March 18, 2025

SPECULATIVE BUY (initiation)

Stock code:	TSO AU
Price:	A$0.028
12-month target price:	A$0.11
Previous target price:	A$N/A
Up/downside to target price:	292.9%
Dividend yield:	0.0%
12-month TSR*:	292.9%
Market cap:	A$43m
Average daily turnover:	A$0.04m
Index inclusion:	N/A

** Total stock return – Up/downside to target price + 12-month forward dividend yield.*

Price performance

(%)	1M	3M	12M	3Y
Absolute	3.7	40.0	-6.7	-65.0
Rel ASX/S&P200	12.4	47.0	-7.1	-73.4

Source: Iress

Financial summary

	Jun-24A	Jun-25F	Jun-26F	Jun-27F
Revenue (A$m)	0.0	0.0	0.0	0.0
EBITDA Norm (A$m)	-0.4	-3.7	-4.0	-4.0
NPAT (A$m)	-7.0	-3.6	-3.8	-9.2
EPS Norm (A$)	-0.005	-0.003	-0.002	-0.005
EPS Growth Norm (%)	NA	-48.3%	-7.3%	86.4%
P/E Norm (x)	NA	NA	NA	NA
DPS (A$)	0.000	0.000	0.000	0.000
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%
Franking (%)	NA	NA	NA	NA
EV/EBITDA (x)	-91.4	-9.4	-5.0	-13.6
Gearing (Net Debt/EBITDA)	0.74	0.92	5.88	0.36

Source: Company data, Morgans estimates

Related research

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Analyst(s) own shares in the following stocks mentioned in this report:
– N/A

Tesoro Gold

El Golden Chile

- Coverage of TSO initiated with a **SPECULATIVE BUY** rating, target price A$0.11ps.
- TSO's 1.5Moz Ternera deposit exhibits strong fundamentals, indicative of producing +90kozpa at an AISC of US$1,068/oz whilst generating +A$130m EBITDA per annum.
- Ternera is free of fatal flaws with plenty of catalysts (drill results, MRE update and PFS) whilst backed by gold mining major Goldfields (17.5%).
- Chile is a reputable mining jurisdiction with an established mining code, skilled workforce and royalty free gold production.

A New Gold Province Backed by Majors

- TSO's 1.5Moz Ternera Gold Deposit, is the first intrusion related gold deposit discovered in Chile forming part of the 570km^2 El Zorro package. El Zorro offers a district scale opportunity characterised by a 20km long corridor of prospective intrusives, analogous to the 1.5Moz Ternera.
- Ternera is **expected to grow** through infill and extensional drilling, supported by recent intercepts **outside** the current MRE boundary of **132m @ 1.28g/t Au from 363m.** We expect an updated MRE by mid-2025.
- A 2023 scoping study outlined a value accretive base case for Ternera delivering ~90kozpa over an initial 7.5-year mine life and a pre-tax NPV of US$300m assuming a spot gold price of US$1950/oz (spot currently **US$2900/oz**).
- Our base case forecasts average annual EBITDA of +A$130m using scoping study physicals. At spot prices of US$2,850/oz EBITDA lifts to +A$200m per annum. We see scope for a larger operation capable of delivering 110-130kozpa given on-going drilling success (unmodelled in our base case).
- Whilst the 1.5Moz resource provides the critical mass to warrant development, the greater El Zorro package provides scalable upside. Ternera is one of the few drilled mineralised intrusions across El Zorro reinforcing the multi-million-ounce, belt-scale potential.
- TSO's management have both discovery and operating experience in Chile and Australia, capable of executing a diligent 'WA-style' approach in country.
- We initiate coverage on TSO encouraged by robust economics, lack of fatal flaws and immediate growth potential. We view TSO to be technically robust with material upside beyond current value; the same lens as past initiations MEK and MM8 of which have since re-rated.

Forecast and Valuation

- Our risk DCF-based valuation for TSO is A$0.11ps, we are encouraged by the robust fundamentals, lack of fatal flaws and growth potential. Our price target incorporates an 80% risk weighting (20% discount) accounting for pre-development and perceived jurisdictional risk, adding a layer of conservatism to our valuation. At a spot price US$2,850/oz we value TSO at A$0.16ps

Investment View

- Ternera represents the first IRGS gold system discovered in Chile, History suggests the discovery of a new mineral province often drives significant economic value (Tropicana for Anglo Gold Ashanti, Gruyere for Gold Road). We are attracted to TSO for: 1) ~293% capital upside, 2) base case steady state EBITDA of +A$130m per annum, 3) resource growth, 4) district scale exploration, 5) manageable capital costs, 6) M&A appeal (Goldfields 17.5%), 7) established mining jurisdiction & favorable geography.

Price Catalyst

- Commodity price, Updated MRE, exploration.
- Pre-feasibility study, M&A.

Risks

- Commodity price & FX.
- Permitting risks.
- Funding & development risks.
- Mining and ramp up risks.

Important disclosures regarding companies that are the subject of this report and an explanation of recommendations can be found at the end of this document. Morgans Financial Limited (ABN 49 010 669 726) AFSL 235410 - a participant of ASX Group.

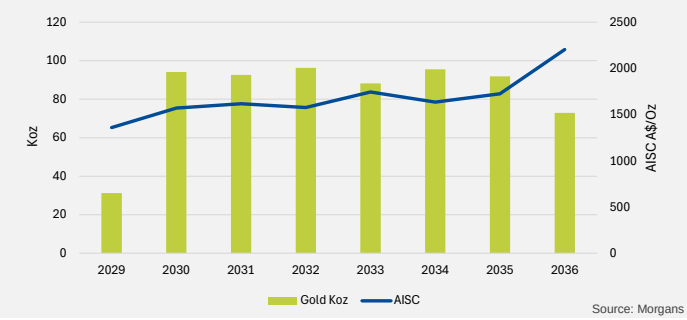
Tesoro Gold

SPECULATIVE BUY **as at March 18, 2025**

Price (A$):	0.028	12-month target price (A$):	0.11
Market cap (A$m):	43	Up/downside to target price (%):	292.9
Free float (%):	50	Dividend yield (%):	0.0
Index inclusion:	N/A	12-month TSR (%):	292.9

