from near surface material for a full comminution testwork program.

Table 6-3: Comminution Testwork Results Summary

Sample ID	RD	Axb	DWI kWh/m^3	BWI kWh/t	Ai	ta
HG COMM1	3.15	53.5	5.9	15.5	0.226	0.44
HG COMM2	3.13	60.1	5.2	15	0.108	0.5
LG COMM1	2.53	43.5	5.8	18.6	0.164	0.3
LG COMM2	2.66	30.9	8.6	21.8	0.374	0.45
CV01	2.78	41.9	6.6	-	0.37	0.39
CV05	3.31	36.1	9.3	-	0.18	0.28
HG A	3.13	48.25	6.48	13.3		
Hualilan Average	**2.96**	**44.89**	**6.84**	**16.84**	**0.24**	**0.39**
Casposo Design	**2.50**	**32.84**	**7.6**	**20.0**	**0.88**	**0.32**

Hualilan comminution results have been averaged to provide typical comminution properties, also shown for comparison are the reported Casposo design comminution characteristics. Hualilan ore averages show the ore to be less competent and less abrasive than the comminution properties used for Casposo milling circuit design.

Hualilan ore should achieve target design throughput and grind when processed at the Casposo process plant and there should be an opportunity to target a finer grind when processing Hualilan ore through the Casposo milling circuit.

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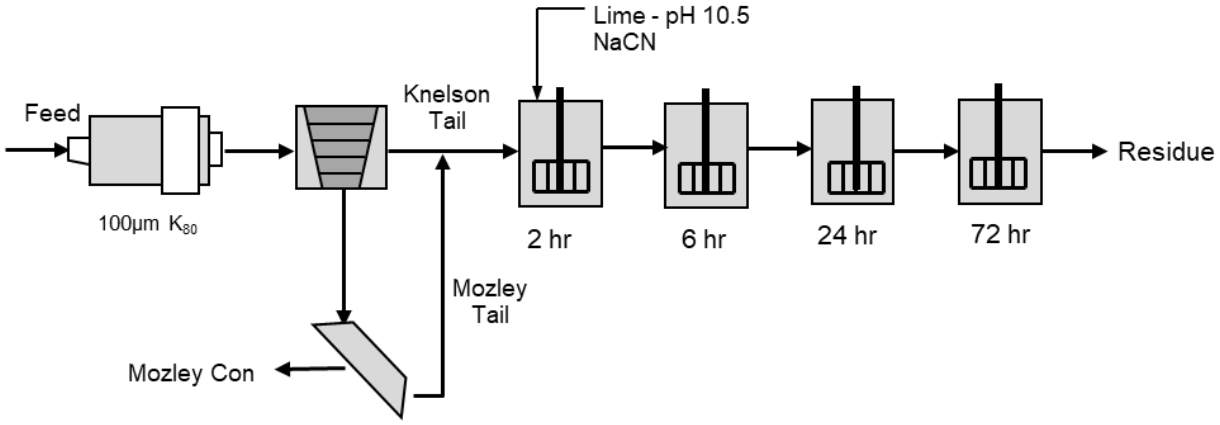
6.3.2 Gold Recovery Testwork

The gravity and leaching testwork procedure at BML is shown in Figure 6-5 and the method is summarised below.

- Sample preparation including combining samples to generate the composites then crushing and subsampling for head assays.
- Grind establishment curves for each sample to determine grind time required to achieve target grind size.
- Samples were ground to target grind size and processed through a batch Knelson concentrator for gravity gold recovery, gravity concentrate was then upgraded using a Mozley gravity table and table tailings were combined with Knelson tailings.
- Agitated leaches were conducted on gravity tailings at the following conditions, cyanide maintained at 1,000 parts per million (ppm), pH maintained at 10.5 using lime and oxygen maintained at greater than 20 ppm using oxygen addition.
- Subsamples of leach slurry were collected at 2, 6, 24, 48, and 72 hours and assayed for gold and silver to determine metal extraction.
- Leach residue was filtered, dried and assayed for gold and silver to determine final metal extraction.

Testwork at SGS followed the same process except there was no gravity step and SGS performed optimisation testwork on the overall composite for grind size between P80=75 µm to 150 µm and cyanide strength in leach between 0.5 grams per litre (g/L) to 1.5 g/L. Additionally, assays for copper and zinc were included.

Figure 6-5: Leaching Testwork Schematic for BML Laboratory



Results from the gravity and leaching testwork are summarised in Table 6-4 and leach curves are shown in Figure 6-6. All tests used a grind size of 80% passing (P80) of 100 microns (µm) to 105 µm and leach residence of 72 hours and the pit composites included gravity recovery. These parameters were chosen to simulate the Casposo process plant.

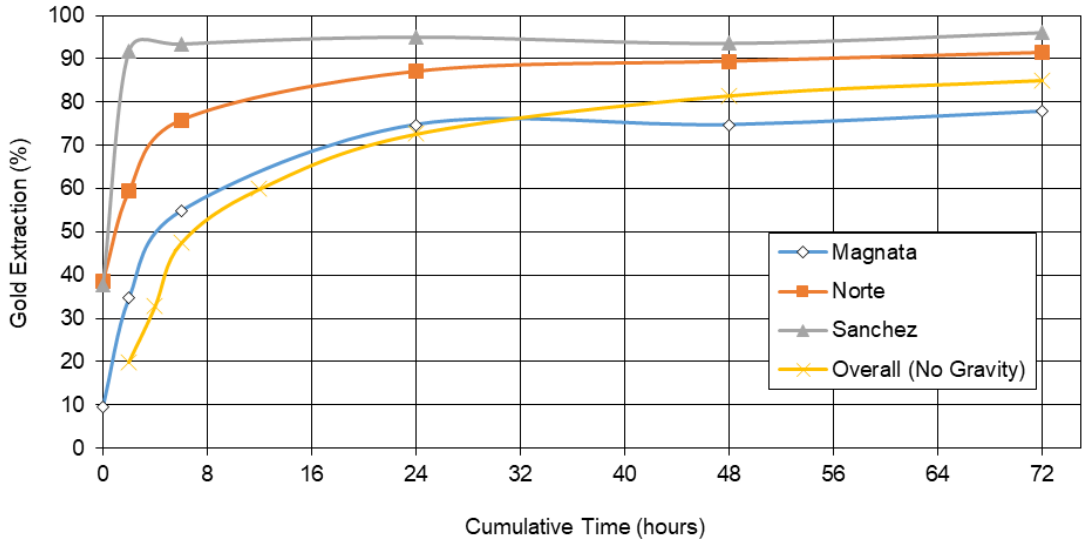
At SGS the overall composite was tested with direct leach only, without including a gravity recovery stage ahead of leaching, however, a separate gravity recovery test was conducted at SGS.

Table 6-4: Gravity and Leaching Results (at P80=100 µm to 105 µm leach duration = 72 hours)

Comp.	Laboratory	Grind Size	Head Grade		Gravity Gold Recovery	Gravity + Leach Recovery		Residue Assays		Reagent Consumption	
		P80	Au Assay	Ag Assay		Au	Ag	Au	Ag	Cyanide	Lime
		(µm)	(gpt)	(gpt)	(%)	(%)	(%)	(gpt)	(gpt)	(kg/t)	(kg/t)
Magnata	BML	100	3.50	22.91	9.5	77.8	61.7	0.78	8.80	3.66	7.32
Norte	BML	100	4.79	21.69	38.5	91.4	69.7	0.42	6.60	4.08	5.48
Sanchez	BML	100	3.50	4.15	37.7	96.0	78.4	0.14	0.90	0.59	2.14
Overall	SGS	105	5.24	29	-	85.0	55.8	0.8	13	4.32	2.97

Au = gold; Ag = silver; µm = micron; h = hour; gpt = grams per tonne; kg/t = kilograms per tonne; mg/L = milligrams per litre; BML = Base Metallurgical Laboratory; SGS = SGS Laboratory.

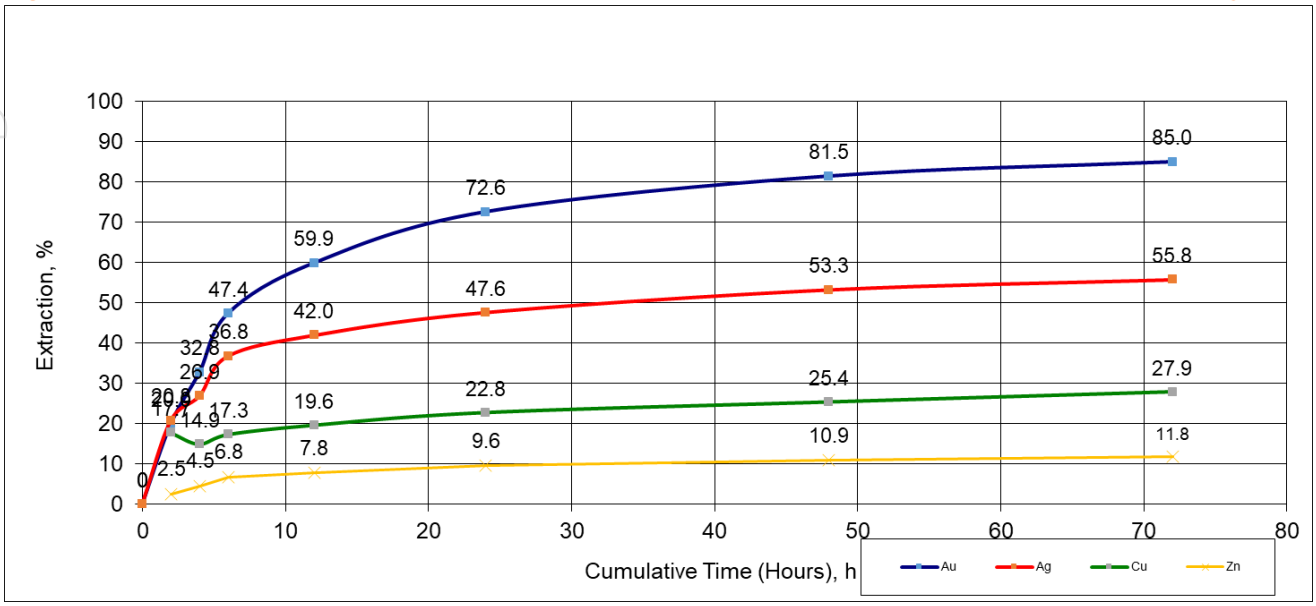
Figure 6-6: Chart of Gold Extraction versus Leach Duration for All Composites at Both Laboratories



Copper and zinc extractions for the overall composite were 28% and 12%, respectively, showing that there is a cyanide soluble component with both of those metals which will increase cyanide consumption in the leaching process (Figure 6-7).

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Figure 6-7: Chart of Metal Extraction versus Leach Duration for Overall Composite at SGS Laboratory



Comments on these testwork results are shown below:

- Gravity recovery varied from 10% with Magnata up to 39% with Norte, Sanchez recovery was similar to Norte at 38%.
- Gravity results show that recovery from this step can be significant, and it is recommended to operate the gravity circuit at the Casposo process plant when processing Hualilan ore.
- Combined gravity and leaching gold recoveries for the pit composites ranged from 78% for Magnata up to 96% with Sanchez.

The overall composite produced a gold recovery of 85%, however, this test excluded gravity recovery which may improve overall gold recovery.

Sanchez composite had the fastest leach kinetics, reaching 92% extraction after 6 hours and extending leach to 72 hours only increased extraction to 96%.

The slowest leach kinetics were achieved by the overall composite that increased extraction from 47.4% after 6 hours up to 85% after 72 hours. This sample was not processed through gravity, so any gravity recoverable gold would have reported to leach and maybe slow leaching.

- Cyanide consumption ranged from 0.6 kilograms per tonne (kg/t) with Sanchez up to 4.3 kg/t with the overall composite.
- Lime consumption varied from 2 kg/t with Sanchez up to 7 kg/t with Magnata.
- Reagent consumption rates are high due to the samples containing cyanide soluble copper and zinc.

There is opportunity to reduce reagent consumption by incorporating a pre-aeration step ahead of cyanide addition at elevated pH and use of lead nitrate addition to leach.

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The toll treatment operating cost calculation has used the testwork reagent consumption rates as a basis.

No evidence of preg-robbing was found in any of the samples tested.

It is recommended that blending of ore ahead of processing at the Casposo process plant is conducted to maintain a constant cyanide soluble component in the treated ore.

6.3.3 Gold Recovery Optimisation Testwork

SGS performed optimisation testwork on the overall composite for the following parameters:

- Grind size between P80=75 µm to 150 µm.
- Cyanide strength in leach between 0.5 grams per litre (g/L) to 1.5 g/L.

Results from these tests are summarised in Table 6-5.

Table 6-5: Leach Recovery Optimisation Results on Overall Comp at SGS Laboratory

Test No.	Optimisation	Cyanide Concentration	Grind Size	Leach Recovery		Residue Assays		Reagent Consumption	
			P80	Au	Ag	Au	Ag	Cyanide	Lime
		(g/L)	(µm)	(%)	(%)	(gpt)	(gpt)	(kg/t)	(kg/t)
CN- 1	Grind	1.0	105	85.0	55.8	0.80	13	4.32	2.97
CN- 2	Grind	1.0	150	79.2	57.5	1.10	12	4.27	2.30
CN- 3	Cyanide	0.5	75	82.7	51.9	0.93	13	2.12	3.45
CN- 4	Grind/Cyanide	1.0	75	86.7	62.6	0.66	10	4.62	3.16
CN- 5	Cyanide	1.5	75	87.8	64.1	0.61	10	4.65	3.02

Au = gold; Ag = silver; g/L = grams per litre; % = percent; µm = micron; h = hour; gpt = grams per tonne; kg/t = kilograms per tonne.

Comments on these testwork results are shown below.

- Sample is grind sensitive, with increasing gold recovery at finer grinds.
- Gold recovery increases from 79% at P80=150 µm to 87% at P80=75 µm, there is a minor increase in cyanide consumption from 4.3 kg/t to 4.6 kg/t by grinding finer.
- Increasing cyanide concentration in leach increases gold recovery.
- Gold recovery increases from 83% at 0.5 g/L to 88% at 1.5 g/L, there is a significant increase in cyanide consumption from 2.1 kg/t to 4.7 kg/t by increasing cyanide strength.

These results show that there is an opportunity to increase gold recovery when processing this material through the Casposo process plant. However, both leach recovery improvements need to be traded off against increased operating costs.

Including gravity recovery will reduce the amount of gold reporting to leach so it may reduce the effect of finer grind and increased cyanide on gold recovery. Including gravity recovery may also increase overall gold recovery. Note that Casposo process plant includes a gravity recovery process already, and the incremental cost for operating this gravity circuit is minimal.

SGS has conducted a gravity test on the overall composite and achieved a gold recovery of 41% which is comparable to gravity results from the BML testwork on Norte and Sanchez composites.

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6.3.4 Gold and Silver Recovery Prediction

The testwork results which included gravity recovery were used for prediction of metal recovery and reagent consumption when processing Hualilan ore through the Casposo process plant are discussed below. Results with gravity recovery were used as the Casposo process plant incorporates gravity recovery which will be operated.

Metallurgical results from the testwork were used within the Cancha geometallurgical package to find prediction algorithms for metal extraction and reagent consumption, these algorithms are shown in Table 6-6.

The algorithms for reagent consumption and silver extraction were then applied to the toll treatment schedule on a monthly basis, to determine a value for the entire toll treatment tonnage.

For gold extraction there was no prediction relationship available, so instead a different method was used to determine overall toll treatment gold extraction.

This method involved weighting overall gold recovery by the gold distribution in each pit and the gold recovery of the respective pit from the testwork extraction results to determine the overall toll treatment gold recovery.

The same weighting approach was taken with silver extraction, even though a relationship was found between head grade and silver recovery. It was decided to be conservative and use the lower recovery generated from the weighting method.

Metal extraction was then discounted by 3% to account for soluble loss and circuit inefficiencies to predict gold and silver recoveries for Hualilan ore when treated through the Casposo process plant.

Table 6-6: Metal Extraction and Reagent Consumption Algorithms

Prediction Algorithm (T/W Results from Magnata, Norte, Sanchez)	r2
[Au Ext %] - No relationship	-
[Ag Ext %] = 38.423 + 7.617 * [Au gpt] - 0.405 * [Ag gpt]	0.9968
[NaCN kg/t] = - 0.527 + 0.118 * [Ag gpt]	0.9693
[CaO kg/t] = 1.422 + 0.124 * [Ag gpt]	0.6067

Au = gold; Ag = silver; Ext = extraction; NaCN = sodium cyanide; CaO = calcium oxide; % = percent; gpt = grams per tonne; kg/t = kilograms per tonne; - = not applicable.

Table 6-7: Metal Extraction and Reagent Consumption Prediction

Sample	Gravity + Leach Extraction (%)		Toll Treatment Ore			Reagent Consumption (kg/t)	
	Au	Ag	Dry Tonnes	Au (gpt)	Ag (gpt)	Cyanide	Lime
Magnata	77.8	61.7	220,192	5.1	43.3	3.7	7.3
Norte	91.4	69.7	127,984	9.2	51.2	4.1	5.5
Sanchez	96.0	78.4	93,572	7.5	13.0	0.6	2.1
Total/Average (Weight)	87.4	68.7	441,747	6.82	39.15	3.1	5.7
Algorithm	-	74.5	-	-	-	4.1	6.3
Value for Study	84.4	65.7				4.1	6.3

Au = gold; Ag = silver; % = percent; gpt = grams per tonne; kg/t = kilograms per tonne; - = not applicable.

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6.3.5 Process Opportunities

The following process opportunities have been identified:

- Increase gold recovery from Hualilan ore by grinding finer to a P80=75 µm instead of P80=106 µm. Analysis of Casposo grinding circuit indicates that the milling circuit should be capable of the finer grind when processing Hualilan ore.
- Use of pre-aeration and lead nitrate addition may improve cyanide consumption rates and reduce operating costs.
- Hualilan ore maybe less competent and allow for treatment at a higher throughput allowing for a reduction in operation costs.
- The 3% reduction in gold and silver loss applied to the testwork recovery to account for soluble loss and process inefficiencies maybe significantly higher than actual and a lower reduction in gold recovery due to circuit inefficiencies would increase gold recovery.
- The required monthly treatment rate of Hualilan ore through the Casposo process plant is significantly less than the nameplate capacity of the plant, this provides conservatism to achieve target throughput and also provides opportunity to reduce operating hours and thereby reduce operating costs by a reduction in fixed cost component of toll treatment.

6.3.6 Process Risks

The following process risks have been identified:

- Solid liquid separation testwork is still ongoing on the samples and this work may identify that Hualilan ore requires higher flocculant addition or another flocculant type to allow the Casposo process plant to achieve design throughput.
- The thickener and or tailings filter flux rates achieved with Hualilan ore, maybe significantly lower than Casposo ore causing a reduction in plant throughput and an increase in operating costs.
- Potential Hualilan ore zones high in cyanide soluble copper and zinc will be mined and shipped for processing to the Casposo process plant, if this ore is not correctly blended prior to processing, cyanide consumption will increase creating higher operating costs.
- Equipment issues with the Casposo process plant that reduces throughput or metal recovery when processing Hualilan ore.

6.4 Recovery Methods

The plan for the Project is for treatment by toll-milling for three years of production at the Casposo process plant, owned by Austral Gold.

The Casposo process plant is a conventional gold recovery plant and is appropriate to achieve good recovery when processing Hualilan toll treatment ore.

Casposo is currently in the process of being restarted by the Austral Gold site team after being on Care and Maintenance (C&M). Once the Casposo plant is operational, it will separately campaign Casposo ore and

Hualilan ore on a nominally quarterly basis, i.e. 3 months of Casposo ore followed by 3 months of Hualilan ore, and repeat.

