# Challenger Gold Limited

*(formerly Challenger Exploration Limited)*

ABN 45 123 591 382

# Annual Report

*For the year ended 31 December 2023*

# CORPORATE DIRECTORY

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Sergio Rotondo (Executive Chairman)
Kris Knauer (Managing Director)
Fletcher Quinn (Non-Executive Director)
Pinchas Althaus (Non-Executive Director)
Brett Hackett (Non-Executive Director)
Sonia Delgado (Executive Director)

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**SECURITIES EXCHANGE LISTING**
Australian Securities Exchange
ASX Code: CEL

**WEBSITE**
www.challengergold.com

Dear Shareholder,

The past 15 months to the end of March 2024 has seen significant progress made by the Company in what have been challenging market conditions.  As I write the gold price is trading above US$2200 per ounce and I am looking forward to an exciting next 12 months as we move Hualilan closer to production.

Progress over the past year includes the completion of a positive Scoping Study following the release of an updated Mineral Resource Estimate (MRE) at Hualilan, Argentina, and a significant first Mineral Resource Estimate (**MRE**) in Ecuador.

Challenger continues to make considerable progress on its growth strategy, with the Scoping Study confirming Hualilan has the potential, when in production, to generate significant cashflow at an all in stustaining cash cost (ASIC) that would place Hualilan well inside the bottom cost quartile of all gold producers.  Additionally, we increased our global MRE of gold equivilents substantially, with the maiden MRE in Ecuador taking the Compnay's total resource base to 7.3 million ounces of gold equivalent resources[1].

Our Hualilan gold project has inherent optionality given that the MRE starts at surface and contains a high grade core of 8.1 Mt at 5.0 g/t Au, 17.4 g/t Ag, 1.8% Zn, within the larger MRE of 60.5 Mt.  The successful Scoping Study focused on the high-grade core of the Hualilan MRE to present a low startup-capital project capable of being funded by the Company given the difficult market conditions at the time of the Study.

The study presents an initial economic evaluation of the Hualilan project and suggests, in addition to Hualilan becoming one of the lowest-cost ASX producers, it has a rapid payback period, and average annual production of 116,000 oz gold (141,000 oz gold equivalent[2]).  The Study ignores residual value of the 1.7Moz AuEq[3] remaining after the SS LOM due to the high-grade/ low-tonnage focus and is not considered to reflect the full value of the asset.  With market conditions looking like they have turned the next phases of the study will be focus on the practicality and economics of a larger open pit operation while continuing to investigate and optimise a concurrent or sequential UG mining option.  We expect this to improve on what is already an outstanding outcome. Highlights of the Scoping Study are included in the Directors Report.

In June 2023 we announced an initial MRE for the Company's El Guayabo Gold Copper Project, in El Oro Province, Ecuador.  This MRE is based on 34 drill holes, for 22,572 metres at our 100% owned El Guayabo concession.  This initial resource drilling program, and resultant MRE, focused primarily on the GY-A and GY-B anomalies. Mineralisation remains open in both directions along strike and at depth at both GY-A and GY-B and there is clear potential for the MRE to grow significantly via additional drilling.

The remainder of 2024 will see Challenger continue to advance Hualilan towards production with a Pre-Feasibility Study underway, which we expect to flow seamlessly into our first Feasibility Study.

Finally, I take this opportunity to thank all our shareholders, my fellow board members, the management team, and our dedicated employees for their continued support as we continue towards our goal to become a significant  gold producer.

Yours Sincerely

Sergio Rotondo
Executive Chairman

[1] Refer pages 18 and 19 of the Annual Financial Report of this ASX release
[2] AuEq information as required under JORC is provided on Page 18 of the Annual Financial Report of this ASX release as footnote to Table 10 (Hualilan MRE)
[3] Refer page 9 of the Annual Financial Report of this ASX release and ASX Release 8 November 2023

Golden Mining

# 2023

## SUSTAINABILITY REPORT

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# SUSTAINABILITY REPORT

## SUSTAINABILITY STRATEGY & DIMENSIONS

**PROPÓSITO**

"Hacer **minería responsable; cumplir e ir más allá de los requisitos regulatorios** para generar un **impacto positivo** en empleados, comunidades y el entorno".

**COMPROMISO**

"Constantes en la **excelencia, eficiencia e integridad** de nuestro actuar y toma de decisiones. La **transparencia y confianza guía la manera de relacionarnos** con cada grupo de interés, somos **persistentes en ser buenos vecinos y cuidamos nuestro entorno**".


## STRATEGIC PRIORITIES

### ENVIRONMENTAL PILLAR COMMITMENT

Develop mining operations using available environmental resources eco-efficiently, with leadership in water, energy, waste and ecosystem restructuring management. Our environmental footprint is responsible: we care for, respect and contribute positively to our environment.

### COMMITMENT TO THE COMMUNITIES PILLAR

To be considered as part of the community in which we operate through continuous dialogue, respect and harmony with its history. Contribute as strategic partners of the communities and boost the local economy by promoting entrepreneurship.

### PILLAR PEOPLE COMMITMENT

To provide a space of care, well-being and safety to our workers, we are their second home. We develop and promote local talent based on equal opportunities.

### COMMITMENT PILLAR GOVERNANCE

Have day-to-day structures based on excellence, integrity, transparency and communication, always considering that values are above regulatory compliance at all levels of the company and third parties.

### COMMITMENT TO THE TRANSVERSAL PILLAR OF EFFICIENCY AND CONTINUOUS IMPROVEMENT

Develop mining operations and processes from an organizational culture of positive impact, continuous improvement, efficiency and collaborative innovation.

## *SUSTAINABILITY STRATEGY*

### Pilar ambiental

1. Política ambiental corporativa
2. Política de Biodiversidad y no deforestación
3. Plan de gestión hídrica
4. Plan de gestión de emisiones

### Pilar comunidades

1. Manual de relacionamiento comunitario
2. Estrategia y plan de abastecimiento local responsable
3. Procedimiento de evaluación a proveedores
4. Programa de inclusión y preservación del conocimiento cultural, historia y patrimonio

### Pilar personas

1. Estrategia y plan de gestión del talento
2. Políticas/procedimientos para potenciar la gestión de personas
3. Plan formal de compensaciones y bienestar
4. Sistema de gestión y mejora del clima laboral
5. Plan de Inducción
6. Política corporativa específica sobre salud y seguridad ocupacional
7. Política y plan de gestión de Igualdad de Oportunidades y No Discriminación

### Pilar gobernanza

1. Código de Conducta corporativo
2. Políticas específicas del Código de Conducta
3. Plan de comunicación de la Estrategia de Sostenibilidad
4. Plan de comunicación del Código de Conducta
5. Estrategia de Compliance
6. Reporte/Brochure de Sostenibilidad
7. Política de sostenibilidad corporativa

## *DETAILS OF ACTIVITIES 2023*

## *THRIVING AND CLOSE COMMUNITIES*

### *S1.5.1 COMMUNITY ENGAGEMENT PROGRAM*

Engagement with the community is a daily and long-term job. The relationship of trust and working together is far from being a one-off task. That is why GMSA has regularly held, since 2019, a series of formal and informal meetings with all the actors in the community. This makes it possible to establish lasting and frank bonds. GMSA's RRCC team diagrams and executes these weekly and monthly meetings and talks with various community actors, with the aim of knowing and listening to the expectations and needs of the people/institutions we work with on a daily basis. This, in addition to laying the foundations for a social license for the operation of the project, allows us to belong to the community as one more neighbor day by day.

### EDUCATION & GROUP INCLUSION MEETINGS

#### *1. ULLUM MULTIPLE SPECIAL EDUCATION SCHOOL*

***Reason for Intervention***

Conduct a group interview in the educational community "Ullum Multiple Special Education School".


### *Approach Performed*

At first, an introduction and first telephone communication was made with the director of the educational establishment, managing to coordinate a visit to the school due to the predisposition and openness on her part, who also invited the Community Relations Assistant of the company Golden Mining S.A. to participate in the Independence Day event.


On the date in question, the student went to the educational institution and was received by Mrs. Ester Quiroga (director) and then by the teacher in charge of the carpentry workshop, Mrs. Verónica Sánchez.

### *Brief description of the property*

-The enrollment is 65 students, ranging from 2 months to 65 years old.

-They have cooking, carpentry and agricultural workshops. They sell what they produce, using the proceeds to replace materials and distribute profits among the students.

They mention that the resources for the workshops are scarce, being the teachers and staff of the school themselves who are in charge of managing the obtaining of them, they also refer that on several occasions they are the ones who buy the materials for workshops and activities that are carried out in the institution *"for example today we made a vaquita among all to make a locro and in this way have a call of the families in the act".*

### *Departmental/Institutional Reality*

In relation to the departmental/institutional reality, they mention that the problems they observe the most are related to domestic and gender violence, problematic consumption (alcohol) in young people and link this problem to the lack of motivation and recreational/sports activities.

They report that the group or sector of the population of Ullum that is most affected are the young female students of the school, where they mention that the highest percentage of those enrolled are boys, while adolescent women are in charge of the care of nieces and nephews/brothers, relating this problem of school dropout directly to a "macho" culture and they also add, that parents of students with disabilities minimize the education their children receive because it is a special education school, and that the continuity of the adolescent girls' education is not important to them, or that they prioritize housework over education.

***Articulation with institutions and organizations***

As for the articulation with other institutions/organizations of the department, they mention that it is scarce or informal because on several occasions they resort to or contact those who offer faster answers than the formal route. Some examples they gave were:

- *"We coordinate with the CIC, but directly with the doctor or nurse, in particular cases."*

-In relation to the municipality, they mention that they generally articulate for mobility when they have activities outside the establishment, being a limitation the same because the mobilities that the municipality has are used for various things, not only for disability.

***To consider***

Provide wooden pallets for the carpentry workshop and organic waste for the agricultural workshop, providing inputs to the institution and contributing to the recycling of the Hualilán project.

***2. EPET SCHOOL Nº 9 "RENE FAVALORO"***

The school is located next to Eva Duarte de Perón Square, on Santiago del Estero Street, in the department of Ullum.

The meeting takes place between the Community Relations Assistant of GMSA, the vice-principal of the educational establishment, Mrs. Carolina Laciar and the teacher of the 7th grade practices, Mrs. Laura Arce, followed by the teacher of the subject Chemistry of Minerals (5th year), Mrs. Graciela Torres.

Some of the purposes of the meeting are: to generate close ties, to know the vision of directors and teachers about the departmental/institutional reality, to continue with the organization of the programs "Hualilán our house" (visit to the project of students who are in the last year of secondary level) and the program "Educational Linkage" (internships in the project 4 students of the 7th year of the EPET No. 9 school).

In relation to the interviewees, it can be mentioned that they do not reside in the department, but have been working there for several years.

Regarding the departmental reality, they report that the main problems are linked to scarce opportunities, instability and job insecurity.

Although the departmental employment situation is associated with various other problems that derive largely from the socio-economic instability that is generated in families due to the lack of employment, the main problem observed in school students is the abandonment of children and adolescents who are raised by their extended family.

Carolina: *"There are many children raised by grandmothers and uncles because their parents left and never returned... It is very difficult from school to tell them that they matter, that they are worthy, if the people who should take care of them the most decided to abandon them, the message they are left with is that they are useless, that they are not important."*

Carolina mentions having worked in other departments of the province and emphasizes that she has not seen what happens in Ulum*: "Here it is normal for parents to leave the department or form new couples and not see their children again."*

According to Carolina and Laura's story, there is a high burden of household responsibilities that fall on school students (work, care of the elderly, children in the family group, among others), which threatens and hinders access to rights for adolescents who attend school, causing in some cases school dropouts. Lack of time for study, recreation, leisure.

This is followed by a tour of the institution, showing the physical space where the workshops (electricity, carpentry, etc.), classrooms, laboratory and other facilities operate.

In the laboratory, the professor, Graciela Torres, who is in charge of the dictation of the subject Chemistry of Materials together with Carolina Laciar, joins the laboratory.

***To consider***

Graciela mentions the possibility that Golden Mining contemplates giving a "talk" (by geologist) on the operation of the Hualilán project to 5th year students, which will allow them to relate the contents of the course with practice from the experience in the work of GMSA collaborators.

Regarding the vision regarding the Hualilán project, they are optimistic that it will be located in the department of Ullum, and highlight the importance of the work carried out by the company in the community, adding the *"great need"* to generate new sources of work for the departmental population.

## MEETINGS GRUPALES_ SENIORS

***VILLA IBAÑEZ RETIREMENT CENTER***

The Retirees Center of the department of Ullum is located in Villa Ibáñez, E. Vidart Street.

In terms of connectivity, it can be seen that the bus line 161 passes through the door of the place.


***Services it provides to the community***

The Retirement Center has been operating in the home for about 10 years.

Regarding the services it provides to the community, it says that currently only a clinical doctor who attends 3 days a week from 8:00 a.m. to 11:00 a.m. and a secretary in charge of providing appointments, making prescriptions and serving the public are currently serving the elderly population.

***THE CURRENT MEMBERSHIP IS 270 PAYING $200 PER MONTH TO THE RETIREMENT CENTER***

Whose income would be used to pay for electricity and internet services, among others.

***Reality of the institution/organization***

***Weaknesses/Obstacles***

One of the difficulties they mention is that part of the elderly population of the department finds it difficult to reach the Retirement Center because they do not have a family network to accompany them and because of limitations in the mobility of their bodies typical of age, thus hindering access to health.

There is a difficulty in terms of the physical space they have, hindering the possibility of carrying out recreational activities or large gatherings.

It is relevant to mention that the land where the Retirement Center is located does not have much space for expansion, although there is a room recently built, it would not be suitable for gathering a large group.

According to Raul, there would be a change in the Board of Directors of the Retirees Center, not achieving organization for the time being: *"An Assembly was held and the people were not satisfied with what is being done in the Retirees Center and it is for that reason that I (Raul Montaña) would be provisionally as President, but legally not yet because the people who were in charge need to present documentation, accountability and we are not getting them to do it... At the moment there's not much we can do to resolve that."*

***Social Role and Position of the Elderly***

According to the interviewee's perspective, the elderly are displaced both by their families and by society in general.

*"The children/grandchildren no longer give importance to their grandparents, in fact I see many who are living in a little room in the background because their house is occupied by the grandchildren with their families and what happens with this is that they no longer visit or interact with their lifelong friends because they have nowhere or feel that they bother each other."*

He says that in the Municipal building of the department there is a sector for the Elderly where they do physical activity but that the attendance is scarce *"here the political issue weighs a lot, I think that is why many adults do not attend the classes, because of what they take place in the municipality... that's why I think the adults in the department need a space in the Senior Center."*

***Labour market***

As for job opportunities in the department, he says that they are becoming "fewer", he relates the lack of employment with the decrease in viticulture in the department, mentioning that people who owned farms were dying and finding heirs in charge and that they desist from exploiting the land because of *"the amount of taxes to be paid"* and that those who decide to do so find it difficult to obtain responsible labor, indicating that young people have lost the culture of work.

***Expectations for the future***

He mentions that there are "many" people who live in Ullum but who work outside the department in search of other job opportunities.

Next, Raúl alludes to having visited the Hualilán project and is hopeful that as the project progresses, more labor will be required and that it will be made up of people from the Ullum department.

*"The (Hualilán) Project is a great opportunity for young people in the department to have job opportunities like I had when I worked on the construction of the Ullum dam."*

## GENDER GRUPALES_ MEETINGS

***WOMEN'S GROUP Bº.25 DE MAYO***

It is coordinated by the Community Relations team of GMSA, a meeting with a group of women in the 25 de Mayo neighborhood of the Ullum department.

This visit to the place is agreed with Mrs. Sarah Flores (neighborhood leader) who convenes in her home the group of women with whom they carry out various activities in pursuit of community welfare.

The purpose of the meeting is to forge and maintain links, to know and consider the various issues that arise according to the changing reality and to promote gender equality through the participation, teamwork and active listening of the group of women.

***Beginnings of social organization***

The owners of the house state that they have lived in the neighborhood for approximately 7 years, in which they describe having started with the social commitment from the visualization of socio-economic needs in their neighbors, which drives them to open the first picnic area.

They say that at first they did not get involved in political matters, but only intended to generate some transformation in the neighborhood to which they belong.

They mention that, at present, they are part of the Libres del Sur Movement and that based on the teamwork they were building, they were offered to join it, seeing in this the possibility of receiving resources that were allowed to open new picnic areas and carry out various activities in which they participate jointly.

They then explain that at present none of the picnic areas are operating, they refer that for some time they have not received food on a monthly basis and that when they have some resources they are scarce to start up the picnic areas and that for this reason they use the provisions to carry out specific activities.

***Neighborhood/departmental reality***

Women from different areas of the department were present at the working table with the intention of covering and considering the departmental reality.

It is relevant to mention that, although they report feeling comfortable in the work group that they were building, their membership is largely due to the economic situation that families in the department are going through due to the lack of formal employment.

The main problem that arises from this meeting is related to job insecurity and lack of employment.

Some of the needs felt by the group and raised at the meeting were job stability and security, to be recognized, and to achieve their own growth and development.

Several of the women present say that belonging to the group gave them access to the Empower Work Program, but that at the same time they carry out temporary jobs that arise to "make ends meet." They mention that receiving this benefit is not their final goal, but that they are always looking for a formal job that allows family stability and that the income they receive passes on to other people who are in need and can have the opportunity they had.

As for the job opportunities offered by the department, they say that they are sporadic and that they depend on the political positioning of the applicants to get or keep jobs.

In relation to the Hualilán project, some of the participants report knowing about it and others express the desire to do so.

## GROUP MEETINGS _ SOCIAL ORGANIZATIONS

### *1. CALAS FOUNDATION*

It is coordinated by the Community Relations team of GMSA, meeting with Mrs. Daniela Salinas (councilor) and the group of women who work with her in the picnic areas of the "Calas Foundation".

The meeting takes place at Daniela's home, Bº Ullum II, whose home is located in front of the department's CIC.

***History***

Daniela says that she started with the picnic areas approximately 7 years ago, she says that they have a

Board of Directors that allows them to receive merchandise every 45 days from the Ministry of Human Development and that she is in charge of distributing them in the 3 picnic areas.

The first of the picnic areas began to operate in "El Chilote" and after the relocation it was moved to the Grimal neighborhood in the home of Mrs. Adriana Palacio, on Tuesdays and Fridays and is attended by about 40 boys and girls.

The second picnic area is located in the Barrio 25 de Mayo and has been operating for 6 years, currently in the home of Mrs. Celia Gonzales, on Tuesdays, who mentions having the help of her mother and sister to be able to contain about 100 children and adolescents.

The third and newest one operates in the Municipal Lot, in the home of Mrs. Soledad Balmaceda, on Wednesdays, attended by about 20 boys and girls.

Both Celia and Soledad mention that the operation of their picnic areas is different from the operation of the rest of the picnic areas that exist in the department, considering the delivery of snacks to share in each of the homes as a family favorable.

Celia adds that in addition to considering it important for each child to be able to have a snack at home, otherwise it would not be possible for the picnic area to operate due to the high attendance (100 children and adolescents) in the Barrio 25 de Mayo.

***Neighborhood/departmental reality***

During the meeting, they mentioned the following problems:

- lack of work, mainly for women.
- Increase in bullying in high schools.
- Lack of recreational/sports activities, particularly for girls.

Regarding the last point mentioned, Daniela says that there is a group of teenagers who grouped independently due to the lack of proposals and recreational activities for the young people of the department who are called "La Banda de la Plaza del CIC", they would have participated in a Rhyming Workshop that Daniela organized with people from the department of Rivadavia last year and that on occasions they carry out "Competition Battles" in the which is added with some kind of incentive prize.

As a vision for the future, they mention that what the department needs is in the hands of young people *"we have to aim for them to study, study is what is going to move Ullum forward".*

At the end of the meeting, they are optimistic about the work that Golden Mining has been doing together with the community.

***2. Vº AURORA NEIGHBORHOOD UNION***

It is coordinated by the Community Relations team of GMSA, meeting with the Board of Directors of the Neighborhood Union, one of the reasons for the meeting is to expand relations with the community of Ullúm.

The meeting is held with the President Mrs. Silvia Asís, the Vice President Mr. José Aguilera, the Treasurer Mrs. Marta Rodríguez and the Secretary Mrs. Olga Rodríguez.

The Neighborhood Union of Vº Aurora, according to the interviewees, would be one of the few that remained organized over time, beginning to function in 1973.

***Institutional Reality***

They report that since the pandemic, the activities carried out in the Neighborhood Union are few, not being able to resume the rhythm and participation of the neighbors in the activities.

Currently, aerobic classes only operate permanently on Mondays, Wednesdays and Fridays, with the aim of holding a craft fair that operates on Sundays and allows fundraising.

In relation to this, they add that there was a significant reduction in the number of affiliates, leaving 40 who pay $100 per month, having to assume electricity and other expenses among the members of the commission.

Silvia also indicates that the Board of Directors must change *"we have been here for a long time and it is* *already difficult for us because we are old, we understand that it must be renewed, but we cannot find someone who understands and manages to assume responsibly... Some express intention, but when you want to move forward to explain how it works, they stop coming, they don't commit."*

***Departmental Reality***

They indicate that health is one of the main departmental problems, referring to the fact that it is a right that is not guaranteed.

*"The best place for health care in the department of Ullúm is the CAPS Alejandro Royon"* which, although it does not have many medical specialties, would be the place most chosen by the community to be attended to due to the "quality and commitment" of the professionals.

During the month of September, "El Royon" suffered the tenth act of vandalism and robbery, commenting that the entire community is mobilizing to find a solution so that the Center continues to function and provide health services to the community.

They mention that the CAPS was created on the initiative of a group of students and teachers from the Central University School, who developed a project together with the Neighborhood Union, achieving the construction of the Center, which began to operate in 2003. It bears the name "Alejandro Royon" in commemoration of one of the students involved in this project who died prior to the construction of the place.

-Silvia: *"Not all the community knows the history of the Royon, but it was a group of students and teachers who managed to open it together with the Neighborhood Union, they gave us a resolution that the land belonged to the Neighborhood Union and they told us to take care of it and defend that it was ours... with the 10 robberies that took place this year in the health center, there are people who want it to belong to Public Health as if that were a guarantee that they are not going to close it."*

Other departmental issues that arise during the dialogue are:

-Lack of employment.

-Lack of enrolment in trades.

They say that in the department there are people with various trades and that they develop it to "perfection" but that it is difficult for them to get a job because they do not have a way to accredit their knowledge.

In relation to GMSA and the project, they are asked how much they think the community knows, answering *"Not much, here there are many people who do not know that the project is within our department, the only thing they know is that there are some who go up to work, but they do not know where, it does not matter to them what company it is".*

As for the expectations with the project, they mention that they hope it will generate sources of work for the people of the department.

## GROUP MEETINGS _ SPORTS ORGANIZATIONS

***1.CLUB JUVENTUD ULLUNERA***

The club is located in the Luz y Agua neighborhood on Malvinas Argentinas Street in the Ullum department.


***History of the Club***

The C.A.J.U. was founded on October 12, 1915, but has been in its current location since 1960.

They define the site as a meeting point for the community and as part of the culture of the sport of Ullunero.

They mention that the place is also known as "The family club" due to the sense of belonging that they developed over the years and that is what drives them all to collaborate to maintain the club.

***Weaknesses/Obstacles***

- Lack of water for irrigating the court.
- Lack of lighting that makes it impossible to extend the useful hours of the scale.
- Insufficient financial resources.
- A part of the land is missing a perimeter fence.
- Deterioration of the sports center track that prevents other sports and fundraising activities from taking place.

***Strengths***

- Collaboration and active participation of women's groups, the Board of Directors, and the community in general.
- Physical space.
- Commitment of the families of young people who train at the club.

In the group meeting, it was possible to dialogue not only with the Club's Board of Directors (president and member) but also with members of the community who actively participate by collaborating in activities to raise money that will allow them to continue participating in the San Juan Soccer League.

**"150 GUYS FROM ALL DIVISIONS WHO COME TO THE CLUB"**

In addition to playing soccer, they say that the sports center is sometimes used as a loan to dance academies, for family events, among others.

The meeting was held at the request of the Club's Board of Directors, who were satisfied with the presence of the Community Relations team at the site.

***2.CLUB SAN LORENZO***

The club is located on J. Aguilera Street and Hermógenes Ruiz Street within Vº Aurora in the Ullum department.

As for the history, they say that approximately in 1977 it was already located in the current place.

Currently there is a normalizing Triumvirate, which has not been able to form a Board of Directors, and is in the process of being reorganized.

They mention that, although the Commission is not formed, there is a group of 20 people who collaborate in the different activities, taking care of giving classes, making arrangements and maintaining the place.

Young people from the age of 11 attend, they say that they do not have a school for "the little ones" because there are not many hours that they can use the cacha.

**"THERE ARE CURRENTLY 100 YOUNG PEOPLE ATTENDING TO TRAIN"**

At the meeting, training of the 4th Division and the 1st Division could be observed.

In the meeting, some difficulties that arise in the club are mentioned, such as:

- Lack of water for irrigation.
- Lack of funds to finish 1 grandstand, 5-a-side football field, canteen.
- They don't have bathrooms.
- Lack of lighting.
- Part of the perimeter fence of the land is missing.
- We need to raise the net on the perimeter of the court.

As for the bathrooms, they have the space, but they are not enabled because there is no connection.

You can see the 5-a-side football pitch under construction and the dressing rooms made by the members of the club.

They report that many young people joined the club from 2022 onwards who participated in a National tournament in which they traveled to the province of San Luis to compete, adding Mr. Hugo *"It is the only club in Ullum that is in the A, and that managed to travel to another province with a lot of sacrifice... For the youngest, the 1st grade players are their idols and that makes many want to play sports, it's the way to add kids and get them off the street."*

They highlight some of the problems that the young people of the department are going through (school dropouts, problematic consumption) finding a place of contention in sports, in classmates and coaches.

Regarding the departmental reality, they comment that job opportunities in the community are "few" and that jobs in most families are not stable, which influences young people and hinders access to rights such as education, recreation/sports, among others.

They add that they are optimistic about the incorporation of local labor in the Hualilán project, and some of those present say they know the place.

## GROUP MEETINGS _ GMSA COLLABORATORS

It is coordinated by the GMSA Community Relations team, meeting with staff (geology assistants and cutters). It is carried out in the Hualilán project, mostly with workers residing in the Ullum department.

The purpose of the meeting is to strengthen ties, open new channels of communication aiming at greater closeness between the Community Relations team and the staff.

On the other hand, and in accordance with the Sustainable Development Goals for 2030, SDG 4 and SDG 5, is to promote educational completion in order to provide tools and strengthen the personal growth of each worker in the company.

From this meeting, positive results are obtained, doubts and inconveniences are raised, they refer to the "Educational Terminality" program that began to be implemented in 2022 and that is currently being monitored in order to accompany the company's staff, sharing progress, difficulties and new inclusions to the Fines Plan.

A follow-up survey is carried out, which not only makes it possible to access information regarding the level of education attained by each worker, but also incorporates personnel who previously, due to various circumstances, had not raised the need to continue education and who now express a desire to do so.

## MEETINGS INDIVIDUALES_ SOCIAL ORGANIZATIONS

### *PICNIC AREA "BICHITO DE LUZ" VILLA DEL LAGO ULLUM*

### *Geographic Location*

An interview was conducted with Mrs. Alejandra Bustos, who lives in Villa del Lago on the corner of Vidart and Los Tilos streets in the department of Ullum.

On Wednesdays and Fridays, there is a picnic area called "Bichito de Luz" in the home, and on the land opposite the house there is a soccer field where the same children and adolescents who attend the picnic area play sports.

Alejandra mentions that the picnic area has been operating on her initiative since 2019, referring that in its beginnings the group of women who collaborated with the activities is no longer the same *"they worked with older women than when they began to receive retirement, due to age and other reasons the group was modified... They're younger now."*

She adds that she is part of the Barrios de Pie movement and that because of that she managed to get the people who accompany her in the neighborhood activities to receive income from the Potentiate Work Program.

***Tasks and Roles***

Regarding the tasks and roles, the interviewee indicates that there are 5 women who are in charge of the picnic area while 2 men train "the boys" working from 5:00 p.m. to 7:00 p.m. in which they share 1 hour of snack and 1 hour of mixed soccer.

***Recreational and sports outings***

Alejandra says she is registered with the Secretary of Sports as a Neighborhood Leader, which made it possible for her to "*take the kids out*" and play in other clubs *"We do soccer matches at the Farm in Santa Lucia and on Wednesday we go to a climbing match at the Mercedario Club, I get the mobility everything..."*

**"FOR SOME TIME NOW, WE HAVE BEEN PROVIDING SCHOOL SUPPORT TO CHILDREN IN THE NEIGHBOURHOOD"**

The interviewee indicates that school support arises from the difficulty of some parents to accompany their children in learning due to their scarce cultural capital and lack of motivation : *"I tell them to come and do their homework and then they stay for soccer, so that's how they do it."*

***Articulation with institutions/organizations***

Alejandra has an active role within the community and the ability to manage resources of different kinds.

It refers to articulating directly with the person in charge of mobility of the municipality of the department and also with the CIC to obtain certificates of good health so that children and adolescents can attend soccer matches.

*"I get the shifts at the CIC and the mothers take them and it helps to know how the children are doing."*

***Obtaining resources for the picnic area***

In relation to obtaining food for the operation of the picnic area, Alejandra points out that it depends on her constant search because she does not receive provisions on a fixed or monthly basis, but rather mobilizes to obtain them, as well as make sales of her enterprise to cover the expenses of the picnic area and sports activities.

*"Now it occurred to me to organize the sale of hot dogs, choris at the game on Sunday so that when we go out to the next soccer match with the kids we can bring them alfajores or sandwiches... Luckily the moms join in and help me."*

***Departmental reality***

In relation to the departmental reality, she mentions that the most affected group of the population of Ullum are women, because the problem she observes the most is related to gender violence.

As for the sector with the greatest opportunities, it indicates that it would be the people who are in compliance with the current policy, having greater job opportunities.

Alejandra then externalizes that, despite the previous statements, she visualized positive changes in the department in recent years in terms of the supply of electricity and water services in several areas of the department of Ullum.

***Labour market***

According to the interviewee's view of job opportunities in the department, she says that they are scarce and that the jobs to which the common people have access are in the harvest, being temporary and informal jobs that do not allow economic stability in family groups. He also points out that young people have become accustomed to this type of work and that when they get "jobs with greater demands" they are unable to sustain themselves over time due to the lack of habit of complying with formalities (days, schedules, etc.).