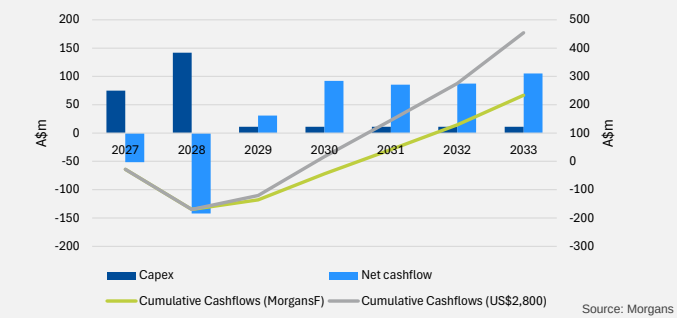
Tesoro Gold wholly owns The El Zorro Gold Project covers 570km2 of highly prospective geology in the Atacama region of Chile, approximately 800km north of the Chilean capital, Santiago and 140km by road from the regional capital, Copiapo. The project is the first intrusion related gold system discovered in Chile and is strategically located with easily accessed established infrastructure including roads, power and water. El Zorro hosts the 1.5moz Ternera deposit along with abundant exploration upside through a 20km corridor with numerous untested intrusives.

Group production (LHS) vs costs (RHS)



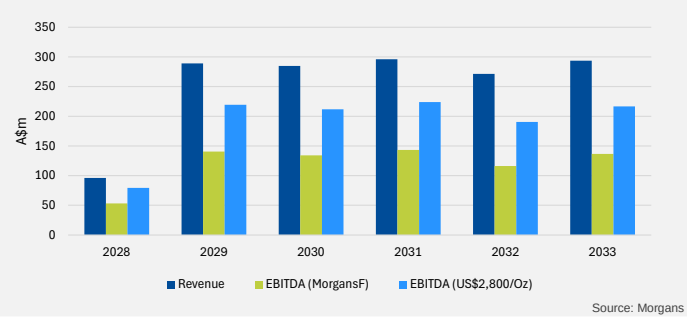
Source: Morgans

Capital Payback & Cashflow



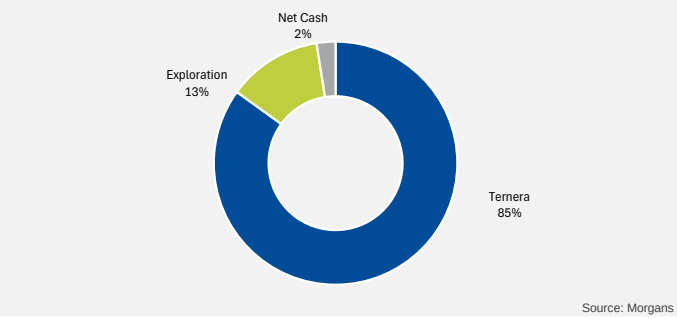
Source: Morgans

Group Revenue & EBITDA (A$m)



Source: Morgans

Operations - Unrisked valuation breakdown



Source: Morgans

Bull points

1.5moz from surface implies minimal pre-strip and lower capital costs whilst driving strong cashflows early in the project life.

Low altitude unlike other projects in Chile, El Zorro lies within 13km of the chilean coast line. This drives CAPEX and OPEX efficiencies through ready access to water and low cost power.

District scale potential as the first intrusion related gold system discovered in Chile. Ternera sits within the greater El Zorro project, a 20km corridor of prospective intrusions, numerous mineralised and require further testing.

Bear points

Operating hurdles Chile is a proven jurisdiction with a highly skilled and competent mining workforce. It is however the jurisdiction of large scale projects, expertise will need to be tailored to suit a smaller scale operation.

Funding and capital management - As with all resource development projects, securing funding through debt, equity (or both) remains a risk. If executed management fo repayment and covenants present risks in itself.

Commodity price fluctuations may affect forecast earnings, project economics. Whilst we employ conservative long term assumptions risk of material changes will always prevail.

Environmental, Social and Governance

ESG

Exposure

Management

Exposure
Tesoro sustainability is based on four pillars, or focus areas, that encompass our material sustainability issues and drive performance across activities. Tesoro Gold is committed to ensuring its exploration & operational activities generate positive sustainability outcomes, alligned with UN Sustainable Development Goals (SDG).

Management
The Board of Tesoro Gold monitors the business affairs of the Company to protect the rights and interests of its shareholders. The Board believes that high standards of Corporate Governance are essential for creating sustainable value for shareholders.

Source: TSO, Morgans

Figure 1: Financial summary

Profit & Loss - A$m	Jun-25F	Jun-26F	Jun-27F	Jun-28F	Jun-29F
Sales revenue	-	-	-	-	96
Other revenue	-	-	-	-	-
Underlying EBITDA	**-4**	**-4**	**-4**	**-2**	**53**
Other costs	-	-	-	-	-
EBITDA	**-4**	**-4**	**-4**	**-2**	**53**
D&A	-	-	-	-	-14
EBIT	**-4**	**-4**	**-4**	**-2**	**39**
Net interest	0	0	-5	-6	-12
PBT	-4	-4	-9	-8	27
Corporate tax	-	-	-	-	-8
Reported NPAT	**-3**	**-4**	**-8**	**-8**	**18**
Minorities	-0	-0	-1	-0	-1
Underlying NPAT	**-4**	**-4**	**-9**	**-8**	**19**

Price Assumptions	Jun-25F	Jun-26F	Jun-27F	Jun-28F	Jun-29F
Australian dollar (AUD/USD)	0.64	0.65	0.69	0.71	0.72
Gold price assumptions (US$/ounce)	2,690	2,738	2,550	2,250	2,200

Reserves & Resources	Ore (Mt)	(g/t)	(Koz)
Morgans Mined Inventory			
Ternera	17.10	1.25	689
Resources			
Ternera	42.60	1.07	1,459
Reserves			
Ternera	0.00	0.00	0

EV/Resource A$/Oz	
A$/Ounce	**$ 30**

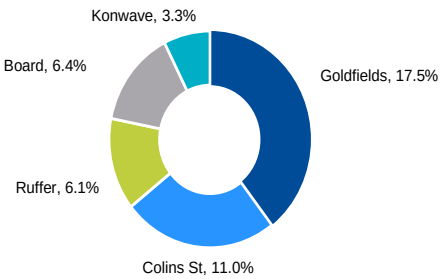
Balance Sheet - A$m	Jun-25F	Jun-26F	Jun-27F	Jun-28F	Jun-29F
Cash	3	23	176	23	37
Fixed assets	0	0	74	216	213
Assets	**44**	**68**	**298**	**292**	**303**
Debt	0	0	175	175	167
Liabilities	**1**	**1**	**176**	**176**	**168**
Equity	**42**	**63**	**114**	**106**	**125**
Net Debt / (Cash)	-3	-23	-1	152	131

