Challenger Gold
Hualilan

PFS Summary Report

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1 PFS Summary Report

1.1 Introduction

The following report presents an abridged summary of Challenger Gold's (ASX:CEL) (CEL or Challenger) Hualilan Project Pre-Feasibility Study outcomes.

1.1.1 Study Objective

The objective of the Prefeasibility Study (PFS) is to determine whether Hualilan Project (the Project or Hualilan) can be advanced from a Mineral Resource Estimate into a technically credible, economically attractive and environmentally sustainable mining project. The PFS is positioned as the critical step between earlier conceptual work and a future Definitive Feasibility Study (DFS), with the purpose of testing whether the known Indicated Resource can support a viable development case under realistic operating and implementation assumptions.

The PFS brings together mine planning, production scheduling, metallurgy, process and infrastructure designs, infrastructure definition, environmental and social considerations, permitting inputs, and cost estimation into a single integrated evaluation. The objective is not simply to show that mineralisation exists, but to determine whether that mineralisation can be mined, processed and sold through a practical project configuration that could justify further investment.

More specifically, the study aims to:

- Define a realistic mine plan and production schedule based on Indicated Resources.
- Establish processing routes and infrastructure requirements.
- Estimate capital and operating costs at AACE Class 4 accuracy.

The PFS identifies the principal risks, constraints and opportunities that will shape the project's next stage. The study is meant to reduce key uncertainties, outline realistic project scenarios, and define the technical and financial parameters that will guide future investment decisions. In this sense, the objective is not only to confirm what works, but also to highlight what still needs refinement before the project can be taken to full feasibility, financing and construction.

For project sponsors, investors and regulators, the study serves as a decision-making document. Its purpose is to provide enough engineering, cost, technical and execution detail to determine whether advancing Hualilan to DFS stage is justified.

This is a summary of the PFS Report with the full PFS report to be made available in a separate ASX Release.

1.1.2 Study Outcomes

The PFS demonstrates that the Hualilan Project has sufficient technical and economic viability to be assessed as an open pit mining project rather than solely as an exploration or resource opportunity. The study establishes a technical, economic and execution framework at AACE Class 4 level, providing sufficient engineering definition, cost accuracy and development logic to support a decision on the project advancing to DFS stage.

A key outcome of the study is that Hualilan can be developed as a conventional truck-and-shovel open pit mine with on-site processing. The selected development concept incorporates a 1.5 Mt/a Process Plant (PP) incorporating crushing, grinding, flotation, leaching and doré production, and an 8.0 Mt/a heap leach (HL) facility designed to treat suitable ore through modular crushing and leaching. This dual-stream approach is important as it allows ore to be routed according to value, metallurgy and overall project economics, improving flexibility, supporting a more resilient operating strategy.

Earlier concepts involving underground development have been superseded in favour of a conventional truck-and-shovel surface mine with a contract mining cost model. The first two years of mining will send lower grade material to the HL facility with the Process Plant planned to come online at the start of Year-3. This simplification improves clarity of execution, reduces near-term mining complexity, and allows the project team to focus capital on scalable surface infrastructure and processing plants. It also makes it easier to benchmark against comparable Latin American open pit developments, while still retaining upside through further exploration and future optimisations.

Another major outcome is the declaration of a JORC-compliant Probable Ore Reserve of 62.861 Mt at 0.75 g/t Au, containing approximately 1.514 Moz Au, 7.728 Moz Ag and 170 kt Zn. The reserve is based on Indicated Mineral Resources only, which reinforces the conservative basis of the estimate. The Ore Reserve is supported by pit design, production scheduling, metallurgical test work and an economic model demonstrating positive cash flow under reasonable assumptions. This is a significant milestone for the project because it moves the investment case beyond resource scale and toward reserve-backed development planning.

The study also confirms that the project design is underpinned by PFS-level mine planning and value-based ore routing. Net Smelter Return (NSR) was calculated on a block-by-block basis across the available processing routes, with each block assigned to the route delivering the highest value. These values were then used in pit optimisation, mine design and production scheduling. This approach gives confidence that the reserve and development plan are not merely geological constructs but are based on integrated technical and economic assessment.

The PFS identifies the principal on-site and off-site infrastructure requirements necessary to support development, including process facilities, heap leach infrastructure, tailings storage, roads, power, water, camp and mine support services. Together with the project's land position and the level of engineering completed, this indicates that Hualilan has a practical path forward, subject to the normal refinements expected at the next stage of study.

The PFS does not present Hualilan as a de-risked project in absolute terms as remaining uncertainties are those associated with projects at this stage of development. Outcomes remain sensitive to commodity prices and exchange rates, capital and operating cost assumptions, pit slope design, mining selectivity at ore-waste boundaries and metallurgical recoveries across the three process streams. Utilizing a contract mining strategy helps to lower the execution risk for the company and reduce capital costs for the mining equipment.

The overall outcome of the study is positive. Hualilan has been defined as a technically credible, commercially relevant and financeable development opportunity with a sound basis for further advancement.

1.1.3 Project Overview

Table 1-1 provides a summary of the project overview. The project is located in San Juan Province, one of Argentina's best-known mining jurisdictions. The site lies roughly 120 km from San Juan City and is accessible by sealed national highway. The site location is shown below in Figure 1-1. That combination of location and access is meaningful because it materially lowers the logistical risk associated with remote mountain projects typical of this jurisdiction. The district already hosts significant mining service capability, and CEL has already developed on-site infrastructure including camp facilities, water supply, security, core storage, communications, and support areas during the exploration and toll-treatment phases. In addition, CEL has secured a substantial 20,000-hectare landholding intended to cover the mineralized footprint and core project infrastructure, which is helpful from both execution and permitting perspectives.

CEL previously completed a 2023 scoping study and a 2025 PFS focused on a toll milling project. Those earlier studies are relevant as they indicate progressive maturation of the asset rather than a one-step leap to full-scale development. The toll-milling work, while smaller in scope, has provided early operational knowledge, infrastructure foundation, and a pathway to limited cash flow generation prior to full build-out.

CEL has worked with its preferred contract mining partner however final contract terms remain subject to negotiation.

Table 1-1 Project overview summary

Item	Summary
Owner	Challenger Gold Limited (ASX: CEL) through Golden Mining S.R.L. and related project entities.
Contractor	Challenger has worked with its preferred contract mining partner to allow them to develop a contract price to supply, operate, and maintain the open pit mining equipment.
Location	Department of Ullum, San Juan Province, Argentina; approximately 120 km from San Juan City and accessed by sealed National Highway quality road.
Development concept	Open pit mine with integrated 1.5 Mt/a flotation-leach plant and 8.0 Mt/a heap leach facility.
Products	Gold-silver doré and zinc concentrate for export.
Project type	PFS-stage open pit development with integrated milling, heap leach and zinc recovery circuits.

Figure 1-1 Hualilan Project location

1.2 Geology and Resource

At Hualilan, a zinc-enriched skarn with a later gold and silver overprint, is located within the Argentine Precordillera. Host rocks are a sequence of Ordovician limestone, Silurian siltstone and sandstone, overprinted by Miocene dacite intrusions. The intrusive complex is both a hydrothermal heat source and a host for the mineralisation. The same structural architecture that controlled early zinc skarn mineralization was reactivated by the gold mineralising hydrothermal system, creating multiple mineralisation styles within one deposit.

The project has been extensively drilled. Historic drilling (156 holes, 17,283m) and sampling were reviewed and selectively used where considered reliable. CEL drilling (824 holes, 235,073m) accompanied modern geophysical surveys, geological mapping, underground and surface channel sampling and surface geochemical sampling. Drill hole geological logging and geochemistry from drill samples has been incorporated into databases to be used to build geological and mineralisation models for Resource Estimation. The Resource was estimated into 30 domains using an Ordinary Kriging method. Estimation was done for Au, Ag, Zn, Cu, Pb, S and Fe.

The Mineral Resource Estimate (MRE) remains open at depth and in both directions along strike. The previous MRE dated March 29, 2023 was reported using a 0.3 g/t AuEq cut-off grade. The MRE used in the PFS was updated using the same techniques as the previous MRE, and then depleted for the planned toll treatment mining. With the PFS demonstrating that Heap leach material grading 0.06 g/t AuEq provides a positive NSR (NSR >US$1/t) under Heap leach the MRE has been restated using a 0.06 g/t cut-off grade. The Indicated and Inferred Mineral Resource used in this PFS is 132.1 Mt containing 2,735 koz AuEq (2,433 koz Au, 13,939 koz Ag, 296.7 kt Zn) as outlined in Table 1-2B over the page. It should be noted that the AuEq calculation used in the MRE has been updated for the PFS parameters.

Table 1-2A shows the MRE reported on the basis of the >0.8 g/’t AuEq and < 0.8 g/t components which approximates the split between processing via the main Flotation Plant and the Heap Leach.

Table 1-2A PFS Hualilan MRE Reported via > or < 0.8 g/t AuEq components

Domain	Category	Mt	Au g/t	Ag g/t	Zn %	AuEq[1] g/t	AuEq (oz)
	Indicated	16.9	2.14	8.33	0.79	2.35	1,275,588
	Inferred	4.3	2.59	14.78	0.97	2.90	402,690
In pit MRE >0.8 g/t AuEq	**Total**	**21.2**	**2.23**	**9.64**	**0.83**	**2.46**	**1,678,279**
	Indicated	56.4	0.32	2.31	0.12	0.36	656,951
	Inferred	52.6	0.13	1.50	0.06	0.16	266,343
In pit MRE <0.8 g/t AuEq	**Total**	**109.0**	**0.26**	1.9	0.09	**0.26**	923,294
	Indicated	0.61	1.70	8.44	1.07	1.95	38,191
	Inferred	1.28	2.03	11.43	1.06	2.33	95,659
Total Below the Pit	**Total**	**1.89**	**1.92**	**10.46**	**1.13**	**2.21**	**133,850**

Table 1-2B PFS Hualilan MRE depleted for planned Toll Milling 1 mining (using a 0.06 g.t cut-off)

Domain	Category	Mt	Au g/t	Ag g/t	Zn %	AuEq[1] g/t	AuEq (oz)
US$3500 optimised shell ≥ 0.1 g/t AuEq	Indicated	73.3	0.74	3.7	0.27	0.82	1,932,540
	Inferred	56.9	0.32	2.5	0.13	0.37	669,033
Below US$3500 shell ≥1.0 g/t AuEq	Indicated	0.61	1.7	8.4	1.1	2.0	38,191
	Inferred	1.3	2.0	11.4	1.2	2.3	95,659
Total		132.1	0.57	3.3	0.21	0.64	2,735,422

The MRE is reported to two significant figures to reflect appropriate precision and may not sum precisely due to rounding. A AuEq cut-off of 0.06 g/t has been used to reflect an expected cut-off given the metal price assumptions and metallurgical information for all processing routes. The MRE is inclusive of reserves.

1 Gold Equivalent (AuEq) values:

- Assumed commodity prices for the calculation of AuEq is Au US$3,500 /oz, Ag US$58.33 /oz, Zn US$2,976/t (US$ 1.35/lb),
- Life of mine weighted average metallurgical recoveries are estimated to be Au (84.8%), Ag (59.1%), Zn (33.7%) across all mineralised material types based on metallurgical test work.
- The formula used: is AuEq (g/t) = Au (g/t) + [Ag (g/t) x 0.01161490] + [Zn (%) x 0.14712530]
- CEL confirms that it is the Company's opinion that all the elements included in the metal equivalents calculation have reasonable potential to be recovered and sold. The AuEq differs from the calculation used in the previous MRE by the removal of Pb as a metal of economic interest and changes in metal price assumptions.

1.3 Minable Reserve

Hualilan has been defined through an integrated, PFS-level process linking resource modelling, value-based optimisation, mine design, production scheduling, and economic evaluation. The reserve is based on a conventional open pit, truck-and-shovel mining operation, with ore processed via either flotation (producing gold and silver doré, and zinc concentrates) or heap leaching (producing gold and silver doré).

The reserve estimate is underpinned by an enterprise optimisation framework developed using Whittle Consulting's methodology, which extends beyond traditional Lerch–Grossman pit optimisation by incorporating cost structures, processing constraints, and system-wide economic drivers. Initial optimisation was completed in 2024 and subsequently refined in 2025 following updates to geotechnical, metallurgical, and cost inputs. This iterative process ensures that the final reserve is aligned with a practical and economically viable mine plan, rather than a single static optimisation outcome.

A key feature of the reserve methodology is the application of a block-by-block NSR framework. Each block within the resource model is evaluated across three potential processing pathways - heap leach (OT_A), bulk flotation (OT_B), and sequential flotation (OT_C) - with the preferred route determined by the highest net value outcome. This approach results in a reserve and mine plan driven by recoverable value rather than grade alone, enabling optimal allocation of material between processing streams and preserving value across the deposit.

The optimisation process incorporates activity-based costing and recognition of system constraints, particularly the processing plant as the primary bottleneck. Fixed and variable costs are treated explicitly within the optimisation framework, allowing the model to account for opportunity cost and the economic implications of throughput limitations. This results in a development strategy that balances mining scale, processing capacity, and capital efficiency, rather than maximising tonnage or pit size in isolation.

Pit optimisation generated a series of nested shells and 34 discrete mining phases, which were subsequently rationalised into nine practical stages for detailed design and scheduling. These designs incorporate geotechnical parameters including slope angles, bench configurations, and catch berms, as well as operational requirements such as haul road access, minimum mining widths, and equipment constraints. The resulting pit designs form the basis of a realistic production schedule and reserve definition.

The reserve estimate incorporates standard modifying factors, including 5% mining dilution and 5% ore loss, applied within the production schedule to reflect material delivered to processing. Geotechnical design parameters are based on domain-specific slope models, while mining costs incorporate depth- and distance-based haulage relationships derived from detailed scheduling analysis. Metallurgical recoveries, processing costs, and selling terms are applied on a route-specific basis within the NSR calculation, ensuring consistency between geological, operational, and economic inputs.

Importantly, the optimisation, design, scheduling, and costing processes were undertaken iteratively, with refinements to haulage modelling, in-pit dumping strategies, and processing assumptions fed back into subsequent optimisation runs. This iterative loop is critical to ensuring that the reserve reflects realistic mining conditions, particularly given the strong influence of haulage costs on overall project economics.

The selected reserve case is aligned with a gold price assumption of US$3,500/oz and reflects a balanced outcome between maximising economic value and maintaining capital discipline and operational practicality. While higher price scenarios and expanded pit shells were evaluated, the chosen case recognises that processing capacity - particularly mill throughput - acts as a key constraint, such that increasing mined inventory beyond this point does not necessarily translate into additional value.

Only Probable Ore Reserves are declared, with all Inferred Mineral Resources excluded from the reserve. The reserve statement is shown in

Table 1-2. The resulting reserve therefore represents a conservative and robust estimate of economically mineable material under the defined modifying factors and project assumptions.

