



# Challenger Gold Limited

*(formerly Challenger Exploration Limited)*

ABN 45 123 591 382

## Annual Financial Report

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*For the Financial Year ended 31 December 2023*

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## **CORPORATE DIRECTORY**

### **DIRECTORS**

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

### **COMPANY SECRETARY**

Scott Funston

### **REGISTERED OFFICE**

Level 1  
1205 Hay Street  
WEST PERTH WA 6005  
Telephone: (08) 6380 9235

### **AUDITOR**

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11 Mounts Bay Road  
Perth WA 6000

Telephone: + 61 8 9429 2222

### **LAWYERS**

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Perth WA 6000

Telephone: + 61 8 9321 4000

### **SHARE REGISTRY**

Automic Pty Ltd  
Level 2  
267 St Georges Terrace  
PERTH WA 6000  
Telephone: 1300 288 664 (within Australia)  
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### **SECURITIES EXCHANGE LISTING**

Australian Securities Exchange  
ASX Code: CEL

### **WEBSITE**

[www.challengergold.com](http://www.challengergold.com)

## DIRECTORS' REPORT

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

### DIRECTORS

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

#### Names, qualifications, experience and special responsibilities

##### **Sergio Rotondo MEdcom, MBA**

###### **Executive Chairman**

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

##### **Kris Knauer B.Sc (Hons), (Geological and Earth Sciences, Geosciences)**

###### **Managing Director**

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

##### **Sonia Delgado LLB (Hons) MLaw**

###### **Executive Director (appointed 28 November 2023)**

Over a distinguished career in the Argentinian public sector, Dr. Delgado has occupied positions including: Assistant Office of the State Prosecutor of the Province of San Juan; Undersecretary of Planning and Promotion of Mining Development and, more recently, Secretary of Mining for the province of San Juan, Argentina.

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

##### **Fletcher Quinn**

###### **Non-Executive Director**

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

##### **Pinchas Althaus MRb**

###### **Non-Executive Director (appointed 8 February 2023)**

Mr Althaus is based in New York and has been an Executive in the mining and resource sector since 2002. Mr Althaus was most recently the Founder and Chief Executive Officer of USA Rare Earth, which acquired and developed the Round Top heavy rare earth and critical minerals project in Texas.

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

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

##### **Brett Hackett**

###### **Non-Executive Director (appointed 4 May 2023)**

Brett has 33 years of experience as an Australian diplomat. For the last 13 years, his principal focus has been on expanding Australia’s economic and political relationships with the countries of Latin America.

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

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

### **Scott Funston B.Bus, CA, AGIA ACG**

**Resigned as Executive Director 4 May 2023. Company Secretary and Chief Financial Officer for the full year.**

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

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

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

### **MEETINGS OF DIRECTORS**

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

Director	Number of Meetings Eligible to Attend	Number of Meetings Attended
Mr Sergio Rotondo	5	5
Mr Kris Knauer	5	5
Mr Fletcher Quinn	5	5
Mr Pinchaus Althaus <sup>i</sup>	5	5
Mr Brett Hackett <sup>iii</sup>	4	4
Dr Sonia Delgado <sup>iii</sup>	-	-
Mr Scott Funston <sup>iv</sup>	1	1

<sup>i</sup> Appointed on 8 February 2023 <sup>ii</sup> Appointed 4 May 2023 <sup>iii</sup> Appointed 28 November 2023 <sup>iv</sup> Resigned as executive director on 4 May 2023

### **CORPORATE INFORMATION**

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

### **NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES**

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

### **REVIEW OF OPERATIONS**

#### **Highlights**

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

- Low-risk starter pit followed by conventional sub-level open stope (SLOS) underground mining;
- Processing facility includes a crusher, mill, gravity recovery circuit, conventional sulphide floatation, and floatation-tails leaching (FTL), with schedule LOM throughput of 1.05 Mtpa;
- Production schedule is comprised of 81% Indicated Resource and 19% Inferred Resource <sup>3 4</sup>
- **Compelling financial metrics of the Scoping Study include:**
  - Pre-tax NPV<sup>5</sup> US\$409m (**A\$629m**) at US\$1,750/oz Au \$20/oz silver (spot gold price US\$1975);
  - Pre-tax NPV<sup>5</sup> increases to **A\$820m** at current gold (US\$1,975) and silver (US\$23) prices;
  - Project IRR (Pre-Tax Real) of 75% and a breakeven gold price of US\$983/oz.
- **Placement of 83,333,334 ordinary shares to raise \$10,000,000**
- **Transformation of the Board of Directors and appointment of new Chairman**
- **Subsequent to year end raised \$5,642,069 through the issue of 66,377,283 ordinary shares and 66,377,283 unlisted \$0.14 options with an expiry date of 12 months from the closing date**

## Company Projects

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

### **El Guayabo Project Ecuador (CEL 100%)**

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

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

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

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

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

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

## HUALILAN GOLD PROJECT AND GEOLOGY

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

The Hualilan tenements are held via a combination of:

- 235 square kilometres granted to the Company containing the upgraded 2023 MRE; and strike extensions 5 kilometres north and south; and
- 329 square kilometres pending formal grant to the Company which has been registered to CEL in the Mining Cadastre of San Juan.