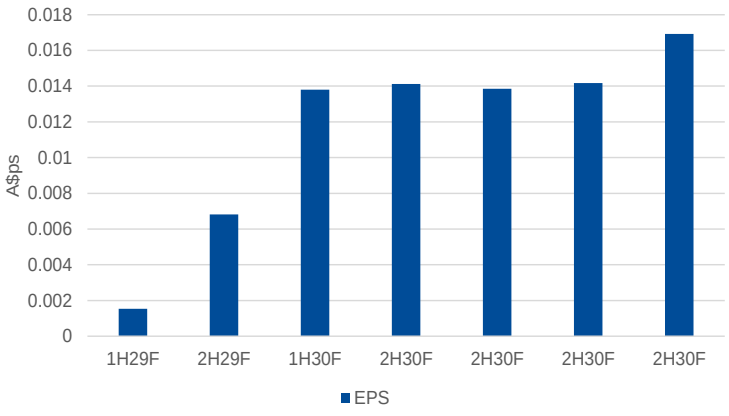
Operations	Jun-25F	Jun-26F	Jun-27F	Jun-28F	Jun-29F
Production					
Kilotonnes (Kt)	-	-	-	-	700
Grade (g/t Au)	-	-	-	1.0	1.5
Gold production (koz)	0	0	0	0	31
Costs					
AISC (US$/ounce)	0	0	0	0	979
AISC (A$/ounce)	0	0	0	0	1,359

Cash Flow - A$m	Jun-25F	Jun-26F	Jun-27F	Jun-28F	Jun-29F
Cash Flow from Operations	-6	-4	-9	-10	32
Capex	0	0	-73	-142	-11
Cash Flow from Investing	0	0	-73	-142	-11
Incr/(Decr) in Debt	0	0	175	0	-8
Dividends Paid	-	-	-	-	-
Cash Flow from Financing	9	24	235	0	-8
Net Change in Cash	**3**	**20**	**153**	**-152**	**13**
Free Cash Flow	-6	-4	-82	-152	21

Key Metrics	Jun-25F	Jun-26F	Jun-27F	Jun-28F	Jun-29F
EPS - underlying (UScps)	-	-	-	-	0.0
P/E ratio (x)	-	-	-	-	335.1
DPS (UScps)	-	-	-	-	-
Dividend yield (%)	-	-	-	-	-
Div payout ratio (%)	-	-	-	-	-
EBITDA margin (%)	-	-	-	-	56%
EBIT margin (%)	-	-	-	-	41%
EV/EBITDA (x)	-	-	-	-	3.4
EV/EBIT (x)	-	-	-	-	4.7
FCF yield (%)	-	-	-	-	31.0%
ROA (%)	-	-	-	-	6%
ROCE (%)	-	-	-	-	13%
Shares on issue (m shares)	1,750	1,950	2,250	2,250	2,250

	Morgans Forecast		Spot (US$2,850)	
Valuation Summary	**A$m**	**A$ps**	**A$m**	**A$ps**
Ternera (Risked 80%)	169	0.09	323	0.09
Total operating assets	**169**	**0.09**	**323**	**0.18**
Corporate	-69	-0.04	-69	-0.04
Exploration	25	0.01	25	0.01
Net cash/(debt)	5	0.00	5	0.00
Total Valuation	**130**	**0.07**	**284**	**0.15**
Target Price 50/50 (Base/Spot)				**0.11**





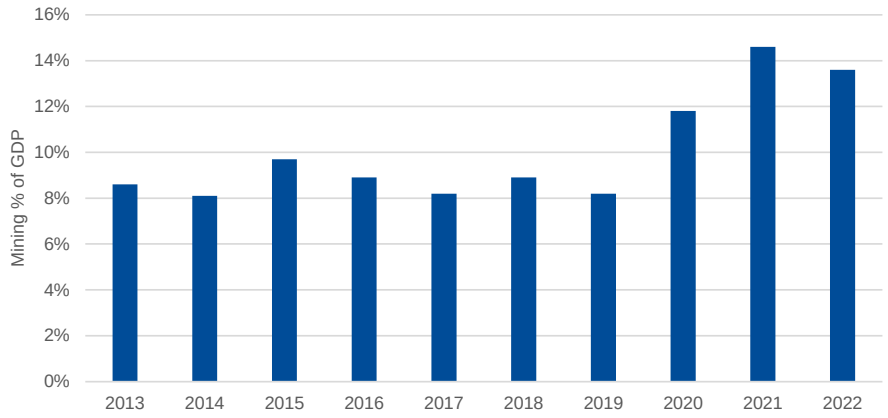
Source: Morgans estimates, company data

Chile

Chile stands as a premier mining jurisdiction, offering a blend of abundant mineral resources, a stable economic environment, and a robust legal framework that fosters the mining industry. Chile contributes about a third of the world's copper production, with seven of the twelve largest copper mines globally, including majors such as Codelco, Lundin Mining, BHP and Capstone Copper. The mining sector is a cornerstone of Chile's economy, representing 13.8% of GDP and 58% of exports in 2022.

Whilst copper dominates the immediate mining focus in Chile, it possesses resources and reserves in various other commodities including lithium, molybdenum, silver and **gold**.

Figure 2: Chilean Mining & GDP

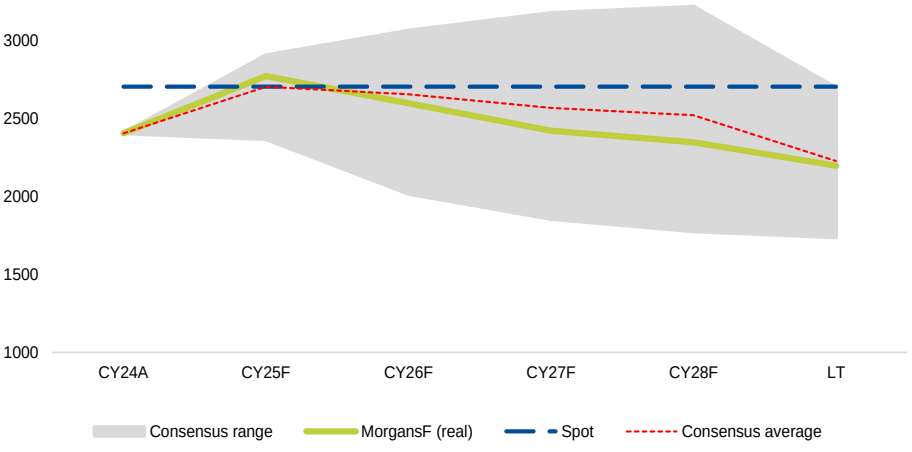


Source: World Bank

Gold price forecasts

We view our long-term (LT) gold price to be conservative given the prevailing spot price of ~US$2,900/oz. We forecast a LT gold price of US$2,200/oz (US$2,386/oz nominal) which is in-line with consensus forecasts.