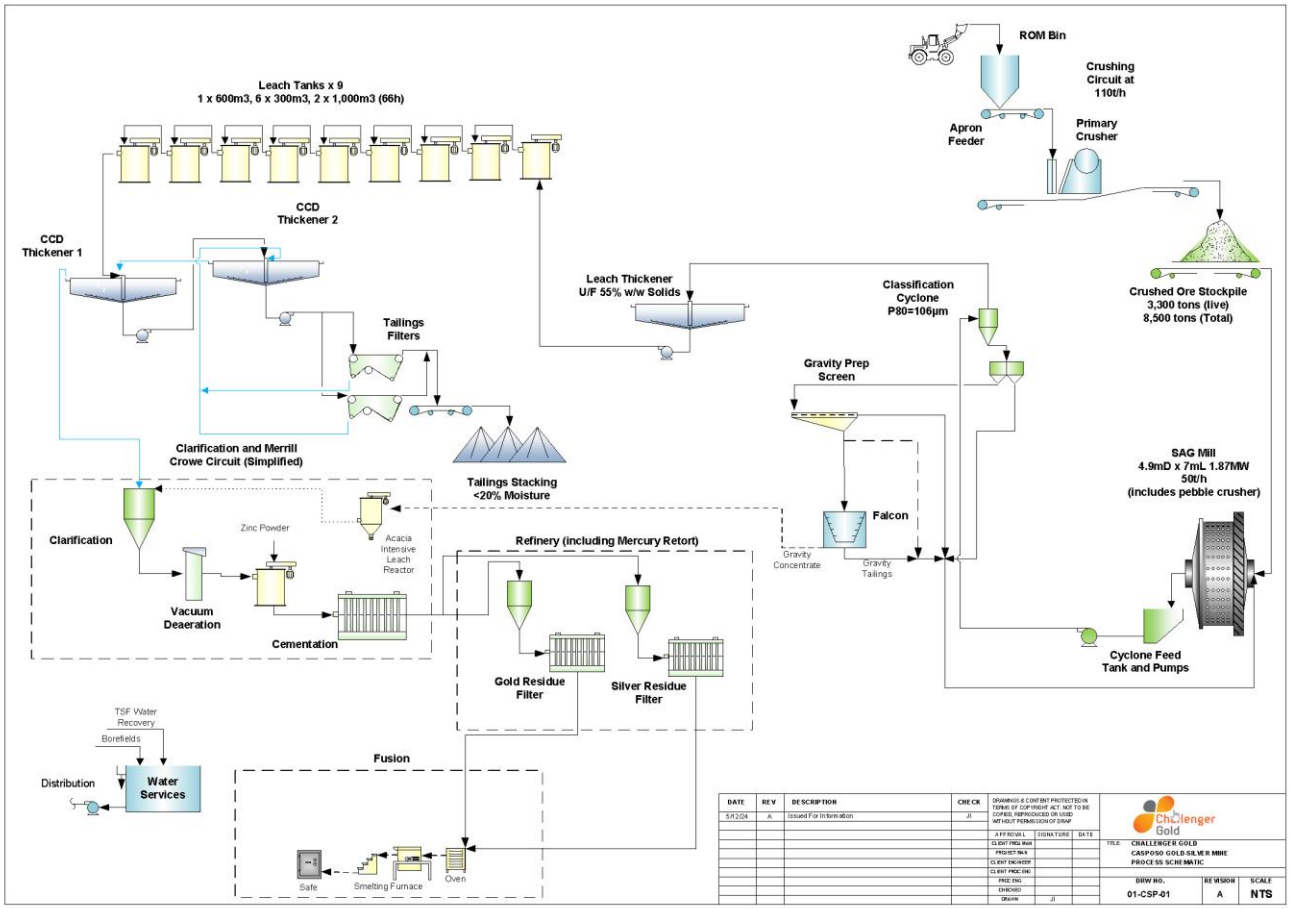
The Casposo process plant has a nameplate capacity of 400,000 tonnes per annum (dry) and operates for nominally 8,000 hours per annum which is equivalent to 50 tonnes per hour (dry). The required treatment rate for Hualilan ore is 75,000 tonnes (wet) for each three-month campaign. This is significantly less than the nameplate capacity of the Casposo process plant which is 100,000 tonnes (dry) over three months. This provides conservatism for achieving the target throughput for Hualilan ore being processed at the Casposo process plant.

A schematic of the Casposo process plant is shown in Figure 6-8 and is described below.

- Ore receival in the run-of-mine (ROM) storage bin via front end loader and primary crushing using a jaw crusher.
- Crushed ore storage on a 3,000 t live open stockpile with reclaim.
- Single stage semi-autogenous grinding (SAG) mill with 1.87 megawatt (MW) drive, and pebble crushing with cyclone classification, targeting a P80=101 µm grind.
- Gravity concentrator treating cyclone underflow stream and batch intensive leaching of gravity concentrate.
- Pre-leach thickener followed by gold leaching in nine mechanically agitated leaching tanks with a total volume of 4,400 cubic metres (m^3) equating to a leach residence of 66 hours.
- Pregnant solution recovery using two stages of counter current decantation (CCD) thickeners and one stage of tailings filters, to separate the gold rich solution from the leached tailings solids.
- Merrill-Crowe circuit for gold and silver recovery from the leach solution.
- Gold room for smelting the recovered metal into silver – gold doré for export.

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Figure 6-8: Overall Casposo Process Plant Schematic



6.4.1 Crushing Circuit

A summary of the crushing circuit is shown below.

- Crusher feed rate is nominally 110 tonnes per hour (t/h).
- Mine truck operators dump run-of-mine (ROM) ore on the ROM pad. The ore is then dumped into the ROM feed bin using a front-end loader.
- The ore is drawn from the ROM bin by a variable speed apron feeder and fed into a single toggle jaw crusher.
- Crushed ore, along with any fines that pass through the apron feeder, drop on to the crusher discharge conveyor.
- Crushed ore is stacked in an open stockpile which has a live capacity of approximately 3,300 t and total capacity of up to 8,500 t.
- Crushed ore is withdrawn from the stockpile using reclaim feeder and conveyed to the SAG mill.

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- Quicklime is withdrawn from a 75-t capacity lime bin by a variable speed screw feeder and discharged onto the mill feed conveyor.
- Lime dosage is controlled by the operator after reading the slurry pH measurements taken at the head of the leach circuit.

Table 6-8: Casposo Crushing Circuit Summary

Description	Units	Design
ROM feed size - F99	mm	652
Product size P80 - Design	mm	106
Crusher run hours - Range	h/a	3,700 to 4,000
Crusher Feed Rate - Nominal dry	dt/h	100 to 110
Crusher Circuit Type		Primary Jaw
Primary Crusher Equipment		ST 48" x 36"
Crusher CSS	mm	100
Ore storage	Type	Open conical stockpile
Live capacity	t	3,300
	h	60 to 65

Source: Casposo Process Design Criteria.
mm = millimetre; h/a = hours per annum; t = tonnes; h = hours; dt/h = dry tonnes per hour.

6.4.2 Grinding Circuit

A summary of the grinding circuit is shown below:

- The nominal throughput of the SAG mill is 50 dry tonnes per hour (dt/h).
- The SAG mill is a 4.9 m diameter by 7.0 m long Allis grate discharge mill, driven by a 1,870 kilowatt (kW) motor.
- Mill speed range is controlled between 12.8 rpm and 15.5 rpm using a variable speed drive (VSD) but generally, operates at 76% of critical speed.
- The SAG mill operates with a ball charge up to 16% by volume and the ball charge is replenished via a ball charging hoist to feeds balls to the mill via the mill feed chute.
- Mill pebbles discharge through the SAG mill discharge trommel screen into the scats discharge hopper and conveyed to the diverter chute which directs pebbles to the crusher or to a bypass chute when the pebble crusher is down for maintenance, or the metal detector is activated.
- Slurry discharges from the SAG mill through a trommel screen to the SAG mill discharge sump, from where it is pumped to the hydrocyclone cluster for classification.
- Cyclone overflow slurry at 45% solids by weight and target size is 80% passing (P80) of 106 µm. Cyclone underflow returns to the SAG mill feed for further grinding. A split stream from the cyclone underflow, feeds the gravity circuit screen.
- Gravity circuit screen oversize is combined with the gravity concentrator tailings and returned to the SAG mill feed chute and screen undersize feeds the Falcon centrifugal gravity concentrator to produce gravity concentrate and gravity tailings from the gravity concentrator are returned to the SAG mill for further grinding.

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- When the gravity concentrate is sufficiently enriched, it is transferred to the Intensive Leach Reactor (ILR) for leaching under intensive conditions.
- Pregnant solution from the ILR is then transferred to the clarifier filter feed tank in the clarification and Merrill-Crowe area of the processing facility. The tailings from the ILR circuit are pumped to the SAG mill discharge hopper.
- Cyclone overflow is thickened to approximately 55% solids by weight in the grinding thickener. The thickening process is assisted by the addition of premixed flocculant solution which is added to the thickener feed-well.
- Thickener overflow is collected in the thickener overflow tank for re-use in the grinding circuit. Barren solution is also added to this tank when required to maintain a sufficient process water supply.

Table 6-9: Casposo Grinding Circuit Summary

Description	Units	Design
Concentrator		
Grinding circuit	Type	SAG Mill with pebble crusher
SAG Mill		SAG Mill 4.9 mD x 7.4 mL - 1.87 MW
Pebble Crusher Equipment		HP100 Cone
Crusher CSS	mm	9
Feed F80	mm	106
Mill Circuit Product P80	µm	101
Cyclone Classification	Type	6 x 250 mmD
Concentrator annual run hours	h/a	8,000
Concentrator Feed Rate - Nominal dry	dt/h	46 to 55
Primary Gravity circuit	location	Split of Cyclone Underflow
	Type	centrifugal
	Model	Falcon SB750
Gravity concentrate treatment	Type	Batch Intensive Leach
	location	Gold Room

Source: Casposo Process Design Criteria.
SAG = semi-autogenous grinding; mD = meter diameter; mL = millilitre; MW = megawatt; mm = millimetre; mmD = millimetre diameter; h/a = hours per annum; dt/h = dry tonnes per hour.

6.4.3 Leaching Circuit

A summary of the leaching circuit is shown below.

- Cyanide is pumped to the grinding thickener underflow hopper or to any of the leach tanks and the ILR as required.
- The leaching area contains nine agitated leach tanks with a total volume of the tanks is to 66 hours of leach residence time depending on the slurry density.
- The first tank has a working volume of 600 m^3. The next six tanks have a working volume of 300 m^3 each. The final two tanks have a working volume of 1,000 m^3 each.
- Due to the slow leaching kinetics of silver, an elevated cyanide concentration is maintained in each of the leach tanks.
- Dissolved oxygen in leach slurry is maintained by sparging low pressure compressed air into all tanks.

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Table 6-10: Casposo Leaching Circuit Summary

Description	Units	Design
Preleach thickening	Type	High rate
Preleach thickener underflow solids concentration	%	55
Preleach thickener diameter	m	11
Leach		
Feed Type	Type	Thickener Underflow
Throughput	t/h	46 to 55
Trash Screen	Type	TBA
Total Leach/CIL Retention time	h	64.4
Leach dissolution	Au %	87
Leach tank	No	9
Tank Volume	m^3	4,400
Agitation	Type	Mech Open Impeller
Air Addition Method	Type	Sparge
Tank Volume	m^3/total	4,400

Source: Casposo Process Design Criteria.
Au = gold; t/h = tonnes per hour; CIL = Carbon in Leach; h = hour; m^3 = cubic metres.

6.4.4 Counter Current Decantation and Filtration

A summary of the counter current decantation (CCD) and filtration circuit is included below:

- The CCD and filtration section is a series of washing steps that use a combination of CCD thickeners and belt filters to separate the pregnant solution from the leach residue.
- The circuit is designed to reduce the precious metal and cyanide concentrations in the tailings.
- Leached slurry feeds the first CCD thickener where it is mixed with flocculant and recycle streams. The solids settle to the thickener underflow. From the underflow of the first CCD thickener the slurry is pumped to the feed of the second CCD thickener.
- Overflow from the second CCD thickener is then pumped to the feed of the first CCD thickener as wash water. Overflow from the first CCD thickener is the pregnant solution from the plant.
- Underflow from the second CCD thickener is filtered using two belt filters that are operated in parallel. Filtrate from the belt filters is added to the feed well of the second CCD thickener for washing the solids.
- The belt filters produce a wet filter cake that is designed to contain nominally 20% moisture for tailings storage.
- To improve the settling rate of the solids, pre-mixed flocculant is added to the thickeners.
- Pregnant solution from the thickening and filtration circuit is fed to the clarification and Merrill-Crowe Section.

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Table 6-11: Casposo Counter Current Decantation and Filtration Circuit Summary

Description	Units	Design
CCD Thickeners		
Circuit Type		2 Stage Counter Current
Thickener	Type	High rate
Thickener underflow solids concentration	%	68
Thickener diameter	m	12
Thickener Wash Water Ratio		1
Tailings Belt Filters		
Circuit Type		2 duty in Parallel
Filter	Type	Horizontal Vacuum
No. Washing Stages		4
Wash Ratio		3.5
Filter Cake Moisture - Nominal	% Solids	20

Source: Casposo Process Design Criteria.
CCD = counter current decantation.

6.4.5 Clarification and Merrill-Crowe

A summary of the clarification and Merrill-Crowe circuit is listed below:

- The purpose of this area is to recover the gold and silver from the pregnant solution using the Merrill-Crowe zinc cementation process.
- Efficient operation of the Merrill-Crowe process depends upon low concentrations of particulates and oxygen in the pregnant solution.
- Pregnant solution is pumped to the clarification filters for removal of particulates.
- Clarified pregnant solution is pumped to the pregnant solution storage tank.
- Barren solution from the barren solution transfer hopper can be recycled back to this tank for further treatment if required.
- The clarification filters are also pre-coated using a slurry of diatomaceous earth.
- The de-aeration tower is used to remove dissolved oxygen from the pregnant solution by applying a vacuum.
- Following de-aeration, the oxygen-free pregnant solution is mixed with zinc dust and lead nitrate in a zinc cone hopper, to recover the gold and silver by the cementation process which is commonly called zinc precipitation.
- The gold and silver precipitate is removed from the slurry by pumping through the precipitate filter press. The precipitate is collected in the chambers between the filter plates as a filter cake.
- In the filter press, the precipitate is also washed with process water and dried with compressed air before being emptied into the precipitate bin for further processing in the refinery area.

Table 6-12: Casposo Clarification and Merrill-Crowe Circuit Summary

Description	Units	Design
Merrill-Crowe		
Pre-Clarification Hopper residence	h	1
Rising velocity	m/h	7 to 8.5
Clarification Filter	type	plate and frame
Deaeration Tower -vacuum	mm Hg	51
Precipitate Filter	type	plate and frame

Source: Casposo Process Design Criteria.
h = hour; m/h = metres per hour.

6.4.6 Refining

A summary of the refining circuit is listed below:

- Precipitate from the Merrill-Crowe process contains a mixture of gold, silver, un-reacted zinc.
- Wet precipitate is transferred to the refinery in batches using trays from the Merrill-Crowe precipitate bin using the tray stacker.
- The precipitate is then mixed with fluxes and added to the smelting furnace. The furnace uses liquefied petroleum gas (LPG) as the fuel source.
- A mercury retort step is also included, however, to-date no significant amount of mercury has been detected with Hualilan ore.
- The silver – gold doré is cast into ingots in graphite moulds prior to being cooled, weighed, and stored in the refinery vault prior to shipment off site for further processing.

Table 6-13: Casposo Clarification and Merrill-Crowe Circuit Summary

Description	Units	Design
Refinery		
Gold Residue Filter	type	plate and frame
Silver Chloride Filter	type	plate and frame
Drying Oven Operating Temperature	°C	40 to 55
Gold Smelter Fuel	type	LPG

Source: Casposo Process Design Criteria.
°C = degrees Celsius; LPG = liquefied petroleum gas.

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6.4.7 Cyanide Destruction

A summary of the cyanide destruction circuit is included below:

- The cyanide destruction process is used to remove cyanide from a portion of the wash water from the belt filters that will subsequently be re-used for washing of the tailings on the belt filters.
- The sulphur dioxide-air detoxification process used at the Casposo process plant uses sodium metabisulphite (SMBS) to detox the free and weak acid dissociable (WAD) cyanide.
- Small quantities of copper sulphate are required to catalyze the reaction.

Table 6-14: Casposo Cyanide Destruction

Description	Units	Design
Cyanide Destruction		
Process	method	SMBS/Air (INCO)
pH		10 to 10.5
Destruction Tanks	No.	2

Source: Casposo Process Design Criteria.

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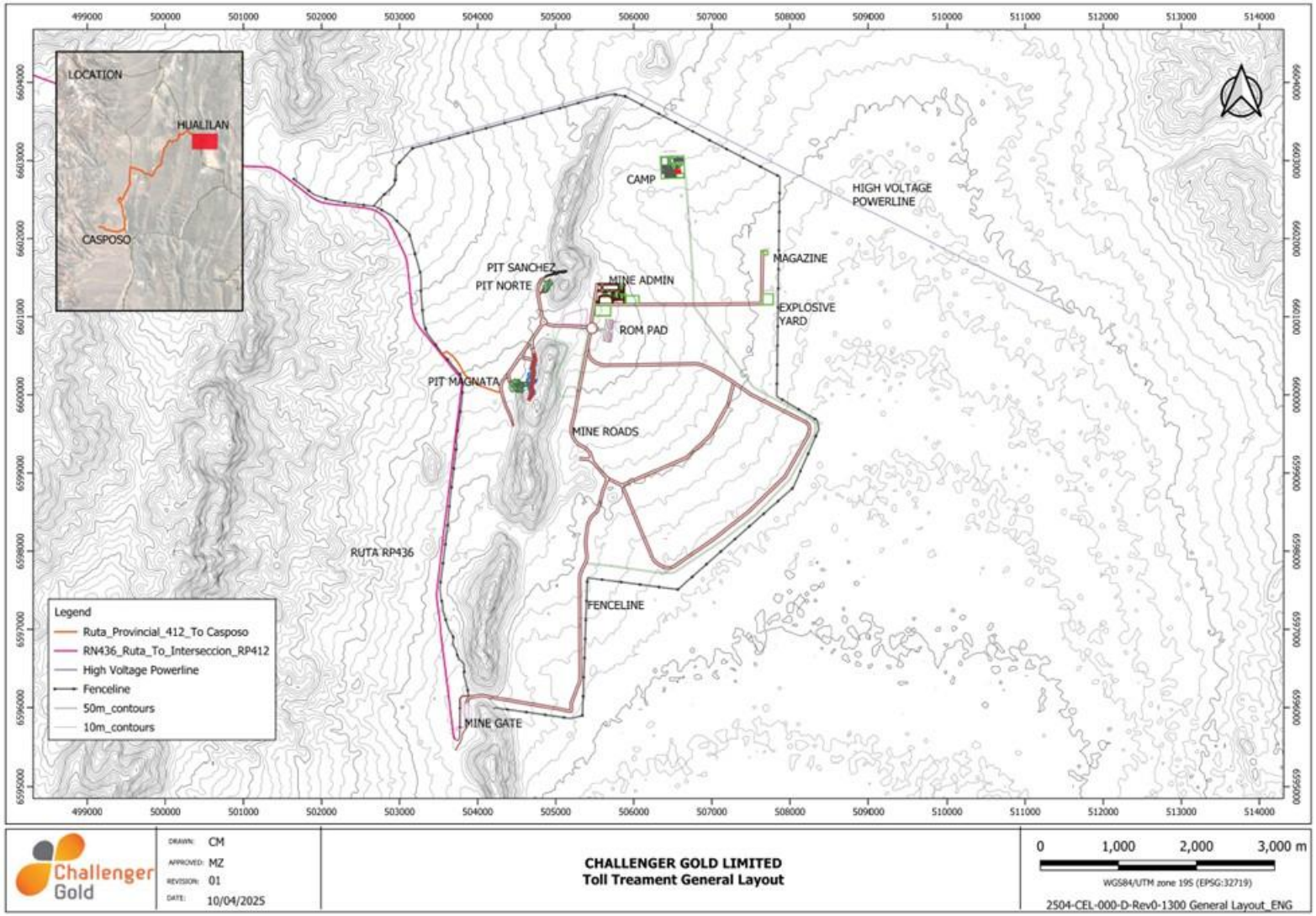
7 KEY INFRASTRUCTURE

The Project is a greenfields site that requires minor infrastructure to support the operations. Given the short mine life contemplated in this PFS, most of the project infrastructure will be portable or semi-permanent. The infrastructure required includes:

- access roads;
- water supply;
- energy and power supply;
- camp and administration buildings;
- security shack and toll milling weigh bridge facility;
- mine waste dumps;
- infrastructure to support mining operations;
- washdown facilities;
- fuel supply, storage, and distribution;
- communications and information technology;
- fire protection; and
- surface water management infrastructure.