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

### Geology of Hualilan Gold Project

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

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

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

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

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

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

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



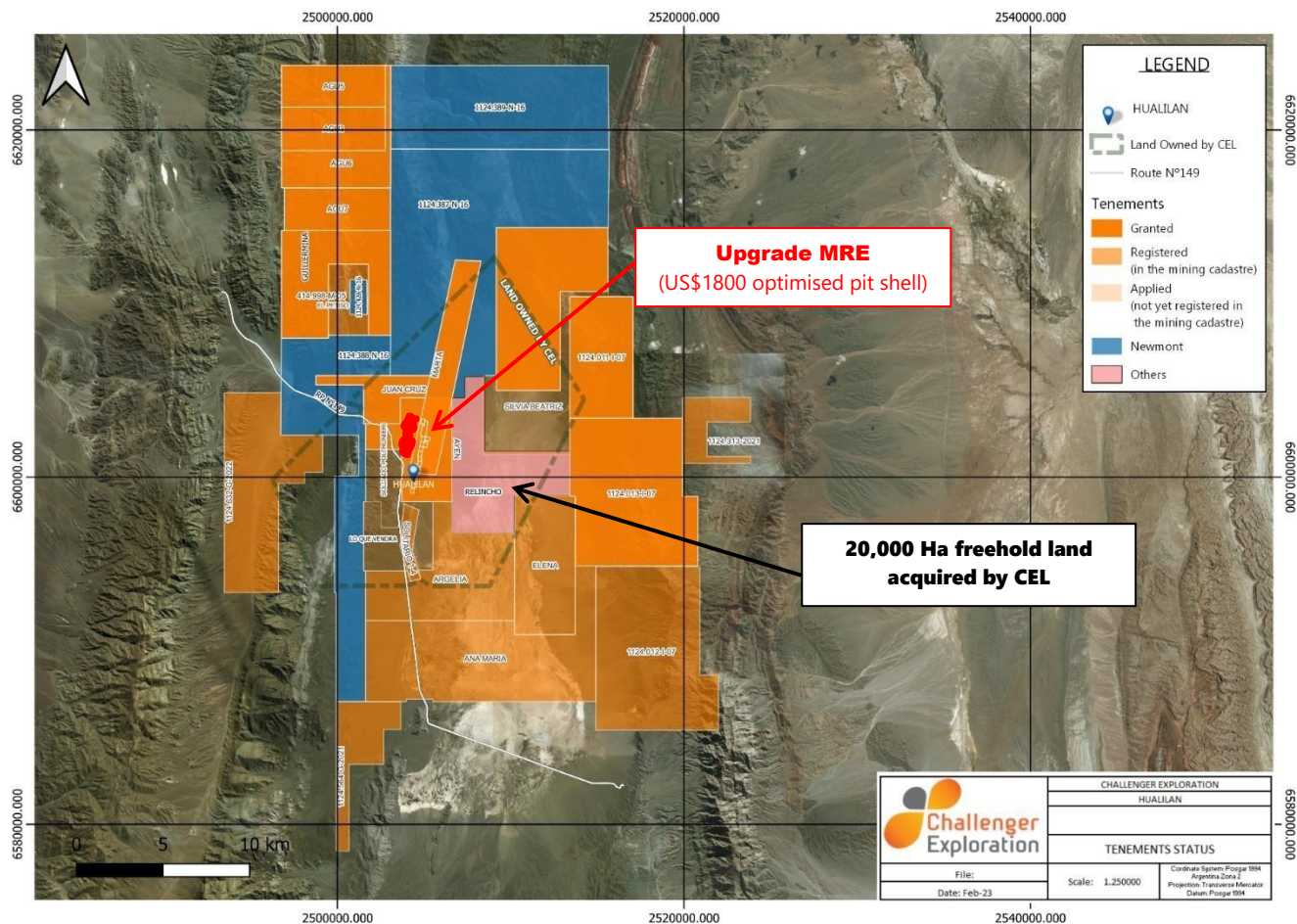


Figure 1 - Hualilan Gold Project Tenement Map

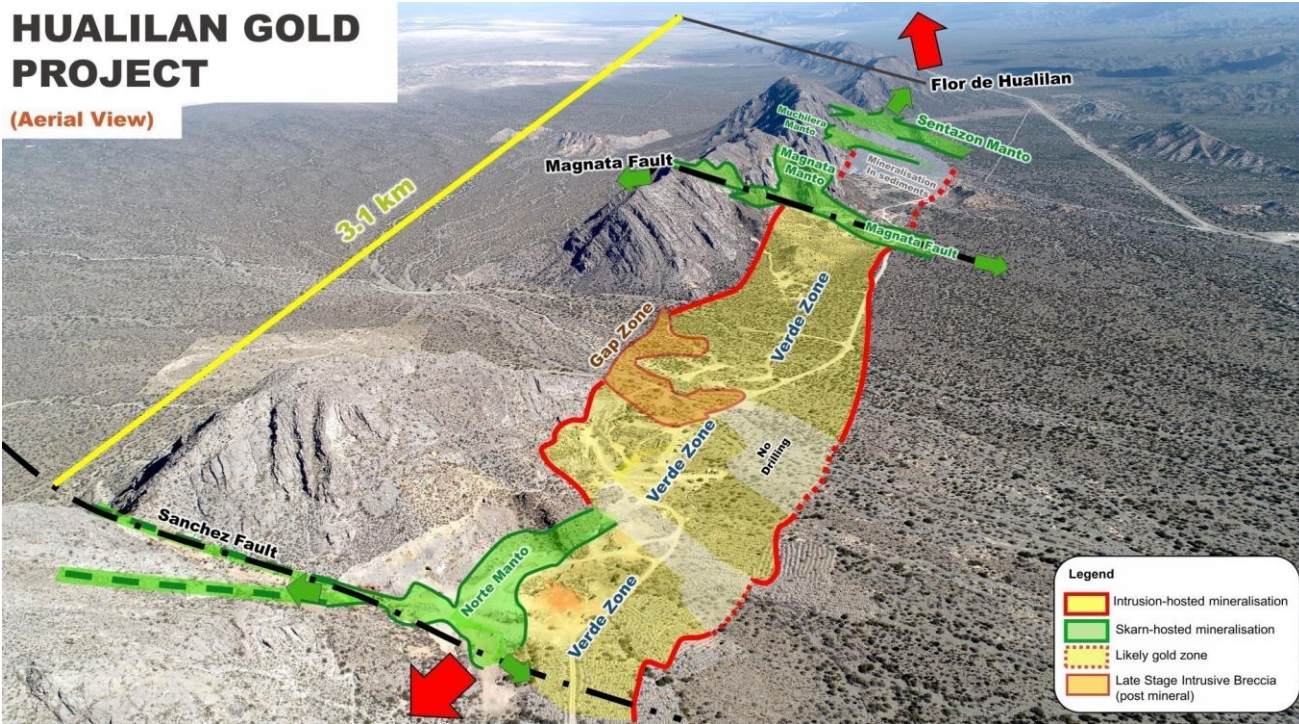


Figure 2 - Hualilan Project and surrounds



**HUALILAN SCOPING STUDY** (Refer to ASX Release 8 November 2023)

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

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

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

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

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

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

*Table 2 - Key Scoping Study Assumption*

Price Assumption	Study Assumption	5 Year Average	Spot
Gold	US\$1750/ oz	\$1,710	\$1,975
Silver	US\$20/ oz	\$20.72	\$23
Zinc	US\$1.15/ lb	\$1.28	\$1.15
Lead	US\$0.94/ lb	\$0.93	0.98
AUD/USD	0.65	0.70	0.65
Metallurgical Recoveries and Concentrate Payability	Recovery (%)	Avg Payability <sup>1</sup> (%)	
Gold	95.8%	88.4%	
Silver	93.0%	54.8%	
Zinc	89.0%	73.1%	
Lead	75.8%	93.6%	
Concentrate Transport (site to smelter including insurance)		US\$150/ wmt	

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

<sup>1</sup> Payability after Transport Cost . Refining Cost (TC/RC) / Penalties

### Study Approach

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

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

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

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

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

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

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

Table 3 - Key Scoping Study LOM Financial and Physical Outcomes

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

### Mine Design and Production Target

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

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

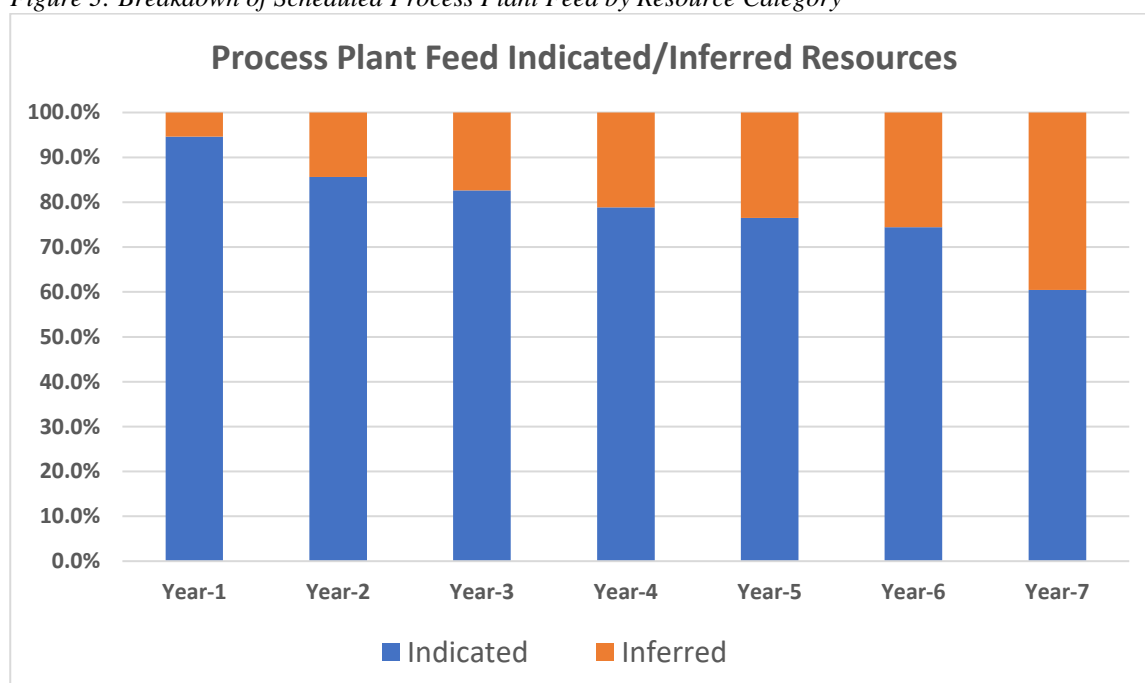
- Level spacing (floor to floor) - 20 m;
- Strike length (regardless of stope width) - 20 m;
- Minimum stoping width - 2.5 m; and
- Stope dilution of 10% and a mining recovery factor of 95% were estimated for this method and included as part of the scheduling phase

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

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

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

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



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

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

### Capital Costs

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

The cost estimate is expressed in Q3 2023 US\$ and used the USD/ARS exchange rate at the time the quotation was provided (average 200 ARS/USD) for any in-country costs provided in ARS. In practice in Argentina most cost quotes are generally provided in USD and converted into ARS based on the prevailing USD/ARS rate. The costs do not include allowances for escalation or exchange rate fluctuations. All costs are exclusive of the Argentinian value added tax (VAT), which is applied separately in the financial model used for economic evaluation.

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

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

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

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

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

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

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

### Operating Costs

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

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

The operating estimate is expressed in Q3 US\$ and used USD/ARS exchange rate at the time the quotation was provided for any in country costs provided in ARS. In practice, in Argentina, most quotes are generally provided in USD and converted into ARS based on the prevailing USD/ARS. This includes diesel, equipment hire for both general and specialised mining equipment, reagents and consumables. The exceptions are Government provided services such as grid power and in-country labour. Generally, the rate of increase in the ARS price tracks the decline in the ARS/USD rate for power and labour, however there is a 1-3 month lag in the repricing of ARS denominated costs. For any ARS denominated input costs, such as grid power and labour, Challenger has used the 2022H2/2023H1 prices, as converting the current local ARS costs into a USD denominated price at the prevailing ARS rate would artificially lower these input costs on a USD basis.

### Underground Mining Costs

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

Table 5 – Underground Mining Costs

Category	US\$/t Processed Incremental	US\$/t Processed Total
Stoping	4.56	7.75
Slot Rises	3.19	
Production Boggging		2.89
Trucking		4.43
Mine Auxiliary – Pumping	0.05	14.66
Mine Auxiliary – Ventilation	0.51	
Mine Auxiliary – Backfill	3.13	
Mine Auxiliary – Power	2.67	
Mine Auxiliary – Labour	4.07	
Mine Auxiliary – General	4.22	
Mine Supervision		5.01
<b>Total Underground Mining Cost</b>		<b>34.74</b>

### Process Costs

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

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



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

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

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

Table 6: Process Operating Cost for PMI Type C

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

Table 7: Process Operating Cost for PMI Type B

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

Table 8: Process Operating Cost for PMI Type A

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

The plant has been designed to batch all three PMI types by bypassing the Cu-Pb and Zn flotation and/ or the FTL circuit. An availability of 90% has been assumed for the flotation circuit. Given the slightly different flowsheets, the three types

of PMI have different reagent consumption which drives process costs. Annual and LOM operating costs for the process and surface infrastructure for the three types of PMI are shown in Table 6, Table 7 and Table 8 (previous page).

### Opportunities

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

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

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

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

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

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

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

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

To test this potential process option, a representative sample of the Au-Ag concentrate was prepared from a combination of Au-Ag cleaner concentrates which were produced during flotation test-work.