Table 1-2 Ore Reserve Statement (April 2026)

Process	Classification	Cut-off	Tonnes (kdmt)	Au (gpt)	Ag (gpt)	Zn (%)	Au (koz)	Ag (koz)	Zn (kt)
Heap Leach	Proven	>2.6/t	-	-	-	0.00	-	-	-
	Probable	>2.6/t	48,300	0.37	2.63	0.12	581	4,081	60
Bulk Flotation	Proven	>0/t	-	-	-	0.00	-	-	-
	Probable	>0/t	11,400	1.91	5.14	0.33	701	1,885	37
Sequential Flotation	Proven	>0/t	-	-	-	0.00	-	-	-
	Probable	>0/t	3,161	2.28	17.34	2.30	232	1,763	73
Total	Proven	Variable	-	-	-	-	-	-	-
	Probable	variable	62,861	0.75	3.82	0.27	1,514	7,728	170
	Proven & Probable	variable	62,861	0.75	3.82	0.27	1,514	7,728	170

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

Notes:

1. Ore Reserves are reported in accordance with the JORC Code (2012 Edition).
2. The Ore Reserves are based on a Pre-Feasibility Study (PFS) completed in April 2026, considering modifying factors including mining, metallurgical, economic, environmental, social, and regulatory factors.
3. The Ore Reserves are inclusive of diluting material and mining losses.
4. Ore reserves are reported using a variety of NSR cut-off grades. The NSR was calculated as the revenue from a given block, less the processing and G&A costs. The cut-off NSR values and the parameters used in the NSR calculation are as follows:
    a. Heap Leach: NSR > $2.60/t
    b. Bulk and Sequential Flotation: NSR > $0/t
    c. Processing Cost: Heap leach = $2.89/t, bulk float = $19.09/t, sequential float = $22.40/t
    d. Heap Leach Recovery: 69.65% Au, 44.78% Ag
    e. Bulk Flotation Recovery: 94.7% Au, 69.04% Ag
    f. Sequential Flotation Recovery: 92.20% Au, 73.42% Ag, 83.68% Zn
    g. Heap Leach Selling Cost: 5% of Au revenue, 11.5% of Ag revenue
    h. Bulk Flotation Selling Cost: 5% of Au revenue, 11.5% of Ag revenue
    i. Sequential Flotation Selling Cost: 7.09% of Au revenue, 25.29% of Ag revenue, 40.82% of Zn revenue
    j. Metal prices: $US3,500/oz Au, $US50/oz Ag and $US1.35/lb Zn.
5. The Ore Reserve estimate is supported by a mine design, schedule, and economic model demonstrating positive cash flow under reasonable assumptions.
6. Metallurgical recoveries used for the estimation are based on a test work program specifically evaluating metal recoveries in the two flowsheets contemplated for this project: flotation and heap leaching.
7. The Ore Reserve is reported above a pit design which was based on an optimized pit shell generated using metal prices and operating costs consistent with the PFS inputs.
8. Rounding has been applied in accordance with JORC Code guidelines. Totals may not sum exactly due to rounding.
9. The Ore Reserves were estimated by Grant Carlson, P.Eng., an employee of Fuse Advisors Inc., in Vancouver Canada, and a Competent Person and Member of Engineers and Geoscientists British Columbia, with sufficient experience relevant to the style of mineralisation and type of deposit under consideration.
10. The estimate includes only Probable Reserves as it is based on Indicated Mineral Resources. No Proved Reserves have been declared.
11. Inferred Resources are considered too speculative geologically to apply any economic value and are not included in this ore reserve estimate.
12. Units for the reserve estimate are metric tonnes and grams, plus troy ounces for gold.
13. The estimate of Ore reserves may be materially affected by geology, environment, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant risks.

1.4 Mine Development

1.4.1 Overview

The Hualilan mine development strategy has been established through a fully iterative and integrated planning process, consistent with industry best practice for large-scale open pit operations. Optimisation, mine design, scheduling, and cost modelling were developed as interdependent components of a unified framework, ensuring that the resulting mine plan is both technically robust and aligned with the project’s strategic and economic objectives.

This process incorporated a comprehensive suite of inputs, including geological and geotechnical models, metallurgical performance data, processing pathways, operating cost assumptions, and commodity price scenarios. Enterprise-level optimisation was undertaken using Whittle Consulting’s Prober system, supported by detailed pit design and tactical scheduling in Micromine Alastri. In total, more than 360 Prober optimisation iterations were completed, progressively refining mine configuration, production rates, sequencing, and capital deployment constraints to converge on a practical, value-maximising development strategy.

1.4.2 Project Configuration and Operating Strategy

Hualilan is designed as a large-scale open pit mining operation, with total material movement ranging from approximately 80 to 100 Mt per annum over the life of mine (LOM) at steady state, for a Total Material Mined of approximately 1.0 Bt. The total material moved by Pit Phase is shown in Figure 1-2. The processing strategy integrates a dual-pathway approach comprising a 1.5 Mt/a flotation plant and an 8 Mt/a heap leach operation, enabling flexible and value-driven treatment of the orebody.

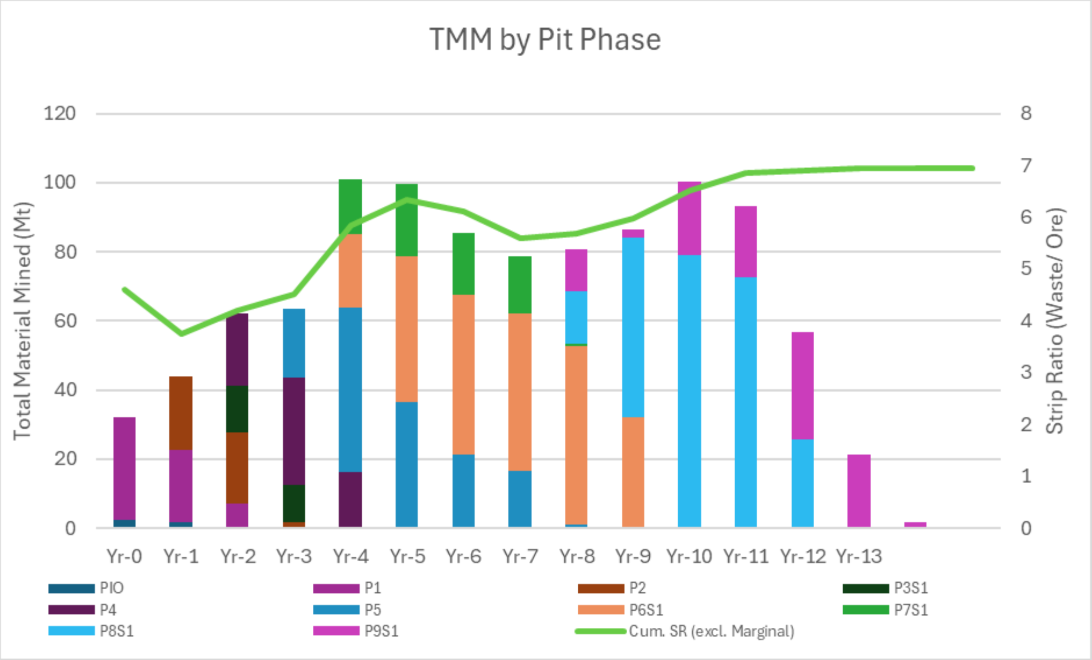


Figure 1-2 Total material moved by Pit Phase

An integrated Ore Type model, supported by Net Smelter Return (NSR)-based classification, underpins material routing and stockpiling strategies. Ore is classified by preferred processing pathway - OT_A (Heap Leach), OT_B (Bulk Flotation), and OT_C (Sequential Flotation) - and further categorised into high-grade and low-grade streams, with additional subdivision by resource confidence (Indicated and Inferred). This framework results in a mine plan driven by recoverable value rather than grade alone, enabling optimisation of process feed while maintaining appropriate controls on geological confidence. It ensures prioritisation of higher-value material, while preserving flexibility to balance feed supply across processing routes, manage variability in ore availability, and maximise overall metal recovery. Importantly, the schedule does not assume full utilisation of all economically positive material in the base case; instead, lower-priority and marginal material is deferred, effectively warehousing potential upside for future resource conversion, processing expansion, or favourable commodity price conditions.

Table 1-4 summarises the distribution of mineralised material within the open pit by Ore Type and Resource Category over the LOM via the NSR model, where the underlying Au price is US$3,500/oz and the residual material available after processing under the PFS is complete. The PFS Heap leach feed will comprise primarily Indicated resource which has an average grade of 0.36 g/t AuEq.

Table 1-3 Mineralised material by ore type and resource category in $3,500 Au NSR model

Mineralisation Processed in the PFS							
	Classification	**Tonnes (mt)**	**Au (g/t)**	**Ag (g/t)**	**Zn (%)**	**AuEq (g/t)**	**Contained AuEq (oz)**
	Bulk Flotation	14.33	2.11	6.40	0.37%	2.18	1,006,816
	Sequential Flotation	3.89	2.21	17.55	2.28%	2.75	344,0261
Main Plant	**Total**	**18.23**	**2.13**	**8.78**	**0.78**	**2.30**	**1,350,842**
Heap Leach	**Total**	**69.00**	**0.33**	**2.56**	**0.11%**	**0.36**	**798,124**
Residual mineralisation remaining on stockpiles after the completion of processing							
Heap Leach-HG-Indicated		0.75	0.23	2.13	n/a	0.26	6,244
Heap Leach-HG-Inferred		2.86	0.19	1.78	n/a	0.21	19,601
Heap Leach-LG-Indicated		0.14	0.09	.94	n/a	0.10	418
Heap leach-LG-Inferred		32.20	0.08	0.67	n/a	0.09	91,776
Heap Leach-CAL-Indicated		0.02	0.09	5.17	n/a	0.21	88
Heap Leach-CAL-Inferred		4.48	0.11	2.02	n/a	0.16	18,727
Total Residual Mining Inventory		**40.44**	**0.10**	**0.923**	n/a	**0.11**	**136,854**
Mineralised waste that will be stockpiled separately							

1.4.3 Mine Design and Scheduling Outcomes

The final mine design comprises multiple staged open pit phases, organised across northern (P2, P5, P6), central (P4, P7), and southern (P1, P3, P8, P9) domains to align with geological and geotechnical conditions. The design balances early access to high-value ore with manageable waste development and incorporates in-pit backfilling in later stages to reduce haul distances and support efficient progressive closure. The pit phases are shown in Figure 1-3 to Figure 1-5. Figure 1-6 shows the total material types mined by pit phase.

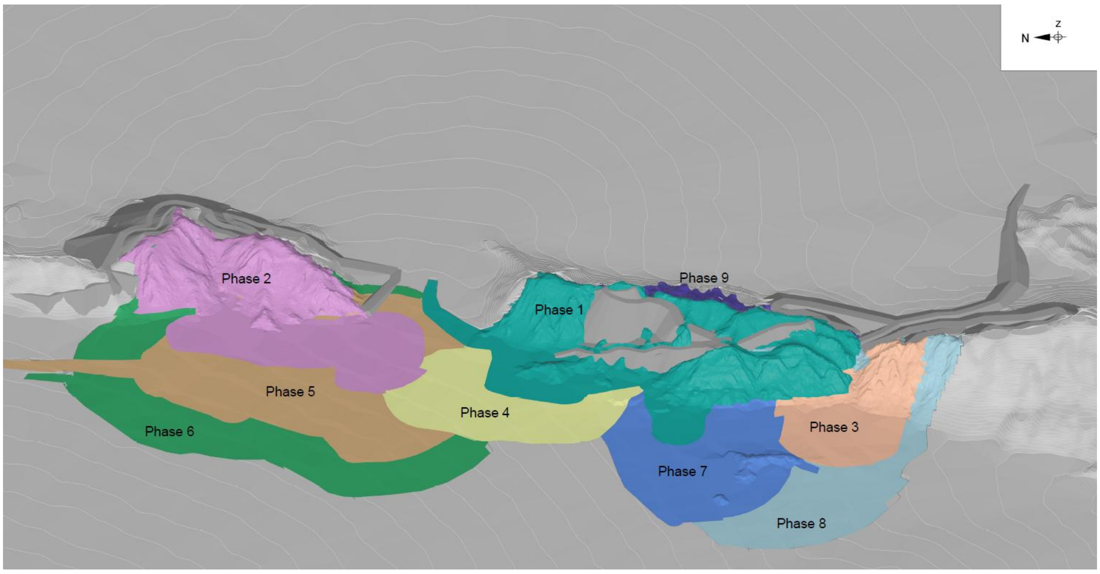


Figure 1-3 Oblique view of pit phases 1-9 and development accesses

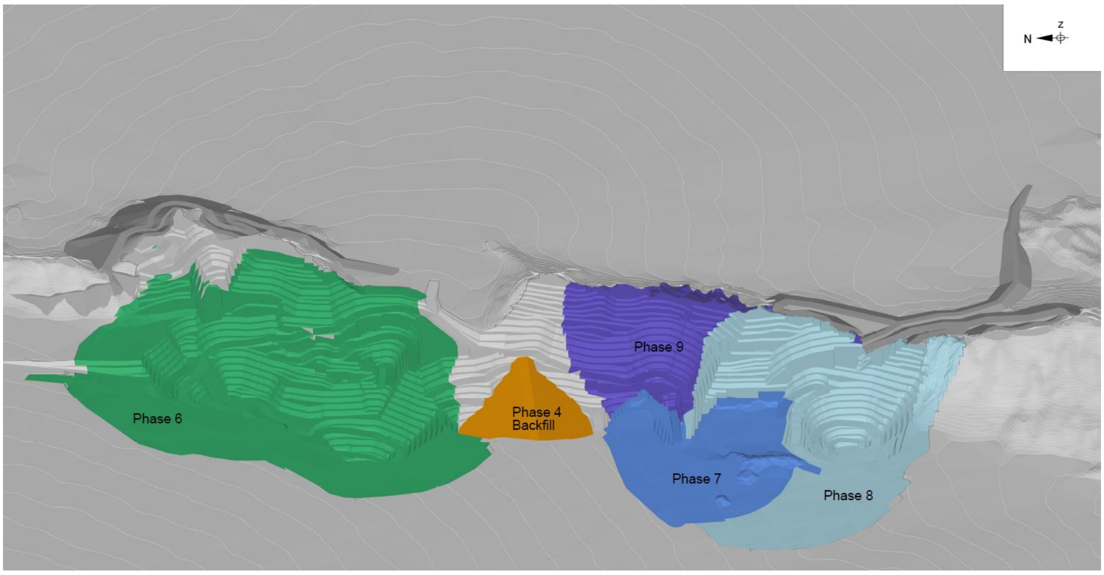


Figure 1-4 Oblique view of pit phases 6-9, phase 4 backfill, and development accesses

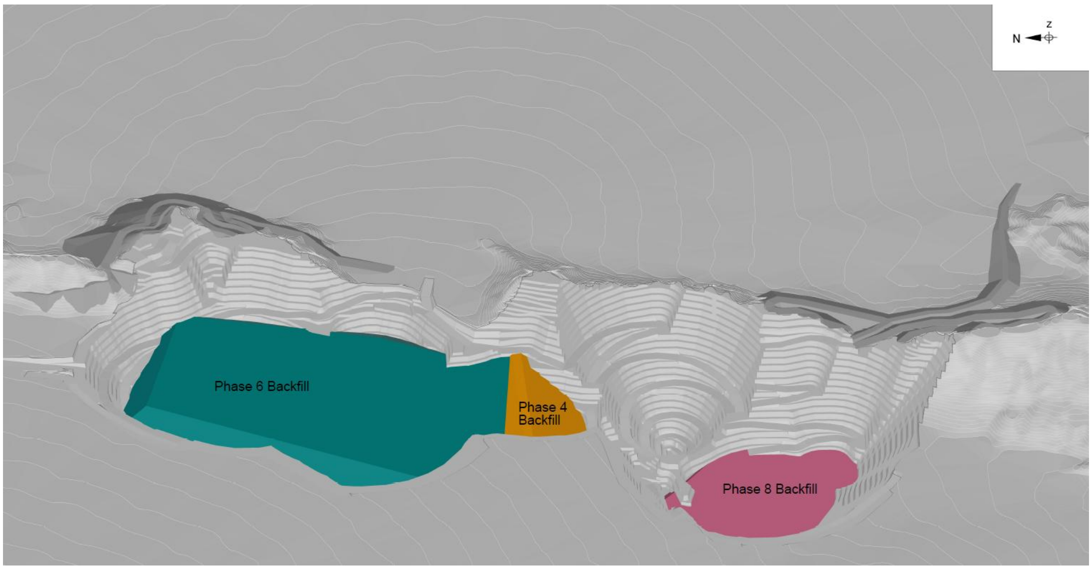


Figure 1-5 Oblique view of final pit configuration with backfill waste rock storage facilities