Figure 3: Morgans gold price forecasts vs consensus and spot (US$/oz).



Source: Morgans estimates, Consensus economics

Tesoro Gold (TSO.ASX)

Tesoro Snapshot

Tesoro Gold (TSO.ASX) is advancing the 1.5Moz Ternera gold project, located in the mature mining jurisdiction of Chile. Ternera is proximal to the coast with ready access to power & water supply, both within 30km of the project footprint. Geographically, it is low altitude unlike other major projects in Chile, mitigating major pre-development challenges and CAPEX blow-outs (logistics, engineering and weather). Ternera represents the first ever intrusion related gold system (IRGS) in Chile, which has swiftly grown to 1.5Moz Au (1.3Moz constrained). We see district scale upside at El Zorro characterised by an existing exploration target of up to 3Moz Au.

A 2023 scoping study outlined Ternera to be an economic project, with indicative production of +90kozpa at an AISC of US$1,068/oz. Scoping study financials were calculated using a spot price of US$1,950/oz (current spot US$2,900/oz) resulting in **pre-tax** NPV of US$201m with CAPEX of ~US$132m. We view TSO to be significantly undervalued, valuing Ternera +A$205m on an **unrisked, post-tax basis** using scoping study metrics with updated commodity prices.

Upside Beyond the Scoping Study

Whilst not modelled in our base case we see scope for Ternera mined inventory to grow to +1Moz Au in the short term, potentially increasing annual production to 110-130kozpa.

Our base case assumes 663koz Au mined, translating to A$256/oz on an NPV/oz basis (unrisked). If the mined inventory expands to 1Moz, we estimate an additional A$86M in NPV to our base case, raising the implied valuation to A$0.12ps, inclusive of our 80% risk weighting.

Figure 4: El Zorro Gold Project Overview

Source: TSO

Initiating Coverage with a Speculative Buy Rating (TP A$0.11ps)

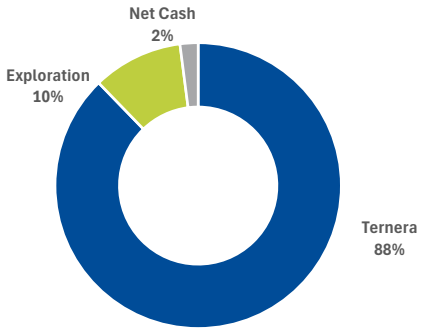
Ternera represents a new gold district/province in Chile whilst underpinned by compelling indicative economics. History suggests the discovery of a new gold district/province often drives significant economic value (Gruyere for Gold Road, Tropicana for Anglo Gold Ashanti). We are attracted to TSO for: 1) ~293% capital upside, 2) robust base case EBITDA of A$130m per annum/spot +A$200m, 3) Resource base growth, 4) district scale exploration, 5) manageable capital cost requirements, 6) M&A appeal (Goldfields 17.5%), 7) established mining jurisdiction.

Valuation

We have valued TSO using a sum-of-the-parts DCF valuation and a 5% discount rate. We recognise the value proposition implies risk, thus we apply an 80% risk weighting (20% discount) at the asset level to account for funding & development risk. Our risked valuation of A$0.11ps is derived from a 50:50 blend of spot (US$2,850/oz) and Morgans price deck. We ascribe an A$0.01ps valuation for exploration upside derived from a proprietary in-house value calculation.

TSO own the El Zorro gold project through a 95%-owned Chilean subsidiary, Tesoro Mining Chile SpA (TMC). Initially TMC owned 80% of the El Zorro gold project, however project spend has enabled TMC to move to 94% ownership, implying underlying ownership of ~90%. Based on current expenditure we expect TMC to move to 94% ownership by the end of the calendar year (2025). As such we attribute 94% ownership to TSO.

Figure 5: NPV Breakdown (MorgansF)



Source: Morgans estimates

Figure 6: TSO valuation Breakdown

	MorgansF	Spot (US$2,850/oz)
NPV/oz	256	487
Current Inventory (koz)	663	663
Potential Inventory (koz)	1,000	1,000
Added Au (koz)	337	337
NPV Upside (A$m)	86	164
Proforma NPV (Ternera)	**256**	**487**
Proforma Valuation (A$ps)	**0.12**	**0.27**

Source: Morgans estimates

Figure 7: Share Price Sensitivity (Unrisked)

		Gold Price (US$/oz)			
		2200	**2500**	**2800**	**3100**
FX AUD:USD	**0.66**	0.11	0.16	0.20	0.25
	0.68	0.10	0.15	0.20	0.25
	0.70	0.10	0.15	0.19	0.24
	0.72	0.09	0.14	0.19	0.24

Source: Morgans estimates

Figure 8: NPV/oz Breakdown (Risked)

	MorgansF	Spot (US$2,850/oz)
NPV/oz	256	487
Current Inventory (koz)	663	663
Potential Inventory (koz)	1,000	1,000
Added Au (koz)	337	337
NPV Upside (A$m)	86	164
Proforma NPV (Ternera)	**256**	**487**
Proforma Valuation (A$ps)	**0.12**	**0.27**