He is optimistic about the Hualilán project and the hiring of local labor.

**MEETINGS INDIVIDUALES_ RELIGIOUS ORGANIZATIONS**

It is coordinated by the Community Relations team of GMSA, meeting with Pastor Pablo Miguel, whose meeting takes place at the address B° Dique I, Sta. Cruz Street, house 118, M/G of the department of Ullum.

The objective of the meeting is to know the perspective of the different social actors of the department, on this occasion covering the religious dimension.

This is the first contact from the Community Relations team with Mr. Pablo, who says he has lived in the department for 11 years and has come to the province of San Juan to preach the word and through the Evangelical Church.

The place that can be seen in the photos would be the new temple and physical space in which they are already carrying out some recreational activities and meetings with groups, but the worship/masses are carried out in another physical space within the same neighborhood until the house and the multipurpose room that is under construction are conditioned.

***Activities/organization***

He mentions that they currently meet on Sundays at 10:00 a.m. in the temple and that during the first week of school recess they carried out recreational activities (from 3:00 p.m. to 6:00 p.m.) with children and adolescents where snacks were included.

**RECREATIONAL ACTIVITIES WERE ATTENDED BY 25 TO 30 CHILDREN EACH DAY**

The planning and execution of the recreational activities were carried out by a group of 6 sisters of the Church and by the "faithful" who collaborate.

In relation to the link with the community, he mentions that it is close, considering that the people who attend are looking for a place where they can feel contained and listened to.

**APPROXIMATELY 30 FAMILIES ATTEND THE TEMPLE EACH SUNDAY**

Paul mentions that the believing population that attends the various meetings, talks, and activities is changing and from different sectors of the community.

She says that there is currently a group of women who meet once a week for the purpose of containment, support, and listening. While there is a group of men who meet once a month and the opening of this space is done in order to motivate the attendance of men to the religious community, considering that the participation that predominates the most is that of women.

### *Obtaining Resources*

According to the interviewee, the resources for the realization of the different activities, meetings, the construction of the multipurpose room as well as the assistance they provide in some particular cases comes from the offerings of the faithful, from the support of the "mother" Church located in the province of Buenos Aires and in a minority of the municipality.  departmental businesses and the community at large.

### *Departmental reality*

According to the interviewee's vision, the most prevalent problems in the department are:

- Domestic and gender-based violence.
- Lack of secondary schools with other orientations.
- Lack of job training schools.

He mentions that the community has a vision that the area in which they live is "very far away" from the capital and that it would be one of the conditioning reasons for the continuity of studies, training, among others.

*"To the young man you ask him what he is going to do when he finishes high school, he surely tells you Police, it is the only way out they see because it is close... And women are just as good as police officers or nurses, no one wants to do anything else because they don't know."*

He says that since his arrival in the department he has noticed some changes in the way people think: *"Little by little they are leaving the department, believe it or not, most young people do not know how to manage themselves in the center."*

Regarding the departmental labor offer, he mentions that most families work as temporary workers on vineyards or olive farms.

In relation to GMSA and the Hualilán project, he refers to not knowing, showing interest to the Community Relations Assistant to discuss the matter.

## HEALTH INDIVIDUALES_ MEETINGS

### *PRIMARY HEALTH CARE CENTER*

The Primary Health Care Center is located in the head town of the Ullum department "Villa Ibañez" on Agustín Ruiz Street (Route 60) and E. Vidart Street, located adjacent to Police Station No. 15 and close to the Municipality.


The meeting takes place between the Community Relations Assistant of GMSA and Ms. Marcia Lara (psychologist of CAPS for 4 years) in order to dialogue about different aspects that involve the community.

As for the areas of the department that attend for care, he says that priority is given to the people of Villa Ibáñez, Dique I and II neighborhoods and a sector of the Grimalt neighborhood, organized between the 2 CAPS and the CIC by zones. He adds that there is no psychologist at CAPS Royon and that people who require psychological care are received by the CIC and the CAPS (Villa Ibáñez) according to the convenience of the person.

In relation to the health service they provide to the community and specialties, he says that they have:

Radiology, Nutrition, Social Work, Cardiology, Ultrasound, Laboratory, Psychology, Obstetrics, Clinician, Pharmacy, Nursing, Health Worker.

***"THE POPULATION I SERVE THE MOST ARE ADOLESCENTS AND ADULTS BETWEEN 25 AND 40 YEARS OLD"***

In relation to the problems with which he has greater contact, he refers to visualizing an increase in adolescents who require attention for being victims of sexual abuse, negative thoughts and self-harm, relating as "post-pandemic effects" of COVID-19, an increase in adults who come for anxiety crises and panic attacks.

As for the sector of the population with the greatest opportunities, according to his perspective, it would be the population close to the CAPS, considering the housing situation, access to services and emphasizing that the children and adolescents it serves would be in school in their entirety.

With respect to the sector of the population with fewer opportunities, he points to B° 25 de Mayo, Villa del Lago, among others, where he mentions that the problems begin in the housing situation, lack of employment, needs and shortcomings that families go through and result in the violation of other rights such as access to education, health, recreation.

As the main problem of the department, he mentions the lack of formal work and the scarce job opportunities offered by the department, which are reduced to work in the harvest, stating that the incorporation of local labor into the Hualilán project is beneficial for the community.

As for the problems or difficulties that arise in the Health Center, he only mentions the physical space, referring to the need for expansion that allows for other offices.

## COMMUNITY INDIVIDUALES_ PROVIDER DEVELOPMENT MEETINGS

The Community Relations team coordinates a meeting with Mr. Cesar Calvo in order to expand ties with the community and discover possible local suppliers.

During the meeting, César states that he has lived all his life in the department of Ullum despite mentioning that the department does not offer good educational and job opportunities.

He is currently working in the hardware industry (construction materials, electrical) he says that on some occasion he had a "store" in the department that he decided to close because it was not profitable only with sales within Ullum and that at this time his mother owns a hardware store located in the department of Capital. while he is in charge of supplying the hardware stores of Ullum and private sales.

He mentions as problems of the department the dependence and instability generated by the political sector in relation to families and jobs, the loss of the culture of work in the population and the lack of employment opportunities offered by the department.

When he refers to the loss of the work culture, he relates it to other problems such as lack of motivation or self-improvement and an excess of young people with free time that he infers leads in some cases to the problematic consumption of alcohol *"there are many people who know trades and are good at what they do, but they get used to living with social plans, They have a lot of free time and when they get a secure job, they miss Mondays."*

When he mentions the dependency generated by the political sector, he links it directly with the sectorization that exists in the community according to the political positioning *: "In Ullum you are either on one side or the other, then the management changes and those who had jobs lose it because they already know who you follow, that is what the politicians in the department generate"*

As for GMSA, he says that there are currently several sectors of the community that do not know or have not yet heard of the company, while adding that he is aware that other sectors do " *I heard a political leader from Golden... I think they still need to reach other sectors."*

Later, he mentions meeting the men and women who came to work on the project, highlighting it as a positive change at the individual and family level due to the possibility of formal employment.

Cesar also expresses as future expectations the desire for Golden Mining to incorporate more local labor.

At the end, he highlights positive aspects such as the "people, the place" that lead him to continue choosing the apartment as his place of residence.

## GENDER INDIVIDUALES_MEETINGS

***REFERENT _ MRS. SARAH FLORES***

An interview was conducted with Mrs. Sarah Flores at her home on Bº 25 de Mayo in the department of Ullum.

***Reason for boarding***

Although the Community Relations team maintains continuous contact with Sarah, with her partner, Mr. Alejandro Chirino and with the group of women with whom they work, on this occasion the reason is to carry out an informal, intimate and relaxed interview in order to learn about problems, a way of solving problems at the neighborhood level, among others, which may not arise in group meetings.

Another purpose of the meeting is to learn about the daily life of families from the female story, in this case from Sarah's point of view, considering her active participation and constant contact with the neighborhood and departmental reality.

***Reality***

**"THERE ARE 259 HOMES IN THE NEIGHBORHOOD"**

He mentions that there are currently 259 homes and that the families in the neighborhood are mostly large, which accentuates and highlights the *"worrying" socio-economic situation* that families are going through.

During the development of the interview, the different age groups (childhood – adolescence – adulthood – older adults) and different problems that Sarah visualizes in the continuous contact with her neighbors are discussed, highlighting the perception of the greatest difficulties in adolescents, pointing out school dropout, teenage pregnancy, low or no family motivation to continue with studies, problematic consumption.

In an egalitarian way, another of the vulnerable groups to which she refers is women, stating *"There is a lot of gender violence here, I have friends that I have known for years that I never imagined that they suffered violence... People here are very reserved."*

As a central problem of the neighborhood and from which others derive, he points to the scarce cultural and economic capital of family groups, where he refers *to "hunger is the main problem, people live on soup and tea when they are lucky... This leads to more violence in families... mothers who have to feed 9 children and have to make do with the little they have."*

Regarding the distribution of household chores, she mentions that men are the "economic providers" while women are mostly in charge of all household chores.

She adds that generally the women, mothers of families, are in charge of making the food for the family group, therefore, of resolving *"with what there* *is"* the food of all the members. It mentions that, due to the current economic reality that does not allow basic needs to be satisfied, an increase in domestic violence and generalized "unrest" is seen in "the neighborhood."

Currently the neighborhood has a Neighborhood Union in the process of organization, holding casual meetings in the home of Sarah and Alejandro in order to improve streets, lighting, housing and punctually the main entrance street that presents serious flooding difficulties when it rains, affecting especially the homes located on the block.

Later he mentions that the socio-economic situation of the neighborhood would be the same at the departmental level *: "I know people from all over Ullum and it is bad for everyone, there are more robberies, the police do nothing... Nothing works well, neither the health nor the municipality, nor the firefighters, some time ago there was a fire and we settled between neighbors."*

According to Sarah's stories, a bond of closeness between neighbors is visualized, not reflecting trust in the different departmental institutions.

Regarding the knowledge of the Hualilán project, he says that the community is largely aware of the presence of Golden Mining in the department, adding *: "Here everyone finds out what Golden does, but it is also a community that is quick to offend... So maybe they do a lot of things right and 1 they don't like it and they keep the bad... Although there is optimism in terms of job creation, people need and look not only for you but in general for quick answers, solutions... People are tired."*

## MEETINGS INDIVIDUALES_ ENTREPRENEURS

***REFERENT _ MRS. OLGA RODRÍGUEZ***

It is coordinated by the GMSA Community Relations team, meeting with Mrs. Olga Rodríguez, winner of the Ullum Emprende in 2022.

The reason for the meeting is to follow up on the venture, because Olga was the winner when she presented her project "Light and Hope" in the textile sector.

Olga expresses difficulty in the continuity of the enterprise in terms of making party dresses due to the high costs of the fabrics. Visualizing great capacity for adaptation considering that at no time did he stop production, but rather adjusted to the inputs he could get, also expanding to the creation of stuffed animals, decorative accessories, that is, adding to his textile skill the incorporation of recyclable materials (paper, plastics).

During the meeting, Olga says that when she won the project she was working elsewhere, but she comments that currently her family group only has the income they derive from the production of dresses, costume rentals, the sale of accessories and various meals at fairs and privately. In addition, she mentions having completed a hairdressing course in September that allows her on some occasions to participate in fashion shows, where she is not only in charge of making dresses, but also aims to show her hairstyle skills.

In accordance with the above, it can be said from the monitoring of the enterprise, that it had a positive impact on the family group, considering not only that it continues to be carried out, but also serves as a family solvent.

Although Olga says that the greatest profits come from the manufacture of party dresses and that due to the current difficulties related to the economic situation and therefore the lack of fabrics, she highlights and values that her continuity in the textile sector was thanks to GMSA and the delivery of machines that today allow her to carry out and produce different jobs.

***Things to consider***

According to the interviewee, the Community Relations team will take into account and evaluate the possibilities to provide inputs (plastic bottles, paper, fabrics, etc.) that allow Olga to continue production and generate greater income in pursuit of family well-being.

Address: Bº Ullúm II, M/B, C/7.

## S1.5.4 CHILDREN'S DAY

Golden Mining values the spaces created so that children and adolescents can know and have access to their rights, fundamental spaces so that families and the community in general can become aware of the importance of caring for and respecting children.

On August 17 and 18 of this year, the Community Relations team, on behalf of GMSA, was present by delivering toys in different sectors of the Ullum community, in order to provide collaboration in the celebrations for Children's Day.

***Educational Institutions***

Toys were delivered on the one hand to the "Ullum Multiple School" and on the other, to the "Elvira de la Riestra School".


***Religious Organizations***

Toys are given to Mr. Pablo Migueles and Mrs. Mara Molgaray, Pastors of the Evangelical Church, who held the event on September 3.


***Municipality of Ullum***

Toys are delivered to Mr. Dante Noriega, Undersecretary of Social Action, who celebrates Children's Day on August 19 at the Municipal Campsite of the department.

***Social Organizations***

1-Toys are delivered to Mrs. Alejandra Bustos, referent of the picnic area "Bichito de Luz" located in Villa del Lago.

2-Toys are delivered to Mrs. Daniela Salinas, referent of 3 picnic areas (Bº Grimalt, Bº 25 de Mayo, Bº Municipal) "Fundación Calas", who invites the

Community Relations team to be part of the celebration on August 29 of this year.


3-Toys are delivered to Mr. Alejandro Chirino and Mrs. Sarah Flores, referents of 6 picnic areas, and the Community Relations team attends the celebration that took place on August 31 at the Bº 25 de Mayo.

In their entirety, they expressed their gratitude to Golden Mining, mentioning the importance of donations considering the complex socio-economic situation that families in the department are going through and valuing that each child can receive a gift on their day.

## S2 SAN JUAN THE CUIDA

It has been possible to reach different departments of the province (7), addressing the total number of people who attended for some service and/or training that the San Juan Te Cuida Program has and makes available.

***DEPARTAMENTOS***

- Ullum (13 and 14 July).
- Rawson (07 and 09 August/ 28 August / 7 September/ 15 September).
- St. Martin (11 August/20 September).
- May 25 (September 13).
- Saint Lucia (14 September).
- Rivadavia (19 September).
- July 9 (September 22).

***SERVICES PROVIDED***

1. -Citizen Security Workshops.
2. -Primary Health Care and Vaccination.
3. - Pension Advice.
4. -Social Bottle.
5. -EPRE: registration for energy subsidies.
6. -Addiction Prevention Workshops.
7. -Healthier women.
8. -HPV and Colon Cancer Testing.
9. -Counseling Accompany Program, aimed at victims who suffer or suffered gender-based violence.
10. DNI Operational.
11. Proprietary Regulation.
12. Upload Card.
13. First and Second 1000 days: delivery of kits, dessert tasting and informative talk.
14. Healthy eating workshops.
15. Respectful parenting workshops.
16. Gynecologic care (PAP).
17. ANSES.

## PROVINCIAL PENITENTIARY SERVICE > LABORTHERAPY ACTIVITIES CARRIED OUT BY INMATES AFTER THEY HAVE SERVED 50% OF THEIR SENTENCE<

Workshop aimed at informing about the activities and trades carried out by the inmates and how the production for the replacement of raw materials is marketed.

## RESPECTFUL PARENTING WORKSHOP > AIMING TO ERADICATE VIOLENCE FROM AN EARLY AGE <

## THE HIGHEST TURNOUT IN THE DNI OPERATION IS OBSERVED

-ANSES: advice and the possibility of carrying out procedures related to retirements, pensions, unemployment benefits, family allowances, among others.

-Civil Protection: workshop aimed at seismic prevention, providing information on what to do before, during and after an earthquake.

### PAP > DETECTS DISEASES IN A TIMELY MANNER TO PREVENT THE DEVELOPMENT OR PROGRESSION <

-Healthier women: breast studies were carried out through a self-adhesive device that contributes to the detection of potential breast diseases, including breast cancer.

-Occult blood test (self-taking) aimed at the prevention of colorectal cancer.

-In the trailer there were qualified personnel carrying out counseling on prevention of sexually transmitted infections, HIV testing and vaccination.



## HEALTHY EATING WORKSHOP > FOR CHILDREN TO GROW AND DEVELOP FULLY AT ALL STAGES OF THEIR LIVES <

-My first and second 1000 days: delivery of kits and food products with the essential vitamins and minerals for each stage.

My First 1000 Days covers from the gestation period to 2 years of age of the child, while My Second Thousand Days is intended for children from 2 to 4 years old.

-Counseling of the Municipal teams belonging to the Area of Addictions and Area of Women.



## S2 SUICIDE PREVENTION WORKSHOP

In September 2023, the Sustainability and Community Relations team of Golden Mining S.A., within the framework of World Suicide Prevention Day, organizes the suicide prevention workshop for 6th year students of the EPET No. 9 school in the Ullum department.

One of the purposes of this workshop is to inform about one of the problems that affects our society, but about which little is said.

The axes to be discussed in the workshop were:

- Suicidal behavior disorder.
- Protective factors/red flags.
- How to manage a healthy adolescence.

In Argentina, suicides are the 2nd cause of death due to external causes, in the 15 to 19 age group, the most frequent are traffic accidents, followed by suicides.

During the years 2021 and 2022, the suicide rate increased by 17% in the province of San Juan. In 2021, there were 63 deaths by suicide, reaching a total of 76 cases in 2022.

It is believed important to cover and reach the different age groups of society, considering that suicide is a social problem that affects all ages, and that according to the statistics of the province of San Juan from 2011 to 2022, suicides in women according to their age group present variations and no year was similar to the other (2017 young women between 15 and 19 years old had the highest rate, while in 2022 it was women aged 40 to 69 years), in men there was uniformity, with men aged 20 to 39 being the highest rate.

Golden Mining is a topic that has been addressed together with the community of Ullúm. In 2022, the workshop was held and was aimed at adults, while this time it was intended to reach young people by providing the possibility of access to responsible information.

During the year 2022 in the department of Ullúm, there were 18 deaths by suicide and 36 suicide attempts, which positions this problem in a place of concern for the entire community of the department.

In the development of the workshop, a group with little participation was visualized, in the first instance, and as the group dynamics progressed, they began to participate, which invited the rest of the classmates to join, some even to share personal experiences.

It is assessed that the workshop had a positive impact in terms of:

-At the end, they mentioned the topics explained denoting attention during the workshop, using words such as *"it was interesting, we loved it".*

-Teachers and directors who expressed the value of the workshop due to the fact that not many external proposals arrive because it is a "remote" department.

-The young people involved were observed at all times.

- Active participation in group dynamics.

-Individual consultations by students to professional lecturers on advice in relation to the subject addressed.

-Openness on the part of the educational institution to carry out other joint work.

## *S3.2 COMMUNITY TRAINING _TALLER "ADDING VALUE" JEWELRY*

In August 2023, the jewelry workshop began, organized by the Sustainability and Community Relations team of Golden Mining S.A., with the purpose of providing job and learning opportunities to the Ullum community.

One of the fundamental objectives, to which Golden Mining aims from the dictation of the same, is to provide tools to the community that make it possible to learn a trade and have a quick job that can be exercised without geographical limitations.

The workshop is aimed at supporting the socio-economic development of families in the department of Ullum and enhancing capacities and skills through the creation of original pieces by each artist.

**"THE MATERIALS AND WORK TOOLS THAT ARE NEEDED FOR THE COURSE ARE PROVIDED BY GOLDEN MINING"**

Each student has a necessary toolkit for the course, and it is important to mention that the tools they use will be their own at the end of the workshop to facilitate continuity in the production of each.

During the course, the necessary information is provided so that the students, once they finish, can develop in the purchase of raw materials, knowing not only the various materials on which they can work (nickel silver, copper, leather, others) but also suggested thicknesses to request for the realization of the pieces depending on the one they want to make (hoops, rings, charms).

The workshop is divided into two parts, which will be carried out together:

- *Knowledge of jewellery (tweezer handling, fretwork, texturing, sanding, polishing, design and production of a line).*
- *Marketing plan: provide basic knowledge so that the student can sell a piece of artisanal elaboration (pricing/methods to sell on social networks).*

It is relevant to mention that the registration for the workshop was high, having to select on this occasion a certain number of students (10) in order for the learning to be personalized and aiming that each person who takes it can have a space later to be able to sell their handicrafts.

The workshop is planned in four intensive classes, giving space between classes so that they can advance at home and make the most of the knowledge of the workshop leaders, answering doubts, correcting and improving the pieces.

At the end of the workshop, certificates are given to the students.

***EVALUATION***

The workshop was given according to the initial planning and schedule, although some modifications were made in terms of the closing date, it is believed that it has a positive influence on the students considering that they were able to take advantage of the total hours of the last class for the improvement of the pieces and consultation of doubts.

As for the call and the dissemination, which lasted 6 days, it is estimated that the time was pertinent considering that the number of registrants far exceeded the quota of the workshop.

As for the students, it was possible to observe a group interested in learning jewelry, considering the attendance to the total of the classes and from the active participation both in person and through the WhatsApp group.

According to the accounts of the attendees of the workshop, it can be noted that it generated enthusiasm, being notorious from the return of the attendees, who used words of gratitude with the company referring that they had never heard about goldsmithing and had no knowledge that the pieces were made by hand, mentioning that it would have been innovative in the department and useful not only in learning the trade,  but also on a personal level.

Without losing sight of the main objective of the workshop, which was to provide job opportunities, it is considered, according to what was stated by the participants, that the workshop had other positive scopes based on the stories of the women who referred that the "space" would have generated the possibility of getting out of the routine, of disconnecting from daily responsibilities (mostly related to household chores – housewives). allowing themselves to grow.

This is all the more important in a context that still stigmatizes women who spend time away from home for their own benefit.

Although the completion of the classes is recent, he does visualize so far, that the group maintains an active communication, organizing for the purchase of supplies for the realization of new handmade pieces.

A large part of the attendees referred to having difficulties in the purchase of supplies throughout the workshop, due to the economic situation they are going through, which is why, when they meet, they reduce costs by making group purchases and also producing a motivating effect on the continuity of the trade.

The team will monitor the group of students to evaluate the results of the workshop in the medium and long term.

## *S3.2 COMMUNITY TRAINING _TALLER CERAMICS "OUR HANDS"*

In November 2023, the ceramics workshop began, organized by the Sustainability and Community Relations team of Golden Mining S.A., with the purpose of training the community of Ullum on the craft of ceramics.

On this occasion, the teaching was held on Saturdays in 4 intensive classes of 8 hours each, starting on November 11 and culminating on December 2.

The intensive course modality was suggested by the workshop participants who say that, in the ceramics trade, the best way to work is not to "cut", because the work of ceramics requires practices such as baking (charcoal kiln) that for the firing of several pieces it takes approximately 7 hours between cooking and cooling.

On the other hand, those in charge of the workshop mentioned that the techniques used to decorate (sgraffito, burnishing, engobe, relief) need a certain drying time (approx. 1 week) between being made, decorated and cooked, this being the reason why there is 1 week between classes.

Brief description of the workshop dictation:

In the first class, they gave an introductory talk about the craft of ceramics where they were able to see the origins, being one of the trades that first emerged in human beings to provide themselves with utensils for daily needs. In addition, they visualized types of clay, ways of collecting clay, presentation of work tools, and pinching technique.

In the second class, they began with the assembly and designs of tiles that will be used for the realization of a mural.


In the third class, decoration techniques are taught for the pieces that were made in the 1st and 2nd class, because, for the techniques of burnishing, engobe and others, they must be "almost dry".

Fourth and last class, 2 charcoal ovens are made to cook the pieces made from the beginning of the workshop.

Each student has a necessary toolkit for the course, and it is important to mention that the tools they use will be their own at the end of the workshop to facilitate continuity in the production of each.

***EVALUATION***

In the first stage of dissemination, call and selection, it can be noted that the number of registrants (ceramics: 91 registered) far exceeds the number of registrants to the previous workshop (goldsmithing: 38 registered) carried out by GMSA.

In relation to the above, it is considered that the factors that influenced the increase in enrollments were:

-Expanding links with the community / providing information about the workshop in a personal way.

- The dissemination of the workshop by members of the community itself.

-The positive experience of the previous workshop "word of mouth" of those who participated in the jewelry workshop.

- The stage of departmental political transition.

Regarding the quota of the workshop (22 students), it can be mentioned that, from the selection and notification, it varied, finding as the main reason the difficulty of women to attend because they take care of their children.

Once the group of 22 was formed, everyone was confirmed to be able to attend. From the second class onwards, there was a drop in attendance, forming a group of 16 people who continued to be interested until the end of the course.

Although the technical reasons expressed by the workshop leaders in relation to the intensive course were explained, the Sustainability and Community Relations team, in addition to taking the recommendation, agreed on the intensive dictation in order to provide the opportunity for courses to those who work on working days and to facilitate those who are mothers or families to organize household chores and parenting only once a week.

In relation to the last point, it is considered that intensive dictation was not one of the factors that influenced the percentage of students who did not complete the course.

Reasons that are considered to have influenced people who did not complete the course:

-Commitment that comes with being a ceramist/difficulty greater than imagined/vision of ceramics as a hobby.

"They didn't like pottery.

Percentage of students who completed the course: 73%.

## S4.1 "EDUCATIONAL TERMINALITY"

Golden Mining's Sustainability and RRCC team began the "Educational Terminality" program in November 2022, aimed at accompanying the company's personnel in the continuity and completion of their secondary studies.

The follow-up of the same, by the team, consists of encouraging those who are studying and those who are not yet, accompanying and offering the most appropriate educational alternatives to the reality of each one.

In relation to the above and considering that in adulthood there are various obstacles (workload of work, family, others) that hinder the course, is that the employees of the company who are studying, do so through Plan Fines because it requires fewer hours studied.

Another of the functions of the RRCC team is to accompany in the resolution of obstacles of all kinds that may arise, especially those related to the attendance that students must comply with and that, due to the work roster among others, it is difficult for them to do so.

It is for the above mentioned that, from the team, it is articulated with reference to the Fines Plan of the Ullum department (Mauricio Gamboa) and seeks solutions to each specific problem that arises in terms of: certification during working days to justify absences, adjustments of exam dates when they coincide with the work date, access to study material, among others.

### *TRACKING*

There are a total of 14 GMSA employees who did not complete their secondary studies, of which 7 are studying the Fines Plan from the incentive and creation of the program, 4 of them completing the basic cycle and another 3 completing the 1st module of the oriented cycle. Each cycle (basic - oriented) contains 3 modules and each module has a course duration of 3 months, so it is estimated that the most advanced group (oriented cycle) would be finishing their secondary studies in the 1st semester of the year 2024, while those who are completing the basic cycle would finish in 3 months more than the previous ones.

On the other hand, there is 1 of the company's employees who has already completed the course and only has to take one subject to receive his secondary degree.

As for the staff who expressed interest in continuing with the studies but have not yet started (6), the team is analyzing the existing educational proposals and evaluating possibilities.

***CURRENT REALITY***

Due to the current context of the country, there is the possibility that new quotas will not be opened and new groups will be created to enter the Fines Plan, that is, those who are studying should be able to finish, but those who are interested in enrolling cannot do so because there is uncertainty about the continuity in the financing of the Fines Plan at the national level.

One of the possibilities that the RRCC team is evaluating is private funding (closed group) that allows interested personnel to continue their education.

Another possibility is a National program "Adults 2000" that is taken virtually, in which 2 people from a group of 6 who remain to complete their studies showed interest.

## *S4.1 "BACK TO SCHOOL" 2023*

School Kit Delivery Report for the start of the 2023 school year:

In line with the Corporate Policies of Golden Mining S.A., and with the purpose of extending the commitment to the community, promoting involvement and recognition as another actor among citizens, recognizing needs and demands, school kits were delivered to social organizations such as picnic areas and educational institutions.

The delivery of school kits is part of the Back to School Program that took place during the first week of March of this year and on this occasion was extended to other Educational Institutions of the Department.

### *350 SCHOOL KITS DELIVERED TO THE COMMUNITY*

The objective of this delivery is to reach children and contribute, encourage them to remain in educational institutions, attentive to the various socioeconomic vulnerabilities that affect families in the Department of Ullum.

In this way, Golden Mining S.A. expands equal opportunities and equity by including more Schools in the Program. With the prospect of generating actions of interest to this sector linked to Golden with an impact on the community in general.

Below is the distribution of the total of 350 school kits:

### SOCIAL ORGANIZATIONS

I. On 2/3, the Community Relations Assistant delivered 50 school kits to Mrs. Alejandra Bustos, referent of the "Bichito de Luz" Picnic

Area, located in the Villa Lago of the Department, where 65 children from the area attend.

II. On 2/3, Mr. Alejandro Chirino was given the quantity of 75 school kits for children who attend the picnic areas of Bº 25 de Mayo, V°Sta Rosa, B° Grimalt 1, B° Dique 1, Loteo Municipal Virgen de Mogna; who carry out community activities for a total of 480 children.

III. On the same day of the 2/3, 50 school kits were delivered to Mrs. Daniela Salinas, councilor and referent of the Calas Foundation and 3 Picnic Areas, B° Grimal t, B° Municipal, B° 25 de Mayo. With a total of 250 children.

IV. On 3/3, 35 school kits were delivered to Mr. Salvador Talquenca, Golden Mining staff by direct demand for the Huarpe del Encón community of the 25 de Mayo Department.

V. On 28/2, 25 school kits were delivered to the referent Mrs. Sandra Quinteros of the De todo Corazón de Caucete Picnic Area.

### EDUCATIONAL INSTITUTIONS

VI. On the 1/3rd of this year, the Principal Esther Quiroga of the Ullum Multiple School was given 40 school kits for 45 young people who attend this educational community.

VII. During the same day, **25 school kits** were delivered to the Director Rolando Borbore of the **Higher Institute of Ullum**, on his behalf Mr. Claudio Ponce, administrative secretary, received the kits.

## *S4.2 EDUCATIONAL ALLIANCES*

### FRAMEWORK AGREEMENT UNSJ_GMSA

In November 2023, we signed a Framework Agreement with the UNSJ. The aim of the programme is to collaborate and develop common objectives in the field of education, research and training of professional resources. We firmly believe in working together to improve the quality of life, job opportunities, and scientific development of the entire community. That is why it makes us very proud and we celebrate this progress in our educational alliance with the UNSJ.

