PHASE 1 SCOPING STUDY CAUTIONARY STATEMENT

The Scoping Study referred to in this ASX release has been undertaken for the purpose of initial evaluation of a potential development of the El Zorro Gold Project in the Atacama region of Northern Chile. It is a preliminary technical and economic study of the potential viability of the El Zorro Gold Project. The Scoping Study outcomes, production target and forecast financial information referred to in this release, are based on low accuracy level technical and economic assessments that are insufficient to support estimation of Ore Reserves. The Scoping Study has been completed to a level of accuracy of +/- 35% in line with a scoping level study accuracy. While each of the modifying factors were considered and applied, there is no certainty of eventual conversion to Ore Reserves, or that the production target itself will be realised. Further exploration and evaluation work and appropriate studies are required before Tesoro Gold will be in a position to estimate any Ore Reserves or to provide any assurance of an economic development case. Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the Scoping Study.

The Mineral Resources scheduled for extraction in the Scoping Study production plan, show results of approximately 84% which are classified as Measured and/or Indicated and 16% as Inferred during this 8-year operating period. The Company has concluded that it has reasonable grounds for disclosing a production target which includes a proportion of Inferred material. However, there is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised. Indicated Resources comprise 84% of the production schedule during the payback period of the Project and an average of 84% over life of the operation. Tesoro Gold confirms that the financial viability of the El Zorro Gold Project is not dependent on the inclusion of Inferred Resources in the production schedule.

The Mineral Resources underpinning the production target in the Scoping Study have been prepared by a Competent Person in accordance with the requirements of the JORC Code (2012) and the Competent Person's Statement is found on page 13 of this ASX release. For full details of the Mineral Resources Estimate, please refer to Tesoro Gold's ASX Announcement dated 9 March 2023. Tesoro Gold also confirms that it is not aware of any new information or data that materially affects the information included in that release. All material assumptions and technical parameters underpinning the estimates in that ASX release continue to apply and have not materially changed.

This announcement may contain certain forward-looking statements and opinions. Forward-looking statements, including projections, forecasts and estimates, are provided as a general guide only and should not be relied on as an indication or guarantee of future performance and involve known and unknown risks, uncertainties, assumptions, contingencies and other important factors, many of which are outside the control of the Company and which are subject to change without notice and could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such statements. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward-looking statements or other forecasts. Nothing contained in this announcement, nor any information made available to you is, or and shall be relied upon, as a promise, representation, warranty or guarantee as to the past, present or the future performance of Tesoro Gold.

Tesoro Gold has concluded that it has a reasonable basis for providing these forward-looking statements and its forecast financial information contained within this release. This includes a reasonable basis to expect that it will be able to fund the development of the El Zorro Gold Project upon successful delivery of timely key development milestones. A detailed explanation for these conclusions is outlined throughout this ASX release and in the Appendix. While Tesoro considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct, or that the range of outcomes indicated by the Scoping Study will be achieved.

To achieve the range of outcomes indicated in the Scoping Study, pre-production funding in excess of US$132M may be required and there is no certainty that Tesoro Gold will be able to source that amount of funding when required. It is also possible that such funding may only be available on terms that may be dilutive to, or otherwise affect the value of Tesoro Gold's shares. It is also possible that Tesoro Gold could pursue other value realisation strategies such as a sale, partial sale or joint venture of the El Zorro Gold Project. This could materially reduce Tesoro's proportionate ownership of the El Zorro Gold Project.

No Ore Reserve has been declared. This ASX release has been prepared in compliance with the current JORC Code (2012) and the ASX Listing Rules. All material assumptions, including sufficient progression of all JORC modifying factors, on which the production target and forecast financial information are based, have been included in this ASX release.

TERNERA GOLD DEPOSIT
PHASE 1 OPEN PIT SCOPING STUDY OUTCOMES

TECHNICALLY AND FINANCIALLY ROBUST STARTER PIT GOLD MINING AND PROCESSING OPERATION

Tesoro Gold Limited (**Tesoro** or **the Company**) (ASX:TSO, OTCQB:TSORF) is pleased to present the key outcomes of the Phase 1 Scoping Study (the **Study**) completed at the Company's El Zorro Gold Project (**El Zorro** or the **Project**) in Chile.

The Study has confirmed the **technical and financial robustness of an initial, stand-alone open pit gold mining and processing operation** at El Zorro. It outlines preliminary evaluation of an operation based solely on the shallowest portion of the February 2023 Ternera Deposit Mineral Resource.

Substantial potential upside to this starter development is set to be driven by inclusion of further in-pit resource ounces, expanded open pit and/or underground mining of deeper resource ounces, further resource additions from within the Ternera Exploration Target zone, drill-out of near-mine growth targets, and exploration drilling of high-impact district targets.

Tesoro's **dual track advancement strategy at El Zorro** is focused on aggressively growing the existing resource base in parallel with ongoing progression along Ternera's development pathway.

PHASE 1 SCOPING STUDY HIGHLIGHTS

Key Parameters (± 35%)	Unit	Study Estimate	
Ore throughput	Mt	17.1	
Gold grade	g/t	1.25	
Production ounces	koz	651	
Plant throughput	Mtpa	2.4	
Average annual steady state production	koz pa	93	
Production life (excluding pre-strip)	years	7.4	
Forecast average All-In-Sustaining-Cost (**AISC**)	US$/oz	1,068	
Total pre-production capital cost (including pre-strip)	US$M	132	
Economic Outcomes (± 35%)	**Unit**	**Base**	**Spot[1]**
Gold price	US$/oz	1,750	1,950
$NPV_{5\%}$ (pre-tax, ungeared)	US$M	201	300
IRR (pre-tax, ungeared)	%	27.5	37.1
Net cashflow (pre-tax, undiscounted, ungeared)	US$M	312.3	442.5
Payback from first production	years	3.4	2.8

1. *Approximate gold spot price as at 28 March 2023*

SUBSTANTIAL POTENTIAL UPSIDE DRIVERS

- **Further 170 koz available within optimised pit shell.** Approximately 170 koz Au resides between the base of the Scoping Study pit design and the optimal pit shell at US$1,750/oz, offering immediate potential for open pit production expansion to 822 koz Au.
- **Underground development.** Incorporation of further Ternera Mineral Resource Estimate (**MRE**) ounces into the mine schedule via potential underground mining (part of the next phase of study).
- **Resource additions within Ternera Exploration Target area.** Additional Project upside potential with further exploration within the initial constrained Ternera Exploration Target area.
- **Key Ternera extensional targets.** Drill-out and potential conversion of growth targets at Toro Blanco and Kitsune (situated within 3km of the Ternera Deposit).
- **High impact El Zorro district targets.** Remain to be unlocked, including the prospective geology defined at the Animas Viejas Target (35km north of Ternera).

NEXT STEPS

- Phase 2 Ternera Scoping Study targeted for Q4 2023.
- Commencement of select Pre-Feasibility level workstreams targeted for Q2 2023.
- Extensional drilling of Ternera and near-deposit prospects coupled with exploration drilling of El Zorro district targets through 2023.
- Updated MRE for Ternera (and El Zorro) scheduled for Q4 2023.
- Continued environmental baseline and project approvals processes through 2023.

Tesoro Managing Director, Zeff Reeves, commented:

"We are delighted to present the outcomes of the initial evaluation of a Phase 1 Open Pit Project at El Zorro. The Study outlines a simple, robust gold project with conventional mining and metallurgy, located close to supporting infrastructure in a well-established, supportive mining jurisdiction.

Phase 1 highlights the clear potential for a technically and financially compelling new Chilean mining project with a short payback period and strong cash flow generation over an initial 8-year operating period.

Critically, this Study incorporates less than half of the existing Ternera global gold resource. Additional studies are underway to assess further potential along strike and below the base of the Phase 1 open pit, encompassing the potential for a larger open pit plus underground development.

Ongoing resource and extensional drilling at Ternera, and more broadly across El Zorro, provides outstanding potential to substantially grow the Ternera development from these initial Study parameters. Evidence of this potential is readily apparent in the recent significant exploration successes delivered at El Zorro.

Tesoro is committed to further advancing and growing the scale of the Ternera development by continuing to extend the Ternera Deposit and delineating additional gold resources throughout the emerging El Zorro Gold District."

INTRODUCTION

Tesoro has assessed the development potential of an initial, gold mining and processing operation at the Ternera Gold Deposit (the **Deposit**) within the El Zorro Gold Project in Chile. The Phase 1 Scoping Study assesses the Project on a 100% basis (Tesoro 85%).

The Project is in the Atacama region of northern Chile, 13km inland from the Pacific Ocean and 57km by road from the port of Caldera. The area is well-supported by existing road, power and water infrastructure. Chile is a long-established, supportive mining jurisdiction that has the largest copper production globally, and second largest output of lithium.

The Study was prepared by Tesoro with input from a team of expert independent consultants (refer Table 1). It provides a preliminary assessment of the potential viability of the Project based on low level technical and economic accuracy (± 35%).

The Study considers the initial development of a Phase 1 open pit mining operation on the upper 200m of the Deposit to feed a 2.4 Mtpa gold processing plant. Outcomes demonstrate the ability of the Deposit to support the estimated capital required for the development of the Project at a scale that would result in an annual average gold production of between 90 and 100 koz per annum.

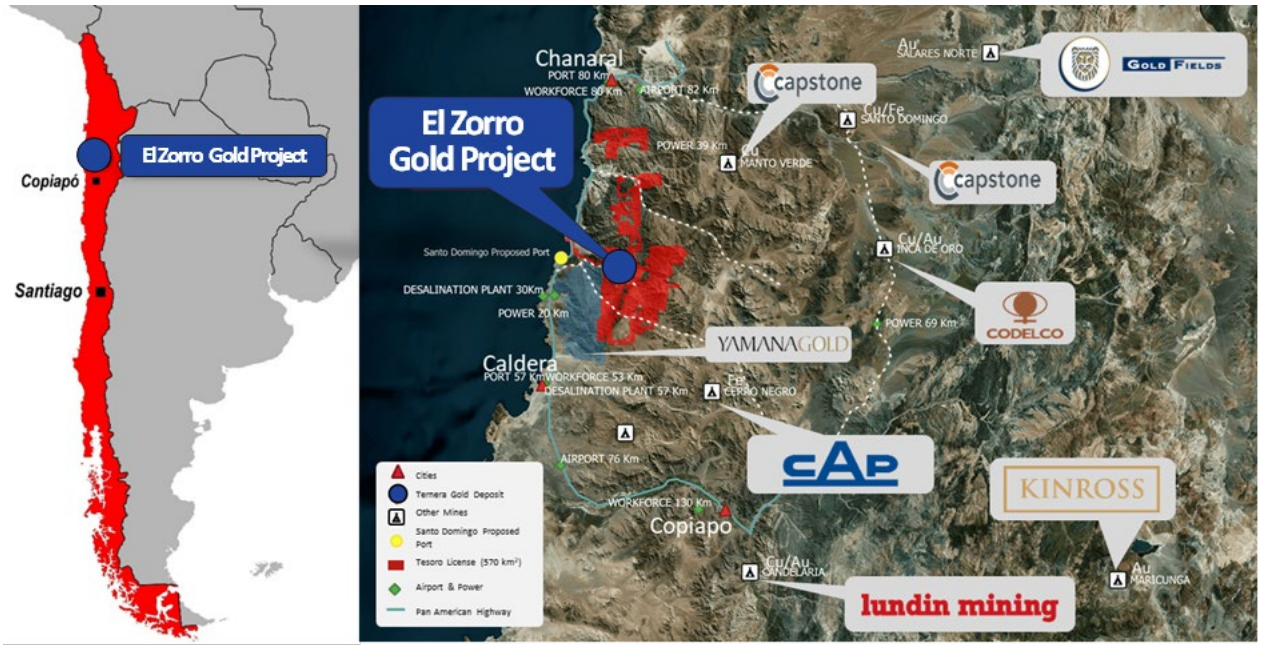


***Figure 1**: Project location with proximate operating mines in detail*

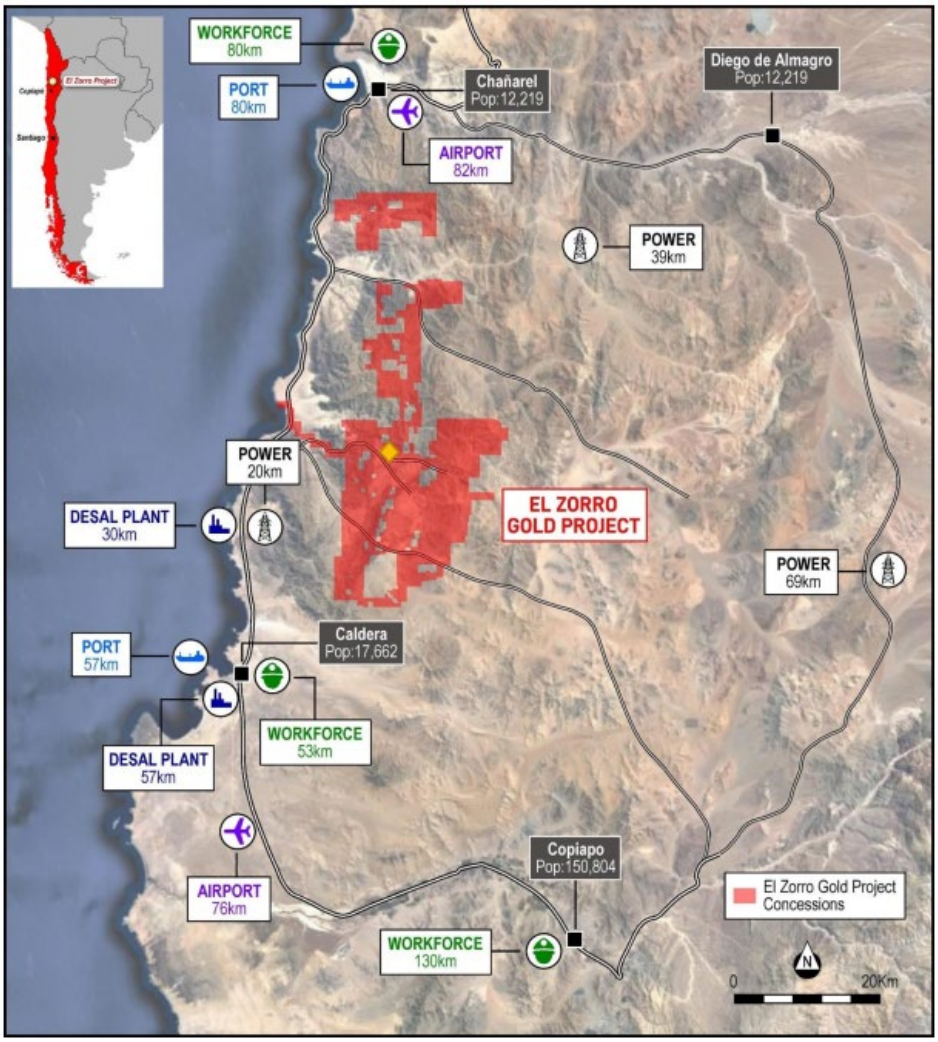


***Figure 2**: Regional infrastructure*

***Table 1:** Contributing parties*

Study Input	Contributor
Study Compilation	Tesoro
Geology	Tesoro, Cube Consulting
Resource Estimation	Lynn Widenbar and Associates
Geotechnical	Peter O'Bryan and Associates
Mining Studies	Tesoro
Mining Costs	Tesoro, Mining Contractors
Metallurgical Test Work	GRES, ALS Perth
Process Engineering & Design	GRES
Operating Costs	Tesoro, GRES
Infrastructure	Tesoro
Capital Costs	Tesoro, GRES
Environmental, Social & Permitting	Tesoro
Financial Modelling	Tesoro

KEY STUDY OUTCOMES AND ASSUMPTIONS

The Study has confirmed that an initial starter open pit at the El Zorro Gold Project presents a technically and commercially viable development opportunity. A summary of the initial physical and financial evaluation of the Project case at a 2.4 Mtpa throughput rate is shown in Table 2, with additional details provided in the Scoping Study Executive Summary presented below.

***Table 2**: Scoping Study evaluation period results and key assumptions (100% ownership basis)*

Physicals and Costs (± 35%)		
Ore tonnage	Mt	17.1
Gold grade	g/t	1.25
Contained ounces	Koz	689
Plant throughput	Mtpa	2.4
Evaluation period (excluding pre-strip)	years	7.4
Strip ratio	waste:ore	8.3:1
Process gold recovery (life of mine average)	%	94.5
Process production – total evaluation period	koz	651
Process production – average annual steady state	koz pa	93
Upfront capital – plant and process infrastructure	US$M	108.0
Upfront capital – open pit mining	US$M	13.5
Upfront capital – pre strip	US$M	10.4
Operating costs – mining	US$/oz Au	585
Operating costs – processing	US$/oz Au	368
Operating costs – general and administration	US$/oz Au	102

Financials and Key Assumptions (± 35%)		**Base**	**Spot[1]**
Gold price	US$/oz	1,750	1,950
Discount rate (real)	%	5	5
AISC (life of mine average)	US$/oz	1,068	1,068
$NPV_{5\%}$ (pre-tax)	US$M	201	300
IRR (pre-tax)	%	27.5	37.1
Net cash flow (undiscounted, pre-tax)	US$M	312	442.5
Payback period (pre-tax)	years	3.4	2.8

1. *Approximate gold spot price as at 28 March 2023*

Mineral royalties on gold mining activities are not imposed at a provincial or federal level in Chile. In this study, no mineral royalties are assumed assessable with respect to the Project.

Chile has a well-established mining tax regime that is considered attractive to foreign investors due to its stability and transparency. Once in production, mining exploration and pre-production capital expenditure can be offset against a flat 27% corporate tax rate. Additional tax concessions are available to mining companies, which are subject to government approval. A detailed tax schedule,

including assessment of all available concessions, will be developed during future Pre-Feasibility Study work.

PRODUCTION PROJECTIONS

The Study utilises cut-off grades, dilution and mining recoveries appropriate for the style of mining and mineralisation type. Mining rates provide 2.4 Mt pa mill feed to the gold processing plant. A mining dilution factor of 10% @ 0g/t Au was applied to all mill feed tonnes, and a mining loss of 5% used for all optimisation runs and production schedules.

***Table 3**: Annual gold output (process throughput rate of 2.4 Mtpa)*

Year	Total	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9
Au koz	651	0.0	31.3	94.1	92.5	96.3	88.5	95.8	91.7	61.2

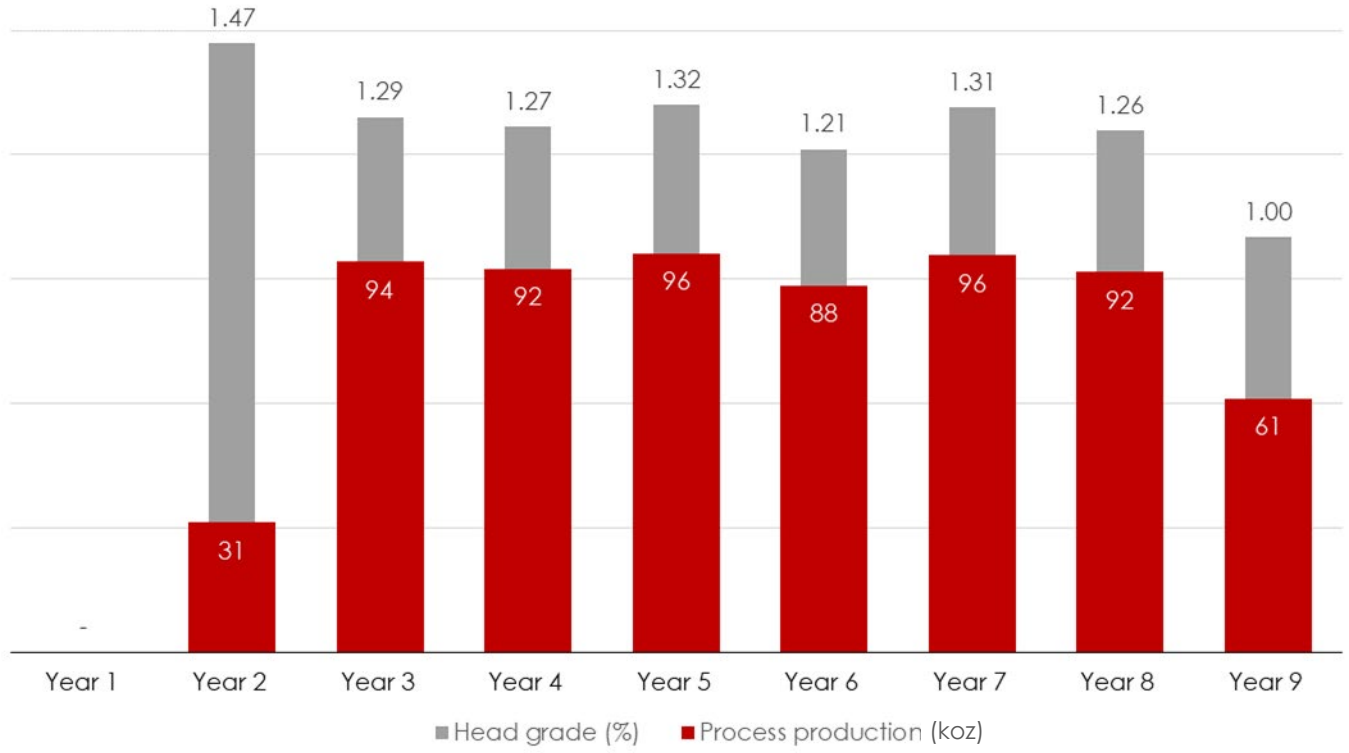


***Figure 3**: Annual recovered gold and head grade*

SENSITIVITY ANALYSIS

Project sensitivity analysis demonstrates, like most mining developments, the greatest economic sensitivity to changes in commodity price/revenue and operating cost parameters.