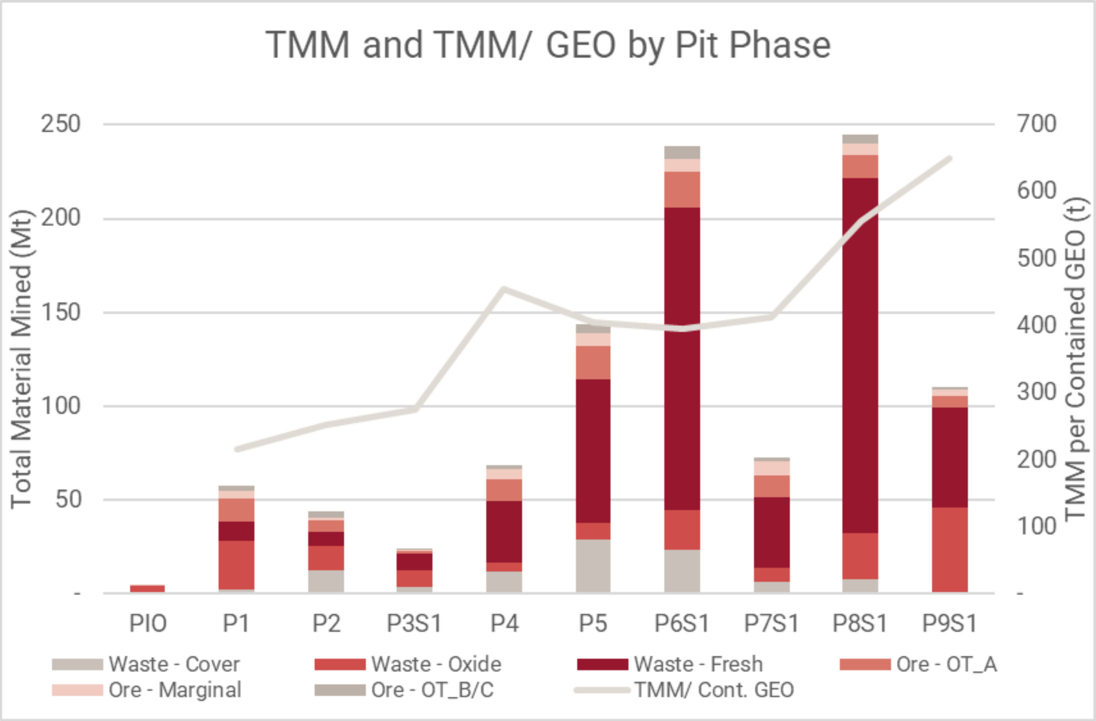


Figure 1-6 Total material mined and geology by pit phase

Planning and financial modelling for the PFS study is based on a representative fleet and key performance indicators (KPIs) that could be subject to change based on identified efficiencies by the contract mining partner and contract terms.

Production scheduling reflects a Net Present Value (NPV)-optimised equilibrium, integrating ore classification, processing constraints, and mining capacity. Key outcomes include:

- Heap leach operations commencing in Year-1, with an initial throughput of 8 Mt/a, tapering over time due to constraints on Inferred material feed

- Flotation operations commencing in Year-3 at 1.5 Mt/a, continuing through to approximately Year-14

- A staged mining fleet ramp-up between Year-0 and Year-4, utilizing a contract mining company to supply, operate, and maintain the mobile mining fleet .

- A maximum haul fleet of approximately 30 230-tonne class trucks, representing an optimal balance between productivity and cost

The load and haul strategy evolves over the LOM, transitioning from load-unit constraints during early ramp-up, to haulage constraints in mid-life, and ultimately to geometric constraints as mining depth increases and working space reduces.

1.4.4 Equipment Selection and Operational Design

The drill and blast design has been optimised for the site's key lithologies (dacite, lutite, and calcite), using down-the-hole drilling with a final hole diameter of 178 mm. The drill metres by lithotype are shown in Figure 1-7. Fragmentation targets were defined to ensure compatibility with loading equipment, with modelling confirming acceptable particle size distributions across all material types. ANFO has been selected as the base explosive for waste, with flexibility to apply higher-energy emulsion blends in ore zones to enhance fragmentation where required.

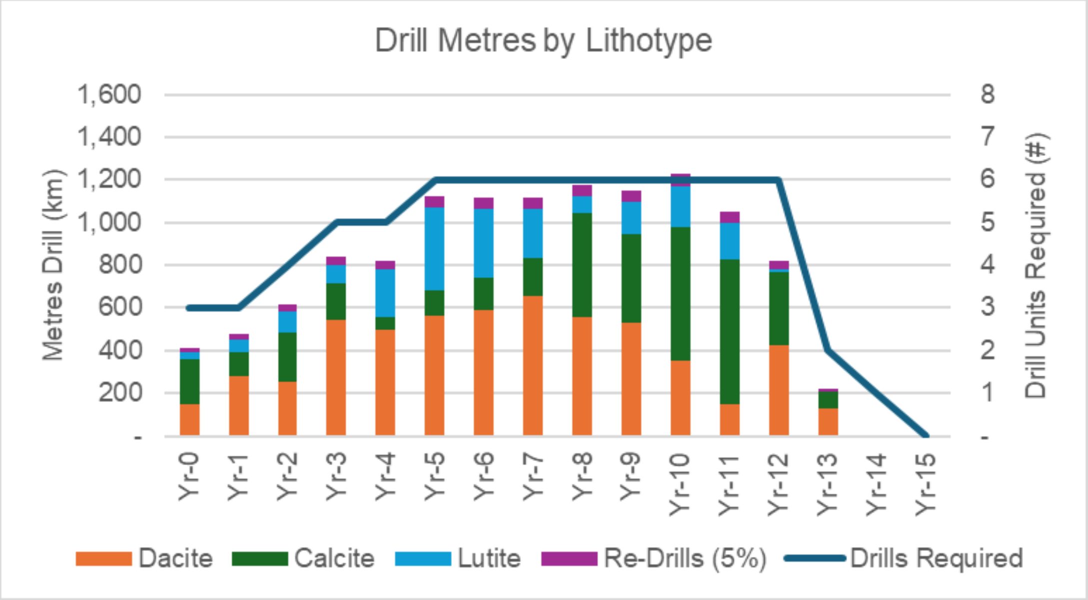


Figure 1-7 Drill metres by lithotype

Equipment selection was informed by detailed productivity modelling, cost analysis, and in-country support considerations. For planning purposes the primary mining fleet comprises Komatsu PC5500 excavators, a WA1200 loader, and a fleet of Komatsu 830E haul trucks. Specific equipment models may change as the contractor will be ultimately responsible for selecting, supplying, and maintaining the mining fleet based on the required production targets and agreed upon contract terms. A comprehensive time usage and availability model was applied to all major equipment classes to generate realistic productivity assumptions and lifecycle performance estimates. The total material mined by loading unit and corresponding truck productivity is shown in Figure 1-8.

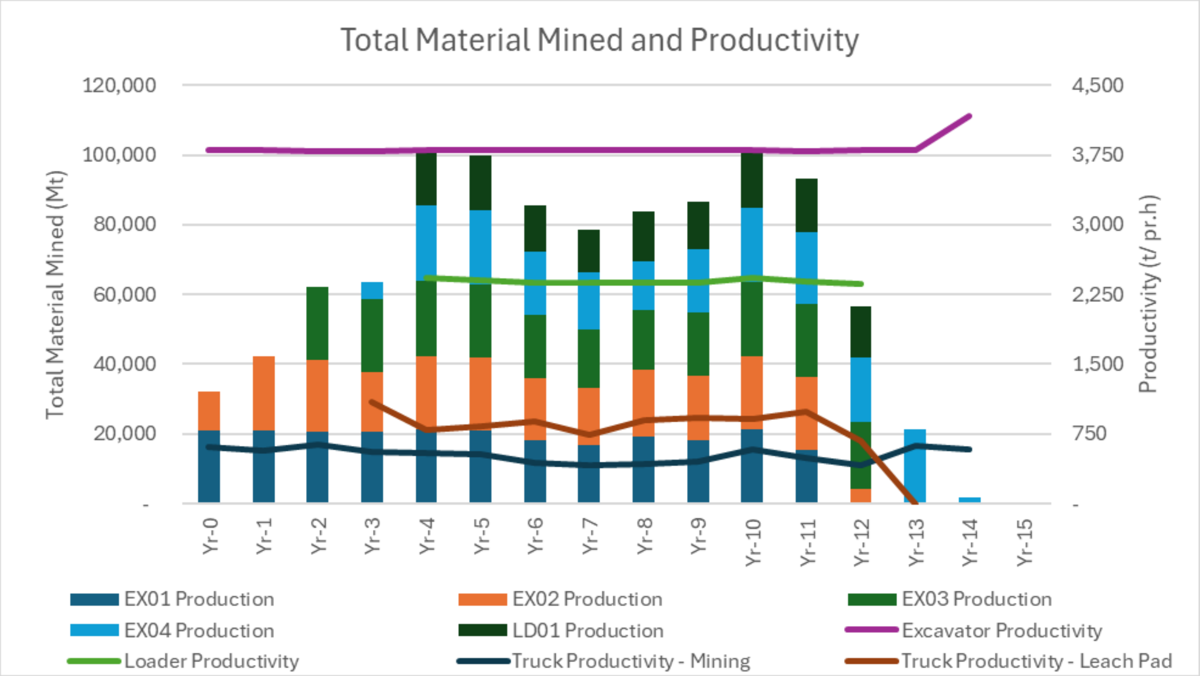


Figure 1-8 Total material mined and productivity

The load and haul fleet support is provided by a range of contractor-supplied ancillary equipment, including dozers, graders, and support units required to maintain operational efficiency. A dedicated contract partner supplied materials handling and pioneering fleet - comprising a PC500 excavator, WA600 loader, HM400 articulated trucks, and a Sandvik mobile crushing and screening plant (QJ341, QH332, and QA335) - will be utilised for pioneering works, selected construction activities, and the production and delivery of engineered rock. The engineered rock will be used for stemming, road base construction, and leach pad and TSF development.

Maintenance of all mobile mining equipment will be undertaken by the contractor, utilising the on-site workshop facilities and mobile maintenance solutions, reducing the requirement for owner-operated maintenance infrastructure and spare parts inventory.

Following completion of pioneering activities, a portion of the HM400 fleet is expected to be reassigned by the contractor to the water cart fleet. Mobile water and fuel carts can utilise the HM400 units fitted with tanker configurations in place of standard trays.

Run-Of-Mine (ROM) pad operations will be supported by WA600 loaders, with a PC360 excavator configured as a rock breaker providing additional support.

1.4.5 Dumps, Roads and Other Supporting Facilities

The mine design incorporates supporting infrastructure including waste rock storage facilities, a tailings storage facility, haul road networks, and site services. Waste dumps are strategically located adjacent to the pit and designed with sufficient capacity for the life of mine, with provision for in-pit backfilling to reduce haulage distances over time.

Construction and ongoing maintenance of haul roads, waste dumps, and related mining infrastructure are expected to be undertaken by the mining contractor as part of the contracted scope of work.

The haul road and access ramp network has been designed to support life-of-mine operations, with a significant portion of the ex-pit haul roads already established through first-pass development utilising spare Toll Treatment fleet capacity. While many of these roads will require widening and formal road base construction, clearing activities have been completed and the roads are currently in active use. Access ramps to the ridge line are also under development as part of Toll Treatment mining, with waste placement being used to progressively construct the ramp system.

The ROM pad established for Toll Treatment forms the foundation of the life-of-mine ROM pad. It is currently operational and will be expanded in Year-0 to accommodate full-scale mining requirements. The ROM pad will be used to stockpile ore for blending purposes. Similarly, the majority of clearing for key site infrastructure—including workshops, warehouse facilities, and accommodation—has already been completed.

The tailings storage facility, located southeast of the processing area, has been designed with capacity exceeding life-of-mine requirements, providing flexibility for future expansion. The heap leach pad and TSF areas will require additional surface clearing and construction works ahead of commissioning of the heap leach and milling operations, respectively.

1.5 Site Geotechnical Studies

The preliminary geotechnical basis for key surface infrastructure at the Hualilan Project have been established as part of this study, including the heap leach facility, process plant area, tailings storage facility, and waste rock storage facilities. At a PFS level, the work confirms that the project can proceed on a geotechnical basis, but several elements remain preliminary because the field program is still in progress and much of the laboratory testing has not yet been completed.

San Juan, Argentina is a structurally complex and seismically active mining district. The Hualilan site is characterised by alluvial/colluvial cover over bedrock and is subject to significant seismic loading, with a strong nearby seismic source associated with the La Cantera fault. For critical facilities, the study adopts design PGAs of 0.22g for OBE and 0.80g for maximum credible earthquake (MCE) rupture plane. For non-critical facilities, 0.14g for OBE and 0.47g for MCE are used. This seismic context is one of the dominant design drivers.

A project-wide geotechnical investigation program is in progress for TSF, HLF, WSF, process plant, pits, crushed ore and borrow areas. The investigation began in December 2025 and was still underway at the time of reporting. Laboratory results were not yet available for several areas, so many parameters remain estimated and subject to refinement in later engineering stages.

1.5.1 Heap Leach Facility

The PFS has established a preliminary design for a three-phase Heap Leach Facility (HLF) sized for approximately 90 Mt of ore and a required stacked volume of about 50 Mm^3, based on an assumed bulk density of 1.8 t/m^3. The concept includes a lined leach pad with a low-permeability soil layer, a 1.5 mm HDPE geomembrane, overliner protection, solution collection, leakage recovery, and drainage/monitoring systems. The overall HLF configuration uses 10 m bench heights, 20 m bench widths, a 2.7H:1V global slope, and 2.0H:1V inter-bench slopes.

The HLF stability was analysed using 2D limit equilibrium analysis. Ausenco assessed static and pseudo-static stability for three potential weak-interface cases in the liner system: overliner–geomembrane (OL-GM), geomembrane–soil liner (GM-SL), and geomembrane–geosynthetic clay liner (GM-GCL). The first two cases are treated as the base design cases and the GCL option is treated as an alternative in the event suitable soil liner borrow is unavailable. Results show that the HLF meets the minimum design factors of safety for the two base cases under static and OBE loading, and also for mixed-slip MCE loading. However, in both base cases the non-circular MCE slip surface falls below the target factor of safety which indicates that geometric grading must be reviewed if GCL should be used in the liner system.

The base-case MCE shortfall should not be seen as a fatal flaw. Displacement analysis using Bray and Macedo methodology concludes that predicted permanent displacements remain modest: about 6.1 cm mean displacement and 13.1 cm at mean plus one standard deviation for the worst base case, and 3.9 cm mean for the second base case. Ausenco concludes that these movements do not indicate a risk of physical instability of the HLF. The HLF concept appears viable at PFS level, but liner-interface selection is a critical design sensitivity and should be treated as a major follow-up item for detailed engineering, especially if a GCL-based alternative is contemplated.

1.5.2 Process Plant

The PFS has established a geotechnical basis for foundations and earthworks supporting a 1.5 Mt/a Process Plant incorporating crushing, grinding, flotation, flotation tails leach, concentrate handling, water and reagent systems, and associated infrastructure.

The process plant site is characterised by a thick colluvial/alluvial profile over bedrock. Based on test pits, geophysics, and preliminary interpretation, the overburden is estimated at roughly 45–55 m thick, divided into horizons ranging from loose near-surface material to dense gravelly soils and weathered rock before reaching medium-hard rock. The plant foundations are expected to be founded primarily within the alluvial/colluvial horizons rather than on rock, with typical founding depths of around 3 m for smaller structures and 12 m for major structures such as crushers and mills. This is strategically important because it implies the plant can likely avoid widespread deep founding into rock, but settlement control and soil variability will be central design issues.