Figure 7-1 illustrates the overall Project site layout.

Figure 7-1: Hualilan Toll Milling Project Site Layout



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7.1 Key Infrastructure Items

Power Supply

This PFS does not include any self-milling facilities, on-site power requirements are significantly reduced. All power requirements for Toll Milling Operations will be supplied by diesel generators on primarily a rental basis.

Water Supply

Challenger has an active agreement to draw water from a nearby creek, approximately 7 km south of site. This water source was previously used during exploration drilling programs and for non-potable water uses at the site. It is expected that water consumption for Toll Milling Mining Operations will not exceed historic consumption rates from this source. This PFS assumes this fresh water source remains as the sole water source for operations.

Further, Challenger has drilled three exploratory water bores to prove sufficient groundwater resources as an alternative source to the existing water source. All three wells intersected ground water close to within 40 m of surface over broad intervals in porous and permeable unconsolidated sediments. The water bores were drilled and flow testing completed as part of a successful hydrogeology study undertaken by Challenger in 2023.

Currently potable water is procured in containers for use on site. This PFS assumes that potable water will be supplied the same way and consumption estimates have been scaled up by head count.

No semi-permanent or permanent infrastructure will be constructed for potable water supply and distribution during toll treatment operations.

Access Roads

Access to the Project from the city of San Juan, is via a double lane sealed highway along the following routes:

- National Route No. 40: San Juan – Talacasto Station. Distance: 52 km.
- Provincial Route No. 436: Talacasto Station – Junction of National Route No. 149. Distance: 23 km.
- National Route No. 149: Junction Provincial Route No. 436 – Deposit. Distance: 45 km.

The main road corridor is used for all types of cargo and substances, hazardous, and non-hazardous, which is used by other regional operations and projects in the Iglesia Department.

On-Site Roads

Approximately, 26 km of on-site roads will be constructed for this Project. Roads will be constructed by grubbing and removing cover material and establishing sufficient road widths and berms to ensure safe operations. Due to the short mine life and the low level of mining equipment and light vehicle traffic, along with the arid climate, roads will not be constructed with crushed rock. Instead, roads will be maintained as-needed with the operations mining fleet.

Off-Site Roads

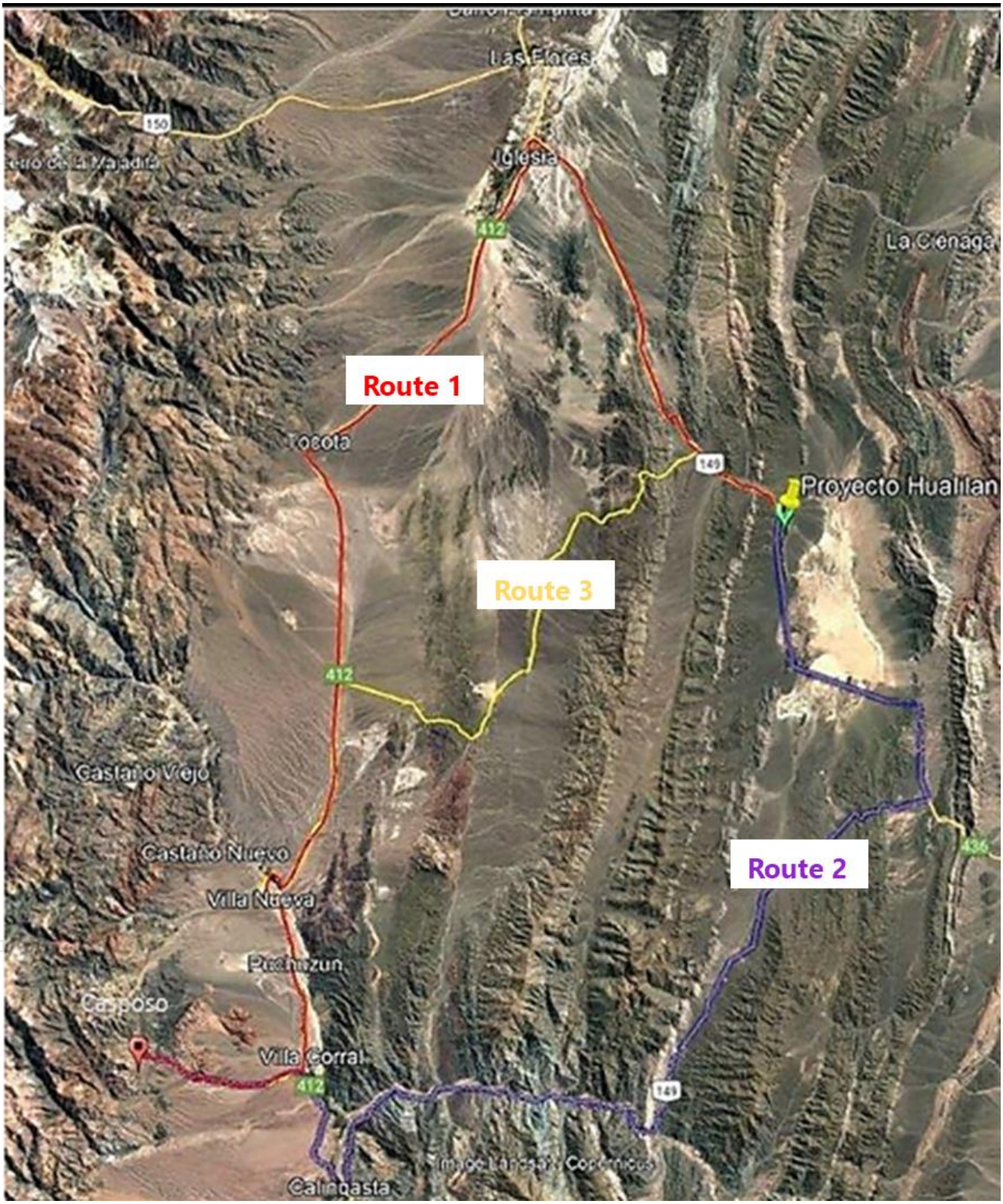
An ore transport study has identified three haulage routes, each with varying distances (135 km to 175 km) and infrastructure conditions. The conceptual routes are illustrated in Figure 7-2. The company has completed its analysis to determine the optimal ore haulage route, considering key factors such as route distance, road type, terrain challenges, traffic conditions, and potential impacts on urban and historic areas.

Final costing assessments and logistical support evaluations have been completed to ensure the most efficient and sustainable transport solution. Fruitful discussions with the Ministry of Transport focussing on establishing preferred haulage schedules, evaluating capital and maintenance costs, and exploring cost-sharing opportunities are nearing completion.

Following discussions with the community groups, local government, and the provincial government; the ore haulage options considered in the study is transport via Route 2 for the duration of the mine life. The use of Route 2 initially requires some minor repairs to low points, involving the installation of culverts.

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Figure 7-2: Potential Ore Transport Routes between Hualilan and Casposo



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Camp

The existing modular exploration camp will be relocated to a site outside of the blast radius of open pit mining operations and used for the duration of toll milling operations.

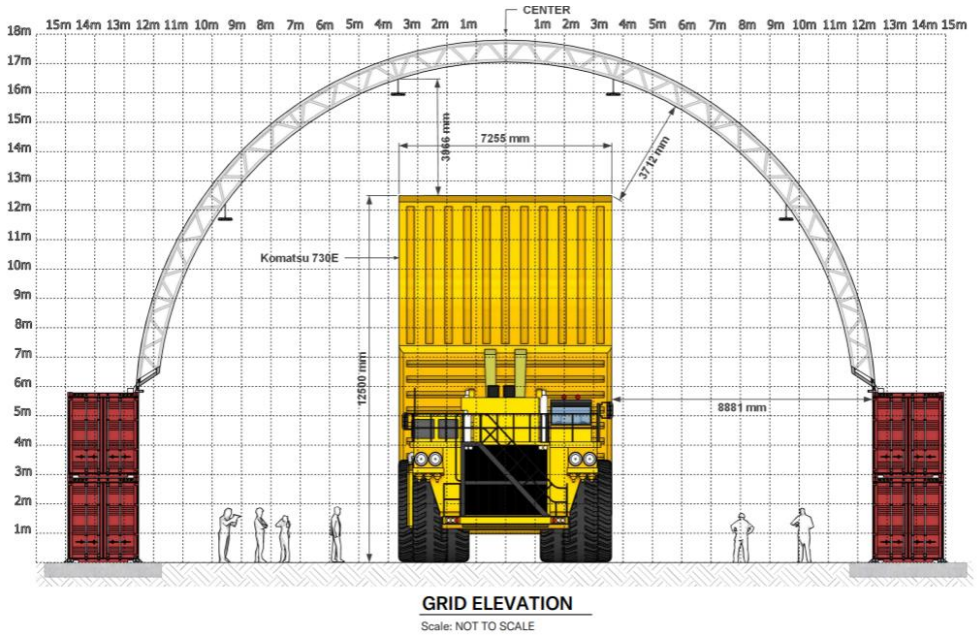
Truck Shop

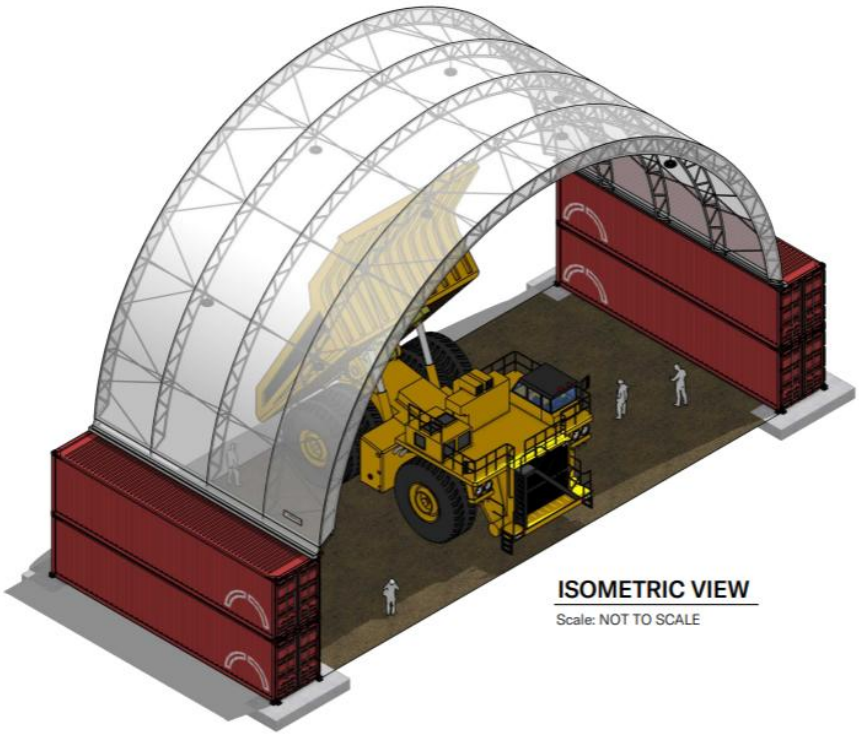
The Truck Shop contemplated in this PFS is a dome shelter style covering, mounted on standard sea-containers. Sea-containers will either be utilised as storage area for tools and other maintenance materials or retrofitted into maintenance office areas. The shelter has been designed to provide sufficient clearance for the equipment contemplated in this PFS. See conceptual drawing in Figure 7-3 below.

The shelter will be secured via engineered connection points to the sea-containers, with the sea-containers secured to the foundation via engineered concrete footings. The supplier of the shelter will provide design specifications that are sufficient for the climate and windspeeds experienced at the Project site.

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Figure 7-3: Conceptual Design for Truck Shop





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7.2 Other Infrastructure Considerations

Stockpiles for Potential Future Processing

Based on prior full-scale processing studies, below cutoff grade material for toll milling operations will be stockpiled for potential future processing on the Hualilan site. Stockpiles will be designed for ore suitable for bulk flotation, sequential flotation, and heap leaching, as these are the three processing routes that have undergone metallurgical testing.

Security

The current security infrastructure on site comprises a boom gate and guardhouse at the main camp access road. This infrastructure will remain during toll milling operations.

Explosives

Given the limited amount of blasted material over the Project, no explosives facilities are required on site. Instead, blasting services will be contracted and the contractor will transport in all required blasting materials and supplies to prepare and execute blasts as needed to achieve the mine and ore delivery schedule.

Tailings Storage Facility

There will be no tailings storage requirements on site at Hualilan.

The PFS mine plan contemplates using the existing tailings storage facility at Austral Gold's Casposo Mine. Ore will be processed through the Casposo process plant and waste material will subsequently be stored in the existing tailings storage facility. As such, no tailings storage is required on the Hualilan site.

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8 REGULATORY AND SOCIAL LICENCE TO OPERATE

Environmental baseline monitoring has been ongoing at the Project since March 2021. This monitoring includes:

- Air Quality;
- Noise and Vibration levels;
- Flora;
- Fauna; and
- Climate.

Additionally, specific independent consultant reports have been prepared and lodged with the San Juan Department of Mines including:

- Archaeological report; and
- Report on Palaeontology.

Neither report indicated any potential areas of concern, with the historic buildings on site at Hualilan deemed to have no archaeological significance due to several periods of modification.

The flora survey program indicated that no irreversible impacts are expected on ecological processes in the project footprint and areas surroundings. No mitigation measures are planned for the flora resource due to no direct or indirect impacts on sensitive vegetation units. Additionally, it should be noted that in the footprint of the project and water study area there are no high plains or wetlands which are subject to an additional set of regulations. Similarly, the Fauna monitoring program indicated that no issues regarding Red List of Mammals of Argentina or Near Threatened species.

The Hualilan Project is distant from any Natural Protected Areas (NPA) of the Province of San Juan or any NPA of national, provincial and/or municipal jurisdiction.

On October 2024 the Company received approval of the Environmental Impact Assessment (EIA) for its Hualilan Gold Project in San Juan Province, Argentina, through Resolution No. 688-MM-2024.The approval was the first gold project in the San Juan Province to receive an EIA approval in 17 years. The EIA covers 19 mining rights, including the Hualilan Groups No. 1 and No. 2, and enables the Company to proceed with mine construction and development activities.

The Company has made strong social commitments including:

- Prioritising local employment with focus on San Juan residents;
- Community development program;
- Technical training program for local students; and
- Promoting participation of local and regional suppliers.

Next steps include finalizing and submitting the EIA Addendum, with ongoing document-wide consistency reviews to incorporate new information. Other permitting requirements include preparing project descriptions, layouts, and dimensional drawings for construction permits (including camp relocation), finalizing water usage

applications and securing valid explosives licenses from suppliers for magazine and office construction permits. Additionally, all contractors and service providers must appoint registered professionals for key roles (Technical Director, OHS&E Supervisor, Explosives Manager, etc.) to meet regulatory requirements.

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9 CAPITAL AND OPERATING COSTS

9.1 Capital Costs

The capital cost estimate was prepared by Fuse Advisors and various independent external consultants retained by Challenger.

There was limited use of benchmarking, with costs generally sourced from vendor quotes/indicative prices or detailed first principle cost analysis using vendor quotes based on the preliminary project design. Where benchmarking was used to provide any capital costs the primary source was from external consultants databases. Where benchmarking has been used to provide capital cost estimates this has been specifically stated.

The cost estimate is expressed in Q1 2025 US$ and used the United States Dollar (USD) / Argentine Peso (ARS) exchange rate at the time the quotation was provided (average 1,075 ARS) for any in-country costs provided in ARS. In practice, in Argentina most cost quotes are generally provided in USD and converted into ARS based on the prevailing USD/ARS rate. The costs do not include allowances for escalation or exchange rate fluctuations. All costs are exclusive of the Argentinian value added tax (VAT) which is applied separately in the financial model used for the economic evaluation.

The capital cost estimate for this PFS has a target accuracy range of (-20% to +30%) where costs have been sourced from vendor quotes and first principles analysis. The following areas were included in the estimate:

- Open Pit Mine – including, open pit mine development, equipment fleet, pre-stripping/pioneering, and supporting infrastructure and services.
- On-site infrastructure – including, earthworks, sitework, roads, camp, and other general facilities.
- Off-site infrastructure – including, ore transport, road maintenance, and repairs.
- Owners Costs – including, owner's team, training and operational readiness, specific toll treatment fees.
- Indirects – including, external project consultants and Engineering, Procurement and Construction Management (EPCM).
- Other Pre-production Costs (other operating costs prior to commercial production/processing).
- Contingency (applied at +15%) for this level of study.

Total capital costs are US$5.5M not including US$674k of capitalised mining costs. Total initial capital costs of US$4.2M. Capital costs estimates are summarised in Table 9-1.

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Table 9-1: Capital Cost Estimate Summary

Description	Pre-production Capital Cost (US$ M)	Sustaining Capital Cost (US$ M)	Total Capital Cost (US$ M)
Mining (incl. pre-production)	1.2	0	1.2
On-site Infrastructure	1.1	0	1.1
Off-site infrastructure	0.2	0	0.2
Owners Costs	0.8	1.3	2.1
Indirect Costs	0.2	0	0.2
Contingency	0.5	0.04	0.54
Total Capital Expenditure	**4.2**	**1.3**	**5.5**

Notes: All figures are rounded to reflect the relative accuracy of the estimate.
Totals may not sum due to rounding as required by reporting guidelines.
a) Pre-production costs are operating costs that occur prior to ore transport commences.
US$ M = Million United States dollars.

9.1.1 Open Pit Mining

This item accounts for the capital costs associated with the open pit mine, haul roads, and support mine infrastructure and services. The Open Pit Mine Capital cost estimate is summarised in Table 9-2.

Table 9-2: Open Pit Mine Capital Cost Estimate

Open Pit Mine Capital Costs	Initial CAPEX (US$)	Sustaining CAPEX (US$)	Total CAPEX (US$)
Open Pit Mine Development			
Pre-Stripping and Pioneering	674,329	-	674,329
Open Pit Mining Equipment			
Rent-to-Buy Contract	-	-	-
Equipment Fire Suppression Systems	130,000	-	130,000
Open Pit Mine Infrastructure			
Truck Shop	170,754	-	170,754
Wash Bay	63,266	-	63,266
Total Open Pit Mine	**1,230,979**	**-**	**1,230,979**

CAPEX = Capital Expenditure; US$ = United States dollars.

Mining equipment will be purchased under a rent-to-buy contract to defer upfront mining capital expenditures. Mining equipment costs are therefore captured under mining operating expenses. The open pit mining fleet is described in Section 5.95.9.

Mine capital costs include 73 kt of pre-production blasting and stripping of unconsolidated material that does not require drill and blast and pioneering in the three open pits, totalling US$674k. No contingency was applied directly to these costs, as contingency was applied to overall project capital expenditures.

The Truck Shop is expected to be a dome shelter style covering, mounted on standard sea-containers. Costs were developed through vendor quotes.

The Wash Bay is based on a sealed concrete pad with a simple water collection system to allow separation of contaminated water and recycle of decanted water. Costs for the Wash Bay were developed by supplier quotations.

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9.1.2 Processing Plant

Since the material mined in this PFS will be trucked to Austral Gold's Casposo process plant, there are no planned processing plant capital costs.

9.1.3 Tailings Management

No tailings material will be generated on site at Hualilan; therefore, no capital costs will be incurred for tailings management.

9.1.4 On-Site Infrastructure

Infrastructure-related capital costs are detailed in Table 9-3 and include:

- On-site roads;
- Fencing;
- Weigh bridge;
- Lighting towers;
- Surface water management;
- Camp Relocation; and
- Security Relocation.

The Hualilan site is an active exploration site with associated camp infrastructure established, other site infrastructure costs are captured as operating costs by scaling current infrastructure requirements by head count.

Table 9-3: On-Site Infrastructure Capital Cost Estimate

On Site Infrastructure	Initial CAPEX (US$)	Sustaining CAPEX (US$)	Total CAPEX (US$)
Surface Water Management	43,540	-	43,540
Fencing	623,854	-	623,854
Bulk and Siteworks	58,987	-	58,987
On-Site Roads	123,192	-	123,192
Camp Relocation	50,000	-	50,000
Security Infrastructure Relocation	50,000	-	50,000
Warehouse	21,216	-	21,216
Weigh Bridge	125,900		125,900
Core Storage Relocation	50,000	-	50,000
Total On-Site Infrastructure	**1,146,717**	**-**	**1,146,717**

CAPEX = Capital Expenditure; US$ = United States dollars.

