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Tesoro Gold Limited

ABN 91 106 854 175

Half-Year Financial Report
for the half-year ended 31 December 2023

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CORPORATE DIRECTORY

Tesoro Gold Limited is an Australian listed company focused on the acquisition, exploration and development of commercially significant resource projects in Chile, with a focus on gold. For more details visit www.tesorogold.com.au.

DIRECTORS

Mr Zeffron Reeves
(Managing Director)

Mr Linton Putland
(Executive Director – Mining and Development)

Mr Geoffrey McNamara
(Non-Executive Director)

Mr Alan Gibson
(Non-Executive Director)

COMPANY SECRETARY

Ms Sue Wong

REGISTERED OFFICE

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PERTH WA 6005

AUDITORS

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SECURITIES EXCHANGE LISTING

Australian Securities Exchange Limited
(Home Exchange: PERTH, Western Australia)
Code: ASX:TSO, TSOO, TSOA
OTCQB:TSORF

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The Directors present their report, together with the financial statements, of the Group (referred to hereafter as the "consolidated entity" or "the Group") and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors

The following persons were Directors of Tesoro Gold Limited ("Tesoro" or "the Company") who held office during or since the end of the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr Zeffron Reeves	Managing Director
Mr Linton Putland	Executive Director – Mining and Development
Mr Geoffrey McNamara	Non-Executive Director
Mr Alan Gibson	Non-Executive Director (Appointed 29 August 2023)
Ms Kristie Young	Non-Executive Director (Resigned 5 October 2023)

Principal activities

The principal activities of the Company and its subsidiaries are the acquisition, exploration and development of commercially significant resource projects in Chile, with a focus on gold. The Company currently holds interests in Chile, namely the El Zorro Gold Project, which is prospective for gold.

Operating results

The net profit after tax and non-controlling interest, attributable to the Group for the financial half-year ended 31 December 2023, amounted to \$636,077 (2022: net loss after tax of \$1,504,202).

Review of Operations

Tesoro is focused on exploration and development of the El Zorro Gold Project (**El Zorro** or the **Project**) located in Northern Chile. El Zorro is proximate to well established infrastructure and is 140km from the city of Copiapo and approximately 800km north of the Chilean capital, Santiago (refer Figure 1). Successful exploration at the Project has resulted in the definition of the 1.46 Moz Au Ternera Gold Deposit (**Ternera** or the **Deposit**) Mineral Resource Estimate (**MRE**) (refer Table 1 and Figure 2). The combination of highly prospective geology and positive results from regional exploration have confirmed El Zorro as a new Chilean gold district.

Ternera was the subject of a Phase 1 Scoping Study (**Scoping Study**) which demonstrated the potential development of a gold mining and processing operation. The Scoping Study considered an initial development of a Phase 1 open pit mining operation on the upper 200m of the Deposit to feed a 2.4 Mtpa gold processing plant. Key outcomes highlighted the ability of the Deposit to support the estimated capital required for the development of the Project at a scale that would result in an annual average gold production of between 90 and 100 Koz per annum (refer Table 2).

During the current period, the Company further increased its ownership in El Zorro, successfully delineated several new large outcropping gold anomalies and progressed activities to grow and advance Ternera.



Figure 1: El Zorro Gold Project Location Map, showing operating mines in the region and supporting infrastructure

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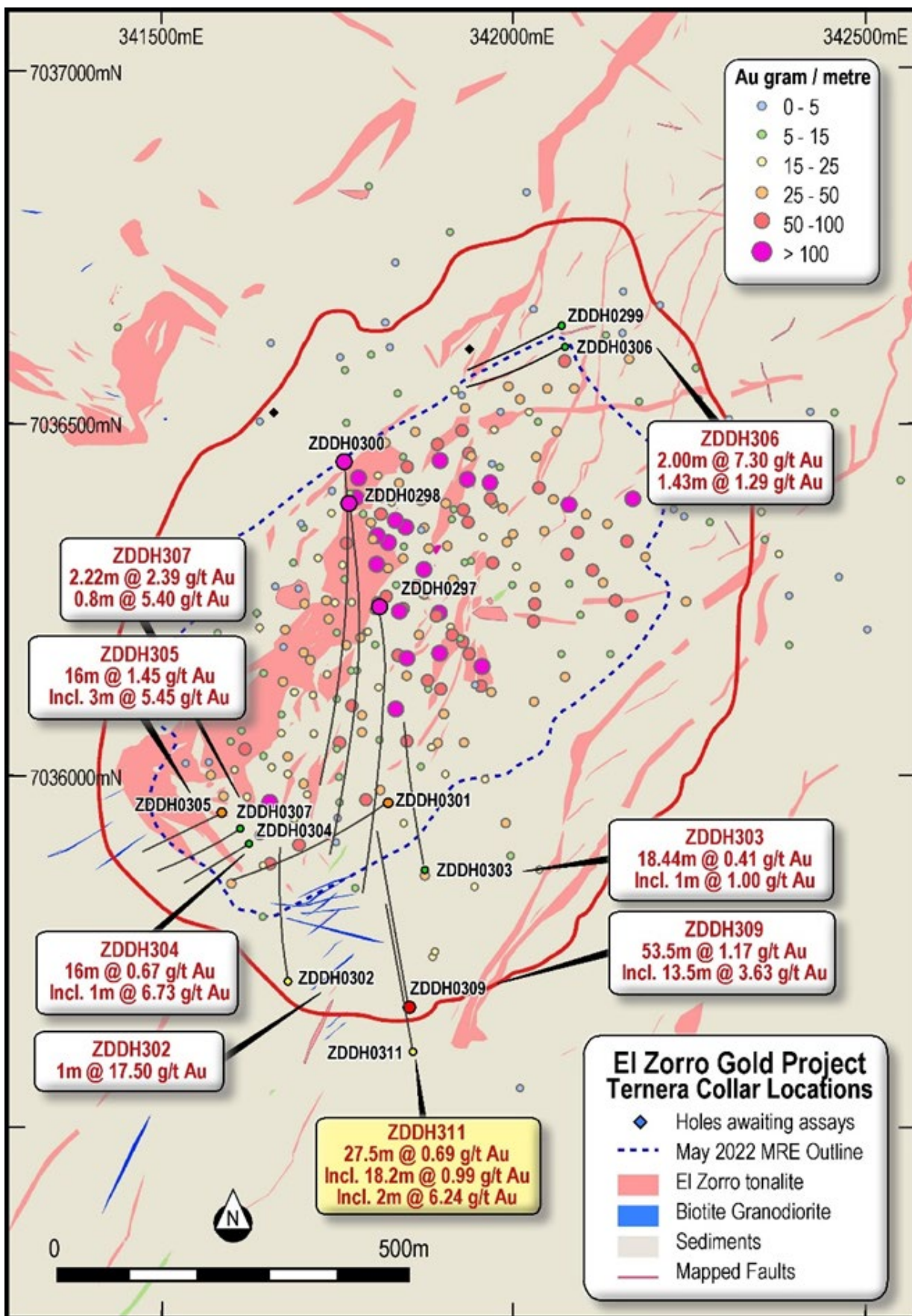