Two charges of this representative Au-Ag cleaner concentrate underwent an intensive leach at SGS Laboratories in Lakefield. The first sample at the existing size of 40 µm P<sub>80</sub> grind and the second at 16.7 µm P<sub>80</sub> grind. The results are outlined in Table 9 below. The recovery of 96% of the gold from the concentrate at 16.7-micron grind indicates an increase in overall Au payability from 95% via the concentrate to 95.75% via the doré option.

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

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

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

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

### Next Steps

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

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

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

### 43-101 Technical Report

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

### Rock-Saw Channel Sampling Program

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

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

### Surface Mapping

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

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

## KAROO BASIN - SOUTH AFRICA

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

## MINERAL RESOURCE ESTIMATES

The Company has reported the following Mineral Resource Estimates.

### Hualilan Project

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

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

*Note: Some rounding errors may be present*

**<sup>1</sup> Gold Equivalent (AuEq) values - Requirements under the JORC Code**

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

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

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

Note: Some rounding errors may be present

**<sup>2</sup> Gold Equivalent (AuEq) values - Requirements under the JORC Code**

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

**ADDITIONAL INFORMATION****COMPETENT PERSON STATEMENT – EXPLORATION RESULTS AND MINERAL RESOURCES**

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

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

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

**FORWARD LOOKING STATEMENTS**

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

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

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

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

### **SCOPING STUDY**

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

### **EVENTS SUBSEQUENT TO BALANCE DATE**

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

### **RESULTS OF OPERATIONS**

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

### **DIVIDENDS**

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

### **SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

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

### **LIKELY DEVELOPMENTS AND EXPECTED RESULTS**

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

### **BUSINESS RISKS**

#### **Financing risks**

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

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

#### **Governmental policies and legislation**

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

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

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

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



**Exploration risks**

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

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

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

**ENVIRONMENTAL REGULATIONS**

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

**REMUNERATION REPORT (Audited)****REMUNERATION POLICY**

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

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

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

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

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

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

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

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

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

## KEY MANAGEMENT PERSONNEL

### (a) Details of Key Management Personnel

Sergio Rotondo – Executive Chairman

Kris Knauer – Managing Director

Sonia Delgado – Executive Director, appointed 28 November 2023

Fletcher Quinn – Non-Executive Director

Pini Althaus – Non-Executive Director, appointed 8 February 2023

Brett Hackett – Non-Executive Director, appointed 4 May 2023

Scott Funston – resigned 4 May 2023 as Executive Director, Company Secretary and Chief Financial Officer for the full year

### (b) Compensation of Key Management Personnel

Remuneration of Key Management Personnel is set out below.

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

31 December 2023	Primary		Equity Compensation	Post-employment		Performance Related %
	Base Salary and Fees \$	Bonus and Non Monetary Benefits \$	Value of Performance Rights \$	Superannuation Contributions <sup>v</sup> \$	Termination Benefits \$	TOTAL \$
<b>Directors</b>						
Sergio Rotondo	324,036	-	-	-	-	324,036
Kris Knauer	295,000	-	-	-	-	295,000
Sonia Delgado <sup>iii</sup>	15,902	-	-	-	-	15,902
Fletcher Quinn	60,000	-	-	-	-	60,000
Pini Althaus <sup>i</sup>	-	-	59,371	-	-	59,371
Brett Hackett <sup>ii</sup>	-	-	44,945	-	-	44,945
<b>Executive</b>						
Scott Funston <sup>iv</sup>	245,000	-	350,000	-	-	595,000
<b>Total</b>	<b>939,938</b>	<b>-</b>	<b>454,316</b>	<b>-</b>	<b>-</b>	<b>1,394,254</b>

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

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

**(c) Compensation Options**

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

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

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

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

Class A Performance Rights have the following vesting conditions:

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

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

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

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

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

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

The Performance Rights have the following milestones:

- (a) Milestone 1: one (1) million performance rights will convert into shares upon the Company's share price trading on ASX at a volume weighted average price (VWAP) at or above a price of A\$0.30 per share for 20 consecutive trading days on which the Company's shares have actually traded or before 8 February 2024.
- (b) Milestone 2: one (1) million performance rights will convert into shares upon the Company's share price trading on ASX at a VWAP at or above a price of A\$0.40 per share for 20 consecutive trading days on which the Company's shares have actually traded or before 8 February 2025.
- (c) Milestone 3: one (1) million performance rights will convert into shares the Company's share price trading on ASX at a VWAP at or above a price of A\$0.40 per share for 20 consecutive trading days on which the Company's shares have actually traded or before 8 February 2026.

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

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

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

- (a) (Commencement Date): 5 July 2021.
- (b) (Term): Two (2) years from the Commencement Date or until validly terminated. The agreement has been extended on the same terms until a new agreement is concluded.
- (c) (Remuneration): Mr Knauer receives a base salary of \$295,000 per annum.
- (d) (Incentives): Mr Knauer is eligible to receive Securities under the Group's Incentive Option Plan and Performance Rights Plan. No Securities were granted under the Group's Incentive Option Plan and Performance Rights Plan during the year ended 31 December 2023 to Mr Knauer.
- (e) (Accrued Entitlements): All entitlements that have accrued to Mr Knauer prior to the date of this agreement will be honoured by the Group.
- (f) (Termination): The Group may terminate the agreement by providing six (6) months' written notice.
- (g) (Expenses): Mr Knauer is entitled to reimbursement for all reasonable travelling expenses, accommodation and general expenses incurred in the performance of his duties under the agreement.

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

- (a) Mr Rotondo is eligible to receive Securities under the Group's Incentive Option Plan and Performance Rights Plan. No Securities were granted under the Group's Incentive Option Plan and Performance Rights Plan during the financial year ended 31 December 2023 to Mr Rotondo.
- (b) (Termination): The agreement may be terminated by either party at any time.
- (c) (Expenses): Mr Rotondo is entitled to reimbursement for all reasonable travelling expenses, accommodation and general expenses incurred in the performance of his duties under the agreement.

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

- (a) Dr Delgado is eligible to receive Securities under the Group's Incentive Option Plan and Performance Rights Plan. No Securities were granted under the Group's Incentive Option Plan and Performance Rights Plan during the financial year ended 31 December 2023 to Dr Delgado.
- (b) (Termination): The agreement may be terminated by either party at any time.
- (c) (Expenses): Dr Delgado is entitled to reimbursement for all reasonable travelling expenses, accommodation and general expenses incurred in the performance of her duties under the agreement.

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

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

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

- (e) (Commencement Date): 5 July 2021.
- (f) (Term): Two (2) years from the Commencement Date or until validly terminated. The agreement has been extended on the same terms until a new agreement is concluded.
- (g) (Remuneration): Mr Funston receives a base salary of \$245,000 per annum.
- (h) (Incentives): Mr Funston is eligible to receive Securities under the Group's Incentive Option Plan and Performance Rights Plan. No Securities were granted under the Group's Incentive Option Plan and Performance Rights Plan during the year ended 31 December 2023 to Mr Funston.
- (i) (Accrued Entitlements): All entitlements that have accrued to Mr Funston prior to the date of this agreement will be honoured by the Group.
- (j) (Termination): The agreement may be terminated by either party by providing three (3) months written notice.
- (k) (Expenses): Mr Funston is entitled to reimbursement for all reasonable travelling expenses, accommodation and general expenses incurred in the performance of his duties under the agreement.

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

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

<sup>i</sup> Appointed on 8 February 2023, net change other relates to vested performance shares held pre director appointment <sup>ii</sup> Appointed 4 May 2023

<sup>iii</sup> Appointed 28 November 2023 <sup>iv</sup> Resigned as a Director 4 May 2023

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

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

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

There are no options held by Key Management Personnel.

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

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

<sup>i</sup> Appointed on 8 February 2023 <sup>ii</sup> Appointed 4 May 2023 <sup>iii</sup> Appointed 28 November 2023 <sup>iv</sup> Resigned as a Director 4 May 2023

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

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

<sup>i</sup> Appointed on 8 February 2023 <sup>ii</sup> Appointed 4 May 2023 <sup>iii</sup> Appointed 28 November 2023 <sup>iv</sup> Resigned as a Director 4 May 2023

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

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

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

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

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

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

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

**END OF REMUNERATION REPORT****OPTIONS**

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

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

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

**DEBENTURES**

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



**PERFORMANCE SHARES**

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

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

**PERFORMANCE RIGHTS**

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

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

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

**INCENTIVE PERFORMANCE RIGHTS**

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

Type	Number
Incentive Performance Rights <sup>(a)</sup>	267,027
Incentive Performance Rights <sup>(a)</sup>	8,505,400
Incentive Performance Rights <sup>(b)</sup>	16,500,000
Incentive Performance Rights <sup>(c)</sup>	2,000,000

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

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

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

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

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

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

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

#### INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

#### INDEMNIFICATION OF AUDITORS

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

#### PROCEEDINGS ON BEHALF OF THE GROUP

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

#### AUDITOR'S INDEPENDENCE DECLARATION

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

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

#### NON-AUDIT SERVICES

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

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



Kris Knauer  
Managing Director

28 March 2024

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

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

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

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



Ernst & Young



V L Hoang  
Partner  
28 March 2024

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

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

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

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

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

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

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

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

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



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

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

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

## 1. STATEMENT OF MATERIAL ACCOUNTING POLICY INFORMATION

### (a) Basis of preparation

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

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

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

The financial report is presented in Australian dollars.