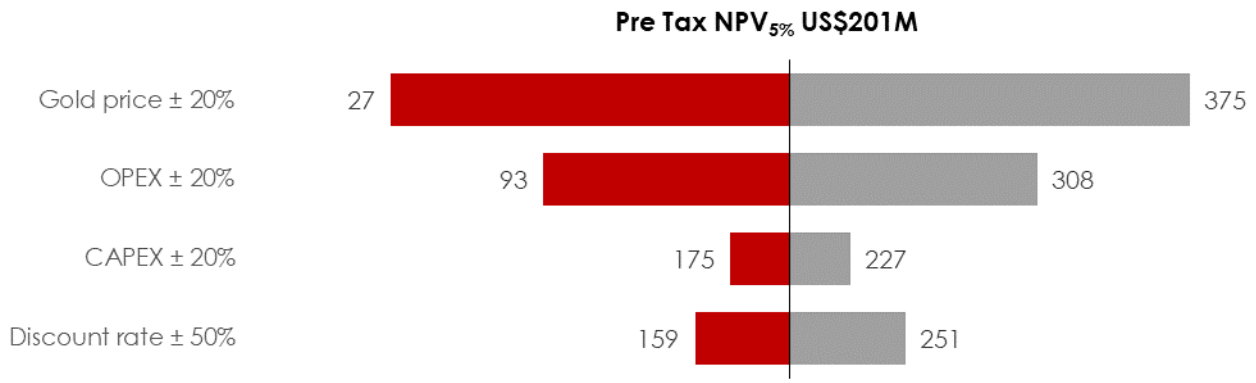


***Figure 4**: El Zorro Gold Project NPV5% (pre-tax) sensitivity analysis (US$M)*

PROJECT CONFIGURATION

Mineral Resources

Ternera MRE was updated in March 2023 to 42.6Mt @ 1.07g/t Au for 1.46Moz Au (unconstrained at a 0.3g/t Au cut-off) (refer ASX announcement 9 March 2023, *Ternera Mineral Resource Update and Initial Exploration Target*). Of this, 54% of resource tonnes and 56% of contained gold ounces reside in the Indicated Mineral Resource category, with the remainder classified as Inferred. There have been no changes to the Ternera MRE since the date of publication.

***Table 4**: Ternera Gold Deposit updated Mineral Resource Estimate reported at various cut-offs (unconstrained)*

	Indicated			Inferred			Total		
Au g/t cut off	**Mt**	**Au g/t**	**koz**	**Mt**	**Au g/t**	**koz**	**Mt**	**Au g/t**	**koz**
2.00	2.6	3.75	317	2.0	3.71	241	4.7	3.73	558
1.00	7.2	2.25	523	5.6	2.24	400	12.8	2.24	923
0.50	16.3	1.39	727	12.8	1.37	561	29.1	1.38	1,288
0.30	23.2	1.09	815	19.4	1.03	645	42.6	1.07	1,459

Phase 1 Pit Optimisation

Optimisation studies on the Ternera MRE indicate the potential for a high-value Phase 1 open pit project extending just 200m below surface to produce 651 koz of gold. The optimised pit represents less than half of the total Ternera MRE (at 0.30 Au g/t cut off) with 84% of the resulting production target residing in the Indicated category and the remaining 16% in the Inferred category.

***Table 5**: Phase 1 Ternera Gold Deposit optimised pit production target (US$1,750/oz at 0.46 g/t Au)*

	Indicated				Inferred				Total		
Pit	**Mt**	**Au g/t**	**koz**	**%**	**Mt**	**Au g/t**	**koz**	**%**	**Mt**	**Au g/t**	**koz**
Phase 1	14.8	1.22	582	84	2.3	1.45	107	16	17.1	1.25	689

Optimisation studies also demonstrated the economic potential of a larger 822 koz open pit, extending approximately 290m below surface, which could be mined at a higher strip ratio (not adopted for this Study).

Mining

The Study assumed open pit mining with all mining activities to be performed by a mining contractor under the direction and management of Tesoro. Mining costs have been estimated based on the use of a 230-tonne diesel hydraulic excavator and 120-tonne truck fleet. Mining costs are a combination of budget estimates from a leading South American open pit mining contractor and Tesoro database costs.

The modelling is based on preliminary pit, run of mine and waste dump designs. Open pit mining schedules were developed based on a single pit, targeting a mill feed rate of 2.4 Mt p.a. at the highest grade possible.

Over an initial 8-year operating life, the Phase 1 pit provides approximately 17.1 Mt of mill feed at an average grade of 1.25g/t Au and a strip ratio of 8.3:1.

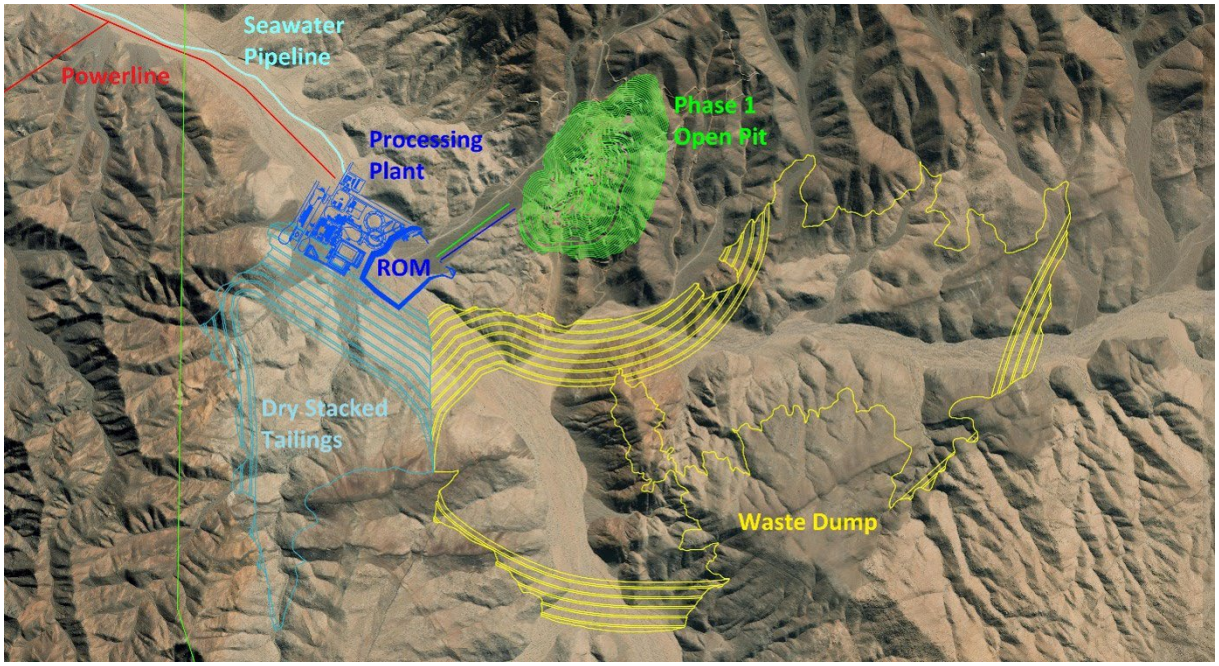


***Figure 5**: El Zorro Gold Project Ternera conceptual site layout*

Processing

The process plant design was undertaken by GR Engineering based on the outcomes from metallurgical test work programs performed at ALS Metallurgy in Perth. The program was undertaken using seawater to assess the gravity recoverable gold and cyanide leaching characteristics over a range of grind sizes. Results confirmed a gravity gold recovery response of 45% and total gold recoveries of 94.5% utilising a standard CIP process at a relatively coarse grind size (P80 = 150µm).

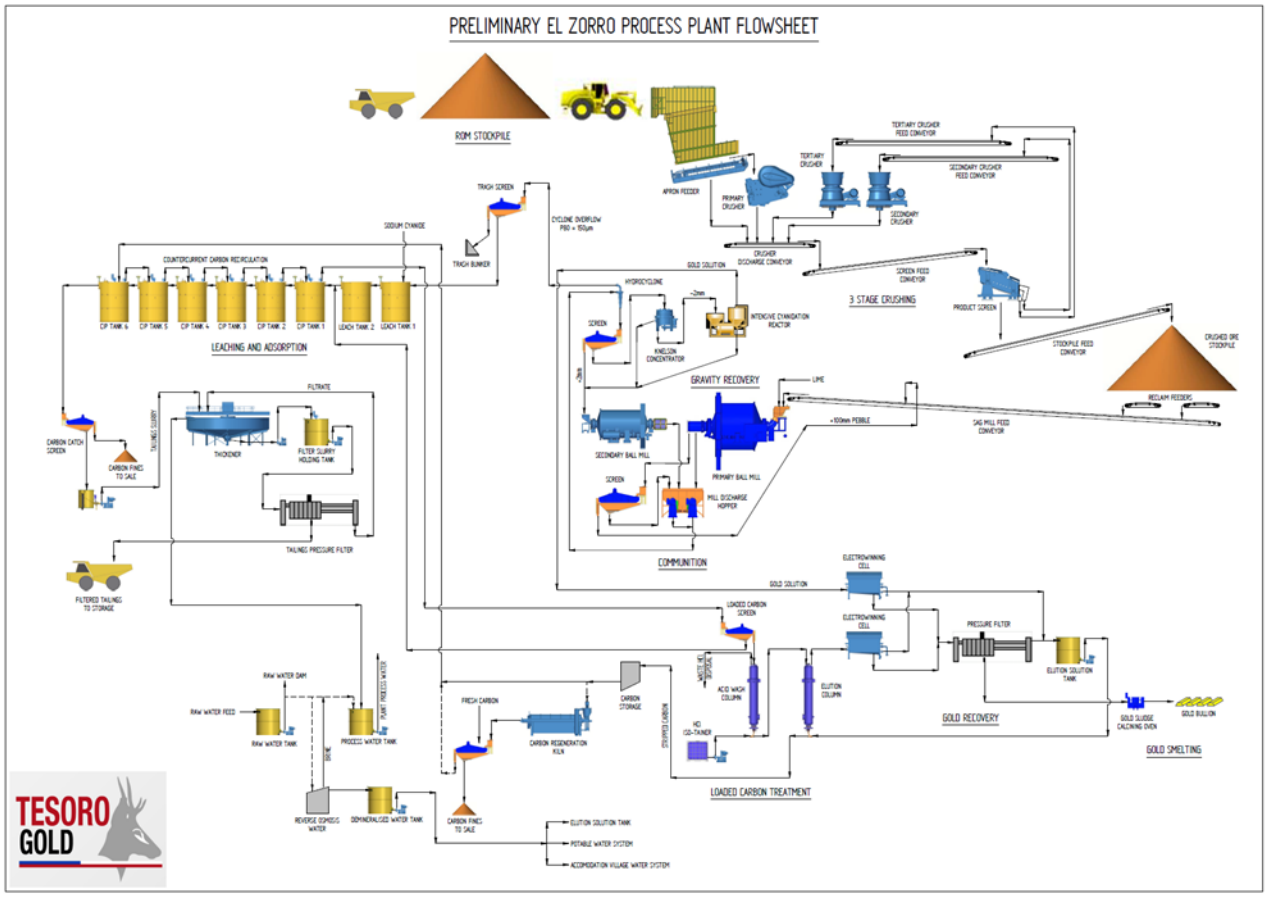


***Figure 6**: El Zorro Gold Project process plan flowsheet*

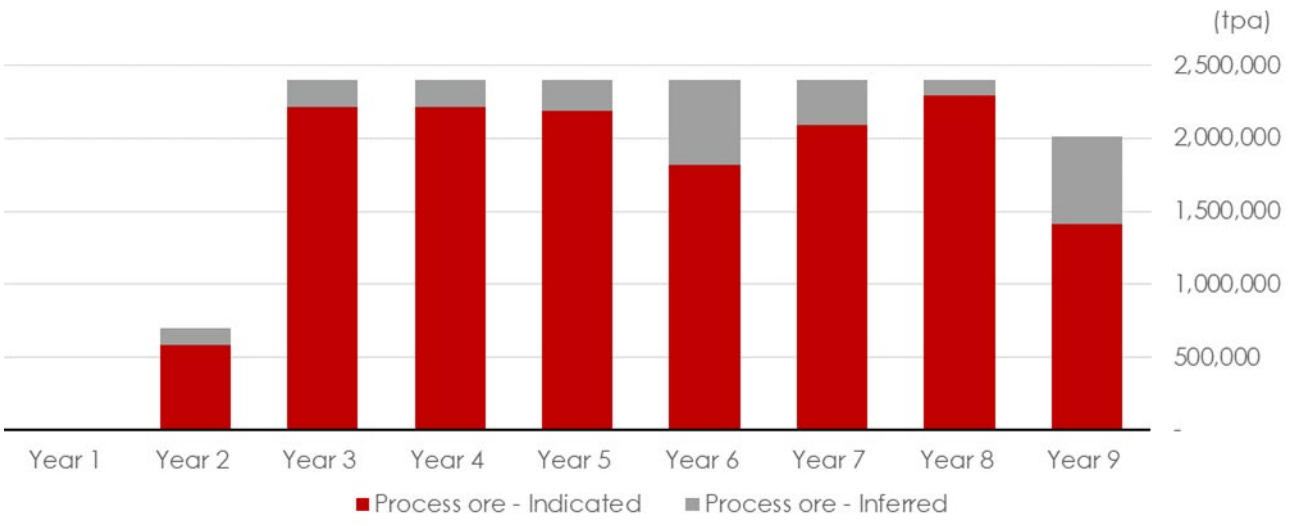


***Figure 7**: El Zorro Gold Project mill throughput by resource category*

Infrastructure and services

The area proximate to El Zorro is well-supported by existing road, power and water infrastructure. As a greenfield development, design and construction of all required site infrastructure and services will form part of the Project.

Power supply options were considered with the support of a Chilean power engineering company. The recommended supply route is via a connection to the Totoralillo substation located

approximately 21.6km in a straight line to the south-west of the Project area. The estimated capital cost for connection is approximately US$10M with the cost of grid electricity approximately US$0.105/kWh, including transmission tolls and other levies.

Water required for the Project is planned to be extracted from the sea using an approved seawater extraction facility and pumped 20km to site via a purpose-built and operated pipeline and pumping system. On-site, the seawater would be used for ore processing, dust suppression and as a feed to a Reverse Osmosis plant to meet Project potable water requirements.

Provision has been made for the construction and operation of a 175-man accommodation camp and the installation of mobile phone and data communications systems at the Project site.

Tailings and waste management

All tailings generated by processing of gold bearing ores are to be filtered and dry stacked in a purpose-built Tailings Storage Facility (TSF). A tailing filtration rate of approximately 0.9 t/m^2/h has been assumed for the preliminary design unit for dry stacked tailings given the coarse target comminution size for the process.

An area has been identified as a potential TSF location and incorporated into the conceptual site layout design. A valley embankment TSF has been adopted with the embankment constructed from appropriate mine waste. Future studies will incorporate detailed engineering design and test work and will consider the merits of a stand-alone TSF against incorporating filtered tailings into proposed waste dumps (co-disposal).

Proposed waste dump areas have been identified in locations to the east and southeast of the open pit, distal from currently identified mineralisation trends and of sufficient size to contain Phase 1 open pit and future mining waste material.

LICENCE TO OPERATE

Approvals

The Environmental Impact Assessment (EIA) and approvals procedure for mining projects in Chile are well-established and understood. The Company has commenced baseline studies and works on the EIA and Project approvals.

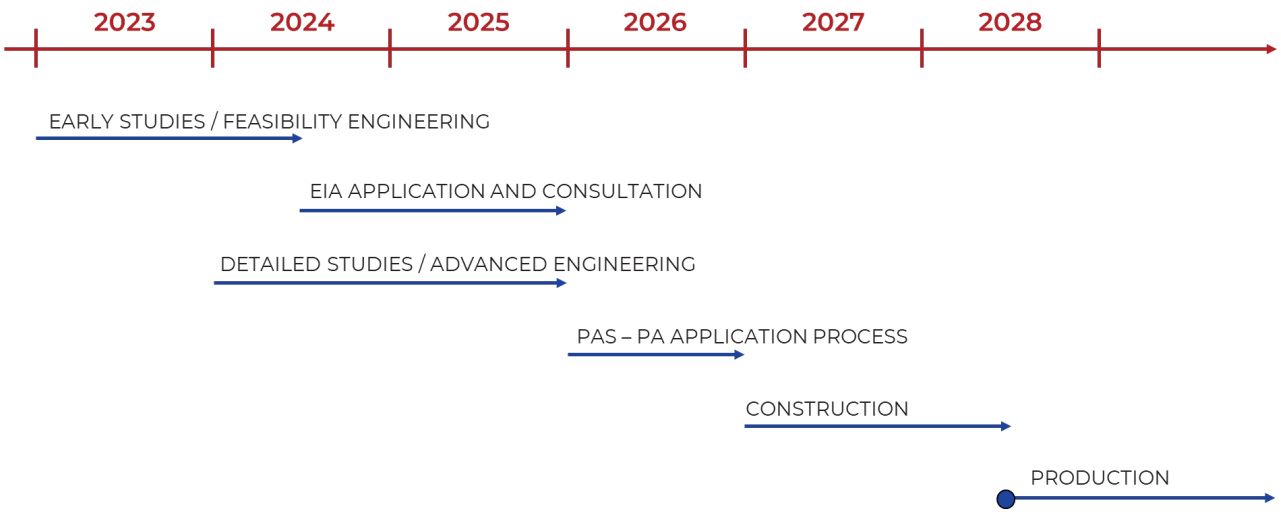


Figure 8: *El Zorro Gold Project planned development schedule based upon maximum time to permit.*

Based on the maximum time for approval expectations, construction of the Project is anticipated to commence prior to the end of 2027 with first gold production in 2028.

There have been no impediments to the approval, development and operation of the Project identified to date and the Company is endeavoring to gain all approvals and permits within the estimated timeframe.

Social sustainability

The Company expects development and construction of the Project will involve more than 500 people and employ in excess of 175 personnel, including contractors, when at full production. Tesoro plans to engage a high proportion of the workforce from within the surrounding communities and towns.

CAPITAL COST ESTIMATE

A total pre-production capital cost estimate of US$132M has been estimated in consultation with independent specialists, a leading South American mining contractor and GR Engineering Services. Pre-strip mining costs of US$10M for the period preceding commercial production has been included in the total cost. The estimate has primarily been derived using a typical Scoping Study desktop approach to an accuracy of ± 35%.

***Table 5**: El Zorro Gold Project pre-production capital cost estimate (2.4 Mtpa plant and infrastructure)*

Area	Capital cost estimate (US$M)
Processing plant	62.5
Project infrastructure	39.0
Other costs	6.6
Mining capital	13.5
Pre–strip mining activities	10.4
Total pre-production capital cost	**132.0**
Sustaining capital (residual initial LOM)	8.6

OPERATING COST ESTIMATE

Operating cost estimates have been constructed in consultation with independent specialists, a mining contractor and GR Engineering Services and derived across the three key areas of the Project, namely mining, processing and administration. The operating cost estimate has primarily been derived using a desktop approach to an accuracy of ± 35%, typical of a Scoping Study.

A mining contractor operating strategy is to be adopted for the Project and assumes all material in the pit will require drill and blast. A mining cost quotation was obtained with processing and general and administrative costs estimated from first principles with inputs from process consumable quotations. All costs have been benchmarked against existing Chilean operations.

***Table 6**: El Zorro Gold Project operating cost estimate (rounded)*

Area	Operating cost estimate (US$/t Au processed)	Operating cost estimate (US$/oz Au produced)
Mining	22.2	585
Processing	14.0	368
General and administration	3.9	102

FUNDING

The Project is considered to be relatively low risk and technically simple, with strong economics that provide a robust platform for Tesoro to access traditional financing through debt and equity markets. There is, however, no certainty that Tesoro will be able to source funding as and when required. To achieve the various outcomes indicated in the Study, pre-production funding in excess of US$132M may be required.

Typical project development financing would involve a combination of debt and equity and Tesoro has formed the view that there is a reasonable basis to believe that requisite future funding for development of the El Zorro Gold Project will be available when required.

There are grounds on which this reasonable basis is provided including:

- Project is in a Tier One jurisdiction, with simple non-refractory metallurgy allowing for an industry standard CIP processing plant and has a rapid payback of only 3.4 years from commercial process production (pre-tax basis);
- Very strong pre-tax cashflows of US$312M and rapid payback would support a significant level of conventional debt financing for the Project development;
- There is significant potential to grow the Project's Mineral Resource base which is the basis of this Scoping Study;
- Release of the Study allows the Company to discuss outcomes with potential financiers; and
- Tesoro Board and management have extensive experience in mine development, financing and production in the resources industry in Chile.

Authorised by the Board of Tesoro Gold Ltd.

For more information:

Company:
Zeff Reeves, Managing Director
Tesoro Gold Limited
info@tesorogold.com.au

ABOUT TESORO

Tesoro Gold 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's 95% owned Chilean subsidiary owns 85% of the El Zorro Gold Project.