Source: Morgans estimates

Reasons to Buy

- **MRE Update:** Following the conclusion of a substantial drill campaign, an updated MRE is anticipated by mid-2025. The MRE update will focus on resource conversion to enable a larger mine plan and future operation. Additionally, step out drilling will assist in expanding the resource footprint, supported by intercepts such as **132m @ 1.28g/t Au from 363m**, outside the current MRE boundary.
- **Pre-Feasibility with updated gold prices:** Pre-feasibility work has commenced and will be supported by updated gold prices. We anticipate a material change in project NPV as **the current spot gold price is ~US$1,000/oz higher than the assumed price in the scoping study**.
- **Scope for Scale:** Although unmodelled, we anticipate the scope for annual gold production to increase from 90kozpa to 110-130kozpa and a mined inventory of +1Moz Au (currently 663koz). If the mined inventory expands to 1Moz, we estimate an additional A$86M in Ternera NPV at the asset level, raising the implied valuation to A$0.12ps/A$0.27ps (MorgansF/Spot), inclusive of our 80% risk weighting.
- **Economic Base Case:** Despite an abundance of upside, we base our valuation on scoping study inputs to demonstrate a valuable, viable project that stands up in most prevailing circumstances, before any future upside.
- **Strong margins/cashflow:** Once ramped up, we forecast **>50% EBITDA margins**, annual EBITDA of +A$130m using a long-term gold price of US$2,200/oz. At current spot prices of US$2,800/oz annual average EBITDA increases to A$200m+ per annum.
- **Geographic advantage:** Ternera's geography provides a structural advantage in a development scenario as proximity to power (20km) and water (30km) reduces the implied CAPEX. Additionally, the relatively **low altitude (500-1,000m) eases development risk** when compared to the proximal **peer group (+4,000m)** which have historically faced capital cost blow outs due to logistical, engineering, environmental, weather and topographical issues (a result of altitude).
- **District scale upside:** Ternera represents one high conviction target across the 20km El Zorro corridor. This corridor is scattered with numerous intrusive tonalites and major structures which drive mineralisation. TSO have commenced early exploration work on regional targets such as drone hill returning encouraging results such as 1.8m @ 77g/t Au from 59m.
- **M&A:** District scale appeals to majors, this is reinforced by the presence of gold mining giant Goldfields owning 17.5% of TSO stock.
- **No Royalties:** Gold production is not subject to government royalties in Chile. Despite a mature mining code, many economically significant mines are large scale copper projects that generate substantially more revenue than gold. The lack of royalties enables optionality in funding pathways, making gold loans, gold streams or royalty financing an attractive funding option without eroding margin unnecessarily.

Key Risks

The primary risks to our investment thesis relate to execution and funding whilst commodity, jurisdiction and exploration risk are considered secondary risks.

Funding - a significant amount of capital costs will be denominated in USD. Therefore, the depreciation of the AUD against the USD implies a greater funding requirement. Other funding risks pertain to dilution of equity, debt finance and convenance.

Commodity – This risk is common to all mining projects. We view two key factors mitigating commodity risk 1) Gold historically has performed well with sustainable pricing and 2) Our base case is calculated on conservative inputs.

Execution & Jurisdiction - the permitting process and risk of potential delays in both an administrative and studies perspective, then construction and commissioning risk.

Production profile and costs

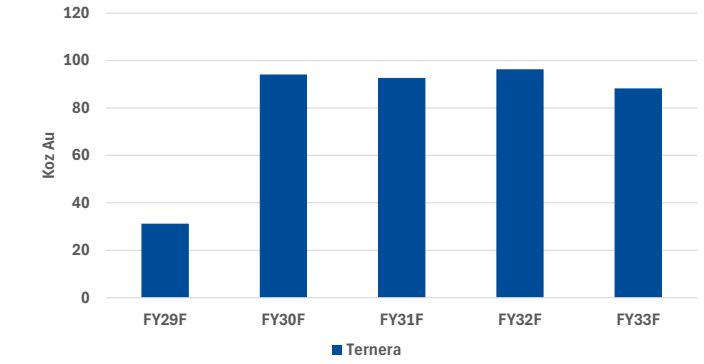
Gold production

Ternera boasts a robust production profile boosted by excellent metallurgy and recoveries. We forecast first gold in FY29 following an 18-month construction period ramping up over 12 months. We have adopted the scoping study mine plan, producing 663koz Au over the life of mine. At nameplate, we forecast average production of 90kozpa with peak gold production in year 4, delivering 96koz. We view this to be to be conservative as successful drilling indicates Ternera will likely grow to a 110-130kozpa asset with a mined inventory of +1Moz Au.

All In Sustaining Cost (AISC) & CAPEX

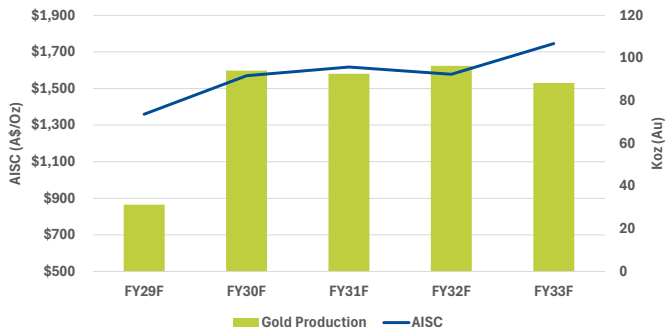
We forecast a steady increase in unit costs throughout the life of mine, a function of inflation and varying annual physicals. Mining operations have a significant fixed cost component and therefore lower mined and processed tonnes result in higher unit costs. We model ~A$214m in pre-production inclusive of contingency (US$152m) along with ~A$12m annual sustaining capital costs once in operation. Capital costs are sourced from the 2023 scoping study and converted assuming an average exchange rate of 0.71 AUD:USD.

Figure 9: Gold production profile (koz)