### IIM-_GMSA SUPPLEMENTARY AGREEMENT

In December 2023, a complementary agreement was held between the Institute of Mining Research of the Faculty of Engineering and GMSA in order to allow the participation of researchers from the research units, in activities carried out by THE COMPANY: Institute of Mining Research (IIM)- Institute of Chemical Engineering (IIQ) -Faculty of Engineering (FI)- Institute of Basic Sciences (ICB)-UNSJ Mining Research, to carry out updating, training and research activities.

## *S5. EDUCATIONAL LINKAGE*

The Educational Linkage Program, organized by the Sustainability and Community Development team of Golden Mining S.A., aims to generate professional internships for local students, establishing links with educational institutions in order to allow the training of students.

Another purpose of the program is to promote continuity in studies, in this case, from the possibility of carrying out internships in the Hualilán project, allowing the interns to link closely with the company's staff, acquiring new experiences that will surely be part of their process in future decision-making.

### INSIDE EBEDON Nº9

In September, the students of the **EPET School No. 9** began their internships in the Hualilán project, being the first time that the educational institution signs an agreement with a mining project, which caused great expectations and enthusiasm in the students to carry out their internships in a new environment.

The lines of study and tasks to be carried out by the interns are planned in such a way that a mid-level technician is able to perform with a certain level of autonomy.

In this sense, they are organized on the current curricular designs of the technician in chemical technicians, for which they must:

***DURING THE PRACTICE***

- Sample collection. Identification of minerals in samples.
- Core recording (core cutting, core analysis, mineral recognition, degree of fracturing)
- Sample preparation (crushing, grinding, sample quartering and fractionation, packaging)
- Laboratory and analysis of minerals (chemical tests).
- Acquire the ability to transmit knowledge.

***POST-PRACTICE***

- Obtaining and creating a georeferenced satellite image of the project
- GPS Practice
- Creation of a report (that meets the requirements of the chair)
- Printing of the copies
- Oral presentation (defense of the practice before a jury)
- Ending

On this occasion there are 4 students divided into 2 groups who will carry out their internships alternately throughout the month. They will complete a total of 80 hours in Hualilán that will allow them to relate theory and practice from within the project.

***SCHEDULE***

| *GROUP* | *JOIN DATE* | *DEPARTURE DATE* |
|---|---|---|
| *GROUP I* | ***04/09*** | ***08/09*** |
| *GROUP II* | ***11/09*** | ***15/09*** |
| *GROUP I* | ***18/09*** | ***22/09*** |
| *GROUP II* | ***25/09*** | ***29/09*** |

The first group to go to the project is made up of 2 female students, Brenda and Aldana.

## 4 STUDENTS FROM ULLUM DOING INTERNSHIPS IN HUALILÁN

The second group consisted of 2 male students, Agustín and Joaquín.

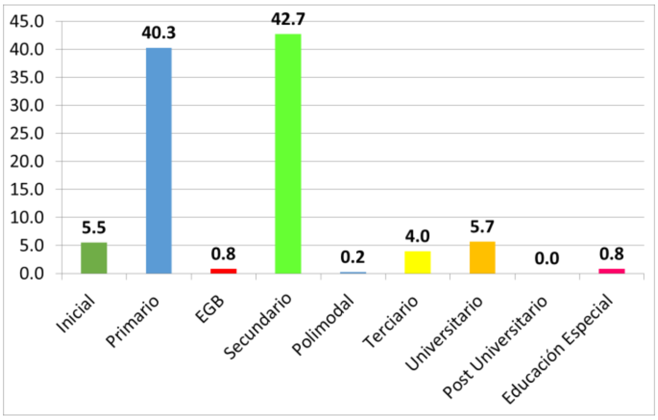
All students are in their last year (7th 2nd) and the teacher responsible for the internship is Laura Arce.

It is important to mention that the students leave the school for the project on Mondays, with GMSA staff taking care of the transfer to Hualilán where they carry out their internships during the week and return on Friday.

The Community Relations team monitors and accompanies students in order to provide confidence, openness and comfort to the students as well as to their families and educational institution, who are kept permanently informed.

### *DEPARTMENTAL REALITY*

Taking the baseline of February 2023 and considering the data obtained from a sample of 1,302 people in terms of education (educational level that the community of Ullúm is studying or studied), it is observed that there is a high percentage of respondents who are studying or studied up to the secondary level (42.7%), and a little higher than those who are studying or studied up to the secondary level (42.7%). finding a significant decrease in the number of people who are studying or have studied tertiary (4%) and university (5.7%) levels.




According to what has been mentioned above and taking the stories of referents of the community of Ullúm, the foundation and creation of this program arises, from the conviction of generating transformations that reach our young people, contributing to generate positive changes on the manifest problems such as:

-Dropout.

-Lack of life project (frustration, uncertainty).

Considering that professionalizing practices contribute not only to the theory-practice relationship, but also invite them to live a new experience that allows them to broaden their vision based on the experience in the field and everything that contact with an "other" implies.

### DOMIGO FAUSTINO SARMIENTO INDUSTRIAL SCHOOL

The Educational Linkage Program, organized by the Sustainability and Community Development team of

Golden Mining S.A., aims to generate professionalizing practices for local students, establishing links with educational institutions in order to allow the training of students.

So far in 2023, there are 8 high school students who have carried out internships in the Hualilán project, with the support and training of GMSA staff.

In the month of October, 4 7th year students from the **Domingo Faustino Sarmiento Industrial School** carried out their internships. The tasks to be carried out by the interns were organized according to the current curricular design of mining techniques.

It is worth mentioning that this specialty (mining technicians) has a total of 4 students within the Industrial School, that is, all of them did the internships in the project.

***DURING THE PRACTICE***

His expertise was based on sample collection, mineral identification, core records, sample preparation, laboratory and mineral analysis, among others.

### *POST-PRACTICE*

Each intern must make a final report with some of the topics seen during the internship and defend it in an oral presentation.

To carry out the final project, in addition to having the experience of 40 hours of internship in Hualilán, the possibility of continuing in communication with collaborators of the company is provided in order to solve any inconvenience that may arise in the assembly of the final project.

The group of students carried out their professional internships from October 2 to 6, taking care of the transfer to the personal project of GMSA, entering Hualilán on Monday and returning through the company on Friday being received by teachers, family and the Community Relations Assistant.

At the end of the internship, the 4 students mentioned having achieved the selection of the research topic, describing their time in Hualilán as successful.

## POSTDOCTORAL FELLOWSHIP

GMSA continues to bet on local scientific development, in this case making an agreement with teachers and researchers in the province and the country. The studies carried out by Dr. Verónica Bastias "Metallogenetic characterization of mineralizing magmatism of the Hualilán Mining District, Western Precordillera of San Juan", are essential to continue knowing the genetics of the deposit and contribute to other models with similar characteristics.

### *General Objective*

The general objective of this research is to metallogenetically characterize the mesosilicic intrusives of the Hualilán mining district in order to identify those responsible for the mineralizing processes.

### *Specific objectives*

In order to meet the general objective proposed, the following specific objectives are proposed:

To characterize from the petrological point of view the subvolcanic units genetically linked to mineralization.

To achieve this objective, petrographic, mineralogical and geochemical studies of the intrusive bodies present in the study area will be carried out, which will establish their relationship with the mineralization, characterize the magma that gave rise to them and evaluate their mineralizing potential.

- ✓ Determine alteration and ore associations.
- ✓ Petro-mineralogical studies will be carried out to establish the paragenesis of ore minerals and alteration associations, as well as their relationship in space and time.
- ✓ Establish the origin and evolution of mineralizing fluids.
- ✓ The analysis of the paragenetic sequences of alteration and ore, complemented by isotopic studies and fluid inclusions, will allow us to determine the source, the physicochemical conditions and the

temporal evolution of the hydrothermal solutions that gave rise to the mineralization.
- ✓ Construct the metallogenetic model.

From the integration of all the information obtained, it is expected to define the evolutionary genetic model for mineralization and establish the control of magmatism over mineralization.

## S5.2 VISIT PROGRAM "HUALILÁN NUESTRA CASA"

The "Hualilán Nuestra Casa" visit program, organized by the Sustainability and Community Development team of Golden Mining S.A., aims to build and strengthen ties with our communities through guided tours of different groups that wish to learn about the experience of the Hualilán project in the field.

This year, several visits were made to the project, one of which was by a group of students and professors from the **University of Bahía Blanca of the Bachelor's Degree in Geological Sciences**.

**19 GEOLOGY STUDENTS FROM BAHIA BLANCA**

In the month of **September**, a group of **Older Adults from the Ullum department**, of approximately 30 people, visited the project, being received by Golden Mining personnel who guided the group and explained what the work on the project is like.


The purpose of the program is to reach the different groups and sectors of the community, this time one of the vulnerable groups that are our older adults, considering it of great value that they can feel part of it and know what the work is like from within the project.

**30 SENIORS FROM ULLUM VISIT HUALILAN**

A visit was also made by the EPET No. 9 school in Ullum, so that the young people of the department could meet and learn from the work carried out in the project. It should be noted that the specialty with which students finish their higher level is that of Chemical Technicians, linking them in a real way with the future of the project.

More than 20 students and teachers attended in a day of learning and knowledge for both parties. On the other hand, they met with GMSA collaborators from the Ullum department, who commented on their experience in Hualilán. In addition to the 4 students from the same establishment, who were carrying out their professional internships in the project.

## *RESPONSIBLE AND POSITIVE FOOTPRINT*

### *A2.1 WATER MONITORING PLAN*

#### SURFACE AND GROUNDWATER ANALYSIS

In order to continue with our surface and groundwater monitoring plan, a series of periodic physical-chemical measurements continue to be carried out on all water sources that are part of the project and in addition to the water basin. It is also planned to carry out a complementary study on the hydrogeology of the basin in order to understand and establish better forecasting frameworks.

It should be clarified that, beyond the data collected for the presentation of IIA, the plan continues and was implemented in order to establish a solid and consolidated basis of historical data.

The Gualilán basin (as it also appears in the papers) is an endorheic basin, so the work that is being carried out is of utmost importance, thus achieving a complete understanding of its characteristics.

Since 2022, the analyses have been carried out uninterruptedly, covering all surface points and new underground drilling.

## NEW HYDROGEOLOGICAL DRILLING

With the drilling of 2 new water wells, it was possible, for the first time, to obtain concrete data on the characteristics of the subsoil in hydrogeological matters. The analyses were carried out by laboratories that comply with all international certifications.

Both were drilled between 2022 and 2023, both culminating in great success. The basin turned out to have a large storage capacity and flow, as well as the physical-chemical characteristics of its waters. This provides a great support for future mining operations, as well as supply to the camp.

## 2 NEW WATER WELLS

## NEW EVAPORATION MEASURING STATION

New equipment for evaporation measurement was acquired, which will allow us to obtain more complete data on the local climate and to be able to strengthen our database. This is of vital importance for the life of the project, since the greater the quantity and quality of data, the less uncertainty when assessing and preventing environmental damage. The measuring station will work in conjunction with the already 3 existing climate measurement stations, thus completing the data already collected by them.

The tank type is a "Class A". This is a cylindrical galvanized sheet tank, 1.21 m in diameter and 25 cm deep. It is placed on a 10 cm high wooden platform, perfectly horizontal. The volume of water needed to maintain the constant level is measured, in the unit of time, which can be 6, 12 or 24 hours. The volume of water consumed is transformed into mm of evaporated water per unit of time. It is installed on a wooden stand, which is placed and leveled on the ground, away from shrubs, trees, and other obstacles that obstruct the natural airflow around it, representing open water in an open area. On a daily basis, the result of evaporation and precipitation is measured inside the well, using a high-quality evaporation micrometer with a measuring range of 100 mm and an accuracy of 0.02 mm.

**1 NEW WEATHER STATION**

## A.3 CARBON FOOTPRINT

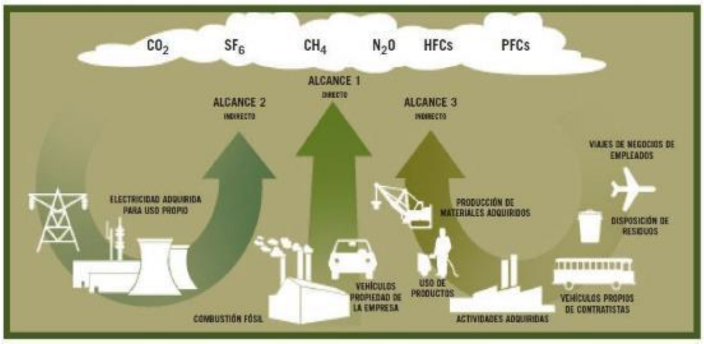
### INTRODUCTION

Climate action is essential in the fight against climate change; In this way, it is the responsibility of all countries, companies and society in general to measure and quantify their carbon footprint with the aim of decarbonizing their activities and, thus, reducing greenhouse gas (GHG) emissions. In addition, offsetting (neutralizing) emissions is a commitment for our activities to be considered carbon neutral.

**THE CARBON FOOTPRINT IDENTIFIES THE AMOUNT OF GHG (GREENHOUSE GAS) EMISSIONS, REPRESENTED IN TONNES OF CARBON EQUIVALENT, THAT ARE RELEASED INTO THE ATMOSPHERE.**

### SCOPE

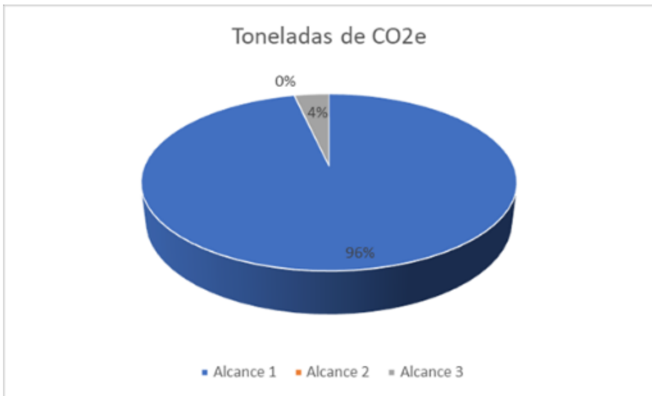
In 2023, GMSA took the initiative to quantify its carbon footprint and start generating concrete actions in the fight against climate change. In this way, we measure our footprint in the three (3) Scopes established by the GHG (Greenhouse Gas Protocol) methodology.




**Source**: GHG Protocol

### OUR RESULTS

Our results show that 96% of our GHG emissions are related to Scope 1; And that is where we have begun to take concrete actions to reduce our carbon footprint.




**Source**: Golden Mining S.A. Greenhouse Gas Inventory.

In addition, and as a demonstration of GMSA's environmental commitment, the company offset the entire footprint for the three Scopes. In this way, we obtained the international certification of being a carbon neutral company. This milestone positions GMSA as the first mining company in Argentina to have achieved the aforementioned certification.

### CONCLUSIONS

The decarbonization of the economy is more than a necessity, it is already a reality and a window to the future of the operations of the entire industry.

GMSA is already part of such a necessary transformation, being a benchmark for mining and for the society of San Juan.

We are currently in the process of recertifying our carbon footprint, as well as maintaining the distinction of being recognized as a carbon neutral company.

De acuerdo a declaración jurada protocolizada, referida en el reverso de este documento, el Programa 100% Carbon Neutral® certifica que:

Golden Mining, S.A.

Ha levantado su Inventario de Emisión de Gases de Efecto Invernadero y ha neutralizado la huella de carbono proveniente de ese inventario en su totalidad. Ambos procedimientos bajo protocolos y estándares internacionales y certificados por los entes internacionales participantes.

Por consiguiente:
EL PROGRAMA 100% CARBON NEUTRAL LA DECLARA COMO

EMPRESA CARBONO NEUTRAL

El Inventario mencionado se realizó para el período comprendido entre el 01/01/2022 y el 31/01/2022.
Este certificado tiene validez hasta el 31/12/2023.
[illegible] de Escazú, Costa Rica, a los 11 días del mes de Setiembre del año [illegible]

## A5.2-3 FLORA AND FAUNA MONITORING PLAN

Actions aimed at the protection of biodiversity require detailed information on the species that make up the communities as well as on the interactions of organisms with each other, with the habitat they occupy and with the societies that make use of the different resources of natural systems.

From the outset, GMSA has developed plans for research and the preservation of biodiversity in our area of influence. 2 comprehensive annual monitoring was carried out, in order to complete the survey against stations, and thus manifest a database of all the biota of the place.

Wildlife species monitoring is an environmental management tool that is currently used to determine changes in the ecosystem. Monitoring programs at different scales and biological levels are of vital importance for the proper evaluation of conservation and development programs. Monitoring allows the systematic collection of information on different species over time and serves to evidence population trends over a given period of time. Population trend refers to the sustained and systematic variation in population size over time, which differs from cyclical, seasonal, or stochastic variations. [1]


## RESPONSIBLE, ROBUST AND TRANSPARENT BUSINESS

## G.5.1 PACTO GLOBAL RED ARGENTINA

As of July 2023, GMSA is part of the Argentine Network of the United Nations Global Compact, the largest sustainability initiative in the world.

[1] VILAVICENCIO, FAUNA AND VEGETATION MONITORING REPORT, HUALILAN. 2023

The Global Compact (1999) is based on the vision of working together between business and the UN to create a "global impact" in terms of shared values and principles.

UN GLOBAL COMPACT
Network Argentina
WE SUPPORT

It calls on companies to incorporate 10 universal principles related to human rights, labour, the environment and anti-corruption into their strategies and operations, as well as to act in ways that advance social goals and the implementation of the SDGs.

In Argentina, only 417 companies adhere, including all industries.

More than 17,000 companies in the world, of which 3800 are NGOs.

Golden Mining has been a member since July 2023 and was able to join thanks to the fact that our programs are already aligned with these principles.

***ONLY 7 MINING COMPANIES IN ARGENTINA ARE PART OF IT, OF WHICH ONLY 3 COMPANIES OPERATE IN SAN JUAN. 1 IS GMSA.***

Our programs are aligned with the following principles:


## RELATIONSHIP BETWEEN SDGS, GLOBAL COMPACT AND GMSA'S CORPORATE SUSTAINABILITY STRATEGY

The Sustainable Development Goals (SDGs) and the Global Compact have a common purpose, as both initiatives seek to promote responsible and sustainable business practices. The Global Compact is a United Nations initiative that invites companies to adopt ten universal principles on human rights, labour, the environment and anti-corruption. The SDGs, on the other hand, are a set of global goals to eradicate poverty, protect the planet and ensure prosperity for all.

## THE SDGS AND THEIR RELATIONSHIP WITH OUR COMPANY


Golden Mining

# 2023

## *Annual Financial Report*

# DIRECTORS' REPORT

The Directors submit the financial report of Challenger Gold Limited (“the Company”) and the entities it controlled during the period (“the Group” or “Challenger”), for the financial year ended 31 December 2023.

**DIRECTORS**
The names and details of the Group’s Directors who held office during the financial year ended 31 December 2023 and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

**Names, qualifications, experience and special responsibilities**

**Sergio Rotondo MEcom, MBA**
**Executive Chairman**
Mr Sergio Rotondo has an extensive background in managing billion-dollar construction projects from design through to completion and has partnered with some of Argentina’s largest real estate developers and designers. Importantly, Mr Rotondo is also the founder of Golden Mining SA, the previous owner of Hualilan Gold Project.

**Kris Knauer B.Sc (Hons), (Geological and Earth Sciences, Geosciences)**
**Managing Director**
Mr Knauer started his career as an exploration geologist before moving into investment banking, initially as a mining analyst. He is an experienced listed company CEO. He led the listing of a package of copper/gold assets in Saudi Arabia to create Citadel Resource Group Ltd, becoming the Managing Director for the first 18 months. Citadel completed a DFS on the Jabal Sayid copper project in Saudi Arabia before being taken over for $1 billion.

**Sonia Delgado LLB (Hons) MLaw**
**Executive Director (appointed 28 November 2023)**
Over a distinguished career in the Argentinian public sector, Dr. Delgado has occupied positions including: Assistant Office of the State Prosecutor of the Province of San Juan; Undersecretary of Planning and Promotion of Mining Development and, more recently, Secretary of Mining for the province of San Juan, Argentina.

Dr. Delgado's legal background and strategic view is a significant asset in navigating the regulatory environment of the mining industry.

**Fletcher Quinn**
**Non-Executive Director**
Mr Quinn has over 35 years’ experience in venture capital, corporate finance and investment banking. This includes extensive experience with both listed and unlisted companies, including public company development, management and governance. Mr Quinn was the founding Chairman for ASX entities Citadel Resource Group and Sirocco Resources.

**Pinchas Althaus MRb**
**Non-Executive Director (appointed 8 February 2023)**
Mr Althaus is based in New York and has been an Executive in the mining and resource sector since 2002. Mr Althaus was most recently the Founder and Chief Executive Officer of USA Rare Earth, which acquired and developed the Round Top heavy rare earth and critical minerals project in Texas.

As CEO Mr Althaus transformed USA Rare Earth from a resource startup to one of the highest-valued rare earth companies in North America. Under his tenure, USA Rare Earth opened the first rare earth and critical minerals processing facility in North America, located in Colorado, and acquired the only neodymium-iron-boron (NdFeB) permanent magnet manufacturing system in the Americas, formerly owned and operated in North Carolina by Hitachi Metals America, Ltd.

Additionally, Mr Althaus has experience in the gold sector as the former founder and CEO of Dominion Minerals Corp, which acquired and developed the Cerro Corcha Gold / Copper project in Panama. During his tenure as CEO, Dominion defined a significant open-ended gold and copper deposit with a project NPV in excess of US$500 million.

**Brett Hackett**
**Non-Executive Director (appointed 4 May 2023)**
Brett has 33 years of experience as an Australian diplomat. For the last 13 years, his principal focus has been on expanding Australia’s economic and political relationships with the counties of Latin America.

He has served as Ambassador on three occasions; as Australia’s first resident Ambassador in Afghanistan (2006-2008), as Ambassador to Brazil (2011-2014), and most recently as Ambassador to Argentina (2018-2023).

In Mr Hackett's role as Ambassador to Argentina he accrued considerable experience in promoting Australian interests, particularly in Argentina's mining sector. Mr Hackett is highly regarded on both sides of politics in Argentina and, as the most recently returned Ambassador, he maintains a current and enviable list of contacts in Argentina.

**Scott Funston B.Bus, CA, AGIA ACG**
**Resigned as Executive Director 4 May 2023. Company Secretary and Chief Financial Officer for the full year.**

Mr Funston is a qualified Chartered Accountant and Company Secretary with nearly 20 years' experience in the mining industry and accounting profession. His expertise is financial management, regulatory compliance and corporate advice. Mr Funston possesses a strong knowledge of the Australian Securities Exchange requirements. Scott has assisted several resources companies operating throughout Australia, South America, Asia, USA and Canada with financial accounting, stock exchange compliance and regulatory activities. Mr Funston has performed roles as an executive director, non-executive director, chief financial officer and company secretary for numerous ASX listed companies.

Mr Funston is currently a Non-Executive Director of Koba Resources Limited (appointed 21 December 2021).

Mr Knauer, Mr Rotondo, Dr Delgado, Mr Fletcher, Mr Althaus and Mr Hackett have not been a director of any other listed companies in the last 3 years.

## MEETINGS OF DIRECTORS

During the year ended 31 December 2023, in addition to regular Board discussions, the number of meetings of directors held and the number of meetings attended by each director were as follows:

| Director | Number of Meetings Eligible to Attend | Number of Meetings Attended |
|---|---|---|
| Mr Sergio Rotondo | 5 | 5 |
| Mr Kris Knauer | 5 | 5 |
| Mr Fletcher Quinn | 5 | 5 |
| Mr Pinchaus Althaus[i] | 5 | 5 |
| Mr Brett Hackett[ii] | 4 | 4 |
| Dr Sonia Delgado[iii] | - | - |
| Mr Scott Funston[iv] | 1 | 1 |

[I] Appointed on 8 February 2023 [ii] Appointed 4 May 2023 [iii] Appointed 28 November 2023 [iv] Resigned as executive director on 4 May 2023

## CORPORATE INFORMATION

Challenger Gold Limited is a public company listed on the ASX (Code: CEL) and is incorporated and domiciled in Australia.

## NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

Challenger Gold is a gold and copper exploration company. There have been no other significant changes in the nature of those activities during the year ended 31 December 2023.

## REVIEW OF OPERATIONS

### Highlights

- **Completion of Scoping Study for Hualian Gold Project:**
  - **Scoping Study (SS) focussed on a high-grade starter mine at Hualilan finds:**
    - Forecast Earnings before interest depreciation and amortisation ("EBITDA") of US$738m (**A$1.1 billion**) over Life of Mine (LOM);
    - Rapid payback period of under 1.25 years based on current production target; and,
    - Forecast for Challenger Gold (CEL) to be one of the lowest cost Top 20 ASX-listed producers.
  - **Key operational findings of the Scoping Study are for Hualilan to support:**
    - Average annual production target of 116,000 oz Au, 440,000 oz Ag, 9,175 t Zn (141koz AuEq[3]);
    - Global lowest-quartile C1[1] cash cost of US$527/oz (A$811) and AISC[2] of US$830/oz (A$1277);
    - An initial mine life of 7 years, with mineralisation open at depth potentially extending LOM;

        - Low-risk starter pit followed by conventional sub-level open stope (SLOS) underground mining;
        - Processing facility includes a crusher, mill, gravity recovery circuit, conventional sulphide floatation, and floatation-tails leaching (FTL), with schedule LOM throughput of 1.05 Mtpa;
        - Production schedule is comprised of 81% Indicated Resource and 19% Inferred Resource [3 4]
    - **Compelling financial metrics of the Scoping Study include:**
        - Pre-tax NPV[5] US$409m (**A$629m**) at US$1,750/oz Au $20/oz silver (spot gold price US$1975);
        - Pre-tax NPV[5] increases to **A$820m** at current gold (US$1,975) and silver (US$23) prices;
        - Project IRR (Pre-Tax Real) of 75% and a breakeven gold price of US$983/oz.

- **Placement of 83,333,334 ordinary shares to raise $10,000,000**

- **Transformation of the Board of Directors and appointment of new Chairman**

- **Subsequent to year end raised $5,642,069 through the issue of 66,377,283 ordinary shares and 66,377,283 unlisted $0.14 options with an expiry date of 12 months from the closing date**

## Company Projects

***The Hualilan Gold Project – San Juan, Argentina (CEL 100%)*** is a high-grade gold and silver prospect associated with a multi-phase porphyry intrusive. It has extensive historical drilling with over 150 drill-holes dating back to the 1970s. There has been limited historical production reported despite having in excess of 6km of underground workings. Prior to the Company the property was last explored in 2006 by La Mancha Resources, a Toronto Stock Exchange listed company. Since July 2019, CEL has completed over 200,000 metres of drilling systematically which has significantly extended the high grade mineralisation and discovered an underlying intrusion-hosted system with significant scale. The high-grade mineralisation at Hualilan now covers 3 kilometres of strike and mineralisation has been defined from surface down to 1000 metres and remains open in all directions. The project has a rare combination of both grade and scale and is emerging as one of the more exciting South American gold discoveries in recent times.

***El Guaybo Project Ecuador (CEL 100%)***
The El Guayabo Project is located in El Oro Provence, southern Ecuador, and comprises four contiguous tenement groups, the El Guaybo, El Guaybo 2, Cerro Pelado 1, 2, and 3 tenements, and Colorado V tenement. The Company has drilled fourteen of fifteen regionally significant Au-soil anomalies with over 500 metres of mineralisation intersected in seven of these fourteen anomalies, confirming the potential for a major bulk gold system at the El Guayabo Project.

The Company has completed approximately 40,000 metres of drilling at the project and announced a maiden resource of 4.5 Moz gold equivalent (refer Mineral Resource Estimated page 18 of this Annual report) during the year.

***The El Guayabo Copper-Gold Tenement - El Oro, Ecuador (CEL 100%)*** Prior to CEL the project was last drilled by Newmont Mining in 1995 and 1997 targeting gold in hydrothermal breccias which demonstrated potential to host significant gold and associated copper and silver mineralisation. Results from CEL's maiden drill program included 257.8m at 1.4 g/t AuEq including 53.7m at 5.3 g/t AuEq and 309.8m at 0.7 g/t AuEq including 202.1m at 0.8 g/t AuEq and confirmed continuous mineralisation over 900 metres strike.

***The Colorado V Copper-Gold Tenement - El Oro, Ecuador (CEL earning 50%)*** adjoins and has the same geology as the El Guayabo Project. The Geology comprises a metamorphic basement intruded by intermediate alkaline intrusives which range in age from 40 – 10 Ma (million years age). The intrusions are commonly overprinted by late porphyry dykes and intrusion breccia suggesting deeper, evolving magmatic systems are feeding shallower systems. The first drill holes by the Company at Colorado V, confirmed two significant Au-Cu-Ag-Mo discoveries. Results included 528.7m at 0.5 g/t AuEq from surface to the end of the hole including 397.1m at 0.6 g/t AuEq and 570.0m at 0.4 g/t AuEq from surface to the end of the hole including 306.0m at 0.5 g/t AuEq.

***The El Guayabo 2 Tenement - El Oro, Ecuador (CEL earning 80%)*** has the same and continuous geology as CEL's adjoining El Guayabo and Colorado V tenements which are believed to contain a "Low Sulphide" porphyry gold copper system." Limited historical exploration has been undertaken on the tenement, with the work that has been done undertaken by local Ecuadorian groups that targeted high-grade gold. Historical exploration reports record gold mineralisation in intrusive rocks in outcrop.

***The Cerro Pelado 1 , 2 and 3 Tenements - El Oro, Ecuador (CEL option to acquire 100%)*** cover 64Ha on the northern and eastern margin of the El Guayabo Copper-Gold Tenement. The Company entered into a farmin agreement with an option to acquire 100% of the concessions with the Cerro Pelado local Miners Association in 2022. The concessions have the same and continuous geology as CEL's adjoining El Guayabo tenement.

## HUALILAN GOLD PROJECT AND GEOLOGY

The Hualilan (local indigenous name for “land of gold”) Gold Project is located in San Juan province Argentina. All of the upgraded 2023 MRE is located on Mina's or Mining Licenses while the overall Hualilan Gold Project consists of a district scale 600 square kilometres of tenements. Additionally, the Company owns the surface rights covering the main 20,000 Ha of the Project.