COMPETENT PERSONS STATEMENTS

The information in this report that relates to Exploration Results and Exploration Target is based on information compiled by Mr Zeffron Reeves (B App Sc (Hons) Applied Geology) MBA, MAIG). Mr Reeves is a member of the Australian Institute of Geoscientists and a Director and shareholder of the Company. Mr Reeves has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Reeves consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to Mineral Resources is based on information compiled by Mr Lynn Widenbar, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Widenbar is acting as an independent consultant to Tesoro Gold Limited. Mr Widenbar has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The Company confirms that Mr Widenbar consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the Production Target, assumptions on Modifying Factors and evaluation of other relevant factors are based on and fairly represents information and supporting documentation that has been compiled for this announcement and have been compiled under the supervision of Mr Linton Putland BEng (Mining), MSc (Mineral Economics) & Member AusIMM. Mr Putland is a Director of the Company. Mr Putland has reviewed and approved the technical content of this announcement. Mr Putland is a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012). Mr Putland consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

FUTURE PERFORMANCE

This announcement may contain certain forward-looking statements and opinion. Forward-looking statements, including projections, forecasts and estimates, are provided as a general guide only and should not be relied on as an indication or guarantee of future performance and involve known and unknown risks, uncertainties, assumptions, contingencies and other important factors, many of which are outside the control of the Company and which are subject to change without notice and could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements expressed or implied by such statements. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward-looking statements or other forecast. Nothing contained in this announcement, nor any information made available to you is, or and shall be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of Tesoro.

TESORO GOLD



Ternera Phase 1
Open Pit Scoping Study

EL ZORRO GOLD PROJECT
APRIL 2023

Table of Contents

1 Executive Summary 5
1.1 Highlights 5
1.2 Scoping Study Contributions 7
1.3 Background 7
1.4 Scoping Study Overview 9
1.5 Geology 11
1.6 Mineral Resources 14
1.7 Infrastructure and Services 15
1.8 Scoping Study Mining Assumptions 16
1.8.1 Introduction 16
1.8.2 Dilution and Ore Loss Assumptions 16
1.8.3 Geotechnical Assumptions 16
1.8.4 Mining Costs 19
1.8.5 Mine Production Criteria 20
1.9 Pit Optimisations 20
1.10 Pit Designs 24
1.11 Production Target 26
1.12 Waste Dump Designs 26
1.13 Mining Schedules 27
1.14 Metallurgy and Processing 29
1.14.1 Metallurgical Test Work 29
1.14.2 Processing Flowsheet 31
1.14.3 Tailings Storage 32
1.14.4 Processing Schedules 32
1.15 Site Infrastructure and Services 34
1.15.1 Power Supply 34
1.15.2 Water 35
1.15.3 Accommodation Camp 35
1.15.4 Communications 36
1.16 Approvals 36
1.16.1 Stakeholder and Social Sustainability 37
1.17 Project Financials 37
1.17.1 Capital Costs 37
1.17.2 Operating Costs 37

1.17.3 Gold Price 38
1.17.4 Evaluation 39
1.17.5 Royalties 39
1.17.6 Taxation 40
1.17.7 Sensitivity 40
1.18 Funding 40
1.19 Risks and Opportunities 41
1.19.1 Opportunities 41
1.19.2 Risks 41
1.20 Conclusions 41
1.21 Next Steps 42

Tables

Table 1 - Phase 1 Scoping Study Contributions 7
Table 2 - El Zorro Gold Project, Ternera Gold Deposit updated Mineral Resource Estimate 14
Table 3 - El Zorro Gold Project, Ternera Gold Deposit updated Mineral Resource Estimate reported at various cut-offs - unconstrained 15
Table 4 - Ternera Phase 1 Open Pit - Mining Cost Breakdown 20
Table 5 - Phase 1 Pit Optimisation Input Parameters 21
Table 6 - Summary of US$1,750/oz Optimisation Results 22
Table 7 - Pit Design Criteria 24
Table 8 - Cat Off-Highway Truck Minimum Ramp Width Design Criteria 25
Table 9 - Ternera Phase 1 Pit Production Target 26
Table 10 - Ternera Phase 1 Waste Dump Capacity 27
Table 11 - Ternera Metallurgical Test Work Gravity & Leach Results 31
Table 12 - Phase 1 Processing Schedule 33
Table 13 - Ternera Phase 1 Open Pit Capital Cost Estimate 37
Table 15 - Ternera Phase 1 Scoping Study Operating Cost Estimate (US$) 38
Table 16 - Ternera Phase 1 Open Pit Scoping Study Pre-Tax Valuation Metrics 39
Table 17 - Ternera Phase 1 Scoping Study - Key LoM Production & Financial Metrics 39

Figures

Figure 1 - Tesoro Gold Chile Landholding 8
Figure 2 - El Zorro Gold Project Regional Infrastructure 9
Figure 3 - El Zorro Gold Project Plan 11
Figure 4 - El Zorro Gold Project Geological Plan 12

Figure 5 - Ternera Gold Deposit Geological Plan 400mRL 13
Figure 6 - Ternera Deposit Typical Geological Section Looking North-East 13
Figure 7 - Ternera Deposit Typical Geological 3D Slice View 14
Figure 8 - El Zorro Gold Project - General Layout 16
Figure 9 - Ternera Phase 1 Site Layout 16
Figure 10 - Preliminary Ternera Pit Shell & Exploration Boreholes Considered in Geotechnical Assessment 17
Figure 11 - Preliminary Ternera Pit Shell & Exploration Borehole Intervals Considered 18
Figure 12 - Ternera Preliminary "Base Case" Wall Design Parameters 19
Figure 13 - US$1,750/oz Optimisation, Complete Model 23
Figure 14 - US$1,750/oz Optimisation, Restricted to >350mRL 23
Figure 15 - Section 7036250N with Pit Shells 24
Figure 16 - Plan of Pit Design 25
Figure 17 - Section 7036250N 26
Figure 18 - Ternera Phase 1 Study Mining Schedule 28
Figure 19 - Ternera Phase 1 Study – Production Target Schedule 28
Figure 20 - Ternera Phase 1 Study - Production Target Schedule - Contained Ounces 29
Figure 21 - Ternera Phase 2 Metallurgical Test Work - P80=150micron Leach Test Results 30
Figure 22 - El Zorro Preliminary 2.4 Mtpa Process Flowsheet 32
Figure 23 - Annual Mill Throughput and Head Grade 34
Figure 24 - Annual Mill Head Grade and Gold Production Ounces 34
Figure 25 - El Zorro Gold Project Plan with Proposed Seawater Extraction Site and Pipeline Route 35
Figure 26 - US$/oz Gold Price - 2020 to 2023 38
Figure 29 - Sensitivity - Cumulative Net Pre-Tax Cash Flow 40

1 Executive Summary

1.1 Highlights

This report summarises the results of the El Zorro Gold Project, Ternera Phase 1 Open Pit Scoping Study (the "**Phase 1 Study**") undertaken on the Ternera Gold Deposit.

The Phase 1 Study demonstrates that the Ternera Gold Deposit has potential to support the estimated capital required for the development of a project that would produce an average gold production in the order of 90,0000 to100,000oz per annum.

The Phase 1 Study considers a 2.4 million tonne per annum ("**tpa**") gold processing plant and associated infrastructure, and the development of an open pit mining operation on the upper 200metres of the Ternera Gold Deposit.

The Ternera Gold Deposit, below 200 metres, to the base of a US$1,750/oz optimal pit shell, is being assessed to determine the most appropriate method to extract the additional ounces.

The Phase 1 Study assesses the Project on a 100% ownership basis.

Phase 1 Key Study Metrics

Physicals and costs (± 35%)			
Ore tonnage		Mt	17.1
Gold grade		g/t	1.25
Contained ounces		Koz	689
Plant throughput		Mtpa	2.4
Evaluation period (excluding pre-strip)		years	7.4
Strip ratio		waste:ore	8.3:1
Process gold recovery (life of mine average)		%	94.5
Process production – total evaluation period		koz	651
Process production – average annual steady state		koz pa	93
Upfront capital – plant and process infrastructure		US$M	108.0
Upfront capital – open pit mining		US$M	13.5
Upfront capital – pre-strip		US$M	10.4
Operating costs – mining		US$/oz Au	585
Operating costs – processing		US$/oz Au	368
Operating costs – general and administration		US$/oz Au	102
Financials and Key Assumptions (± 35%)		**Base**	**Spot[1]**
Gold price	US$/oz	1,750	1,950
Discount rate (real)	%	5	5
AISC (life of mine average)	US$/oz	1,068	1,068
$NPV_{5\%}$ (pre-tax)	US$M	201	300

IRR (pre-tax)	%	27.5	37.1
Net cash flow (undiscounted, pre-tax)	US$M	312	442.5
Payback period (pre-tax)	years	3.4	2.8

1. *Approximate gold spot price as at 28 March 2023*

- The Phase 1 Study demonstrates the Project is potentially technically and financially viable at a US$1,750/oz gold price.
- The Phase 1 Study demonstrates that the Ternera Gold Deposit can support the estimated capital required for the development of the Phase 1 Project at an annual average gold production in the order of 90,0000 to 100,000oz per annum.
- Steady state gold production for the majority of the project operations is 93,000oz per annum for total gold production of 651,000oz.
- Metallurgical recovery of 94.5%.
- The Phase 1 Study outlines a 9-year initial project (including construction) providing approximately 17.1Mt of feed to a 2.4M tpa CIP gold processing plant with an average feed grade of approximately 1.25g/t Au.
- The percentage of Indicated Resource is 84% over the initial 8-year operating period.
- Pre-production capital is estimated to be US$132M, which includes the processing plant, infrastructure, owners' costs, mobilisation and establishment of the open pit mining operation and Phase 1 pit pre-strip costs.
- Life of Mine ("**LoM**") capital of US$140.7M (including sustaining capital).
- At an assumed LoM gold price of US$1,750/oz, total pre-tax undiscounted cash flow is estimated to be US$312M.
- Pre-tax $NPV_{5\%}$ is estimated at US$201M.
- IRR is estimated at 27.5%
- Estimated AISC of US$1,068/oz is competitive with the HY Dec 2021 global average AISC of approximately AU$1,675/oz or US$1,206 (World Gold Council – https://www.gold.org).
- Project payback is three to four years.
- Overall waste to ore strip ratio of approximately 8.3:1.
- Approximately 84% of mill feed has a mineral resource classification of Indicated and 16% Inferred Resource.
- Mineral royalties on gold mining activities are not imposed at a provincial or federal level in Chile. In this study, no mineral royalties are assumed assessable with respect to the Project.
- Chile has a well-established mining tax regime that is considered attractive to foreign investors due to its stability and transparency. Once in production, mining exploration and pre-production capital expenditure can be offset against a flat 27% corporate

tax rate. Additional tax concessions are available to mining companies, which are subject to government approval. A detailed tax schedule, including assessment of all available concessions, will be developed during future Pre-Feasibility Study work.

- Opportunities to be considered for further studies include:
  - Approximately 170,000oz of gold lies below the Phase 1 Study open pit and the base of the optimal US$1,750/oz pit shell with potential to be included as part of a larger project, which may also include underground mining;
  - The mine design of the Phase 1 Study currently excludes unclassified material within the Ternera Gold Deposit, as well as along strike and at depth, which may provide additional scope for an expanded project upon undertaking further drilling;
  - Ongoing resource extension and infill drilling continues at Ternera Gold Deposit to define additional gold resources; and
  - Ongoing exploration continues throughout the broader El Zorro Gold District to delineate additional gold resources.

1.2 Scoping Study Contributions

The Phase 1 Open Pit Scoping Study has been prepared by Tesoro Gold Limited **("Tesoro")** with input from external parties as shown in the table below.

Study Input	Contributor
Study compilation	Tesoro
Geology	Tesoro, Cube Consulting
Resource estimation	Lynn Widenbar and Associates
Geotechnical	Peter O'Bryan and Associates
Mining studies	Tesoro
Mining costs	Tesoro, Mining Contractors
Metallurgical test work	GRES, ALS Perth
Process engineering & design	GRES
Operating costs	Tesoro, GRES
Infrastructure	Tesoro
Capital costs	Tesoro, GRES
Environmental, social & permitting	Tesoro
Financial modelling	Tesoro

Table 1 - Phase 1 Scoping Study Contributions

1.3 Background

The Ternera Gold Deposit occurs within Tesoro's El Zorro Gold Project, which covers a total concession holding area of approximately 570km^2, located approximately 130km north of Copiapo City, in Region III (Atacama) in northern Chile.

The Ternera Deposit is 13km inland from the Pacific Ocean, 57 km by road from the port of Caldera and is well supported by existing road, power and water infrastructure.

The Phase 1 Scoping Study assesses the Project on a 100% basis (Tesoro 85%).

Between 2017 and 2023 Tesoro has drilled in excess of 300 diamond core holes at the Ternera Deposit, with all core-oriented and geologically and geotechnically logged and photographed.

In March 2023, Tesoro announced an updated Unconstrained Mineral Resource Estimate ("**MRE**") for Ternera Deposit of 1.46M contained ounces (Indicated and Inferred).

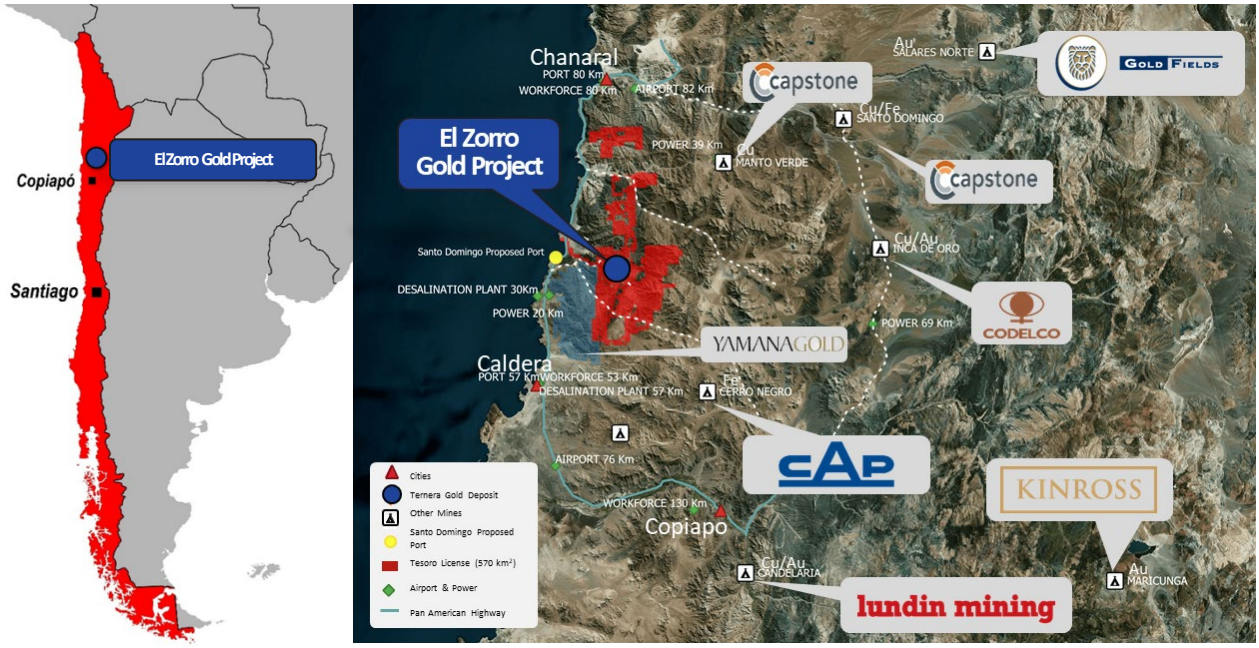


Figure 1 - Tesoro Gold Chile Landholding

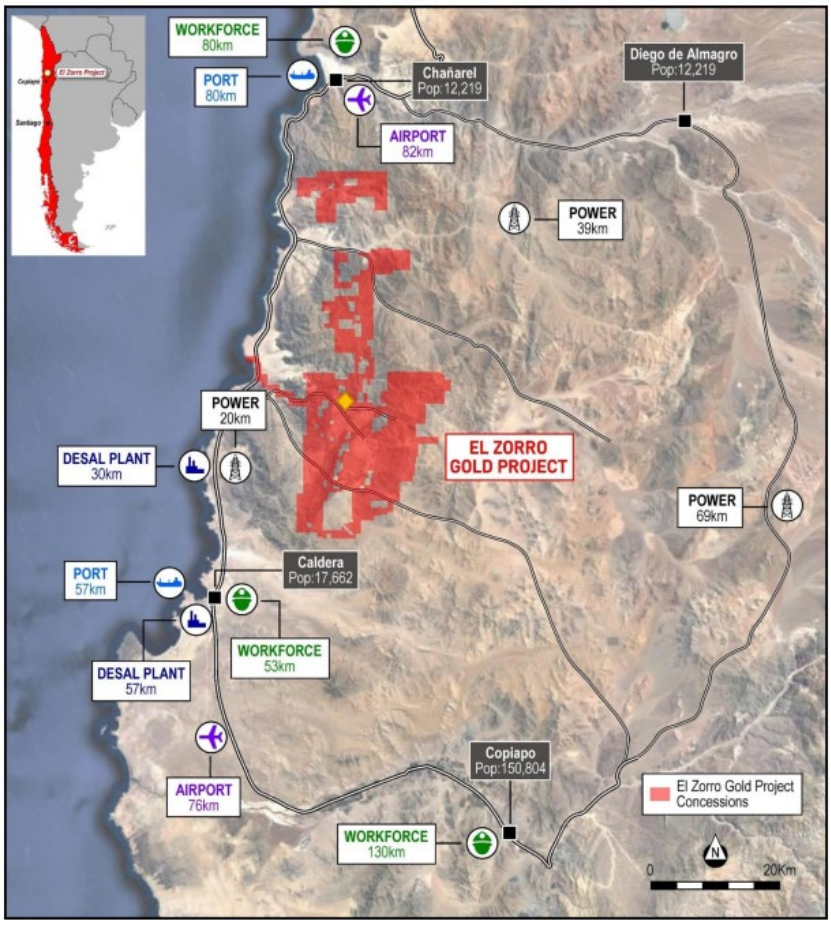


Figure 2 - El Zorro Gold Project Regional Infrastructure

1.4 Scoping Study Overview

The Phase 1 Study focusses on demonstrating the ability of the Ternera Gold Deposit to support the estimated capital required for the development of a project that would support an annual average gold production in the order of 100,000oz per annum.

Following the completion of the updated MRE in March 2023, Tesoro undertook a series of open pit optimisation studies to evaluate options for the economic exploitation of the Ternera Gold Deposit.

The optimisation studies indicate the potential for a viable open pit project extending to +250 vertical metres below surface and producing up to 822,000oz of gold (Indicated and Inferred). The potential for a smaller, high value Phase 1 open pit project, extending only 200 vertical metres below surface and producing 651,000oz of gold (Phase 1 open pit) was also identified.

The remaining 170,000oz of gold that lies between the base of the Phase 1 open pit and the base of the US$1,750/oz optimal pit shell has potential to be mined at a higher strip ratio and cost. A review of the grade between the base of the Phase 1 open pit and the base of the US$1,750/oz optimal pit shell indicates the potential for some of this material to be extracted using underground mining methods. Open pit to underground interface studies have commenced.

The MRE for Ternera Gold Deposit are in compliance with the JORC Code (2012 Edition) and is used for the Phase 1 Study as the updated Ternera MRE (as at 8 March 2023).

The total Ternera MRE used for the Phase 1 Study contains 42.6Mt @ 1.07g/t Au for 1.46Moz Au at a 0.3g/t Au cut-off. Of this Mineral Resource, 69% of resource tonnes and 68% of contained gold ounces are in an Indicated Mineral Resource Category, with the remainder classified as Inferred.

The Phase 1 Study is based on the following parameters:

- The Project will require an estimated capital investment of US$132M, which will include, but not be limited to:
  - a 2.4Mtpa CIP gold processing plant;
  - site administration and communications facilities;
  - mine operations facilities, workshops and mobilisation;
  - Grid connected power supply;
  - seawater extraction, pumping and piping system;
  - potable water processing facility;
  - licensed waste dumps;
  - a tailings storage facility for dry stacked tailings;
  - accommodation village;
  - access road upgrade;
  - owner's costs for construction;
  - construction contingency of 10%; and
  - Stage 1 pit waste pre-strip.
- US$9M of working capital over LoM.
- The open pit will be mined to provide 2.4Mtpa of ore to the gold processing plant.
- Phase 1 open pit mining will extract ore to just below the 350mRL, approximately 200m below the pit ramp exit, over nine years to produce 17.1Mt of plant feed at an average strip ratio of 8.3:1.
- Average annual gold production at steady state operation is 90,0000 to 100,000oz per annum.

The Ternera Gold Deposit is an undeveloped Greenfield exploration discovery. The site will need to be fully established, developed and the project constructed prior to commencing operations.

At full production, it is estimated that the Project will employ up to 200 personnel (including contractors).

Potential exists for additional gold deposits at EL Zorro. It is anticipated that additional resources could be delineated to provide mill feed to the proposed Ternera Project processing plant.