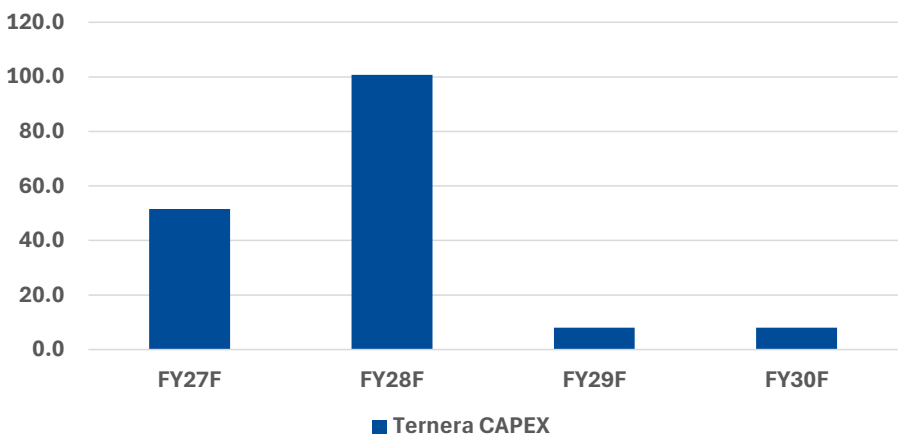
Source: Morgans estimates

Figure 10: Production & AISC A$/Oz



Source: Morgans estimates

Figure 11: Ternera Capital Costs



Source: Morgans estimates, Company Data

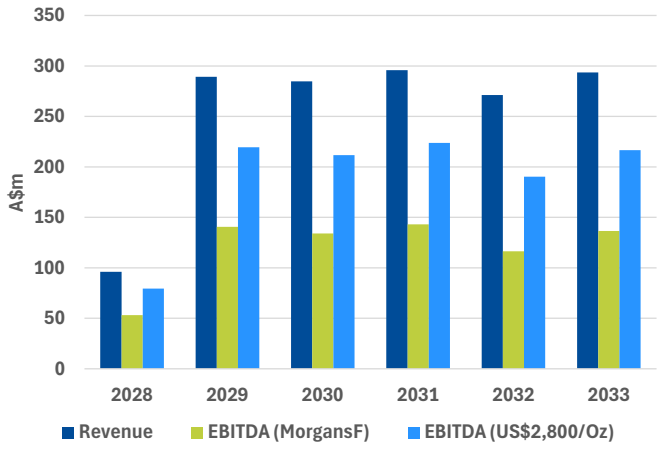
Earnings and cash flow

We forecast strong steady state revenues of +A$280m and EBITDA of A$130m per annum across the life of mine. We note that our assumptions are conservative, with leverage to the upside. Figures below assume a long-term gold price of US$2,200/oz (spot currently US$2,900/oz) unless stated otherwise. We incorporate an additional layer of conservatism by assuming scoping study production metrics despite the scope for a 110-130kozpa production case.

We assume a funding package of 60:40 debt:equity with debt drawdown peaking in year 2 of project construction. We model a repayment schedule based on a pre-determined % of project free cashflow.

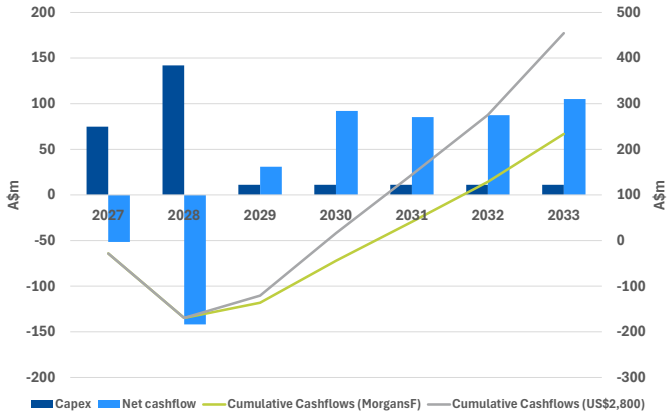
We note there is no certainty pertaining to the preferred financing method and acknowledge less 'traditional' funding packages may be more appropriate i.e. royalties, gold stream, gold loan.

Figure 12: Revenue and EBITDA breakdown (A$m)



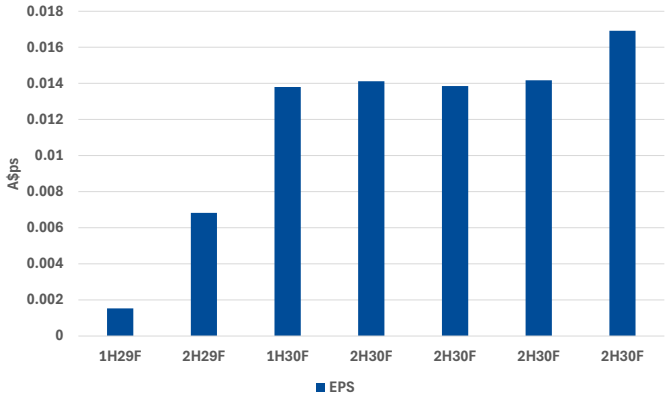
Source: Morgans estimates

Figure 13: Cash flow and Capital Payback Profile



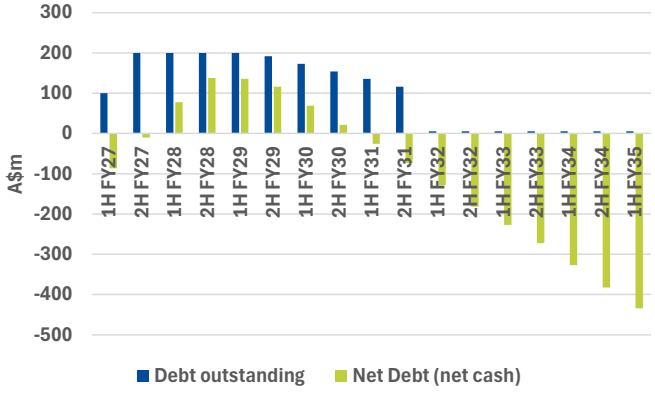
Source: Morgans estimates

Figure 14: TSO EPS (A$ps)



Source: Morgans estimates

Figure 15: Debt Outstanding/Net Debt (A$m)



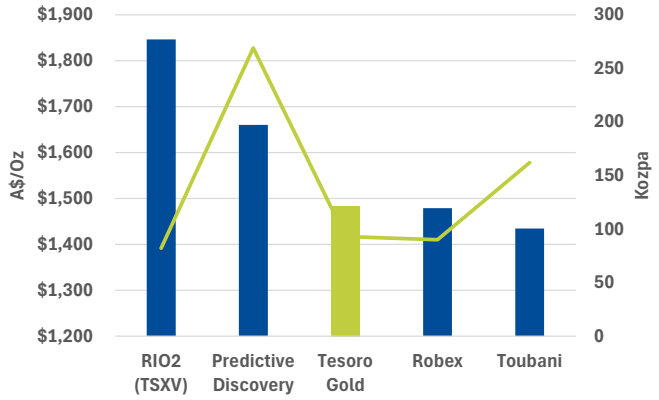
Source: Morgans estimates

Relative analysis

AISC & Production

TSO's implied AISC cost of A$1,483/oz is favorable in the context of single asset peers with advanced projects.