On-Site Roads

On-site roads are based on the established site layout, which includes 26 km of site roads and as described in Section 7.1. The economic analysis assumes that these roads will be constructed using contractors. Costs have been estimated from quotes that include equipment, labour, and equipment maintenance.

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Fencing

Fencing costs include 10 km of fencing with quantities estimated from the general site layout. Costs applied to the 10 km of fencing were derived from supplier quotes.

Weigh Bridge

Operations require a weigh bridge that will weigh transport trucks loaded with Hualilan ore prior to transporting to the Casposo process plant for processing. The capital cost estimate is based on supplier quotes, which includes turnkey installation and initial calibration services for a 28 m-long and 80-t capacity steel framed weigh bridge.

Other Infrastructure Costs

Other infrastructure costs include the relocation of the existing camp, associated facilities, and security infrastructure. These costs are based estimates from local contractors. It should be noted that camp relocation is underway.

Other small equipment such as light plants and small generators are assumed to be rented as needed and have not been accounted for in capital expenditures.

9.1.5 Off-Site Infrastructure

The main off-site infrastructure contemplated in this PFS is the ore haulage route between the Hualilan site and the Casposo process plant where ore will be processed.

As described in Section 7.1, an ongoing study has identified three haulage routes (Figure 9-1), each with varying distances (135 km to 175 km) and infrastructure conditions.

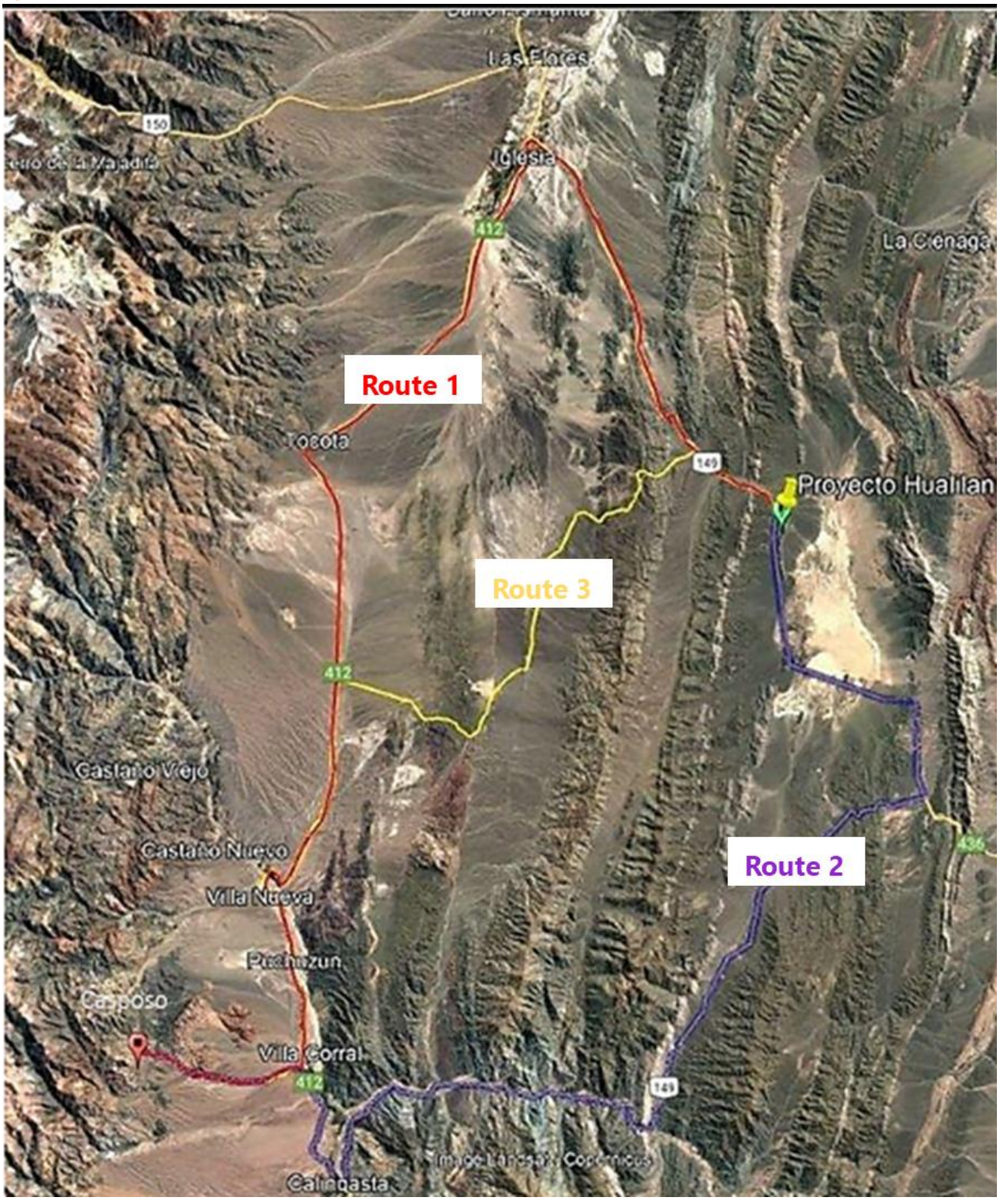
Costs associated with the establishment and maintenance of Route 2, as indicated in Table 9-4, have been included as initial capital expenses in the economic analysis. These costs are based on contractor equipment quotes and the findings of the ore haulage study conducted by Challenger.

Table 9-4: Costs Associated with the Establishment and Maintenance of Route 2

Off-Site Infrastructure	Initial CAPEX (US$)	Sustaining CAPEX (US$)	Total CAPEX (US$)
Ore Transport Route 2 Repairs and Maintenance	213,811	-	213,811
Total Off-Site Infrastructure	**-**	**-**	**213,811**

CAPEX = Capital Expenditure; US$ = United States dollars.

Figure 9-1: Potential Ore Transport Routes between Hualilan and Casposo



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9.1.6 Owner's Costs

Owner's capital cost estimates in this preliminary feasibility study comprise payments payable to the Property vendor, a "right-to-access" toll treatment fee, and costs associated with training, operational readiness, and pre-production owners team costs. Total Owner's costs over the LOM are US$2.1M. Owner's costs are summarised in Table 9-5.

Table 9-5: Owner's Capital Cost Estimate

Owner's Costs	Initial CAPEX (US$)	Sustaining CAPEX (US$)	Total CAPEX (US$)
Toll Treatment Right-to-Access Fee (payable to Austral Gold)	-	1,000,000	1,000,000
Reclamation and Closure Costs	-	276,961	276,961
Training, Management Plans and Operational Readiness	50,000	-	50,000
Owner's Team	776,678	-	776,678
Total Owner's Costs	**826,578**	**1,276,961**	**2,103,539**

CAPEX = Capital Expenditure; US$ = United States dollars.

9.1.7 Indirect Costs

Indirect capital cost estimates are shown in Table 9-6. These costs include consulting costs related to pre-production activities.

Table 9-6: Indirect Capital Cost Estimate

Indirect Costs	Initial CAPEX (US$)	Sustaining CAPEX (US$)	Total CAPEX (US$)
External Consultants	200,000	-	200,000
Total Indirect Costs	**200,000**	**-**	**200,000**

CAPEX = Capital Expenditure; US$ = United States dollars.

9.1.8 Contingency

The contingency was established by applying the following percentage factors associated with a Scoping Study level estimate.

- +15% on Open Pit capital costs;
- +15% on On-Site infrastructure;
- +15% on the Direct and Indirect and Owner's costs; and
- No contingency has been applied to the Austral Gold Right-to-Access fee.

9.2 Operating Cost

9.2.1 Basis of Estimate

The operating cost estimate is based on owner operated truck and shovel open pit mining and toll milling at Austral Gold's Casposo process plant.

Unless specifically stated in this section, operating cost estimates have been derived from first principles costs analysis prepared by external consultants, rather than by benchmarking. These cost estimates include local

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labour rates derived from San Juan industry standards and reviewed by an external labour law firm, costs sourced by vendor/ supplier quotations both in Argentina and externally, and productivity rates that reflect the local workforce and conditions.

Unless otherwise stated this estimate has an expected accuracy range of -20% to +30% and is expressed in Q1 2025 US$. The estimate includes the open pit mining, toll milling, G&A operating costs, off-site costs, interest charges, and taxes. It excludes escalation and currency fluctuations. No contingency has been included in the operating costs.

The operating estimate is expressed in Q1 2025 US$ and used USD/ARS exchange rate at the time the quotation was provided for any in country costs provided in ARS. In practice, in Argentina, most quotes are generally provided in USD and converted into ARS based on the prevailing USD/ARS. This includes diesel, equipment hire, for both general and specialised mining equipment, reagents, and consumables.

Summary mine operating cost estimates are provided in Table 9-7.

Table 9-7: Summary of Operating Cost Estimates

Unit Operating Costs	LOM Cost (US$)	LOM Average Unit Cost (US$/t tolled)	LOM Average Unit Cost (US$/t mined)	%
Open Pit Mining (ore/waste)	26,532,497	58.96	8.12	30.7
Ore Transport	7,870,500	17.49	2.41	9.1
Toll Processing	42,187,500	93.75	12.91	48.8
Toll Mill Monthly Access Fee	3,630,000	8.07	1.11	4.2
General and administrative	6,286,843	13.97	1.92	7.3
Total Operational Expenditure	**86,507,340**	**192.24**	**26.47**	**100.0**

LOM = life of mine; US$/t = United States dollars per tonne.

9.3 Open Pit Mining Costs

Table 9-8: Open Pit Mining Unit Cost Breakdown

Component	Unit Cost ($/t mined)	%	Inclusions
Drill and Blast	1.57	19.3	Price Incl: labour, fuel/ lube, GET, maintenance, contractor margin Bulk Explosive, Explosive Accessories, contractor PLTS service including equipment + labour, contractor margin
Load	1.00	12.3	Equipment: 1 x Komatsu PC500LC, 1 x Komatsu WA600, or equivalents Price Includes: labour, fuel/ lube, GET, maintenance
Haul	1.37	16.9	Equipment: 3 x Komatsu HM400 or equivalent Price Includes: labour, fuel/ lube, GET, maintenance
Auxiliary	1.35	16.6	Equipment: 1 x Komatsu D275AX Dozer, 1 x Komatsu GD655 Grader, 1 x 40,000 L Water cart, 1 x Service Cart or equivalents Price Includes: labour, fuel/ lube, GET, maintenance, contractor margin (for water cart and service cart)
Contractor Overhead	0.03	0.3	-
Sub-total	***5.32***		**-**
Internal Technical + Supervision	2.8	34.5	Mine Planning, Survey, Geotechnical, Geology, OP Production Management
Mining Cost Total	**8.12**	**100.0**	

GET = Ground Engaging Tools; L = litre; - = not applicable; OP = Open Pit.

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Table 9-9: Life of Mine Open Pit Headcount by Discipline

Headcount	Challenger	Contractor	Total
Mine Technical Services			
Management	1	-	1
Geotechnical	1	-	1
Mine Planning	2	-	2
Survey	4	-	4
Geology	11	-	11
Mine Operations			
Supervision	4	-	2
Auxiliary	4	4	8
Drill and Blast	-	9	8
Load	4	-	4
Haul	8	-	6
Mine Maintenance			
Mine Equipment Mechanic	-	4	4
Total Mine Personnel	**39**	**17**	**56**

9.4 Ore Transport

Ore transport costs include contract services for transporting Hualilan ore to the Casposo process plant. A unit cost of US$0.106/t/km is used in the economic analysis and is based on contractor quotes.

9.5 Processing Costs

Estimated operating costs for treating Hualilan ore through the Casposo process plant are shown in Table 9-10 to Table 9-16. Hualilan ore will be campaign treated at 25,000 tonnes (wet) per month for three-month periods. The total toll treatment tonnage of 450,000 tonnes (wet) will be processed over three years.

Process plant operating costs have been estimated by Challenger's consulting metallurgists using the following inputs

- Casposo supplied unit cost rates for reagents and consumables, such as cyanide, lime, flocculant, and grinding media. Historical consumption data for reagents and consumables were supplied by the Casposo operations team.
- Metallurgical testwork results conducted on representative toll treatment samples provided consumption rates for lime and cyanide. Database costs were used if Casposo process plant cost data was not available.
- Labour rates and manpower requirement were supplied by Casposo.
- A unit power cost of US$0.147/kWh provided by Casposo was used for power costs, based on historical power consumption at the Casposo process plant.
- Database maintenance spares costs and ancillary costs were used.

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Table 9-10: Processing Cost - Summary

Processing and Maintenance	LOM Average Unit Cost	
	(US$/t tolled)	%
Labour	29.5	39.4
Crusher Feed	0.3	0.3
Power	9.1	12.1
Reagents	18.1	24.1
Mill and Crusher Linings	4.1	5.5
Gravity and Refinery	1.5	2.0
Process Water Costs	1.5	2.0
Maintenance	9.3	12.5
Laboratory	1.5	2.0
Total	**75.0**	**100.0**

LOM = life of mine; US$/t = United States dollars per tonne.

Table 9-11: Processing Cost - Labour

Casposo Manpower	Process Cost			Mining Cost	G&A			Total	Unit Cost US$/t
	Plant	Refinery and Lab	Plant Maintenance	Mining	HSE	Warehouse	Admin		
Management	2						1	3.0	2.57
Leadership	1	1	1		1		2	6.0	2.44
Supervisors	1	6	1	2	4	1	0	15.0	4.35
	6	0	2	2	3		3	16.0	4.64
	0	0	0	2	0		0	2.0	0.58
Operators	29	22	38	4	2	4	7	106.0	14.96
Total	**39**	**29**	**42**	**8**	**10**	**5**	**12**	**148**	**29.53**

G&A = general and administrative; HSE = Health, Safety, and Environment; US$/t = United States dollars per tonne.

Table 9-12: Processing Cost - Power

Process Plant Area	Average Demand (kW)	Annual Consumption (MWh)	Unit Cost (US$/t)
Process Plant	2,356	18,848	9.11
Power Unit rate US$/kWh	0.147		

kW = kilowatt; kWh = kilowatt hour; MWh = megawatt hour; US$/t = United States dollars per tonne.

Table 9-13: Processing Cost - Reagents

Reagent Description	Usage Rates (at 100% Concentration or Equivalent)			Cost Tonne/Milled (US$/t)
	Consumption		Annual	
	Rate	Unit	(t/annum)	
Grinding Media				
SAG Mill Balls	1.75	kg/t ore	532	2.31
Total Grinding Media			**532.00**	
Detox - $CuSO_4$				
Detox	200	g/t ore	60.8	0.58
Total $CuSO_4$			**60.80**	
Flocculant				
Preleach Thickener	87	g/t ore	26.3	0.40
CCD 1	87	g/t ore	26.3	0.40
CCD 2	87	g/t ore	26.3	0.40
Total Flocculant			**79.04**	

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Table 9-13: Processing Cost – Reagents (continued)

Reagent Description	Usage Rates (at 100% Concentration or Equivalent)			Cost Tonne/Milled (US$/t)
	Consumption		Annual	
	Rate	Unit	(t/annum)	
Diatomaceous Earth				
Zinc Area Filter	230	g/t ore	69.9	0.$7
Total Diatomaceous Earth			**148.96**	
Lime - Leach and Detox				
Leach	6,277	g/t ore	1,908.1	1.29
Precipitation	250	g/t ore	76.0	0.05
Detox	500	g/t ore	152.0	0.10
Total Lime			**2,136.11**	
Sodium Metabisulphite - Detox				
Detox	1,000	g/t ore	304.0	2.16
Total SMBS			**304.00**	
Zinc Dust				
Precipitation	34	g/t ore	10.2	0.08
Total Zinc Dust			**10.22**	
Cyanide				
Leach	4,093	g/t ore	1,244.2	9.93
Total NaCN			**1,244.21**	
Lead Nitrate				
Leach	15	g/t ore	4.6	0.03
Total Lead Nitrate			**4.56**	
Total				**18.09**

t/annum = tonnes per annum; US$/t = United States dollars per tonne; SAG = semi-autogenous grinding; $CuSO_4$ = copper sulphate; CCD = counter current decantation; SMBS = sodium metabisulphite; NaCN = sodium cyanide.

Table 9-14: Processing Cost – Mill and Crusher Liners

Mill and Crusher Linings	Cost/Tonne Milled (US$/t)
SAG Mill Feed Chute	0.15
Wear-ring	0.01
Mill end Trommel	0.19
Complete Mill Lining System	2.45
Lining Fasteners	0.26
Reline Labour	0.39
Freight	0.23
Total Mill Lifters and Liners - SAG Mill	**3.65**
Primary Crusher Liners Jaws	0.27
Cheek plates	0.04
Freight	0.05
Total - Primary Crusher Liners	**0.36**
Pebble Crusher Liners Concaves	0.05
Mantle	0.04
Freight	0.03
Total Pebble Crusher Liners	**0.12**
Total Mill and Crusher Linings	**4.13**

US$/t = United States dollars per tonne; SAG = semi-autogenous grinding.

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Table 9-15: Processing Cost – Ancillary Consumables

Ancillary	Cost/Tonne Milled
Gravity, Intensive Leach, and Goldroom	
Goldroom and Acacia Reagents	1.50
Total Gravity and Goldroom	**1.50**
Water	
Return Water Costs	1.50
Total Water	**1.50**
Laboratory	
Consumables	1.50
Total Laboratory	**1.50**

Table 9-16 Processing Cost – Maintenance Costs

Maintenance Costs	Cost/Tonne Milled (US$/t)
Maintenance - Crushing	1.10
Maintenance - Milling and Classification	2.33
Maintenance - Leaching and Precipitation	0.84
Maintenance - Metal Recovery and Refining	2.24
Maintenance - Services	0.72
Maintenance - Infrastructure	2.11
Total Maintenance Costs	**9.34**

US$/t = United States dollars per tonne.

9.6 General and Administrative

General and Administrative (G&A) costs predominantly include labour, administrative and miscellaneous costs associated with the Finance, IT, Supply Chain, Warehouse, Human Resources, Camp Administration/ Maintenance, Health, Safety, Training, Security, Environment, Permitting, Government and Community Affairs, Communications, and Executive (General Management) functions.

An allowance has been made for insurance and local compliance costs, as well as for community development grants.

Camp accommodation, catering, laundry, cleaning and the cost of transporting personnel from San Juan to Hualilan and vice-versa has been incorporated into G&A. This is based on existing unit rates from the temporary camp established at Hualilan. Average camp occupancy over the key production period is 50 beds.

The summary of operational G&A costs is included in Table 9-17.

An approximation of headcount for G&A is included in Table 9-18.

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Table 9-17: General and Administrative Operating Cost Breakdown

Annual G&A Costs	LOM Cost (US$)	Unit Cost (US$/ tolled)	%
Transport to Site	57,600	0.13	0.9
Internet	81,474	0.18	1.3
Software	383,738	0.85	6.1
Health and Safety	14,696	0.03	0.2
Mobile restroom trailer	435,291	0.97	6.9
Dust Suppression Water Fee	1,718,156	3.82	27.3
Security	974,097	2.16	15.5
Exploration Equipment	12,000	0.03	0.2
Emergency Plan	154,239	0.34	2.5
Vehicle Hire (4 x 4 for CEL Staff)	513,600	1.14	8.2
Fuel for Challenger 4 x 4	95,040	0.21	1.5
Insurance Dore in circuit/transit	639,912	1.42	10.2
Other Insurance	250,000	0.56	4.0
Cost of Monitoring Staff at Casposo	750,000	1.67	11.9
Cost of monitoring assays at Casposo	99,000	0.22	1.6
Blast Hole sampling (grade control)	108,000	0.24	1.7
Total G&A Costs	**6,286,843**	**13.97**	**100.0**

G&A = general and administrative; US$ = United States dollars.

Table 9-18: General and Administrative Labour Model

Headcount	Challenger	Contractor	Total
Management	4	-	3
Finance	2	-	2
Information Technology	1	-	1
Human Resources	1	-	1
Safety	4	-	4
Security	-	6	6
Camp and Catering	-	6	6
Total Mine Personnel	**12**	**12**	**24**

9.7 Refining and Transportation Costs

Refining and transportation costs consider the transportation of doré bars from the Casposo process plant to a refinery located in Canada, based on a detailed refinery contract.