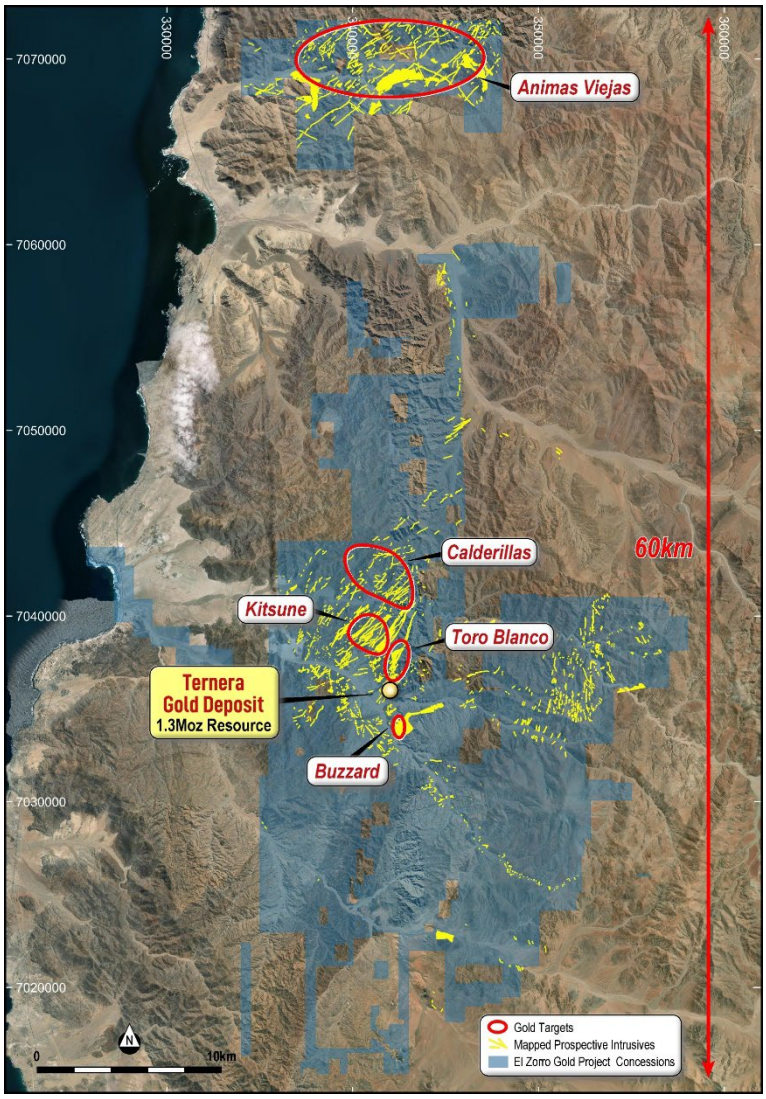


Figure 3 - El Zorro Gold Project Plan

The Phase 1 Study demonstrates a technically feasible and economically attractive development of an open pit operation utilising a constructed 2.4Mtpa CIP gold processing facility and infrastructure.

1.5 Geology

The Project area is in an early Cretaceous volcanic arc containing structurally controlled batholitic intrusions. During this period extensional tectonic activity included the formation of the intra-arc, sinistral, strike-slip Atacama Fault System along the Coastal Cordillera. The metallogenesis during the evolution of the Chilean Andes was dominated by copper-gold mineralisation characterised by several Late Jurassic and Early Cretaceous volcanic-hosted Cu-Ag manto-type deposits, mesothermal Cu-Au-Ag veins and iron oxide copper-gold (IOCG) deposits. Although the El Zorro mineralisation is located within a belt characterised by IOCG-type mineralisation, the El Zorro mineralisation is more typical of an intrusive related gold deposit type.

The oldest rocks in the project area are Palaeozoic sediments of probable Devonian to Lower Carboniferous age. These have been intruded by a Jurassic granodiorite body of the Coastal Batholith Series which has thermally metamorphosed the sediments around the intrusion contact. Fine-grained sediments have been metamorphosed to phyllites and massive fine grained dark hornfels and the more arenaceous sediments to quartzites.

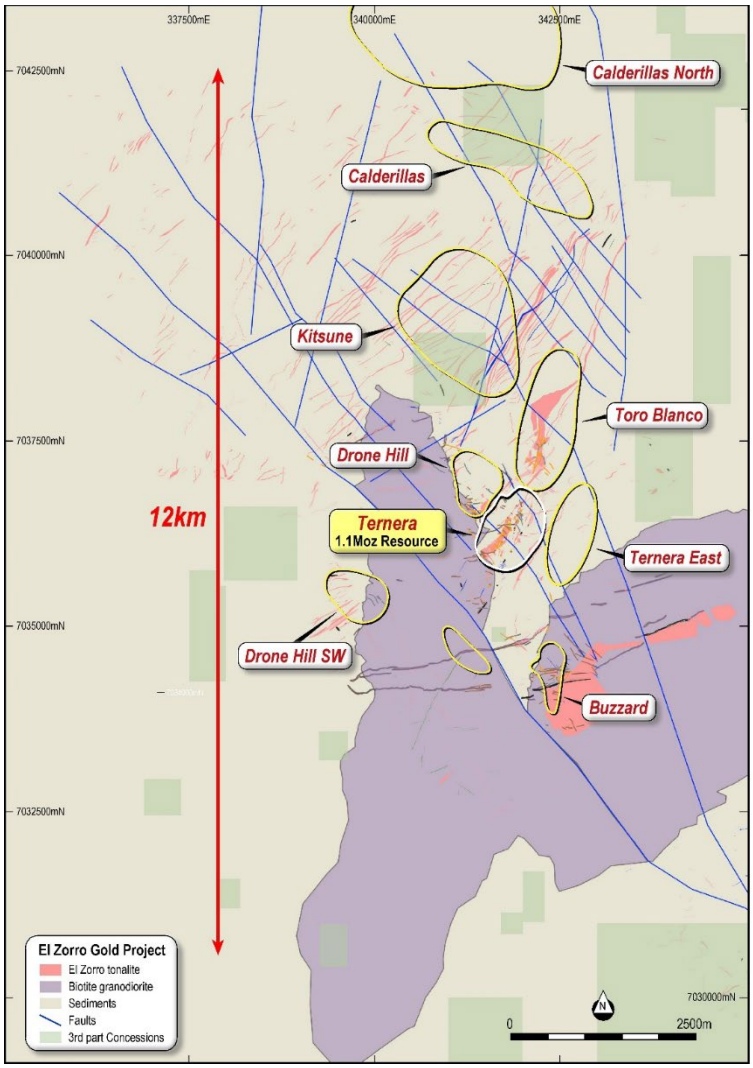


Figure 4 - El Zorro Gold Project Geological Plan

Within the El Zorro Project, the main mineralised intrusions are underlain by a Devonian age sedimentary rock sequence consisting of interbedded siltstone, volcaniclastics, and minor quartzite, all of which has been variably metamorphosed and folded.

The sediments have been intruded by multiple mineralised tonalite to diorite intrusions which have been emplaced as dykes and sills. A large granodiorite intrusion has thermally metamorphosed the sediments within several hundred metres of the contact resulting in highly resistant phyllite, dark fine grained hornfels and quartzite. The phyllite is a very fine grained, foliated, black, dense rock.

The later stage intrusive tonalites occur as south-west to north-east striking bodies dipping toward the south-east, as illustrated in plan and section below.

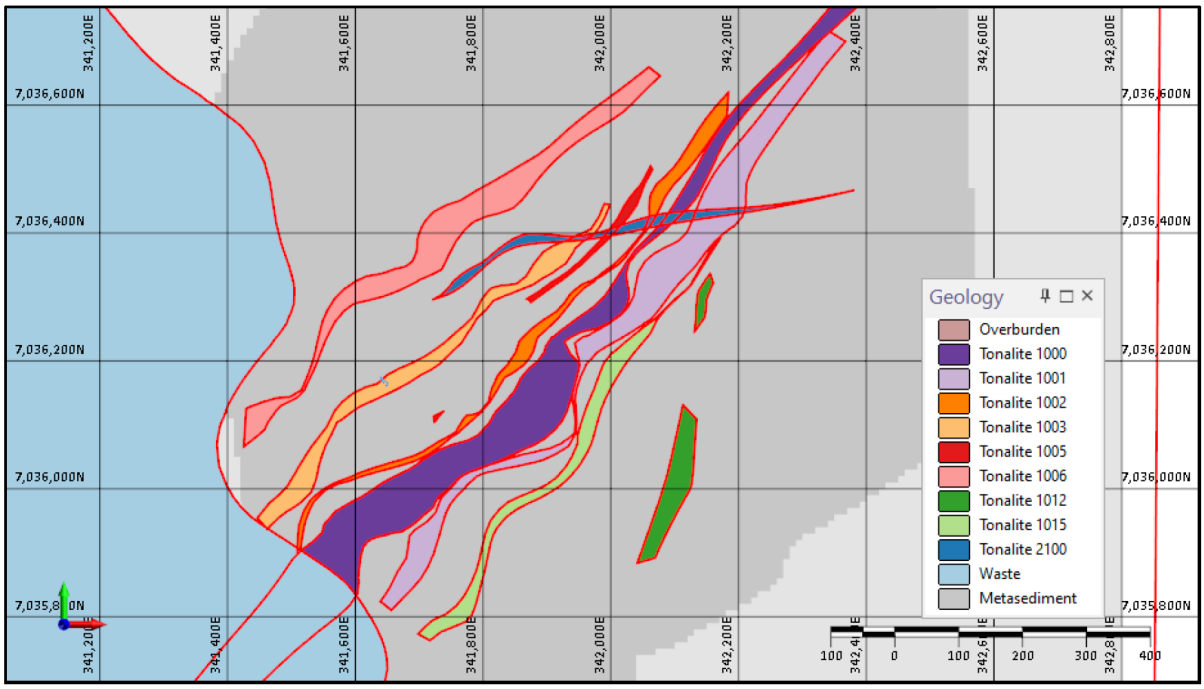


Figure 5 - Ternera Gold Deposit Geological Plan 400mRL

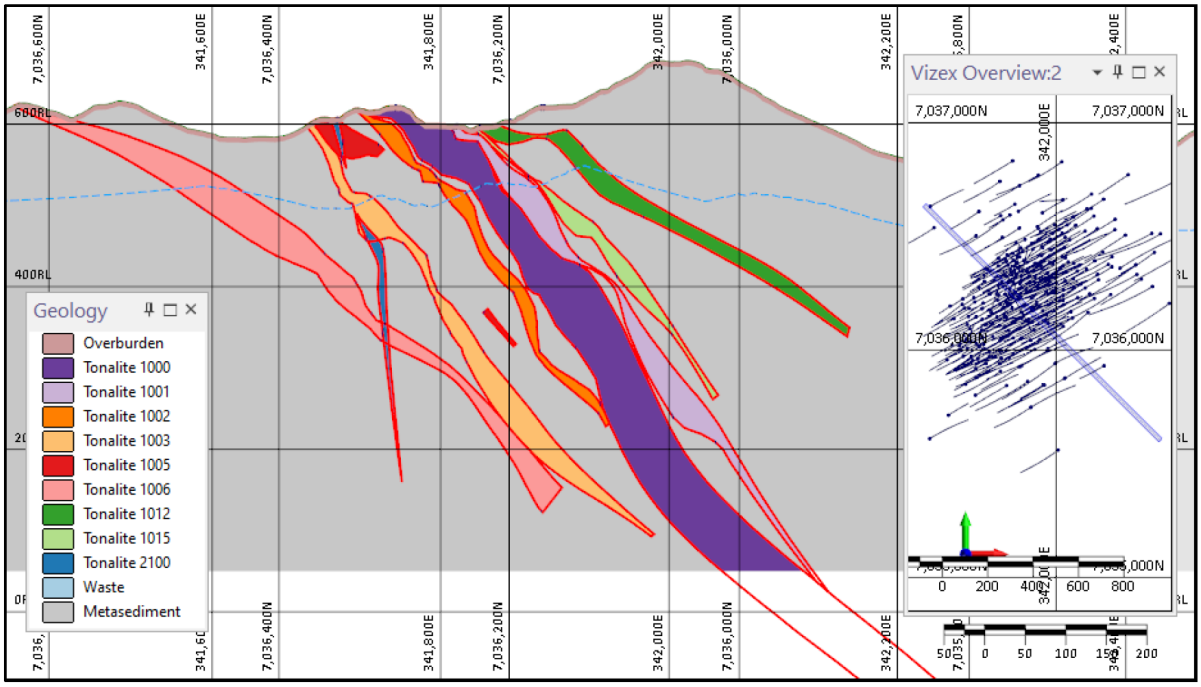


Figure 6 - Ternera Deposit Typical Geological Section Looking North-East

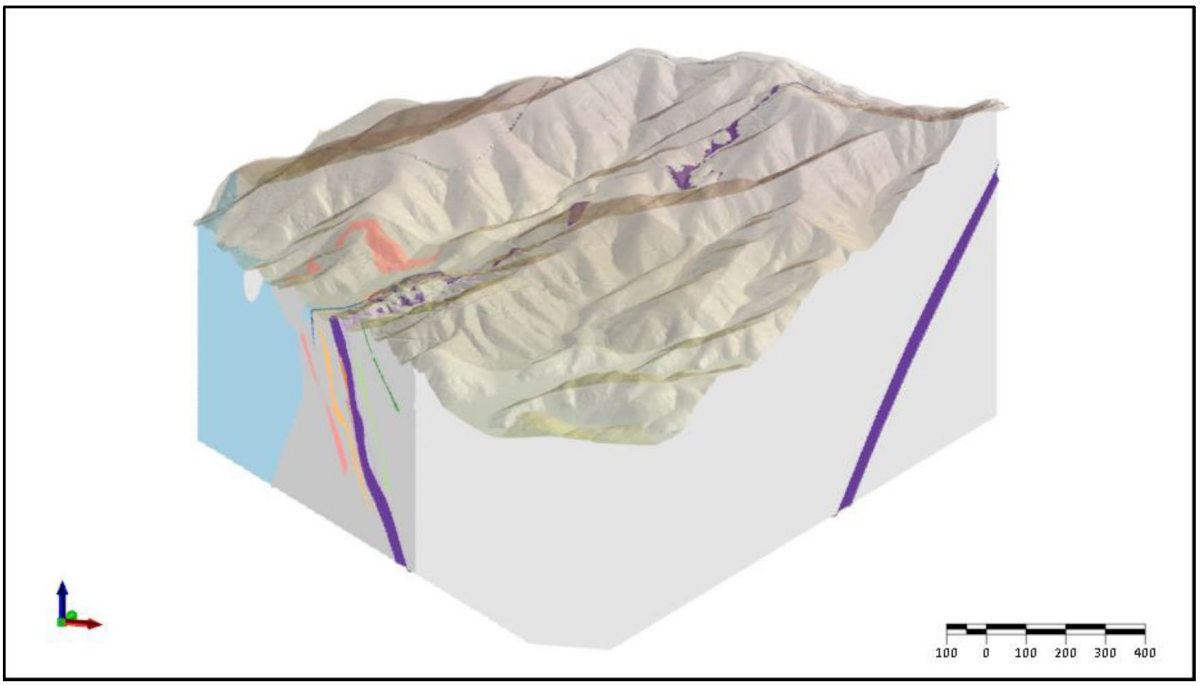


Figure 7 - Ternera Deposit Typical Geological 3D Slice View

1.6 Mineral Resources

The MRE for Ternera Gold Deposit is in compliance with the JORC Code (2012 Edition) and is used for the Phase 1 Study as the updated Ternera MRE (as at 8 March 2023). There have been no material changes to these Mineral Resource Estimates since the date of this publication.

The open pit portion of the Ternera MRE is constrained by a US$1,800/oz pit shell.

		Indicated			Inferred			Total		
Area	**Au g/t cut off**	**Mt**	**Au g/t**	**Koz**	**Mt**	**Au g/t**	**Koz**	**Mt**	**Au g/t**	**Koz**
Open Pit Resource	0.30	22.5	1.10	795	10.0	1.18	379	32.5	1.13	1,175
Underground Resource	1.50	0.1	2.64	7	1.2	2.64	100	1.3	2.64	107
Total Resources		**22.6**	**1.11**	**802**	**11.2**	**1.34**	**479**	**33.7**	**1.18**	**1,282**

Table 2 - El Zorro Gold Project, Ternera Gold Deposit updated Mineral Resource Estimate

Material outside and below the US$1,800 pit shell has been reported as an underground resource at a 1.5 g/t cut-off.

As the Phase 1 Study incorporates a series of pit optimisations, the Ternera Resource unconstrained - 8 March 2023 MRE was used.

	Indicated			Inferred			Total		
Au g/t cut off	Mt	Au g/t	Koz	Mt	Au g/t	Koz	Mt	Au g/t	Koz
2.00	2.6	3.75	317	2.0	3.71	241	4.7	3.73	558
1.00	7.2	2.25	523	5.6	2.24	400	12.8	2.24	923
0.50	16.3	1.39	727	12.8	1.37	561	29.1	1.38	1,288
0.30	23.2	1.09	815	19.4	1.03	645	42.6	1.07	1,459

Table 3 - El Zorro Gold Project, Ternera Gold Deposit updated Mineral Resource Estimate reported at various cut-offs - unconstrained

1.7 Infrastructure and Services

The El Zorro Gold Project is a Greenfield site with no existing infrastructure. The development of the Project will require the construction of:

- a 2.4Mtpa CIP gold processing plant;
- site administration and communications facilities;
- mine operations facilities, workshops, and mobilisation;
- power supply of up to 20 Mw capacity;
- a seawater extraction, pumping and piping system;
- potable water processing facility;
- licensed waste dumps;
- a licenced tailings storage facility for dry stacked tailings;
- accommodation village; and
- access road upgrade.

A general site layout is shown below:

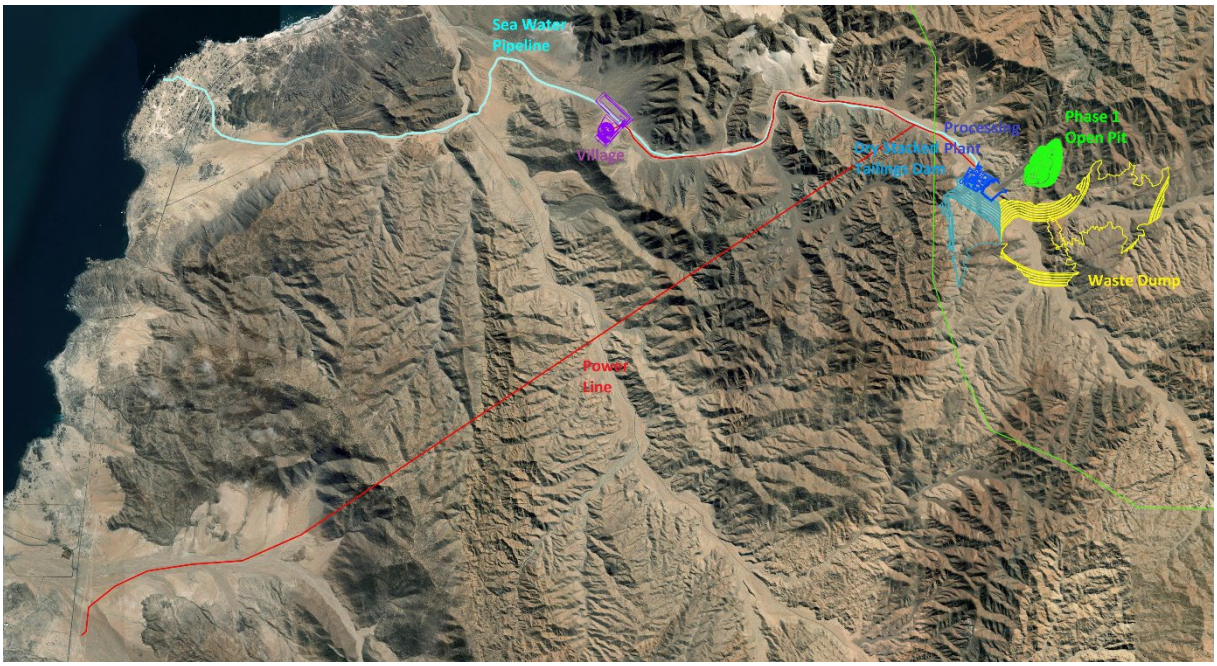


Figure 8 - El Zorro Gold Project - General Layout

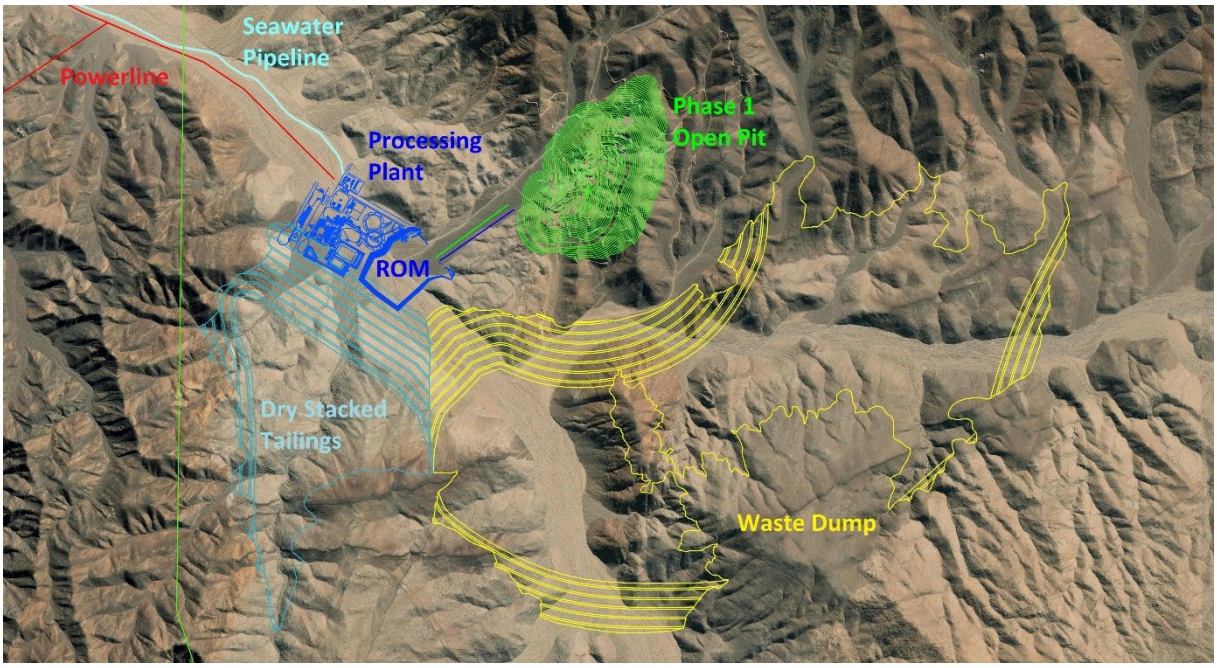


Figure 9 - Ternera Phase 1 Site Layout

1.8 Scoping Study Mining Assumptions

1.8.1 Introduction

Mining studies undertaken for the Phase 1 Study were completed in-house by Tesoro.

