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MEDIA RELEASE

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Austral Gold and Challenger Execute Toll Processing Agmt

HIGHLIGHTS

- Austral Gold Limited's subsidiary executes a Toll Processing Agreement with ASX-listed Challenger Gold (ASX:CEL) following the Binding MOU announced on 5 December 2024.
 - Transaction to create a new revenue stream for the Austral Gold Group, including a US\$3 million fixed payment (US\$2 million payable by 2 January 2025, 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.
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Established gold producer Austral Gold Limited (“**Austral**” or the “**Company**”) (ASX: AGD; TSX-V: AGLD; OTCQB: AGLDF) is pleased to announce that pursuant to a Binding Memorandum of Understanding announced 5 December 2024, its subsidiary, Casposo Argentina Mining Ltd. (“**Casposo**”), has entered into a Toll Treatment Agreement (“**Agreement**”) with ASX-listed Challenger Gold Limited (ASX:CEL) (“**Challenger**”). Under this agreement, Casposo will process mineralised material from Challenger's Hualilan project at Casposo's Plant, in San Juan, Argentina.

As part of the Agreement, Casposo committed 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. Consequently, as announced on 23 December 2024, a US\$7M secured loan was obtained from Banco San Juan S.A., located in Argentina.

Austral's Chief Executive Officer, Stabro Kasaneva said: *"We are pleased to execute the Toll Treatment Agreement and with the US\$7 million secured loan from Banco San Juan, begin the process of refurbishing the Casposo Plant."*

Material terms of the Toll Mining Agreement 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.
- **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.

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- **Consideration: Challenger has agreed to pay Casposo the following:**
 - US\$3 million, with US\$2 million to be paid by 2 January 2025 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 start of Tolling Operations at 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 a percentage margin over processing costs and any processing cost uplift costs of production ranging from 20% to 30%.

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 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 Toll Treatment Agreement and that the Company understands that Mr. Elsztein'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.