Table 9-19: Refining and Transportation Costs

Refining and Transportation Costs	Units	Value
Refining Cost	% of US$ / Payable Au oz	0.35
Local Freight Cost	US$ / 700 kg shipment	7,200
International Freight Cost	US$ / 700 kg shipment	6,850
Variable Transport Cost	US$ / payable Au oz	7.00

US$ = United States dollars; Au = gold; oz = ounce; kg = kilogram.

Table 9-20: Refining and Transport Costs Summary

Refining and Transportation Costs	LOM Cost (US$)	Unit Cost (US$/ payable AuEq oz)
Transport Cost	823,546	10.23
Refining Cost	671,908	8.34
Total	**1,495,454**	**18.57**

LOM = life of mine; US$ = United States dollars; AuEq = gold equivalent; oz = ounce.

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10 ECONOMIC ANALYSIS

Fuse Advisors developed the economic model using capital and operating cost inputs from Challenger and various independent external consultants retained by Challenger, as defined in Section 9 of this report. The model was prepared following accepted engineering and financial principles and is accurate.

All financial numbers referenced are in United States dollars (US$) unless otherwise stated. No escalation of revenue and costs has been incorporated. Income tax is assumed at the Argentinian Taxation Office prescribed corporate income tax rate and is treated in this study as a flat rate of (35%), with previous exploration offset as carried forward and as tax losses that may be available and realised by Challenger in accordance with the Argentinian tax laws. Totals in tables may not reflect summed components precisely due to rounding.

The financial evaluation presents the determination of the Net Present Value (NPV), payback period (time in months to recapture the initial capital investment), and the internal rate of return (IRR) for the Project. Cash flow projections were estimated monthly over the life of the mine based on estimates of capital expenditures, production costs, and sales revenue. Revenues are based on gold and silver production.

The results of the evaluation show toll milling to be economically robust. The Project generates forecast earnings before interest, taxes, depreciation and amortisation (EBITDA) of US$88.0M and pre-tax cashflow of US$82.5M. This increases to EBITDA of US$142.9M and pre-tax cashflow of US$137.3M at spot prices (US$3,300/oz Au, US$33/oz Ag). The NPV of the net cashflow with an 5% discount rate (NPV5) is US$73.8M on a pre-tax project basis, and US$50.5M post-tax using a base gold price of US$2,500/oz increasing to a pre-tax NPV of US$123.3M and a post-tax NPV of US$82.2M at spot prices.

10.1 Cash Flow Model Parameters

A financial model in Microsoft Excel was developed for Challenger by Fuse Advisors, to allow economic evaluation of the Project.

The model uses the principal assumptions described in the following subsections.

10.1.1 Metal Price Assumptions

A base case gold price of US$2,500/oz and silver price of US$27.50/oz, fixed for the life of the Project, was used to evaluate the Project. This gold price was approximately US$800/oz lower than the prevailing gold price during the completion of the study.

The impact of higher or lower gold prices have been addressed as part of the sensitivity analysis completed within this section.

10.1.2 Exchange Rate Assumptions

The financial model is expressed in Q2 2025 US$ and used United States Dollar (USD) / Argentine Peso (ARS) exchange rate at the time the quotation was provided for any in country costs provided in ARS. In practice, in Argentina, most quotes are generally provided in USD and converted into ARS based on the prevailing USD/ARS. The USD/ARS rate was 1,150 at the time of this report.

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10.1.3 Royalties

A 3.0% production royalty on recovered gold and silver is paid to the province and a 1.5% community royalty applies to recovered gold and silver, totalling US$8.6 million in royalties over the life of the Toll Milling operation.

10.1.4 Tax

The tax model was compiled by Challenger Gold following detailed advice from PWC Argentina and calculations are based on the tax regime as of the date of the PFS. At the effective date of this report, the Project was assumed to be subject to the following tax regime:

- The Argentinian corporate federal profit tax is 35%. Federal income tax is applied on Project income after deductions of eligible expenses including depreciation of assets, operations costs, Royalty payments, transaction taxes, exploration costs, provincial and municipal taxes, and any losses carried forward.
- No provincial taxes, municipal taxes, or turnover taxes apply to the project. Gross revenues derived from exports of goods are exempted from turnover tax. Additionally, the Province of San Juan has provided a tax exemption for taxpayers who carry out mining activities for both taxes.
- Export duties on the sale of gold and silver apply on the net smelter return value at a rate of 8% for gold and 4.5% for silver.
- Argentina has a bank transaction tax for deposits for bank debits and credits of 0.6% in and 0.6% out for a total of 1.2%. One third (33.3%) of this tax can be credited against corporate income tax. This applies to all cash flows into and out of the Project except for transfers for salary payments which are exempt from this tax.

As from fiscal periods starting on or after 1 January 2022, Argentine taxpayers are subject to corporate income tax (CIT) at progressive rates on their net income. Applicable rates as shown in Table 10-1. Amounts shown in this table would be adjusted by inflation (based on the Consumers Price Index [CPI]) on an annual basis. Argentina CPI was 72% in 2022, 211% in 2023, and 117% in 2024.

Table 10-1: Argentina Corporate Federal Profits Taxes by Earning Brackets

Net Gain		Fixed Tax (ARS)	Additional %	Over the Amount Exceeding
From (ARS)	To (ARS)			
0	5,000,000	0	25%	0
5,000,000	50,000,000	1,250,000	30%	5,000,000
50,000,000	>50,000,000	14,750,000	35%	20,000,000

ARS = Argentine Peso.

Income tax is assumed at the Argentinian Taxation Office prescribed corporate income tax rate and is treated in this study as a flat rate (35%). The bank transaction tax has been applied in the financial model at 0.76% of total revenue reflecting the 33.3% of the bank transaction tax offsetable against federal profits tax and the exemption for salary payments to the bank transactions tax.

Accelerated Depreciation and Double Deduction

According to Article 12 of the Mining Investment Law companies that are registered at the regimen of mining investment obtain a “double deduction” for feasibility study expenses including exploration (except royalties).

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The “double deduction items” are the amounts invested in prospecting, exploration and in any other expenses necessary to determine the technical-economic feasibility of the Project. The Company’s operating subsidiary in Argentina has carry forward tax losses of approximately US$21.1M which can be amortised over the first 5 years of production.

Accelerated amortisation for income tax purposes applies to CAPEX in equipment, civil works, and constructions to provide the necessary infrastructure to mining operations, such as site access, civil works, water extraction and transportation works, installation of electricity lines, electric energy generation facilities, camps, staff housing. Sixty percent (60%) of the total amount of the infrastructure unit is depreciated in the fiscal year in which it is available for use, and the remaining forty percent (40%) is depreciated in equal parts in the two (2) subsequent years. Investments made in the acquisition of machinery, equipment, vehicles and installations not included in the above paragraph are depreciated by one third annually from the date they are put into service (33.33% each year). This applies to the CAPEX of US$3.8M and sustaining CAPEX of US$2.9.

Value Added Tax

The value added tax (VAT) is assessable on the sales of goods and on most services (such as construction, utilities, professional and personal service not derived from employment) and on imports. The current general VAT rate is 21%. The VAT paid on purchases (VAT credits) will be offset against the VAT billed on sales in the domestic market (VAT debits). The difference should be paid to tax authorities, if VAT whole debits are greater than VAT whole credits. If not, the difference will only be considered as a credit in future periods.

The project will be an exporter of gold and silver and as will be treated under the Exporter’ regime VAT. Exports are VAT exempt. VAT paid on purchases and services (VAT credits), related to the exportation made during a monthly period may be credited against VAT debits arising from local transactions or recovered through a request to the Tax Authorities.

Exporters are not allowed to request the refund of the VAT credits before the exportation have been made. The amount of the request may not exceed 21% on the value of exports made in a given month and any excess may be carried forward.

This system has been in place for many years with different modifications, mostly on the procedures to be followed in order to get the refund. The regulation currently in force does not require any warranty except for a CPA certificate regarding of the amounts of VAT credits to be recovered and certain additional information.

In general terms, the system is predictable and is functioning well. VAT recovery under this regime could be obtained in approximately three months. Accordingly, VAT was not considered in the economic valuation of this project as it is applied to all goods and services and is considered to be fully refundable. For the economic model VAT is not considered in the capital or operating cost estimate as it is assumed that VAT paid, and VAT credits will be a net zero value during the period in which they occur.

Export Tax

Export tax at a rate of 8.0% for gold and 4.5% for silver is payable to the Federal Government also apply on payable metal.

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10.1.5 Metallurgical Recoveries

Average recovery for LOM of 84.4% gold and 65.7% silver was assumed based on the existing metallurgical testwork. The recovery assumes 3% gold and silver loss in the Merril-Crowe and gravity circuits.

A 5% moisture content was used for the conversion of dry metric tonnes (DMT) to wet metric tonnes (WMT) in this study.

10.1.6 Refining Terms

The refiner will take possession of the material at the Casposo process plant with weighing, sampling, and assaying to be carried out by the Refiner within 12 working days the “Metal Availability Date”. An initial settlement shall be made on the Metal Availability Date based on 95% of the Customer’s estimated Recoverable Metal contents (100% for Au and Ag) less the 0.35% refining fee. Additionally, the agreement will have early settlement provisions providing for early settlement of 95% of the metal value within two working days of the shipment date, which is in line with industry standards.

10.1.7 Capital Cost

Capital Costs are presented in Section 9.1 of this report. Initial capital is estimated at US$4.2M including contingency and pre-production operating cost and sustaining capital is estimated at US$1.3M over the LOM. Total Project CAPEX, and sustaining CAPEX includes a contingency of 15%.

Capital Costs are shown in Table 10-2. Capital costs associated with the Project are limited due to several factors including:

- Extraction being done via Toll Milling which removes the cost for a processing plant and associated infrastructure which is generally the largest CAPEX item associated with an open pit mine.
- No requirement for a tailings storage facility (TSF) on site given that processing is being conducted at the Casposo process plant.
- Mining equipment being supplied under a rent-to-buy agreement (or a mining contractor) removing up-front capital associated with mining equipment which is also one of the typical larger CAPEX items.
- Mining equipment supplier providing maintenance and vendor managed inventory under this rent to buy agreement.
- The use of a drill and blast contractor to operate the drill and blast serviced under a Rock on Ground contract removing typical CAPEX associated with drill and blast.
- The use of a contractor for ore haulage from the Hualian site to the Casposo process plant removing CAPEX associated with haul trucks, maintenance, and inventory.
- The existing 55-person camp and associated full infrastructure on site at Hualilan and the ability to increase the size of this camp and associated infrastructure using modular accommodation rented on a monthly basis.
- The relatively small scale of mining required for toll milling with ming rates of less than 5,000 tonnes per day (tpd).

Table 10-2: Initial Capital Expenditures Summary

Initial Capital	US$M
Mining (incl. pre-production)	1.2
On-Site & Off- Site Infrastructure	1.4
Owners Costs	0.8
Indirects	0.2
Contingency	0.5
Total	**4.2**

US$M = Million United States dollars.

Sustaining capital includes a deferred capital installment of US$1.0M to Austral Gold in relation to the Toll Mill Agreement payable at the end of year-2 of toll milling and the cost of repairing and maintaining the Route 2 ore haulage road (Table 10-3). The proposed Hualilan mining fleet has excess capacity to enable it to maintain all Hualilan site roads during the 3 years of toll milling and all routine maintenance at Hualian is included in the G&A budget.

Table 10-3: Sustaining Capital Expenditures Summary

Sustaining Capital	US$M
Access Payment to Austral Gold end of Year 2 of tolling	1.0
Reclamation and Closures Costs	0.3
Contingency	0.04
Total	**1.3**

US$M = Million United States dollars.

10.1.8 Operating Cost

Operating cost estimates are presented in Section 9.2 of this report and summarised in Table 10-4. All cost estimates are in US$ as at Q2 2025.

Table 10-4: Operating Cost Summary

Unit Operating Costs	LOM Cost (US$)	LOM Average Unit Cost (US$/t tolled)	LOM Average Unit Cost (US$/t mined)	%
Open Pit Mining (ore/waste)	26,532,497	58.96	8.12	30.7
Ore Transport	7,870,500	17.49	2.41	9.1
Toll Processing	42,187,500	93.75	12.91	48.8
Toll Mill Monthly Access Fee	3,630,000	8.07	1.11	4.2
General and administrative	6,286,843	13.97	1.92	7.3
Total Operational Expenditure	**86,507,340**	**192.24**	**26.47**	**100.0**

LOM = life of mine; US$ = United States dollars; US$/t = United States dollars per tonne.

The estimated pre-production cost is calculated as the total cost of pre-production mining, processing and operating activities on an accrual's basis. Thirty-day allowances have not been made for creditor-days or deferred payment arrangements. Estimated pre-production operating costs are US$4.7. This includes mining, ore haulage, and Hualilan G&A, prior to the receipt of initial revenue from first month of toll milling. Toll processing costs have been excluded from this as under the toll milling agreement all charges for toll milling are not payable until after the receipt of initial cashflow from tolling.

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10.1.9 Closure Cost and Salvage Value

While it is envisaged that the Project will continue after the completion of Toll Milling via a standalone treatment plant at Hualilan given the single focus of this study on Toll Milling Closure, Reclamation, Salvage Values have been considered.

No value has been attributed for salvage given that the mining equipment will be operated under a Rent-to-Buy contract or a contractor will be used for mining an ore haulage. Similarly, no reclamation value has been attributed for on-site infrastructure as most of the camp is rented on a monthly basis.

Closure costs have been estimated at US$0.3M which is based on 3-months additional usage of the mining equipment to complete reclamation work of the small Toll Milling pits and waste material. Additionally, costs of US$0.7M have been included for redundancy payments to workers.

10.1.10 Other Assumptions

- No financing.
- Nil allowance for cost escalation.
- No hedging.

10.2 Mine Production and Mill Feed

The mining and processing schedules used as the basis for the economic evaluation are based on the LOM production schedule. Information on the mining schedule, ore haulage schedule, processing schedule is provided in Section 10.2.2 to Section 10.2.4, and methods for gold and silver recovery are provided in Section 6.4.

10.2.1 Introduction

Life of mine mill feed totals 450 kt (WMT) at an average grade of 6.3 gpt Au and 35.7 gpt Ag with an assumed processing rate of 820 tpd. The total Project duration is 39 months (including 5 months of pre-production). Mining activities will commence 2 months prior to the commencement of toll milling at the Casposo process plant and continue for 24 months. Ore transport to the Casposo process plant will commence 1 month prior to the commencement of toll milling at the Casposo process plant and will continue for 29 months. Toll milling will occur over a 33 month period, on a 3-months on, 3-months off batching schedule. It is assumed that Hualilan ore will be stockpiled at Hualilan in 4 separate stockpiles, to assist with feed grade management, then rehandled into trucks that will transport the ore to the Casposo process plant. Hualilan ore will be stockpiled at the Casposo process plant prior to being fed into the crushing circuit.

10.2.2 Mining

The schedule commences with site infrastructure upgrades and preparation between month 1 and month 5 (May 2025 to Sept 2025). Mining activities commencing in month 6 (Oct-26), open pit mining proceeds for 24 months with a total material movement of 3.3 million tonnes (Mt) at an overall average strip ratio of 6.0:1 (waste to ore) from three separate pits. This produces 465 kt (WMT) of ore at 6.2 gpt Au for 92,055 ounces of gold and 35.3 gpt Ag for 528,236 ounces of silver delivered to the ROM stockpiles at Hualilan of which 450 kt is transported to the Casposo process plant. The mining schedule is summarised in Table 10-5.

It should be noted that for the purposes of this study all material below 1.9 gpt AuEq has been classified as waste. The 2.7 Mt of waste includes 806 kt (WMT) of material below 1.9 gpt Au that will be classified as ore for the larger stand-alone LOM operation. This Material between 0.3 gpt Au and 1.9 gpt Au stockpiled for potential future processing in the standalone LOM operation, comprises 198 kt grading 1.2 gpt AuEq and 608 kt grading 0.4 gpt AuEq. Material less than 0.3 gpt AuEq will be sent to waste dumps.

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Table 10-5: Toll Milling Mining Schedule

PERIOD	Unit	LOM Total	1	2	3	4	5	6	7	8	9	10	11	12
			Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26
TOTAL MINED														
Cover	WMT	146,298	-	-	28,770	479	11,142	12,002	1,281	2,428	-	29	4,078	787
Waste	WMT	1,851,642	-	41,321	52,774	117,795	105,797	90,497	63,825	70,871	16,730	14,155	43,620	78,068
Ore	WMT	464,997	-	59,414	41,768	31,548	21,044	13,113	17,269	23,441	26,441	33,122	22,860	19,672
Contained Grade AuEq	gpt	6.5	-	7.73	6.14	8.93	11.34	10.77	7.49	7.69	6.93	5.51	4.93	5.22
Contained Grade Au	gpt	6.2	-	7.58	5.98	8.53	10.81	10.14	6.86	7.32	6.64	5.14	4.54	4.88
Contained Grade Ag	gpt	35.3	-	14.44	15.70	39.75	52.91	63.32	62.26	36.33	29.05	37.03	39.69	34.48
Contained Ounces Au	oz	92,055	-	14,482	8,029	8,651	7,314	4,274	3,811	5,518	5,643	5,470	3,335	3,085
Contained Ounces Ag	oz	528,236	-	27,590	21,078	40,322	35,794	26,696	34,569	27,378	24,699	39,430	29,169	21,806
Marginal Ore/ Min. Waste	WMT	805,762		45,581	37,740	17,546	10,229	25,756	79,204	59,997	105,250	101,114	92,073	42,525
Total Mined	**WMT**	**3,268,699**	**-**	**146,316**	**161,053**	**167,368**	**148,211**	**141,368**	**161,579**	**156,737**	**148,421**	**148,421**	**162,632**	**141,053**

PERIOD	Units	13	14	15	16	17	18	19	20	21	22	23	24	25
		Sep-26	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27	Jul-27	Aug-27	Sep-27
TOTAL MINED														
Cover	WMT	2,728	17,057	32,124	17,466	14,519	770	636	-	-	-	-	-	-
Waste	WMT	110,717	65,693	88,930	65,494	100,744	64,627	135,153	33,774	104,896	116,467	117,550	105,772	46,371
Ore	WMT	8,372	17,696	-	16,355	-	13,447	-	17,816	19,291	4,586	10,871	18,439	28,432
Contained Grade AuEq	gpt	4.2	4.25	-	3.98	-	5.52	-	7.00	4.21	7.12	5.64	4.21	4.68
Contained Grade Au	gpt	3.7	3.91	-	3.67	-	5.20	-	6.49	3.93	6.47	4.99	3.79	4.32
Contained Grade Ag	gpt	45.98	33.68	-	31.35	-	32.11	-	50.94	28.59	64.95	65.92	41.92	36.57
Contained Ounces Au	oz	1,001	2,225	-	1,928	-	2,246	-	3,716	2,435	954	1,743	2,247	3,948
Contained Ounces Ag	oz	12,376	19,160	-	16,487	-	13,881	-	29,178	17,732	9,576	23,041	24,849	33,426
Marginal Ore/ Min. Waste	WMT	11,867	36,606	-	34,895	-	27,156	-	73,673	4,550	-	-	-	-
Total Mined	**WMT**	**133,684**	**137,053**	**121,054**	**134,211**	**115,263**	**106,000**	**135,789**	**125,263**	**128,737**	**121,053**	**128,421**	**124,211**	**74,803**

WMT = wet metric tonnes; gpt = grams per tonne; AuEq = gold equivalent; Au = gold; Ag = silver; - = not applicable.

10.2.3 Stockpiling and Ore Haulage

Transporting ore to the Casposo process plant commences in month 6 (Oct 2025). Hualilan ore will be stockpiled at Hualilan in four separate stockpiles, before being loaded and transported to the Casposo process plant. The stockpile bins are greater than 10.0 gpt Au, between 6.0 gpt Au and 9.9 gpt Au, between 3.0 gpt Au and 5.9 gpt Au, and between 1.9 gpt Au and 2.9 gpt Au.

Ore from the Hualilan stockpiles are transported to the Casposo process plant at a rate of 15 kt to 20 kt per month to ensure sufficient feed stock for batch processing at the Casposo process plant.