The Phase 1 Study assumed open pit mining with all mining activities to be performed by a mining contractor, directed and managed by Tesoro.

1.8.2 Dilution and Ore Loss Assumptions

A mining dilution factor of 10% was applied to all mill feed blocks, and a mining loss of 5% used for all optimisations.

Pit optimisations and physical scheduling used the Ternera Unconstrained MRE as shown in Section 1.6 above, regularised to a 2.5m x 2.5m x 2.5m regular block size.

A comparison between the non-regularised and regularised MRE models shows the overall tonnage as similar, but with a reduction in grade as a result of internal and halo dilution that occurs in the regularisation process. The Phase 1 Study Production Target assumes an overall mining dilution factor of 10% additional tonnes at zero grade, with a mining loss of 5%.

1.8.3 Geotechnical Assumptions

Pit wall angles used in the Study were based on a geotechnical assessment undertaken by Peter O'Bryan & Associates, a Perth-based Geotechnical Consultancy.

Geotechnical investigations and assessments for proposed open pit mining were based on:

- Data contained in Tesoro's geological, structural geological and geotechnical logs for diamond cored exploration boreholes ZDDH-00073, 00103, 00104, 00115, 00137, 00208, 00211 and 00259 drilled in the vicinity of likely future pit wall position.

Drilling and logging were performed in 2020 and 2021. Boreholes considered in geotechnical investigations were selected based on locations and orientations relative to possible future pit wall positions.

- Review of core photographs for the above listed boreholes.
- Assessment of rock mass conditions and quality using the Geo-mechanical Classification system (RMR89 system, Bieniawski, 1989), with values further adjusted to the Mining Rock Mass Rating system (MRMR system, Laubscher).

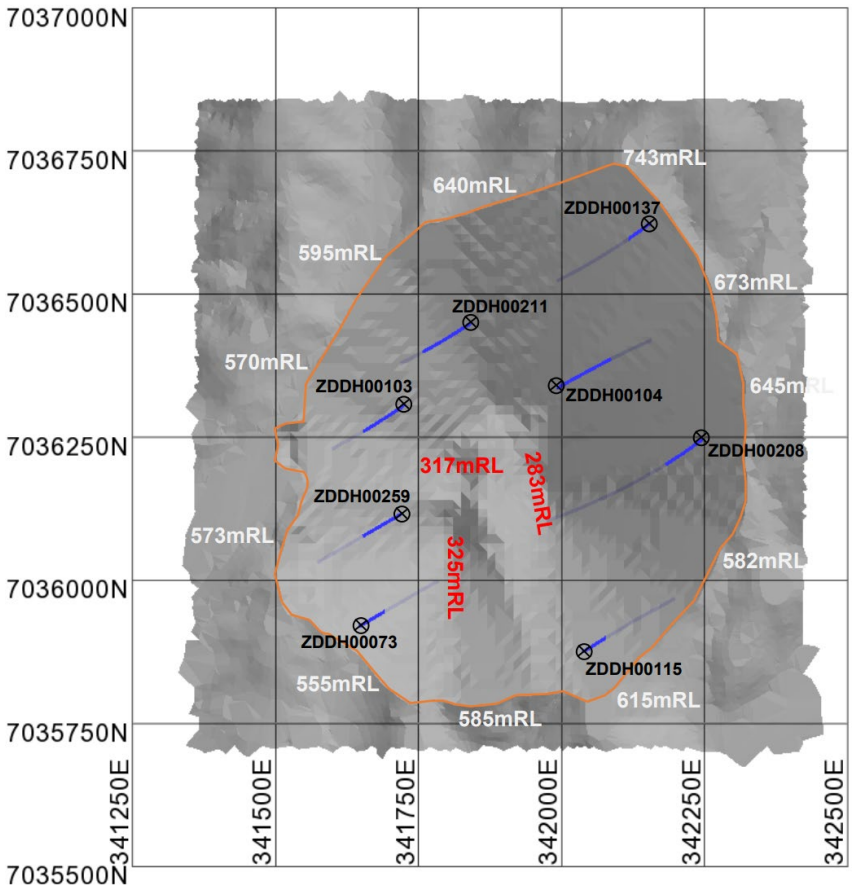


Figure 10 - Preliminary Ternera Pit Shell & Exploration Boreholes Considered in Geotechnical Assessment

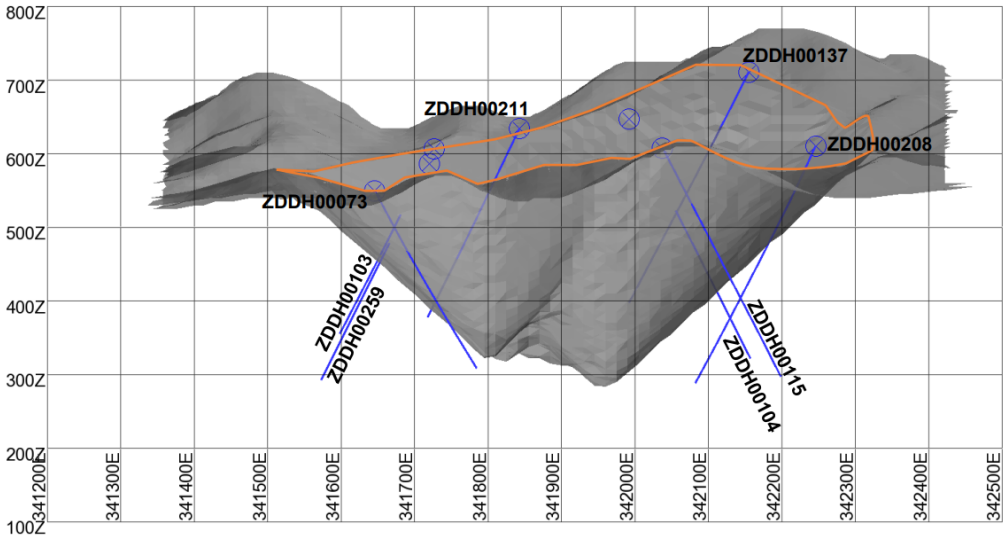


Figure 11 - Preliminary Ternera Pit Shell & Exploration Borehole Intervals Considered in the Geotechnical Assessment

Preliminary recommendations from the study for wall design parameters have been derived from:

- Review of borehole cores and geotechnical logs
- Results of kinematic stability analyses based on defect data obtained from boreholes
- Basic rock mass classification using empirical methods
- Relevant experience in investigation, assessment, design and operation of open pits of similar scale in similar geotechnical settings.

The preliminary base case wall design parameters used for the Scoping Study open pit mining evaluation and planning at Ternera Deposit were:

All Walls: from 0 to 5 mbs

- Batter Face Height ≤ 5m
- Batter Face Angle 40°
- Berm Width 4.0m

IRA 26.7°: from 5 to 295 mbs (transitional material and fresh rock)

- Batter Face Height 10m
- Batter Face Angle 85°
- Berm Width 10m

IRA 42.6°

- Bench Stack Berm
- Berm Width 15m
- Vertical Interval ≤ 100m

Overall Slope Angle (OSA) ≈ 42°

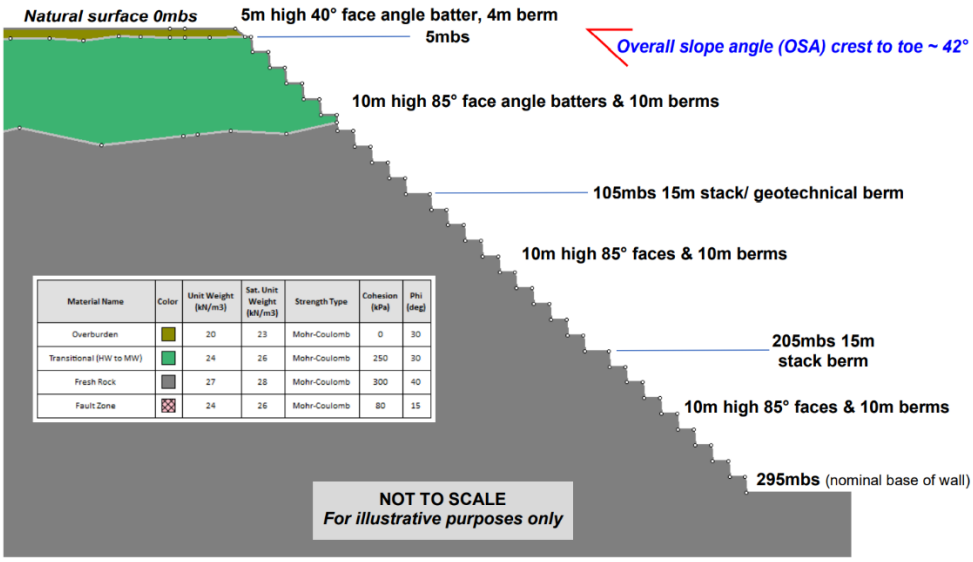


Figure 12 - Ternera Preliminary "Base Case" Wall Design Parameters

1.8.4 Mining Costs

Mining costs have been estimated based on the use of a 230-tonne diesel hydraulic excavator and 120-tonne truck fleet combination. Mining costs are a combination of budget estimates from a South American open pit mining contractor and Tesoro database costs.

The modelling is based on preliminary pit, RoM and waste dump designs.

A summary of cost breakdown is shown below:

	$/tonne Mined	$/bcm Total	$/tonne Ore
VARIABLE COSTS			
Waste L&H Cost	$0.57	$1.35	$5.34
Waste D&B Cost	$0.48	$1.12	$4.42
Waste Ancillary Costs	$0.13	$0.31	$1.22
Waste Dewatering Costs	$0.02	$0.04	$0.17
Waste Misc Mining Costs	$0.06	$0.14	$0.56
Ore L&H Costs	$0.05	$0.12	$0.47
Ore D&B Costs	$0.04	$0.11	$0.42
Ore Ancillary Mining Costs	$0.02	$0.05	$0.20
Ore Dewatering Costs	$0.00	$0.00	$0.02
Ore Misc Mining Costs	$0.01	$0.01	$0.06
Grade Control Costs	$0.09	$0.22	$0.86
FIXED COSTS			
Mine Management	$0.08	$0.20	$0.78
Excavators	$0.05	$0.12	$0.46
Trucks	$0.22	$0.52	$2.05
Drills	$0.02	$0.05	$0.18
Dozers	$0.03	$0.08	$0.30
Graders	$0.03	$0.06	$0.25
Water Cart	$0.02	$0.06	$0.22
Lighting Towers	$0.00	$0.00	$0.01
Service Truck	$0.03	$0.06	$0.25
Dewatering Pumps	$0.01	$0.03	$0.13
Contractor Management	$0.16	$0.39	$1.53
Contractor Facilities & Infrastructure	$0.10	$0.24	$0.96
Contractor Ancillaries	$0.22	$0.51	$2.01

TOTAL	**$2.46**	**$5.78**	**$22.86**

Table 4 - Ternera Phase 1 Open Pit - Mining Cost Breakdown

Mining costs use a diesel price of US$1.13/l as provided by the mining contractor.

The estimated mining costs have been benchmarked against other similar scale projects and are considered appropriate for the type and scale of mining operations proposed.

1.8.5 Mine Production Criteria

Mining rates provide 2.4Mtpa mill feed to the gold processing plant. Equipment numbers were varied over time to achieve this target with the following over-riding criteria:

- Minimum mining width:
  - 30m on cutback walls
  - 15m at base of pit
- Maximum rate of vertical advance = Max of 10m vertical per month

1.9 Pit Optimisations

Pit optimisations identified a series of optimal pit shells suitable for preliminary staged pit designs.

The pit optimisation input parameters used are shown in Table 5 below.

INPUT	UNIT	US$
Gold Price	$/oz	1,750
Optimisation Au Price	$/gm	53.58
Discount Rate	%	5%
Processing Rate	Mtpa	2.4Mtpa
Metallurgical Recovery	%	94.5%
Mining Costs Includes: Load & Haul Drill & Blast Grade Control Dewatering Misc. Services Dayworks	Waste Mining - $/t >635mRL: 635mRL to 580mRL 580mRL to 515mRL 550mRL to 515mRL <515mRL+ Ore Mining - $/t >570mRL <550mRL	 (0.0091482298895937 7*RL)-4.07819394053034 (-0.0021411306584063 9*RL)+3.23941009956049 (-0.0018767720417211 7*RL)+3.05607799732197 (-0.0028404364722835 6*RL)+3.34846154850077 (0.0140270306431369*RL)-5.35485140966586 (-0.0014910793327178 9*RL)+3.75832514335511
Pit Slopes	OSA - degrees	42°
Mining Dilution	% Tonnes Grade g/tAu	10% @ 0g/tAu
Mining Ore Loss	%	5%
Ore Related Costs Processing G&A Sustaining Capex	 $/t Processed $/t Processed $/t Processed	 14.00 4.71 0.50

Table 5 - Phase 1 Pit Optimisation Input Parameters

The Ternera Unconstrained MRE, regularised to a 2.5m x 2.5m x 2.5m regular block size, was used in the optimisations.

Measured, Indicated and Inferred Resource categories were used in the optimisations.

A series of runs were completed constraining the MRE at depth:

- To full depth (the complete MRE)
- MRE constrained to 350mRL

A summary of the optimisation results is shown in Table 6.

Scenario	Basis For Selected Pit Shell	Pit	Gold Price $/oz	Diluted Cut-off Grade	Total Material	Waste	Strip Ratio	Mill Feed				Operating Cashflow				Total Cost	Cost/oz	Margin/oz	Mining Cost
								Tonnes	Au grade	Au Output	Ave Recovery	Undisc. CF	Discounted @ 5%						
													Best	Worst	Avg				
			[US$/oz]	[g/t]	[Mt]	[t]	[w : o]	[Mt]	[g/t]	[koz]		[US$M]	[US$M]	[US$M]	[US$M]	[US$M]	[US$/oz]	[US$/oz]	[US$/t]
Complete MRE Model	Max Undisc Cashflow (UCF)	25	1,750	0.54	248.1	226.4	10.4	21.7	1.24	822	94.5%	$412.5	$315.3	$241.0	$278.1	$1,007.9	$1,227	$523	$2.11
	Ave Discounted Cashflow (ADCF)	21	1,575	0.54	147.4	131.5	8.3	15.9	1.27	613	94.5%	$397.6	$312.9	$277.5	$295.2	$662.7	$1,081	$669	$2.11
	Variance (UCF v's ADCF)		*111%*		*168%*	*172%*	*126%*	*137%*	*98%*	*134%*	*100%*	*104%*	*101%*	*87%*	*94%*	*152%*	*114%*	*78%*	*100%*
Ore restricted to above the 350mRL	Max Undisc Cashflow (UCF)	25	1,750	0.54	163.0	146.1	8.67	16.8	1.26	644.6	94.50%	$435.2	$367.6	$340.3	$353.9	$679	$1,054	$696	$2.10
	Ave Discounted Cashflow (ADCF)	22	1,619	0.54	157.5	141.0	8.53	16.5	1.26	633.9	94.50%	$434.5	$367.2	$341.5	$354.3	$662	$1,044	$706	$2.10
	Variance (UCF v's ADCF)		*108%*		*103%*	*104%*	*102%*	*102%*	*100%*	*102%*	*100%*	*100%*	*100%*	*100%*	*100%*	*103%*	*101%*	*99%*	*100%*
	Variance to Scenario 1 (UCF)		*100%*		*66%*	*65%*	*83%*	*77%*	*102%*	*78%*	*100%*	*106%*	*117%*	*141%*	*127%*	*67%*	*86%*	*133%*	*99%*
	Variance to Scenario 1 (ADCF)		*103%*		*107%*	*107%*	*103%*	*104%*	*99%*	*103%*	*100%*	*109%*	*117%*	*123%*	*120%*	*100%*	*97%*	*106%*	*100%*

Table 6 - Summary of US$1,750/oz Optimisation Results

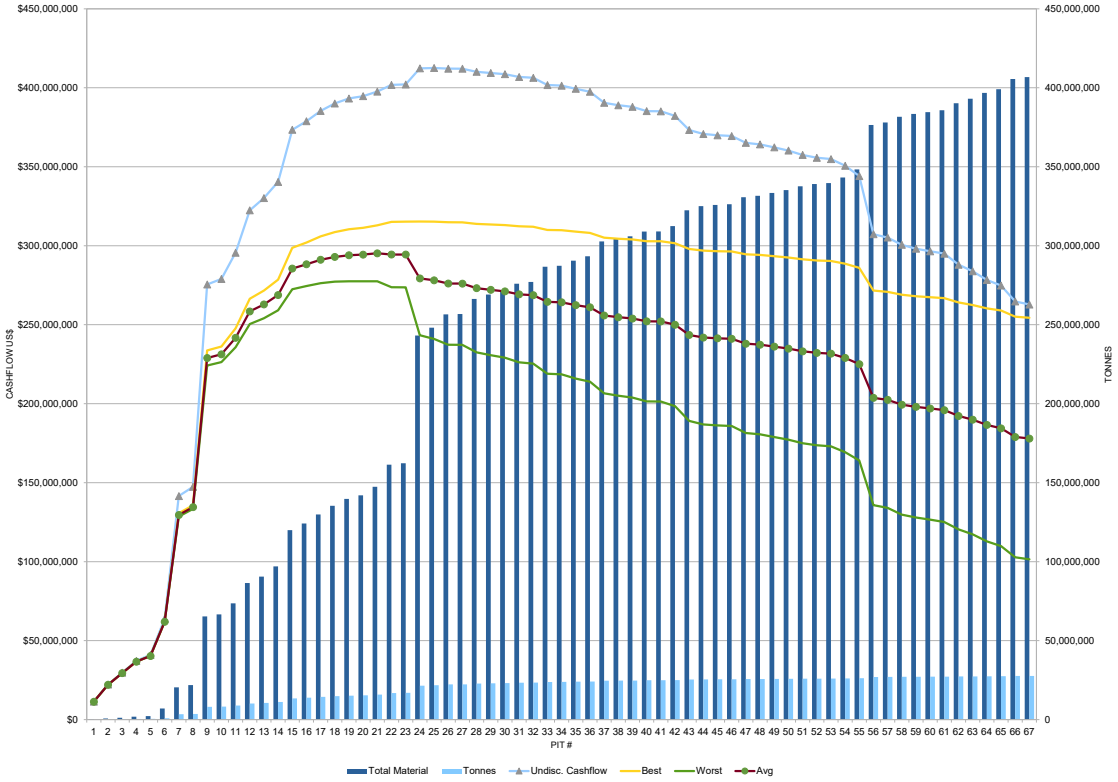


Figure 13 - US$1,750/oz Optimisation, Complete Model

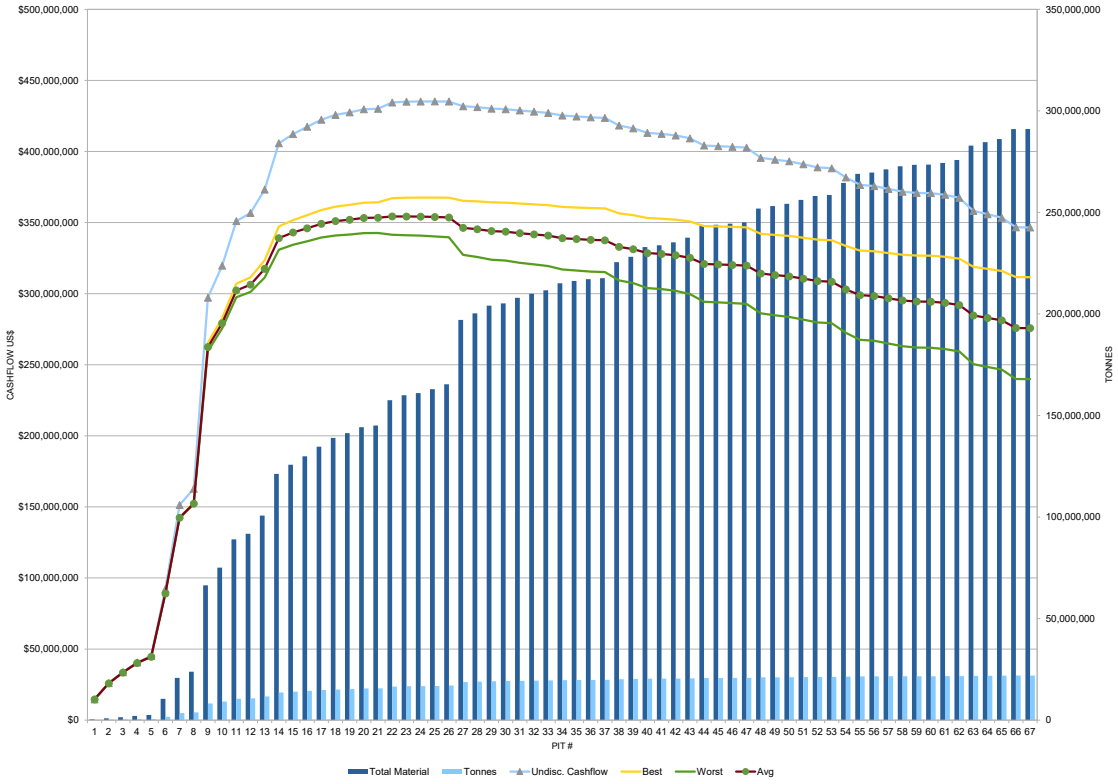


Figure 14 - US$1,750/oz Optimisation, Restricted to >350mRL

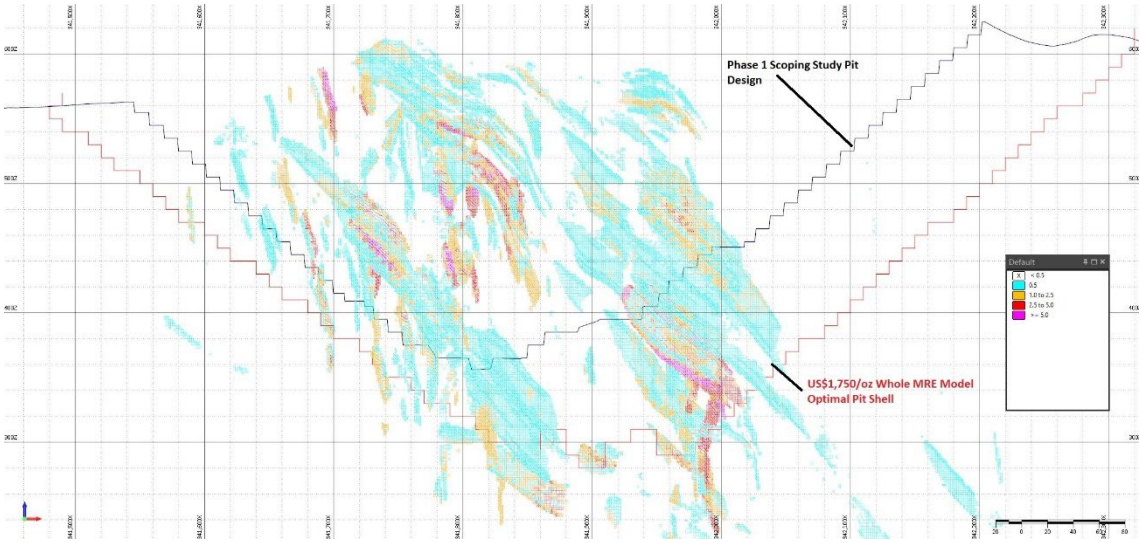


Figure 15 - Section 7036250N with Pit Shells

The US$1,750/oz, undiscounted optimal pit (RF1) for the complete MRE recovers 822,000oz, or 64% of the ounces contained in the Unconstrained MRE at a 0.5g/t cut-off.