The geophysical work supports this interpretation. Two MASW/tomography lines produced Vs30 values of about 521 m/s and 572 m/s, indicating medium-dense to very-dense gravel/sand conditions and a site class corresponding to Sc / spectral type 1 under Argentine regulations. The section also documents a strong seismic hazard context for the process plant, including a deterministic near-fault scenario with magnitude Mw 7.4 and very high possible peak accelerations in the most extreme case, although the plant itself is categorized as non-critical for design purposes.

The plant geotechnical design parameters recommended for foundation design are pragmatic and reflect the interpreted horizon sequence. Indicative parameters include friction angles from 34° to 40° for soil horizons, deformation moduli from 70 MPa to 200 MPa for those soils, and 150 MPa for compacted structural fill. The report then develops preliminary subgrade reaction values, allowable bearing pressures, excavatability classes, and guidance on lateral earth pressures, settlement, and vibration-sensitive foundations. Representative permissible static bearing pressures are in the order of 220–295 kPa at 3 m depth and 1,240–1,530 kPa at 12 m depth, depending on footing geometry; seismic allowable values are higher because of the reduced safety factor under earthquake load combinations. These values are useful for early layout and structural sizing, but the section is explicit that final criteria must be verified by structural engineers and updated once testing is complete.

1.5.3 Waste Rock Storage Facilities

For the Waste Rock Storage Facilities (WRSF) there is a three-dump strategy comprising North-west, North-east, and South WSFs with design storage capacities of approximately 160 Mm^3, 66 Mm^3, and 139 Mm^3, respectively. These are configured using 10 m bench heights, 10 m bench widths, 2.5H:1V global slopes, and 2.0H:1V inter-bench slopes, with 0.5 m topsoil removal at foundation level. The WRSFs are explicitly classified as non-critical structures for seismic design.

The WRSF stability results are strong across all three dumps. Using the same PFS-level 2D limit equilibrium methodology, the report shows that all three facilities satisfy the minimum design factors of safety for static, OBE, and MCE conditions for both circular and non-circular slip surfaces. The lowest reported MCE factors of safety remain well above the 1.1 acceptance threshold: approximately 1.62 for the North-west WSF, 1.54 for the North-east WSF, and 1.52 for the South WSF for the non-circular cases. The waste dump designs remain dependent on assumed parameters that must be confirmed by laboratory testing in later stages.

1.5.4 Open Pit

The reserve pit is designed based on lithology domains and geotechnical domains driven by pit slope azimuth. Stability analysis was completed on 26 sections representing all of areas and pit slope orientations of the ultimate pit and utilizing the available lithology models and rock quality information. The results of the stability analysis were used to divide the open pit into geotechnical domains based on pit slope azimuth. Inter ramp angles range between 49 and 63 degrees based on wall orientation. Bench face angles are controlled by kinematic features and range between 70 and 85 degrees. Geotechnical design criteria for the unconsolidated material modelled at surface was designed independently of the azimuth based geotechnical domains used in the hard rock. The pit slope design criteria is based on mining 10m benches, double benched such that there is 20m vertical between catch berms.

Additional rock mass characterization, geotechnical drilling, refining the overburden/rock contact surface and characterization of the overburden material is recommended as part of advancing toward a DFS.

1.5.5 Tailings Storage Facility

The TSF design calls for a downstream-raised, thickened-tailings storage concept. The selected design uses two side-hill TSF cells constructed in stages over a 20-year mine life to store approximately 30 Mt of tailings, with a design emphasis on operational robustness, a smaller footprint, progressive rehabilitation potential, and alignment with Global Industry Standard on Tailings Management (GISTM), International Commission On Large Dams (ICOLD) and Australian National Committee On Large Dams (ANCOLD) tailings standards. The concept incorporates lined containment, staged embankment raises, underdrainage and water recovery systems, and a minimum 1 m freeboard, reflecting the project's arid setting, proximity to the plant, and the need to manage both geotechnical and environmental risks.

The proposed TSF design is technically feasible at PFS stage, with preliminary stability and seepage assessments supporting a robust embankment configuration under long-term, short-term and seismic loading conditions. Tailings test work suggests rapid settling, relatively dense deposition and favourable water recovery characteristics, while the facility is preliminarily classified as "Significant" under both GISTM and ANCOLD consequence frameworks. Key remaining work before detailed design includes further geochemical testing, risk-based design refinement, updated seismic, hydraulic and water balance studies, and completion of detailed construction, monitoring, operations and closure planning.

1.6 Infrastructure

The PFS outlines the enabling infrastructure required to transition Hualilan from the current toll-milling setup to a full-scale standalone mining and processing operation. The overall infrastructure concept is broadly coherent and leverages a meaningful amount of existing site investment, particularly in roads, camp facilities, flood mitigation, fuel handling, communications, water storage, and early operational support infrastructure. The central development strategy is to reuse current assets where practical, while adding the major new infrastructure needed for long-life open-pit mining, flotation, heap leach processing, tailings storage, and site services.

1.6.1 Overall infrastructure strategy

The proposed site layout, shown in Figure 1-9, integrates the open pit, ROM pad, process plant, heap leach facility, tailings storage facility, waste rock dumps, camp, access roads, explosive storage, and supporting non-process infrastructure. The project is not starting from a greenfield position. Existing assets already in place include diesel generation, about 26 km of site roads, a 150-person camp, fuel storage and refueling facilities, a 5,000 m³ water storage dam, a producing water bore with pumping infrastructure, communications systems, laboratory capability, and waste management areas. This lowers early implementation risk and will reduce some upfront capital intensity compared with an undeveloped site.

1.6.2 Key enabling works already completed

One of the most important near-term achievements is the installation of flood mitigation infrastructure. Around 7 km of flood barriers were completed in February 2026, with an additional extension designed to divert floodwater away from the camp and major project infrastructure. These flood works successfully protected the camp and mining areas during unusually heavy seasonal rains in late February 2026. This is strategically significant because water management is a core site risk given the project's location in a closed drainage basin with infrequent but potentially intense storm events. The existence of completed flood controls materially improves development readiness.

1.6.3 Mining-related earthworks and layouts

The infrastructure design supports a large-scale open pit with nine staged pit phases and total material movement of 60–100 Mt/a over life of mine. Haul roads are designed around Komatsu 830E trucks, with 30 m two-way widths and grades generally capped at 10–12%. Three waste rock storage facilities are planned, together with the ROM pad, heap leach crushing pad, plant pad, and non-process infrastructure areas.

The HLF covers about 122 hectares and is designed for 90 Mt of material with a storage capacity of about 50 Mm³. It includes a protective liner system with structural fill, low-permeability soil, HDPE geomembrane, and overliner material, plus solution collection, leak recovery, and groundwater monitoring systems.

1.6.4 Tailings Storage Facility

The tailings storage facility is located southeast of the open pit and process area. It is designed as a two-cell, three-stage facility with nominal storage of 24.8 Mm³, or about 38.5 Mt of tailings. The design uses side-hill storage and double HDPE lining with underdrainage and leak detection, which enhances geotechnical stability and monitoring of the facility. Tailings deposition is based on controlled sub-aerial deposition with decant recovery.

1.6.5 Road access and logistics

The infrastructure plan includes a new 5.4 km bypass for Provincial Route 436 and a new site access intersection. The bypass is strategically important because it shifts public road interaction away from the active mine area and crosses land already owned by CEL, which will reduce land access complexity. Internally, the project benefits from an established road network that will be upgraded and extended rather than built entirely from scratch. This again supports the view that Hualilan has meaningful infrastructure head-start advantages.

1.6.6 Power strategy

Currently, the site is powered by diesel generators, and the intention is to utilise diesel generators for initial heap leach operation during Year-1 and Year-2..

The preferred power supply strategy for full-scale operation, including the Process Plant, is a new double-circuit 132 kV transmission line of roughly 55 km from Tocota Substation to a new Hualilan substation, with two 35/40 MVA step-down transformers supplying 13.2 kV site distribution. Maximum project demand is approximately 25.7 MVA, with N+1 redundancy contemplated.

Grid power supply will reduce operating cost and emissions relative to diesel generation. There is a memorandum of understanding (MOU) in place with Argentinian power company YPF Luz to explore renewable supply options and potentially fund grid connection and solar infrastructure under a future power purchase agreement.

1.6.7 Water supply

The water strategy is based on groundwater extraction from site wells, pumped to an existing 5,000 m^3 storage dam and then distributed across site. The current system includes one drilled production well, PA-01, with a second planned for full-scale operations. PA-01 tested at up to 230 m^3/hr and is supported by a small solar-powered pumping installation. Hydrogeology work indicates that the borefield is sufficient to meet project water requirements, with cited make-up demand of 505 m^3/hr excluding mining, plus about 42 m^3/hr for mining. The biggest users are flotation and heap leach.

1.6.8 Camp, accommodation, and site services

The current camp accommodates 150 people, but this is insufficient for construction and full operations. The updated labour model points to a peak demand of roughly 325 rooms supporting about 900 personnel on site. The proposed solution is modular accommodation, rented for the first three years on a financing arrangement with an in-province vendor, with outright purchase and retention of these modules after three years.

Site Services include a water treatment plant for non-potable uses, with potable water continuing to be trucked in, and a sewage treatment system.

1.6.9 Fuel, maintenance, warehouses, explosives, and operational support

Designs are in place for fuel storage, maintenance workshops, warehouse facilities, explosives handling, communications, and waste disposal. Existing fuel infrastructure is already operating, and diesel storage is expected to be expanded to provide additional resilience against supply interruptions. Maintenance facilities and washdown areas are partly

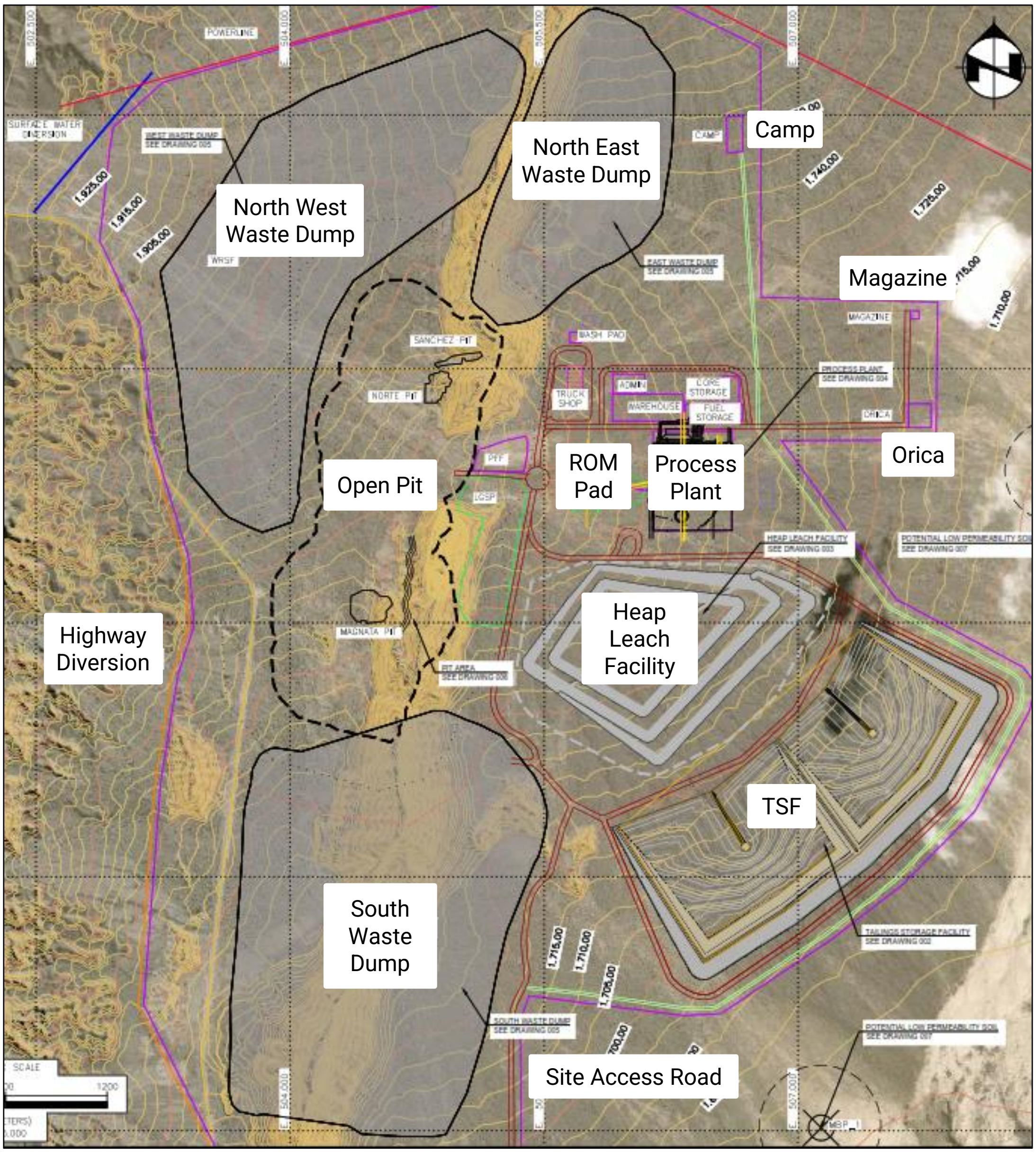


Figure 1-9 Proposed site layout

established and will be supplemented by dome shelter workshops. The facilities will be supplied be CEL and utilized by the contract mining partner for the maintenance of their mining equipment. The warehouse concept is defined as a 769 m² fabric structure on a concrete pad. Communications infrastructure is a relative strength, with an existing digital radio network, transmission tower, satellite internet, and site Wi-Fi already in use.

Explosives supply is expected to be supported by Orica, including future magazine construction and mobile mixing units. Waste handling plans for oils, domestic waste, industrial waste, and hazardous waste are conventional and aligned with provincial compliance requirements. These areas do not appear to be strategic blockers, though some are still at a relatively high level of engineering definition.

1.6.10 Product handling and outbound logistics

Filtered zinc concentrate is planned to be stored temporarily in a covered bunker, bagged, containerised, and trucked roughly 1,232 km to Buenos Aires Port for export. The transport route is described as suitable for B-double trucks, and the port is presented as having the required container and loading capability. While this appears feasible, outbound logistics will remain exposed to long-haul transport cost, road reliability, and port interface efficiency.

1.7 Site Access and Transport Requirements

The Hualilan Project benefits from well-established regional access, located approximately 120 km from the city of San Juan via a sealed highway network capable of supporting heavy vehicle traffic. The final site access is provided by a 10 km unsealed road, which will be upgraded to support construction and operational activities.

Project logistics are supported by multiple transport routes. Equipment and consumables can be delivered via road from both Buenos Aires and Rosario ports, with optional rail connectivity from Rosario to the San Juan region to reduce road haulage requirements. Export logistics for concentrate will utilise containerised transport by road to Buenos Aires Port, while gold and silver doré will be transported by secure, off-taker-managed logistics directly from site to refinery.

A key infrastructure requirement is the construction of a ~5.4 km highway bypass to reroute Provincial Route 436, which will be impacted by the advancing open pit during later years of mining. The bypass has been conceptually designed in accordance with national and provincial standards, with an estimated construction duration of approximately six months and a cost of ~US$8 million.

Transport of oversized and heavy mining equipment is governed by established national and provincial permitting frameworks. While the regulatory process is well defined, execution will require coordination with multiple authorities and early engagement with specialist contractors to manage permitting, route assessments, and logistics planning. This will be a responsibility of the contract miner.

1.8 Metallurgy

The metallurgical program for the Hualilan Project is based on a testwork campaign conducted since 2021 across multiple internationally recognised laboratories, designed to characterise metallurgical performance across the full range of lithologies, grades, and oxidation states within the deposit.