The Hualilan tenements are held via a combination of:
- 235 square kilometres granted to the Company containing the upgraded 2023 MRE; and strike extensions 5 kilometres north and south; and
- 329 square kilometres pending formal grant to the Company which has been registered to CEL in the Mining Cadastre of San Juan.

Access to the project is excellent with a double lane sealed highway covering the 120 kilometres from San Juan City, the regional capital and major mining hub, to within 400 metres from the project. San Juan City has several drilling, geophysical, and mining services companies, assay laboratories, a base of skilled mining workers contractors, and direct rail access to Rosario Port 900 kilometres away which has bulk materials handling facilities. The project is at 1200 metres elevation and both drilling and field exploration can proceed all year round.

**Geology of Hualilan Gold Project**

The Project is the site of extensive zinc skarn mineralisation with a gold overprint which makes it a somewhat unique style of mineralisation.

Commonly zinc skarns occur in continental settings associated convergent tectonic plate margins as is the case at Hualilan, located in the pre-cordillera of the western South American convergent plate margin. Zinc skarns commonly contain high grade zinc, lead, and silver although zinc is usually dominant. Mineralisation and skarn alteration at Hualilan occurs in all three main rock types.

1. Limestone (San Juan Formation of Ordovician age) contains high grade mineralisation (manto style) controlled by bedding parallel faults, cross faults, and contacts with other rock types.
2. Shale and sandstone (of Silurian age) contains lower grade replacement style skarn mineralisation which preferentially occurs parallel to bedding with 30m of the Limestone contact.
3. Dacitic intrusions (of Mid-Miocene age) contain stockwork fracture and locally breccias which host lower grade skarn mineralisation.

In all host rocks, the zinc skarn mineralisation is overprinted by a slightly later phase of gold – silver mineralisation. This second phase of mineralisation is mesothermal to deep epithermal and may be related to but is separate from the zinc skarn. Importantly, the gold mineralisation is deposited in the same reactivated faults and fractures as the zinc skarn. Precise mineral paragenesis and hydrothermal evolution of the deposit is the subject of on-going work which is being used to guide exploration and detailed geometallurgical test work.

The dacitic intrusions which are part of the host rock sequence at Hualilan may be related to the hydrothermal activity that formed the skarn, although the timing relationships have not been determined. At this stage, we use the term “intrusion-hosted” rather than “endoskarn” to describe the skarn mineralisation in the dacite.

Gold occurs in native form as inclusions with sulphide (predominantly pyrite) and in pyroxene-garnet skarn alteration. The mineralisation commonly occurs with pyrite and the zinc skarn assemblage of sphalerite and galena with rare chalcopyrite, pyrrhotite and magnetite. Importantly, mineralisation contains very low levels of arsenic, mercury, and other deleterious metals.

Complete oxidation of the surface rock due to weathering is thin. A partial oxidation/fracture oxidation layer near surface is 1 to 40m thick and has been modelled from drill hole intersections. Where oxidation is more intense, native gold can be observed. This oxide mineralisation has been the subject of past mining at Hualilan with an unknown amount of gold having been extracted by washing and more recently by vat leach.

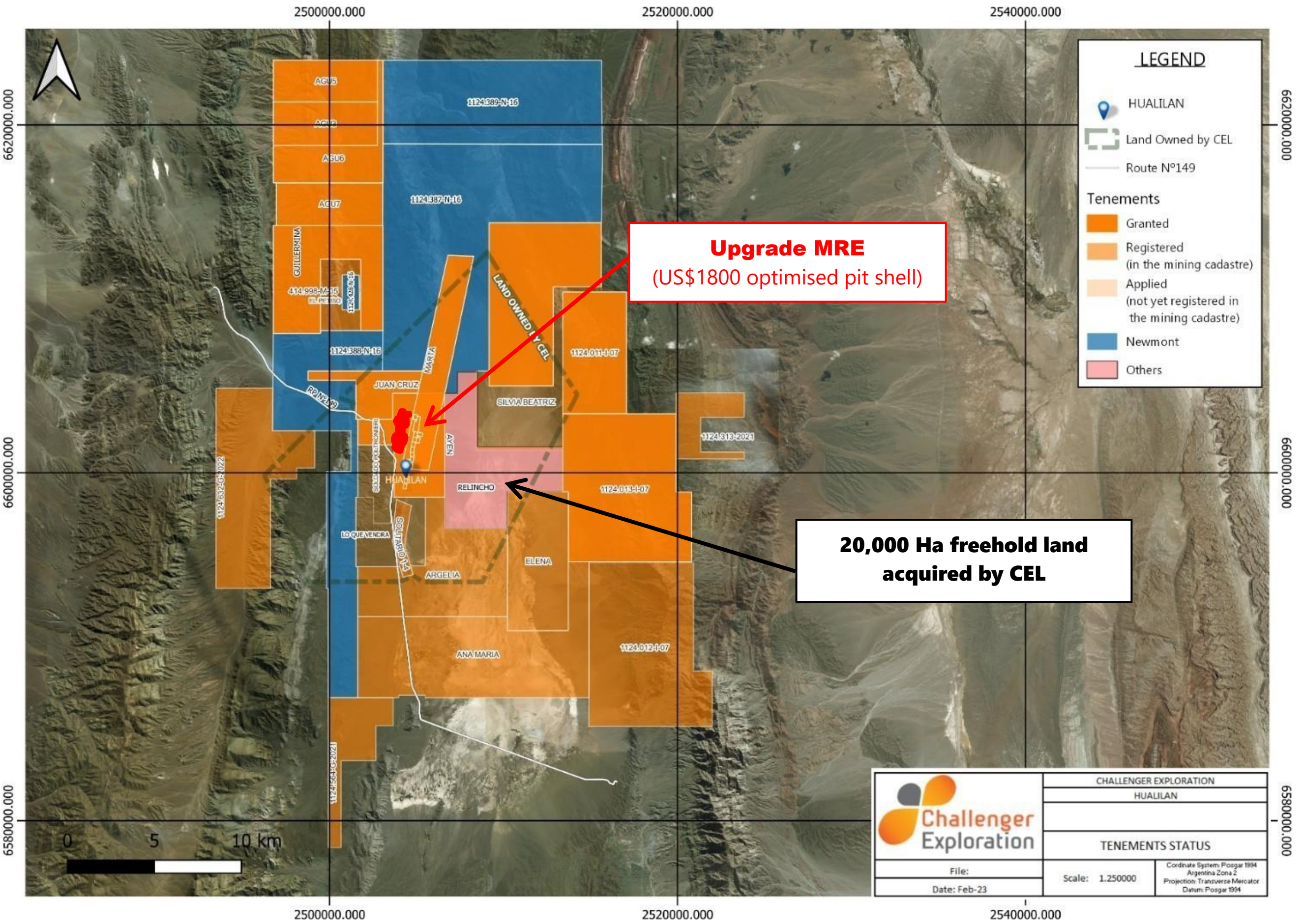



**Figure 1 - Hualilan Gold Project Tenement Map**

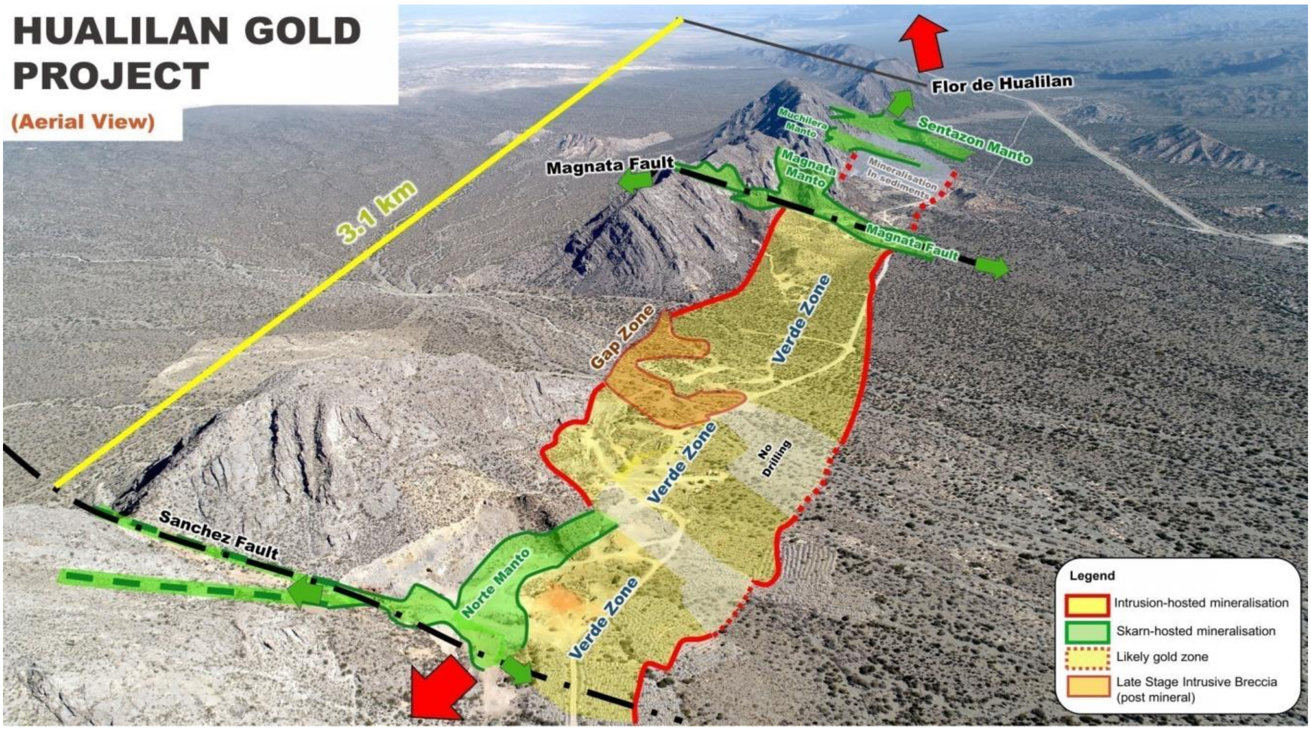



**Figure 2 - Hualilan Project and surrounds**

**HUALILAN SCOPING STUDY (**Refer to ASX Release 8 November 2023)
During November 2023, the Company announced the outcomes of the Hualilan Scoping Study ("the **Study**"). The study presented an initial economic evaluation of the project and suggests that the project could become one of the lowest-cost ASX producers, with a rapid payback period, and average annual production of 116,000 oz Au, 440,000 oz Ag, 9,175 t Zn (141,000 oz gold equivalent[1]) based on the Study production target.

The Study forecasts EBITDA of US$738m (A$1.1 billion) over Life of Mine (LOM) and a LOM All In Sustaining cash Cost (ASIC) of US$830/oz using gold price od US$1750/oz. Sensitivity analysis demonstrates the project would require a grade reduction or gold price reduction in the order of 44% to reach the breakeven gold price of US$953 from an NPV perspective.

A summary of the study financial outcomes provided in Table 1 with the key assumptions in Table 2. Complete study details are available in the Scoping Study which is included as an Annexure to the November 8th ASX release.

Notwithstanding the excellent outcome of the Study, the Company has identified several clear, and potentially material, opportunities for optimisation and improvement. Additionally, the Company is undertaking an external analysis of the projects carbon intensity, which will be released to the ASX upon completion.

*Table 1 - Scoping Study Case 1 (conventional flotation) summary financial outcomes*

| | |
|---|---|
| **Revenue**<br>**US$1.5B**<br>**A$2.3B** | **EBITDA**<br>**US$738m**<br>**A$1.1B** |
| **C1 Cash Costs**<br>**US$527/oz**<br>**A$811/oz** | **Operating Margin**<br>**50%**<br>**EBITDA/Revenue** |
| **All In Sustaining Cash Costs (ASIC)**<br>**US$830/0z**<br>**A$1277oz** | **NPV[5] (Pre tax)**<br>**US$409m**<br>**A$630m** |
| **IRR (Pre-tax)**<br>**75.2%** | **NPV[5] (Pre tax) - spot prices**<br>**US$533m**<br>**A$820m** |
| **Payback Period**<br>**1.25 years**<br>**(post tax)** | **Initial LOM**<br>**7 Years**<br>**(mineralisation open in all directions)** |

*Table 2 - Key Scoping Study Assumption*

| Price Assumption | Study Assumption | 5 Year Average | Spot |
|---|---|---|---|
| Gold | US$1750/ oz | $1,710 | $1,975 |
| Silver | US$20/ oz | $20.72 | $23 |
| Zinc | US$1.15/ lb | $1.28 | $1.15 |
| Lead | US$0.94/ lb | $0.93 | 0.98 |
| AUD/USD | 0.65 | 0.70 | 0.65 |

| Metallurgical Recoveries and Concentrate Payability | Recovery (%) | Avg Payability[1] (%) |
|---|---|---|
| Gold | 95.8% | 88.4% |
| Silver | 93.0% | 54.8% |
| Zinc | 89.0% | 73.1% |
| Lead | 75.8% | 93.6% |
| Concentrate Transport (site to smelter including insurance) | | US$150/ wmt |

| **Mining Physicals** | | **Open Pit** | **Underground** |
|---|---|---|---|
| Tonnes Ore | | 1.3 Mt | 5.8 Mt |
| Tonnes Waste | | 8.4 Mt | 2.1 Mt |
| Underground development | | | 58,937m |
| Indicated and Inferred Resource (% indicated/% inferred) | | 82%/ 18% | 81%/ 19% |
| Gold Grade (LOM average) | | 3.4 g/ t | 3.6 g/ t |
| Silver Grade (LOM average) | | 22.3 g/ t | 12.1 g/ t |
| Zinc Grade (LOM average Type C material) | | 3.9% | 2.7% |
| Lead Grade (LOM average Type C material) | | 0.33% | 0.14% |
| **Unit operating Costs** | | **Unit** | **Unit Cost** |
| Open pit Mining (ore/waste) | | US$/ t mined | 3.00 |
| | | | |
| Underground Mining | | US$/ t mined | 34.74 |
| Underground Development | | | |
| Inclined Development (5 m x 5 m) | | US$/ m | 2,828 |
| Horizontal development (5 m x 5 m) | | US$/ m | 2,828 |
| Vertical Development | | US$/ m | 2,333 |
| Slot Rises (included in underground mining cost) | | US$/ m | 1,500 |
| Underground Development | | US$/ t mined | 28.29 |
| | | | |
| **Total Underground Mining and Development** | | **US$/ t mined** | **63.03** |
| Processing (Type C ≥1.5% Zn) PMI | 34% total | US$/ t processed | 16.31 |
| Processing (Type B ≥1.5 g/ t Au, <1.5% Zn) PMI | 60% total | US$/ t processed | 12.12 |
| Processing (Type A <1.5 g/ t Au) PMI\` | 7% total | US$/ t processed | 9.26 |
| G&A | | US$/ t processed | 5.38 |

[1] Payability after Transport Cost . Refining Cost (TC/RC) / Penalties

**Study Approach**

The Hualilan Project has inherent optionality given that the Hualilan Mineral Resource Estimate (MRE) starts at surface and contains a high grade core of 8.1 Mt at 5.0 g/t Au, 17.4 g/t Ag, 1.8% Zn at the underground optimisation cut-off grade of 2.37 g/t AuEq, within the larger MRE of 60.5 Mt at 1.1 g/t Au, 6.0 g/t Ag, 0.44% Zn.

The Study commenced using benchmarked costs provided by Mining Plus from a sub-set of their internal mining database, specifically originating from operations in Latin America. This allowed for a preliminary options assessment of:

- Open-pit (OP) vs underground (UG) vs combination mining
- Different potential processing flowsheets which considered multiple circuit combinations which included or excluded: gravity concentration, floatation (including FTL) and CIL
- Multiple potential processing throughput rates; and
- Approximate capital cost of various options.

An initial OP optimisation, using the aforementioned Mining Plus benchmarked unit costs from Latin America, indicated that potential exists for a large open pit which would take advantage of economies of scale. Initial pit optimisation using a mining cost of US$2.00/t, pit wall slopes of 55º on the east, and a US$1800 gold price generated a pit, which at Revenue Factor 71, recovered 47.6 Mt of mineralisation and delivered an undiscounted value of US$1.0B, with a further 2 Mt of high-grade mineralisation potentially mineable via underground methods below the optimised shell.

After considering these initial results and the associated capital costs, the Company took the decision to focus the Study on the high-grade core of the mineralisation. This decision was primarily made to ensure that CEL had a credible pathway to fund production via a development plan with a low up-front capital cost and a rapid payback. The present, challenging market conditions did not appear conducive to the Company's ability to fund the higher capital cost (and/ or potentially longer payback period) required for the construction of a high-volume OP mine, despite it being likely that mine development could be staged to manage capital outflows.

A key part of the reasoning behind this decision was that the initial pit optimisation showed material levels of sensitivity to OP mining unit cost and to pit slope angle, particularly on the eastern side of the pit where the Hualilan hills would need to be pioneered and mined back. The geotechnical data required to support a 55º overall pit slope in the limestone unit of the Hualilan Hills was not available, and beyond the scope of the study. It should be noted that overall pit slopes greater than 55º are commonly observed in nearby limestone quarries.

Finally, the possibility of a low-grade heap leach as an additional processing stream was unable to be evaluated due to long-lead (90 day) metallurgical column test work in progress at the time of this release. Heap leaching is potentially an important opportunity to consider as studies continue as it could provide a low cost pathway to process the low-grade mineralisation via a large open pit.

*Table 3 - Key Scoping Study LOM Financial and Physical Outcomes*

| Key LOM Production Statistics | Year 1 | LOM |
|---|---|---|
| Life of Mine (LOM) | | 7 years |
| Ore tonnes mined | | 7.1 million |
| Ore processing rate | | 1,050,000 tpa |
| Average Annual gold production (recovered) | | 116,000 oz |
| Average Annual silver production (recovered) | | 440,000 oz |
| Average Annual zinc production (recovered) | | 9,175 t |
| Average Annual lead production (recovered) | | 474 t |
| Average Annual production (Au equivalent)[3] | | 141,000 oz |
| **Key LOM Financial Metric** | **US$** | **A$** |
| Revenue (LOM) | $1,465 million | $2,254 million |
| EBITDA (LOM) | $738 million | **$1,135 million** |
| C1 Cost (Real – US$/ oz) | $527/ oz | $811/ oz |
| ASIC (real – US$/ oz) | $830/ oz | $1277/ oz |
| Free cashflow (Pre-tax) LOM | $682 million | $1,049 million |
| Free cashflow (Average per annum) | $101 million | $155 million |
| Pre Tax NPV[5] | $409 million | $630 million |
| Post Tax NPV[5] | $295 million | $454 million |
| Payback Period (Pre-Tax) | | 1.25 years |
| Payback Period (Post Tax) | | 1.25 years |
| Project IRR (Pre-Tax Real) | | 75.2% |
| Project IRR (Post Tax Real) | | 66.0% |
| **Pre Production Capital Costs** | **US$** | **A$** |
| Pre-production capital | $134 million | $206 million |
| Contingencies | $15 million | $23 million |
| Total Pre-Production Capital | $152 million | $234 million |
| **Key Social Metrics** | **US$** | **A$** |
| LOM royalties and corporate taxes | $166 million | $256 million |
| LOM Expenditure | $772 million | $1,187 million |
| LOM Economic Value Add Argentina | $938 million | $1,443 million |

**Mine Design and Production Target**

The Study mine plan was designed to supply Potential Mining Inventory (PMI) to the processing plant at a rate of approximately 1 Mtpa. The mine design is comprised of three high-grade starter open pits( North, Central, and South) which will be mined using conventional excavator and truck techniques over 4 years by a mining contractor. It was necessary to include a starter pit as an underground startup would not provide sufficient waste material for the construction of the Tailings Storage Facility (TSF). Additionally, a starter pit offers a reduced production risk profile in the early year of operation.

Owner-operated underground mining was modelled on the basis of sub-level open stoping (SLOS), with a 30 m crown pillar between the pit floor and the upper most underground stope. Based on the available geotechnical data, and on similar operations, the following stoping assumptions were used for the UG mine design:

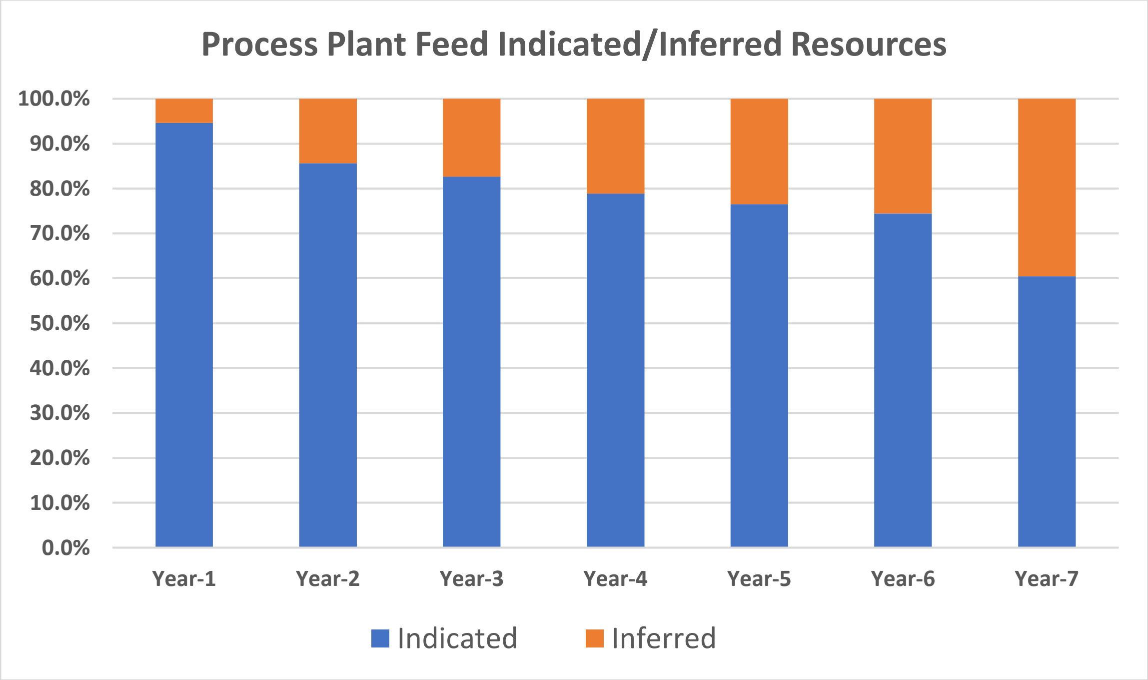
- Level spacing (floor to floor) - 20 m;
- Strike length (regardless of stope width) - 20 m;
- Minimum stoping width - 2.5 m; and
- Stope dilution of 10% and a mining recovery factor of 95% were estimated for this method and included as part of the scheduling phase

Hualilan will utilise paste backfill and as such there are no further requirements for UG pillars . The three underground portals have been located outside the open pits to decouple the UG development schedule from OP production rates and to provide flexibility to start underground development earlier. This was a critical factor in the earlier trade off studies that negatively affected the NPV of the combined open pit and underground options, with underground mining unable to commence prior to the completion of open pit mining creating material impact to NPV.

During the pre-production year, PMI will be extracted from the pit and stockpiled, and waste will be sent to TSF for construction of the first embankment lift, which will initially store two years of processing production. Underground mining will also commence at the start of the pre-production year in the north and south UG zones. In the first year of production, the plant will be fed with PMI from the stockpiles (SP), open pit and underground. From the second year onwards, the plant will be supplied with PMI primarily coming from the underground mine.

When processing commences there will be approximately 655 kt of PMI on stockpiles, which is equivalent to approximately 7 months mill feed, and approximately 400 kt of this is high-grade SP. This also opens the possibility to commence processing earlier if construction and commissioning is completed ahead of schedule. The underground mine plan has three operating areas (north, central and south), each of which are capable of being scaled up in response to production issues in another. There is also scope to share equipment between the 3 underground mining areas, however this option has not been included in the Scoping Study analysis.

*Figure 3: Breakdown of Scheduled Process Plant Feed by Resource Category*



A breakdown of the PMI schedule for processing across the life of the project is shown in Figure 1. Over 80% of the PMI schedule for processing in classified as Indicated Resource, with the balance classified as Inferred Resource. In the early years of production the percentage of Indicated Resource processed is higher, with an average of 88% Indicated Resource scheduled for processing in the first 3 years of plant operation.

At the completion of the Scoping Study production plan the unmined component of the Hualilan Project MRE is:
**53.5Mt at 1.0g/t AuEq (0.8 g/t Au, 4.9 g/t Ag, 0.32% Zn, 0.06% Pb) - containing 1.7 Moz AuEq**

**Capital Costs**
The capital cost estimate was prepared by Mining Plus and a number of independent external consultants retained by CEL. There was limited use of benchmarking, with costs generally sourced from vendor quotes/ indicative prices, or detailed first principal cost analysis using vendor quotes based on the preliminary project design. Where benchmarking was used to provide any capital costs the primary source was the Mining Plus internal cost database, augmented by Challenger's consultants databases. Where benchmarking was used to provide capital cost estimates this was specifically stated.

The cost estimate is expressed in Q3 2023 US$ and used the USD/ARS exchange rate at the time the quotation was provided (average 200 ARS/USD) 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 economic evaluation.

The capital cost estimate for this scoping study has a target accuracy range of ±15% where costs have been sourced from vendor quotes or first principles analysis. The costs developed by benchmarking have a target accuracy of ±35%.

*Table 4: Summary Capital Cost Estimate (all figures in US$ million)*

| Description | Pre-production Capital Costs | Sustaining Capital Cost | Total Capital Cost |
|---|---|---|---|
| 1. Open Pit Development (inc. Truck Shop, Wash Bay, Tyre Bay) | 5.8 | | 5.8 |
| 2. Underground Development (inc. paste plant) | 21.8 | 45.0 | 66.8 |
| 3. Process Plant | 59.0 | 8.9 | 67.9 |
| 4. TSF | 5.4 | 3.2 | 8.6 |
| 5. On-site Infrastructure | 8.7 | 1.5 | 10.2 |
| 6. Off-site infrastructure | 0.0 | 0.0 | 0.0 |
| 7. Owners Costs | 15.6 | | 15.6 |
| 8. Indirect Costs | 2.7 | | 2.7 |
| 9. Contingency | 14.7 | 0.5 | 15.2 |
| **Total Capital Expenditure** | **133.7** | **59.0** | **192.7** |
| 10. Other Pre-production Costs[3] | 18.4 | | 18.4 |
| **Total Pre-Production Capital** | **152.1** | **59.0** | **211.1** |

1. All figures are rounded to reflect the relative accuracy of the estimate.
2. Totals may not sum due to rounding as required by reporting guidelines.
3. Pre-production costs are operating costs that occur prior to the mill operating.

The following areas were included in the Pre-Production Capital Cost estimate:

1. Open Pit Mine (open pit mine development, equipment fleet, pre-stripping/ pioneering and supporting infrastructure and services);
2. Underground Mine (underground development, equipment fleet, paste backfill plant and supporting infrastructure and services);
3. Process plant (gold-silver, zinc-gold-silver, and lead–gold-silver concentrates), conventional 1-1.2 Mtpa concentrator and Flotation Tails Leach circuit with supporting plant infrastructure and services;
4. TSF;
5. On-site infrastructure (earthworks, sitework, roads, water treatment and distribution, camp and other general facilities);
6. Off-site infrastructure;
7. Owners Costs including EPCM, spares, first fills, transport costs and import costs;
8. Indirect costs;
9. Other Pre-production Costs (other operating costs prior to commercial production/ processing) ; and,
10. Contingency (applied at +15%).

Total capital costs are US$133.7 million, not including US$18.4 million of capitalised mining costs. Total Pre-development capital costs of US$152.1 million are summarised in Table 4. More complete details of pre-development capital costs are provided in the Chapter 24 of the Scoping Study.

**Operating Costs**

The operating cost estimates in the Study are based on: contractor operated truck and excavator open pit mining; owner operated underground mining via longitudinal SLOS with paste backfill; processing which includes gravity recovery, conventional flotation and with Floatation Tail Leach (FTL); and, deposition of the tails not consumed in the paste backfill process in a Tailing Storage Facility (TSF).

Operating cost estimates have generally been derived from first principles costs analysis prepared by external consultants, rather than by benchmarking. These cost estimates include local labour rates derived from San Juan industry standards, costs sourced by vendor/ supplier quotations both in Argentina and externally, and productivity rates that reflect the local workforce and conditions. Unless otherwise stated in this ASX Release or the Annexure Scoping Study Report the operating cost estimates have an expected accuracy range of ±15%.

The operating estimate is expressed in Q3 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. The exceptions are Government provided services such as grid power and in-country labour. Generally, the rate of increase in the ARS price tracks the decline in the ARS/USD rate for power and labour, however there is a 1-3 month lag in the repricing of ARS denominated costs. For any ARS denominated input costs, such as grid power and labour, Challenger has used the 2022H2/2023H1 prices, as converting the current local ARS costs into a USD denominated price at the prevailing ARS rate would artificially lower these input costs on a USD basis.

**Underground Mining Costs**

Table 5 provides a breakdown of the underground mining costs which were derived from a detailed first principles analysis prepared by external underground mining consultants via a bottom up analysis. The mine operating cost estimate included the costs associated with stope preparation, drilling, blasting, ground support, backfill, underground loading and hauling and material transport to the primary crusher on surface, as well as support and ancillary equipment operations and maintenance, power, direct labour, and mine operations supervision staff.

*Table 5 – Underground Mining Costs*

<table>
<tr><th>Category</th><th>US$/t Processed Incremental</th><th>US$/t Processed Total</th></tr>
<tr><td>Stoping</td><td>4.56</td><td rowspan="2">7.75</td></tr>
<tr><td>Slot Rises</td><td>3.19</td></tr>
<tr><td>Production Bogging</td><td></td><td>2.89</td></tr>
<tr><td>Trucking</td><td></td><td>4.43</td></tr>
<tr><td>Mine Auxiliary – Pumping</td><td>0.05</td><td rowspan="6">14.66</td></tr>
<tr><td>Mine Auxiliary – Ventilation</td><td>0.51</td></tr>
<tr><td>Mine Auxiliary – Backfill</td><td>3.13</td></tr>
<tr><td>Mine Auxiliary – Power</td><td>2.67</td></tr>
<tr><td>Mine Auxiliary – Labour</td><td>4.07</td></tr>
<tr><td>Mine Auxiliary – General</td><td>4.22</td></tr>
<tr><td>Mine Supervision</td><td></td><td>5.01</td></tr>
<tr><td colspan="2">Total Underground Mining Cost</td><td>34.74</td></tr>
</table>

**Process Costs**

The process operating cost estimate accounts for the operating and maintenance costs associated with the process plant operation, supporting services, infrastructure, and tailings filtering. Operating costs associated with the paste backfill plant are included in the mine operating cost estimate.