The optimal pit shell for the optimisation restricted to the 350mRL recovers 644,000oz. This is the equivalent to a US$1,619/oz pit shell in the complete MRE optimisation runs.

An assessment of the extraction of ounces that lie between the undiscounted optimal pit for the complete MRE and the optimisation restricted to the 350mRL and other deeper, higher grade mineralisation will be assessed in further studies.

1.10 Pit Designs

Pit shell 25 (RF1) from the MRE constrained to 350mRL optimisation was selected as the basis of the Phase 1 Study pit design.

The following pit design criteria was used:

Item	Value
Pit Walls	
• Batter Angles	85°
• Berm Intervals	
○ Nominal	Every 10m Vertical
○ Geotechnical Berms	Every 100m Vertical
• Berm Widths	
○ Nominal	10m Horizontal
○ Geotechnical Berms	15m Horizontal
Pit Ramps	
• Width	25m
• Gradient	1:10
Minimum Mining Width	
• Cutbacks	30m
• Drop Cuts	15m

Table 7 - Pit Design Criteria

Pit ramp widths are suitable for two-way traffic based on Cat 777D or Cat 785C off-highway dump trucks as shown in Table 8 below.

Cat off-highway trucks

Model	Accessories	Overall Width Ft, In (m)	One Way (Straights / Corners)	Two Way (Straights)	Two Way (In Corners)
777D	Basic dual slope body	20' 0" (6.10)	40' 0" (12.20) min.	60' 0" (18.30) min.	70' 0" (21.35) min.
785C	Basic dual slope body	21' 4" (6.64)	42' 8" (13.28) min.	64' 2" (19.92) min.	74' 8" (23.24) min.
789C	Basic dual slope body	25' 2" (7.67)	50' 4" (15.34) min.	75' 6" (23.01) min.	88' 1" (26.85) min.
793C	Basic dual slope body	24" 4" (7.44)	48' 8" (14.88) min.	73' 2" (22.32) min.	85' 2" (26.04) min.
797B	Flat floor body	30' 0" (9.15)	60' 0" (18.30) min.	90' 0" (27.45) min.	105' 0" (32.03) min.

Table 8 - Cat Off-Highway Truck Minimum Ramp Width Design Criteria

The pit ramp crest sits at ~545mRL.

The pit design is shown below:

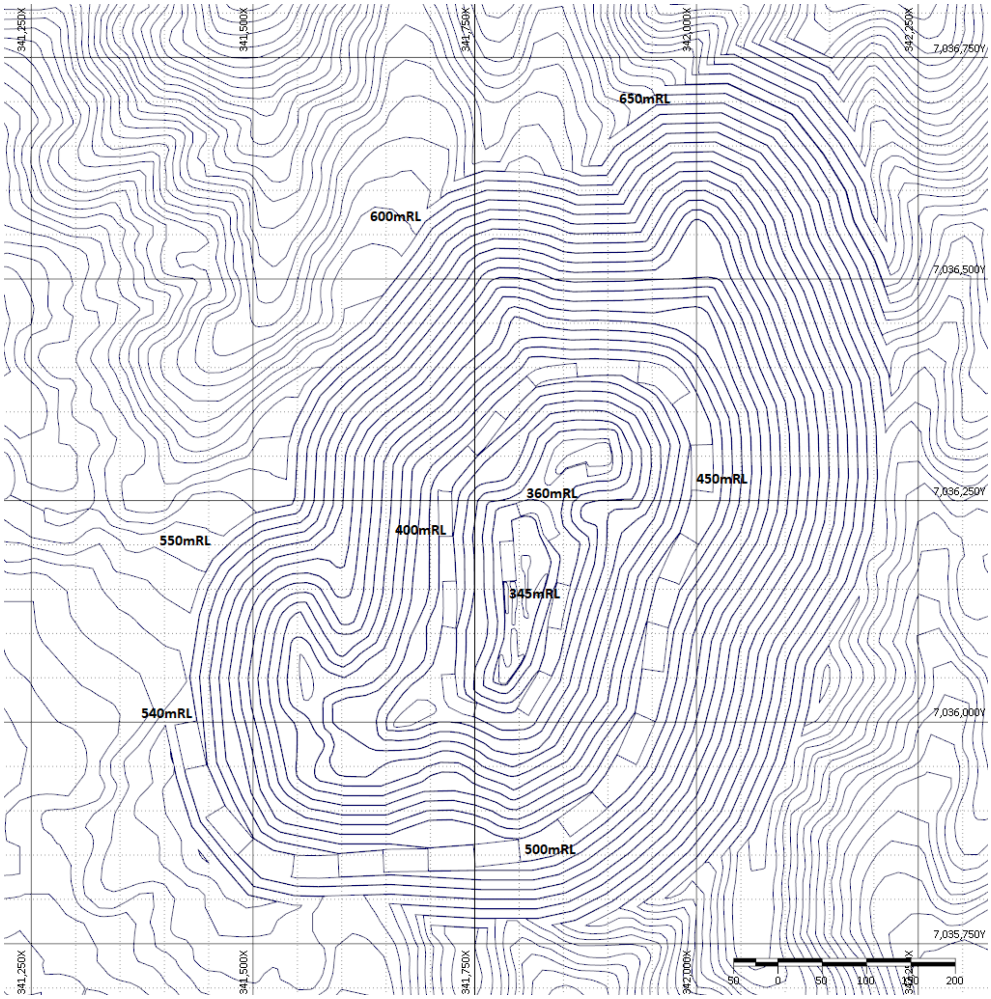


Figure 16 - Plan of Pit Design

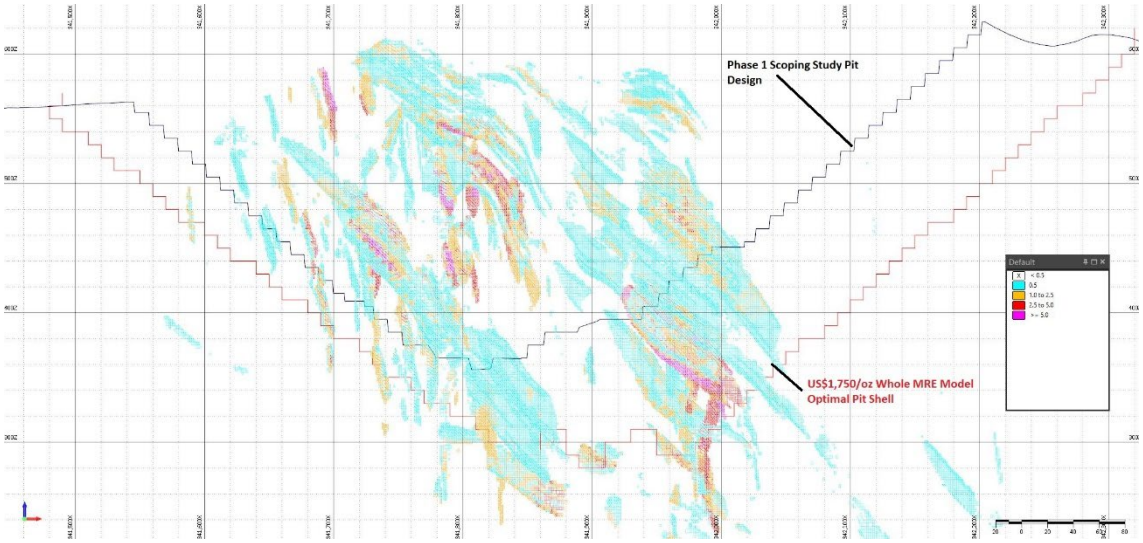


Figure 17 - Section 7036250N

1.11 Production Target

The production target estimated for the Phase 1 Study utilises cut-off grades, dilution and mining recovery appropriate for the style of mining and mineralisation type based on the pit designs completed for the Ternera Project.

The Ternera Unconstrained MRE, regularised to a 2.5m x 2.5m x 2.5m regular SMU, was used in the production target estimation.

A comparison between the non-regularised and regularised MRE models shows the overall tonnage as similar, but with a reduction in grade as a result of internal and halo dilution that occurs in the regularisation process.

The Phase 1 Study production target assumes an overall mining dilution factor of 10% additional tonnes at zero grade, with a mining loss of 5%.

The average calculated cut-off grade from the US$1,750/oz optimisation run is approximately 0.46g/t Au.

The Phase 1 Study, Measured, Indicated and Inferred mineralisation with an undiluted grade greater than 0.5g/t Au within the respective pit designs were included in the production target for processing.

A breakdown of the production target is shown Table 9 below:

	Indicated			**Inferred**			**TOTAL**			**%**	**%**
Pit	Tonnes	g/tAu	Ounces	Tonnes	g/tAu	Ounces	**Tonnes**	**g/tAu**	**Ounces**	**Indicated**	**Inferred**
Phase 1	14,814,996	1.22	582,347	2,299,838	1.45	106,890	**17,144,834**	**1.25**	**689,232**	84%	16%
TOTAL	**14,814,996**	**1.22**	**582,347**	**2,299,838**	**1.45**	**106,890**	17,144,834	1.25	689,232	**84%**	**16%**

Table 9 - Ternera Phase 1 Pit Production Target

1.12 Waste Dump Designs

Two waste dump areas have been identified for the project.

1. The Upper North-East Waste Dump; and
2. The Southern Waste Dump.

Waste dumps have been designed using the following criteria:

- Dump bench heights: 10 m
- Berm widths:10 m
- Batter Angles: 37° (angle of repose)
- Overall Dump Slope: 22°

Dump capacities are shown in Table 10 below:

WASTE DUMPS	LOCATION	VOLUME (MBCM)	SWELL	COMPACTION	INSITU VOLUME (MBCM)
	Upper Eastern	28.5	30%	10%	22.0
	South	74.4	30%	10%	57.3
				TOTAL	**79.3**

Table 10 - Ternera Phase 1 Waste Dump Capacity

All material mined from the upper portions of the pit will be deposited on the upper eastern waste dump with the remainder deposited on the southern waste dump.

1.13 Mining Schedules

Open pit mining schedules were developed based on the pit design. For these schedules, a nominated mill feed rate of 2.4Mtpa at the highest possible grade was targeted.

Over a 9-year life, the Phase 1 pit provides approximately 17.1Mt of mill feed at an average grade of 1.2g/t Au and a strip ratio of 8.3:1.

A total of 84% of material in the LoM production target is in an Indicated Resource classification category. Unclassified material is regarded as waste.

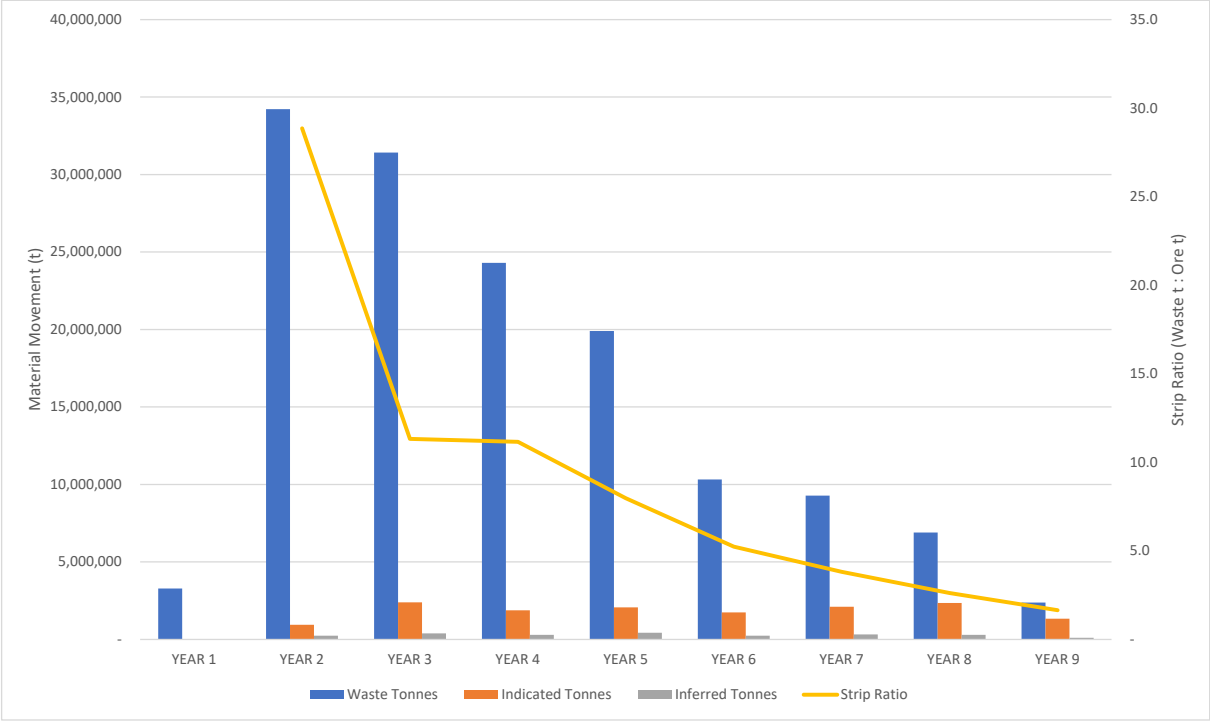
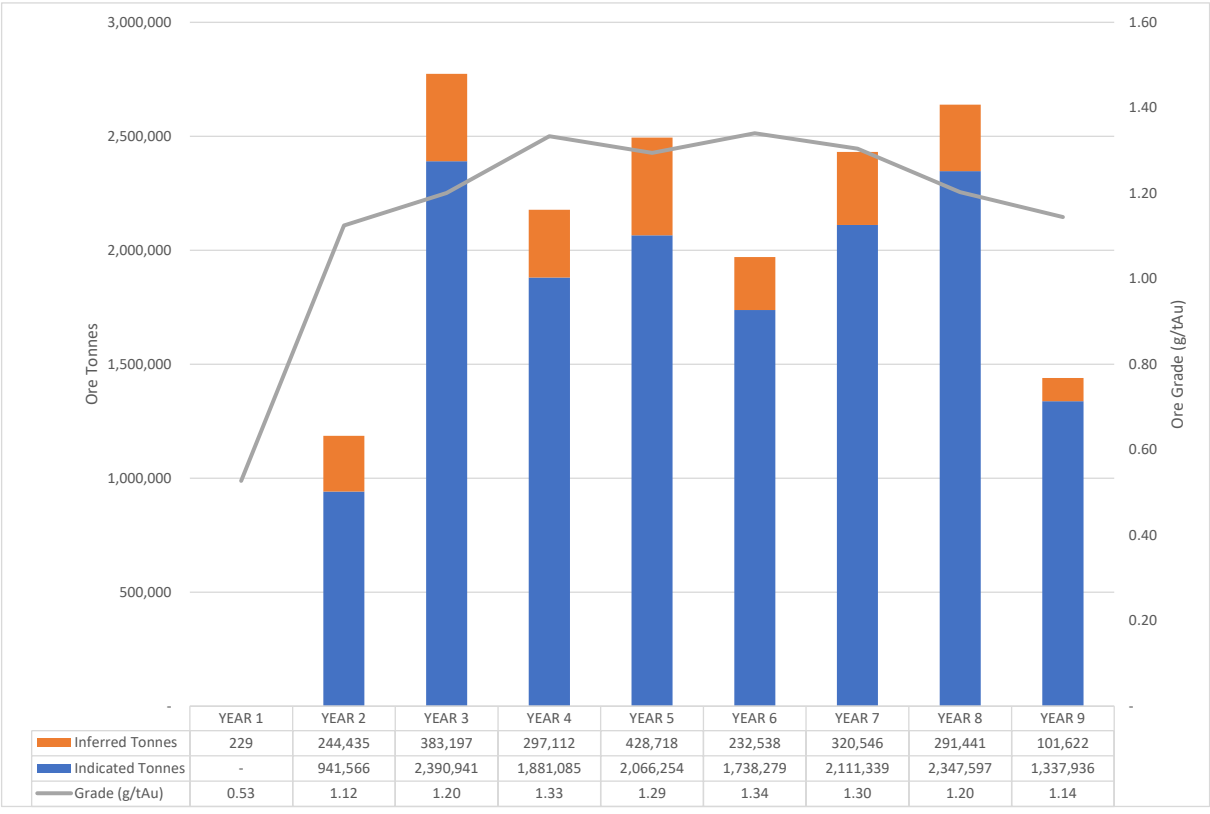
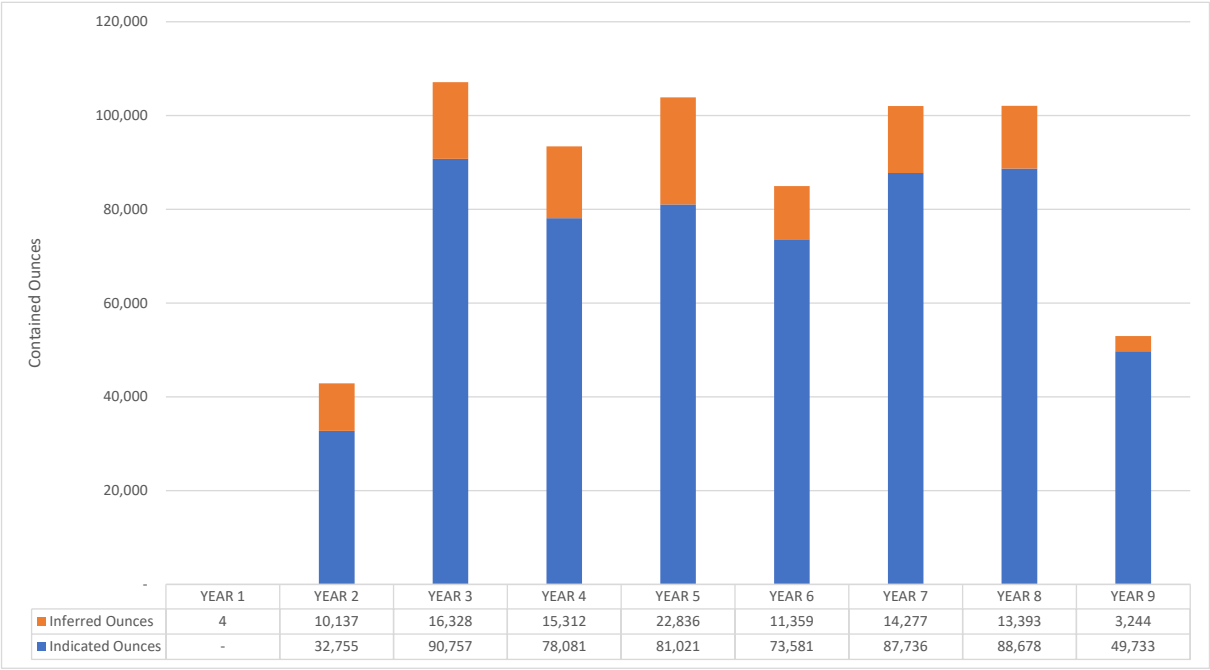


Figure 18 - Ternera Phase 1 Study Mining Schedule



	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9
Inferred Tonnes	229	244,435	383,197	297,112	428,718	232,538	320,546	291,441	101,622
Indicated Tonnes	-	941,566	2,390,941	1,881,085	2,066,254	1,738,279	2,111,339	2,347,597	1,337,936
Grade (g/tAu)	0.53	1.12	1.20	1.33	1.29	1.34	1.30	1.20	1.14

Figure 19 - Ternera Phase 1 Study – Production Target Schedule



	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9
Inferred Ounces	4	10,137	16,328	15,312	22,836	11,359	14,277	13,393	3,244
Indicated Ounces	-	32,755	90,757	78,081	81,021	73,581	87,736	88,678	49,733

Figure 20 - Ternera Phase 1 Study - Production Target Schedule - Contained Ounces

1.14 Metallurgy and Processing

1.14.1 Metallurgical Test Work

Metallurgical test work on samples from the Ternera Deposit has been undertaken in two Phases.