Testwork confirms that Hualilan mineralisation is amenable to conventional processing techniques, including gravity recovery, flotation, and cyanide leaching, with no requirement for complex or novel technologies. Gold exhibits favourable liberation characteristics at moderate grind sizes, supporting efficient recovery through both gravity concentration and downstream processing circuits.

A key outcome of the program is the definition of three ore types aligned to optimal processing pathways - heap leach, bulk flotation, and sequential flotation - integrated into the block model and mine schedule. This framework ensures that material is evaluated and processed based on recoverable value rather than grade alone, supporting optimal metal recovery and economic performance.

Flotation testwork demonstrates consistent recovery of gold and silver from sulphide ores, with bulk flotation providing an effective base case for lower-zinc material. For zinc-bearing ores, sequential flotation testwork has confirmed the ability to produce a zinc concentrate (>52% Zn) while maintaining strong precious metal recovery through downstream leaching of flotation products.

Heap leach testwork, using three sizes of column leach testing, supports the economic recovery of lower-grade material, with favourable leach kinetics observed for dacite and lutite lithologies at practical crush sizes. Calcite-dominant material exhibits lower heap leach performance and is therefore preferentially directed to flotation circuits, reinforcing the importance of selective ore routing.

Comminution and variability testwork indicate that the proposed flowsheets are robust across the expected range of ore types and grades, with no material metallurgical risks identified at the PFS level. Metallurgical performance is understood and supported by representative sampling across the deposit.

Recovery assumptions used in the PFS (Table 1-4) are based on the metallurgical test work program.

Table 1-4 Recovery assumptions used in the PFS

Metallurgical Recovery Assumptions		
Heap Leach (Lutite/Dacite-Ore Type A)	Gold	69.7%
Heap Leach (Lutite/Dacite-Ore Type A)	Silver	44.8%
Heap Leach (Limestone)	Gold	34.8%
Heap Leach (Limestone)	Silver	48.8%
Bulk Flotation (Ore Type B)	Gold	94.7%
Bulk Flotation (Ore Type B)	Silver	69.0%
Sequential Flotation (Ore Type C)	Gold	92.2%
Sequential Flotation (Ore Type C)	Silver	73.4%
Sequential Flotation (Ore Type C)	Zinc	83.7%

Overall, the metallurgical program demonstrates that the Hualilan deposit can be processed using conventional, well-understood methods, with multiple viable pathways to recover value. The combination of good precious metal recoveries, the ability to produce a saleable zinc concentrate, and the application of value-based ore routing provides confidence in the metallurgical performance underpinning the project.

1.9 Processing

The Hualilan process plant has been designed as a conventional and scalable operation that converts the metallurgical framework into a practical, integrated processing solution. The design is based on metallurgical testwork and process design criteria, and reflects a robust flowsheet aligned with the mine plan and ore scheduling strategy. A process flow diagram included as Figure 1-10 shows the integration of these alternative processing streams.

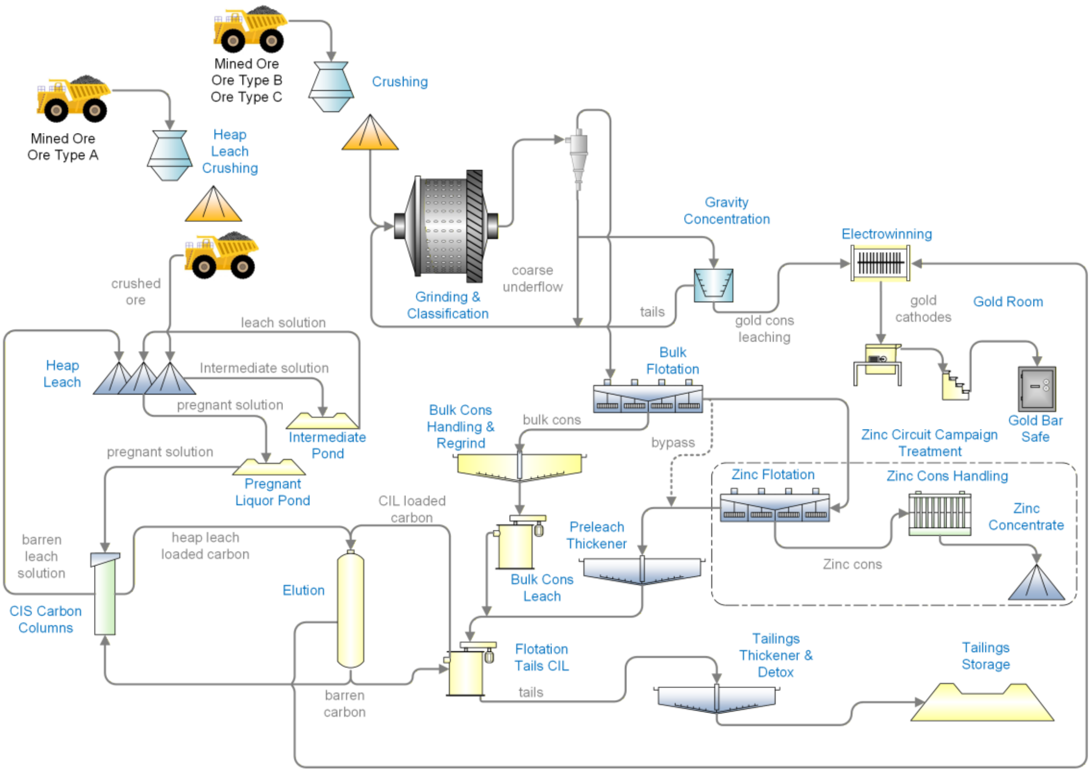


Figure 1-10 Processing flow diagram

The project incorporates two parallel processing streams: a 1.5 Mt/a flotation and leaching plant for higher-grade sulphide material, and an 8 Mt/a heap leach facility for lower-grade material. Together, these circuits are expected to produce an average of 135 koz of gold equivalent per annum, as shown in Figure 1-11 Total recovered gold equivalent by process steam

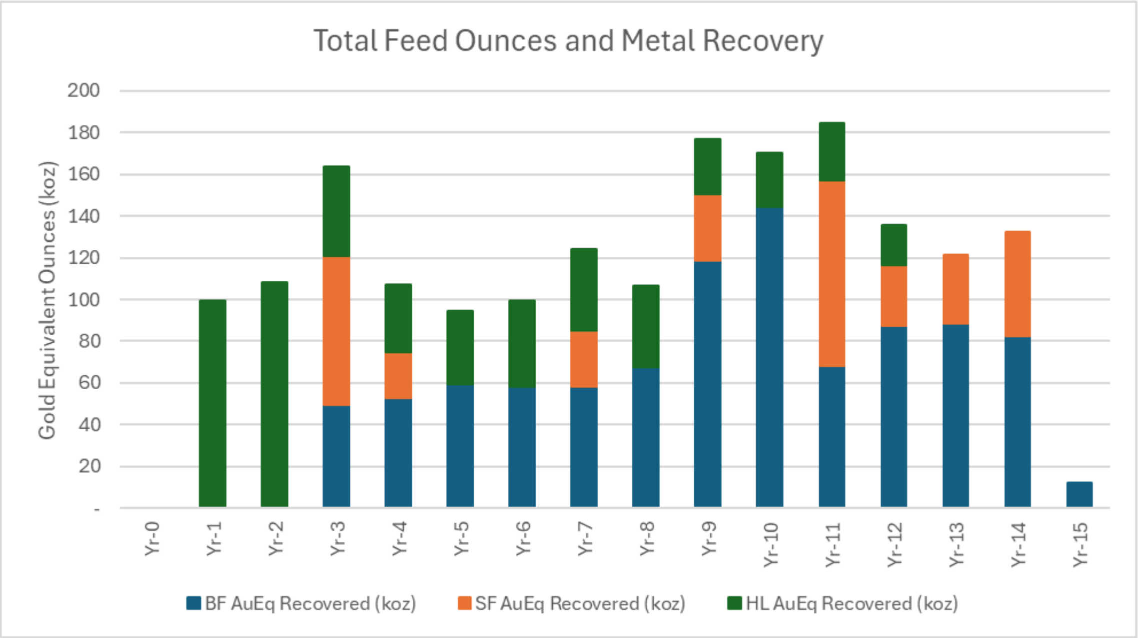


Figure 1-11 Total recovered gold equivalent by process steam

The process plant is based on a conventional crushing, grinding, flotation, and leaching configuration. Primary crushing and a SAG and ball mill (SABC) grinding circuit reduce ore to a target grind size of P80 75 μm, with high availability and stable operation supported by pebble crushing and classification. Gravity recovery is incorporated within the grinding circuit to recover coarse gold early, improving overall recovery and providing an early gold production stream.

Flotation circuits are designed to produce a low-mass bulk sulphide concentrate, which is reground to a fine particle size (P80 10 μm) prior to intensive cyanide leaching (72 hours) after which it is combined with the thickened flotation tailings in a carbon-in-leach (CIL) circuit for gold recovery. The CIL circuit provides sufficient residence time (~24 hours) to ensure efficient gold adsorption, with final recovery achieved through conventional elution, electrowinning, and smelting to produce doré. Tailings are detoxified then thickened prior to deposition in a dedicated tailings storage facility.

For zinc-bearing material, the plant incorporates a dedicated flotation circuit to produce a high-grade zinc concentrate for export. Zinc concentrate is thickened, filtered, and containerised on site, with design provisions for continuous operation and maintenance flexibility.

Table 1-5 Process plant design parameters

Parameter	Process Plant	Heap Leach
Ore treated	Ore Types B and C (campaign)	Ore Type A
Design Throughput	1.5 Mt/a (188 dtph, 8,000 operating hours per annum)	8 Mt/a (1,405 dtph, 5,694 operating hours per annum for crushing and 8,322 operating hours per annum for irrigation and recovery)
Design gold head grade	2.15–2.74 g/t Au	0.33 g/t Au
Design zinc head grade	1.91% Zn (Type C)	N/A
Annual gold production (avg)	~98 kozpa Au over 12 years	~62 kozpa Au over 8 years
Zinc concentrate production	~12 ktpa (>52% Zn)	N/A
Target grind / crush size	P80=75μm (milling)	P100=12.7mm (crushing)
Gold recovery route	Gravity (with gravity leach) + CIL (conc + tails leach) → Split AARL elution	Heap leach → CIS columns → Split AARL elution
Tailings disposal	TSF (~0.5 km from plant)	Spent heap on pad

The heap leach facility provides a low-cost processing pathway for lower-grade ore, with material crushed to P100 12.7 mm and stacked on a leach pad for a two-stage leach cycle of approximately 120 days. Gold is recovered via a carbon-in-solution circuit, with key infrastructure integrated with the flotation plant to minimise capital and operating complexity.

Process plant design incorporates industry-standard equipment and established technologies throughout, with equipment sizing, layout, and selection based on engineering and 3D modelling. The process plant design parameters are shown in Table 1-5. The plant is configured to support campaign treatment of different ore types and maintain consistent throughput under variable operating conditions.

Overall, the processing strategy represents a practical and low-risk implementation of the metallurgical flowsheet, combining conventional unit operations with scalable design. The integration of flotation, leaching, and heap leaching circuits provides operational flexibility, supports efficient recovery across a wide range of ore types, and underpins a stable production profile.

1.10 Environment and Community

The Hualilan Project is supported by an established environmental and permitting framework in the Province of San Juan, Argentina. The Project holds an approved Environmental Impact Assessment (EIA) under Resolution No. 688-MM-2024, including a subsequent amendment to support toll milling activities. Under Argentine regulations, the EIA must be updated biennially, with an updated submission currently in preparation to reflect the standalone mining and processing case defined in the PFS.

The environmental approval process in San Juan is well-defined and includes technical review, public participation, and ongoing compliance through monitoring and reporting. In addition to the primary environmental approval, the Project has secured the necessary sectoral permits covering water use, waste management, explosives, fuel handling, transport, and infrastructure development. No material permitting constraints have been identified that would prevent project development.

Baseline environmental studies indicate that the Project is located in an arid, sparsely populated environment with limited surface water, low ecological sensitivity, and minimal existing disturbance. Groundwater is the primary water source, with hydrogeological studies confirming a stable, unconfined aquifer system with no evidence of contamination. Soils are shallow and of low agricultural value, while flora and fauna are characteristic of arid environments, with no identified endangered or endemic species within the project footprint. The Project is not located within any protected area.

Environmental impact assessments identify the main potential impacts as relating to land disturbance, water management, air quality, and localised biodiversity effects. These impacts are typical of open pit mining operations and can be effectively managed through established mitigation measures, including controlled waste placement, drainage design, dust suppression, water management systems, and progressive rehabilitation. The Project has also incorporated environmental monitoring programs covering water, air quality, noise, and biodiversity to ensure compliance and adaptive management over the life of mine.

From a social perspective, the Project benefits from existing relations with local communities developed during exploration activities. CEL has implemented a community relations program which focuses on transparent communication, impact awareness, and local opportunity creation. This includes investment in community infrastructure, education and training initiatives, local employment, and supplier development programs. The Project currently meets government requirements for local employment, with strong workforce retention and demonstrated community engagement.

While baseline studies and permitting frameworks are well advanced, further work is recommended as the Project progresses, including expansion of environmental monitoring datasets and the formalisation of structured stakeholder engagement. These activities are considered standard for progression to the next stage of study and do not represent material project risks.

1.11 Legal and Regulatory

The Hualilan Project operates within a comprehensive permitting regime requiring approvals at both national and provincial levels, including environmental, water, infrastructure, and operational permits. The Environmental Impact Declaration (DIA) represents the key authorisation for project development, with additional sectoral permits required as the Project advances. The regulatory framework is well defined, with no legal or regulatory barriers identified that would prevent project development. The Province of San Juan, where the Project is located, is a mature mining jurisdiction with a clear permitting pathway and a history of supporting mining development.

Mining activities are regulated under the National Mining Code, which defines the rights and obligations of concession holders, as well as environmental legislation incorporated that mandates impact assessment, mitigation, and regulatory oversight throughout the project life cycle. Provincial legislation in San Juan leverages these requirements, including defining additional procedures for environmental approval, monitoring, and compliance.

Argentina has introduced the Incentive Regime for Large Investments (RIGI), which provides significant long-term fiscal and regulatory benefits for qualifying projects. These include a reduced corporate tax rate (25%), accelerated VAT recovery, exemptions on import duties during construction, elimination of export duties after an initial period, and long-term stability across tax, customs, and foreign exchange regimes for up to 30 years. CEL intends to apply for participation in the RIGI following completion of the PFS.

Outside of the RIGI, the Project is subject to standard Argentine fiscal terms, including production royalties of approximately 3.0% payable to the Province, along with an additional 1.5% community royalty. Value-added tax (VAT) is recoverable under the exporter regime, with established mechanisms for refund of VAT credits.

The regulatory environment also encompasses environmental protection laws, labour regulations, and migration requirements, all of which are standard for mining operations in Argentina. Labour conditions are governed by national employment legislation and industry agreements, while migration regulations provide a framework for the engagement of foreign personnel where required.

1.12 Operations Management Plan (Labour Force)

The Operations Management Plan defines the organisational structure, workforce strategy, and operational systems required to support Hualilan's transition from toll treatment to a full-scale mining and processing operation. The plan is built around a locally anchored workforce model consisting of both CEL and contractor personnel, a structured organisational framework, and compliance with Argentina's established labour and regulatory environment.

The Project benefits from its location in San Juan, Argentina's primary mining hub, which provides access to a large and experienced labour pool across mining, processing, and maintenance disciplines. CEL has already demonstrated its ability to recruit and retain skilled personnel during toll milling operations, with the majority of the workforce sourced locally. This provides a strong foundation for scaling to full operations, reducing recruitment risk and supporting continuity of operational knowledge. The contract mining partner expects to utilise CELs experience to support in recruitment and maintaining their workforce for mining operations and mobile equipment maintenance.