We include several overseas projects including projects within Africa to mitigate premium jurisdiction bias

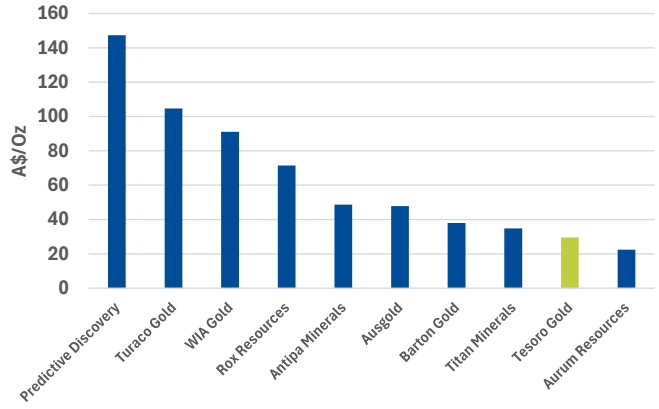


Source: Morgans estimate, company data

EV/ Resource (x)

TSO compares favorably to an immediate advanced exploration/pre-production peer group on an EV/Resource Oz basis, valued at A$30/Oz.

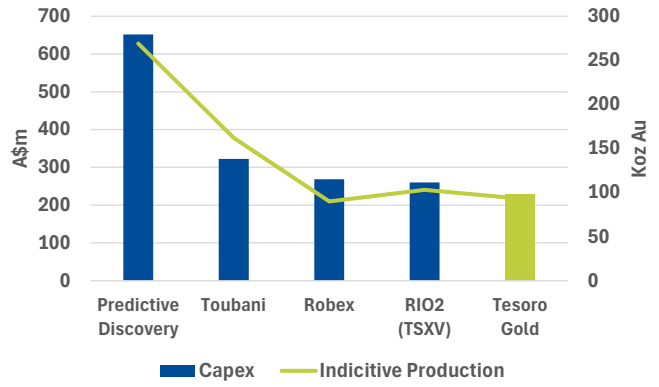
The peer group pre-production average is A$/60/oz and includes various projects within Africa.



Source: Morgans estimate, Iress, company data

CAPEX

Indicative pre-development capital costs of TSO's Ternera of A$229m compare favorably to the immediate peer group when considering planned annual production profiles.



Source: Morgans estimate, Iress company data

Tesoro Asset Overview

El Zorro

Ternera

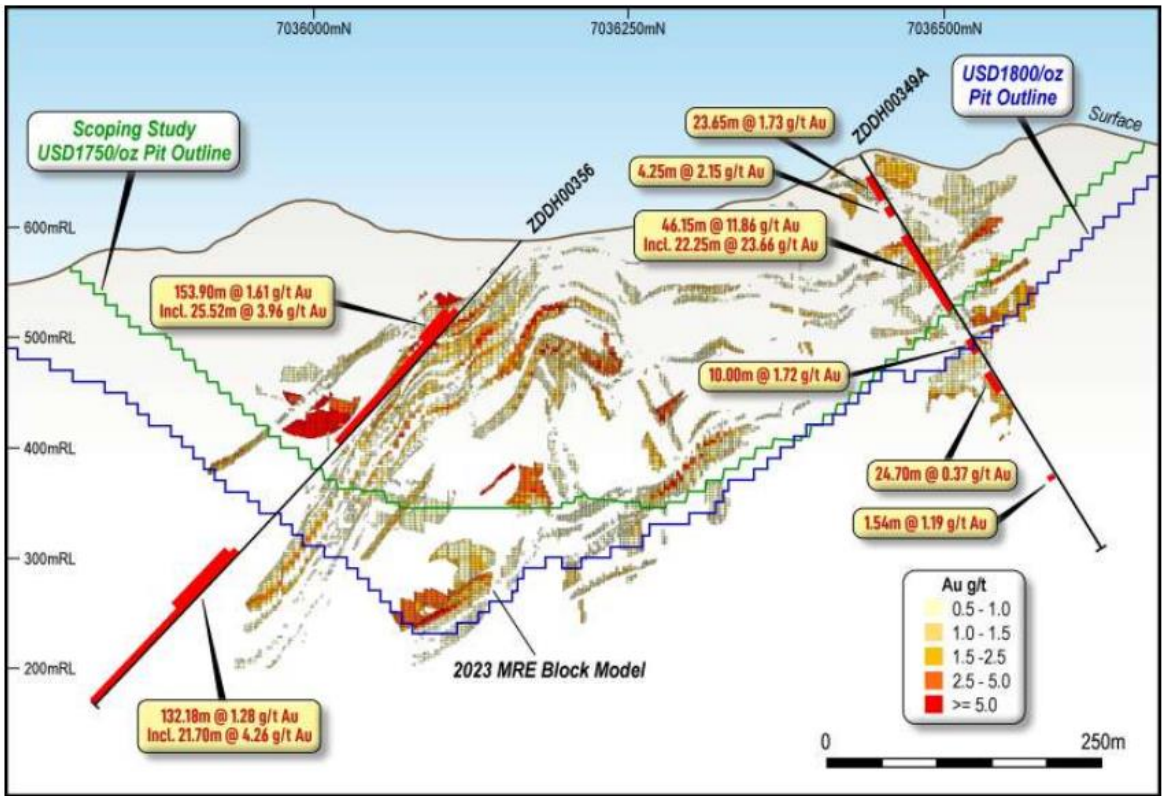
The project is located within the Coastal Cordillera of Chile. At Ternera gold mineralisation is predominately hosted within numerous intermediate intrusions and associated quartz and sulphide veins, veinlets, and alteration within faulted and strongly altered tonalitic intrusions (El Zorro Tonalite or EZT). Gold mineralisation at Ternera has been classified as an Intrusive Related Gold System (IRGS) which is a new style of gold mineralisation, previously undescribed in Chile. Tesoro has discovered additional gold targets in the El Zorro District which exhibit similar styles of gold mineralisation.

The constrained Ternera MRE currently stands at 33.7 Mt at 1.18 g/t Au for 1.28 Moz with 802 koz (63%) of the resource classified as Indicated. The existing MRE has been constrained to a US$1,800/oz optimised pit shell.