At the time of this PFS the Casposo process plant is expected to commission in month 4 (Aug 2025). The plant will commission on low grade stockpiles from Casposo material during and process with this material continuing to be processed during month 5 and 6 (Sep 2025 to Oct 2025).

As the Casposo process plant has been on care and maintenance for a considerable period and will have only been operating for 2 to 3 months prior to processing first Hualian ore stockpile blending considerations are conservative during the initial 90-day processing period of Hualilan ore. During this initial 3-month period material from the greater than 10 gpt AuEq stockpile is planned to be retained on stockpile at the Hualilan Project site and not transported to the Casposo process plant. This is designed to reduce the risk of recovery loss should commissioning issues persist into Challenger's first 3-month toll processing period potentially impacting recoveries. The proposed ore transport schedule is summarised in Table 10-6. Following the initial 3-month batch the Stockpile strategy is designed to maximise the delivery of higher-grade ore to the Casposo process plant.

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Table 10-6: Ore Transport Schedule

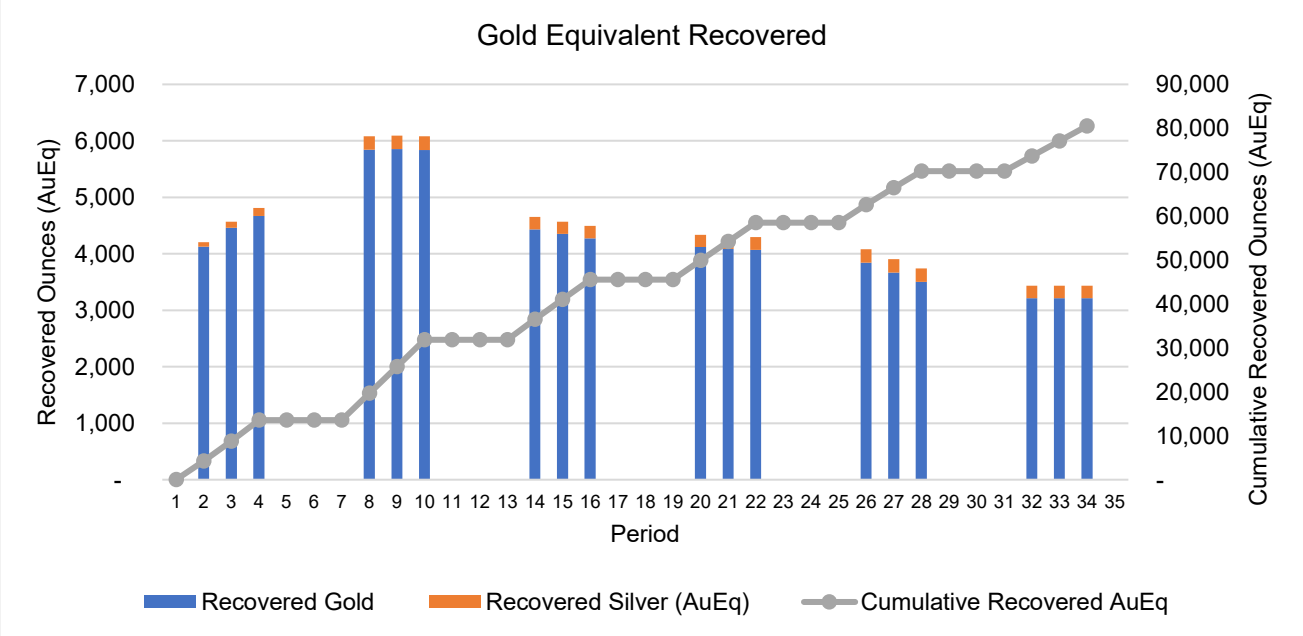
PERIOD	Unit	LOM Total	2	3	4	5	6	7	8	9	10	11	12	13	14	15
			Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26
ORE TO CASPOSO																
VHG Tonnes	WMT	84,625	2,500	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	2,500	2,500	2,500	2,500
HG Tonnes	WMT	93,930	2,500	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	2,500	2,500	2,500	2,500
MG Tonnes	WMT	188,361	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	7,500	7,500	7,500	7,500
LG Tonnes	WMT	83,084	5,000	5,000	5,000	5,000	-	-	-	-	-	-	2,500	2,500	2,500	2,500
Total Feed	WMT	450,000	15,000	20,000	20,000	20,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Contained AuEq In	oz	96,151	2,622	4,373	4,520	4,639	4,349	4,307	4,408	4,344	4,379	4,335	3,088	3,083	3,073	3,073
Contained Au In	oz	90,983	2,556	4,284	4,387	4,478	4,169	4,095	4,204	4,155	4,178	4,130	2,911	2,904	2,894	2,894
Contained Ag In	oz	516,788	6,632	8,933	13,262	16,080	18,016	21,194	20,358	18,928	20,063	20,407	17,676	17,923	17,886	17,886
Shipped Head Grade AuEq	gpt	6.7	5.44	6.80	7.03	7.21	9.02	8.93	9.14	9.01	9.08	8.99	6.40	6.39	6.37	6.37
Shipped Head Grade Au	gpt	6.3	5.30	6.66	6.82	6.96	8.65	8.49	8.72	8.61	8.66	8.56	6.04	6.02	6.00	6.00
Shipped Head Grade Ag	gpt	35.7	13.75	13.89	20.62	25.01	37.36	43.95	42.21	39.25	41.60	42.32	36.65	37.16	37.09	37.09

PERIOD	Unit	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
		Dec-26	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27	Jul-27	Aug-27	Sep-27	Oct-27	Nov-27	Dec-27	Jan-28	Feb-28
VHG Tonnes	WMT	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,125	-	-	-	-
HG Tonnes	WMT	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,875	2,500	2,500	2,500	1,055
MG Tonnes	WMT	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	3,361
LG Tonnes	WMT	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	5,000	5,000	5,000	10,584
Total Feed	WMT	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Contained AuEq In	oz	3,077	3,077	3,064	3,064	3,082	3,008	3,003	3,052	3,069	3,076	2,994	2,130	2,130	2,130	1,604
Contained Au In	oz	2,899	2,899	2,889	2,889	2,887	2,824	2,815	2,840	2,853	2,868	2,785	1,945	1,945	1,945	1,458
Contained Ag In	oz	17,759	17,759	17,569	17,569	19,431	18,382	18,887	21,117	21,507	20,789	20,814	18,469	18,469	18,469	14,553
Shipped Head Grade AuEq	gpt	6.38	6.38	6.35	6.35	6.39	6.24	6.23	6.33	6.36	6.38	6.21	4.42	4.42	4.42	3.33
Shipped Head Grade Au	gpt	6.01	6.01	5.99	5.99	5.99	5.86	5.84	5.89	5.92	5.95	5.78	4.03	4.03	4.03	3.02
Shipped Head Grade Ag	gpt	36.83	36.83	36.43	36.43	40.29	38.12	39.16	43.79	44.60	43.11	43.16	38.30	38.30	38.30	30.18

LOM = life of mine; VHG = very high grade; HG = high grade; MG = medium grade; LG = low grade; WMT = wet metric tonnes; gpt = grams per tonne; AuEq = gold equivalent; Au = gold; Ag = silver; - = not applicable.

The economic analysis has been done on the basis of this conservative ore haulage and stockpile strategy with >10 gpt AuEq material not processed during the initial 90-day processing period starting Nov 2025. The forecast production profile is shown in Figure 10-1. Production during the initial 3-month tolling period based on the conservative stockpile strategy is forecast at 13,417 oz AuEq generating forecast EBITDA of US$.

Figure 10-1: Forecast Production Profile Based on the Base Case "Conservative" Stockpile Blending Strategy

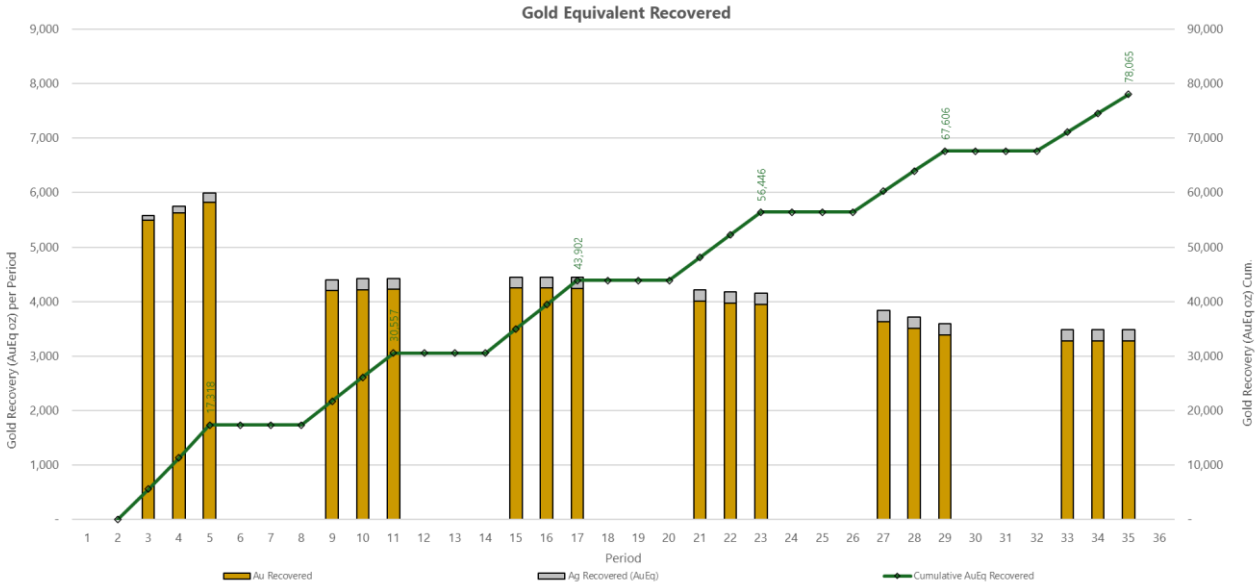


Casposo process plant performance during commissioning and month 5 and 6, when lower grade Casposo material is being treated, will be monitored closely. Challenger has the flexibility to pivot, should Casposo process plant performance be good during commissioning, and deliver >10 gpt AuEq Hualilan ore for processing during the initial 90-day processing period.

Should >10 gpt Au material be processed during the first 90-day processing period this would significantly increase production and cashflow during this period. Should the >10 gpt ore be trucked to the Casposo process plant for processing during the initial 90 days from forecast production increases to 17,318 payable oz AuEq and EBITDA increases to US$26.0M. Figure 10-2 shows the production forecast should the Casposo process plant perform to expectations allowing Challenger to pivot and transport >10 gpt ore to the Casposo process plant for processing in the initial 90 days of toll milling.

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Figure 10-2: Alternative Forecast Production Profile should the Casposo Process Plant not have Commissioning Issues



10.2.4 Processing

Processing of Hualilan ore at the Casposo process plant commences in month 7 (Nov 2025), with the process plant operating full time at around 822 tpd or 25 kt per month. Hualilan ore will be batched through the Casposo process plant on a 3-months on, 3-months off schedule for the duration of the Project.

Processing over the 3 years of toll milling equates to a total of 450 kt WMT of ore at 6.2 gpt for 90,983 ounces of gold and 35.7 gpt silver for 516,788 ounces of silver delivered to the Casposo process plant. The marginally higher grades delivered to the Casposo process plant compared to the mined grade is a result of the 16 kt of lower grade ore that remains on stockpiles at Hualilan as mining produces 465 kt of ore. The processing schedule and stockpile balance at the Casposo process plant is shown in Table 10-7.

The method for metal recovery at the Casposo process plant is cyanide leaching and Merrill-Crowe. Recovered gold totals 76,789 ounces and silver total 339,530 ounces over the Project life all of which is payable

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Table 10-7: Processing Schedule and Casposo Ore Stockpile Balance

PERIOD	Unit	2	3	4	5	6	7	8	9	10	11	12	13
		Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
CASPOSO SP													
SP Balance	WMT	15,000	35,000	30,000	25,000	15,000	30,000	45,000	60,000	50,000	40,000	30,000	45,000
AuEq Balance	oz	2,622	6,995	6,518	5,725	4,349	8,656	13,064	17,408	14,534	11,601	7,439	10,522
Au Balance	oz	2,556	6,840	6,341	5,535	4,169	8,264	12,468	16,623	13,875	11,068	7,062	9,966
Ag Balance	oz	6,632	15,565	17,709	19,031	18,016	39,209	59,567	78,495	65,852	53,333	37,676	55,599
CASPOSO FEED													
Tonnes Out	WMT	-	25,000	25,000	25,000	-	-	-	25,000	25,000	25,000	-	-
Contained AuEq Out	oz	-	4,997	5,432	5,725	-	-	-	7,253	7,267	7,251	-	-
Contained Au Out	oz	-	4,886	5,284	5,535	-	-	-	6,926	6,938	6,918	-	-
Contained Ag Out	oz	-	11,118	14,757	19,031	-	-	-	32,706	32,926	33,333	-	-
Casposo Feed Grade AuEq	gpt	-	6.22	6.76	7.12	-	-	-	9.02	9.04	9.02	-	-
Casposo Feed Grade Au	gpt	-	6.08	6.57	6.89	-	-	-	8.62	8.63	8.61	-	-
Casposo Feed Grade Ag	gpt	-	13.83	18.36	23.68	-	-	-	40.69	40.96	41.47	-	-

PERIOD	Unit	14	15	16	17	18	19	20	21	22	23	24	25
		Oct-26	Nov-26	Dec-26	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27	Jul-27	Aug-27	Sep-27
CASPOSO SP													
SP Balance	WMT	60,000	75,000	65,000	55,000	45,000	60,000	75,000	90,000	80,000	70,000	60,000	75,000
AuEq Balance	oz	13,594	16,667	14,188	11,808	9,505	12,570	15,651	18,659	16,479	14,381	12,313	15,390
Au Balance	oz	12,859	15,753	13,401	11,146	8,969	11,857	14,745	17,568	15,503	13,499	11,531	14,400
Ag Balance	oz	73,485	91,371	78,674	66,174	53,664	71,234	90,665	109,047	97,643	88,247	78,237	99,025
CASPOSO FEED													
Tonnes Out	WMT	-	25,000	25,000	25,000	-	-	-	25,000	25,000	25,000	-	-
Contained AuEq Out	oz	-	5,556	5,457	5,367	-	-	-	5,183	5,150	5,136	-	-
Contained Au Out	oz	-	5,251	5,154	5,066	-	-	-	4,880	4,845	4,821	-	-
Contained Ag Out	oz	-	30,457	30,259	30,079	-	-	-	30,291	30,513	31,517	-	-
Casposo Feed Grade AuEq	gpt	-	6.91	6.79	6.68	-	-	-	6.45	6.41	6.39	-	-
Casposo Feed Grade Au	gpt	-	6.53	6.41	6.30	-	-	-	6.07	6.03	6.00	-	-
Casposo Feed Grade Ag	gpt	-	37.89	37.65	37.42	-	-	-	37.69	37.96	39.21	-	-

Table 10-7: Processing Schedule and Casposo Ore Stockpile Balance (continued)

PERIOD	Unit	26	27	28	29	30	31	32	33	34	35
		Oct-27	Nov-27	Dec-27	Jan-28	Feb-28	Mar-28	Apr-28	May-28	Jun-28	Jul-28
CASPOSO SP											
SP Balance	WMT	90,000	105,000	95,000	85,000	75,000	75,000	75,000	75,000	50,000	25,000
AuEq Balance	oz	18,383	20,513	17,759	15,216	12,344	12,344	12,344	12,344	8,229	4,115
Au Balance	oz	17,185	19,130	16,521	14,119	11,424	11,424	11,424	11,424	7,616	3,808
Ag Balance	oz	119,839	138,309	123,847	109,725	92,006	92,006	92,006	92,006	61,338	30,669
CASPOSO FEED											
Tonnes Out	WMT	-	25,000	25,000	25,000	-	-	-	25,000	25,000	25,000
Contained AuEq Out	oz	-	4,884	4,674	4,475	-	-	-	4,115	4,115	4,115
Contained Au Out	oz	-	4,555	4,348	4,153	-	-	-	3,808	3,808	3,808
Contained Ag Out	oz	-	32,931	32,591	32,272	-	-	-	30,669	30,669	30,669
Casposo Feed Grade AuEq	gpt	-	6.08	5.81	5.57	-	-	-	5.12	5.12	5.12
Casposo Feed Grade Au	gpt	-	5.67	5.41	5.17	-	-	-	4.74	4.74	4.74
Casposo Feed Grade Ag	gpt	-	40.97	40.55	40.15	-	-	-	38.16	38.16	38.16

WMT = wet metric tonnes; gpt = grams per tonne; AuEq = gold equivalent; Au = gold; Ag = silver; - = not applicable.

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10.3 Economic Results

Hualilan Toll Milling Project (Project) economics for are presented in the table below. The Project is anticipated to generate earnings before interest, taxes, depreciation and amortisation (EBITDA) of US$88.0M (A$135.4M) and pre-tax cashflow of US$82.5M over the 3 years of toll milling using the Preliminary Feasibility Study (PFS) assumptions of US$2,500/oz of gold (Au) and US$27.50/oz of silver (Ag). At spot prices (US$3,300/oz Au, US$33/oz Ag) the project generates EBITDA of US$142.8M (A$219.7M) and pre-tax cashflow of US$137.3M.

The Project is anticipated to generate pre-tax Net Present Value (NPV) of US$73.8M at a 5% discount rate and a payback period of 7 months from the commencement of first site works in month 1 (May 2025), or 2 months from the start of mining in month 6 (Oct 2025), Using spot prices (US$3,300/oz Au, US$33/oz Ag) this increases to a pre-tax NPV of US$123.3M and a payback period of 6.8 months.

The Project is forecast to generate a post-tax NPV of US$50.5M at a 5% discount rate and produce post-tax cashflow of US$56.6M over the 3 years with a payback period of 2 months. Using spot prices (US$3,300/oz Au, US$33/oz Ag) this increases to post-tax NPV of US$82.2M at a 5% discount rate and produce post-tax cashflow of US$91.8M over the 3 years with a payback period of 2 months from the commencement of mining.

Total upfront Capital Expenditures (CAPEX) of US$4.2M and working capital of US$4.7M is estimated to be required prior to the receipt of initial revenue from first month of toll milling. This is based on working capital required for mining, ore haulage, and Hualilan site general and administrative (G&A) until month 8 (Dec 2025). Note these values exclude Value Added Tax (VAT); however, they include 15% contingency. Toll processing costs have been excluded from this as under the toll milling agreement all charges for toll milling are not payable until after the receipt of initial cashflow from tolling.

Revenue from the initial month of production (month 7 – Nov 2025) is forecast to be US$10.5M and is expected to be received during the first week of December. Using spot prices (US$3,300/oz Au, US$33/oz Ag) US$13.8M in revenue from first month of production is forecast.

These base case economic results for the Project are favourable, however, further work to improve the economics is ongoing.The cash flow financial model for the PFS is summarised by year in Figure 10-3.

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Table 10-8: Hualilan Toll Milling Project Economics Summary

Metric	Unit	LOM Value
Life of Mine – Overall	months	34
Life of Mine – Open Pit Mining	months	24
Life of Mine - Toll Processing (3-month batches)	months	33
Gold Sales	oz	76,559
Silver Sales	oz	338,511
Revenue	**US$M**	**200.71**
Treatment and Refining Costs	US$M	0.67
Transport and Freight Costs	US$M	0.82
Net Revenue before Royalties	**US$M**	**199.22**
Royalties and Export Duties	US$M	24.76
Net Revenue after Royalties	**US$M**	**174.46**
Mining Operating Expenses	US$M	26.53
Ore Transport Operating Expense	US$M	7.87
Process Operating Expenses	US$M	45.82
G&A Operating Expenses	US$M	6.28
Operating Margin	**US$M**	**87.95**
Initial CAPEX	**US$M**	**4.2**
Sustaining Capital (SUSEX)	**US$M**	**1.32**
Total CAPEX and SUSEX	**US$M**	**5.48**
All in Sustaining Cost (AISC)	**US$/AuEq oz**	**1,454**
NPV (pre-tax) 5%	**US$M**	**73.81**
Payback Period (pre-tax)	**months**	**7.3**
NPV (post-tax) 5%	**US$M**	**50.48**
Payback Period (post tax)	**months**	**7.8**

LOM = life of mine; oz = ounce; US$M = Million United States dollars; G&A = general and administrative; CAPEX = Capital Expenditures; US$ = United States dollars; AuEq = gold equivalent; NPV = Net Present Value.