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

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

### Change in Financial Year End Date

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

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

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

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

#### *Standards and Interpretations applicable to 31 December 2023*

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

#### *Standards and Interpretations issued and not yet adopted*

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

### (c) Going concern

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

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

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

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

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

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

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

#### **(d) Hyperinflation**

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

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

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

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

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

#### **Statement of financial position**

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

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

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

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

- iv. Income and expenses, which includes interest and currency exchange differences are restated from the original date of recognition. This is except for items such as depreciation and amortisation as explained above in (d)iii. Where there is income or losses arising from using two different measurement units i.e., items measured at different dates, it is necessary to identify the compared amounts, separately restate them and compare them again, but with amounts already restated.
- v. The income or losses arising due to the exposure to the change in purchasing power of currency due to the holding of monetary assets and liabilities is shown in a separate item in the statement of profit or loss and other comprehensive income for the period.
- vi. The restatement of non-monetary assets in the terms of the current unit of measurement at the end of the reporting period without an equivalent adjustment for tax purposes, results in a temporary taxable difference and the recognition of a deferred tax liability. The movement in any deferred tax balances is recognised through the statement of profit or loss and other comprehensive income.

#### **Statement of changes in equity**

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

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

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

#### **(e) Basis of Consolidation**

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

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

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

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group

obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (“OCI”) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

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

Business combinations have been accounted for using the acquisition method of accounting. Investments in subsidiaries are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate statement of profit or loss and other comprehensive income of the parent entity, and do not impact the cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interest even if it results in a deficit balance.

#### (f) **Income Tax**

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

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

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

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

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

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

recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

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

**(g) Exploration and Evaluation Expenditure**

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

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

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

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

Where technical and financial viability are demonstrable to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

**(h) Trade and Other Payables**

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

**(i) Cash and Cash Equivalents**

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

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

**(j) Other Receivables**

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

**(k) Foreign Currency Translation**

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

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

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

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

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

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

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

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

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

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

**(m) Segment Reporting**

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

**(n) Trade Receivables**

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

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

**(o) Issued Capital**

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

**(p) Other Income**

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

*Interest*

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

*Gain/loss on Foreign Exchange Conversion*

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

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

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

*(i) Impairment*

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

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

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

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

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

*(ii) Derecognition and disposal*

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

**(r) Share-based Payment Transactions***Equity settled transactions:*

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

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

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

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



expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, measured at the modification date.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

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

#### (s) **Financial Liabilities**

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

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

##### *Interest Bearing Liabilities*

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

##### *Convertible Debentures*

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

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

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

#### (t) **Provisions**

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

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

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

**(u) Employee leave benefits**

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

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

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

Estimates and underlying assumptions are evaluated on an ongoing basis.

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

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

## **Estimates and assumptions**

### *Share-based Payments*

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

### *Exploration and evaluation expenditure carried forward*

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

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

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

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

### *Impairment of exploration and evaluation assets*

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment on a regular basis or whenever impairment indicators are present. When information becomes available suggesting that the recovery of expenditure which had previously been capitalised is unlikely or that the Group no longer holds tenure, the asset is tested to determine the recoverable amount and assess whether this is below carrying amount. If the recoverable amount is below the carrying amount, then the asset is impaired.

The determination as to whether there are any indicators to require capitalised exploration and evaluation expenditure to be assessed for impairment, involves a number of judgments including whether the Group has tenure, whether it will be able to perform ongoing expenditure and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. The Group performed an assessment of the impairment indicators at period end, taking into account the following factors:

- The Group still has the right to explore the tenements;
- To date there have been no adverse findings reported or identified from technical studies undertaken that would affect the Group or the exploration and evaluation expenditure assets of the Group; and
- Substantial further expenditure is forecast at 31 December 2023 and beyond, to continue to advance development for the tenements held by the Group.

As a result of considering these factors, the directors did not identify any impairment indicators.

#### *Fair value of derivative financial liability*

Estimating fair value for the derivative financial liability requires the determination of the most appropriate valuation model and the determination of the most appropriate inputs to the valuation model. The assumptions used for estimating the fair value of the derivative financial liability are disclosed in Note 11.

#### **(w) Parent Entity Disclosures**

The financial information for the parent entity, which is the legal parent Challenger Gold Limited, disclosed in Note 26 has been prepared on the same basis as the consolidated financial statements, except as set out below.

#### *Investments in subsidiaries*

Investments in subsidiaries are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate statement of profit or loss and other comprehensive income of the parent entity, and do not impact the cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

	<b>Consolidated 12 months ended 31 December 2023 \$</b>	<b>Consolidated 6 months ended 31 December 2022 \$</b>
<b>2. OTHER INCOME</b>		
Fair value gain on derivative liability – see note 11	5,817,504	2,448,501
Gain on Blue Chip Swaps (a)	3,174,657	7,865,549
Foreign exchange gain	512,718	968,606
Interest received	113,013	24,426
Profit on sale of equipment	4,170	-
	<b>9,622,062</b>	<b>11,307,082</b>

(a) In 2019, the Argentine government reinstituted exchange controls restricting the purchase of foreign currencies. As a result of these exchange controls, the Group use a legal trading mechanism commonly known as the Blue Chip Swap in which the Argentinian subsidiary, Golden Mining SA, buys Argentinian securities in USD, who then sells the securities in Argentina for Argentinian Peso on the same day. This is to enable the Group to fund working capital in its Argentinian operations. The Blue Chip Swap rate has diverged significantly from Argentina's official exchange rate resulting in the Group recognising a gain from Blue Chip Swap transactions.

The Blue Chips Swaps are financial instruments where the gain or loss associated with the trading of these financial instruments are treated as other income or other expenses. The Group holds no Blue Chip Swaps at 31 December 2023 (31 December 2022: nil) and never holds Blue Chip Swaps overnight.

	<b>Consolidated 12 months ended 31 December 2023 \$</b>	<b>Consolidated 6 months ended 31 December 2022 \$</b>
<b>3. INCOME TAX</b>		
Current tax	-	-
Deferred tax	(3,822,688)	1,962,994
Income tax (benefit)/expense	<b>(3,822,688)</b>	<b>1,962,994</b>
The prima facie tax (benefit)/expense on profit before income tax is reconciled to the net profit before income tax as follows:		
Net profit before income tax	50,039,112	26,647,964
Prima facie tax benefit on result before income tax at 30% (31 December 2022: 30%)	15,011,734	7,994,389
Add:		
- Share based payments	258,062	75,876
- Hyper inflation adjustments	(21,667,217)	(7,243,864)
- Non taxable fair value gain	(1,745,251)	(734,550)
- Differences in tax rate of subsidiaries operating in different jurisdictions	2,549,218	1,323,383
- Other deferred tax assets not recognised	1,770,766	547,760
Income tax (benefit) / expense	<b>(3,822,688)</b>	<b>1,962,994</b>

	<b>As at 31 December 2023 \$</b>	<b>As at 31 December 2022 \$</b>
The following tax deferred tax balances have been recognised:		
Deferred tax assets / (liabilities)		
Gain on blue chip swaps	(2,167,903)	(7,211,674)
Hyperinflation adjustments	(578,525)	(2,325,007)
Tax losses	6,825,563	5,272,578
Tax losses not recognised	(6,403,063)	(4,431,447)
	<b>(2,323,928)</b>	<b>(8,695,550)</b>

The tax benefits of the above deferred tax assets will only be obtained if:

- (a) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- (b) the Group continues to comply with the conditions for deductibility imposed by law; and
- (c) no changes in income tax legislation adversely affect the Group in utilising the benefits.

### Tax consolidation

#### i. Members of the tax consolidated group and the tax sharing arrangement

Challenger Gold Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2020. Challenger Gold Limited is the head entity of the tax consolidated group. Members of the tax consolidated group have not entered into a tax sharing agreement, as in Australia the group has nominal taxable income, however has an arrangement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote. A Tax Sharing Agreement and a Tax Funding Agreement may be entered into in the future.

## ii. Tax effect accounting by members of the tax consolidated group

### *Measurement method adopted under AASB Interpretation 1052 Tax Consolidation Accounting*

Effectively, each entity is treated as though it is a separate division of the consolidated group, and transactions between entities that are part of the same consolidated group are ignored for Australian income tax purposes. However, entities that form part of a consolidated group for Australian income tax purposes remain separate legal entities. As such, they are still required to maintain, among other items, separate accounts and records. The asset-based model determines the tax cost base of assets held by a subsidiary member when it joins a consolidated group. The tax cost base to the head company of the joining entity's assets is determined through the allocation of the allocable cost amount ("ACA") to the entity's underlying assets. There is no resetting of the tax cost of assets held by the head company of a consolidated group.

## 4. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts. Cash at bank earns interest at floating rates based on a daily bank deposit rate.

	As at 31 December 2023 \$	As at 31 December 2022 \$
Cash at Bank	<u>4,345,983</u>	<u>15,426,824</u>

	Consolidated 12 months ended 31 December 2023 \$	Consolidated 6 months ended 31 December 2022 \$
Reconciliation of net profit after tax to the net cash flows from operations:		
Net profit	53,861,800	24,684,970
<b>Non-cash items:</b>		
Depreciation	174,996	69,275
Finance costs – non-cash component relating to Debentures	2,312,635	606,500
Foreign exchange gains	(65,122)	(453,077)
Loss on sale of equipment	4,170	-
Share based payments	860,205	252,920
Fair value gain on derivative liability	(5,817,504)	(2,448,501)
Hyperinflation adjustments	(48,788,194)	(19,333,616)
Gain on sale of Blue-Chip Swaps	(3,174,657)	(7,865,549)
<b>Changes in assets and liabilities</b>		
(Decrease)/Increase in Deferred Tax Liability	(3,822,688)	1,962,994
Decrease in receivables and prepayments	(190,122)	(41,252)
(Decrease) in payables and accruals	(612,552)	(166,579)
<b>Net cash flows (used in) from operating activities</b>	<u>(5,257,033)</u>	<u>(2,731,915)</u>

Changes in liabilities arising from financing activities – refer to note 11.