The proposed organisational structure integrates operational and support functions within defined business units, aligning accountability, cost allocation, and reporting lines with the areas of the business that consume those resources. This model is designed to improve operational responsiveness, enhance cost control, and maintain functional governance through dual reporting relationships to corporate support functions.

Workforce planning has been developed through a detailed position-based labour model, incorporating appropriate roster configurations to ensure full operational coverage across all functions. Rosters are designed to balance operational efficiency with employee wellbeing and competitiveness within the regional labour market, leveraging the relatively short commute between San Juan and site to support flexible and sustainable work arrangements. Total headcount and accommodation demand over LOM is shown in Figure 1-12.

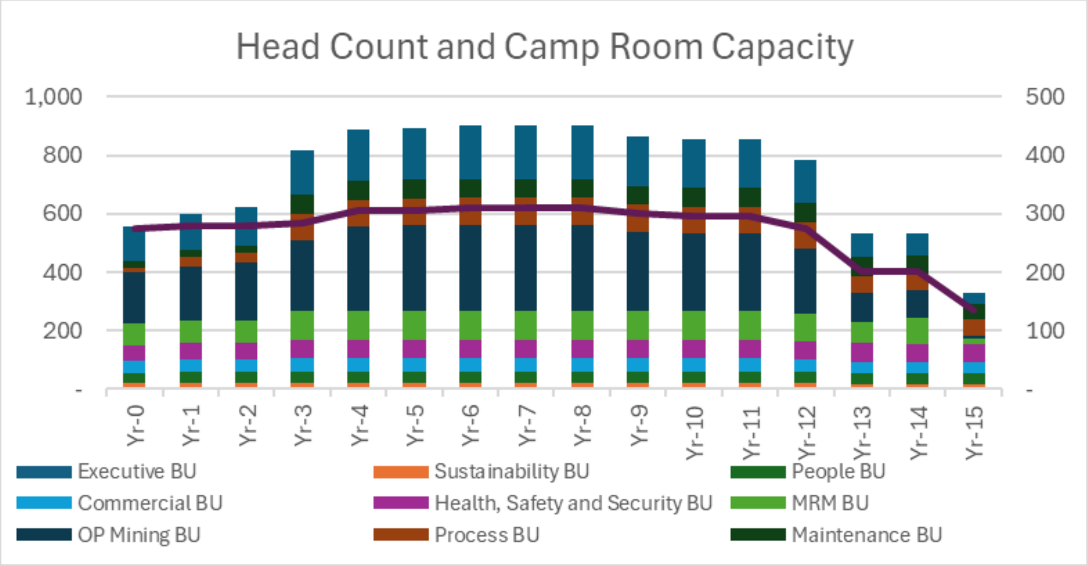


Figure 1-12 Head count and camp room capacity

Accommodation requirements have been aligned with workforce projections and roster structures, with a combination of single- and shared-room configurations to optimise camp utilisation. The staged development of camp infrastructure, supplemented by modular accommodation during peak construction periods, ensures that accommodation capacity can be efficiently scaled in line with workforce demand.

The Project operates within a comprehensive and well-defined labour and industrial relations framework. Employment conditions are governed by national labour legislation and collective bargaining agreements with the Asociación Obrera Minera Argentina (AOMA), which acts as the principal union for the mining sector. The labour cost model incorporates applicable wage structures, allowances, and statutory obligations, reflecting current regulatory conditions.

Recent labour reforms introduced under Law No. 27,742 (Ley de Bases) have simplified employment registration, clarified contractor engagement, and reduced litigation exposure, contributing to a more flexible and predictable operating environment. Occupational health and safety obligations are governed by established federal and provincial frameworks, including mandatory engagement with occupational risk insurers (ARTs), and are embedded within the Project's operational systems.

The workforce strategy includes a strong focus on localisation, with a target of approximately 80–90% of employees sourced from the local and provincial labour market. This approach will be utilised by both CEL and contractors and supports the Project's local community relations, aligns with regulatory expectations, and reduces reliance on expatriate labour.

A structured remuneration and performance management system aligns employee incentives with Company performance, incorporating both financial and non-financial metrics, including safety and environmental outcomes. In parallel, a competency-based training and Permit to Work system establishes clear requirements for workforce capability, safety compliance, and operational discipline across all levels of the organisation.

1.13 Project Implementation Plan

The Implementation Plan outlines the strategy for progressing the Hualilan Project from Pre-Feasibility through Feasibility Study and into execution, establishing a structured framework for engineering, procurement, construction, and commissioning. The approach is designed to deliver the Project safely, on schedule, while maintaining flexibility to refine scope and execution strategies as the Project advances.

Project delivery is based on an Engineering, Procurement, and Construction Management (EPCM) model, with Ausenco provisionally identified as the EPCM contractor, and CEL retaining overall project ownership and governance. This model provides flexibility in contracting, supports competitive procurement, and enables greater control over cost and schedule outcomes through staged execution and active owner involvement.

The development strategy adopts a phased approach, prioritising early construction of the heap leach facility ahead of full process plant development. Initial operations will be supported by on-site diesel power generation, allowing production to commence independently of grid power availability. This approach reduces schedule risk associated with external power infrastructure, lowers upfront capital requirements, and preserves optionality for later integration of grid power and full-scale operations.

Engineering execution will follow a structured, stage-gated process, with formal design reviews at 30%, 60%, and 90% completion to progressively refine and de-risk the design. The 60% review represents the key milestone for establishing the capital cost basis and execution baseline, while subsequent engineering focuses on finalisation and constructability. This process is supported by ongoing design reviews, hazard studies (including HAZID and HAZOP), and disciplined change management to ensure design integrity and minimise rework.

Procurement and contracting strategies are structured to balance cost, risk, and schedule certainty. Competitive tendering will be the default approach, supported by defined bid thresholds and evaluation criteria, while allowing for selective sole or single sourcing where justified. Procurement activities are aligned with project milestones and emphasise supplier capability, quality, and delivery performance, with increasing focus on global sourcing opportunities to optimise cost outcomes. Noting that under the EIA the company will give priority to local San Juan suppliers, where possible, subject to prices and delivery being the same.

Further work is needed to refine the terms of the mining contract and identify KPIs for equipment availability and production targets as well as mobilisation timelines and interface management between CEL and contractor supervision.

Project execution, including construction, site management, and commissioning, will be managed from a dedicated site-based project office, supported by regional and international engineering resources. Governance structures, including a Project Steering Committee and defined owner's team responsibilities, provide clear accountability, decision-making authority, and alignment between CEL, the mining contractor, the EPCM contractor, and key stakeholders.

A comprehensive project controls framework underpins delivery, incorporating cost management, schedule tracking, document control, and change management systems. The implementation plan is supported by a suite of sub-plans covering engineering, procurement, construction, HSEC, quality, and commissioning, which will be progressively developed and refined through the Feasibility Study and execution phases.

1.14 Project Capital

The project capital cost estimates have been prepared to an accuracy level of -20% to +30% generally in accordance with the AACE guidelines for a Class 4 Pre-Feasibility Study.

Total project capital costs by facility are summarised in Table 1-6. Note that individual numbers may not sum to the total due to rounding.

Table 1-6 Capital Cost by Facility

Description	Initial Total (US$M)	SUSEX / Expansion Total (US$M)	TOTAL (US$M)
MINING			
Pioneering	6.01	3.82	9.82
Preproduction Mining	63.78	0.00	63.78
Surface Mining Fleet – included in OPEX	0.00	0.00	0.00
Waste Rock Storage - Included in Mining	0.00	0.00	0.00
Subtotal MINING	**69.79**	**3.82**	**73.61**
PROCESS PLANT			
Crushing, Stockpile and Reclaim	0.00	12.31	12.31
Grinding	0.00	28.64	28.64
Bulk Flotation	0.00	31.34	31.34
Zinc Flotation	0.00	19.83	19.83
Leaching and Tailings	0.00	19.56	19.56
Gold Recovery	8.73	0.00	8.73
Reagents	5.77	0.00	5.77
Process Plant Services	4.32	0.00	4.32
Subtotal PROCESS PLANT	**18.81**	**111.67**	**130.48**
HEAP LEACHING			
Crushing Circuit 1	23.21	0.00	23.21
Crushing Circuit 2	23.02	0.00	23.02
Crushed Product Handling	9.87	0.00	9.87
Heap Leach Pad	4.98	1.27	6.25
Intermediate Leach Solution (ILS)	1.48	0.00	1.48
Pregnant Leach Solution (PLS)	0.83	0.00	0.83
Carbon Management	1.11	0.00	1.11
Barren Leach Solution (BLS)	2.03	0.00	2.03
CIS Circuit and Services	15.01	0.00	15.01
Subtotal HEAP LEACHING	**81.54**	**1.27**	**82.81**
ON SITE INFRASTRUCTURE			
Bulk Earthworks	6.64	0.00	6.64
HV Power Distribution	0.00	17.97	17.97

Fuel Storage	0.01	0.00	0.01
Water Supply, Management & Treatment	4.05	0.00	4.05
TSF Embankment	0.00	18.63	18.63
TSF Delivery	0.00	4.69	4.69
TSF Water Reclaim	0.00	1.34	1.34
On-Site Infrastructure Buildings	6.57	0.00	6.57
Mobile Equipment (non-mining)	1.56	3.01	4.57
Power Generation	4.35	0.00	4.35
Subtotal ON SITE INFRASTRUCTURE	**23.19**	**45.63**	**68.82**
OFF SITE INFRASTRUCTURE			
Access Roads	0.00	7.90	7.90
Substation Tie-In	0.00	1.51	1.51
Overhead Powerline	0.00	31.98	31.98
Subtotal OFF SITE INFRASTRUCTURE	**0.00**	**41.39**	**41.39**
PROJECT INDIRECTS			
Temporary Construction Facilities and Services	2.27	2.54	4.81
Worker Housing Facilities (Inc in G&A Costs)	0.00	0.00	0.00
Vendor Representatives	0.38	0.51	0.89
Contractor Commissioning Assistance	0.85	0.67	1.52
Spares	3.67	2.89	6.56
First Fills	1.33	3.29	4.62
Subtotal PROJECT INDIRECTS	**8.51**	**9.90**	**18.40**
PROJECT DELIVERY			
EPCM Labour and Expenses	17.66	21.48	39.14
Commissioning - inc in EPCM Costs	0.00	0.00	0.00
Subconsultants - inc in EPCM Costs	0.00	0.00	0.00
Subtotal PROJECT DELIVERY	**17.66**	**21.47**	**39.14**
OWNER'S COSTS			
Owner's Costs	12.07	0.00	12.07
Closure	0.00	50.00	50.00
Subtotal OWNER'S COSTS	**12.07**	**50.00**	**62.07**
PROVISIONS			
Contingency	35.35	51.71	87.06
FOREX - Excluded	0.00	0.00	0.00
Escalation - Excluded	0.00	0.00	0.00
Subtotal PROVISIONS	**35.35**	**51.71**	**87.06**
TOTAL	**266.92**	**336.86**	**603.78**

The following assumptions and qualifications have been considered in the preparation of the capital cost estimates prepared by Ausenco:

- The estimates base date is 2nd Quarter 2026 (2Q2026).
- The estimates are expressed in United States dollars (USD).
- Suitably qualified and experienced construction labour will be available at the time of execution of the project.
- Mechanical equipment supply has generally been included based on recent budget quotes.

- Earthworks material take-offs (MTO) and rates for the Tailings Storage Facility and Heap Leach Pad were provided by CEL and used in the estimate accordingly. MTOs were developed for Process Plant earthworks and where applicable rates from the CEL supplied rates were used and supplemented with recent historical Ausenco database.
- Bulk materials (concrete, structural steel, off plot pipework, HV electrical and architectural) scope are based on MTOs developed for this study, supply and installation rates are generally based on recent historical data base pricing, with some recent budget pricing for some major mechanical equipment and architectural facilities.
- Process plant piping and process plant electrical and instrumentation costs have been factored on an area-by-area basis from the installed mechanical cost using factors established from other similar installations.
- Capital equipment costs for purchasing mobile mining equipment will be borne by the mining contractor.
- HV electrical costs have been developed from equipment pricing and preliminary MTOs and database rates.
- Project indirects are generally factored.
- The estimates assumes an EPCM execution strategy.
- Contingency is included based on a nominal percentage allowance of directs and indirects except for Surface Mining, Heap Leach Pad, TSF Embankment and Access Roads costs provided by CEL where no contingency has been applied.
- Due to lack of geotechnical information, assumptions were made around topsoil depth, pavement profile, suitable subgrade, etc.
- Concrete quantities for structural elements have been estimated using the same methodology as steel quantities using data from comparable past projects. Equipment foundation sizes were determined based on engineering judgement and standard industry practices.
- Where available, MTOs from previously executed projects with similar layouts and equipment configurations were used as reference points for deriving steel quantities.
- It is noted that no structural design has not been undertaken at this stage of the project. Therefore, the quantities presented are suitable for PFS level assessment only and subject to refinement during subsequent design phases.
- Seismic loadings have not been incorporated into the estimation of either steel or concrete quantities. Inclusion of seismic requirements in later phases may have a material impact on both structural steel tonnage and concrete volumes. Where possible, reference projects from South American regions with similar seismic loading have been adopted.
- Site specific geotechnical information and ground conditions was not available at the time of this PFS study. Concrete quantities were estimated based on high-level footings (pad and raft footings). Ground improvement and piled foundations were not considered. Site specific geotechnical design in later phases may have a material impact on both structural steel tonnage and concrete volumes.

- A validation of the estimated quantities was performed upon completion of the MTOs. This involved benchmarking against a gold processing facility of similar throughput and total installed power at PFS stage. For consistency, comparisons excluded non-comparable areas, including heap leach and zinc processing facilities. The estimated quantities for the current project were found to be within a comparable range, indicating that the adopted assumptions and scaling methodology are reasonable for this level of study.

The following items were excluded from the capital cost estimates prepared by Ausenco:

- Owner's costs
- Government levies and taxes
- Import duties
- Working capital, sustaining capital, and stay-in-business capital
- Schedule acceleration cost
- Schedule delays and associated cost such as those caused by:
    - force majeure
    - pandemics
- Forward escalation
- FOREX variation

1.15 Operating Expenditure

An Operational Expenditure (OPEX) cost estimate for the Hualilan Project has been developed as a comprehensive, bottom-up model integrating mining, processing, and general and administration costs over the life of mine. The estimate covers operations over the life of mine and is structured using a detailed Work Breakdown Structure (WBS), ensuring alignment between engineering design, mine scheduling, and cost allocation.

A key strength of the estimate is the highly granular and activity-based approach adopted for mining costs. Costs are modelled at the individual equipment level, with consumption-based inputs (fuel, tyres, ground engaging tools, lubricants, and explosives) directly linked to operating hours, while time-based costs (labour, maintenance support, and overheads) are applied based on equipment utilisation. This approach provides a transparent and dynamic representation of operating costs, reflecting both equipment activity and lifecycle effects.

Mining operating costs are estimated at approximately US$2.24 per tonne mined over 1.007 billion tonnes of total material movement. Haulage represents the dominant cost component, accounting for the largest share of operating expenditure, followed by loading, drilling, and blasting activities. The cost model incorporates original equipment manufacturer (OEM)-derived consumption rates and detailed maintenance schedules, including repair and maintenance planning (RAMP) data.

The preferred mining contractor undertook a detailed review of CEL's detailed mining cost model and provided CEL with indicative parameters to support the contract mining scenario within the Hualilan Pre-Feasibility Study ("PFS"). These parameters were used by the contract mining partner to derive a contractor price.

The approach involved the application of a set of efficiency gain factors to the owner-operated base cost and then apply an appropriate contractor margin. This method is consistent with industry practice for PFS-level contract mining. An effective contractor mark-up of 17.6% has been applied to the owner-operated cost basis, which considers these contractor efficiencies, equipment costs, and an industry standard contractor margin on applicable costs. This ensures that cost assumptions reflect realistic operating conditions and equipment performance over time.