Process plant operating costs have been estimated by Challenger's consulting metallurgists from first principles, using mechanical equipment specifications for estimation of power consumption, metallurgical test-work for reagent and grinding media consumption estimates, preliminary labour schedules and salary build-ups for process labour and maintenance labour. The cost of spares was estimated as a fixed percentage of 5% of the mechanical equipment supply cost.

Quotations for consumables such as reagents, lime, binder and grinding media were obtained from suppliers inclusive of transportation to site. A unit power cost of US$0.07/ kWh was assumed with power consumption based on the results of comminution testing and desired grind size. An allowance equal to the power usage of the comminution circuit was applied to the rest of the process plant. Grid power is currently US$0.06/ kWh in San Juan.

The PMI feed has been divided into three separate categories based on gold and zinc grades. Each type of PMI has a slightly different flow sheet:

1. **Type A material -** the lower grade PMI containing <1.5 g/t Au and <1.5% Zn (Type A) processed via bulk flotation with cleaning stages.
2. **Type B material -** The higher grade PMI ≥1.5 g/t Au with <1.5% Zn (Type B) follows the same flow sheet as Ore Type A with the addition of flotation tails leach (FTL).
3. **Type C material -** For the PMI containing ≥1.5% Zn (Type C) a stage of Pb-Cu rougher flotation and Zn flotation is added.

*Table 6: Process Operating Cost for PMI Type C*

| Type C (Au≥ 1.5 g/t Au, Zn≥ 1.5%) Sequential Flotation + FTL | | |
|---|---|---|
| **Category** | **Cost** | |
| | **Annual US$** | **Unit US$/t Ore** |
| Operating Labor | 1,915,984 | 1.82 |
| Maintenance Labor | 1,084,274 | 1.08 |
| Power | 2,100,000 | 2.10 |
| Reagents and Consumables | 9,499,572 | 9.50 |
| Spares | 1,712,329 | 1.71 |
| Assays | 100,000 | 0.10 |
| **Totals** | **16,312,159** | **16.31** |

*Table 7: Process Operating Cost for PMI Type B*

| Type B (Au≥ 1.5 g/t Au, Zn< 1.5%) Bulk Flotation + FTL | | |
|---|---|---|
| **Category** | **Cost** | |
| | **Annual US$** | **Unit US$/t Ore** |
| Operating Labor | 1,915,984 | 1.82 |
| Maintenance Labor | 1,084,274 | 1.08 |
| Power | 2,100,000 | 2.10 |
| Reagents and Consumables | 5,306,407 | 5.31 |
| Spares | 1,712,329 | 1.71 |
| Assays | 100,000 | 0.10 |
| **Totals** | **12,118,994** | **12.12** |

*Table 8: Process Operating Cost for PMI Type A*

| Type A (Au< 1.5 g/t Au, Zn< 1.5%) Bulk Flotation no FTL | | |
|---|---|---|
| **Category** | **Cost** | |
| | **Annual US$** | **Unit US$/t Ore** |
| Operating Labor | 1,915,984 | 1.82 |
| Maintenance Labor | 1,084,274 | 1.08 |
| Power | 2,100,000 | 2.10 |
| Reagents and Consumables | 2,443,723 | 2.44 |
| Spares | 1,712,329 | 1.71 |
| Assays | 100,000 | 0.10 |
| **Totals** | **9,256,310** | **9.26** |

The plant has been designed to batch all three PMI types by bypassing the Cu-Pb and Zn flotation and/ or the FTL circuit. An availability of 90% has been assumed for the flotation circuit. Given the slightly different flowsheets, the three types of PMI have different reagent consumption which drives process costs. Annual and LOM operating costs for the process and surface infrastructure for the three types of PMI are shown in Table 6, Table 7 and Table 8 (previous page).

**Opportunities**

The Company has identified several clear and material opportunities for improvement of the Scoping Study outcome which are currently under evaluation. These include:

- A low-grade zinc concentration pathway, based on a recent flotation test on a composite grading 0.36% Zn which produced a saleable Zn concentrate grading 48% Zn. Based on prior flotation test work, an assumption was used in the Study that an economic zinc concentrate was only achievable from at a grade >1.5% Zn. The MRE contains approximately 267,000t of zinc of which only 70,000t is accessed in the Scoping Study mine plan. The ability to economically recover part of the additional 197,000t of zinc in the MRE could significantly enhance economics, given the recovered portion of the ~70,000t of zinc generates US$132m revenue based on the Study forecasts.
- Further improvement to the underground stope optimisation, development sequence and production scheduling. The underground stope optimisation was undertaken using an assumption of US$1700/oz gold. Additionally, some improvements in production and development unit costs in the order of 10-20% have already been identified in the intervening period since running the stope optimisation. These improvements in production and development costs are yet to be incorporated into the optimisation, and are likely to result in additional stopes being included in the mine plan. Additionally, optimisation included a Pseudoflow analysis on the underground design to remove uneconomic areas that sit above the stope cut-off grade. Pseudoflow removed 832kt containing 72,000 oz AuEq[3] from the underground mine plan that may be profitable at current spot prices and revised operating costs.
- The improvement in underground optimisation includes reviewing the staging of development during the pre-production period to optimise CAPEX whilst trading off against ensuring access to the highest value stopes in early phases of the UG mine.
- Recovery of the 30-metre crown pillar design which has been left between the base of the open pits and the underground workings. This crown pillar design contains approximately 15,000 Oz AuEq[3]. The study currently assumes no recovery of this crown pillar, however additional geotechnical information may support the recovery of this crown pillar.
- Inclusion of a heap leaching option which provides a process path for a significant proportion (~50%) of the MRE that was excluded in the high-grade/ low-tonnage SS production model. Preliminary column testing on a low-grade composite yielded promising results. As a result of this, a panel of column tests were initiated to test the three material types separately at a range of different head grades.
- Reduction in open pit mining unit cost through owner-operator and bulk mining efficiencies. A unit cost of US$3.00/ t was assumed for the Study, initially as a conservative estimate based on the predicted reduced scale of the open pit operation, and later to account for contractor premiums. However, preliminary first-principles cost modelling by the Company, and discussions with equipment vendors around collaboration and operating partnerships, indicates that an owner operated unit cost around US$2.00/ t may be achievable at scale. This impact of a reduced mining unit cost is even more pronounced in a high-volume mining scenario that incorporates a low-grade heap leach. This cost estimate is supported by localised benchmarking at other owner-operator OP mines in Argentina.
- Potential processing of the Au-Ag concentrate on site to produce gold and silver dore via high intensity leach. This could remove costs associated with the transport and treatment (TC/RC) of the forecast LOM production of 412kt of Au-Ag concentrate and improve payability.

**On site upgrading of Au-Ag Concentrate to Dore**

Subsequent to the Scoping Study the Company reported results from a metallurgical testwork program undertaken to evaluate the opportunity to upgrade the Au-Ag concentrate produced in the Hualilan bulk flotation circuit into doré.

The process route for the Hualian Gold Project involves crushing, milling, gravity recovery of gold, conventional flotation, and flotation tailings leach (FTL). This produces a high-grade Zn-Au-Ag concentrate, a high-grade Pb-Au-Ag concentrate, gold-silver doré, and an Au-Ag concentrate.

The majority of the gold and silver produced at Hualilan is via the Au-Ag concentrate, which comprises the cleaner Au-Ag concentrate combined with the gravity-recovered-gold (GRG) concentrate. This combined Au-Ag concentrate contains approximately 81% of the forecast annual production of 116 koz Au and 65% of the annual 440 koz Ag. The Au-Ag concentrate will likely be sold to off-takers in Asia, with forecast costs of US$150/t to transport the concentrate, and concentrate Treatment and Refining charges (TC/RC's) of approximately US$100/t. Thus, the ability to produce gold-silver doré bars onsite will remove the transport and TC/RC costs associated with the 412,000 t of Au-Ag concentrate produced over the Scoping Study LOM, thereby significantly improving project economics. Additionally, the payability for doré

(99.5% Au and 97.5% Ag) compares favourably to the forecast payability of the Au-Ag concentrate (95% Au and 60% Ag).

The Company has identified a low-cost and simple process option which would potentially allow for doré production on site from the Au-Ag concentrate. This involves a fine grind of the Au-Ag concentrate, followed by an intensive cyanide leach cycle to recover the Au and Ag, with the pregnant leach solution (PLS) containing the Au and Ag added to the existing carbon-in-leach (CIL) circuit, which is required for the FTL process.

To test this potential process option, a representative sample of the Au-Ag concentrate was prepared from a combination of Au-Ag cleaner concentrates which were produced during flotation test-work.
Two charges of this representative Au-Ag cleaner concentrate underwent an intensive leach at SGS Laboratories in Lakefield. The first sample at the existing size of 40 µm $P_{80}$ grind and the second at 16.7 µm $P_{80}$ grind. The results are outlined in Table 9 below. The recovery of 96% of the gold from the concentrate at 16.7-micron grind indicates an increase in overall Au payability from 95% via the concentrate to 95.75% via the doré option.

Operating costs associated with the fine grind and the intensive leach cycle, including cyanide consumption of 30.7 kg NaCN/t of concentrate processed, are anticipated to be less than US$100/t Au-Ag concentrate. This will result in a net cost saving of at least US$150/t, in addition to the uplift in Au payability. Additional testwork, including a pre-oxidation stage, is expected to further reduce the reagent consumption and associated costs of the intensive leach.

The results for Ag recovery remain pending, however any recovery above the 60% payability for Ag in the Au-Ag concentrate provides additional upside. The gravity-recovered-gold concentrate will also be converted to doré on site, likely via an Acacia reactor. The CAPEX and OPEX associated with this will be minor, considering the small amount (3.5 kt of GRG concentrate) that will be processed annually.

*Table 9 - Results Intensive Leach Testing Au-Ag Cleaner concentrate.*

| Sample Name | CN Test # | Size $P_{80}$ | Reagent Addition | | Reagent Consumption | | Free CN* | Au Extraction, % | | | Au Residue, g/t | | | Au Head Grade, g/t | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | µ | NaCN, kg/t | CaO, kg/t | NaCN, kg/t | CaO, kg/t | mg/L | 24 h | 48 h | 72 h | Cut A | Cut B | Average | Calc'd | Direct |
| **Comb Flot Conc** | CN17 | 40 | 23.5 | 27.1 | 19.7 | 26.8 | 692 | 84 | 91 | 92.5 | 1.76 | 1.77 | 1.77 | 24.5 | |
| **Comb Flot Conc** | CN18 | 16.7 | 33.6 | 12.4 | 30.7 | 12.4 | 510 | 95 | 86 | 96 | 0.94 | 0.93 | 0.94 | 22.8 | |

**Next Steps**

Next steps to add to the robustness of the project and provide a pathway for future development for the project include:

- Analysis of the results for the suite of Column Leach tests are currently underway, which will allow for an assessment of the viability of Heap Leach as a potential processing pathway for the low-grade mineralisation.
- Completion of additional flotation testing on the potential low-grade zinc concentration pathway;
- Completion of additional flotation testing, including locked-cycle and variability test work, which will be required to provide sufficient data for the PFS;
- Additional intensive-leach tests on the representative concentrate sample to optimise for grind size and reagent consumption against Au-Ag recovery. This will allow the Company to maximise the improvement in projected economics from the production of doré on site..
- Development of a detailed first-principles open pit mining cost model, in collaboration with equipment vendors, to evaluate the potential owner operated bulk mining efficiencies;
- Completion of a suite of CIL test work (with dual-laboratory verification) to allow Au and Ag recoveries and NACN consumption to be modelled for both the high-grade and low-grade mineralisation, thereby allowing for a definitive evaluation of the CIL processing option;
- Update the first-principle cost models for the processing and general and administrative areas such that they can be utilised to assess the cost impact of variable process throughputs;
- Update the processing cost model to be inclusive of heap leaching, should the Column Test results be positive;
- Complete geotechnical data gathering, including: additional core logging; collection of Point Load Test data from existing drill core; gathering of televiewer data from existing drill holes; and, any drilling of additional geotechnical test holes;
- Further optimisation of the open pit/ underground interface and which components of the orebody should be included in each; and,
- Additional drilling of some of the drill targets identified in the Hualilan regional exploration programme.

## EL GUAYABO GOLD AND COLORADO V GOLD/COPPER PROJECT - ECUADOR

### 43-101 Technical Report

During the quarter the Company commissioned an Independent technical report on the Project done in accordance with the National Instrument 43-101 which sets out the requirements for the preparation and content of a technical report in Canada. This report will incorporate an updated Mineral Resource Estimate done in compliance with the 43-101 framework.

### Rock-Saw Channel Sampling Program

The surface rock-saw Channel Sampling program has been designed to test for the extensions of mineralisation to surface in the upper 200 metres of the GY-A anomaly which forms a steep hill.

The rock-saw sampling is completed using a rock saw to cut and recover a continuous channel measuring approximately 4cm x 4cm along any outcrop. The 4cm x 4cm sample weight averages 4.8 kg per metre, approximately the same as the NQ sized drill core in the El Guayabo Project drill program. The samples are logged and submitted for assay with QAQC samples (duplicates, blanks, and standards) using the same procedure as drill core. This program has been completed with assays for the final 25% of the program pending.

### Surface Mapping

During the quarter surface mapping continued north-east of the CV-A and CV-B anomalies on the Colorado V concession. Mapping indicated the extension of alteration and breccia bodies along strike from CV-A (results include **528.7m at 0.5 g/t AuEq[2] - 0.3 g/t Au, 2.0 g/t Ag, 0.1 % Cu** including **397.1m at 0.6 g/t AuEq[2] - 0.3 g/t Au, 2.8 g/t Ag, 0.1% Cu**) and CV-B (results include **570.0m at 0.4 g/t AuEq[2] - 0.2 g/t Au, 2.0 g/t Ag, 0.1% Cu** including **306.0m at 0.5 g/t AuEq[2] - 0.2 g/t Au, 2.3 g/t Ag, 0.1% Cu**) and the tenement boundary with Lumina Golds Cangrejos deposit. .

Surface mapping in the vicinity of the CV-D and CV-E anomalies has indicated the presence of outcropping breccia which appears consistent with the breccia's containing higher-grade mineralisation at GY-A and GY-B in the current MRE. This breccia has been identified over approximately 200 square meters at surface with the interpreted steeply plunging breccia body not validly tested by the three exploration holes drilled at CV-D and CV-E. This program remains ongoing.

## KAROO BASIN - SOUTH AFRICA

The Group continues to pursue its application for shale gas exploration rights in South Africa. As previously reported, the Department of Mineral Resources is progressing a new petroleum resources development bill, and the Minister reportedly indicated during his address in the debate on the Presidential State of the Nation Address in June that the bill will soon undergo public participation, as part of the cabinet and parliamentary approval processes.

## MINERAL RESOURCE ESTIMATES

The Company has reported the following Mineral Resource Estimates.

**<u>Hualilan Project</u>**

***Table 10 Hualilan Hold Project Mineral Resource Estimate (March 2023)***

| Domain | Category | Mt | Au (g/t) | Ag (g/t) | Zn (%) | Pb (%) | AuEq (g/t) | AuEq (Mozs) |
|---|---|---|---|---|---|---|---|---|
| **US$1800 optimised shell > 0.30 ppm AuEq** | **Indicated** | **45.5** | **1.0** | **5.1** | **0.38** | **0.06** | **1.3** | **1.9** |
| | **Inferred** | **9.6** | **1.1** | **7.3** | **0.43** | **0.06** | **1.4** | **0.44** |
| **Below US$1800 shell >1.0ppm AuEq** | **Indicated** | **2.7** | **2.0** | **9.0** | **0.89** | **0.05** | **2.5** | **0.22** |
| | **Inferred** | **2.8** | **2.1** | **12.4** | **1.1** | **0.07** | **2.8** | **0.24** |
| **Total** | | 60.6 | 1.1 | 6.0 | 0.4 | 0.06 | 1.4 | 2.8 |

*Note: Some rounding errors may be present*

[1] **Gold Equivalent (AuEq) values - Requirements under the JORC Code**

- Assumed commodity prices for the calculation of AuEq is Au US$1900 Oz, Ag US$24 Oz, Zn US$4,000/t, Pb US$2000/t
- Metallurgical recoveries are estimated to be Au (95%), Ag (91%), Zn (67%) Pb (58%) across all ore types (see ***JORC Table 1 Section 3 Metallurgical assumptions)*** based on metallurgical test work.
- The formula used: AuEq (g/t) = Au (g/t) + [Ag (g/t) x 0.012106] + [Zn (%) x 0.46204] + [Pb (%) x 0.19961]
- *CEL confirms that it is the Company's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold.*

## El Guayabo Project

***Table 11: El Guayabo Interim MRE, June 2023***

| Domain | Category | Mt | Au (g/t) | Ag (g/t) | Cu (%) | Mo (ppm) | AuEq (g/t) | AuEq (Mozs) |
|---|---|---|---|---|---|---|---|---|
| ***US$1800 optimised shell > 0.3 g/t AuEq*** | Inferred | 212.2 | 0.36 | 2.8 | 0.07 | 6.5 | 0.50 | 3.4 |
| ***Below US$1800 shell >0.4 g/t AuEq*** | Inferred | 56.5 | 0.46 | 1.8 | 0.07 | 7.5 | 0.59 | 1.1 |
| ***Total*** | ***Inferred*** | ***268.7*** | ***0.38*** | ***2.6*** | ***0.07*** | ***7.2*** | ***0.52*** | ***4.5*** |

*Note: Some rounding errors may be present*

[2] **Gold Equivalent (AuEq) values - Requirements under the JORC Code**

- Assumed commodity prices for the calculation of AuEq is Au US$1800 Oz, Ag US$22 Oz, Cu US$9,000/t, Mo US$44,080/t
- Metallurgical recoveries are estimated to be Au (85%), Ag (60%), Cu (85%) Mo (50%) across all ore types (see ***JORC Table 1 Section 3 Metallurgical assumptions)*** based on metallurgical test work.
- The formula used: AuEq (g/t) = Au (g/t) + [Ag (g/t) x 0.012222] + [Cu (%) x 1.555] + [Mo (%) x 4.480026]
- *CEL confirms that it is the Company's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold.*

## ADDITIONAL INFORMATION

### COMPETENT PERSON STATEMENT – EXPLORATION RESULTS AND MINERAL RESOURCES

The information that relates to sampling techniques and data, exploration results, geological interpretation and Mineral Resource Estimate has been compiled Dr Stuart Munroe , BSc (Hons), PhD (Structural Geology), GDip (AppFin&Inv) who is a full-time employee of the Company. Dr Munroe is a Member of the AusIMM. Dr Munroe has over 20 years' experience in the mining and metals industry and qualifies as a Competent Person as defined in the JORC Code (2012).

Dr Munroe has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results and Mineral Resources. Dr Munroe consents to the inclusion in this report of the matters based on information in the form and context in which it appears. The Australian Securities Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.

The Mineral Resource Estimate for the Hualilan Gold Project was first announced to the ASX on 1 June 2022 and updated 29 March 2023. The Mineral Resource Estimate for the El Guayabo Project was first announced to the ASX on 14 June 2023. The Company confirms it is not aware of any information or assumptions that materially impacts the information included in that announcement and that the material assumptions and technical parameters underpinning the Mineral Resource Estimate continue to apply and have not materially changed.

### FORWARD LOOKING STATEMENTS

The announcement may contain certain forward-looking statements. Words 'anticipate', 'believe', 'expect', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan', 'potential' and other similar expressions are intended to identify forward-looking statements. Indication of, and guidance on, future costings, earnings and financial position and performance are also forward-looking statements.

Such forward looking statements are not guarantees of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Challenger Gold Ltd, its officers, employees, agents and associates, which may cause actual results to differ materially from those expressed of implied in such forward-looking statements. Actual results, performance, or outcomes may differ materially from any projections or forward-looking statements or the assumptions on which those statements are based.

You should not place any undue reliance on forward-looking statements and neither. Challenger nor its directors, officers, employees, servants or agents assume any responsibility to update such information. The stated Production Targets are based on the Company's current expectations of future results or events and should not be relied upon by investors when making investment decisions. Further evaluation work and appropriate studies are required to establish sufficient confidence that this target will be met.

Financial numbers, unless stated as final, are provisional and subject to change when final grades, weight and pricing are agreed under the terms of the offtake agreement. Figures in this announcement may not sum due to rounding. All dollar amounts in this report refer to Australian Dollar unless otherwise stated.

**SCOPING STUDY**

All references to the Scoping Study and its outcomes in this report relate to the announcement dated 8 November 2023 "Hualilan Gold Project Scoping Study". Please refer to that announcement for full details and supporting information.

**EVENTS SUBSEQUENT TO BALANCE DATE**

Subsequent to balance date the Company raised $5,642,069 through the issue of 66,377,283 ordinary shares and 66,377,283 options with an expiry date of 12 months from the closing date and an exercise price of $0.14, under the Company's existing 7.1 and 7.1A placement capacity.

**RESULTS OF OPERATIONS**

The net profit after tax for the financial year ended 31 December 2023 for the Group was $53,861,800 (6 months period to 31 December 2022: $24,684,970). Significant items contributing to the financial year include the following: gain on convertible debenture of $5,817,504, gain on net monetary position of $48,788,194, gain on blue chip swaps of $3,174,657 and finance expenses of $4,187,386.

**DIVIDENDS**

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

**SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

There have been no significant changes in the state of affairs of the Group during the period and up to the date of this report, other than as set out in this report.

**LIKELY DEVELOPMENTS AND EXPECTED RESULTS**

Likely developments in the operations of the Group are set out in the above review of operations in this annual financial report. Any future prospects are dependent upon the results of future exploration and evaluation.

**BUSINESS RISKS**

**Financing risks**

Additional funding may be required in the event the costs exceed the Group's estimates and to effectively implement its business and operation plans in the future to take advantage of the opportunities for acquisitions or other business opportunities and to meet any unanticipated liabilities or expenses which the Group may incur may depend in part on its ability to raise additional funds.

The Group may seek to raise further funds through equity or debt financing or other means. Failure to obtain sufficient financing for the Group's activities and future projects may result in delay and indefinite postponement of development. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Group and might involve substantial dilution to Shareholders.

**Governmental policies and legislation**

Any adverse changes in governmental policies or legislation affecting exploration and mining activities (directly or indirectly) can have a positive or negative impact on the Group.

Argentina is currently experiencing hyperinflation climbing above an annualised rate of 100% in 2023. This makes forecasting of budget and foreign exchange rates difficult, and such forecasts are subject to considerable uncertainty.

The Group mitigates this risk through USD and reducing exposure to costs in the local currency.

The inflation rate has had an impact on the intercompany loans in Argentina. Exploration expenses recorded in Australian dollars in the financial statements have reduced in line with Argentinian foreign currency weakness on conversion. This has had a major effect on foreign currency reserves in the Equity component of the balance sheet.

**Exploration risks**

The future exploration activities of the Group may be affected by a range of factors including activities of parties with overlapping tenure, geological conditions, limitations on activities due to seasonal weather patterns or adverse weather conditions, unanticipated operational and technical difficulties, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, industrial and environmental accidents, industrial disputes, unexpected shortages and increases in the costs of consumables, spare parts, plant, equipment and staff, native title process, changing government regulations and many other factors beyond the control of the Group.

Possible future development of mining operations at the Group's projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

The Group's mineral properties are at various stages of exploration and development. There can be no assurance that exploration of the mineral properties, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit or JORC Code resource classification. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

## ENVIRONMENTAL REGULATIONS

The Group carries or carried out operations that are subject to environmental regulations under legislation in Ecuador and Argentina. The Group has formal procedures in place to ensure regulations are adhered to. The Group is not aware of any breaches in relation to environmental matters.

## REMUNERATION REPORT (Audited)

### REMUNERATION POLICY

The remuneration policy of the Group has been designed to align Director objectives with shareholder and business objectives by providing a fixed remuneration component that is assessed on an annual basis in line with market rates. The Board of Challenger Gold believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best Directors to run and manage the Group, as well as create goal congruence between directors and shareholders. The remuneration policy, setting the terms and conditions for executive and non-executive directors and other senior staff members, was developed and approved by the Board.

The Board of Directors is responsible for determining and reviewing compensation arrangements for the executive team. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team.

The Board's policy for determining the nature and amount of remuneration for board members and senior executives is as follows:

In determining competitive remuneration rates, the Board considers local and international trends among comparative companies and the industry generally so that Executive Directors and Senior Executives remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices. All Executive Directors and Senior Executives receive a base salary (which is based on factors such as length of service and experience), superannuation (where applicable), and may be issued as options or performance shares from time to time, including to non-executive directors.

The Group is currently an exploration entity, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, Executive Directors and Senior Executives are paid market rates associated with individuals in similar positions within the same industry. Options and other performance incentives continue to be issued particularly if the Group moves from exploration towards development and becoming a producing entity and key performance indicators such as market capitalisation and production and reserves growth can be used as measurements for assessing executive performance.

Options and other performance rights are valued using the Black-Scholes methodology and Monte Carlo Simulation, which takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the time to maturity of the option. Although a value is ascribed and included in total remuneration, it should be noted that the Executive Directors and Senior Executives have not received this amount and the option or performance right may have no actual financial value unless the share price achieves the option exercise price or conditions associated with the performance rights met.

The Board policy is to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting. Non-executive Directors may receive performance shares or options, and receive salary in shares in lieu of cash. Directors are encouraged to hold shares in the Group.

In accordance with the Company's constitution, the aggregate fee remuneration for Non-Executive Directors has been set at an amount not to exceed $500,000 per annum. This amount may only be increased with the approval of Shareholders at a general meeting.

The Group may engage remuneration consultants from time to time. The Group will ensure any recommendation from a remuneration consultant will be made free from undue influence from any members of Key Management Personnel. The Group did not engage remuneration consultants for the financial year ended 31 December 2023.

**KEY MANAGEMENT PERSONNEL**

**(a) Details of Key Management Personnel**

Sergio Rotondo– Executive Chairman
Kris Knauer – Managing Director
Sonia Delgado – Executive Director, appointed 28 November 2023
Fletcher Quinn – Non-Executive Director
Pini Althaus – Non-Executive Director, appointed 8 February 2023
Brett Hackett – Non-Executive Director, appointed 4 May 2023
Scott Funston – resigned 4 May 2023 as Executive Director, Company Secretary and Chief Financial Officer for the full year

**(b) Compensation of Key Management Personnel**

Remuneration of Key Management Personnel is set out below.

The value of remuneration received or receivable by Key Management Personnel for the financial year ended 31 December 2023 is as follows:

| **31 December 2023** | **Primary** | | **Equity Compen-sation** | **Post-employment** | | | **Perform-ance Related %** |
|---|---|---|---|---|---|---|---|
| | **Base Salary and Fees $** | **Bonus and Non Monetary Benefits $** | **Value of Performance Rights $** | **Superannuation Contributions[v] $** | **Termin-ation Benefits $** | **TOTAL $** | |
| **Directors** | | | | | | | |
| Sergio Rotondo | 324,036 | - | - | - | - | 324,036 | - |
| Kris Knauer | 295,000 | - | - | - | - | 295,000 | - |
| Sonia Delgado[iii] | 15,902 | - | - | - | - | 15,902 | - |
| Fletcher Quinn | 60,000 | - | - | - | - | 60,000 | - |
| Pini Althaus[i] | - | - | 59,371 | - | - | 59,371 | 100.00 |
| Brett Hackett[ii] | - | - | 44,945 | - | - | 44,945 | - |
| **Executive** | | | | | | | |
| Scott Funston[iv] | 245,000 | - | 350,000 | - | - | 595,000 | 58.82 |
| Total | 939,938 | - | 454,316 | - | - | 1,394,254 | |

[I] Appointed on 8 February 2023 [ii] Appointed 4 May 2023, the value of remuneration is determined based on estimated number of shares to be granted using share price at 31 December 2023 amortised over the vesting period [iii] Appointed 28 November 2023 [iv] Resigned as a Director 4 May 2023[v] No superannuation contributions as salary and fees are paid to a controlled company

| **6 month period ended 31 December 2022** | **Primary** | | **Equity Compensation** | **Post-employment** | | | **Performance Related %** |
|---|---|---|---|---|---|---|---|
| | **Base Salary and Fees $** | **Bonus and Non Monetary Benefits $** | **Value of Performance Rights $** | **Superannuation Contributions $** | **Termination Benefits $** | **TOTAL $** | |
| **Directors** | | | | | | | |
| Fletcher Quinn | 30,000 | - | - | - | - | 30,000 | - |
| Kris Knauer | 147,500 | - | - | - | - | 147,500 | - |
| Sergio Rotondo | 107,712 | - | - | - | | 107,712 | - |
| Scott Funston | 122,500 | - | 48,949 | - | - | 171,449 | 28.6% |
| Total | 407,712 | - | 48,949 | - | - | 456,661 | |

### (c) Compensation Options

No options were granted to Key Management Personnel of the Group during the financial year ended 31 December 2023.

### (d) Share, Option and Performance Rights holdings

Options and Performance Rights may be issued to Key Management Personnel as part of their remuneration to increase goal congruence between Executives, Executive Directors, Non-Executive Directors and Shareholders.

During the 2020 financial year Mr Funston received 5,000,000 Class A Performance Rights and 5,000,000 Class B Performance Rights following shareholder approval on 28 November 2019.

Class A Performance Rights have the following vesting conditions:

A JORC Compliant Mineral Resource Estimate of at least Inferred category on either Project of the following:

i. a minimum 500,000 ounces of gold (AU) or Gold Equivalent (in accordance with clause 50 of the JORC Code) at a minimum grade of 6 grams per tonne Gold Equivalent; or
ii. a minimum 1,500,000 ounces of gold (AU) or Gold Equivalent (in accordance with clause 50 of the JORC Code) at a minimum grade of 2.0 grams per tonne Gold Equivalent; or
iii. a minimum 3,000,000 ounces of gold (AU) or Gold Equivalent (in accordance with clause 50 of the JORC Code) at a minimum grade of 1.0 grams per tonne Gold Equivalent.