**5. OTHER RECEIVABLES**

<b>Current</b>	<b>As at 31 December 2023</b>	<b>As at 31 December 2022</b>
GST receivable	31,891	39,429
Other receivables	145,878	141,871
<b>Closing balance</b>	<b>177,770</b>	<b>181,300</b>
<b>Non-current</b>		
VAT receivable	<b>2,120,518</b>	<b>7,970,637</b>

VAT receivable relates to exploration and evaluation expenditure in Argentina. The Secretary of Mining in Argentina allows the Group to present the VAT recovery only two times during the year and to present claims after 14 months from the date of invoices. All the relevant invoices are currently in the process of being recovered with the Secretary of Mining.

**6. PREPAYMENTS**

<b>Current</b>		
Other pre-payments	<b>546,993</b>	<b>733,525</b>

**7. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE**

<b>Non-current</b>		
Exploration and evaluation expenditure	<b>138,714,424</b>	<b>154,145,647</b>
Opening balance	154,145,647	133,675,262
Exploration and evaluation expenditure	19,986,418	24,386,715
Foreign exchange movements	(35,417,641)	(3,916,330)
<b>Closing balance</b>	<b>138,714,424</b>	<b>154,145,647</b>

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on the successful development and commercial exploitation or sale of the respective areas.

**8. PROPERTY, PLANT AND EQUIPMENT**

<b>Property, Plant and Equipment</b>		
Cost	685,517	1,110,048
Accumulated depreciation	(117,995)	(239,995)
<b>Net carrying amount</b>	<b>567,522</b>	<b>870,053</b>

**9. TRADE & OTHER PAYABLES**

<b>Current</b>		
Trade creditors and accruals	<b>1,257,516</b>	<b>1,948,499</b>
Terms and conditions:		
Trade creditors are non-interest bearing and are normally settled on 30-day terms.		

**10. PROVISIONS**

<b>Current</b>		
Employee benefits	<b>112,480</b>	<b>103,133</b>

The provision for employee benefits represents accrued annual leave entitlements.

**11. INTEREST BEARING AND DERIVATIVE FINANCIAL LIABILITY**

	As at 31 December 2023	As at 31 December 2023
<b>Current</b>		
Motor vehicle loan <sup>1</sup>	16,203	38,740
Debentures – loan component <sup>2</sup>	14,269,314	12,189,826
	<b>14,285,517</b>	<b>12,228,566</b>
Derivative financial liability – conversion component <sup>2</sup>	<b>1,038,143</b>	<b>6,855,647</b>
<b>Non-current</b>		
Motor vehicle loan <sup>1</sup>	<b>46,065</b>	<b>259,309</b>

<sup>1</sup>In the prior period, a loan funding arrangement was entered into to purchase four motor vehicles. The liability is denominated in Argentinian Peso at nominal interest rate of 131.72%. The Group is not exposed to the nominal interest rate as it maintains almost all of its cash in USD in Argentina, negating the effect of a hyperinflation-based interest rate.

**Movements in interest bearing loans and derivative financial liability:**

31 December 2023	Debentures – loan component <sup>2</sup> \$	Derivative financial liability – conversion component <sup>2</sup> \$
At beginning of the period	12,801,753	6,855,647
Accrued interest	3,726,107	-
Interest paid	(2,031,893)	-
Foreign exchange loss	218,384	-
Fair value movement	-	(5,817,504)
	<b>14,714,351</b>	<b>1,038,143</b>
Deferred transaction costs	(445,037)	-
<b>Total</b>	<b>14,269,314</b>	<b>1,038,143</b>

31 December 2022	Unsecured loan \$	Debentures – loan component <sup>2</sup> \$	Derivative financial liability – conversion component <sup>2</sup> \$
At beginning of the period	1,220,000	-	-
Advance from Convertible Debentures	-	21,835,078	-
Payment of unsecured loan	(1,220,000)	-	-
Recognition of derivative financial liability – conversion component	-	(9,304,148)	9,304,148
Accrued interest	-	1,042,598	-
Interest paid	-	(601,102)	-
Foreign exchange gain	-	(170,673)	-
Fair value movement	-	-	(2,448,501)
	-	<b>12,801,753</b>	<b>6,855,647</b>
Deferred transaction costs	-	(611,927)	-
<b>Total</b>	-	<b>12,189,826</b>	<b>6,855,647</b>



<sup>2</sup>*Convertible Debentures*

The Group issued a USD \$15 million 9% convertible debenture on 6 September 2022. The Debentures are convertible into fully paid equity securities in the share capital of the Group, at the option of the debenture holder, subject to and in accordance with the terms and conditions of the Debenture Agreement between the Group and the debenture holder.

The Debentures are unsecured with a coupon (interest) rate of 9% (7% payable in cash and 2% payable in either cash or Shares, at the debenture holder's election) payable quarterly in arrears. The Share price used to calculate the number of Shares to be issued for the interest component payable in Shares is the 20 day VWAP ending three trading days prior to the interest being payable. The Debentures have a four-year term from closing and will be repayable by the Group upon expiry of that period to the extent not otherwise converted earlier into Shares. The Debentures can be converted to equity at any time at the option of the Debenture holder during their term, resulting in the current classification of all debenture related liabilities.

Upon closing, the Group paid the debenture holder an establishment fee equal to 3% of the principal amount of the debenture in shares of \$667,957. The establishment fee is amortised over the life of the debenture.

The Debenture gives the holders option to convert the debenture into equity (being a call option) and the associated potential issue of shares give rise to a variable amount, in Australian dollars, of equity that would be issued by the Group and therefore the debenture fails to meet the requirements to be classified as equity. It was concluded that the Derivative Financial liability – conversion component is not clearly and closely related to the debt host contract and is therefore bifurcated and measured separately. The Derivative Financial liability – conversion component has therefore been accounted as fair value through profit and loss, with the conversion feature dependant on foreign exchange rates and other factors as set out below.

In relation to the conversion feature of the Debenture, Management performed a valuation at fair value on initial recognition and at the balance date with the movement in the fair value recognised in the profit or loss. The loan component of Debentures is measured at fair value on recognition and are subsequently measured at amortised cost using the effective interest rate method.

**Valuation of Derivative Financial liability – conversion component**

In relation to the conversion feature of the Debenture, Management performed a valuation at fair value at the balance date using a Binomial pricing model with the movement in the fair value being a decrease recognised in the profit or loss.

**Share Price:** CEL's share price based on the company's closing share price as at 31 December 2023 and 31 December 2022. The significant decrease in the company's share price at 31 December is the key driver for the significant decrease in the fair value of the conversion component.

**Volatility:** Calculated using implied volatility of 70% for the CEL share price at 31 December 2023 (70% at 31 December 2022);

**Risk free rate:** The Australian 3.25 year bond rate of 3.605% (3.51% at 31 December 2022);

**Dividend yield:** Assumed that the Company will not pay a dividend during the life of the debenture;

**Foreign Exchange:** the interpolated RBA conversion rate of \$0.6805 was used as the conversion rate from USD to AUD (\$0.6775 at 31 December 2022).

	As at 31 December 2023 \$	As at 31 December 2022 \$
<b>12. ISSUED CAPITAL</b>		
(a) Issued Capital	<b>134,013,483</b>	<b>123,620,259</b>

Movement in ordinary shares on issue	Consolidated 12 months ended 31 December 2023		Consolidated 6 months ended 31 December 2022	
	No	\$	No	\$
At start of period	1,045,815,039	123,620,259	1,027,713,580	120,378,045
Shares issued for cash	83,333,334	10,000,000	13,684,213	2,600,000
Shares issued on conversion employee rights	2,500,000	207,500	-	-
Shares issued on vesting of performance shares	120,000,000	-	-	-
Shares issued in lieu of cash	9,520,001	870,349	4,417,246	825,720
Transaction costs relating to issued shares	-	(684,625)	-	(183,506)
	<b>1,261,168,374</b>	<b>134,013,483</b>	<b>1,045,815,039</b>	<b>123,620,259</b>

The Group does not have authorised capital nor par value in respect of its issued capital. Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Group, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Group.

#### b) Options

At the date of this report 10,000,000 unlisted options (31 December 2022: 10,000,000) over new ordinary shares in the Company were on issue:

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

No ordinary shares were issued upon the exercise of options during or since the end of the period ended 31 December 2023 and up to the date of this report.

#### PERFORMANCE SHARES

At the date of this report, there are no Performance Shares over new ordinary shares in the Group were on issue.

120,000,000 Performance Shares were issued as part of the Group's acquisition of AEP Corporation Pty Ltd disclosed in the Prospectus document dated 16 May 2019.

Type	Number
Performance A	60,000,000
Performance B	60,000,000

Class A Performance Shares had the following vesting conditions:

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

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

- iii. a minimum 3,000,000 ounces of gold (AU) or Gold Equivalent (in accordance with clause 50 of the JORC Code) at a minimum grade of 1.0 grams per tonne Gold Equivalent.