Phase 1

The Phase 1 metallurgical test work program was defined and conducted by ALS Metallurgy in Balcatta WA, using Perth tap water to perform the tests. The work was under the supervision of Tesoro.

Work was undertaken on 63kg of diamond drill core from the Ternera Deposit. This test work program involved:

- Bond ball mill work index (BWi) determination
- Head assay and screen fire gold assay analysis
- Mineralogical analysis by XRD
- Preliminary grind establishment test work
- Preliminary Knelson gravity separation/intensive leach test work
- Preliminary gravity recoverable gold (GRG) test work
- Preliminary direct cyanidation test work

Phase 2

The Phase 2 metallurgical test work program was designed and supervised by RW Nice & Associates and performed at ALS Metallurgy in Balcatta WA. This test work was undertaken using seawater in alignment with the project development strategy proposed by Tesoro.

The work program was designed to assess the gravity recoverable gold and cyanide leaching characteristics over a range of grind sizes to determine the most appropriate grind size for future processing studies and the design for the plant.

Test work was conducted using representative samples from the various mineralised zones at Ternera Deposit and over a range of sample grades for gold. A total of 526kg of samples, selected from the various mineralised zones lying within the optimisation pit shell that was used to constrain the Ternera MRE (as reported on 29 July 2021), was sent to ALS Metallurgy for testing.

The results of this test work program of the El Zorro deposits are as follows;

- Bond Ball Mill work index (BWi) = 20.4 kWh/t (from Phase 1 Test Work Program).
- A leach feed grind size distribution of P80 = 150µm.
- Cyanide consumptions of 0.5kg/t.
- Lime consumption of 4.0kg/t.
- Gravity recovery of 45 %.
- Overall Au recovery of 94.5%.
- Test work undertaken using seawater.

Gravity recovery is relatively consistent at around 49% to 50%, disregarding the three anomalous oxide results. For study purposes the design gravity will be set at 45 %.

All leach tests conducted in the Phase 2 program were undertaken using sea water.

Both the Phase 1 and Phase 2 leach test work demonstrated rapid leach times with the majority of tests achieving total gold extraction in excess of 90% within 8 hours.

The total extraction curves for the Phase 2 P80 = 150µm - leach test work is shown below:

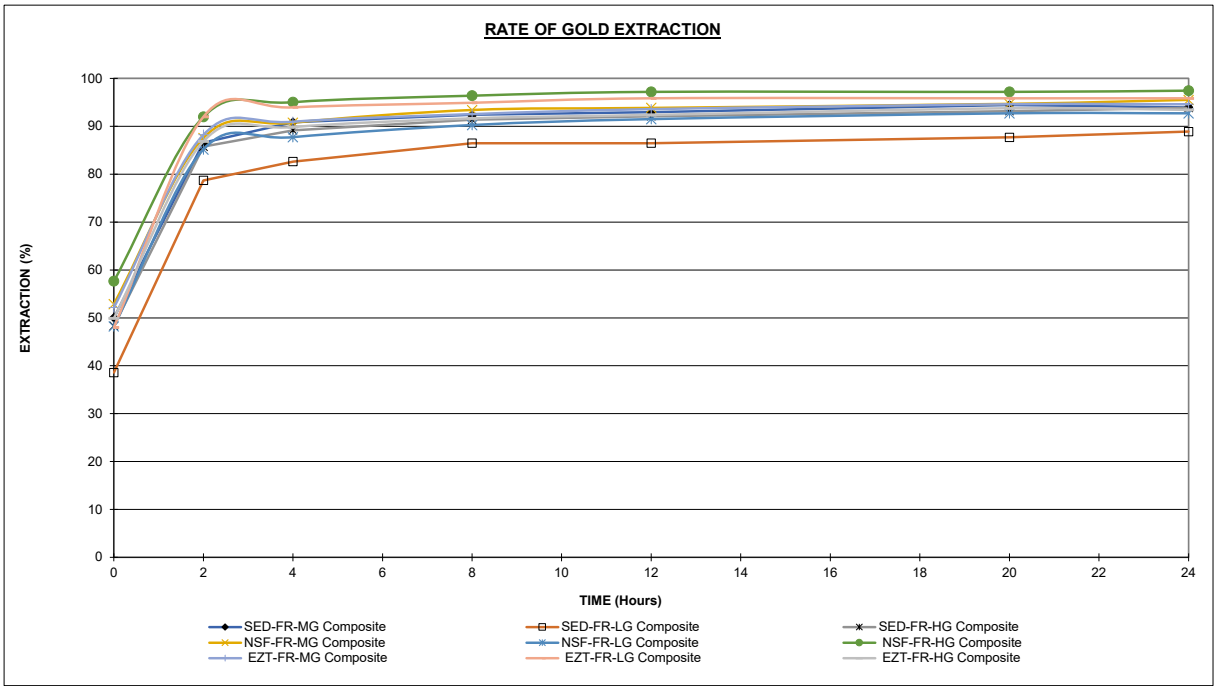


Figure 21 - Ternera Phase 2 Metallurgical Test Work - P80=150micron Leach Test Results

Results of the overall test work are summarised in Table 11 below:

COMP_ID	Recoveries					
	P_{80} = 200µm			P_{80} = 150µm		
	Gravity	Leach	Overall	Gravity	Leach	Overall
	%	%	%	%	%	%
NSF_FR_LG	48.6	42.2	90.8	48.2	44.5	92.7
NSF_FR_MG	51.6	40.6	92.2	52.9	42.7	95.5
NSF_FR_HG	54.8	37.0	92.4	57.7	39.8	97.5
EZT_FR_LG	48.5	47.3	95.8	48.0	47.9	95.9
EZT_FR_MG	51.8	39.9	91.6	52.1	42.5	94.6
EZT_FR_HG	49.1	42.3	91.5	49.9	42.5	93.4
SED_FR_LG	42.3	49.6	92.0	35.9	50.3	88.9
SED_FR_MG	49.5	42.3	91.8	52.2	42.5	94.6
SED_FR_HG	47.6	43.0	90.5	48.3	45.5	93.9
AVERAGE	***49.3***	***42.7***	***92.1***	***49.5***	***44.2***	***94.1***
MEDIAN	***49.1***	***42.3***	***91.8***	***49.9***	***42.7***	***94.6***
OX_HG	60.1	37.6	97.6			
OX_LG	28.1	67.0	95.1			

Table 11 - Ternera Metallurgical Test Work Gravity & Leach Results

1.14.2 Processing Flowsheet

The Phase 2 metallurgical results confirm the high gravity and cyanide leach gold recoveries that can be achieved for processing of material from Ternera Deposit using multi stage crushing, conventional gravity and CIP processes at a coarse grind size.

These results provide the basis for a very simple, generic, preliminary processing flowsheet for the Project as shown below.

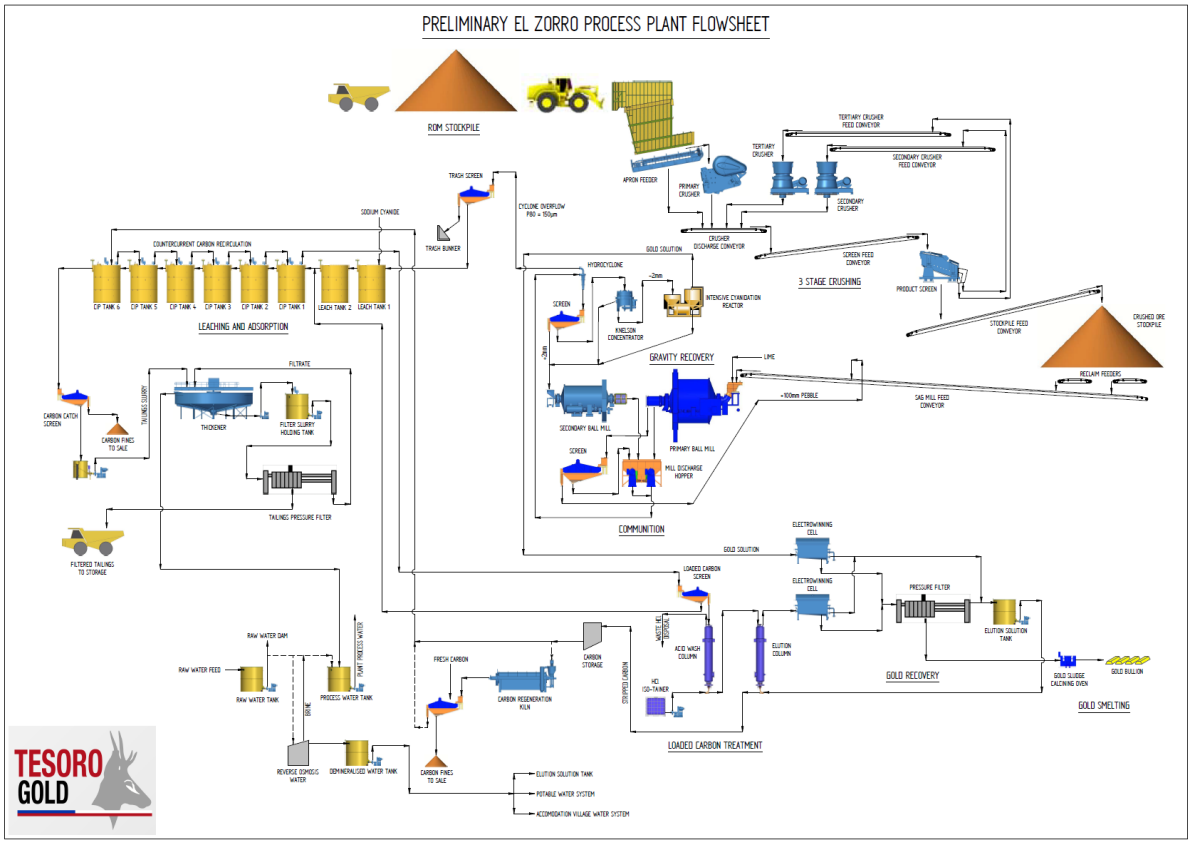


Figure 22 - El Zorro Preliminary 2.4 Mtpa Process Flowsheet

1.14.3 Tailings Storage

The Phase 1 Open Pit Scoping Study assumes that all tailings generated by processing of gold bearing ores from the Project will be filtered and dry stacked in a purpose build Tailings Storage Facility ("**TSF**").

Consideration will be given to the following options:

- Construction of a stand-alone TSF facility.
- Incorporation of the filtered tailings into the waste dumps proposed for the Project (co-disposal).

No detailed test work or engineering design has yet been undertaken to determine the parameters for such a facility, but, accepted tailing filtration rate of approximately 0.9 t/m2/h has been used in the preliminary design unit for the dry stacked tailing given the coarse target comminution size for the process.

An area has been identified as a potential TSF location. The TSF is a valley embankment facility, and it has been assumed that the embankment would be constructed from appropriate mine waste.

1.14.4 Processing Schedules

Based on an annual processing throughput of 2.4Mtpa and the pit mining schedules a preliminary processing and gold production schedule was completed.

After the initial construction period, the following ramp up of the full processing plant capacity of 2.4Mtpa was assumed:

- Month 1 of processing: 17% of mill capacity
- Month 2 of processing: 33% of mill capacity
- Month 3 of processing: 50% of mill capacity
- Month 4 of processing: 67% of mill capacity
- Month 5 of processing: 83% of mill capacity
- Month 6 onwards: 100% of mill capacity

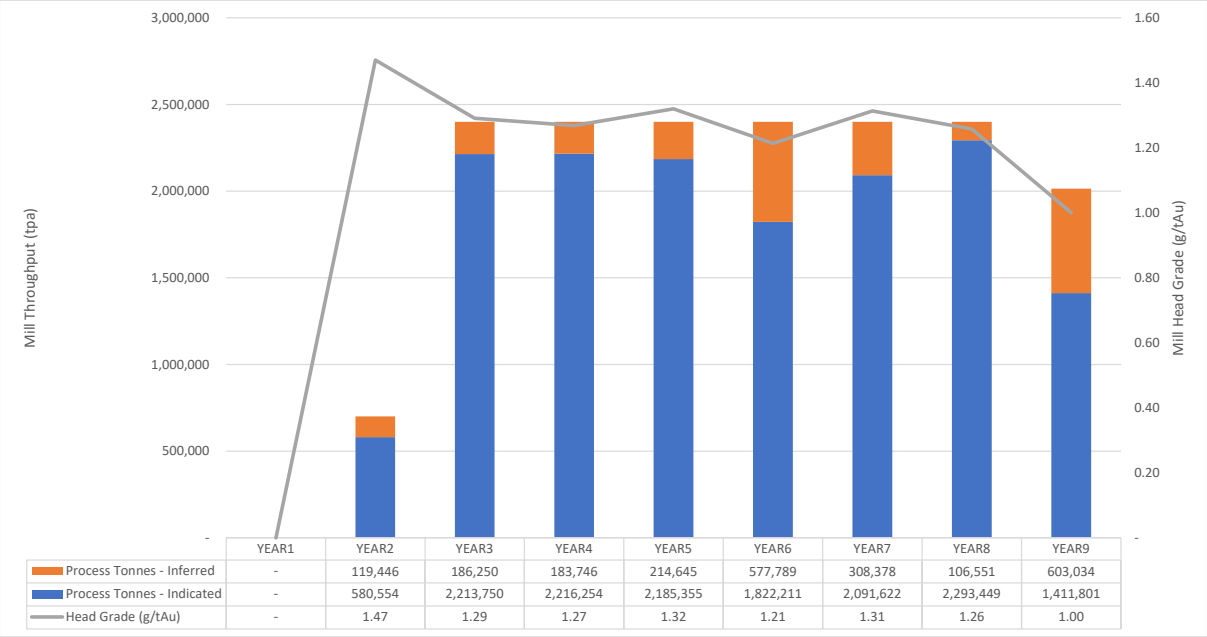
Priorities with respect to mill feed in the schedule are as follows:

1. Indicated high-grade (>1.0g/tAu) mined from the pit during the corresponding period.
2. Indicated high-grade (>1.0g/tAu) from stockpile.
3. Inferred high-grade (>1.0g/tAu) mined from the pit during the corresponding period.
4. Inferred high-grade (>1.0g/tAu) from stockpile.
5. Indicated low-grade (0.5-1.0g/tAu) mined from the pit during the corresponding period.
6. Indicated low-grade (0.5-1.0g/tAu) from stockpile.
7. Inferred low-grade (0.5-1.0g/tAu) mined from the pit during the corresponding period.
8. Inferred low-grade (0.5-1.0g/tAu) from stockpile.

A summary of the processing schedule is shown below.

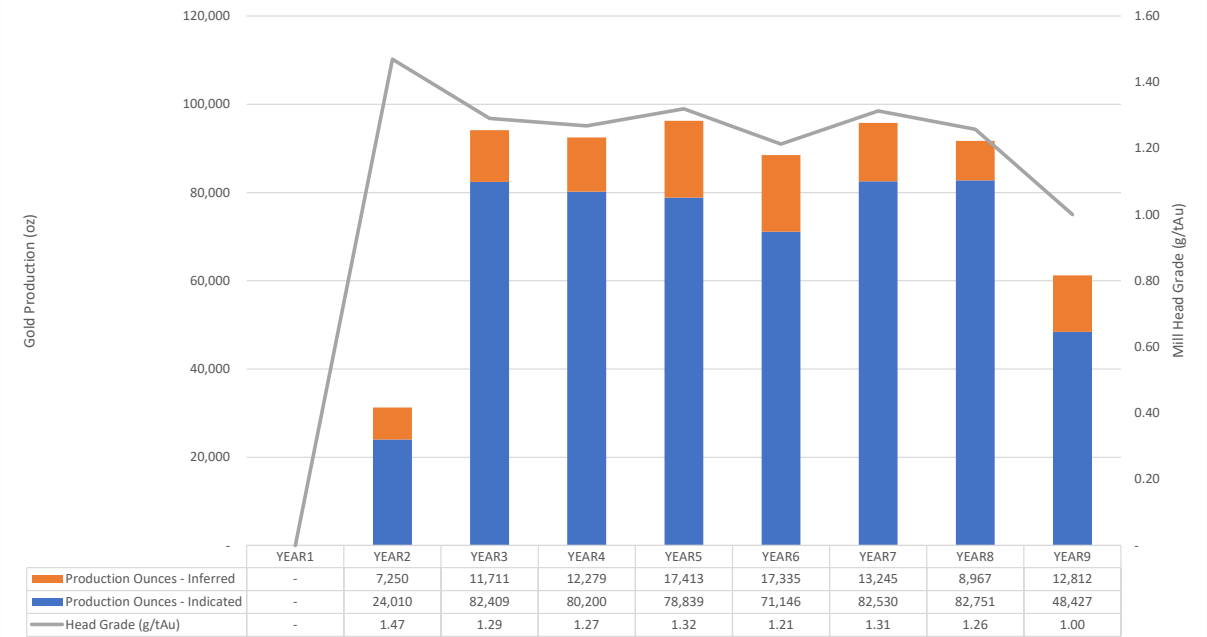
	TOTAL	YEAR1	YEAR2	YEAR3	YEAR4	YEAR5	YEAR6	YEAR7	YEAR8	YEAR9
Total (t)	***17,114,834***	***-***	***700,000***	***2,400,000***	***2,400,000***	***2,400,000***	***2,400,000***	***2,400,000***	***2,400,000***	***2,014,834***
HG (t) - Indicated	**6,644,471**	-	399,572	981,558	864,419	899,414	848,377	968,140	1,079,086	603,905
HG (t) - Inferred	**1,099,864**	-	119,446	186,250	183,746	214,645	104,788	148,178	106,551	36,261
MG (t) - Indicated	**8,170,526**	-	180,982	1,232,192	1,351,835	1,285,941	973,834	1,123,482	1,214,363	807,896
MG (t) - Inferred	**1,199,975**	-	-	-	-	-	473,001	160,201	-	566,773
Total (g/tAu)	***1.25***	***-***	***1.47***	***1.29***	***1.27***	***1.32***	***1.21***	***1.31***	***1.26***	***1.00***
HG (g/tAu) - Indicated	**1.95**	-	1.69	1.97	2.07	1.98	2.04	2.07	1.81	1.78
HG (g/tAu) - Inferred	**2.33**	-	2.00	2.07	2.20	2.67	2.63	2.27	2.77	1.61
MG (g/tAu) - Indicated	**0.63**	-	0.64	0.63	0.63	0.63	0.63	0.64	0.64	0.64
MG (g/tAu) - Inferred	**0.63**	-	-	-	-	-	0.62	0.63	-	0.64
Total Recovery	**94.5%**	0.0%	94.5%	94.5%	94.5%	94.5%	94.5%	94.5%	94.5%	94.5%
Gold Production (oz)	***651,325***	***-***	***31,260***	***94,121***	***92,480***	***96,252***	***88,480***	***95,775***	***91,718***	***61,239***
HG (oz) - Indicated	**393,072**	-	20,515	58,879	54,275	54,062	52,549	60,823	59,273	32,695
HG (oz) - Inferred	**77,953**	-	7,250	11,711	12,279	17,413	8,363	10,200	8,967	1,771
MG (oz) - Indicated	**157,241**	-	3,496	23,530	25,925	24,777	18,597	21,707	23,478	15,732
MG (oz) - Inferred	**23,058**	-	-	-	-	-	8,972	3,045	-	11,041

Table 12 - Phase 1 Processing Schedule



	YEAR1	YEAR2	YEAR3	YEAR4	YEAR5	YEAR6	YEAR7	YEAR8	YEAR9
Process Tonnes - Inferred	-	119,446	186,250	183,746	214,645	577,789	308,378	106,551	603,034
Process Tonnes - Indicated	-	580,554	2,213,750	2,216,254	2,185,355	1,822,211	2,091,622	2,293,449	1,411,801
Head Grade (g/tAu)	-	1.47	1.29	1.27	1.32	1.21	1.31	1.26	1.00

Figure 23 - Annual Mill Throughput and Head Grade



	YEAR1	YEAR2	YEAR3	YEAR4	YEAR5	YEAR6	YEAR7	YEAR8	YEAR9
Production Ounces - Inferred	-	7,250	11,711	12,279	17,413	17,335	13,245	8,967	12,812
Production Ounces - Indicated	-	24,010	82,409	80,200	78,839	71,146	82,530	82,751	48,427
Head Grade (g/tAu)	-	1.47	1.29	1.27	1.32	1.21	1.31	1.26	1.00

Figure 24 - Annual Mill Head Grade and Gold Production Ounces

1.15 Site Infrastructure and Services

The El Zorro Gold Project is a Greenfields discovery and therefore there are no existing infrastructure and services associated with the Project, or in the immediate vicinity.