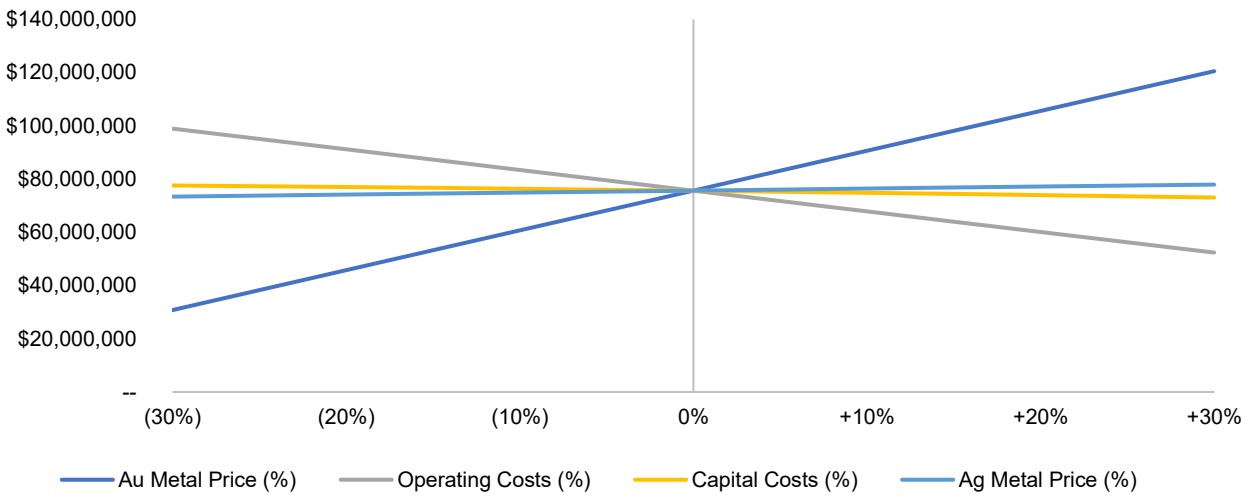
Figure 10-3: Financial Model Output

Year End December 31		Total / Avg.	#	Jan-25E	Feb-25E	Mar-25E	Apr-25E	May-25E	Jun-25E	Jul-25E	Aug-25E	Sep-25E	Oct-25E	Nov-25E	Dec-25E	Jan-26E	Feb-26E	Mar-26E	Apr-26E	May-26E	Jun-26E	Jul-26E	Aug-26E	Sep-26E	Oct-26E	Nov-26E	Dec-26E	Jan-27E	Feb-27E	Mar-27E	Apr-27E	May-27E	Jun-27E	Jul-27E	Aug-27E	Sep-27E	Oct-27E	Nov-27E	Dec-27E	Jan-28E	Feb-28E	Mar-28E	Apr-28E	May-28E	Jun-28E	Jul-28E
ASSET SUMMARY																																												
Challenger Gold Ownership:		100%																																										
Location		San Juan Province, Argentina																																										
Status		Development																																										
Mine Life	(months)	24.0																																										
ECONOMIC ASSUMPTIONS																																												
Gold	(US$/oz)	$2,500		$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500
Silver	(US$/oz)	$27.50		$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50	$27.50
PRODUCTION SCHEDULE																																												
Mining - Norte																																												
Cover Mined	(t)	27,155											--	--	--	302	11,142	12,002	1,281	2,428	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Waste Mined	(t)	688,663											--	36,347	42,319	129,142	116,025	116,253	97,094	86,310	65,173	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Ore Mined	(t)	134,719											--	5,249	3,466	25,517	21,044	13,113	17,269	23,441	25,622	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Mining - Magnata																																												
Cover Mined	(t)	90,194											--	--	--	--	--	--	--	--	--	29	4,078	787	2,728	17,057	32,124	17,466	14,519	770	636	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Waste Mined	(t)	1,863,791											--	--	--	--	--	--	45,935	44,558	56,807	115,269	135,693	120,593	122,584	102,299	88,930	100,390	100,744	91,783	135,153	107,447	109,445	116,467	117,550	105,772	46,371	--	--	--	--	--	--	--	--	--	--	--
Ore Mined	(t)	231,781											--	--	--	--	--	--	--	--	819	33,122	22,860	19,672	8,372	17,696	--	16,355	--	13,447	--	17,816	19,291	4,586	10,871	18,439	28,432	--	--	--	--	--	--	--	--	--	--	--
Mining - Sanchez																																												
Cover Mined	(t)	28,948											--	--	28,770	178	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Waste Mined	(t)	104,950											--	50,555	48,195	6,200	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Ore Mined	(t)	98,497											--	54,165	38,302	6,030	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Total Cover Mined		**140,298**		--	--	--	--	--	--	--	--	--	--	--	**28,770**	**479**	**11,142**	**12,002**	**1,281**	**2,428**	--	**29**	**4,078**	**787**	**2,728**	**17,057**	**32,124**	**17,466**	**14,519**	**770**	**636**	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Total Waste Mined	(t)	**2,657,404**		--	--	--	--	--	--	--	--	--	--	**86,902**	**90,515**	**135,342**	**116,025**	**116,253**	**143,029**	**130,868**	**121,980**	**115,269**	**135,693**	**120,593**	**122,584**	**102,299**	**88,930**	**100,390**	**100,744**	**91,783**	**135,153**	**107,447**	**109,445**	**116,467**	**117,550**	**105,772**	**46,371**	--	--	--	--	--	--	--	--	--
Total Ore Mined	(t)	**464,997**		--	--	--	--	--	--	--	--	--	--	**59,414**	**41,768**	**31,548**	**21,044**	**13,113**	**17,269**	**23,441**	**26,441**	**33,122**	**22,860**	**19,672**	**8,372**	**17,696**	--	**16,355**	--	**13,447**	--	**17,816**	**19,291**	**4,586**	**10,871**	**18,439**	**28,432**	--	--	--	--	--	--	--	--	--
Total Material Mined	(t)	**3,268,699**		--	--	--	--	--	--	--	--	--	--	**146,316**	**161,053**	**167,368**	**148,211**	**141,368**	**161,579**	**156,737**	**148,421**	**148,421**	**162,632**	**141,053**	**133,684**	**137,053**	**121,054**	**134,211**	**115,263**	**106,000**	**135,789**	**125,263**	**128,737**	**121,053**	**128,421**	**124,211**	**74,803**	--	--	--	--	--	--	--	--	--
Strip Ratio	w:o	**6.02**		--	--	--	--	--	--	--	--	--	--	**1.46**	**2.17**	**4.29**	**5.51**	**8.87**	**8.28**	**5.58**	**4.61**	**3.48**	**5.94**	**6.13**	**14.64**	**5.78**	--	**6.14**	--	**6.83**	--	**6.03**	**5.67**	**25.40**	**10.81**	**5.74**	**1.63**	--	--	--	--	--	--	--	--	--
Toll Milling																																												
Trucked to Casposo	(t)	450,000											--	15,000	20,000	20,000	20,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	--	--	--	--	--	--	--	--
Toll Milled	(t)	450,000											--	--	25,000	25,000	25,000	--	--	--	--	25,000	25,000	25,000	--	--	--	25,000	25,000	25,000	--	--	25,000	25,000	25,000	--	--	--	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Casposo Stockpile Balance (EOM)	(t)	1,980,000											--	15,000	35,000	30,000	25,000	15,000	30,000	45,000	60,000	50,000	40,000	30,000	45,000	60,000	75,000	65,000	55,000	45,000	60,000	75,000	90,000	105,000	95,000	85,000	75,000	75,000	75,000	75,000	75,000	50,000	25,000
Gold Head Grade - Mined	(g/t)	6.16											--	7.6	6.0	8.5	10.8	10.1	6.9	7.3	6.6	5.1	4.5	4.9	3.7	3.9	--	3.7	--	5.2	--	6.5	3.9	6.1	5.0	3.8	4.3	--	--	--	--	--	--	--	--
Silver Head Grade - Mined	(g/t)	35.3											--	14.4	15.7	39.8	52.9	63.3	62.3	36.3	29.1	37.0	39.7	34.5	46.0	33.7	--	31.4	--	32.1	--	50.9	28.6	65.0	65.9	41.9	36.6	--	--	--	--	--	--	--	--
Gold Grade - Trucked to Casposo	(g/t)	6.3											--	5.3	6.7	6.8	7.0	8.6	8.5	8.7	8.6	8.7	8.5	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.9	5.8	5.9	5.9	5.9	5.8	4.0	4.0	4.0	3.0	--	--	--	--
Silver Grade - Trucked to Casposo	(g/t)	35.7											--	13.8	13.9	20.6	25.0	37.4	43.9	42.2	39.2	41.6	42.3	36.7	37.2	37.1	37.1	37.1	36.8	36.8	36.4	36.4	40.3	38.1	39.2	43.8	44.6	43.1	43.2	38.3	38.3	38.3	30.2	--	--	--
Contained Gold - Mined	(oz)	92,055											--	14,482	8,029	8,651	7,314	4,274	3,811	5,518	5,643	5,470	3,335	3,085	1,001	2,225	--	1,928	--	2,246	--	3,716	2,435	954	1,743	2,247	3,948	--	--	--	--	--	--	--	--
Contained Silver - Mined	(oz)	528,236											--	27,590	21,078	40,322	35,794	26,696	34,569	27,378	24,699	39,430	29,160	21,806	12,376	19,160	--	16,487	--	13,881	--	29,178	17,732	9,576	23,041	24,849	33,426	--	--	--	--	--	--	--	--
Contained Gold - Trucked to Casposo	(oz)	90,983											--	2,556	4,284	4,387	4,478	4,169	4,095	4,204	4,155	4,178	4,130	2,911	2,904	2,894	2,894	2,899	2,899	2,889	2,887	2,824	2,815	2,840	2,853	2,868	2,785	1,945	1,945	1,945	1,458	--	--	--	--
Contained Silver - Trucked to Casposo	(oz)	516,788											--	6,632	8,933	13,262	16,080	18,016	21,194	20,358	18,928	20,063	20,407	17,676	17,923	17,886	17,886	17,759	17,759	17,569	17,569	19,431	18,382	18,887	21,117	21,507	20,789	20,814	18,469	18,469	18,469	14,553	--	--	--	--
Diluted Gold Grade - Casposo Feed	(g/t)	6.3											--	--	**6.1**	**6.6**	**6.9**	--	--	--	--	**8.6**	**8.6**	**8.6**	--	--	--	**6.5**	**6.4**	**6.3**	--	--	**6.1**	**6.0**	**6.0**	--	--	--	**5.7**	**5.4**	**5.2**	--	--	--	**4.7**	**4.7**	**4.7**
Diluted Silver Grade - Casposo Feed	(g/t)	35.7											--	--	**13.8**	**18.4**	**23.7**	--	--	--	--	**40.7**	**41.0**	**41.5**	--	--	--	**37.9**	**37.6**	**37.4**	--	--	**37.7**	**38.0**	**39.2**	--	--	--	**41.0**	**40.5**	**40.2**	--	--	--	**38.2**	**38.2**	**38.2**
Ore Processed																																												
Diluted Contained Gold	(oz)	90,983											--	--	4,886	5,284	5,535	--	--	--	--	6,926	6,938	6,918	--	--	--	5,251	5,154	5,066	--	--	--	4,880	4,845	4,821	--	--	--	4,555	4,348	4,153	--	--	--	3,808	3,808	3,808
Diluted Contained Silver	(oz)	516,788											--	--	11,118	14,757	19,031	--	--	--	--	32,706	32,926	33,333	--	--	--	30,457	30,259	30,079	--	--	--	30,291	30,513	31,517	--	--	--	32,931	32,591	32,272	--	--	--	30,669	30,669	30,669
Gold Recovery	(%)	84.4%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	84%	84%	84%	0%	0%	0%	0%	84%	84%	84%	0%	0%	0%	84%	84%	84%	0%	0%	0%	84%	84%	84%	0%	0%	0%	84%	84%	84%	0%	0%	0%	84%	84%	84%
Silver Recovery	(%)	65.7%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	66%	66%	66%	0%	0%	0%	0%	66%	66%	66%	0%	0%	0%	66%	66%	66%	0%	0%	0%	66%	66%	66%	0%	0%	0%	66%	66%	66%	0%	0%	0%	66%	66%	66%
Recovered Gold	(oz)	76,789	--	--	--	--	--	--	--	--	--	--	--	--	4,123	4,460	4,671	--	--	--	--	5,846	5,855	5,838	--	--	--	4,432	4,350	4,276	--	--	--	4,119	4,089	4,069	--	--	--	3,844	3,669	3,505	--	--	--	3,214	3,214	3,214
Recovered Silver	(oz)	339,530	--	--	--	--	--	--	--	--	--	--	--	--	7,305	9,696	12,503	--	--	--	--	21,488	21,632	21,900	--	--	--	20,010	19,880	19,782	--	--	--	19,901	20,047	20,706	--	--	--	21,635	21,413	21,203	--	--	--	20,149	20,149	20,149
Payable Gold	(%)	76,559	--	--	--	--	--	--	--	--	--	--	--	--	4,111	4,447	4,657	--	--	--	--	5,828	5,838	5,821	--	--	--	4,419	4,337	4,263	--	--	--	4,106	4,077	4,057	--	--	--	3,833	3,658	3,494	--	--	--	3,204	3,204	3,204
Payable Silver	(%)	338,511	--	--	--	--	--	--	--	--	--	--	--	--	7,283	9,667	12,466	--	--	--	--	21,424	21,567	21,834	--	--	--	19,950	19,821	19,703	--	--	--	19,841	19,987	20,644	--	--	--	21,571	21,348	21,139	--	--	--	20,089	20,089	20,089
Payable AuEq	(koz)	**80.283**	--	--	--	--	--	--	--	--	--	--	--	--	**4.191**	**4.553**	**4.795**	--	--	--	--	**6.064**	**6.075**	**6.061**	--	--	--	**4.638**	**4.555**	**4.480**	--	--	--	**4.325**	**4.296**	**4.264**	--	--	--	**4.070**	**3.893**	**3.727**	--	--	--	**3.425**	**3.425**	**3.425**
COSTS																																												
OPERATING COSTS																																												
Refining & Transportation																																												
Treatment & Refining Costs (TC/RCs)	(US$/ payable oz)	$8.75		--	--	--	--	--	--	--	--	--	--	--	$0.00	$0.00	$0.00	--	--	--	--	$0.00	$0.00	$0.00	--	--	--	$0.00	$0.00	$0.00	--	--	--	$0.00	$0.00	$0.00	--	--	--	$0.00	$0.00	$0.00	--	--	--	$0.00	$0.00	$0.00
Local Freight Cost	per 700kg shipment)			--	--	--	--	--	--	--	--	--	--	--	$7,200.00	$7,200.00	$7,200.00	--	--	--	--	$7,200.00	$7,200.00	$7,200.00	--	--	--	$7,200.00	$7,200.00	$7,200.00	--	--	--	$7,200.00	$7,200.00	$7,200.00	--	--	--	$7,200.00	$7,200.00	$7,200.00	--	--	--	$7,200.00	$7,200.00	$7,200.00
International Freight Cost	per 700kg shipment)			--	--	--	--	--	--	--	--	--	--	--	$6,850.00	$6,850.00	$6,850.00	--	--	--	--	$6,850.00	$6,850.00	$6,850.00	--	--	--	$6,850.00	$6,850.00	$6,850.00	--	--	--	$6,850.00	$6,850.00	$6,850.00	--	--	--	$6,850.00	$6,850.00	$6,850.00	--	--	--	$6,850.00	$6,850.00	$6,850.00
Variable Transport Cost	(US$/ payable oz)			--	--	--	--	--	--	--	--	--	--	--	$7.00	$7.00	$7.00	--	--	--	--	$7.00	$7.00	$7.00	--	--	--	$7.00	$7.00	$7.00	--	--	--	$7.00	$7.00	$7.00	--	--	--	$7.00	$7.00	$7.00	--	--	--	$7.00	$7.00	$7.00
Refining & Transportation																																												
Treatment & Refining Costs (TC/RCs)	(US$)	$669,892		--	--	--	--	--	--	--	--	--	--	--	$35,972	$38,908	$40,752	--	--	--	--	$50,997	$51,080	$50,933	--	--	--	$38,663	$37,951	$37,304	--	--	--	$35,931	$35,670	$35,496	--	--	--	$33,537	$32,011	$30,574	--	--	--	$28,038	$28,038	$28,038
Transport Cost	(US$)	$821,075	--	--	--	--	--	--	--	--	--	--	--	--	$36,451	$40,681	$44,250	--	--	--	--	$59,458	$59,632	$59,690	--	--	--	$47,678	$46,967	$46,320	--	--	--	$45,221	$45,096	$45,405	--	--	--	$44,348	$42,862	$41,464	--	--	--	$38,517	$38,517	$38,517
Total Refining & Transportation Costs	**$1,490,967**		--	--	--	--	--	--	--	--	--	--	--	--	$72,422	$79,589	$85,002	--	--	--	--	$110,455	$110,712	$110,623	--	--	--	$86,341	$84,918	$83,624	--	--	--	$81,153	$80,766	$80,901	--	--	--	$77,884	$74,873	$72,038	--	--	--	$66,555	$66,555	$66,555
Operating Costs																																												
Mining Cost	(US$/t mined)	$8.12		--	--	--	--	--	--	--	--	--	--	$11.76	$6.50	$6.34	$6.96	$7.18	$6.57	$7.00	$7.42	$7.41	$6.78	$7.67	$7.90	$7.71	$8.43	$7.74	$8.84	$9.72	$11.25	$8.45	$8.27	$10.37	$8.31	$8.72	$11.03	--	--	--	--	--	--	--	--	--
Processing Cost (tolling)	(US$/t mined)	$0.11		--	--	--	--	--	--	--	--	--	--	$0.11	$0.11	$0.11	$0.11	$0.11	$0.11	$0.11	$0.11	$0.11	$0.11	$0.11	$0.11	$0.11	$0.11	$0.11	$0.11	$0.11	$0.11	$0.11	$0.11	$0.11	$0.11	$0.11	$0.11	--	--	--	--	--	--	--	--
Processing Cost (tolling)	(US$/t ore)	$93.75		--	--	--	--	--	--	--	--	--	--	--	$93.75	$93.75	$93.75	--	--	--	--	$93.75	$93.75	$93.75	--	--	--	$93.75	$93.75	$93.75	--	--	--	$93.75	$93.75	$93.75	--	--	--	$93.75	$93.75	$93.75	--	--	--	$93.75	$93.75	$93.75
Monthly Fixed Tolling Fee	(US$/t processed)	$8.07		--	--	--	--	--	--	--	--	--	--	--	$8.07	$8.07	$8.07	$8.07	$8.07	$8.07	$8.07	$8.07	$8.07	$8.07	$8.07	$8.07	$8.07	$8.07	$8.07	$8.07	$8.07	$8.07	$8.07	$8.07	$8.07	$8.07	$8.07	$8.07	$8.07	$8.07	$8.07	$8.07	$8.07	$8.07	$8.07	$8.07	$8.07
G&A Cost	(US$/t processed)	$13.97		--	--	--	--	--	--	--	--	--	--	$13.97	$13.97	$13.97	$13.97	$13.97	$13.97	$13.97	$13.97	$13.97	$13.97	$13.97	$13.97	$13.97	$13.97	$13.97	$13.97	$13.97	$13.97	$13.97	$13.97	$13.97	$13.97	$13.97	$13.97	$13.97	$13.97	$13.97	$13.97	$13.97	$13.97	$13.97	$13.97	$13.97	$13.97	$13.97
Operating Costs																																												
Mining Cost	(US$)	$26,532,497	--	--	--	--	--	--	--	--	--	--	--	$1,720,582	$1,046,182	$1,060,435	$1,031,034	$1,015,146	$1,061,154	$1,096,927	$1,101,399	$1,100,230	$1,102,971	$1,081,347	$1,056,356	$1,056,212	$1,020,881	$1,039,246	$1,030,223	$1,030,720	$1,527,691	$1,058,745	$1,064,554	$1,255,199	$1,066,781	$1,083,380	$825,102	--	--	--	--	--	--	--	--	--
Trucking Cost (tolling)	(US$)	$7,870,500	--	--	--	--	--	--	--	--	--	--	--	$262,350	$349,800	$349,800	$349,800	$262,350	$262,350	$262,350	$262,350	$262,350	$262,350	$262,350	$262,350	$262,350	$262,350	$262,350	$262,350	$262,350	$262,350	$262,350	$262,350	$262,350	$262,350	$262,350	$262,350	$262,350	$262,350	$262,350	$262,350	$262,350	$262,350	$262,350	$262,350	$262,350
Processing Cost (tolling)	(US$)	$42,187,500	--	--	--	--	--	--	--	--	--	--	--	--	$2,343,750	$2,343,750	$2,343,750	--	--	--	--	$2,343,750	$2,343,750	$2,343,750	--	--	--	$2,343,750	$2,343,750	$2,343,750	--	--	--	$2,343,750	$2,343,750	$2,343,750	--	--	--	$2,343,750	$2,343,750	$2,343,750	--	--	--	$2,343,750	$2,343,750	$2,343,750
Monthly Fixed Tolling Fee	(US$)	$3,630,000	--	--	--	--	--	--	--	--	--	--	--	--	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000
G&A Cost	(US$)	$6,284,923	--	--	--	--	--	--	--	--	--	--	--	$209,497	$279,330	$279,330	$279,330	$209,497	$209,497	$209,497	$209,497	$209,497	$209,497	$209,497	$209,497	$209,497	$209,497	$209,497	$209,497	$209,497	$209,497	$209,497	$209,497	$209,497	$209,497	$209,497	$209,497	$209,497	$209,497	$209,497	$209,497	$209,497	$209,497	$209,497	$209,497	$209,497	$209,497	$209,497
Total Operating Costs		**$86,505,420**		--	--	--	--	--	--	--	--	--	--	**$2,192,430**	**$3,629,062**	**$3,643,315**	**$4,113,914**	**$3,596,994**	**$3,643,002**	**$3,678,774**	**$4,026,896**	**$4,025,828**	**$4,028,568**	**$3,663,194**	**$3,638,204**	**$3,638,060**	**$3,946,478**	**$3,964,843**	**$3,953,821**	**$3,612,567**	**$2,109,538**	**$1,840,593**	**$3,990,152**	**$4,780,796**	**$3,992,378**	**$1,665,227**	**$1,406,950**	**$581,847**	**$2,925,597**	**$2,925,597**	**$2,925,597**	**$581,847**	**$110,000**	**$110,000**	**$2,453,750**	**$2,453,750**	**$2,453,750**
Selling Costs																																												
Gold Royalties (Provincial)	(US$)	$8,605,817	--	--	--	--	--	--	--	--	--	--	--	--	$463,887	$501,753	$525,533	--	--	--	--	$657,647	$658,725	$656,819	--	--	--	$498,589	$489,408	$481,062	--	--	--	$463,363	$459,995	$457,746	--	--	--	$432,483	$412,804	$394,283	--	--	--	$361,574	$361,574	$328,574
Gold Royalties (Riverfort)		--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Gold Export Duty	(US$)	$15,311,824	--	--	--	--	--	--	--	--	--	--	--	--	$822,215	$889,329	$931,478	--	--	--	--	$1,165,642	$1,167,554	$1,164,176	--	--	--	$883,721	$867,449	$852,655	--	--	--	$821,285	$815,316	$811,328	--	--	--	$766,552	$731,672	$698,844	--	--	--	$640,869	$640,869	$640,869
Silver Royalties	(US$)	$420,168	--	--	--	--	--	--	--	--	--	--	--	--	$9,039	$11,998	$15,473	--	--	--	--	$26,591	$26,770	$27,101	--	--	--	$24,763	$24,602	$24,455	--	--	--	$24,628	$24,809	$25,624	--	--	--	$26,774	$26,498	$26,238	--	--	--	$24,935	$24,935	$24,935
Silver Export Duty	(US$)	$418,908	--	--	--	--	--	--	--	--	--	--	--	--	$9,012	$11,962	$15,427	--	--	--	--	$26,512	$26,690	$27,020	--	--	--	$24,688	$24,528	$24,382	--	--	--	$24,554	$24,734	$25,547	--	--	--	$26,894	$26,419	$26,160	--	--	--	$24,860	$24,860	$24,860
Total Selling Costs	**(US$)**	**$24,756,717**	--	--	--	--	--	--	--	--	--	--	--	--	**$1,304,154**	**$1,415,043**	**$1,487,910**	--	--	--	--	**$1,876,392**	**$1,879,739**	**$1,875,116**	--	--	--	**$1,431,761**	**$1,405,986**	**$1,382,555**	--	--	--	**$1,333,829**	**$1,324,854**	**$1,320,246**	--	--	--	**$1,252,502**	**$1,197,393**	**$1,145,525**	--	--	--	**$1,052,238**	**$1,052,238**	**$1,019,238**
CAPITAL COSTS																																												
Development Capital Expenditures																																												
Dev Cap 5	(US$)	$4,160,383	--	--	--	--	$155,250	$498,568	$880,368	$1,413,736	$1,212,462	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Total Development Capital Expenditures	**(US$)**	**$4,160,383**	--	--	--	--	**$155,250**	**$498,568**	**$880,368**	**$1,413,736**	**$1,212,462**	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Sustaining Capital Expenditures																																												
Sus Cap 1	(US$)	$1,041,544	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	$1,000,000	--	--	--	--	$23,848	$8,848	$8,848	--	--	--	--	--	--
Total Sustaining Capital Expenditures	**(US$)**	**$1,041,544**	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	**$1,000,000**	--	--	--	--	**$23,848**	**$8,848**	**$8,848**	--	--	--	--	--	--
Exploration Capital Expenditures																																												
Exploration	(US$)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
**Total

