

## Commencement of Fully Contributing Joint Venture for El Zorro Project

- Tesoro has modified the terms and structure of its acquisition of the El Zorro Gold Project to now be a fully contributing Joint Venture (JV).
- These changes remove timing risk on the feasibility study earn-in milestone due to the expanding size of the El Zorro Gold Project.
- The existing Purchase Option Agreement has been terminated and the JV will now be operated as a fully contributing JV.
- Tesoro's ownership interest in the El Zorro Gold Project is currently 70% (through a 70% shareholding in El Zorro S.C.M., the company which holds the El Zorro concessions).
- Tesoro has the potential to increase its ownership by contributing to current exploration and development expenditures immediately, if the 30% minority holder does not contribute.

**Tesoro Resources Limited (Tesoro or the Company)** advises that it has modified the terms and structure of its acquisition of the El Zorro Gold Project (**El Zorro**) in Chile.

Tesoro has modified the terms of its acquisition of El Zorro, as the project, and the Ternera Deposit, are now materially larger than contemplated by the existing Purchase Option Agreement.

Currently, Tesoro's 95% owned Chilean subsidiary, Tesoro Mining Chile owns 70% of El Zorro S.C.M., the holder of the El Zorro concessions (the **JV Company**). Under the existing Purchase Option Agreement, in order to reach 80% ownership, Tesoro is required to make a final USD50,000 Stage 4 project payment by 17 January 2022 and deliver a feasibility study.

The existing Purchase Option Agreement has now been terminated, meaning that the JV Company will now be operated under normal Chilean company regulations, which includes that all shareholders must be given the opportunity to contribute proportionally to the JV Company's capital requirements. If a shareholder elects not to contribute to a capital raising, then their ownership will be diluted.

This change means that any future capital requirements for the JV Company will be subject to a contribute or dilute mechanism. Tesoro will be able to increase its participating interest in the El Zorro Gold Project by contributing to exploration and development expenditure if the minority shareholder elects not to contribute. Under the Purchase Option Agreement Tesoro could only increase its participation through expenditure after meeting certain milestones, including the delivery of a feasibility study by January 2022.

By terminating the Purchase Option Agreement, Tesoro removes any timing risk to delivery of the milestones, that may arise due to the continued expansion of the Ternera Deposit. It also allows

Tesoro to immediately commence increasing its ownership in El Zorro, by contributing exploration and development expenditure and diluting the minority shareholder should they elect not to contribute.

It should be noted that under Chilean company regulation, as the 70% controlling shareholder of the JV Company, Tesoro has full control over board and shareholder decisions at the JV Company level, including determining the amount and timing of any calls for capital contributions by shareholders in the JV Company.

On 11 February 2021 a shareholders meeting of the JV Company was convened, where amongst other matters the necessary majority of shareholders approved:

1. A 12-month workplan and budget for the development of the El Zorro Gold Project;
2. A call for an additional capital contribution of approximately CLP\$4.3 billion in total (approximately A\$7.6 million) to the JV Company to support the approved workplan and budget, for which 100 shares will be issued (currently the JV Company has 100 shares outstanding, of which Tesoro Mining Chile owns 70); and
3. That within 30 days of the date of the shareholders meeting, shareholders confirm their subscription for the new issue of shares by providing their proportionate capital contribution.

If a shareholder does not subscribe for additional shares via a capital contribution any other shareholder can subscribe for the shares.

In respect of the approved capital call, if the minority shareholder does not subscribe for shares as part of the approved capital increase, Tesoro Mining Chile will subscribe for the shares and increase its ownership to 170 shares of 200 shares on issue in the JV Company (ie, an 85% ownership interest).

Termination of the Purchase Option Agreement including the earn-in arrangement is effective February 26, 2021.

Authorised by the Board of Tesoro Resources Limited.

**For more information:**

**Company:**

Zeff Reeves, Managing Director  
Tesoro Resources Limited  
+61 8 9322 1587

**Investors:**

Peter Taylor  
NWR Communications  
+61 (0) 412 036 231  
peter@nwrcommunications.com.au

## About Tesoro

Tesoro Resources Limited was established with a strategy of acquiring, exploring, and developing mining projects in the Coastal Cordillera region of Chile. The Coastal Cordillera region is host to multiple world class copper and gold mines, has well established infrastructure, service providers and an experienced mining workforce. Large areas of the Coastal Cordillera remain unexplored due to the unconsolidated nature of mining concession ownership, but Tesoro, via its in-country network and experience has been able secure rights to a district scale gold project in-line with the Company's strategy. Tesoro owns 70% of the El Zorro Gold Project.