Class B Performance Rights will vest on the completion and announcement by Challenger (subject to the provision of information allowable at the time of completion) of a positive Scoping Study (as defined in the JORC Code) on either the Hualilan Project or the El Guayabo Project by an independent third-party expert which evidences an internal rate of return of US Ten Year Bond Rate plus 10% (using publicly available industry assumptions, including deliverable spot commodity mineral prices, which are independently verifiable) provided that the total cumulative EBITDA over the project life is over US$50m.

All Performance Rights vested during the financial year ended 31 December 2023.

During the financial year ended 31 December 2023, Mr Pini Althaus was issued 3,000,000 Performance Rights that received shareholder approval on 31 May 2023.

The issue of Incentive Performance Rights to Mr Althaus will align the interests of Mr Althaus with those of Shareholders through the assignment of long term incentives attached to milestones for the Company, and considered reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Mr Althaus.

The Performance Rights have the following milestones:

(a) Milestone 1: one (1) million performance rights will convert into shares upon the Company's share price trading on ASX at a volume weighted average price (VWAP) at or above a price of A$0.30 per share for 20 consecutive trading days on which the Company's shares have actually traded or before 8 February 2024.

(b) Milestone 2: one (1) million performance rights will convert into shares upon the Company's share price trading on ASX at a VWAP at or above a price of A$0.40 per share for 20 consecutive trading days on which the Company's shares have actually traded or before 8 February 2025.

(c) Milestone 3: one (1) million performance rights will convert into shares the Company's share price trading on ASX at a VWAP at or above a price of A$0.40 per share for 20 consecutive trading days on which the Company's shares have actually traded or before 8 February 2026**.**

1,000,000 Performance Rights lapsed (Milestone 1) on 8 February 2024 because the milestone had not been satisfied.

**(e) Employment Contracts of Key Management Personnel**

The Managing Director Mr Kris Knauer entered into an agreement on 5 July 2021 pursuant to which Mr Knauer was continued as Managing Director of the Group. The material terms and conditions of the agreement are set out below:

(a) (Commencement Date): 5 July 2021.

(b) (Term): Two (2) years from the Commencement Date or until validly terminated. The agreement has been extended on the same terms until a new agreement is concluded.

(c) (Remuneration): Mr Knauer receives a base salary of $295,000 per annum.

(d) (Incentives): Mr Knauer is eligible to receive Securities under the Group's Incentive Option Plan and Performance Rights Plan. No Securities were granted under the Group's Incentive Option Plan and Performance Rights Plan during the year ended 31 December 2023 to Mr Knauer.

(e) (Accrued Entitlements): All entitlements that have accrued to Mr Knauer prior to the date of this agreement will be honoured by the Group.

(f) (Termination): The Group may terminate the agreement by providing six (6) months' written notice.

(g) (Expenses): Mr Knauer is entitled to reimbursement for all reasonable travelling expenses, accommodation and general expenses incurred in the performance of his duties under the agreement.

Executive Chairman Mr Sergio Rotondo is paid an annual salary of $210,000 USD and is an Argentinian citizen.

(a) Mr Rotondo is eligible to receive Securities under the Group's Incentive Option Plan and Performance Rights Plan. No Securities were granted under the Group's Incentive Option Plan and Performance Rights Plan during the financial year ended 31 December 2023 to Mr Rotondo.

(b) (Termination): The agreement may be terminated by either party at any time.

(c) (Expenses): Mr Rotondo is entitled to reimbursement for all reasonable travelling expenses, accommodation and general expenses incurred in the performance of his duties under the agreement.

Executive Director Dr Sonia Delgado is paid an annual salary of $120,000 USD and is an Argentinian citizen.

(a) Dr Delgado is eligible to receive Securities under the Group's Incentive Option Plan and Performance Rights Plan. No Securities were granted under the Group's Incentive Option Plan and Performance Rights Plan during the financial year ended 31 December 2023 to Dr Delgado.

(b) (Termination): The agreement may be terminated by either party at any time.

(c) (Expenses): Dr Delgado is entitled to reimbursement for all reasonable travelling expenses, accommodation and general expenses incurred in the performance of her duties under the agreement.

Chief Financial Officer and Company Secretary, Mr Scott Funston entered into an agreement on 5 July 2021, pursuant to which Mr Funston commenced as Executive Director, Company Secretary and Chief Financial Officer of the Group. He subsequently resigned as Executive Director on the 4 May 2023 however continued as Company Secretary and Chief Financial Officer. His resignation as Executive Director has no impact on any benefits stated in the below agreement

The material terms and conditions of the agreement are set out below:

(d) (Position): Company Secretary, Chief Financial Officer and Finance Director

(e) (Commencement Date): 5 July 2021.

(f) (Term): Two (2) years from the Commencement Date or until validly terminated. The agreement has been extended on the same terms until a new agreement is concluded.

(g) (Remuneration): Mr Funston receives a base salary of $245,000 per annum.

(h) (Incentives): Mr Funston is eligible to receive Securities under the Group's Incentive Option Plan and Performance Rights Plan. No Securities were granted under the Group's Incentive Option Plan and Performance Rights Plan during the year ended 31 December 2023 to Mr Funston.

(i) (Accrued Entitlements): All entitlements that have accrued to Mr Funston prior to the date of this agreement will be honoured by the Group.

(j) (Termination): The agreement may be terminated by either party by providing three (3) months written notice.

(k) (Expenses): Mr Funston is entitled to reimbursement for all reasonable travelling expenses, accommodation and general expenses incurred in the performance of his duties under the agreement.

### (f) Shares held by Key Management Personnel

| | Balance at 31.12.22 | Shares Purchased | Net Change Other | Balance at 31.12.23 |
|---|---|---|---|---|
| **Directors** | | | | |
| Sergio Rotondo | 89,000,000 | - | - | 89,000,000 |
| Kris Knauer[(a)] | 52,278,666 | - | 37,000,000 | 89,278,666 |
| Sonia Delgado[iii] | - | - | - | - |
| Fletcher Quinn | 24,078,637 | 3,120,795 | - | 27,199,432 |
| Pini Althaus[i] | - | - | 17,500,000 | 17,500,000 |
| Brett Hackett[ii] | - | - | - | - |
| **Executive** | | | | |
| Scott Funston[iv] | 7,160,417 | - | - | 7,160,417 |
| | 172,517,720 | 3,120,795 | 54,500,000 | 230,138,515 |

[I] Appointed on 8 February 2023, net change other relates to vested performance shares held pre director appointment [ii] Appointed 4 May 2023 [iii] Appointed 28 November 2023 [iv] Resigned as a Director 4 May 2023

(a) Mr Knauer was issued consideration performance shares in 2019 as part of the Group's acquisition of AEP Corporation Pty Ltd disclosed in the Prospectus document dated 16 May 2019. They consist of 18,500,000 Performance A Shares and 18,500,000 Performance B Shares. The Performance Shares vested during the financial year ended 31 December 2023 and accordingly 37,000,000 fully paid ordinary shares were issued to Mr Knauer. These consideration performance shares were not issued for Mr Knauer's remuneration. Details of Performance Shares are disclosed in Note 14 of the financial report.

No shares were issued by the Group since the financial year ended 31 December 2023 as a result of the exercise of an option or conversion of a performance right.

### (g) Options held by Key Management Personnel

There are no options held by Key Management Personnel.

### (h) Performance Shares held by Key Management Personnel

| | Balance at 31.12.2022 | Received as Remuneration | Performance Shares Expired | Net Change Other | Balance at 31.12.23 | Total Vested | Total Exercisable |
|---|---|---|---|---|---|---|---|
| **Directors** | | | | | | | |
| Sergio Rotondo | - | - | - | - | - | - | - |
| Kris Knauer[(a)] | 37,000,000 | - | - | (37,000,000) | - | - | - |
| Sonia Delgado[iii] | - | - | - | - | - | - | - |
| Fletcher Quinn | - | - | - | - | - | - | - |
| Pini Althaus[i] | - | - | - | - | - | - | - |
| Brett Hackett[ii] | - | - | - | - | - | - | - |
| **Executive** | | | | | | | |
| Scott Funston[iv] | - | - | - | - | - | - | - |
| | 37,000,000 | - | - | (37,000,000) | - | - | - |

[I] Appointed on 8 February 2023 [ii] Appointed 4 May 2023 [iii] Appointed 28 November 2023 [iv] Resigned as a Director 4 May 2023

### (i) Performance Rights held by Key Management Personnel

| | Balance at 31.12.22 | Received as Remuneration | Performance Shares Expired | Net Change Other | Balance at 31.12.23 | Total Vested | Total Exercisable |
|---|---|---|---|---|---|---|---|
| **Directors** | | | | | | | |
| Sergio Rotondo | - | - | - | - | - | - | - |
| Kris Knauer[(a)] | - | - | - | - | - | - | - |
| Sonia Delgado[iii] | - | - | - | - | - | - | - |
| Fletcher Quinn | - | - | - | - | - | - | - |
| Pini Althaus[i] | - | 3,000,000[(a)] | - | - | 3,000,000 | - | - |
| Brett Hackett[ii] | - | - | - | - | - | - | - |
| **Executive** | | | | | | | |
| Scott Funston[iv] | 10,000,000[(a)] | - | - | - | 10,000,000 | 10,000,000 | 10,000,000 |
| | 10,000,000 | 3,000,000 | - | - | 13,000,000 | 10,000,000 | 10,000,000 |

[I] Appointed on 8 February 2023 [ii] Appointed 4 May 2023 [iii] Appointed 28 November 2023 [iv] Resigned as a Director 4 May 2023

(a) Please refer to (d) Compensation of Key Management Personnel, above for details of performance rights issued to Mr Funston during the 2020 financial year and Mr. Althaus. The performance rights issued to Mr. Funston have vested but remain unexercised.

### (j) Other Transactions with Key Management Personnel

Mr Quinn controls Seco Resources Pty Ltd ("Seco"). Seco has provided his services as Chairman to a value of $60,000 (6 months ended 31 December 2022: $30,000) to Challenger during the period on normal commercial terms. This amount is included in the Remuneration Report section of the Directors' Report. $5,000 (6 months ended 31 December 2022: $5,000) was outstanding at period end.

Mr Knauer controls Greenfield Securities Pty Ltd ("Greenfield"). Greenfield has provided his services as Managing Director and CEO to a value of $295,000 (6 months ended 31 December 2022: $147,500) to Challenger during the period on normal commercial terms. This amount is included in the Remuneration Report section of the Directors' Report. $24,583 (6 months ended 31 December 2022: $24,583) was outstanding at period end.

Mr Funston controls Resourceful International Consulting Pty Ltd ("Resourceful"). Resourceful has provided his services as Executive Director, Company Secretary and CFO to a value of $245,000 (6 months ended 31 December 2022: $122,500) to Challenger during the period on normal commercial terms. This amount is included in the Remuneration Report section of the Directors Report. $20,417 (6 months ended 31 December 2022: $20,417) was outstanding at period end.

### (k) Amounts owing to Key Management Personnel

A total of $50,000 was outstanding to Key Management Personnel as at 31 December 2023 (31 December 2022: $50,000), as noted above.

## END OF REMUNERATION REPORT

## OPTIONS

At the date of this report, 10,000,000 unlisted options over new ordinary shares in the Group were on issue:

| Type | Date of Expiry | Exercise Price | Number under Option |
|---|---|---|---|
| Unlisted | 14 April 2025 | $0.45 | 10,000,000 |

No ordinary shares have been issued during or since the end of the period and up to the date of this report upon the exercise of options.

## DEBENTURES

At the date of this report, convertible debentures with a principal amount of USD $15 million can be converted into shares at a share price of $0.25 per share expiring on the 12 September 2026.

**PERFORMANCE SHARES**

At the date of this report, there are no Performance Shares over new ordinary shares in the Group were on issue. (31 December 2022: 120,000,000 Performance Shares)

All Performance Shares vested during the financial year ended 31 December 2023 and accordingly 120,000,000 fully paid ordinary shares were issued.

**PERFORMANCE RIGHTS**

At the date of this report, 16,000,000 Performance Rights over new ordinary shares in the Group were on issue:

| Type | Number |
|---|---|
| Class A | 8,000,000 |
| Class B | 8,000,000 |

These Performance Rights vested during the financial year ended 31 December 2023. No ordinary shares were issued upon the vesting of performance rights during or since the end of the financial year ended 31 December 2023, as the rights have not been exercised.

**INCENTIVE PERFORMANCE RIGHTS**

At the date of this report, 27,272,427 Incentive Performance Rights over new ordinary shares in the Group were on issue:

| Type | Number |
|---|---|
| Incentive Performance Rights[(a)] | 267,027 |
| Incentive Performance Rights[(a)] | 8,505,400 |
| Incentive Performance Rights [(b)] | 16,500,000 |
| Incentive Performance Rights [(c)] | 2,000,000 |

[(a)]Incentive Performance Rights had the vesting condition that the holder must remain employed or engaged by the Group and are fully vested.

[(b)] During the financial year ended 31 December 2023, 19,000,000 Performance Rights were issued to an employee and will convert into ordinary shares as follows:

| Number of Performance Rights | Milestones |
|---|---|
| 2,500,000 | Upon the successful completion of a scoping study that leads to an announcement that the Hualilan Project will progress to a Pre-feasibility study (PFS). |
| 2,500,000 | Upon the successful completion of a PFS for the Hualilan Project that leads to an announcement that the Hualilan Project will progress to either a bankable feasibility study (BFS) or a definitive feasibility study (DFS). |
| 2,000,000 | Upon the successful completion of a BFS or DFS that leads to an announcement that the Hualilan Project will progress to construction. |
| 2,000,000 | Upon the commissioning of a processing plant for the Hualilan Project. |
| 5,000,000 | Upon the announcement of a mineral resource estimate for the El Guayabo Project of not less than 20 million ounces of gold equivalent. |
| 5,000,000 | Upon the successful completion of either a preliminary economic assessment or scoping study at the El Guayabo Project demonstrating total production of at least 10 million ounces of Gold Equivalent. |

2,500,000 ordinary shares were issued upon the vesting of performance rights during the financial year ended 31 December 2023. No ordinary shares were issued upon the vesting of performance rights since the end of the period ended 31 December 2023.

(c) During the period, 3,000,000 Performance Rights were issued to Pini Althaus, a member of the KMP, and will convert into ordinary shares as follows:

| Number of Performance Rights | Milestones |
|---|---|
| 1,000,000 | The Company's share price trading on ASX at a volume weighted average price (VWAP) at or above a price of A$0.30 per share for 20 consecutive trading days on which the Company's shares have actually traded or before 8 February 2024. |
| 1,000,000 | The Company's share price trading on ASX at a VWAP at or above a price of A$0.40 per share for 20 consecutive trading days on which the Company's shares have actually traded or before 8 February 2025. |
| 1,000,000 | The Company's share price trading on ASX at a VWAP at or above a price of A$0.40 per share for 20 consecutive trading days on which the Company's shares have actually traded or before 8 February 2026. |

1,000,000 Performance Rights lapsed on 8 February 2024 because the milestone had not been satisfied.

**INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS**
In accordance with the constitution, except as may be prohibited by the *Corporations Act* 2001, every officer, auditor or agent of the Group shall be indemnified out of the property of the Group against any liability incurred by them in their capacity as an officer, auditor or agent of the Group or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. The Group paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current officers of the Group, including officers of the Group's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group. The total amount of insurance premiums paid has not been disclosed due to confidentiality reasons.

**INDEMNIFICATION OF AUDITORS**
To the extent permitted by law, the Group has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young Australia during or since the period.

**PROCEEDINGS ON BEHALF OF THE GROUP**
No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the financial year ended 31 December 2023.

**AUDITOR'S INDEPENDENCE DECLARATION**
Section 307C of the Corporations Act 2001 requires our auditors, Ernst and Young, to provide the Directors of the Company with an independence declaration in relation to the audit of the financial report.

The lead auditor's independence declaration is set out on page 29 and forms part of the Directors' Report for the financial year ended 31 December 2023.

**NON-AUDIT SERVICES**
Ernst and Young did not provide any non-audit services during the financial year ended 31 December 2023.

This report is made in accordance with a resolution of the Directors.

Kris Knauer
Managing Director

28 March 2024

Building a better working world

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## Auditor's independence declaration to the directors of Challenger Gold Limited

As lead auditor for the audit of the financial report of Challenger Gold Limited for the financial year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Challenger Gold Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

V L Hoang
Partner
28 March 2024

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
## For the financial year ended 31 December 2023

| | Note | Consolidated 12 months ended 31 December 2023 $ | Consolidated 6 months ended 31 December 2022 $ |
|---|---|---|---|
| Other income | 2 | **9,622,062** | **11,307,082** |
| Gain on net monetary position | 1(d) | 48,788,194 | 19,333,616 |
| Accounting and audit fees | | 163,857 | 252,634 |
| Consultants' and directors' fees | | 1,145,458 | 516,912 |
| Legal and compliance | | 101,887 | 201,873 |
| Investor relations, conferences, and corporate advice | | 319,856 | 554,848 |
| Employee expenses | | 121,296 | 83,688 |
| Travel expenses | | 247,896 | 225,653 |
| Public company and administration expenses | | 951,467 | 596,181 |
| Share-based payments | 17 | 860,205 | 252,920 |
| Depreciation | | 174,996 | 69,275 |
| Finance costs | | 4,187,386 | 1,136,618 |
| Other | | 96,840 | 102,132 |
| **Profit before income tax** | | **50,039,112** | **26,647,964** |
| **Income tax benefit (expense)** | 3 | **3,822,688** | **(1,962,994)** |
| **Net profit for the period** | | **53,861,800** | **24,684,970** |
| **Other comprehensive income:** | | | |
| *Items that may be reclassified to profit or loss:* | | | |
| Exchange differences on translation of foreign operations | | **(86,702,116)** | **(20,721,267)** |
| Income tax on other comprehensive income | | - | - |
| **Other comprehensive loss for the period** | | **(86,702,116)** | **(20,721,267)** |
| **Total comprehensive (loss) / income for the period** | | **(32,840,316)** | **3,963,703** |
| **Basic earnings per share** | 20 | **4.70** | **2.38** |
| **Diluted earnings per share** | 20 | **4.60** | **2.36** |

*The accompanying notes form part of these financial statements.*

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## As at 31 December 2023

| | Note | As at 31 December 2023 $ | As at 31 December 2022 $ |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 4 | 4,345,983 | 15,426,824 |
| Other receivables | 5 | 177,770 | 181,300 |
| Prepayments | 6 | 546,993 | 733,525 |
| **TOTAL CURRENT ASSETS** | | **5,070,746** | **16,341,649** |
| **NON-CURRENT ASSETS** | | | |
| Other receivables | 5 | 2,120,518 | 7,970,637 |
| Deferred exploration and evaluation expenditure | 7 | 138,714,424 | 154,145,647 |
| Property, plant and equipment | 8 | 567,522 | 870,053 |
| **TOTAL NON-CURRENT ASSETS** | | **141,402,464** | **162,986,337** |
| **TOTAL ASSETS** | | **146,473,210** | **179,327,986** |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 9 | 1,257,516 | 1,948,499 |
| Interest bearing liabilities | 11 | 14,285,517 | 12,228,566 |
| Derivative liabilities | 11 | 1,038,143 | 6,855,647 |
| Provisions | 10 | 112,480 | 103,133 |
| **TOTAL CURRENT LIABILITIES** | | **16,693,656** | **21,135,845** |
| **NON-CURRENT LIABILITIES** | | | |
| Deferred tax liabilities | 3 | 2,323,928 | 8,695,550 |
| Interest bearing liabilities | 11 | 46,065 | 259,309 |
| **TOTAL NON-CURRENT LIABILITIES** | | **2,369,993** | **8,954,859** |
| **TOTAL LIABILITIES** | | **19,063,649** | **30,090,704** |
| **NET ASSETS** | | **127,409,561** | **149,237,282** |
| **EQUITY** | | | |
| Issued capital | 12 | 134,013,483 | 123,620,259 |
| Reserves | 13 | (106,624,952) | (20,542,207) |
| Retained profits | | 100,021,030 | 46,159,230 |
| **TOTAL EQUITY** | | **127,409,561** | **149,237,282** |

*The accompanying notes form part of these financial statements.*

# *CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*
## *For the financial year ended 31 December 2023*

| | Issued Capital $ | Retained Profits $ | Share Based Payment Reserve $ | Foreign Exchange Reserves $ | Option Reserves $ | Total $ |
|---|---|---|---|---|---|---|
| **Balance at 1 January 2023** | **123,620,259** | **46,159,230** | **4,081,363** | **(24,624,354)** | **784** | **149,237,282** |
| Profit for the year | - | 53,861,800 | - | | - | 53,861,800 |
| Other comprehensive loss | - | - | - | (86,702,116) | - | (86,702,116) |
| **Total comprehensive income/(loss) for the year** | **-** | **53,861,800** | **-** | **(86,702,116)** | **-** | **(32,840,316)** |
| Issue of shares in lieu of finance costs | 445,763 | - | - | - | - | 445,763 |
| Issue of shares in lieu of fees | 318,017 | - | - | - | - | 318,017 |
| Issue of shares for cash | 10,000,000 | - | - | - | - | 10,000,000 |
| Share based payments | 106,569 | - | 619,371 | - | - | 725,940 |
| Exercise of employee rights | 207,500 | - | - | - | - | 207,500 |
| Share issue costs | (684,625) | - | - | - | - | (684,625) |
| **Balance at 31 December 2023** | **134,013,483** | **100,021,030** | **4,700,734** | **(111,326,470)** | **784** | **127,409,561** |
| | | | | | | |
| **Balance at 1 July 2022** | **120,378,045** | **21,474,260** | **3,828,443** | **(3,903,087)** | **784** | **141,778,445** |
| Profit for the period | - | 24,684,970 | - | - | | 24,684,970 |
| Other comprehensive loss | - | - | - | (20,721,267) | - | (20,721,267) |
| **Total comprehensive income/(loss) for the period** | **-** | **24,684,970** | **-** | **(20,721,267)** | **-** | **3,963,703** |
| Issue of shares in lieu of finance costs | 109,375 | - | - | - | - | 109,375 |
| Issue of shares in lieu of fees | 716,345 | - | - | - | - | 716,345 |
| Issue of shares for cash | 2,600,000 | - | - | - | - | 2,600,000 |
| Share based payments | - | - | 252,920 | - | - | 252,920 |
| Share issue costs | (183,506) | - | - | - | - | (183,506) |
| **Balance at 31 December 2022** | **123,620,259** | **46,159,230** | **4,081,363** | **(24,624,354)** | **784** | **149,237,282** |

*The accompanying notes form part of these financial statements.*

# *CONSOLIDATED STATEMENT OF CASH FLOWS*
## *For the financial year ended 31 December 2023*

| | Note | Consolidated 12 months ended 31 December 2023 $ | Consolidated 6 months ended 31 December 2022 $ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Payments to suppliers and employees | | (5,366,145) | (2,756,341) |
| Interest received | | 109,112 | 24,426 |
| **NET CASH USED IN OPERATING ACTIVITIES** | 4 | **(5,257,033)** | **(2,731,915)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Receipts from Blue Chip Swaps transactions | | 4,942,590 | 6,776,715 |
| Expenditure on exploration | | (20,075,104) | (22,451,317) |
| Expenditure on property, plant, and equipment | | (54,736) | (113,241) |
| **NET CASH USED IN INVESTING ACTIVITIES** | | **(15,187,250)** | **(15,787,843)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Loans received | 11 | - | 21,835,078 |
| Repayment of loans | | (17,055) | (1,220,000) |
| Proceeds from share issue | | 10,000,000 | 2,600,000 |
| Costs of loan facility | | - | (841) |
| Share issue costs | | (684,625) | (199,107) |
| **NET CASH PROVIDED BY FINANCING ACTIVITIES** | | **9,298,320** | **23,015,130** |
| **NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS** | | **(11,145,963)** | **4,495,372** |
| Cash and cash equivalents at beginning of the period | | 15,426,824 | 10,415,522 |
| Effect of movements in exchange rates on cash held | | 65,122 | 515,930 |
| **CASH AND CASH EQUIVALENTS AT END OF THE PERIOD** | 4 | **4,345,983** | **15,426,824** |

*The accompanying notes form part of these financial statements.*

## 1. STATEMENT OF MATERIAL ACCOUNTING POLICY INFORMATION

### (a) Basis of preparation

Challenger Gold Limited is a for-profit listed public company limited by shares that is incorporated and domiciled in Australia. The Group has operations in Ecuador and Argentina and its principal activities are exploration for gold and copper.

The financial report is a general purpose financial report, which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial information has been prepared on the accruals basis and is based on historical costs with the exception of any financial instruments measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars.

The financial report was authorised for issue on the date of the signing of the Directors' Declaration.

The financial report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

**Change in Financial Year End Date**

In November 2022, the Company obtained approval from the Australian Securities and Investments Commission ("ASIC") to change its financial year end date from 30 June to 31 December. As a result, the current financial year of the Group is the 12 month period 1 January 2023 to 31 December 2023.

As such, the comparatives presented in the financial report are not entirely comparable as the amounts that are 6 months from 1 July 2022 to 31 December 2022, being the most recent audited comparative period.

The following is a summary of the material accounting policy information adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

### (b) Adoption of new and revised standards

*Standards and Interpretations applicable to 31 December 2023*

In the financial year ended 31 December 2023, the Directors have adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual reporting period. As a result of this review the Group has not identified any material changes that need to be applied.

*Standards and Interpretations issued and not yet adopted*

The Directors are in the process of reviewing all Standards and Interpretations in issue not yet adopted for the financial year ended 31 December 2023. Based on the review to date, the Directors do not expect that there is material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change will be expected to the Group's accounting policies.

### (c) Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group has a net current liability position of $ 11,622,910 at 31 December 2023 (31 December 2022: net current liability position of $4,794,196) and a net cash outflow from operating and investing activities of $5,257,033 and $15,187,250 respectively for the 12 month period ended 31 December 2023 (6 month period to 31 December 2022: $2,731,915 and $15,787,843 respectively). The net current liability position as at 31 December 2023 is due to the carrying value of the debentures issued during the period and the associated embedded derivatives totalling $15,307,457 being recognised as a current liability. As disclosed in note 11, even though the debentures are not due to be repaid until 12 September 2026, they can be converted to equity at any time at the option of the Debenture holder during their term, resulting in the current classification of all debenture related liabilities. The Group has cash and cash equivalents of $4,345,983 at 31 December 2023 (31 December 2022: $15,426,824).

Subsequent to balance date the Company raised $5,642,069 through the issue of 66,377,283 ordinary shares and 66,377,283 options with an expiry date of 12 months from the closing date and an exercise price of $0.14, under the Company's existing 7.1 and 7.1A placement capacity.

The Group will require further funding to progress its exploration projects. Based on the Group's cash flow forecast for the period ending 31 March 2025, the Board of Directors is aware of the Group's need to access additional capital in the next 12 months to enable the Group to continue its normal business activities to ensure the realisation of assets and extinguishment of liabilities as and when they fall due, including progression of its exploration interests.

Based on the Group's demonstrated ability to successfully raise capital from multiple sources, the directors are satisfied that at the date of signing of the financial report, there are reasonable grounds to believe that the Group will be able to raise additional funding, either from debt or equity markets to enable it to pay its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis.

In the event that all the funding options available to the Group do not transpire and the Group is unable to meet its liabilities by their respective due dates, there is material uncertainty as to whether the Group can continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the consolidated financial statements.

The consolidated financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that may be necessary should the Group not be able to continue as a going concern.

**(d) Hyperinflation**

The Group's accounting policy in relation to the adoption of AASB 129 *Financial Reporting in Hyperinflationary Economies* (AASB 129) applied in relation to its subsidiary, Golden Mining SA (Argentine peso) is disclosed below:

AASB 129 requires that the financial statements of entities whose functional currency is that of a hyperinflationary economy to be adjusted for the effects of changes in a suitable general price index and to be expressed in terms of the current unit of measurement at the closing date of the reporting period.

For the purposes of concluding on whether an economy is categorised as high inflation under AASB 129, the standard details a series of factors to consider, including a cumulative inflation rate over three years that is close to or exceeds 100%. Based on these factors, the Argentine economy has been considered a high inflation economy for accounting periods ending on or after 1 July 2018.

In accordance with AASB 129, the financial statements of an entity that reports in the currency of a high-inflation economy must be reported in terms of the unit of measure in effect at the date of the financial statements. All amounts in the statement of financial position that are not indicated in terms of the current unit of measure at the date of the financial statements must be restated by applying a general price index. All the components of the income statement must be indicated in terms of the unit of measurement updated at the date of the financial statements, applying the change in the general price index that has occurred since the date on which the income and expenses were originally recognised in financial statements.

The Argentine Securities Commission established that the series of indexes to be used in the AASB 129 application is the one established by the Argentine Federation of Professional Councils in Economic Sciences. The inflation was 211.4% and 95.0% in the year ended 31 December 2023 and 31 December 2022, respectively. The effects of the application of AASB 129 are detailed below:

**Statement of financial position**

i. The monetary items (those with a fixed face value in local currency) are not restated as these are stated in the current measurement unit at the closing date of the reported period. In an inflationary period, keeping monetary assets causes the loss of purchasing power and keeping monetary liabilities causes gain in purchasing power as long as those items are not tied to an adjustment mechanism compensating those effects. The monetary loss or gain is included in the statement of profit or loss and other comprehensive income for the reported period.
ii. Non-monetary items that are measured at their current values at the end of the reported period are not restated. However, an adjustment process must be completed to determine the impact to the statement of profit or loss and other comprehensive income for holding these non-monetary items at a uniform

measurement unit instead of a current measurement unit. There were no non-monetary items measured at current values as at 31 December 2023 and 31 December 2022.

iii. Non-monetary items at historical cost or measured at current values based on previous dates to the reported period are restated at rates to reflect the movement that has occurred from the acquisition or current value date until the reported period date. The amounts restated for these assets are then compared with the corresponding recoverable values. As a result, depreciation and amortisation is determined in accordance with the new restated amounts. Non-monetary items at historical cost are property, plant and equipment, exploration and evaluation assets and deferred tax liabilities.