Summaries of the owner operated mining cost, excluding the contractor markup, by fleet sub-groups are shown in Table 1-7 and by functional group over is shown in Figure 1-13 Mining cost by functional area.

Table 1-7 Mining operating cost estimate breakdown

Component	Total Opex (USD M)	OPEX/ LOM TMM (USD/ t)	Relative to Total (%)
OPEX - Drills	128.0	0.128	5.7%
OPEX - Blasting Materials	151.4	0,152	6.8%
OPEX - Blasting Services	24.1	0.024	1.1%
OPEX - Excavators	256.4	0.257	11.5%
OPEX - Production Loaders	36.0	0.036	1.6%
OPEX - Trucks (Mining Alloc.)	887.1	0.890	39.7%
OPEX - Mat. Handling & Pioneering	25.7	0.026	1.2%
OPEX - Wheel Dozers	21.3	0.021	1.0%
OPEX - Graders	34.1	0.034	1.5%
OPEX - Track Dozers	53.53	0.054	2.4%
OPEX - Water Cart	22.8	0.023	1.0%
OPEX - Fuel Cart	17.5	0.018	0.8%
OPEX - ROM Management	14.5	0.015	0.7%
OPEX - LVs + LPs (Mining)	9.0	0.01	0.4%
OPEX – Fleet Maintenance Labour	114.5	0.12	5.7%
Sub-Total – Direct Fleet OPEX	***1,924.1***	***1.91***	***85.3%***
Contractor Margin and Allowance for Fleet Capital Gains	***331.6***	***0.33***	***17.6%***

[1] includes $86.3 million of capitalised costs associated with non-processed inventory

Key G&A cost items outside of mining labour and camp include: on-site ambulance and H&S personnel (US$4.9M), PPE (US$4.1M), environmental monitoring — biological, air and water quality (US$2.0M), software licences and IT (US$2.6M), and MRM/geology software and supplies (US$2.4M). The G&A cost components predominantly include labour, administrative and miscellaneous costs associated with the Finance, IT, Supply Chain, Warehouse, Human Resources, Camp Administration/ Maintenance, Health, Safety, Training, Security, Environment, Permitting, Government and Community Affairs, Communications, and Executive (General Management) functions. The other cost items account for an additional US$45.8 increasing total G&A costs to US$183.7M over the LOM.

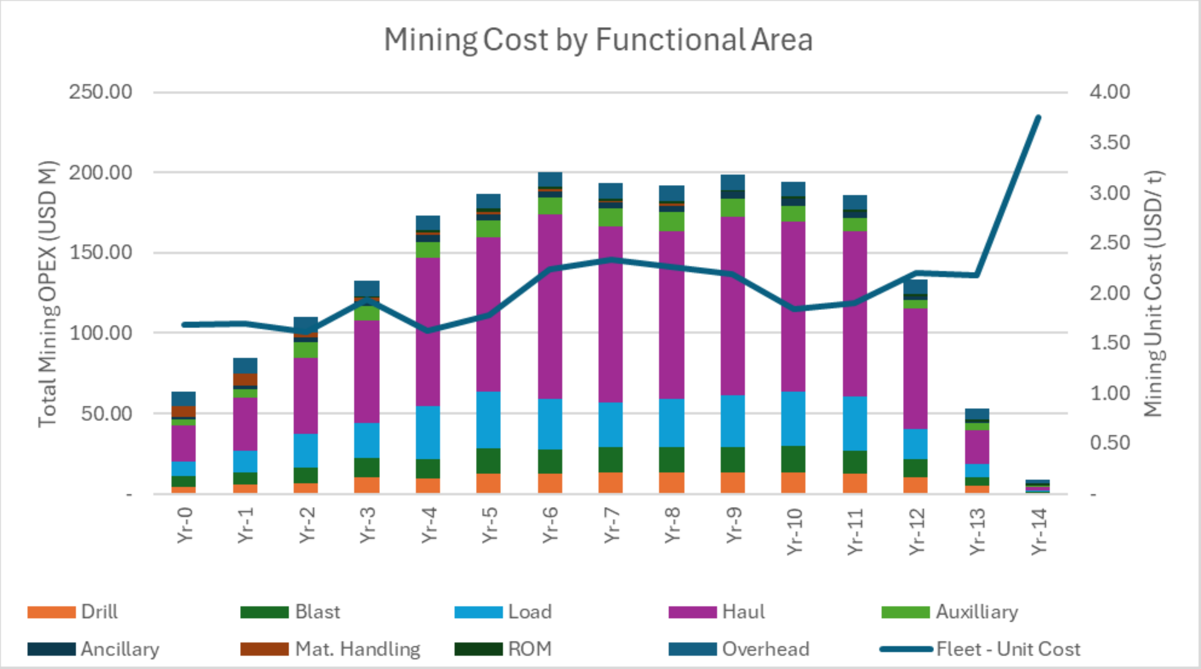


Figure 1-13 Mining cost by functional area

Processing costs have been developed separately for the flotation plant and heap leach facility, reflecting their different operating profiles. The processing operating cost estimate is summarised in

Table 1-8. The 1.5 Mt/a process plant operates over approximately 12 years, with higher unit costs of 18.27 USD/t associated with comminution, flotation, and leaching circuits. In contrast, the heap leach operation provides a lower-cost processing pathway for lower-grade material, with significantly reduced unit operating costs of 3.47 USD/t when operating at its 8 Mt/a design throughput with a grid connection. Combined, these circuits provide a balanced cost structure that supports economic recovery across a wide range of ore types. The Process Plant operating cost estimate and Heap Leach operating cost estimate are summarised in

Table 1-9 and

Table 1-10, respectively.

The cost estimate incorporates labour, maintenance, power, reagents, consumables, mobile equipment, transport, and site services, with pricing inputs sourced from a combination of original equipment manufacturers, in-country suppliers, and current operational data from toll treatment activities. Maintenance costs are informed by OEM service contract structures, providing a practical and conservative basis for estimating labour and support requirements.

Workforce assumptions are based on roster structures rather than highly variable utilisation, and cost allocation methods ensure that both fixed and variable costs are appropriately captured. The result is a transparent cost framework that supports an economic evaluation in this PFS.

Overall, the Hualilan operating cost estimate represents a well-developed PFS-level financial model, underpinned by detailed engineering inputs, OEM data, and operating assumptions. The combination of a low unit mining cost, scalable processing pathways, and a transparent cost structure provides a strong foundation for project economics and supports progression to the next stage of study.

Table 1-8 Processing operating cost estimate summary

Processing OPEX Cost	LOM Total Cost (M USD)	LOM Cost per Tonne (USD/t)
Overall Operation	**610.3**	**7.00**
1.5 Mt/a Process Plant	331.5	18.27
8 Mt/a Heap Leach (Base Case)	278.8	4.04
8 Mt/a Heap Leach (run at design capacity)		3.48

Table 1-9 Process Plant operating cost estimate summary

Cost Breakdown	PROCESS PLANT LOM Total Cost (M USD)	LOM Cost per Tonne (USD/t)
Fixed Costs		
Labour	39.69	2.19
General Maintenance	21.34	1.18
Mobile Equipment	7.30	0.40
Sub-total – Fixed Costs	**68.32**	**3.77**
Variable Costs		
Power	87.68	4.83
Maintenance Consumables	49.54	2.73
Reagents and Operating Consumables	121.13	6.68
Laboratory Analysis	4.84	0.27
Sub-total – Variable Costs	**263.19**	**14.51**
Total - Process Operating Costs	**331.5**	**18.27**

Table 1-10 Heap Leach operating cost estimate summary

	HEAP LEACH	
Cost Breakdown	**LOM Total Cost (M USD)**	**LOM Cost per Tonne (USD/t)**
Fixed Costs		
Labour	27.33	0.40
General Maintenance	16.27	0.24
Mobile Equipment	2.10	0.03
Sub-total – Fixed Costs	**45.71**	**0.66**
Variable Costs		
Power	51.91	0.75
Maintenance Consumables	8.49	0.12
Reagents and Operating Consumables	118.51	1.72
Heap Leach Haulage	52.99	0.77
Laboratory Analysis	1.16	0.02
Sub-total – Variable Costs	**233.07**	**3.38**
Total - Process Operating Costs	**278.78**	**4.04**

1.16 Risks & Opportunities

1.16.1 Risks

A comprehensive risk assessment was undertaken to evaluate the technical, environmental, social, financial, and geopolitical risks associated with the Hualilan Project. The results of this risk assessment are summarised in Table 1-11. The assessment applies a structured matrix-based methodology, characterising each risk by likelihood and consequence across four dimensions: Health, Safety and People; Environment; Financial; and License to Operate. Likelihood ratings range from Rare to Almost Certain. The combined evaluation provides risk rankings from Low to Extreme. This section summarises the key findings across each risk profile, identifies the principal opportunities available to the project, and outlines specific residual risks requiring attention in the Feasibility Study.

Table 1-11 Project Risk Assessment Summary

Risk Category	Overall Rating	Key Risks	Principal Mitigations
Geology & Resource	Low	MRE uncertainty, resource classification limits on schedule	Competent-person standards, certified labs, peer-reviewed modelling, Inferred material limits (30% HL / 20% mill)
Geotechnical	Low	Pit slope instability, waste dump failure	Geotechnical monitoring, expert design reviews, controlled blasting, structured inspection

Risk Category	Overall Rating	Key Risks	Principal Mitigations
Hydrology & Groundwater	Low–Medium	Pit flooding, unexpected groundwater inflows	Diversion channels, engineered drainage, groundwater monitoring wells, water management contingency plans
Mining & Processing Performance	Medium	Dilution, ore loss, throughput variability, metallurgical recovery	Enhanced grade control, modern planning software, comprehensive metallurgical testwork, preventive maintenance, workforce training, utilization of an experienced mining contractor
Supply Chain	HIGH	Critical parts availability constraints; limited warehouse capacity	Long-term supplier agreements, expanded warehouse, critical spares classification
TSF Integrity	Low (consequence severe)	Seepage, instability	ANCOLD design standard, independent engineering oversight, geotechnical and hydrological monitoring
Environmental	Low–Medium	Biodiversity, water quality, dust, noise	Biodiversity monitoring, water recycling, dust suppression, runoff capture, ongoing monitoring programmes
Social & Licence to Operate	Low–Medium	Cultural heritage, community employment expectations	Archaeological assessments, stakeholder engagement, local hiring strategy, AOMA engagement,
Currency & Exchange Rate	HIGH	Peso instability; USD/ARS volatility	USD-denominated contracting, disciplined treasury management; exchange controls now effectively lifted (parity rates)
Concentrate Payabilities	HIGH	Limited buyer diversification for zinc concentrate	Diversified offtake agreements; engage multiple international smelter and trader counterparties
CAPEX Escalation	Medium	Argentine inflation, labour cost escalation	Conservative modelling, competitive procurement, hedging, vendor financing agreements, contractor supplied mining equipment
Access to Capital	Medium (Major consequence)	Financing availability and cost	Ongoing investor engagement, range of non-dilutive finance options explored, contingency financing strategies

Risk Category	Overall Rating	Key Risks	Principal Mitigations
Political / Expropriation	Low–Medium	Policy change, expropriation	RIGI 30-year fiscal stability; strong governance; anti-corruption systems; government engagement
Country / Sovereign Risk	Medium–High	Sovereign default, energy/transport infrastructure	Fiscal stability agreements, contingency planning, infrastructure redundancy, insurance, active government engagement
Industrial Relations / Labour	Medium	AOMA bargaining leverage; wage indexation; labour litigation; LCL policy change	Early AOMA engagement; indexed wage assumptions; robust HR practices; ART coverage; monitor Ley de Bases implementation
Structural Engineering	Medium	geotechnical investigation on process plant site + seismic structural analysis tbc	Geotechnical investigation in FS; seismic design analysis in detailed engineering

1.16.2 Opportunities

The project contains several opportunities for improvement. For this reason, a 3–6-month re-optimisation phase is planned to finalise the DFS base case.

Opportunity to reduce CAPEX: There is an opportunity to remove the $48m CAPEX cost for the power grid connection. CEL has entered into a MOU with YPF Luz for the supply of electricity from renewable generation. This MOU contemplates all electrical infrastructure required to connect to the grid, and the solar farm being funded by YPF as part of a Power Purchase Agreement. CEL will engage with YPF, and other power providers during the DFS phase, with the aim of completing a power purchase agreement that includes all up-front CAPEX required.

Upgrading entire resource to Indicated Category: A significant opportunity exists in improving geological confidence within the current ultimate pit limits. Conversion of Inferred Resources to Indicated, and early mining phases to Measured, would materially enhance planning certainty and provide greater flexibility in both mining strategy and process feed scheduling. Under the US$3,500/oz Au NSR model, a significant proportion of the resource is already classified as Indicated - 42% of tones and 62% of contained metal in OT_A, 79% and 74% respectively in OT_B, and 76% and 81% in OT_C. Progression of the mineral resource toward full Indicated classification has the potential to unlock optimisation opportunities across pit design, plant sizing, throughput, and ramp-up strategy, with corresponding improvements to discounted cash flow outcomes.

CAPEX Constraints: CEL has deliberately limited upfront capital deployment to reduce financing risk. Under less constrained capital scenarios, there is a clear opportunity to enhance project value by advancing the construction of the processing plant to operate concurrently with the heap leach, and potentially increasing processing capacity. These scenarios have the potential to increase annual production rates, including beyond 150 koz AuEq per annum. These scenarios are supported by the current mining schedule, which is capable of delivering sufficient ore to sustain higher mill feed throughput. In these scenarios, the design processing capacity would be increased to accommodate the increased mining throughput.

Earlier Start-up of the Flotation Plant: The project schedule allows 24 months for Flotation plant construction. With the majority of the higher-grade Heap Leach feed being processed over the initial 18 months, the final 2 quarters production prior to the start of the Flotation Plant have reduced production from 40koz Au to 12koz Au. Thus, this additional 6-months of Heap Leach processing provides minimal cashflow benefit. Constructing the Flotation plant in 18 months with a startup 6-month earlier would involve the same peak cash drawdown, smooth the production profile, and increase average annual production.

Ongoing DFS Metallurgical Testwork: Metallurgical testwork, would benefit from additional variability testing to better define performance across the full orebody. Recent large-diameter column testwork completed in Q1 2026 has returned results that exceed the recovery assumptions applied in the PFS. These tests, conducted using 3–6 inch columns - which are generally more representative of operational heap leach performance than earlier 1 inch column tests - demonstrated gold recoveries of 86% in dacite (6" column, 0.20 g/t Au feed) and 78% in lutite (3" column, 0.13 g/t Au feed). These results are particularly encouraging given the low-grade nature of the samples (<0.2 g/t Au), and compare favorably to the approximately 69% recovery assumed in the study, indicating potential upside to heap leach performance.

Re-optimisation: Beyond these primary levers, additional value is expected to be realised through ongoing refinement of open pit optimisation and production scheduling, which will be further advanced during the DFS. The combined impact of these opportunities will be explored quantitatively through scenario analysis, where the effects of resource conversion, removal of feed constraints, and alternative processing ramp-up strategies are assessed. These scenarios demonstrate the extent to which project value may be enhanced under less constrained and more optimised development pathways.

Refinement of Contractor Mining Agreement: The contract between CEL and the contract mining partner will be an open book agreement based on the underlying cost build-up plus margins. The contract mining partner has extensive experience with open pit mining operations that will be utilised to identify potential efficiencies in personnel, production, fuel consumption, and maintenance scheduling. KPIs will be developed for fleet performance including mechanical availability and production targets to form the basis of the contract. The finalised contract will include performance incentives and penalties for overperformance or underperformance respectively.