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

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

## PERFORMANCE RIGHTS

At 31 December 2023, 16,000,000 Performance Rights over new ordinary shares in the Group were on issue:

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

Class A Performance Rights have the following vesting conditions:

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

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

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

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

## INCENTIVE PERFORMANCE RIGHTS

At 31 December 2023, 28,272,427 Incentive Performance Rights over new ordinary shares in the Group were on issue:

Type	Number
Incentive Performance Rights <sup>(a)</sup>	267,027
Incentive Performance Rights <sup>(a)</sup>	8,505,400
Incentive Performance Rights <sup>(b)</sup>	16,500,000
Incentive Performance Rights <sup>(c)</sup>	3,000,000

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

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

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

The fair value of the performance rights was determined to be the share price at the issuance date. 2,500,000 ordinary shares were issued upon the vesting of performance rights during the financial year ended 31 December 2023. For the remaining 16,500,000 performance rights, management assessed that at 31 December 2023, it is not probable that the vesting conditions would be met and therefore no expenses were recognised. No ordinary shares were issued upon the vesting of performance rights since the end of the period ended 31 December 2023.

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

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

1,000,000 Performance Rights lapsed on 8 February 2024 because the milestone had not been or had become incapable of being satisfied.

For these performance rights, management obtained an external valuation using Monte Carlo Simulation to measure the fair value of the performance rights at the balance date. The following assumptions were used:

**Share Price:** CEL's share price based on the valuation date of 7 February 2023 of \$0.16

**Volatility:** Calculated using implied volatility of 70% for the CEL share price at 31 December 2023

**Risk free rate:** The Australian 3.25 year bond rate of 3.605%

**Dividend yield:** Assumed that the Company will not pay a dividend during the life of the debenture;

	<b>As at 31 December 2023 \$</b>	<b>As at 31 December 2022 \$</b>
<b>13. RESERVES</b>		
Option reserve	784	784
Share based payments reserve	4,700,734	4,081,363
Foreign currency translation reserve	(111,326,470)	(24,624,354)
	<b>(106,624,952)</b>	<b>(20,542,207)</b>

**a) Movements in Reserves****Share based payment reserve**

Opening balance	4,081,363	3,828,443
Share based payment expense	619,371	252,920
	<b>4,700,734</b>	<b>4,081,363</b>

The share based payment reserve is used to recognise share based payments in relation to those provided to directors, executives and employees as part of their remuneration and non-employees for their services. Refer to note 17 for further details of the share based payments during the period.

**Foreign currency translation reserve**

Opening balance	(24,624,354)	(3,903,087)
Foreign currency translation	(86,702,116)	(20,721,267)
	<b>(111,326,470)</b>	<b>(24,624,354)</b>

The foreign exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in note 1(k). The reserve is recognised in profit and loss when the net investment is disposed of.

**14. PERFORMANCE SHARES**

At 31 December 2023, there are no Performance Shares over new ordinary shares in the Company (31 December 2022: 120,000,000 Performance Shares, which were issued as part of the Group's acquisition of AEP Corporation Pty Ltd disclosed in the Prospectus document dated 16 May 2019). 120,000,000 ordinary shares were issued upon the vesting of performance shares during the financial year.

Refer to note 12 for details.

**15. PERFORMANCE RIGHTS**

At the date of this report, 16,000,000 Performance Rights over new ordinary shares in the Company were on issue. Refer to note 12 for details.

The relevant interests held by each Director in shares, options, performance shares and performance rights of the Company at the date of this report are included in the Remuneration Report above.

An assessment has been made at each balance date as the certainty of meeting the vesting conditions by an expected vesting date. At the date of this report, these performance rights are fully vested with an amount being recognised in share based payments expense for the year. However, these Performance Rights have not been exercised.

**16. INCENTIVE PERFORMANCE RIGHTS**

At the date of this report, 27,272,427 Incentive Performance Rights over new ordinary shares in the Company were on issue. Refer to note 12 for details.

2,500,000 ordinary shares were issued upon the vesting of performance rights during the financial year ended 31 December 2023.

No ordinary shares were issued upon the vesting of performance rights or performance shares during the financial ended 31 December 2022.

The relevant interests held by each Director in shares, options, performance shares and performance rights of the Company at the date of this report are included in the Remuneration Report above.

## 17. SHARE BASED PAYMENTS

### Recognised share-based payment transactions

	Consolidated 12 months ended 31 December 2023 \$	Consolidated 6 months ended 31 December 2022 \$
<i>Recognised as part of capitalised exploration and evaluation</i>		
Supplier share based payment	139,903	48,788
<i>Operating expenses</i>		
Employee share-based payments	860,205	252,920

### Employee share based payment plan

The Group has established an Employee Incentive Plan ('Plan'). The objective of the Plan is to assist in the recruitment, reward, retention and motivation of employees of Challenger Gold Limited. Under the Plan, the Directors may invite individuals acting in a manner similar to employees to participate in the Plans and receive options and / or performance rights. An individual may receive the options and / or performance rights or nominate a relative or associate to receive the options and / or performance rights. The Plan is open to directors, executive officers, nominated consultants and employees of Challenger Gold Limited.

The fair value at grant date of performance rights granted was determined using the Company's share price on the grant date. The table below summaries performance rights granted under Incentive Performance Rights Plan:

Grant Date	Expiry date	Balance at				Vested and	
		31 December	Granted	Exercised	Expired	Balance at	exercisable at
		2022				31 December	31 December
		Number	Number	Number	Number	2023	2023
16 March 2020	4 July 2026	267,027	-	-	-	267,027	267,027
September 2021	4 July 2026	8,505,400	-	-	-	8,505,400	8,505,400
4 May 2023	4 July 2030	-	19,000,000	(2,500,000)	-	16,500,000	-
21 June 2023	8 February 2024	-	1,000,000	-	-	1,000,000*	-
21 June 2023	8 February 2025	-	1,000,000	-	-	1,000,000	-
21 June 2023	8 February 2026	-	1,000,000	-	-	1,000,000	-
Total		8,772,427	22,000,000	(2,500,000)	-	27,272,427	8,772,427

There were no performance rights forfeited or cancelled during the year. The performance rights are issued for Nil consideration and have an exercise price of Nil.

\* These performance rights expired subsequent to 31 December 2023.

**18. KEY MANAGEMENT PERSONNEL EMOLUMENTS****(a) Details of Key Management Personnel**

Sergio Rotondo— Executive Chairman

Kris Knauer – Managing Director

Sonia Delgado – Executive Director, appointed 28 November 2023

Fletcher Quinn – Non-Executive Director, appointed 8 February 2023

Pini Althaus – Non-Executive Director

Brett Hackett – Non-Executive Director, appointed 4 May 2023

Scott Funston – Company Secretary and Chief Financial Officer for the full year, resigned 4 May 2023 as Executive Director.

Directors' remuneration and other terms of employment are reviewed annually by the board having regard to performance against goals set at the start of the period, relative comparative information and independent expert advice, as appropriate.

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

The aggregate compensation paid to Directors and other members of key management personnel is out below:

	<b>Consolidated 12 months ended 31 December 2023 \$</b>	<b>Consolidated 6 months ended 31 December 2022 \$</b>
Short-term employee benefits	939,938	407,712
Share-based payments	454,316	48,949
	<b><u>1,394,254</u></b>	<b><u>456,661</u></b>

Further details of key management personnel remuneration have been included in the Remuneration Report section of the Directors' Report.

**(c) Other Transactions with Key Management Personnel**

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

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

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

**(d) Amounts owing to Key Management Personnel**

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

**19. SEGMENT INFORMATION**

The Group is organised into one business segment, being exploration operations with three geographies. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Maker ("CODM")) in assessing performance and in determining the allocation of resources.

**31 December 2023**

	<b>Australia</b>	<b>Ecuador</b>	<b>Argentina</b>	<b>Consolidated</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Interest income	91,190	-	21,823	113,013
Other income	5,307,578	4,170	4,197,301	9,509,049
<b>Segment income</b>	<b>5,398,768</b>	<b>4,170</b>	<b>4,219,124</b>	<b>9,622,062</b>
Segment profit / (loss) before income tax	(856,594)	(93,097)	50,988,803	50,039,112
Segment assets	43,366,259	26,718,649	76,388,302	146,473,210
Segment liabilities	16,136,653	151,544	2,775,452	19,063,649

*Included within segment assets*

Cash at bank	3,686,844	247,760	411,379	4,345,983
Plant and equipment and exploration expenditure	39,614,220	26,337,919	73,329,479	139,281,618

**31 December 2022**

	<b>Australia</b>	<b>Ecuador</b>	<b>Argentina</b>	<b>Consolidated</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Interest income	24,426	-	-	24,426
Other income	3,417,107	-	7,865,549	11,282,656
<b>Segment income</b>	<b>3,441,533</b>	<b>-</b>	<b>7,865,549</b>	<b>11,307,082</b>
Segment profit / (loss) before income tax	429,529	(77,586)	26,296,021	26,647,964
Segment assets	50,337,662	21,367,869	107,622,455	179,327,986
Segment liabilities	19,403,356	645,856	10,041,492	30,090,704
<i>Included within segment assets</i>				
Cash at bank	14,434,571	715,834	276,419	15,426,824
Plant and equipment and exploration expenditure	35,868,453	20,551,906	98,595,308	155,015,700

<b>Consolidated 12 months ended 31 December 2023 \$</b>	<b>Consolidated 6 months ended 31 December 2022 \$</b>
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**20. EARNINGS PER SHARE**

The following reflects the loss and share data used in the calculation of basic earnings per share (EPS):

Profit used in calculation of basic EPS	<b>53,861,800</b>	<b>24,684,970</b>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted EPS	<b>1,145,228,515</b>	<b>1,037,756,808</b>

The following reflects the profit and share data used in the calculation of diluted earnings per share (EPS):

Profit used in calculation of diluted EPS	<b>53,861,800</b>	<b>24,684,970</b>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted EPS	<b>1,170,000,942</b>	<b>1,046,529,235</b>



In considering the diluted earnings per share, the 10,000,000 options that were issued to Riverfort Capital LLC in previous periods and the shares in relation to the convertible debentures have no impact as these instruments are out of the money however could have a potential dilutive impact in future periods.