**Statement of profit or loss and other comprehensive income**

iv. Income and expenses, which includes interest and currency exchange differences are restated from the original date of recognition. This is except for items such as depreciation and amortisation as explained above in (d)iii. Where there is income or losses arising from using two different measurement units i.e., items measured at different dates, it is necessary to identify the compared amounts, separately restate them and compare them again, but with amounts already restated.

v. The income or losses arising due to the exposure to the change in purchasing power of currency due to the holding of monetary assets and liabilities is shown in a separate item in the statement of profit or loss and other comprehensive income for the period.

vi. The restatement of non-monetary assets in the terms of the current unit of measurement at the end of the reporting period without an equivalent adjustment for tax purposes, results in a temporary taxable difference and the recognition of a deferred tax liability. The movement in any deferred tax balances is recognised through the statement of profit or loss and other comprehensive income.

**Statement of changes in equity**

vii. All components of equity are restated by applying the general prices index as from the beginning of the period. Movements in relation to the components of equity is determined based on the original recognition date with the exception of share capital which is maintained at its nominal value.

Assets, liabilities, equity items, income (excluding comparatives) of the subsidiary in Argentina whose functional currency is the currency of a hyperinflationary economy is translated into the AUD presentation currency at the closing rate at the date of the most recent statement of financial position.

The Group's comparative balances and amounts were presented in a stable currency and therefore are not adjusted for subsequent changes in the price level or exchange rates. This resulted in a difference, arising on the adoption of hyperinflation accounting, between the closing equity of the previous year and the opening equity of the current year. The Group recognised this difference directly in the foreign currency translation reserve in the statement of changes in equity.

**(e) Basis of Consolidation**

The consolidated financial statements comprise of the separate financial statements of Challenger Gold Limited ("Company" or "Parent") and its subsidiaries as at 31 December each year (the "Group").

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.
A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent, using consistent accounting policies.

Business combinations have been accounted for using the acquisition method of accounting. Investments in subsidiaries are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate statement of profit or loss and other comprehensive income of the parent entity, and do not impact the cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.
Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interest even if it results in a deficit balance.

**(f) Income Tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, as at the end of the reporting period.

Deferred income tax is provided on all temporary differences as at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted, or substantively enacted, as at the end of the reporting period.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

**(g) Exploration and Evaluation Expenditure**

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(a) the rights to tenure of the area of interest are current; and
(b) at least one of the following conditions is also met:

(i) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
(ii) exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of asset used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.
Where technical and financial viability are demonstrable to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

**(h) Trade and Other Payables**

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Amounts are unsecured and are usually paid within 30 to 45 days of recognition.

**(i) Cash and Cash Equivalents**

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purpose of the statement of cash flows, cash consists of cash and cash equivalents as defined above, net of bank overdrafts.

**(j) Other Receivables**

All receivables other than statutory receivables such as VAT and GST are held at amortised cost less any expected credit loss. An expected credit loss provision, when applicable, is made to reflect changes in credit risk since the initial recognition.

**(k) Foreign Currency Translation**

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of the Group are United States Dollars (USD), Argentinian Peso's, South African Rand (ZAR) and Australian Dollars (AUD). The presentation currency is Australian Dollars (AUD).

As at reporting date the assets and liabilities of the non-hyperinflationary subsidiaries are translated into the presentation currency of Challenger Gold Limited at the rate of exchange ruling at the end of the reporting period and income and expenses are translated at the weighted average exchange rate for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

**(l) Earnings Per Share ("EPS")**

Basic earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit or loss attributable to members of the parent, adjusted for: costs of servicing equity (other than dividends) and preference share dividends; the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that would have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares divided by the weighted average number of shares and dilutive potential shares, adjusted for any bonus element.

**(m) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

**(n) Trade Receivables**

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

A provision for impairment is established based on 12-month expected credit losses unless there has been a significant increase in credit risk when lifetime expected credit losses are recognised. The amount of any provision is recognised in profit or loss.

**(o) Issued Capital**

Issued and paid up capital is recognised at the fair value of the consideration received. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

**(p) Other Income**

The following specific recognition criteria must also be met before income is recognised:

*Interest*

Interest income is recognised as the interest accrues on the related financial asset. Interest is determined using the effective interest rate method, which applies the interest rate that discounts estimated future cash receipts over the expected life of the related financial asset.

*Gain/loss on Foreign Exchange Conversion*

Blue chip swaps are bought in USD and sold in Argentinian Peso's on the same day. The income/loss is recognised on the day of the sale.

**(q) Property, Plant & Equipment**

Property, plant & equipment is measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight line basis on all property, plant and equipment over 3 to 10 years . The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

*(i) Impairment*

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its approximate fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of profit or loss and other comprehensive income.

*(ii) Derecognition and disposal*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

**(r) Share-based Payment Transactions**

*Equity settled transactions:*

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black & Scholes option-pricing model or by an external valuer using Monte Carlo Simulation. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Challenger Gold Limited.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of profit or loss and other comprehensive income charge or credit for a period represents the movement in cumulative

expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.
If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, measured at the modification date.
If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

**(s) Financial Liabilities**

Financial liabilities are measured at fair value on recognition and are subsequently measured at amortised cost using the effective interest rate method, except for financial liabilities designated at fair value through profit or loss, that are carried subsequently at fair value with gains and losses recognised in the profit or loss statement.

The effective interest method is a method of calculating the amortised cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. Where the movement in fair value is due to a change in the entity's credit risk, such gain / loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

*Interest Bearing Liabilities*

Interest bearing liabilities are initially recognised at fair value, net of any transaction costs incurred. These balances are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the term of the liability using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the term of the facility to which it relates. Interest bearing liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

*Convertible Debentures*

The component of convertible debentures that exhibit characteristics of a liability is recognised as a financial liability in the balance sheet, net of transaction costs being the debt component. On issuance of convertible debentures, the amount initially attributed to the debt component equals the discounted cashflows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. This amount is carried as a short-term liability on an amortised basis until extinguished on conversion or redemption. The increase in liability due to the passage of time is recognised as a finance cost.

On issuance of the convertible debenture, the conversion component is recognised as a derivative financial liability at fair value. This is recognised as a financial liability designated at fair value through profit or loss remeasured at each balance date.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another liability on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**(t) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

**(u) Employee leave benefits**

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled.

**(v) Significant accounting judgements, estimates and assumption**

The application of accounting policies requires the Group's management to make estimates and assumptions that affect the carrying values of assets and liabilities that are not readily apparent from other sources. The determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience, current and expected economic conditions and expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

Estimates and underlying assumptions are evaluated on an ongoing basis.

Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below.

**Estimates and assumptions**

*Share-based Payments*

The Group measures the cost of equity-settled transactions with employees and consultants, where the fair value of the services provided cannot be reliably measured by reference to the fair value at grant date using the Black & Scholes formula or Monte Carlo Simulation, taking into account the terms and conditions upon which the instruments were granted as well as the probability that various non-market vesting conditions are being met. The assumptions used are detailed in Note 17.

*Exploration and evaluation expenditure carried forward*

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

In addition to applying judgement to determine whether future economic benefits are likely to arise from the Group's exploration and evaluation assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Group has to apply a number of estimates and assumptions. The determination of a Joint Ore Reserves Committee (JORC) resource is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e., measured, indicated or inferred).

Estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely the relevant capitalised amount is written off to the statement of profit or loss and other comprehensive income in the period when the new information becomes available.

For exploration and evaluation carried forward, the Group continues to assess the stage of the projects based on whether the projects have met technical and commercial feasibility completion, which includes financing approval. for Hualilan, at 31 December 2023. A bankable feasibility study (BFS) or a definitive feasibility study (DFS) have not been completed (being technical feasibility) and financing options and approval have not been confirmed (commercial feasibility), therefore continues to be recognised as capitalised exploration and evaluation.

*Impairment of exploration and evaluation assets*

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment on a regular basis or whenever impairment indicators are present. When information becomes available suggesting that the recovery of expenditure which had previously been capitalised is unlikely or that the Group no longer holds tenure, the asset is tested to determine the recoverable amount and assess whether this is below carrying amount. If the recoverable amount is below the carrying amount, then the asset is impaired.

The determination as to whether there are any indicators to require capitalised exploration and evaluation expenditure to be assessed for impairment, involves a number of judgments including whether the Group has tenure, whether it will be able to perform ongoing expenditure and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. The Group performed an assessment of the impairment indicators at period end, taking into account the following factors:

- The Group still has the right to explore the tenements;
- To date there have been no adverse findings reported or identified from technical studies undertaken that would affect the Group or the exploration and evaluation expenditure assets of the Group; and
- Substantial further expenditure is forecast at 31 December 2023 and beyond, to continue to advance development for the tenements held by the Group.

As a result of considering these factors, the directors did not identify any impairment indicators.

*Fair value of derivative financial liability*

Estimating fair value for the derivative financial liability requires the determination of the most appropriate valuation model and the determination of the most appropriate inputs to the valuation model. The assumptions used for estimating the fair value of the derivative financial liability are disclosed in Note 11.

**(w) Parent Entity Disclosures**

The financial information for the parent entity, which is the legal parent Challenger Gold Limited, disclosed in Note 26 has been prepared on the same basis as the consolidated financial statements, except as set out below.

*Investments in subsidiaries*

Investments in subsidiaries are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate statement of profit or loss and other comprehensive income of the parent entity, and do not impact the cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

## 2. OTHER INCOME

| | Consolidated 12 months ended 31 December 2023 $ | Consolidated 6 months ended 31 December 2022 $ |
|---|---|---|
| Fair value gain on derivative liability – see note 11 | 5,817,504 | 2,448,501 |
| Gain on Blue Chip Swaps (a) | 3,174,657 | 7,865,549 |
| Foreign exchange gain | 512,718 | 968,606 |
| Interest received | 113,013 | 24,426 |
| Profit on sale of equipment | 4,170 | - |
| | **9,622,062** | **11,307,082** |

(a) In 2019, the Argentine government reinstituted exchange controls restricting the purchase of foreign currencies. As a result of these exchange controls, the Group use a legal trading mechanism commonly known as the Blue Chip Swap in which the Argentinian subsidiary, Golden Mining SA, buys Argentinian securities in USD, who then sells the securities in Argentina for Argentinian Peso on the same day. This is to enable the Group to fund working capital in its Argentinian operations. The Blue Chip Swap rate has diverged significantly from Argentina’s official exchange rate resulting in the Group recognising a gain from Blue Chip Swap transactions.

The Blue Chips Swaps are financial instruments where the gain or loss associated with the trading of these financial instruments are treated as other income or other expenses. The Group holds no Blue Chip Swaps at 31 December 2023 (31 December 2022: nil) and never holds Blue Chip Swaps overnight.

| | Consolidated 12 months ended 31 December 2023 $ | Consolidated 6 months ended 31 December 2022 $ |
|---|---|---|
| **3. INCOME TAX** | | |
| Current tax | - | - |
| Deferred tax | (3,822,688) | 1,962,994 |
| Income tax (benefit)/expense | **(3,822,688)** | **1,962,994** |
| The prima facie tax (benefit)/expense on profit before income tax is reconciled to the net profit before income tax as follows: | | |
| Net profit before income tax | 50,039,112 | 26,647,964 |
| Prima facie tax benefit on result before income tax at 30% (31 December 2022: 30%) | 15,011,734 | 7,994,389 |
| Add: | | |
| - Share based payments | 258,062 | 75,876 |
| - Hyper inflation adjustments | (21,667,217) | (7,243,864) |
| - Non taxable fair value gain | (1,745,251) | (734,550) |
| - Differences in tax rate of subsidiaries operating in different jurisdictions | 2,549,218 | 1,323,383 |
| - Other deferred tax assets not recognised | 1,770,766 | 547,760 |
| Income tax (benefit) / expense | **(3,822,688)** | **1,962,994** |

| | As at 31 December 2023 $ | As at 31 December 2022 $ |
|---|---|---|
| The following tax deferred tax balances have been recognised: | | |
| Deferred tax assets / (liabilities) | | |
| Gain on blue chip swaps | (2,167,903) | (7,211,674) |
| Hyperinflation adjustments | (578,525) | (2,325,007) |
| Tax losses | 6,825,563 | 5,272,578 |
| Tax losses not recognised | (6,403,063) | (4,431,447) |
| | **(2,323,928)** | **(8,695,550)** |

The tax benefits of the above deferred tax assets will only be obtained if:

(a) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
(b) the Group continues to comply with the conditions for deductibility imposed by law; and
(c) no changes in income tax legislation adversely affect the Group in utilising the benefits.

**Tax consolidation**

**i. Members of the tax consolidated group and the tax sharing arrangement**

Challenger Gold Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2020. Challenger Gold Limited is the head entity of the tax consolidated group. Members of the tax consolidated group have not entered into a tax sharing agreement, as in Australia the group has nominal taxable income, however has an arrangement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote. A Tax Sharing Agreement and a Tax Funding Agreement may be entered into in the future.

### ii. Tax effect accounting by members of the tax consolidated group

*Measurement method adopted under AASB Interpretation 1052 Tax Consolidation Accounting*

Effectively, each entity is treated as though it is a separate division of the consolidated group, and transactions between entities that are part of the same consolidated group are ignored for Australian income tax purposes. However, entities that form part of a consolidated group for Australian income tax purposes remain separate legal entities. As such, they are still required to maintain, among other items, separate accounts and records. The asset-based model determines the tax cost base of assets held by a subsidiary member when it joins a consolidated group. The tax cost base to the head company of the joining entity's assets is determined through the allocation of the allocable cost amount ("ACA") to the entity's underlying assets. There is no resetting of the tax cost of assets held by the head company of a consolidated group.

## 4. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts. Cash at bank earns interest at floating rates based on a daily bank deposit rate.

| | **As at 31 December 2023 $** | **As at 31 December 2022 $** |
|---|---|---|
| Cash at Bank | **4,345,983** | **15,426,824** |

| | **Consolidated 12 months ended 31 December 2023 $** | **Consolidated 6 months ended 31 December 2022 $** |
|---|---|---|
| Reconciliation of net profit after tax to the net cash flows from operations: | | |
| Net profit | 53,861,800 | 24,684,970 |
| **Non-cash items:** | | |
| Depreciation | 174,996 | 69,275 |
| Finance costs – non-cash component relating to Debentures | 2,312,635 | 606,500 |
| Foreign exchange gains | (65,122) | (453,077) |
| Loss on sale of equipment | 4,170 | - |
| Share based payments | 860,205 | 252,920 |
| Fair value gain on derivative liability | (5,817,504) | (2,448,501) |
| Hyperinflation adjustments | (48,788,194) | (19,333,616) |
| Gain on sale of Blue-Chip Swaps | (3,174,657) | (7,865,549) |
| **Changes in assets and liabilities** | | |
| (Decrease)/Increase in Deferred Tax Liability | (3,822,688) | 1,962,994 |
| Decrease in receivables and prepayments | (190,122) | (41,252) |
| (Decrease) in payables and accruals | (612,552) | (166,579) |
| **Net cash flows (used in) from operating activities** | **(5,257,033)** | **(2,731,915)** |

Changes in liabilities arising from financing activities – refer to note 11.

## 5. OTHER RECEIVABLES

| Current | As at 31 December 2023 | As at 31 December 2022 |
|---|---|---|
| GST receivable | 31,891 | 39,429 |
| Other receivables | 145,878 | 141,871 |
| **Closing balance** | **177,770** | **181,300** |
| | | |
| **Non-current** | | |
| VAT receivable | **2,120,518** | **7,970,637** |

VAT receivable relates to exploration and evaluation expenditure in Argentina. The Secretary of Mining in Argentina allows the Group to present the VAT recovery only two times during the year and to present claims after 14 months from the date of invoices. All the relevant invoices are currently in the process of being recovered with the Secretary of Mining.

## 6. PREPAYMENTS

| | | |
|---|---|---|
| **Current** | | |
| Other pre-payments | **546,993** | **733,525** |

## 7. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

| | | |
|---|---|---|
| **Non-current** | | |
| Exploration and evaluation expenditure | **138,714,424** | **154,145,647** |
| | | |
| Opening balance | 154,145,647 | 133,675,262 |
| Exploration and evaluation expenditure | 19,986,418 | 24,386,715 |
| Foreign exchange movements | (35,417,641) | (3,916,330) |
| **Closing balance** | **138,714,424** | **154,145,647** |

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on the successful development and commercial exploitation or sale of the respective areas.

## 8. PROPERTY, PLANT AND EQUIPMENT

| | | |
|---|---|---|
| **Property, Plant and Equipment** | | |
| Cost | 685,517 | 1,110,048 |
| Accumulated depreciation | (117,995) | (239,995) |
| Net carrying amount | **567,522** | **870,053** |

## 9. TRADE & OTHER PAYABLES

| | | |
|---|---|---|
| **Current** | | |
| Trade creditors and accruals | **1,257,516** | **1,948,499** |

Terms and conditions:
Trade creditors are non-interest bearing and are normally settled on 30-day terms.

## 10. PROVISIONS

| | | |
|---|---|---|
| **Current** | | |
| Employee benefits | **112,480** | **103,133** |

The provision for employee benefits represents accrued annual leave entitlements.

## 11. INTEREST BEARING AND DERIVATIVE FINANCIAL LIABILITY

| | As at 31 December 2023 | As at 31 December 2023 |
|---|---|---|
| **Current** | | |
| Motor vehicle loan[1] | 16,203 | 38,740 |
| Debentures – loan component[2] | 14,269,314 | 12,189,826 |
| | **14,285,517** | **12,228,566** |
| Derivative financial liability – conversion component [2] | **1,038,143** | **6,855,647** |
| **Non-current** | | |
| Motor vehicle loan[1] | **46,065** | **259,309** |

[1]In the prior period, a loan funding arrangement was entered into to purchase four motor vehicles. The liability is denominated in Argentinian Peso at nominal interest rate of 131.72%. The Group is not exposed to the nominal interest rate as it maintains almost all of its cash in USD in Argentina, negating the effect of a hyperinflation-based interest rate.

**Movements in interest bearing loans and derivative financial liability:**

| **31 December 2023** | **Debentures – loan component[2] $** | **Derivative financial liability – conversion component[2] $** |
|---|---|---|
| At beginning of the period | 12,801,753 | 6,855,647 |
| Accrued interest | 3,726,107 | - |
| Interest paid | (2,031,893) | - |
| Foreign exchange loss | 218,384 | - |
| Fair value movement | - | (5,817,504) |
| | **14,714,351** | **1,038,143** |
| Deferred transaction costs | (445,037) | - |
| **Total** | **14,269,314** | **1,038,143** |

| **31 December 2022** | **Unsecured loan $** | **Debentures – loan component[2] $** | **Derivative financial liability – conversion component[2] $** |
|---|---|---|---|
| At beginning of the period | 1,220,000 | - | - |
| Advance from Convertible Debentures | - | 21,835,078 | - |
| Payment of unsecured loan | (1,220,000) | - | - |
| Recognition of derivative financial liability – conversion component | - | (9,304,148) | 9,304,148 |
| Accrued interest | - | 1,042,598 | - |
| Interest paid | - | (601,102) | - |
| Foreign exchange gain | - | (170,673) | - |
| Fair value movement | - | - | (2,448,501) |
| | **-** | **12,801,753** | **6,855,647** |
| Deferred transaction costs | - | (611,927) | - |
| **Total** | **-** | **12,189,826** | **6,855,647** |

[2]*Convertible Debentures*
The Group issued a USD $15 million 9% convertible debenture on 6 September 2022. The Debentures are convertible into fully paid equity securities in the share capital of the Group, at the option of the debenture holder, subject to and in accordance with the terms and conditions of the Debenture Agreement between the Group and the debenture holder.

The Debentures are unsecured with a coupon (interest) rate of 9% (7% payable in cash and 2% payable in either cash or Shares, at the debenture holder's election) payable quarterly in arrears. The Share price used to calculate the number of Shares to be issued for the interest component payable in Shares is the to 20 day VWAP ending three trading days prior to the interest being payable. The Debentures have a four-year term from closing and will be repayable by the Group upon expiry of that period to the extent not otherwise converted earlier into Shares. The Debentures can be converted to equity at any time at the option of the Debenture holder during their term, resulting in the current classification of all debenture related liabilities.

Upon closing, the Group paid the debenture holder an establishment fee equal to 3% of the principal amount of the debenture in shares of $667,957. The establishment fee is amortised over the life of the debenture.

The Debenture gives the holders option to convert the debenture into equity (being a call option) and the associated potential issue of shares give rise to a variable amount, in Australian dollars, of equity that would be issued by the Group and therefore the debenture fails to meet the requirements to be classified as equity. It was concluded that the Derivative Financial liability – conversion component is not clearly and closely related to the debt host contract and is therefore bifurcated and measured separately. The Derivative Financial liability – conversion component has therefore been accounted as fair value through profit and loss, with the conversion feature dependant on foreign exchange rates and other factors as set out below.

In relation to the conversion feature of the Debenture, Management performed a valuation at fair value on initial recognition and at the balance date with the movement in the fair value recognised in the profit or loss. The loan component of Debentures is measured at fair value on recognition and are subsequently measured at amortised cost using the effective interest rate method.

**Valuation of Derivative Financial liability – conversion component**

In relation to the conversion feature of the Debenture, Management performed a valuation at fair value at the balance date using a Binomial pricing model with the movement in the fair value being a decrease recognised in the profit or loss.

***Share Price*:** CEL's share price based on the company's closing share price as at 31 December 2023 and 31 December 2022. The significant decrease in the company's share price at 31 December is the key driver for the significant decrease in the fair value of the conversion component.

***Volatility***: Calculated using implied volatility of 70% for the CEL share price at 31 December 2023 (70% at 31 December 2022);

***Risk free rate***: The Australian 3.25 year bond rate of 3.605% (3.51% at 31 December 2022);

***Dividend yield***: Assumed that the Company will not pay a dividend during the life of the debenture;

***Foreign Exchange***: the interpolated RBA conversion rate of $0.6805 was used as the conversion rate from USD to AUD ($$0.6775 at 31 December 2022).

| | As at 31 December 2023 $ | As at 31 December 2022 $ |
|---|---|---|
| **12. ISSUED CAPITAL** | | |
| **(a) Issued Capital** | **134,013,483** | **123,620,259** |

| **Movement in ordinary shares on issue** | **Consolidated 12 months ended 31 December 2023** | | **Consolidated 6 months ended 31 December 2022** | |
|---|---|---|---|---|
| | **No** | **$** | **No** | **$** |
| At start of period | 1,045,815,039 | 123,620,259 | 1,027,713,580 | 120,378,045 |
| Shares issued for cash | 83,333,334 | 10,000,000 | 13,684,213 | 2,600,000 |
| Shares issued on conversion employee rights | 2,500,000 | 207,500 | - | - |
| Shares issued on vesting of performance shares | 120,000,000 | - | | |
| Shares issued in lieu of cash | 9,520,001 | 870,349 | 4,417,246 | 825,720 |
| Transaction costs relating to issued shares | - | (684,625) | - | (183,506) |
| | **1,261,168,374** | **134,013,483** | **1,045,815,039** | **123,620,259** |

The Group does not have authorised capital nor par value in respect of its issued capital. Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Group, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Group.

**b) Options**

At the date of this report 10,000,000 unlisted options (31 December 2022: 10,000,000) over new ordinary shares in the Company were on issue:

| **Type** | **Date of Expiry** | **Exercise Price** | **Number under Option** |
|---|---|---|---|
| Unlisted | 14 April 2025 | $0.45 | 10,000,000 |

No ordinary shares were issued upon the exercise of options during or since the end of the period ended 31 December 2023 and up to the date of this report.

**PERFORMANCE SHARES**

At the date of this report, there are no Performance Shares over new ordinary shares in the Group were on issue.

120,000,000 Performance Shares were issued as part of the Group's acquisition of AEP Corporation Pty Ltd disclosed in the Prospectus document dated 16 May 2019.

| **Type** | **Number** |
|---|---|
| Performance A | 60,000,000 |
| Performance B | 60,000,000 |

Class A Performance Shares had the following vesting conditions:

A JORC Compliant Mineral Resource Estimate of at least Inferred category on either Project of the following:

i. a minimum 500,000 ounces of gold (AU) or Gold Equivalent (in accordance with clause 50 of the JORC Code) at a minimum grade of 6 grams per tonne Gold Equivalent; or
ii. a minimum 1,500,000 ounces of gold (AU) or Gold Equivalent (in accordance with clause 50 of the JORC Code) at a minimum grade of 2.0 grams per tonne Gold Equivalent; or

iii. a minimum 3,000,000 ounces of gold (AU) or Gold Equivalent (in accordance with clause 50 of the JORC Code) at a minimum grade of 1.0 grams per tonne Gold Equivalent.

Class B Performance Shares will vest on the completion and announcement by Challenger (subject to the provision of information allowable at the time of completion) of a positive Scoping Study (as defined in the JORC Code) on either the Hualilan Project or the El Guayabo Project by an independent third-party expert which evidences an internal rate of return of US Ten Year Bond Rate plus 10% (using publicly available industry assumptions, including deliverable spot commodity mineral prices, which are independently verifiable) provided that the total cumulative EBITDA over the project life is over US$50m.

All Performance Shares vested during the financial year ended 31 December 2023 and accordingly 120,000,000 fully paid ordinary shares were issued.

**PERFORMANCE RIGHTS**

At 31 December 2023, 16,000,000 Performance Rights over new ordinary shares in the Group were on issue:

| Type | Number |
|---|---:|
| Class A | 8,000,000 |
| Class B | 8,000,000 |

Class A Performance Rights have the following vesting conditions:

A JORC Compliant Mineral Resource Estimate of at least Inferred category on either Project of the following:

i. a minimum 500,000 ounces of gold (AU) or Gold Equivalent (in accordance with clause 50 of the JORC Code) at a minimum grade of 6 grams per tonne Gold Equivalent; or
ii. a minimum 1,500,000 ounces of gold (AU) or Gold Equivalent (in accordance with clause 50 of the JORC Code) at a minimum grade of 2.0 grams per tonne Gold Equivalent; or
iii. a minimum 3,000,000 ounces of gold (AU) or Gold Equivalent (in accordance with clause 50 of the JORC Code) at a minimum grade of 1.0 grams per tonne Gold Equivalent.

Class B Performance Rights will vest on the completion and announcement by Challenger (subject to the provision of information allowable at the time of completion) of a positive Scoping Study (as defined in the JORC Code) on either the Hualilan Project or the El Guayabo Project by an independent third-party expert which evidences an internal rate of return of US Ten Year Bond Rate plus 10% (using publicly available industry assumptions, including deliverable spot commodity / mineral prices, which are independently verifiable) provided that the total cumulative EBITDA over the project life is over US$50m.

These Performance Rights vested during the financial year ended 31 December 2023. No ordinary shares were issued upon the vesting of performance rights during or since the end of the financial year ended 31 December 2023, as the rights have not been exercised.

**INCENTIVE PERFORMANCE RIGHTS**

At 31 December 2023, 28,272,427 Incentive Performance Rights over new ordinary shares in the Group were on issue:

| Type | Number |
|---|---:|
| Incentive Performance Rights[(a)] | 267,027 |
| Incentive Performance Rights[(a)] | 8,505,400 |
| Incentive Performance Rights [(b)] | 16,500,000 |
| Incentive Performance Rights [(c)] | 3,000,000 |

[(a)]Incentive Performance Rights had the vesting condition that the holder must remain employed or engaged by the Group and are fully vested.

[(b)] During the financial year ended 31 December 2023, 19,000,000 Performance Rights were issued to an employee and will convert into ordinary shares as follows:

| Number of Performance Rights | Milestones |
|---|---|
| 2,500,000 | Upon the successful completion of a scoping study that leads to an announcement that the Hualilan Project will progress to a Pre-feasibility study (PFS). |
| 2,500,000 | Upon the successful completion of a PFS for the Hualilan Project that leads to an announcement that the Hualilan Project will progress to either a bankable feasibility study (BFS) or a definitive feasibility study (DFS). |
| 2,000,000 | Upon the successful completion of a BFS or DFS that leads to an announcement that the Hualilan Project will progress to construction. |
| 2,000,000 | Upon the commissioning of a processing plant for the Hualilan Project. |
| 5,000,000 | Upon the announcement of a mineral resource estimate for the El Guayabo Project of not less than 20 million ounces of gold equivalent. |
| 5,000,000 | Upon the successful completion of either a preliminary economic assessment or scoping study at the El Guayabo Project demonstrating total production of at least 10 million ounces of Gold Equivalent. |

The fair value of the performance rights was determined to be the share price at the issuance date. 2,500,000 ordinary shares were issued upon the vesting of performance rights during the financial year ended 31 December 2023. For the remaining 16,500,000 performance rights, management assessed that at 31 December 2023, it is not probable that the vesting conditions would be met and therefore no expenses were recognised. No ordinary shares were issued upon the vesting of performance rights since the end of the period ended 31 December 2023.

[(c)] During the period, 3,000,000 Performance Rights were issued to Pini Althaus, a member of the KMP and will convert into ordinary shares as follows:

| Number of Performance Rights | Milestones |
|---|---|
| 1,000,000 | The Company's share price trading on ASX at a volume weighted average price (VWAP) at or above a price of A$0.30 per share for 20 consecutive trading days on which the Company's shares have actually traded or before 8 February 2024. |
| 1,000,000 | The Company's share price trading on ASX at a VWAP at or above a price of A$0.40 per share for 20 consecutive trading days on which the Company's shares have actually traded or before 8 February 2025. |
| 1,000,000 | The Company's share price trading on ASX at a VWAP at or above a price of A$0.40 per share for 20 consecutive trading days on which the Company's shares have actually traded or before 8 February 2026. |

1,000,000 Performance Rights lapsed on 8 February 2024 because the milestone had not been or had become incapable of being satisfied.

For these performance rights, management obtained an external valuation using Monte Carlo Simulation to measure the fair value of the performance rights at the balance date. The following assumptions were used:

***Share Price*:** CEL's share price based on the valuation date of 7 February 2023 of $0.16

***Volatility***: Calculated using implied volatility of 70% for the CEL share price at 31 December 2023

***Risk free rate***: The Australian 3.25 year bond rate of 3.605%

***Dividend yield***: Assumed that the Company will not pay a dividend during the life of the debenture;

| | As at 31 December 2023 $ | As at 31 December 2022 $ |
|---|---|---|
| **13. RESERVES** | | |
| Option reserve | 784 | 784 |
| Share based payments reserve | 4,700,734 | 4,081,363 |
| Foreign currency translation reserve | (111,326,470) | (24,624,354) |
| | **(106,624,952)** | **(20,542,207)** |

**a) Movements in Reserves**

**Share based payment reserve**

| | | |
|---|---|---|
| Opening balance | 4,081,363 | 3,828,443 |
| Share based payment expense | 619,371 | 252,920 |
| | **4,700,734** | **4,081,363** |

The share based payment reserve is used to recognise share based payments in relation to those provided to directors, executives and employees as part of their remuneration and non-employees for their services. Refer to note 17 for further details of the share based payments during the period.