1.15.1 Power Supply

A Chilean Engineering company specialising in high energy distribution was engaged to consider options for supply to El Zorro. Multiple scenarios for connection to the grid were considered with a recommendation to connect to the Totoralillo substation owned by Compania Acero Pacifico ("**CAP**"), which is connected to the SEN at Cerro Negro through

a 220kV line with a capacity of approximately 189 MVA.

Totoralillo is located approximate 21.6 km in a straight line to the southeast from the project area. The SDI recommendation is to tap off the line at a site to the east of the Pan American highway and transmit electricity at 220 kV utilizing galvanized steel pylons and anchors.

The estimated capital cost for the connection will be in the order of US$10-11M and the cost of electricity from the grid is estimated at US$0.105/kWh, including transmission tolls and other levies.

1.15.2 Water

The El Zorro Gold Project is located approximately 13 km from the coast of Chile. It is proposed that all water required for the project be extracted from the sea using an approved seawater extraction facility, then pumped 20km to site via a purpose constructed and operated pipeline and pumping system.

On site, the seawater would be used for ore processing, accommodation village, dust suppression and as feed to a Reverse Osmosis ("**RO**") plant to meet project potable water requirements.

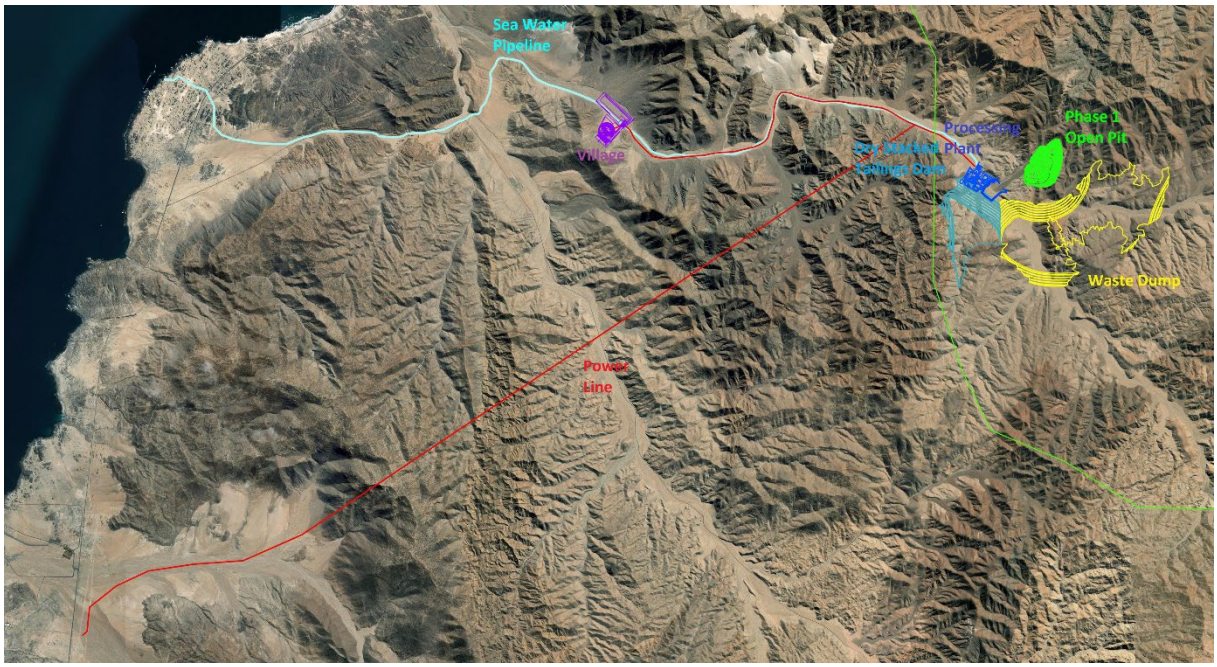


Figure 25 - El Zorro Gold Project Plan with Proposed Seawater Extraction Site and Pipeline Route

Processed water will be sustainably conserved to minimise the quantity of seawater requiring extraction and pumping to site. Water will be removed from dry stacked tailings for reuse.

A water balance estimates approximately 2,100 tonnes per day or 24 litres per second will be required for the life of the project.

1.15.3 Accommodation Camp

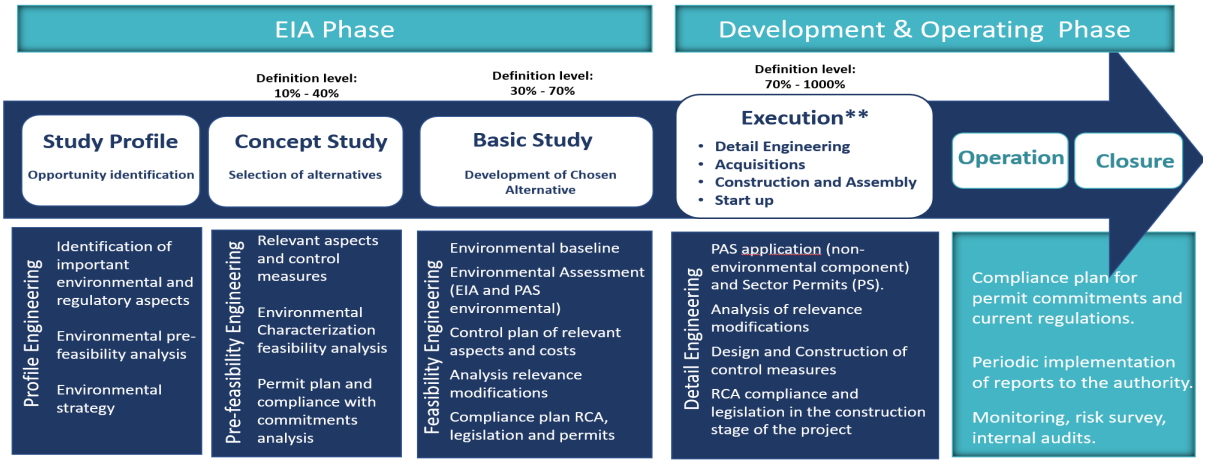
Provision has been made for the construction and operation of a 175-man accommodation camp at the Project.

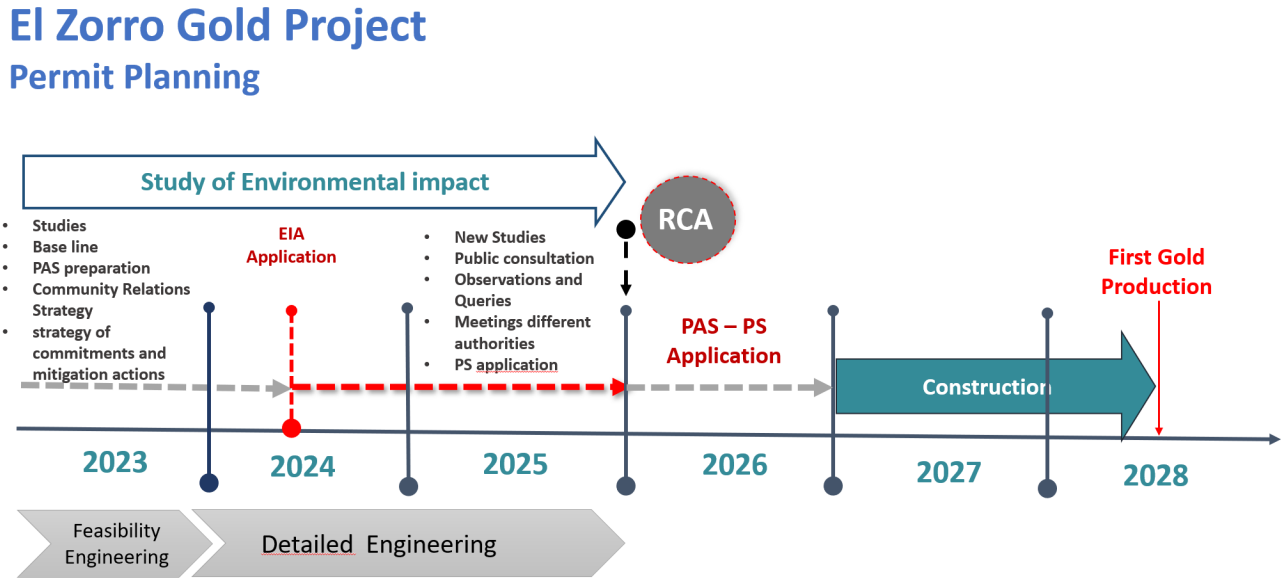
1.15.4 Communications

Provision has been made for the installation of mobile phone and data communications systems for the project.

1.16 Approvals

The Environmental Impact Assessment (EIA) and approvals procedure for mining projects in Chile is well-established and understood and the Company has commenced baseline studies and works on the EIA and Project approvals.





Based on current schedules construction of the project should commence in early 2027 with first gold production in mid-2028.

There have been no impediments to the approval, development and operation of the Project identified to date.

1.16.1 Stakeholder and Social Sustainability

It is expected that the development and construction of the Project will involve in excess of 500 people and when it is at full production, it will employ in excess of 175 personnel (including contractors).

It is planned to engage as much of the workforce and businesses for the project from local communities as possible.

1.17 Project Financials

1.17.1 Capital Costs

Estimated total pre-production capital for the Project is estimated at US$132M, including contingency, as shown in Table 14 below.

Area	Capital cost estimate (US$M)
Processing plant	62.5
Project infrastructure	39.0
Other costs	6.6
Mining capital	13.5
Pre – strip mining activities	10.4
Total pre-production capital cost	**132.0**
Sustaining capital (residual initial LOM)	8.6

Table 13 - Ternera Phase 1 Open Pit Capital Cost Estimate

In addition to the above-mentioned pre-production capital, a further US$8.6M of sustaining capital has been allowed for.

As this Study is only for the Phase 1 of the project, an allowance for mine closure or salvage value of the processing plant and project infrastructure has not been included.

1.17.2 Operating Costs

Operating cost estimates have been constructed in consultation with independent specialists, a mining contractor and GR Engineering Services and derived across the three key areas of the Project, namely mining, processing and administration. The operating cost estimate has primarily been derived using a desktop approach to an accuracy of ± 35%, typical of a Scoping Study.

A mining contractor operating strategy is to being adopted for the Project and assumes all material in the pit will require drill and blast. A mining cost quotation was obtained with processing and general and administrative costs estimated from first principles with inputs from process consumable quotations. All costs have been benchmarked against existing Chilean operations.

Area	Operating cost estimate (US$/t Au processed)	Operating cost estimate (US$/oz Au produced)
Mining	22.2	585
Processing	14.0	368
General and administration	3.9	102

Table 14 - Ternera Phase 1 Scoping Study Operating Cost Estimate (US$)

1.17.3 Gold Price

Over the past 5 years gold has New York closing price high of US$2,063/oz and low of US$1,174/oz. However, since April 2020 the New York closing price high has been above US$1,600/oz and over the past 12 months has a closing high of US$1,923/oz and low of US$1,622/oz.

The graphs below show the New York closing price from 2020 to 2023.

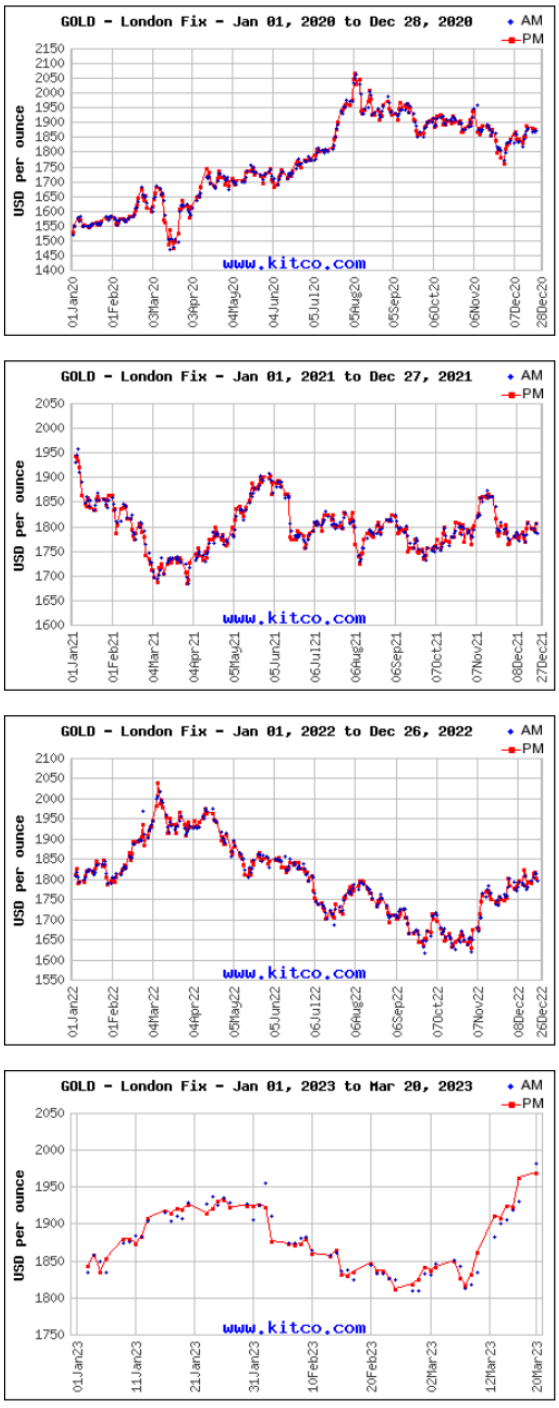


Figure 26 - US$/oz Gold Price - 2020 to 2023

On several occasions gold has traded through US$2,000/oz intra-day.

For the purposes of the Study a base case gold price of US$1,750 per ounce of gold has been selected.

1.17.4 Evaluation

A summary of the results of the preliminary economic analysis conducted in the Study is shown below. The analysis shows positive economics and rate of return for the Ternera Phase 1 Open Pit Project.

Financials and Key Assumptions (± 35%)		Base	Spot[1]
Gold price	US$/oz	1,750	1,950
Discount rate (real)	%	5	5
AISC (life of mine average)	US$/oz	1,068	1,068
$NPV_{5\%}$ (pre-tax)	US$M	201	300
IRR (pre-tax)	%	27.5	37.1
Net cash flow (undiscounted, pre-tax)	US$M	312	442.5
Payback period (pre-tax)	years	3.4	2.8

1. Approximate gold spot price as at 30 March 2023

Table 15 - Ternera Phase 1 Open Pit Scoping Study Pre-Tax Valuation Metrics

Physicals and Costs (± 35%)		
Ore tonnage	Mt	17.1
Gold grade	g/t	1.25
Contained ounces	Koz	689
Plant throughput	Mtpa	2.4
Evaluation period (excluding pre-strip)	years	7.4
Strip ratio	waste:ore	8.3:1
Process gold recovery (life of mine average)	%	94.5
Process production – total evaluation period	koz	651
Process production – average annual steady state	koz pa	93
Upfront capital – plant and process infrastructure	US$M	108.0
Upfront capital – open pit mining	US$M	13.5
Upfront capital – pre strip	US$M	10.4
Operating costs – mining	US$/oz Au	585
Operating costs – processing	US$/oz Au	368
Operating costs – general and administration	US$/oz Au	102

Table 16 - Ternera Phase 1 Scoping Study - Key LoM Production & Financial Metrics

1.17.5 Royalties

Mineral royalties on gold mining activities are not imposed at a provincial or federal level in Chile. In this study, no mineral royalties are assumed assessable with respect to the Project.

1.17.6 Taxation

Chile has a well-established mining tax regime that is considered attractive to foreign investors due to its stability and transparency. Once in production, mining exploration and pre-production capital expenditure can be offset against a flat 27% corporate tax rate. Additional tax concessions are available to mining companies, which are subject to government approval. A detailed tax schedule, including assessment of all available concessions, will be developed during future Pre-Feasibility Study work.

1.17.7 Sensitivity

Project sensitivity analysis demonstrates, like most mining developments, the greatest economic sensitivity to changes in commodity price/revenue and operating cost parameters.

The sensitivities in the graphs are individual, not cumulative.

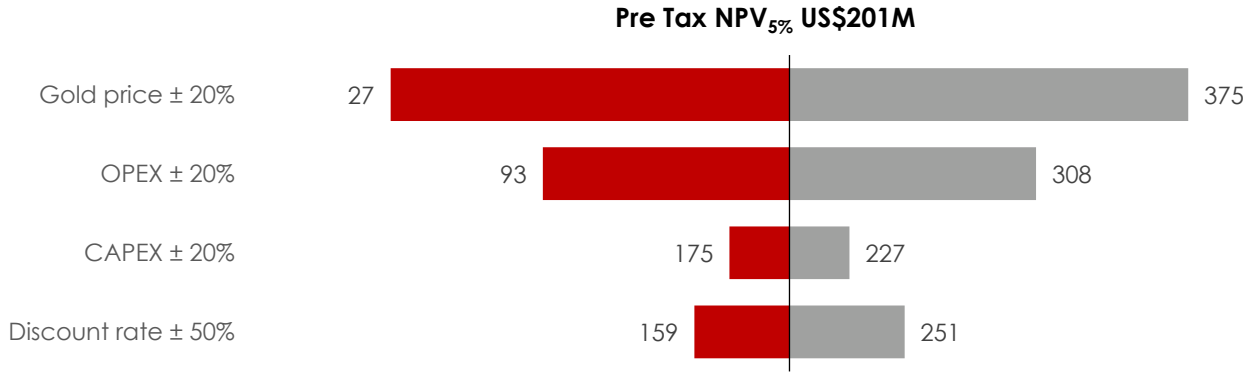


Figure 27 - Sensitivity - Cumulative Net Pre-Tax Cash Flow

1.18 Funding

The Project is relatively low risk and is considered technically simple, with strong economics that provide a robust platform for Tesoro to access traditional financing through debt and equity markets. There is, however, no certainty that Tesoro will be able to source funding as and when required. To achieve the various outcomes indicated in the Study, pre-production funding in excess of US$132M may be required.

Typical project development financing would involve a combination of debt and equity and Tesoro has formed the view that there is a reasonable basis to believe that requisite future funding for development of the El Zorro Gold Project will be available when required.

There are grounds on which this reasonable basis is provided including:

- Project is in a Tier One jurisdiction, with simple non-refractory metallurgy allowing for an industry standard CIP processing plant and has a rapid payback of only 3.4 years from commercial process production (pre-tax basis);
- Very strong pre-tax cashflows of US$312M and rapid payback would support a

significant level of conventional debt financing for the Project development;

- There is significant potential to grow the Project's Mineral Resource base that is the basis of this Scoping Study;
- Release of the Study allows the Company to discuss outcomes with potential financiers; and
- Tesoro Board and management has extensive experience in mine development, financing and production in the resources industry in Chile.

1.19 Risks and Opportunities

1.19.1 Opportunities

- The Study shows no fatal flaws.
- The Ternera Phase 1 Open Pit Scoping Study demonstrates Phase 1 will pay for the capital required for the development of the Project and provide an acceptable cashflow and margin over the life of the project. Additional gold resources defined or discovered at the Project will be accretive in value.
- The Phase 1 Open Pit Project only exploits a portion of the Ternera Resource to a depth of approximately 200m below the pit ramp crest. Mineralisation at Ternera Resource extends along strike and at depth outside the Phase 1 open pit design.
- The grade and width of some mineralisation outside the Ternera Phase 1 pit designs are sufficient to be considered for exploitation using underground mining methods.
- High priority, exploration targets on the extensive El Zorro regional land holding have been identified. The discovery of another deposit with attributes similar to Ternera will add significant value to the Project.

1.19.2 Risks

The following key risks for the project have been identified:

- Negative movements and sentiment on gold price.
- High inflation and resulting escalating project capital and operating costs.
- Retraction of global capital markets impacting the ability to fund the development of the Project.
- Supply and labour shortages and restrictions impacting project costs and schedules.
- Project approvals process and timing in Chile delaying the commencement of the project.

These risks are relatively generic for most resource development projects globally. Strategies and processes will be developed and implemented by Tesoro as the project advances to the development and operating stages to minimize the impact of the identified risks.

1.20 Conclusions

The following conclusions are made from the Ternera Phase 1 Open Pit Scoping Study:

- The Study has confirmed the technical and financial robustness of an initial, stand-alone open pit gold mining and processing operation at El Zorro. It outlines

preliminary evaluation of an operation based solely on the shallowest portion of the February 2023 Ternera Deposit Mineral Resource.

- Substantial potential upside to this starter development is set to be driven by inclusion of further in-pit resource ounces, expanded open pit and/or underground mining of deeper resource ounces, further resource additions from within the Ternera Exploration Target zone, drill-out of near-mine growth targets, and exploration drilling of high-impact district targets.
- Tesoro's dual track advancement strategy at El Zorro is focused on aggressively growing the existing resource base in parallel with ongoing progression along Ternera's development pathway.

1.21 Next Steps

- Updated Ternera Scoping Study targeted for Q4 2023.
- Commencement of select Pre-Feasibility level workstreams targeted for Q2 2023.
- Extensional drilling of Ternera and near-deposit prospects coupled with exploration drilling of El Zorro district targets through 2023.
- Updated MRE for Ternera (and El Zorro) scheduled for Q4 2023.
- Continued environmental baseline and project approvals processes through 2023.