## 21. RELATED PARTY DISCLOSURE

### Interest in subsidiaries

The consolidated financial statements include the financial statements of Challenger Gold Limited and the subsidiaries listed in the following table:

Name	Country of Incorporation	Percentage of equity interest held by the Group	
		31 December 2023	31 December 2022
AEP Corporation Pty Ltd	Australia	100%	100%
Bundu Oil & Gas Exploration Pty Ltd*	South Africa	95%	95%
Challenger Exploration Argentina Pty Ltd	Australia	100%	100%
Ecuador Mining Pty Ltd	Australia	100%	100%
Golden Mining SA**	Argentina	100%	100%
Ecuador Mining SA**	Ecuador	100%	100%
Torata Mining SA**	Ecuador	100%	100%

\*The assets held by Bundu Oil & Gas Exploration (Bundu) are not material and Bundu does not have a material non-controlling interest in the Group.

\*\*These entities hold exploration tenements in Argentina and Ecuador.

## 22. AUDITOR'S REMUNERATION

### Fees to Ernst & Young Australia

Fees for the review of the financial reports of the Group and any controlled entities at half-year

30,000 -

Fees for the audit of the financial reports of the Group and any controlled entities at year end

52,050 50,000

**Total fees to Ernst & Young Australia**

**82,050 50,000**

### Fees to other overseas member firms of Ernst & Young (Australia)

Fees for the audit and review of the financial reports of the Group and any controlled entities

94,652 129,369

**Total fees to overseas member firms of Ernst & Young (Australia)**

**94,562 129,369**

**Total auditor's remuneration**

**176,702 179,369**

## 23. FINANCIAL INSTRUMENTS

### (a) Financial risk management and risk policies

The Group's principal financial instruments comprise of cash, short-term deposits, convertible debentures and payables. The main purpose of these financial instruments is to hold funds for the entity's operations. The entity has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the entity's policy that no trading in financial instruments shall be undertaken. The main risks arising from the entity's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

**(b) Interest rate risk**

The Group is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return.

**31 December 2023**

	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
Consolidated	\$	\$	\$	\$	\$
<b>FINANCIAL ASSETS</b>					
Non-interest bearing trade receivables	177,770	-	-	-	177,770
Cash and cash equivalents	4,345,983	-	-	-	4,345,983
	<b>4,523,753</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,523,753</b>
<b>FINANCIAL LIABILITIES</b>					
Non-interest bearing trade payables	(1,257,516)	-	-	-	(1,257,516)
Fixed rate interest bearing liabilities	-	-	-	(14,269,314)	(14,269,314)
Derivative liability	(1,038,143)	-	-	-	(1,038,143)
Motor vehicle loan	-	-	(16,203)	(46,065)	(62,268)
<b>NET FINANCIAL ASSETS (LIABILITIES)</b>	<b>2,228,094</b>	<b>-</b>	<b>(16,203)</b>	<b>(14,315,379)</b>	<b>(12,103,488)</b>

**31 December 2022**

	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
Consolidated	\$	\$	\$	\$	\$
<b>FINANCIAL ASSETS</b>					
Non-interest bearing	914,825	-	-	-	914,825
Cash and cash equivalents	15,426,824	-	-	-	15,426,824
	<b>16,341,649</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,341,649</b>
<b>FINANCIAL LIABILITIES</b>					
Non-interest bearing trade payables	(1,948,499)	-	-	-	(1,948,499)
Fixed rate interest bearing liabilities	-	-	-	(12,189,826)	(12,189,826)
Derivative liability	(6,855,647)	-	-	-	(6,855,647)
Motor vehicle loan	-	-	(38,740)	(259,309)	(298,049)
<b>NET FINANCIAL ASSETS (LIABILITIES)</b>	<b>7,537,503</b>	<b>-</b>	<b>(38,740)</b>	<b>(12,449,135)</b>	<b>(4,950,372)</b>

*Interest Rate Sensitivity Analysis*

At reporting date, if interest rates had been 50 basis points higher or lower than the prevailing rates realised, with all other variables held constant, there would have been an immaterial change in post-tax loss for the financial year ended 31 December 2023 (immaterial impact for financial year ended 31 December 2022). The impact on equity would have been the same.

Given rate of interest being fixed for the majority of the Group's financial liabilities (the Motor Vehicle loan and the debenture loan), there was minimal exposure to interest rate risk for the financial year ended 31 December 2023 (31 December 2022: Nil).

**(c) Fair value disclosure of financial assets and liabilities**

The fair value of a financial asset or a financial liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values of cash and cash equivalents other receivables, interest bearing liabilities and trade and other payables approximate their carrying values, as a result of their short maturity.

Fair value measurements recognised in the statement of financial position subsequent to initial fair value recognition can be classified into levels 1 to 3 based on the degree to which fair value is observable.

**Level 1** – Fair value measurements are those derived from quoted prices in active markets for identical assets and liabilities.

**Level 2** – Fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3** – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

There were no transfers between any levels of the fair value hierarchy in the current or prior years.

Refer to note 11 for further disclosure considerations for the inputs used to determine fair value for the derivative financial liability at fair value. The valuation techniques used have not changed for each of these financial instruments from the prior period.

The below is a quantitative sensitivity analysis as at 31 December 2023 relating to the derivative financial liability categorised as level 3 of the fair value hierarchy are shown below:

**31 December 2023**

	Significant unobservable input	Sensitivity of the input to fair value
Derivative financial liability	Volatility	5% increase (decrease) would result in an increase (decrease) of \$192,747 (decrease of \$201,486)

**31 December 2022**

Derivative financial liability	Volatility	5% increase (decrease) would result in an increase (decrease) of \$515,460 (decrease of \$531,341)
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**(d) Credit risk exposures**

The Group's maximum exposure to credit risk at each balance date in relation to each class of recognised financial assets is the carrying amount, net of any provision for expected credit loss, of those assets as indicated in the statement of financial position. The maximum credit risk exposure on other receivables of the Group at 31 December 2023 is \$145,878 (31 December 2022: \$141,871). There are no impaired receivables at 31 December 2023.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved annually. Most of the Group's cash is with reputable banks in Australia with strong credit ratings. The Group measures credit risk on a fair value basis.

*Concentration of Credit Risk*

The Group is not exposed to any individual customer.

The Group's VAT receivable is a statutory asset held with the Argentinian authorities and not considered a financial asset as defined under AASB 9.

**(e) Liquidity risk management**

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. All associated financial assets and liabilities are classified as current.

As disclosed in note 11, even though the debenture is not due until 12 September 2026, they can be converted to equity at any time at the option of the Debenture holder during their term, resulting in the current classification of all debenture related liabilities.

**(f) Foreign exchange risk management**

The Group is exposed to US Dollar (USD) and South African Rand (ZAR) currency fluctuations. At 31 December 2023, there would have been an immaterial change in the post-tax operating loss as a result of a 10% change in the Australian Dollar (AUD) to the USD and ZAR. The impact to equity would be the same.

The Group use a legal trading mechanism commonly known as the Blue Chip Swap in which the Argentinian subsidiary, Golden Mining SA, buys Argentinian securities in USD, then sells the securities in Argentina for Argentinian Peso on the same day. This is to enable the Group to fund working capital in its Argentinian operations. See Note 2 for further information.

**(g) Capital Risk Management**

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being gold exploration, it does not have ready access to credit facilities, with the primary source of funding being equity raisings. Accordingly, the objective of the Group's capital risk management is to balance the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. This is achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

**24. CONTINGENT ASSETS AND LIABILITIES**

There are no known contingent liabilities or contingent assets.

**25. COMMITMENTS FOR EXPENDITURE**

There are no commitments for expenditure as at 31 December 2023 (31 December 2022: \$Nil).

**26. PARENT ENTITY DISCLOSURES**

Information relating to Challenger Gold Limited, the legal Parent entity, is detailed below:

<i>Financial position</i>	<b>31 December 2023 \$</b>	<b>31 December 2022 \$</b>
<b>Assets</b>		
Current assets	3,752,039	14,469,210
Non-current assets	139,443,698	128,291,628
<b>Total assets</b>	<b>143,195,737</b>	<b>142,760,838</b>
<b>Liabilities</b>		
Current liabilities	15,786,176	19,052,843
Non-current liabilities	-	-
<b>Total liabilities</b>	<b>15,786,176</b>	<b>19,052,843</b>
<b>Net Assets</b>	<b>127,409,561</b>	<b>123,707,995</b>
<b>Equity</b>		
Issued capital	164,059,055	153,665,831
Accumulated losses	(43,894,084)	(36,583,055)
Reserves	7,244,590	6,625,219
<b>Total equity</b>	<b>127,409,561</b>	<b>123,707,995</b>
 <i>Financial performance</i>		
(Loss)/income for the period	(7,311,029)	770,483
Other comprehensive income/(loss)	-	-
<b>Total comprehensive (loss)/income</b>	<b>(7,311,029)</b>	<b>770,483</b>

**27. SUBSEQUENT EVENTS**

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

## **DIRECTORS' DECLARATION**

1. The Directors of the Company declare that:
  - a. the financial statements, notes and the additional disclosures are in accordance with the Corporations Act 2001 including:
    - i. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial year then ended; and
    - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements;
  - b. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
  - c. Subject to the achievement of matters detailed in note 1(c), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 31 December 2023.

