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MEDIA RELEASE

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Austral Gold Signs Agreement to Process Hualilan's Material

HIGHLIGHTS

- Austral Gold Limited's subsidiary executes a Binding MOU with ASX-listed Challenger Gold (ASX:CEL) to process mineralised material from Challenger Gold's 100% owned Hualilan Project over a three-year term at the Casposo Plant in Argentina.
- Transaction to create a new revenue stream for the Austral Gold Group, including a US$3 million fixed payment (US$2 million payable within 15 days of signing the Binding MOU, US$1 million due in two years), a US$110,000 monthly fee, and an incentive fee linked to recovery margins.
- Operations are anticipated to commence in the second half of 2025.

Established gold producer Austral Gold Limited (**"Austral"** or the **"Company"**) (ASX: AGD; TSX-V: AGLD; OTCQB: AGLDF) is pleased to announce that it's subsidiary, Casposo Argentina Mining Ltd. (**"Casposo"**), has entered into a Binding Memorandum of Understanding (**"Binding MOU"**) with ASX-listed Challenger Gold Limited (ASX:CEL) (**"Challenger"**) whereby Casposo proposes to process mineralised material from Challenger's Hualilan project at Casposo's Plant, in San Juan, Argentina.

Casposo expects to execute a definitive Toll Treatment Agreement within the next 15 days.

In the Binding MOU, Casposo has agreed to use its best commercial efforts, directly or through third parties, to secure the necessary funding for the refurbishment and commercial startup of the Casposo Plant by July 31, 2025.

Austral's Chief Executive Officer, Stabro Kasaneva said: *"We are pleased to introduce a potential new revenue stream by processing mineralised material from Challenger Gold's Hualilan project at our Casposo plant in San Juan, Argentina. This initiative offers an opportunity to restart the plant, currently on care and maintenance, and contribute to our long-term growth strategy. We believe this project could enhance our operational capacity and create value for our shareholders".*

Material terms of the Binding MOU are as follows:

- The parties agree to set up a technical and advisory committee made up of up to three professionals from each party.
- Casposo to use best commercial efforts to finance, directly or through third parties, the funds required for the refurbishment and commercial startup of the Casposo Plant on or before July 31, 2025.
- The parties have agreed to enter into a formal Toll Treatment Agreement to govern the mining of minerals from the Hualilan Project, and the processing of mineralised material from Hualilan

at the Casposo Plant that will contain mutually agreeable and customary terms and conditions for a transaction of this nature.

- **Operator:** The Casposo Plant will be operated by Casposo´s local branch in Argentina, named Casposo Argentina Ltd. Sucursal Argentina.
- **Guaranteed throughput Tonnage:** guaranteed toll treatment of 150,000 tons available to Challenger per year, with a guaranteed toll treatment capacity available to Challenger of 450,000 tons over a three (3) year period.
- **Consideration: Challenger has agreed to pay Casposo the following:**
    - US$3 million, with US$2 million to be paid within the next fifteen business days and US$1 million to be paid on the second anniversary of the date of the Binding MOU, with interest accruing at a rate of 6% per annum.
    - The US$2 million paid upfront shall be returned to Challenger if the Hualilan ore is not processed in the Casposo Plant, either because: (i) the Technical Committee determines, based on the testing of samples of minerals from the Hualilan Project and the studies relating thereto, that the recovery rate of the Hualilan mineralised material to be processed at the Casposo Plant will be below 70%; or (ii) operations of the Casposo Plant have not been relaunched on or before July 31, 2025, unless the delay is caused by matters related to the mining or extraction of mineralised material from the Hualilan Project to the Casposo Plant or matters otherwise beyond Casposo´s control. In such case, the refund shall be net of the costs incurred or financed by Casposo, provided that such costs were included in the budget approved by Challenger, directly or through the Technical Committee.
    - A fixed monthly fee of One Hundred and Ten Thousand United States Dollars (US$110,000), from the reopening of the Casposo Plant and throughout the rest of the term of the Toll Treatment Agreement;
    - An Incentive Fee in accordance with the gold-equivalent ounces recovery rate achieved through the process as percentage over costs of production ranging from 20% to 30%.
- **Exclusivity:** During negotiation of the Toll Treatment Agreement, Casposo, its shareholders, including its executives, directors and employees, shall not engage in any transaction with third parties regarding the toll treatment of the mineralized material at the Casposo Plant with any person or company other than Challenger. Exclusivity expires on the earlier of June 30, 2025, the Termination of this Binding MOU or the execution of the Toll Treatment Agreement.

The Company wishes to advise that Tyrus SA, an entity controlled by Eduardo Elsztain, currently holds a 4.33% interest in Challenger. Mr. Elsztain is Austral's Non-Executive Chairman (and its majority shareholder) and a director of Casposo. The Company understands that Mr. Elsztain's beneficial equity interest in Challenger is projected to increase by approximately 8.79% leading to 12.74% interest, following completion of a private placement.

About Austral Gold Limited

Austral is a growing gold and silver mining producer building a portfolio of quality assets in the Americas based on three strategic pillars: production, exploration and equity investments. Austral continues to lay the foundation for its growth strategy by advancing its attractive portfolio of producing and exploration assets.

For more information, please visit the Company's website at www.australgold.com.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the

policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Release approved by the Company's Chief Executive Officer of Austral Gold, Stabro Kasaneva.

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Forward Looking Statements

Statements in this news release that are not historical facts are forward-looking statements. Forward-looking statements are statements that are not historical, and consist primarily of projections - statements regarding future plans, expectations and developments. Words such as "expects", "intends", "plans", "may", "could", "potential", "should", "anticipates", "likely", "believes" and words of similar import tend to identify forward-looking statements. Forward-looking statements in this news release include the Company's expectation that the Binding MOU creates a new revenue stream, the Company's anticipation that it can agree with Challenger on the terms of a formal Toll Treatment Agreement (and the timing thereof), that it can finance the refurbishment of the Casposo Plant and complete the refurbishment by July 31, 2025, that the refurbished Casposo Plant can process the amount of mineralised material contemplated in the Binding MOU and that the Company understands that Mr. Elsztain's beneficial equity interest in Challenger is expected to increase by approximately 8.79% leading to 12.74% interest, following completion of a private placement.

All of these forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied, including, without limitation, uncertainty of exploration programs, development plans and cost estimates, commodity price fluctuations; political or economic instability and regulatory changes; currency fluctuations, the state of the capital markets especially in light of the effects of the novel coronavirus, uncertainty in the measurement of mineral resources and reserves and other risks and hazards related to the exploration of a mineral property, and the availability of capital. You are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Austral cannot assure you that actual events, performance or results will be consistent with these forward-looking statements, and management's assumptions may prove to be incorrect. Austral's forward-looking statements reflect current expectations regarding future events and operating performance and speak only as of the date hereof and Austral does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change other than as required by applicable law. For the reasons set forth above, you should not place undue reliance on forward-looking statements.