**Foreign currency translation reserve**

| | | |
|---|---|---|
| Opening balance | (24,624,354) | (3,903,087) |
| Foreign currency translation | (86,702,116) | (20,721,267) |
| | **(111,326,470)** | **(24,624,354)** |

The foreign exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in note 1(k). The reserve is recognised in profit and loss when the net investment is disposed of.

## 14. PERFORMANCE SHARES

At 31 December 2023, there are no Performance Shares over new ordinary shares in the Company (31 December 2022: 120,000,000 Performance Shares, which were issued as part of the Group’s acquisition of AEP Corporation Pty Ltd disclosed in the Prospectus document dated 16 May 2019). 120,000,000 ordinary shares were issued upon the vesting of performance shares during the financial year.

Refer to note 12 for details.

## 15. PERFORMANCE RIGHTS

At the date of this report, 16,000,000 Performance Rights over new ordinary shares in the Company were on issue. Refer to note 12 for details.

The relevant interests held by each Director in shares, options, performance shares and performance rights of the Company at the date of this report are included in the Remuneration Report above.

An assessment has been made at each balance date as the certainty of meeting the vesting conditions by an expected vesting date. At the date of this report, these performance rights are fully vested with an amount being recognised in share based payments expense for the year. However, these Performance Rights have not been exercised.

## 16. INCENTIVE PERFORMANCE RIGHTS

At the date of this report, 27,272,427 Incentive Performance Rights over new ordinary shares in the Company were on issue. Refer to note 12 for details.

2,500,000 ordinary shares were issued upon the vesting of performance rights during the financial year ended 31 December 2023.

No ordinary shares were issued upon the vesting of performance rights or performance shares during the financial ended 31 December 2022.

The relevant interests held by each Director in shares, options, performance shares and performance rights of the Company at the date of this report are included in the Remuneration Report above.

## 17. SHARE BASED PAYMENTS

**Recognised share-based payment transactions**

| | Consolidated 12 months ended 31 December 2023 $ | Consolidated 6 months ended 31 December 2022 $ |
|---|---|---|
| *Recognised as part of capitalised exploration and evaluation* | | |
| Supplier share based payment | 139,903 | 48,788 |
| *Operating expenses* | | |
| Employee share-based payments | 860,205 | 252,920 |

**Employee share based payment plan**

The Group has established an Employee Incentive Plan ('Plan'). The objective of the Plan is to assist in the recruitment, reward, retention and motivation of employees of Challenger Gold Limited. Under the Plan, the Directors may invite individuals acting in a manner similar to employees to participate in the Plans and receive options and / or performance rights. An individual may receive the options and / or performance rights or nominate a relative or associate to receive the options and / or performance rights. The Plan is open to directors, executive officers, nominated consultants and employees of Challenger Gold Limited.

The fair value at grant date of performance rights granted was determined using the Company's share price on the grant date. The table below summaries performance rights granted under Incentive Performance Rights Plan:

| Grant Date | Expiry date | Balance at 31 December 2022 Number | Granted Number | Exercised Number | Expired Number | Balance at 31 December 2023 Number | Vested and exercisable at 31 December 2023 Number |
|---|---|---|---|---|---|---|---|
| 16 March 2020 | 4 July 2026 | 267,027 | - | - | - | 267,027 | 267,027 |
| September 2021 | 4 July 2026 | 8,505,400 | - | - | - | 8,505,400 | 8,505,400 |
| 4 May 2023 | 4 July 2030 | - | 19,000,000 | (2,500,000) | - | 16,500,000 | - |
| 21 June 2023 | 8 February 2024 | - | 1,000,000 | - | - | 1,000,000* | - |
| 21 June 2023 | 8 February 2025 | - | 1,000,000 | - | - | 1,000,000 | - |
| 21 June 2023 | 8 February 2026 | - | 1,000,000 | - | - | 1,000,000 | - |
| Total | | 8,772,427 | 22,000,000 | (2,500,000) | - | 27,272,427 | 8,772,427 |

There were no performance rights forfeited or cancelled during the year. The performance rights are issued for Nil consideration and have an exercise price of Nil.
* These performance rights expired subsequent to 31 December 2023.

## 18. KEY MANAGEMENT PERSONNEL EMOLUMENTS

### (a) Details of Key Management Personnel

Sergio Rotondo– Executive Chairman
Kris Knauer – Managing Director
Sonia Delgado – Executive Director, appointed 28 November 2023
Fletcher Quinn – Non-Executive Director, appointed 8 February 2023
Pini Althaus – Non-Executive Director
Brett Hackett – Non-Executive Director, appointed 4 May 2023
Scott Funston – Company Secretary and Chief Financial Officer for the full year, resigned 4 May 2023 as Executive Director.

Directors' remuneration and other terms of employment are reviewed annually by the board having regard to performance against goals set at the start of the period, relative comparative information and independent expert advice, as appropriate.

### (b) Compensation of Key Management Personnel

The aggregate compensation paid to Directors and other members of key management personnel is out below:

| | Consolidated 12 months ended 31 December 2023 $ | Consolidated 6 months ended 31 December 2022 $ |
|---|---|---|
| Short-term employee benefits | 939,938 | 407,712 |
| Share-based payments | 454,316 | 48,949 |
| | **1,394,254** | **456,661** |

Further details of key management personnel remuneration have been included in the Remuneration Report section of the Directors' Report.

### (c) Other Transactions with Key Management Personnel

Mr Quinn controls Seco Resources Pty Ltd ("Seco"). Seco has provided his services as Chairman to a value of $60,000 (6 months ended 31 December 2022: $30,000) to Challenger during the period on normal commercial terms. This amount is included in the Remuneration Report section of the Directors' Report. $5,000 (6 months ended 31 December 2022: $5,000) was outstanding at period end.

Mr Knauer controls Greenfield Securities Pty Ltd ("Greenfield"). Greenfield has provided his services as Managing Director and CEO to a value of $295,000 (6 months ended 31 December 2022: $147,500) to Challenger during the period on normal commercial terms. This amount is included in the Remuneration Report section of the Directors' Report. $24,583 (6 months ended 31 December 2022: $24,583) was outstanding at period end.

Mr Funston controls Resourceful International Consulting Pty Ltd ("Resourceful"). Resourceful has provided his services as Executive Director, Company Secretary and CFO to a value of $245,000 (6 months ended 31 December 2022: $122,500) to Challenger during the period on normal commercial terms. This amount is included in the Remuneration Report section of the Directors Report. $20,417 (6 months ended 31 December 2022: $20,417) was outstanding at period end.

### (d) Amounts owing to Key Management Personnel

A total of $50,000 was outstanding to Key Management Personnel as at 31 December 2023 (31 December 2022: $50,000), as noted above.

## 19. SEGMENT INFORMATION

The Group is organised into one business segment, being exploration operations with three geographies. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Maker ("CODM") in assessing performance and in determining the allocation of resources.

| **31 December 2023** | **Australia** $ | **Ecuador** $ | **Argentina** $ | **Consolidated** $ |
|---|---|---|---|---|
| Interest income | 91,190 | - | 21,823 | 113,013 |
| Other income | 5,307,578 | 4,170 | 4,197,301 | 9,509,049 |
| Segment income | **5,398,768** | **4,170** | **4,219,124** | **9,622,062** |
| | | | | |
| Segment profit / (loss) before income tax | (856,594) | (93,097) | 50,988,803 | 50,039,112 |
| | | | | |
| Segment assets | 43,366,259 | 26,718,649 | 76,388,302 | 146,473,210 |
| | | | | |
| Segment liabilities | 16,136,653 | 151,544 | 2,775,452 | 19,063,649 |
| | | | | |
| *Included within segment assets* | | | | |
| Cash at bank | 3,686,844 | 247,760 | 411,379 | 4,345,983 |
| Plant and equipment and exploration expenditure | 39,614,220 | 26,337,919 | 73,329,479 | 139,281,618 |

| **31 December 2022** | **Australia** $ | **Ecuador** $ | **Argentina** $ | **Consolidated** $ |
|---|---|---|---|---|
| Interest income | 24,426 | - | - | 24,426 |
| Other income | 3,417,107 | - | 7,865,549 | 11,282,656 |
| **Segment income** | 3,441,533 | - | 7,865,549 | 11,307,082 |
| | | | | |
| Segment profit / (loss) before income tax | 429,529 | (77,586) | 26,296,021 | 26,647,964 |
| | | | | |
| Segment assets | 50,337,662 | 21,367,869 | 107,622,455 | 179,327,986 |
| | | | | |
| Segment liabilities | 19,403,356 | 645,856 | 10,041,492 | 30,090,704 |
| | | | | |
| *Included within segment assets* | | | | |
| Cash at bank | 14,434,571 | 715,834 | 276,419 | 15,426,824 |
| Plant and equipment and exploration expenditure | 35,868,453 | 20,551,906 | 98,595,308 | 155,015,700 |

## 20. EARNINGS PER SHARE

| | **Consolidated 12 months ended 31 December 2023** $ | **Consolidated 6 months ended 31 December 2022** $ |
|---|---|---|
| The following reflects the loss and share data used in the calculation of basic earnings per share (EPS): | | |
| Profit used in calculation of basic EPS | **53,861,800** | **24,684,970** |
| | **Number** | **Number** |
| Weighted average number of ordinary shares on issue used in the calculation of basic and diluted EPS | **1,145,228,515** | **1,037,756,808** |
| The following reflects the profit and share data used in the calculation of diluted earnings per share (EPS): | | |
| Profit used in calculation of diluted EPS | **53,861,800** | **24,684,970** |
| | **Number** | **Number** |
| Weighted average number of ordinary shares on issue used in the calculation of basic and diluted EPS | **1,170,000,942** | **1,046,529,235** |

In considering the diluted earnings per share, the 10,000,000 options that were issued to Riverfort Capital LLC in previous periods and the shares in relation to the convertible debentures have no impact as these instruments are out of the money however could have a potential dilutive impact in future periods.

## 21. RELATED PARTY DISCLOSURE

**Interest in subsidiaries**

The consolidated financial statements include the financial statements of Challenger Gold Limited and the subsidiaries listed in the following table:

| Name | Country of Incorporation | Percentage of equity interest held by the Group | |
|---|---|---|---|
| | | 31 December 2023 | 31 December 2022 |
| AEP Corporation Pty Ltd | Australia | 100% | 100% |
| Bundu Oil & Gas Exploration Pty Ltd* | South Africa | 95% | 95% |
| Challenger Exploration Argentina Pty Ltd | Australia | 100% | 100% |
| Ecuador Mining Pty Ltd | Australia | 100% | 100% |
| Golden Mining SA** | Argentina | 100% | 100% |
| Ecuador Mining SA** | Ecuador | 100% | 100% |
| Torata Mining SA** | Ecuador | 100% | 100% |

*The assets held by Bundu Oil & Gas Exploration (Bundu) are not material and Bundu does not have a material non-controlling interest in the Group.

**These entities hold exploration tenements in Argentina and Ecuador.

| | Consolidated 12 months ended 31 December 2023 $ | Consolidated 6 months ended 31 December 2022 $ |
|---|---|---|
| **22. AUDITOR'S REMUNERATION** | | |
| *Fees to Ernst & Young Australia* | | |
| Fees for the review of the financial reports of the Group and any controlled entities at half-year | 30,000 | - |
| Fees for the audit of the financial reports of the Group and any controlled entities at year end | 52,050 | 50,000 |
| **Total fees to Ernst & Young Australia** | **82,050** | **50,000** |
| *Fees to other overseas member firms of Ernst & Young (Australia)* | | |
| Fees for the audit and review of the financial reports of the Group and any controlled entities | 94,652 | 129,369 |
| **Total fees to overseas member firms of Ernst & Young (Australia)** | 94,562 | 129,369 |
| **Total auditor's remuneration** | **176,702** | **179,369** |

## 23. FINANCIAL INSTRUMENTS

### (a) Financial risk management and risk policies

The Group's principal financial instruments comprise of cash, short-term deposits, convertible debentures and payables. The main purpose of these financial instruments is to hold funds for the entity's operations. The entity has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the entity's policy that no trading in financial instruments shall be undertaken. The main risks arising from the entity's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

**(b) Interest rate risk**

The Group is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return.

**31 December 2023**

| Consolidated | Less than 1 month | 1 to 3 months | 3 months to 1 year | 1 to 5 years | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **FINANCIAL ASSETS** | | | | | |
| Non-interest bearing trade receivables | 177,770 | - | - | - | 177,770 |
| Cash and cash equivalents | 4,345,983 | - | - | - | 4,345,983 |
| | **4,523,753** | **-** | **-** | **-** | **4,523,753** |
| **FINANCIAL LIABILITIES** | | | | | |
| Non-interest bearing trade payables | (1,257,516) | - | - | - | (1,257,516) |
| Fixed rate interest bearing liabilities | - | - | - | (14,269,314) | (14,269,314) |
| Derivative liability | (1,038,143) | - | - | - | (1,038,143) |
| Motor vehicle loan | - | - | (16,203) | (46,065) | (62,268) |
| **NET FINANCIAL ASSETS (LIABILITIES)** | **2,228,094** | **-** | **(16,203)** | **(14,315,379)** | **(12,103,488)** |

**31 December 2022**

| Consolidated | Less than 1 month | 1 to 3 months | 3 months to 1 year | 1 to 5 years | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **FINANCIAL ASSETS** | | | | | |
| Non-interest bearing | 914,825 | - | - | - | 914,825 |
| Cash and cash equivalents | 15,426,824 | - | - | - | 15,426,824 |
| | **16,341,649** | **-** | **-** | **-** | **16,341,649** |
| **FINANCIAL LIABILITIES** | | | | | |
| Non-interest bearing trade payables | (1,948,499) | - | - | - | (1,948,499) |
| Fixed rate interest bearing liabilities | - | - | - | (12,189,826) | (12,189,826) |
| Derivative liability | (6,855,647) | - | - | - | (6,855,647) |
| Motor vehicle loan | - | - | (38,740) | (259,309) | (298,049) |
| **NET FINANCIAL ASSETS (LIABILITIES)** | **7,537,503** | | **(38,740)** | **(12,449,135)** | **(4,950,372)** |

*Interest Rate Sensitivity Analysis*

At reporting date, if interest rates had been 50 basis points higher or lower than the prevailing rates realised, with all other variables held constant, there would have been an immaterial change in post-tax loss for the financial year ended 31 December 2023 (immaterial impact for financial year ended 31 December 2022). The impact on equity would have been the same.

Given rate of interest being fixed for the majority of the Group's financial liabilities (the Motor Vehicle loan and the debenture loan), there was minimal exposure to interest rate risk for the financial year ended 31 December 2023 (31 December 2022: Nil).

**(c) Fair value disclosure of financial assets and liabilities**

The fair value of a financial asset or a financial liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values of cash and cash equivalents other receivables, interest bearing liabilities and trade and other payables approximate their carrying values, as a result of their short maturity.

Fair value measurements recognised in the statement of financial position subsequent to initial fair value recognition can be classified into levels 1 to 3 based on the degree to which fair valuable is observable.

**Level 1** – Fair value measurements are those derived from quoted prices in active markets for identical assets and liabilities.

**Level 2** – Fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3** – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

There were no transfers between any levels of the fair value hierarchy in the current or prior years.

Refer to note 11 for further disclosure considerations for the inputs used to determine fair value for the derivative financial liability at fair value. The valuation techniques used have not changed for each of these financial instruments from the prior period.

The below is a quantitative sensitivity analysis as at 31 December 2023 relating to the derivative financial liability categorised as level 3 of the fair value hierarchy are shown below:

| **31 December 2023** | Significant unobservable input | Sensitivity of the input to fair value |
|---|---|---|
| Derivative financial liability | Volatility | 5% increase (decrease) would result in an increase (decrease) of $192,747 (decrease of $201,486) |
| **31 December 2022** | | |
| Derivative financial liability | Volatility | 5% increase (decrease) would result in an increase (decrease) of $515,460 (decrease of $531,341) |

**(d) Credit risk exposures**

The Group's maximum exposure to credit risk at each balance date in relation to each class of recognised financial assets is the carrying amount, net of any provision for expected credit loss, of those assets as indicated in the statement of financial position. The maximum credit risk exposure on other receivables of the Group at 31 December 2023 is $145,878 (31 December 2022: $141,871). There are no impaired receivables at 31 December 2023.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved annually. Most of the Group's cash is with reputable banks in Australia with strong credit ratings. The Group measures credit risk on a fair value basis.

*Concentration of Credit Risk*
The Group is not exposed to any individual customer.

The Group's VAT receivable is a statutory asset held with the Argentinian authorities and not considered a financial asset as defined under AASB 9.

**(e) Liquidity risk management**
The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. All associated financial assets and liabilities are classified as current.

As disclosed in note 11, even though the debenture is not due until 12 September 2026, they can be converted to equity at any time at the option of the Debenture holder during their term, resulting in the current classification of all debenture related liabilities.

**(f) Foreign exchange risk management**
The Group is exposed to US Dollar (USD) and South African Rand (ZAR) currency fluctuations. At 31 December 2023, there would have been an immaterial change in the post-tax operating loss as a result of a 10% change in the Australian Dollar (AUD) to the USD and ZAR. The impact to equity would be the same.

The Group use a legal trading mechanism commonly known as the Blue Chip Swap in which the Argentinian subsidiary, Golden Mining SA, buys Argentinian securities in USD, then sells the securities in Argentina for Argentinian Peso on the same day. This is to enable the Group to fund working capital in its Argentinian operations. See Note 2 for further information.

**(g) Capital Risk Management**
The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being gold exploration, it does not have ready access to credit facilities, with the primary source of funding being equity raisings. Accordingly, the objective of the Group's capital risk management is to balance the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. This is achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

## 24. CONTINGENT ASSETS AND LIABILITIES

There are no known contingent liabilities or contingent assets.

## 25. COMMITMENTS FOR EXPENDITURE

There are no commitments for expenditure as at 31 December 2023 (31 December 2022: $Nil).

## 26. PARENT ENTITY DISCLOSURES

Information relating to Challenger Gold Limited, the legal Parent entity, is detailed below:

| ***Financial position*** | **31 December 2023 $** | **31 December 2022 $** |
|---|---|---|
| **Assets** | | |
| Current assets | 3,752,039 | 14,469,210 |
| Non-current assets | 139,443,698 | 128,291,628 |
| ***Total assets*** | 143,195,737 | 142,760,838 |
| | | |
| **Liabilities** | | |
| Current liabilities | 15,786,176 | 19,052,843 |
| Non-current liabilities | - | - |
| ***Total liabilities*** | 15,786,176 | 19,052,843 |
| **Net Assets** | **127,409,561** | **123,707,995** |
| | | |
| **Equity** | | |
| Issued capital | 164,059,055 | 153,665,831 |
| Accumulated losses | (43,894,084) | (36,583,055) |
| Reserves | 7,244,590 | 6,625,219 |
| **Total equity** | **127,409,561** | **123,707,995** |

| ***Financial performance*** | | |
|---|---|---|
| (Loss)/income for the period | (7,311,029) | 770,483 |
| Other comprehensive income/(loss) | - | - |
| **Total comprehensive (loss)/income** | **(7,311,029)** | **770,483** |

## 27. SUBSEQUENT EVENTS

Subsequent to balance date the Company raised $5,642,069 through the issue of 66,377,283 ordinary shares and 66,377,283 options with an expiry date of 12 months from the closing date and an exercise price of $0.14, under the Company's existing 7.1 and 7.1A placement capacity.

***DIRECTORS' DECLARATION***

1. The Directors of the Company declare that:
    a. the financial statements, notes and the additional disclosures are in accordance with the Corporations Act 2001 including:

        i. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial year then ended; and

        ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements;

    b. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

    c. Subject to the achievement of matters detailed in note 1(c), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 31 December 2023.

This declaration is signed in accordance with a resolution of the Board of Directors.

Mr Kris Knauer
Managing Director

28 March 2024

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# Independent auditor's report to the members of Challenger Gold Limited

## Report on the audit of the financial report

### Opinion

We have audited the financial report of Challenger Gold Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of material accounting policy information, and the directors' declaration.

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

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the year ended on that date;

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

c. Complying with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### Basis for opinion

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

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

### Material uncertainty related to going concern

We draw attention to Note 1(c) in the consolidated financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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## Key audit matters

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

### 1. Carrying value of exploration and evaluation assets

| Why significant | How our audit addressed the key audit matter |
|---|---|
| At 31 December 2023, the Group held exploration and evaluation assets of $138,714,424, representing 95% of the Group's total assets.<br><br>The carrying value of exploration and evaluation assets is assessed for impairment by the Group when facts and circumstances indicate that the exploration and evaluation assets may exceed their recoverable amount.<br><br>The determination as to whether there are any indicators to require an exploration and evaluation asset to be assessed for impairment, involves a number of judgements including whether the Group has tenure, will be able to perform ongoing expenditure and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. The Group did not identify any impairment indicators as at 31 December 2023.<br><br>Refer to Note 1(g) and 7 in the financial report for exploration and evaluation asset balances and related disclosures.<br><br>This was considered a key audit matter because of the significant judgment involved in determining whether any impairment indicators were present for the Group's capitalised exploration and evaluation asset balances. | We evaluated the Group's assessment as to whether there were any indicators of impairment to require the carrying value of exploration and evaluation assets to be tested for impairment. In performing our procedures, we:<br><br>► Assessed whether the Group's right to explore was current, which included obtaining and assessing supporting documentation such as license agreements;<br><br>► Evaluated the Group's intention to carry out significant ongoing exploration and evaluation activities in the relevant areas of interest which included, assessing the Group's approved cash flow forecast and enquiring of senior management and the directors as to their intentions and the strategy of the Group;<br><br>► Assessed whether any exploration and evaluation data existed to indicate that the carrying value of exploration and evaluation assets is unlikely to be recovered through development or sale; and<br><br>► Assessed the adequacy of the disclosures included in Note 1 (g) and Note 7 of the financial report. |

## Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2023 annual report other than the financial report and our auditor's report thereon. We obtained the directors' report that is to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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

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

## Responsibilities of the directors for the financial report

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

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

## Auditor's responsibilities for the audit of the financial report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Building a better working world

## Report on the audit of the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2023.

In our opinion, the Remuneration Report of Challenger Gold Limited for the year ended 31 December 2023, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

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

Ernst & Young

Ernst & Young

V L Hoang
Partner
Perth
28 March 2024

# ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current at 25 March 2024.

**Substantial Shareholders**
The names of the substantial shareholders who have notified the Company in accordance with Section 671B of the Corporations Act 2001:

| **Shareholder** | **Number** | **%** |
|---|---|---|
| Sergio Rotondo | 89,000,000 | 7.06 |
| Black Rock Group | 156,381,136 | 12.40 |
| Kris Knauer | 89,278,666 | 7.08 |

**Distribution of Shareholders**

| | Ordinary Shares | | |
|---|---|---|---|
| | Number of Holders | Number of Shares | % Issued Share Capital |
| 1 - 1,000 | 136 | 33,611 | 0.00% |
| 1,001 - 5,000 | 451 | 1,366,025 | 0.11% |
| 5,001 - 10,000 | 323 | 2,581,308 | 0.20% |
| 10,001 -100,000 | 947 | 39,081,922 | 3.10% |
| 100,001 and over | 733 | 1,218,105,508 | 96.59% |
| TOTAL | 2,590 | 1,261,168,374 | 100.00% |

**On-Market Buy Back**
There is no current on-market buy back.

**Voting Rights**
All ordinary shares carry one vote per share without restriction.

**Top 20 Shareholders**
The names of the twenty largest holders of each class of quoted equity security, the number of equity security each holds and the percentage of capital each hold is as follows:

| RANK | HOLDER NAME | UNITS | |
|---|---|---|---|
| 1 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 141,335,344 | 11.21% |
| 2 | SERGIO ROTONDO | 89,000,000 | 7.06% |
| 3 | MONEYBUNG PTY LTD <MONEYBUNG FAMILY A/C> | 69,954,167 | 5.55% |
| 4 | CITICORP NOMINEES PTY LIMITED | 47,883,159 | 3.80% |
| 5 | PISTON SECURITIES PTY LTD | 39,304,167 | 3.12% |
| 6 | BROOKAVA PTY LTD | 33,693,734 | 2.67% |
| 7 | UBS NOMINEES PTY LTD | 20,379,612 | 1.62% |
| 8 | BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT> | 18,128,013 | 1.44% |
| 7 | MR MICHAEL STEWART ZIVCIC <M ZIVCIC PORTFOLIO 2 A/C> | 16,766,666 | 1.33% |
| 8 | JAWAF ENTERPRISES PTY LTD <HALL FAMILY A/C> | 15,400,000 | 1.22% |
| 9 | BELAIR AUSTRALIA PTY LTD <CAPRI INVESTMENT A/C> | 14,559,334 | 1.15% |
| 10 | MONEYBUNG PTY LTD <MONEYBUNG FAMILY A/C> | 14,226,562 | 1.13% |
| 11 | DOMAEVO PTY LTD <THE JCS A/C NO2> | 13,970,407 | 1.11% |
| 12 | JASON EVELEIGH | 13,350,000 | 1.06% |
| 13 | LQ SUPER PTY LTD <LQ SUPERFUND A/C> | 13,000,000 | 1.03% |
| 14 | E & E HALL PTY LTD <E & E HALL P/L S/F A/C> | 12,837,500 | 1.02% |
| 15 | MR CHRIS FRENEY <TRUSTEE A/C> | 11,400,000 | 0.90% |
| 16 | PASAMA PTY LTD | 11,200,000 | 0.89% |
| 17 | FALERNO INVESTMENTS PTY LTD | 10,420,998 | 0.83% |
| 18 | BOND STREET CUSTODIANS LIMITED <WJ8 - D72533 A/C> | 10,321,166 | 0.82% |
| **TOTAL** | | **617,130,829** | **48.93%** |

**Interests in Tenements Held**

| Project | Property Name | Tenure Title Holder | Interest % | Area (ha) | DNPM No of Area | Status of Tenure |
|---|---|---|---|---|---|---|
| El Guayabo | El Guayabo | Torata Mining Resources S.A | 100% | 281 | COD225 | Granted |
| El Guayabo | Colorado V | Goldking Mining Company S.A | earning 50% | 2331 | COD3363.1 | Granted |
| El Guayabo | El Guaybo 2 | Mr. Segundo Ángel Marín Gómez | earning 80% | 957 | COD300964 | Granted |
| Hualilan | Divisadero | Golden Mining S.R.L. | 100% | 6 | 5448-M-1960 | Granted |
| Hualilan | Flor de Hualilan | Golden Mining S.R.L. | as above | 6 | 5448-M-1960 | Granted |
| Hualilan | Pereyra y Aciar | Golden Mining S.R.L. | as above | 6 | 5448-M-1960 | Granted |
| Hualilan | Bicolor | Golden Mining S.R.L. | as above | 6 | 5448-M-1960 | Granted |
| Hualilan | Sentazon | Golden Mining S.R.L. | as above | 6 | 5448-M-1960 | Granted |
| Hualilan | Muchilera | Golden Mining S.R.L. | as above | 6 | 5448-M-1960 | Granted |
| Hualilan | Magnata | Golden Mining S.R.L. | as above | 6 | 5448-M-1960 | Granted |
| Hualilan | Pizarro | Golden Mining S.R.L. | as above | 6 | 5448-M-1960 | Granted |
| Hualilan | La Toro | CIA GPL S.R.L. | as above | 6 | 5448-M-1960 | Granted |
| Hualilan | La Puntilla | CIA GPL S.R.L. | as above | 6 | 5448-M-1960 | Granted |
| Hualilan | Pique de Ortega | CIA GPL S.R.L. | as above | 6 | 5448-M-1960 | Granted |
| Hualilan | Descrubidor a | CIA GPL S.R.L. | as above | 6 | 5448-M-1960 | Granted |
| Hualilan | Pardo | CIA GPL S.R.L. | as above | 6 | 5448-M-1960 | Granted |
| Hualilan | Sanchez | CIA GPL S.R.L. | as above | 6 | 5448-M-1960 | Granted |
| Hualilan | Andacollo | CIA GPL S.R.L. | as above | 6 | 5448-M-1960 | Granted |
| Hualilan | North of "Pizarro" Mine | Golden Mining S.R.L. | as above | 1.9 | 195-152-C-1981 | Granted |
| Hualilan | South of "La Toro" Mine | CIA GPL S.R.L. | as above | 1.9 | 195-152-C-1981 | Granted |
| Hualilan | Josefina | Golden Mining S.R.L. | as above | 2570 | 30.591.654 | Granted |
| Hualilan | | Armando J. Sanchez | 100% Option | 721.90 | 414-998-M-05 | Granted |
| Hualilan | Guillermina | Armando J. Sanchez | 100% Option | 2,921.05 | 1124-045-S-19 | Granted |
| Hualilan | Agu 3 | Armando J. Sanchez | 100% Option | 1,500.00 | 1124-114-S-14 | Granted |
| Hualilan | Agu 5 | Armando J. Sanchez | 100% Option | 1443.50 | 1124-343-S-14 | Granted |
| Hualilan | Agu 6 | Armando J. Sanchez | 100% Option | 1500.00 | 1124-623-S-17 | Granted |
| Hualilan | Agu 7 | Armando J. Sanchez | 100% Option | 1459.00 | 1124-622-S-17 | Granted |
| Hualilan | El Petiso | Armando J. Sanchez | 100% Option | 18.00 | 2478-C-71 | Granted |

**ASX Waivers**

The ASX granted the Company a waiver from ASX Listing Rule 7.3.2 to permit the notice of meeting (the “Notice”) seeking shareholder approval for the issue of up to 245,000,001 fully paid ordinary shares in the Company (“Waiver Securities”) upon the Company satisfying the milestones in relation to each of the Projects (“Milestones”) not to state that the Waiver Securities will be issued within 3 months of the date of the shareholder meeting.

The Waiver Securities must be issued no later than 60 months after the date of reinstatement of the Company’s securities to official quotation.

All Waiver Securities agreements were amended, received shareholder approval and have been issued.