This declaration is signed in accordance with a resolution of the Board of Directors.



Mr Kris Knauer  
Managing Director

28 March 2024

## Independent auditor's report to the members of Challenger Gold Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Challenger Gold Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of material accounting policy information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the year ended on that date;
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- c. Complying with International Financial Reporting Standards as issued by the International Accounting Standards Board.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainty related to going concern

We draw attention to Note 1(c) in the consolidated financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

### 1. Carrying value of exploration and evaluation assets

#### Why significant

At 31 December 2023, the Group held exploration and evaluation assets of \$138,714,424, representing 95% of the Group's total assets.

The carrying value of exploration and evaluation assets is assessed for impairment by the Group when facts and circumstances indicate that the exploration and evaluation assets may exceed their recoverable amount.

The determination as to whether there are any indicators to require an exploration and evaluation asset to be assessed for impairment, involves a number of judgements including whether the Group has tenure, will be able to perform ongoing expenditure and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. The Group did not identify any impairment indicators as at 31 December 2023.

Refer to Note 1(g) and 7 in the financial report for exploration and evaluation asset balances and related disclosures.

This was considered a key audit matter because of the significant judgment involved in determining whether any impairment indicators were present for the Group's capitalised exploration and evaluation asset balances.

#### How our audit addressed the key audit matter

We evaluated the Group's assessment as to whether there were any indicators of impairment to require the carrying value of exploration and evaluation assets to be tested for impairment. In performing our procedures, we:

- ▶ Assessed whether the Group's right to explore was current, which included obtaining and assessing supporting documentation such as license agreements;
- ▶ Evaluated the Group's intention to carry out significant ongoing exploration and evaluation activities in the relevant areas of interest which included, assessing the Group's approved cash flow forecast and enquiring of senior management and the directors as to their intentions and the strategy of the Group;
- ▶ Assessed whether any exploration and evaluation data existed to indicate that the carrying value of exploration and evaluation assets is unlikely to be recovered through development or sale; and
- ▶ Assessed the adequacy of the disclosures included in Note 1 (g) and Note 7 of the financial report.



## **Information other than the financial report and auditor's report thereon**

The directors are responsible for the other information. The other information comprises the information included in the Company's 2023 annual report other than the financial report and our auditor's report thereon. We obtained the directors' report that is to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of the directors for the financial report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, International Financial Reporting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the audit of the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2023.

In our opinion, the Remuneration Report of Challenger Gold Limited for the year ended 31 December 2023, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Ernst & Young



V L Hoang  
Partner  
Perth  
28 March 2024

## ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current at 25 March 2024.

### Substantial Shareholders

The names of the substantial shareholders who have notified the Company in accordance with Section 671B of the Corporations Act 2001:

Shareholder	Number	%
Sergio Rotondo	89,000,000	7.06
Black Rock Group	156,381,136	12.40
Kris Knauer	89,278,666	7.08

### Distribution of Shareholders

	Ordinary Shares		% Issued Share Capital
	Number of Holders	Number of Shares	
1 - 1,000	136	33,611	0.00%
1,001 - 5,000	451	1,366,025	0.11%
5,001 - 10,000	323	2,581,308	0.20%
10,001 -100,000	947	39,081,922	3.10%
100,001 and over	733	1,218,105,508	96.59%
<b>TOTAL</b>	<b>2,590</b>	<b>1,261,168,374</b>	<b>100.00%</b>

### On-Market Buy Back

There is no current on-market buy back.

### Voting Rights

All ordinary shares carry one vote per share without restriction.

### Top 20 Shareholders

The names of the twenty largest holders of each class of quoted equity security, the number of equity security each holds and the percentage of capital each hold is as follows:

RANK	HOLDER NAME	UNITS	
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	141,335,344	11.21%
2	SERGIO ROTONDO	89,000,000	7.06%
3	MONEYBUNG PTY LTD <MONEYBUNG FAMILY A/C>	69,954,167	5.55%
4	CITICORP NOMINEES PTY LIMITED	47,883,159	3.80%
5	PISTON SECURITIES PTY LTD	39,304,167	3.12%
6	BROOKAVA PTY LTD	33,693,734	2.67%
7	UBS NOMINEES PTY LTD	20,379,612	1.62%
8	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	18,128,013	1.44%
7	MR MICHAEL STEWART ZIVCIC <M ZIVCIC PORTFOLIO 2 A/C>	16,766,666	1.33%
8	JAWAF ENTERPRISES PTY LTD <HALL FAMILY A/C>	15,400,000	1.22%
9	BELAIR AUSTRALIA PTY LTD <CAPRI INVESTMENT A/C>	14,559,334	1.15%
10	MONEYBUNG PTY LTD <MONEYBUNG FAMILY A/C>	14,226,562	1.13%
11	DOMAEVO PTY LTD <THE JCS A/C NO2>	13,970,407	1.11%
12	JASON EVELEIGH	13,350,000	1.06%
13	LQ SUPER PTY LTD <LQ SUPERFUND A/C>	13,000,000	1.03%
14	E & E HALL PTY LTD <E & E HALL P/L S/F A/C>	12,837,500	1.02%
15	MR CHRIS FRENEY <TRUSTEE A/C>	11,400,000	0.90%
16	PASAMA PTY LTD	11,200,000	0.89%
17	FALERNO INVESTMENTS PTY LTD	10,420,998	0.83%
18	BOND STREET CUSTODIANS LIMITED <WJ8 - D72533 A/C>	10,321,166	0.82%
<b>TOTAL</b>		<b>617,130,829</b>	<b>48.93%</b>

**Interests in Tenements Held**

Project	Property Name		Tenure Title	Interest	Area	DNPM No	Status of
			Holder	%	(ha)	of Area	Tenure
El Guayabo	El Guayabo	Torata Mining Resources S.A		100%	281	COD225	Granted
El Guayabo	Colorado V	Goldking Mining Company S.A		earning 50%	2331	COD3363.1	Granted
El Guayabo	El Guaybo 2	Mr. Segundo Ángel Marín Gómez		earning 80%	957	COD300964	Granted
Hualilan	Divisadero	Golden Mining S.R.L.		100%	6	5448-M-1960	Granted
Hualilan	Flor de Hualilan	Golden Mining S.R.L.		as above	6	5448-M-1960	Granted
Hualilan	Pereyra y Aciar	Golden Mining S.R.L.		as above	6	5448-M-1960	Granted
Hualilan	Bicolor	Golden Mining S.R.L.		as above	6	5448-M-1960	Granted
Hualilan	Sentazon	Golden Mining S.R.L.		as above	6	5448-M-1960	Granted
Hualilan	Muchilera	Golden Mining S.R.L.		as above	6	5448-M-1960	Granted
Hualilan	Magnata	Golden Mining S.R.L.		as above	6	5448-M-1960	Granted
Hualilan	Pizarro	Golden Mining S.R.L.		as above	6	5448-M-1960	Granted
Hualilan	La Toro	CIA GPL S.R.L.		as above	6	5448-M-1960	Granted
Hualilan	La Puntilla	CIA GPL S.R.L.		as above	6	5448-M-1960	Granted
Hualilan	Pique de Ortega	CIA GPL S.R.L.		as above	6	5448-M-1960	Granted
Hualilan	Descrubidor a	CIA GPL S.R.L.		as above	6	5448-M-1960	Granted
Hualilan	Pardo	CIA GPL S.R.L.		as above	6	5448-M-1960	Granted
Hualilan	Sanchez	CIA GPL S.R.L.		as above	6	5448-M-1960	Granted
Hualilan	Andacollo	CIA GPL S.R.L.		as above	6	5448-M-1960	Granted
Hualilan	North of "Pizarro" Mine	Golden Mining S.R.L.		as above	1.9	195-152-C-1981	Granted
Hualilan	South of "La Toro" Mine	CIA GPL S.R.L.		as above	1.9	195-152-C-1981	Granted
Hualilan	Josefina	Golden Mining S.R.L.		as above	2570	30.591.654	Granted
Hualilan		Armando J. Sanchez		100% Option	721.90	414-998-M-05	Granted
Hualilan	Guillermína	Armando J. Sanchez		100% Option	2,921.05	1124-045-S-19	Granted
Hualilan	Agu 3	Armando J. Sanchez		100% Option	1,500.00	1124-114-S-14	Granted
Hualilan	Agu 5	Armando J. Sanchez		100% Option	1443.50	1124-343-S-14	Granted
Hualilan	Agu 6	Armando J. Sanchez		100% Option	1500.00	1124-623-S-17	Granted
Hualilan	Agu 7	Armando J. Sanchez		100% Option	1459.00	1124-622-S-17	Granted
Hualilan	El Petiso	Armando J. Sanchez		100% Option	18.00	2478-C-71	Granted

**ASX Waivers**

The ASX granted the Company a waiver from ASX Listing Rule 7.3.2 to permit the notice of meeting (the “Notice”) seeking shareholder approval for the issue of up to 245,000,001 fully paid ordinary shares in the Company (“Waiver Securities”) upon the Company satisfying the milestones in relation to each of the Projects (“Milestones”) not to state that the Waiver Securities will be issued within 3 months of the date of the shareholder meeting.

The Waiver Securities must be issued no later than 60 months after the date of reinstatement of the Company’s securities to official quotation.

All Waiver Securities agreements were amended, received shareholder approval and have been issued.