Potential Underground Inventory: Additional ~1.0 Mt at ~1.9 g/t AuEq in addition to the residual in pit inferred inventory identified below the PFS pit from MSO analysis. This underground inventory was not considered in the PFS, with mineralisation remaining open at depth.

Infill and Exploration drilling: Challenger to accelerate infill drilling designed to convert inferred resource into indicated to add to the LOM. Additionally, the first resource extension drilling in over 3 years is planned in 2H 2026, with potential to add to the existing resource with Hualilan open along strike and at-depth.

Residual potential mining inventory: The PFS operational schedule leaves 40.4 Mt of, lower confidence, predominantly Inferred Resource category (Table 1-4, outside the current LOM production plan.. Additional feed to each stream has been contemplated in design work, with the underlying design for Heap Leach structured to accommodate up to 90 Mt of stacking (69Mt stacked in the PFS process schedule), and the Tailings Storage Facility designed to be capable of storing 30 Mt (18Mt required for PFS process schedule) via additional, designed lifts.

1.17 Financial and Commercial Analysis

1.17.1 Overview

The PFS base case economic results for the Hualilan Project are robust. Using a conservative base case gold price of US$3,500/oz — approximately US$1,100/oz below the prevailing gold price during study completion — the project generates a pre-tax NPV at 5% discount rate of US$1,450M, a pre-tax IRR of 45.0%, EBITDA of US$3,148M over the 14.25-year mine life, and pre-tax cashflow of US$2,524M.

The project generates a post-tax NPV at 5% discount rate of US$1,101M, a post-tax IRR of 34.8% and post-tax cashflow of US$1,982M. It has a payback period of 2. 25 years after production commences.

The base case produces 1,673 koz of recovered gold, 6,394 koz recovered silver, and 74 kt of zinc (1,843 koz AuEq) at a cash cost of US$1,658/oz produced gold.

The Base Case (US$3,500/oz Au): Offers compelling financial metrics and rapid payback of ~2.25 years.

- Pre-tax NPV_5 of US$1,450M and post-tax NPV_5: US$1,101M; and
- Forecast post-tax free cashflow of US$1,982M.
- Payback period of 2.25 years and Pre-tax IRR of 45%
- AISC of US$1618/oz produced gold

At Spot Pricing (~US$4,600/oz Au): Pre-tax NPV_5 increases to ~US$2.9Bn with IRR of ~82%, demonstrating significant leverage to gold price.

- Pre-tax NPV_5 of US$2,672M and post-tax NPV_5: US$1,986M; and
- Forecast post-tax free cashflows of US$3,379M
- Payback period of 1.25 years and Pre-tax IRR of 83%
- AISC of US$1602/oz produced gold

1.17.2 Assumptions

A financial model in Microsoft Excel was developed by Fuse Advisors for CEL to allow economic evaluation of the project and assessment of capital structure options including debt carrying capacity. All financial numbers are in US dollars unless otherwise stated. The model uses the principal assumptions described in

Table 1-12.

The tax model was compiled by CEL following detailed advice from PWC Argentina and calculations are based on the Rigi Incentive Regime. The Company intends to commence the application process for the RIGI following the completion of this PFS.

Table 1-12 Financial model parameters

Parameter	Assumption
Resource Block model	Assumes completion of Toll Milling
Financial model currency	Q1 2026 US dollars; no cost escalation
Base case gold price	US$3,500/oz (fixed LOM) — ~US$1,400/oz below prevailing price at study completion
Silver price	US$58/oz (fixed LOM as a ratio to gold of 60:1)
Zinc price	US$1.35/lb (fixed LOM)
USD/AUD exchange rate	0.70
Corporate income tax (RIGI)	25% (reduced from standard 35% under RIGI regime)
Gold export duty	0% from January 2025 (Decree 563/2025)
Silver and zinc export duty	4.5% (eliminated from Year 3 under RIGI, i.e. from 2031)
Mining royalty	3.0% on recovered gold, silver, and zinc (to San Juan Province)
Community royalty	1.5% on gold, silver, and zinc (community-beneficial capex items can be offset)
VAT treatment	Exporter regime; effectively net zero (fully refundable); excluded from financial model
Contingency on initial CAPEX	30%
Accounting treatment of non-processed ore (inventory)	Mined, unprocessed ore held in stockpiles is recognized as inventory on the FS (Financial Statement). This inventory is measured at the lower of cost and Net Realisable Value (NRV) in accordance with AASB 102 (Inventories). At the end of the LOM, any remaining stockpiled ore is assumed to be liquidated based on its estimated NRV, factoring in current market commodity prices and any anticipated final handling or transport costs, rather than being processed through the primary plant.
Dore Refining terms	Payability: 99.95% of settlement assay for both gold and silver. Refining charges: US$0.40 per troy ounce (minimum US$1,500 per shipment) and transportation: US$19,200 per shipment up to 500 kg; US$15/kg additional airfreight above 500 kg.
Zinc concentrate off-take	Transport costs: US$250/t of concentrate. Zinc payability: 85%; Gold payability: 63%; Silver payability: 35%. Treatment/Refining Charges (TC/RC): US$80/t of concentrate
Construction period – Heap Leach	18 months pre-production
Construction period – Process Plant	~24 months (commencing ~ after HL start)
Total mine life	15.25 years (incl. 1 year pre-production); 14.25 years of open pit mining
No hedging, no financing modelled	Pre-tax, ungeared cashflow basis

1) Effective contractor markup is the markup on the owner operated mining unit cost, inclusive of contractor efficiencies, fleet capex and proposed contractor margin on applicable costs.

1.17.3 Base Case for Financial Analysis

The base case development sequence is:

- mine capital development and Heap Leach (HL) facility establishment in Year -2 and -1 (pre-production);
- Uitlisation of a contractor for mobile mining equipment, operations, and maintenance.
- HL operations commence in Month 24 (Year-1) at 8 Mtpa;
- Process plant construction commences immediately after HL start, with 24-month build;
- Process plant commences processing 2 years after HL (Year-3).

This strategy was selected over the alternatives (flotation-first or joint start) for the following reasons:

- Superior NPV result: Heap Leach-first then staged process plant construction increases NPV versus PP-first approaches at $3,500/ oz Au.
- Lowest upfront CAPEX: reduces initial cash drawdown relative to joint or PP-first starts.
- Lower execution risk: heap leaching is a simpler, lower-tech process with well-understood performance; significant HL operational expertise exists within San Juan Province (all other operating San Juan mines are heap leach operations).
- Grid connection independence: HL startup can proceed without grid connection (identified as a critical-path schedule risk). Diesel generators installed for HL are repurposed as permanent backup power.
- Turnkey crushing option: Metso has indicated they can provide full turnkey installation of the HL crushing circuit (over half of HL CAPEX), leveraging their extensive South American presence.

The base case mine plan includes 80.3% Indicated and 19.7% Inferred material to the flotation plant, and 70% Indicated and 30% Inferred to the heap leach. The total Life of Mine Production Target (and forecast financial information derived from the Production Target) is underpinned by approximately 78.8% by Probable Ore Reserves, and the remaining approximately 21.2% by Inferred Mineral Resources.

An Indicated-only sensitivity demonstrates the project remains economically viable without any Inferred feed at $3,500/oz Au. It should be noted that the analysis based on Indicated material only results in oversizing the CAPEX in the base case providing further NPV upside if the plant and mining schedule were re-optimised an Indicated-only case.

1.17.4 CAPEX

CAPEX is outlined in Section 1.15 of this PFS Summary Report. LOM CAPEX is US$ 604M, comprised of Initial CAPEX of US$ 267M for initial site development, pre-production mining and the development of heap leaching facilities, including a US$35M contingency and US$337M sustaining/expansion CAPEX.

1.17.5 Sensitivity Analysis

Table 1-13 and Figure 1-14 illustrate the sensitivities to NPV of base case under varying metal prices, grades, and costs.

Table 1-13 Sensitivities to Base Case Post-Tax NPV

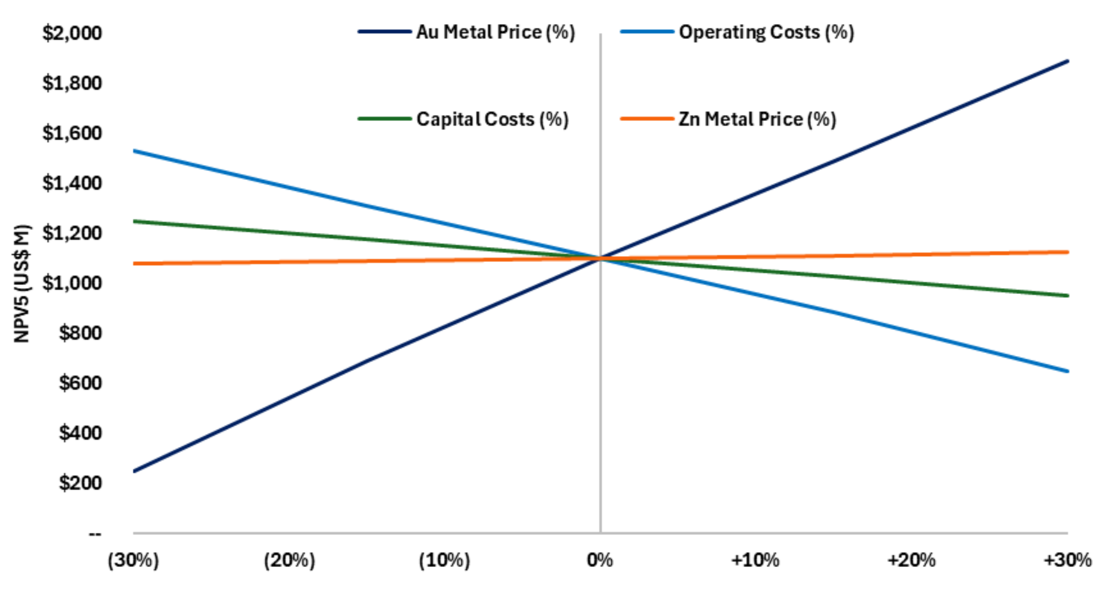
POST-TAX NPV @ 5%

		Au Metal Price (%)				
		(30%)	(15%)	0%	+15%	+30%
Zn Metal Price (%)	(30%)	$225	$666	$1,078	$1,468	$1,866
	(15%)	$237	$678	$1,089	$1,479	$1,878
	0%	$249	$690	$1,101	$1,491	$1,890
	+15%	$262	$702	$1,112	$1,503	$1,902
	+30%	$274	$718	$1,123	$1,514	$1,914

		Au Grade (%)				
		(30%)	(15%)	0%	+15%	+30%
Zn Grade (%)	(30%)	$232	$672	$1,082	$1,471	$1,868
	(15%)	$242	$681	$1,091	$1,480	$1,878
	0%	$252	$691	$1,101	$1,490	$1,887
	+15%	$262	$704	$1,110	$1,499	$1,897
	+30%	$272	$715	$1,119	$1,509	$1,907

		Operating Costs (%)				
		(30%)	(15%)	0%	+15%	+30%
Capital Costs (%)	(30%)	$1,674	$1,457	$1,249	$1,037	$798
	(15%)	$1,603	$1,384	$1,175	$961	$721
	0%	$1,532	$1,311	$1,101	$885	$646
	+15%	$1,460	$1,239	$1,026	$810	$567
	+30%	$1,389	$1,166	$952	$734	$487

Figure 1-14 Base Case Post-Tax NPV5 Sensitivity Plot



1.17.6 Financing

The PFS estimates a funding requirement of approximately US$235 million, including working capital, to cover the capital and operating costs from the commencement of plant construction to the end of plant commissioning and the commencement of gold production. It is expected that the funding requirement will be met with a mixture of debt and equity, which will need to be raised prior to project construction commencing.

Challenger holds 100% ownership of the Hualilan Project with only US$15M of unsecured debt, no covenants, and no security held over the project. This clean ownership structure provides maximum flexibility for project financing options. Early-stage discussions with project finance providers in Argentina, the US, and Europe and with international royalty and stream providers have been positive, indicating a range of non-dilutive financing options will be available

The Company considers there is a reasonable basis to conclude that the project funding will be available when required, on grounds including the following:

- The Project has strong technical and economic fundamentals which are forecast based on the PFS to provide an attractive return on capital investment and generates significant free cashflows at conservative gold prices (well below current spot gold price). This provides a strong platform to source debt and equity funding.
- The Company has a strong track record of raising equity funds as and when. Over the past 12 months the Company has raised A$60 million in two separate placements of A$30 million. Both of these raisings were strongly supported by the Company's largest shareholders.
- The Company has held preliminary discussions with several Project Financiers. All have indicated an interest in potential project financing and access to the Company Data Room during the DFS and in the lead up to FID.
- Additionally, the Company has held discussions with its toll milling dore off-taker regarding off-take of both concentrate and dore for the PFS Base case. As part of these discussions the off-taker has indicated an ability to offer finance by way of either project finance or advance payments for concentrate or dore.

1.18 Extended Scenarios

Table 1-14 below presents the residual stockpile balances by ore classification at the conclusion of the Base Case. Notably, significant volumes of Inferred material remain unprocessed, having been excluded to comply with the PFS constraint of a maximum of 20% Inferred material to the process plant and 30% to the heap leach.

Table 1-14 End of mine life stockpile balances for base case

Residual mineralisation remaining on stockpiles after the completion of processing						
Heap Leach-HG-Indicated	0.75	0.23	2.13	n/a	0.26	6,244
Heap Leach-HG-Inferred	2.86	0.19	1.78	n/a	0.21	19,601
Heap Leach-LG-Indicated	0.14	0.09	.94	n/a	0.10	418
Heap leach-LG-Inferred	32.20	0.08	0.67	n/a	0.09	91,776
Heap Leach-CAL-Indicated	0.02	0.09	5.17	n/a	0.21	88
Heap Leach-CAL-Inferred	4.48	0.11	2.02	n/a	0.16	18,727
Total Residual Mining Inventory	**40.44**	**0.10**	**0.923**	n/a	**0.11**	**136,854**
Mineralised waste that will be stockpiled separately						
Mineralised Waste	42.88	0.05	0.67		0.06	82,921

The inclusion of this previously excluded Inferred material underpins the potential production uplift observed in Scenarios B and C, where these constraints are removed.

A range of alternative development scenarios have been evaluated to assess the impact of both relaxing the Inferred material constraint and modifying the project development strategy. These include:

- Scenario A: Owner operated mining case which is the same as the base case but the equipment is purchased, operated, and maintained by CEL via a financing agreement with the original equipment manufacturer (OEM).
- Scenario B: Simultaneous commencement of the 1.5 Mtpa process plant and 8 Mtpa heap leach.
- Scenario C: Simultaneous commencement of both processing routes with an expanded process plant capacity of 2.0 Mtpa.

Controlling for gold price and allowing for the inclusion of Inferred material, each of these scenarios demonstrates the potential viability of alternative strategic development pathways. While all scenarios involving accelerated or expanded processing increase upfront capital expenditure and peak negative cash flow, they generally deliver higher Net Present Value outcomes. This is primarily driven by the acceleration of gold production, resulting in reduced discounting impacts.

These alternative scenarios also tend to increase average annual gold production, particularly in the case of expanded mill throughput to 2.0 Mtpa, albeit with a corresponding reduction in average mill feed grade due to the inclusion of additional, lower-grade material.

Importantly, the underlying mining schedule and extraction strategy remain unchanged across all scenarios. The heap leach infrastructure has been designed to accommodate up to 90 Mt of stacked material, while the Tailings Storage Facility design supports up to 30 Mt of mill feed, providing flexibility to support these alternative development pathways.

While all ramp-up and sequencing alternatives demonstrate value accretion at equivalent gold prices, the magnitude of value uplift associated with the inclusion of Inferred material in Scenario A is significantly greater than that achieved through changes in processing strategy alone.

Scenarios A through C are presented in full in the Pre-Feasibility Study Report.

ENDS