On an unconstrained basis, the Ternera MRE grows to **42.6 Mt at 1.07 g/t Au for 1.46 Moz.**

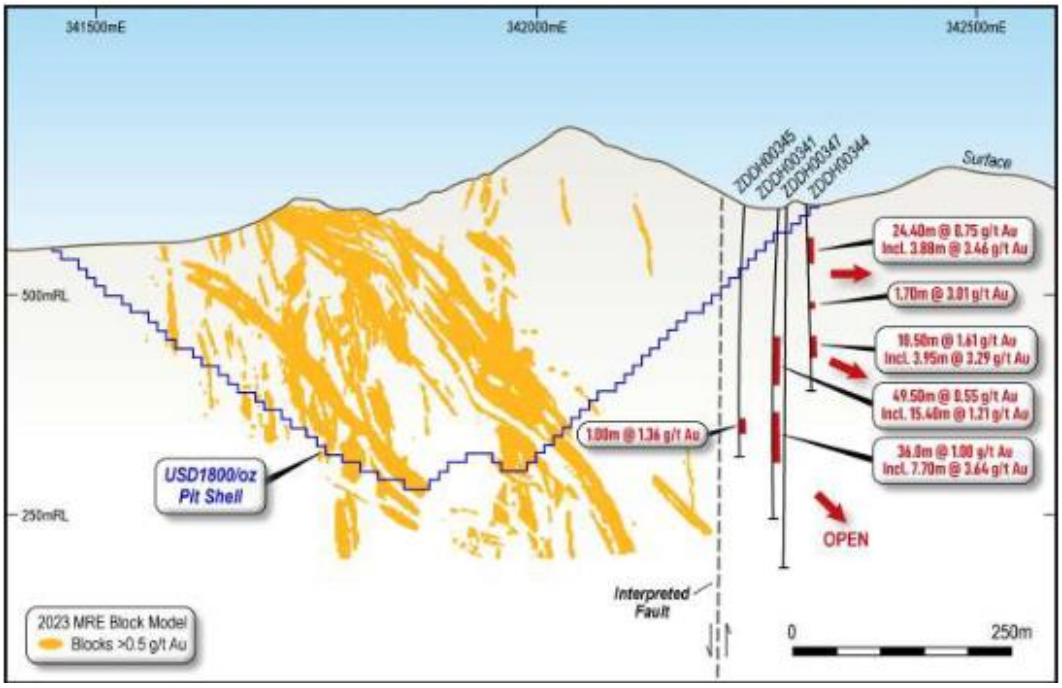
An initial Exploration Target has been estimated for Ternera of between 48.50Mt and 101.00Mt at between 0.91 g/t Au and 1.45 g/t Au. The Exploration Target is restricted to the area constrained by existing drilling and indicates the drilled footprint could contain between 1.6Moz to 3.0 Moz of gold.

Figure 16: Ternera Long Section – 2023 Block Model



Source: TSO

Figure 17: Ternera Long Section – 0.5g/t Au Blocks



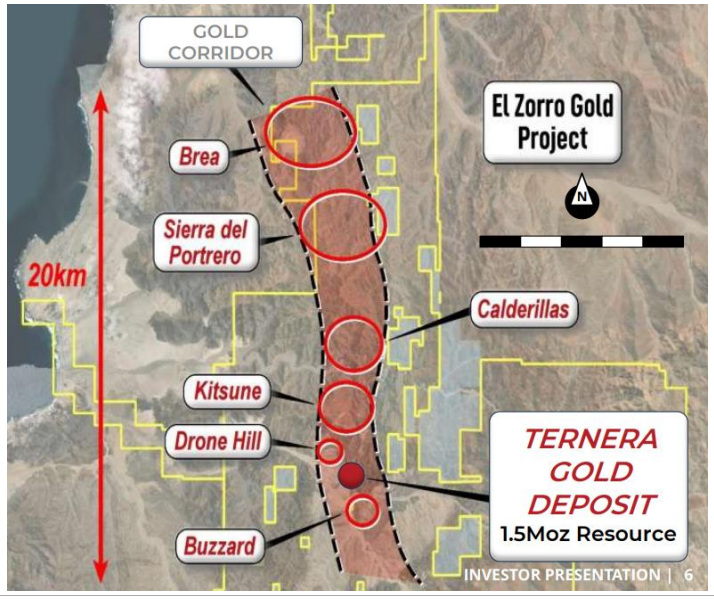
Source: TSO

Exploration Potential

Since February 2020 Tesoro has been primarily focussed on defining and expanding a Mineral Resource at the Ternera Deposit. However preliminary drilling and sampling completed to date confirms gold mineralisation at a district scale including **Ternera East, Drone Hill and Toro Gordo, Le Brea and Sierra del Portreo** targets, all of which represent opportunities to materially increase the current resource base.

Ternera East is an intrusive body characteristic of and adjacent to Ternera. Ternera East is possibly an offset of the greater Ternera deposit or a repeat. Initial drilling returned two substantial, well-mineralised zones were of 49.50m @ 0.55g/t Au from 179.00m and 36.00m @ 1.00g/t Au from 281.50m.

Figure 18: El Zorro - Prospective Gold Corridor



Source: TSO

An additional key exploration target is the **Drone Hill prospect**. Located approximately 700m northwest, Drone Hill is a look-a-like target of the 1.5Moz Ternera. Drone Hill was confirmed to be mineralised and high grade, representing one of several opportunities for district scale ounces. Limited drilling revealed shallow, high-grade gold including 1.8m @ 77.15g/t Au from 59.2m and 3.0m @ 2.48g/t Au from 111.0m.

Board of Directors

Zeffron Reeves – Managing Director: Geologist with more than 25 years of resource experience, spanning greenfield exploration, mineral discovery, definition and feasibility, construction, production and closure. Previously Managing Director of ASX listed Metallum Ltd, a company with development projects and operations in Chile.

Mark Connelly – Non-Executive Chair: Previously Managing Director of Papillion Resources , instrumental in the US$570M takeover of Papillion by B2Gold Corp in 2014. Currently the Non-Executive Chairman of Alto Metals, Astral Resources and Warriedar Resources. Previously the Chairman of West African Resources and a director of B2 Gold Ltd, Saracen Minerals Ltd and Ausdrill.

Geoff McNamara – Non-Executive Director: More than 30 years of international resource sector experience. Previously Director of Mining Finance at Societe General, NYC, Private Equity Manager (FUM US$800M). Previous operational roles include Project Manager, Senior Mine Geologist and Mine Geologist for Ivanhoe Mines, Lion Ore International and Western Mining Corporation.

Linton Putland– Non-Executive Director: More than 30 years of experience in mining in Australia, Africa and the Americas covering a wide range of commodities. Current Principal of private mining consultancy company, LJ Putland and Associates. Previously held senior management roles in IAMGOLD, Aurion Gold, Delta Gold and Pancontinental Mining.

Alan Gibson – Non-Executive Director: Currently Vice President of Corporate Development and Head of Legal for Gold Fields Ltd with more than 20 years' experience in Corporate, Energy and Resource Law. Carried out a number of key growth transactions, acquisitions and joint ventures globally.

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