10.4 Sensitivity Analysis

The project is most sensitive to changes in the gold price or gold grade. The sensitivity of the pre-tax NPV at a 5% discount rate to ±30% changes in gold and silver price, OPEX, and CAPEX are shown in Figure 10-4.

Figure 10-4: Pre-tax Net Present Value Sensitivity Plot



The Project is more sensitive to changes in operating costs (e.g., mining, processing, site G&A) than capital costs, a result of the low base case capital costs for the Project.

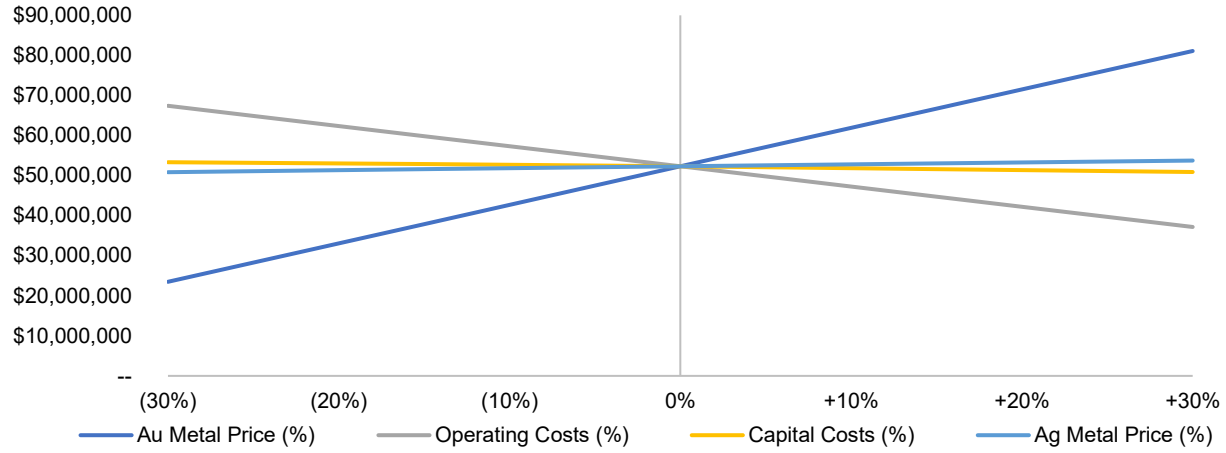
From the sensitivity analysis it is apparent that the Project is most sensitive to changes in the realised gold price. Due to the low level of capital expenditure required to go into production, the project economics are not overly sensitive to CAPEX expenditure. To illustrate:

- A 30% reduction in gold price would reduce the LOM project NPV5 (pre-tax) to around US$28.9M whilst a 30% increase would deliver a LOM project NPV5 of US$118.8.
- A 30% increase in operating cost reduces the LOM project NPV5 to around US$50.3M, whilst a cost reduction of 30% results in US$97.3 NPV5.
- A reduction in gold price to approximately US$1,251/oz results in a breakeven pre-tax NPV.

Post-tax NPV sensitivities are illustrated in Figure 10-5.

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Figure 10-5: Net Present Value at 5% Sensitivity Chart



10.5 Financing

Challenger has 100% ownership of the Hualilan Toll Milling Project, with US$17M unsecured debt and no other covenants and no security held over the Project. This clean ownership structure enhances opportunities and provides maximum flexibility for potential funding structures for the Project development.

The study has provided positive economic metrics and the planned timetable of activities to deliver key development milestones that directors and management believe is conducive to the funding of the Project. The positive technical and economic fundamentals provide a platform for discussions on debt, equity financiers and forward sales arrangements.

Under the Toll Milling Agreement Casposo Argentina Mining Limited the operator of the Casposo process plant located in San Juan, Argentina (the "Toll Mill Operator") has undertaken to use best commercial efforts to finance, directly or through third parties, all costs associated with preparatory technical work, testing, stripping, mining, extraction, transport, and processing of the minerals from Hualilan Project to and at the Casposo process plant, subject to the budget and the engagement of the contractors to be proposed by the Casposo (including the selection of an overseas refinery) which is to be discussed and mutually agreed by the Technical Committee.

The financing terms are to be consistent with commercial terms available from recognised financial entities in Argentina. Challenger undertakes to repay to Casposo and/or the Operator all costs associated with the preparatory technical work, testing, stripping, mining, extraction, and transport of ore from Hualilan Project to the Casposo process plant from the proceeds of cashflow from Tolling the Material via Casposo. Notwithstanding this best efforts commitment the Company has drawn down an initial US$2M from a Project Finance Facility for Toll Milling of US$20M. The facility was arranged by Middlegate Securities Inc (MSI) and ECM Capital Advisors Inc. (“ECM” and together the “Advisory Team”).

The initial US$2M Tranche 1 proceeds will be used for early works associated with preparation for mining to support Toll Milling, general corporate overheads and working capital. The Advisory Team will be paid a 4% fee on the initial US$2M drawn down under Tranche 1 of the facility. The Material Terms of the Tranche 1 drawdown are detailed in Table 10-9 below and are in line with usual terms for a facility of this nature. The Company, in

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conjunction with the Advisory Team, is actively progressing the completion of the remainder of this facility with multiple Project Finance providers indicating they are progressing towards non-binding indicative offers.

Table 10-9: Terms and Conditions Tranche 1 of the Project Finance Facility

Terms and Conditions Tranche 1 of the Project Finance Facility	
Tranche 1 Loan amount:	▪ US$2M (Two million US Dollars).
Interest Rate:	▪ 8.5% if repaid before December 7, 2025. ▪ 12.75% if repaid after December 7, 2025.
Collateral:	▪ Unsecured.
Term:	▪ Repayable from first cashflow from Toll Milling.
Mandatory Amortisation:	▪ One bullet payment with first cash flow under the toll-milling agreement. o Subject to a best-efforts intention to subsume the initial $2m Tranche into the larger Project Finance Facility prior to December 7, 2025, and amortise the larger facility over 24 to 36 months of Toll Milling.
Repayment:	▪ 101% of principal amount plus accrued interest.
Voluntary prepayment	▪ Allowed in whole at any time without penalty.
Use of Proceeds:	▪ Early works associated with preparation for mining to support Toll Milling and general corporate and working capital purposes.
Fees:	▪ 4% of Gross Proceeds, payable in cash to Middlegate and ECM Capital Advisors.
Subsequent Drawdowns[(a)]:	▪ Each subsequent drawdown Tranche under the Project Finance Facility is subject to satisfactory completion of due diligence by the Advisory team and mutual agreement with the Company.
Special Conditions:	▪ Export proceeds from Toll Milling to be deposited in an Escrow Account opened in the name of the Company with Banco Comafi. ▪ Banco Comafi to carry out export collections and exchange settlement related to export in accordance with the present and/or future provisions issued and/or to be issued by the Central Bank of the Argentine Republic. Banco Comafi as Escrow Agent is authorised to settle outstanding obligations under the Project Finance Facility as a priority. ▪ Banco Comafi will verify that there are no outstanding payment obligations under the Project Finance Facility and release the remaining funds to the Company.

Not withstanding the potential Project Financing options, the Company has recently completed a capital raise of AUD$28.4M. This capital raising is a significant de-risking event for the Company as it provides sufficient funds to fully fund the Company into cashflow from Toll Milling.

All the material assumptions on which the forecast financial information is based has been included in this PFS.

For the reasons outlined above, the board believes that there is a ‘reasonable basis’ to assume that future funding will be available and securable.

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11 EXECUTION PLAN AND OPERATIONAL READINESS

Toll Milling Project Delivery

The Project schedule outlines the key activities and milestones required to commence toll milling operations by 1 November 2025. The delivery plan spans from May 2025 to November 2025, and includes critical regulatory approvals, contracts execution, procurement, team training, and operational start-up activities. The schedule identifies critical path items and associated risks, particularly regarding contractor decisions, licensing, and equipment procurement.

Key Milestones

- **June 2025:** Final Request for Quotations (RFQs) issued for mining and ore haulage.
- **June 2025:** Decision on owner-operated mining model.
- **June 2025:** Contract decisions on drill and blast engagements.
- **June 2025:**
  - EIA amendment lodged.
  - Execution of drill and blast contract begins.
  - Mining fleet procurement and rent-to-buy (RTB) contract execution begin (if owner operated) or Mining contract if Contract Mining Option preferred
- **July 2025:** Approval period for EIA and explosives license begins (3 months).
- **August 2025:** Preparation and execution of the mining contract.
- **September 2025:**
  - Contract miner mobilisation begins (2-month lead time).
  - Execution of ore trucking contract and mobilisation starts.
  - Training of technical services and mine operators begins.
  - Drill and blast activities commence.
- **October 2025:**
  - Ore trucking and mining operations begin.
- **November 2025:** Toll treatment commences.

In parallel with the key activities outlined, a specific focus has been put on recruitment and hiring Challenger employees needed for operations. Key management and technical roles are being prioritised, and an operations General Manager role has already been filled. This individual is responsible for project execution and operational readiness.

Full Scale Hualilan Project

Technical and economic studies are currently underway to assess the feasibility of on-site extraction and recovery of ore at the Hualilan Project. These studies are focused on evaluating the transition from toll milling operations to a full-scale, self-sustained processing facility in the future. The objective is to establish a robust development pathway that maximises long-term value and operational flexibility.

To support these studies, extensive fieldwork and specialised programs have been undertaken. A comprehensive geotechnical program has been completed to inform pit wall design and infrastructure stability. A detailed metallurgical testing program is in progress to optimise recovery methods and assess ore variability. In parallel, hydrogeology and hydrology investigations have been conducted to understand groundwater flow, dewatering requirements, and surface water management strategies—critical inputs for mine and plant design.

Additionally, Whittle Consulting has been engaged to conduct an Enterprise Optimisation study to help identify the highest value operating scenario (i.e. combination of mining and processing methods)

The design of the current toll milling Project has been carried out with consideration for potential future operations. Key site infrastructure—including the plant layout, access roads, and water management systems—has been strategically configured to accommodate future expansion. Waste dump locations have been selected to avoid sterilisation of potential mineralised zones, while low-grade ore stockpiles have been designated for material that falls below the toll milling cut-off grade but is expected to be economically viable under future processing scenarios.

This forward-looking approach ensures that current development activities remain aligned with the broader project vision, minimizing rework and facilitating a seamless transition to full-scale operations, pending the outcome of ongoing studies.

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12 KEY RISKS AND OPPORTUNITIES

Risks

- There are several risks external to the project which may impact the economic viability of the ore reserve declared herein. These include gold and silver prices, foreign exchange rates, labour rates or unrest, political risk in Argentina and consumable prices such as diesel.
- Mining companies are required to sell their gold produced to the Federal government for pesos at the government set gold price. Then any cash that the Company wants to convert to USD must be converted at the market exchange rate. The Company notes that the recent decision to remove the long-standing currency controls, and effectively float the peso. Additionally, as part of this phase of removing all Capital Control, the government announced companies will be able to repatriate profits out of the country as of 2025, subject to some restrictions and the use of the differential exchange rates or "dollar blend" used by exporters will be eliminated and the deadlines for the payment of foreign trade operations are to be relaxed. The implementation of this new policy has significantly reduced this risk.
- The Company is subject to infrastructure, operational and metallurgical recovery risks at the Casposo process plant. The process plant has made representations about its ability to achieve certain operational performance targets in the toll treatment agreement; however, if that facility falls short of its commitments, it may impact this proposed mine plan.
- Geotechnical pit slope instability or failure. Pit slopes will need to be monitored and re-evaluated during construction and operations to ensure that current design criteria result in satisfactory pit slope performance and any geotechnical issues must be identified and addressed in a timely manner.
- More mining dilution or mining loss that planned. The proposed mine plan accounts for a certain amount of dilution and mining losses; however, careful reconciliation of actual mine production against planned tonnes and grades will be necessary to validate the assumptions herein. Any variances will need to be address through changes in drill and blast design, ore control practices, ore mining equipment selection or ore mining methods.
- Solid liquid separation testwork is still ongoing on the representative metallurgical samples and this work may identify that Hualilan ore requires higher flocculant addition or a different flocculant type to allow the Casposo process plant to achieve design throughput.
- The thickener and or tailings filter flux rates achieved with Hualilan ore, maybe significantly lower than Casposo ore causing a reduction in plant throughput and an increase in operating costs.
- Potential Hualilan ore zones high in cyanide soluble copper and zinc will be mined and shipped to the Casposo process plant for processing, if this ore is not correctly blended prior to processing cyanide consumption will increase creating higher operating costs.
- Operational issues with Casposo process plant equipment that reduces throughput or metal recovery when processing Hualilan ore.

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Opportunities

Fuse Advisors has identified several clear and material opportunities for improvement of the Technical Report outcome which will be evaluated in the next stage of studies. These include:

- There are certain external factors for which assumptions have been made to support the ore reserve declared herein and there is potential that those assumptions are conservative compared to what the Company will realise during operations. As an example, the gold price used in this economic analysis is $2,500/oz while the spot gold price at the effective date of this report is >$3,000/oz and with the Company's intention to initiate mine operations in the near term, they may be able to realise a higher gold price that this plan contemplates.
- Achieving less dilution and mining losses than planned. This ore reserve includes two levels of dilution from the mineral resource model: one from regularizing the 2.5 m subblock model to a 5 m regularised model, then also assuming an additional 5% dilution by mass and 5% mining losses. If mine operations are able to mine ore/waste contacts better than assumed, the operation may be able to achieve a higher plant feed grade.
- Actual geotechnical performance may exceed current expectations and allow for changes to pit designs to reduce waste stripping requirements or release addition higher-grade ore. Insight gained from starter pits will be implemented into Life-of-Mine pits to improve geotechnical performance and pit shell optimisation.
- Increase gold recovery from Hualilan ore by grinding finer to a P80=75 µm instead of P80=106 µm. Analysis of Casposo grinding circuit indicates that the milling circuit should be capable of the finer grind when processing Hualilan ore.
- Use of pre-aeration and lead nitrate addition may improve cyanide consumption rates and reduce operating costs.
- Hualilan ore maybe less competent and allow for treatment at a higher throughput allowing for a reduction in operation costs.
- The 3% reduction in gold and silver loss applied to the testwork recovery to account for soluble loss and process inefficiencies maybe significantly higher than actual and a lower reduction in gold recovery due to circuit inefficiencies would increase gold recovery.
- The required monthly treatment rate of Hualilan ore through the Casposo process plant is significantly less than the nameplate capacity of the plant, this provides conservatism to achieve target throughput and also provides opportunity to reduce operating hours and thereby reduce operating costs by a reduction in fixed cost component of toll treatment.