Figure 2: Ternerera Gold Deposit Drilling Plan on geology with key results reported during the period from extensional drilling. Red outline shows MRE USD1,800/oz optimised pit location. Datum PSAD56 19S. Refer ASX announcements 11 May and 21 June 2023.

Table 1: Unconstrained Ternerera Gold Deposit Updated MRE at various cut-offs to the 200mRL (ASX Announcement 9 March 2023)

Cut-off Au g/t	INDICATED			INFERRED			TOTAL		
	Mt	Au g/t	Koz	Mt	Au g/t	Koz	Mt	Au g/t	koz
2.00	2.6	3.75	317	2.0	3.71	241	4.7	3.73	558
1.00	7.2	2.25	523	5.6	2.24	400	12.8	2.24	923
0.50	16.3	1.39	727	12.8	1.37	561	29.1	1.38	1,288
0.30	23.2	1.09	815	19.4	1.03	645	42.6	1.07	1,459

Table 2: Scoping Study evaluation period results and key assumptions (100% ownership basis) (ASX Announcement 4 April 2023)

Physicals and costs (± 35%)

Ore tonnage	Mt	17.1
Gold grade	g/t	1.25
Contained ounces	Koz	689
Plant throughput	Mtpa	2.4
Evaluation period (excluding pre-strip)	years	7.4
Strip ratio	waste:ore	8.3:1
Process gold recovery (life of mine average)	%	94.5
Process production – total evaluation period	koz	651
Process production – average annual steady state	koz pa	93
Upfront capital – plant and process infrastructure	US\$M	108.0
Upfront capital – open pit mining	US\$M	13.5
Upfront capital – pre strip	US\$M	10.4
Operating costs – mining	US\$/oz Au	585
Operating costs – processing	US\$/oz Au	368
Operating costs – general and administration	US\$/oz Au	102

Financials and key assumptions (± 35%)

		Base	Spot
Gold price	US\$/oz	1,750	1,950
Discount rate (real)	%	5	5
AISC (life of mine average)	US\$/oz	1,068	1,068
NPV _{5%} (pre-tax)	US\$M	201	300
IRR (pre-tax)	%	27.5	37.1
Net cash flow (undiscounted, pre-tax)	US\$M	312	442.5
Payback period (pre-tax)	years	3.4	2.8

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Tenera Gold Deposit

Growth and advancement

During the period a detailed mapping and continuous surface channel sampling program followed up previously announced shallow, high-grade Tenera South drilling results (refer ASX Announcements 11 May 2023 and 21 June 2023). The program was designed to better define the southern extensions of the Tenera Deposit.

On 18 September 2023, Tesoro announced the definition of shallow, high-grade gold zones, with multiple mineralised fault zones returning high-grade results. Assay results confirmed surface gold mineralisation to 380m south of the existing MRE suggesting the potential for a significant southern extension to Tenera. Key results included;

- 4.00m @ 13.31g/t Au (EZTR004143);
- 13.00m @ 9.67g/t Au (EZTR004207) including;
 - 6.00m @ 20.02g/t Au; and
 - 3.00m @ 30.80g/t Au.
- 9.00m @ 4.60g/t Au (EZTR004208) including;
 - 3.00m @ 12.60g/t Au.
 - 3.00m @ 4.70g/t Au (EZTR004209).

Project advancement

The Company continued preliminary project development workstreams during the period. This work included power and water studies, metallurgical testwork program design, and preliminary financial and engineering modelling.

Regional exploration

El Zorro's permitted tenure covers an area of over 570km², with less than 5% of the ground drilled to date. Through H2 FY23, previously identified regional anomalies were further investigated with the new Drone Hill target defined.

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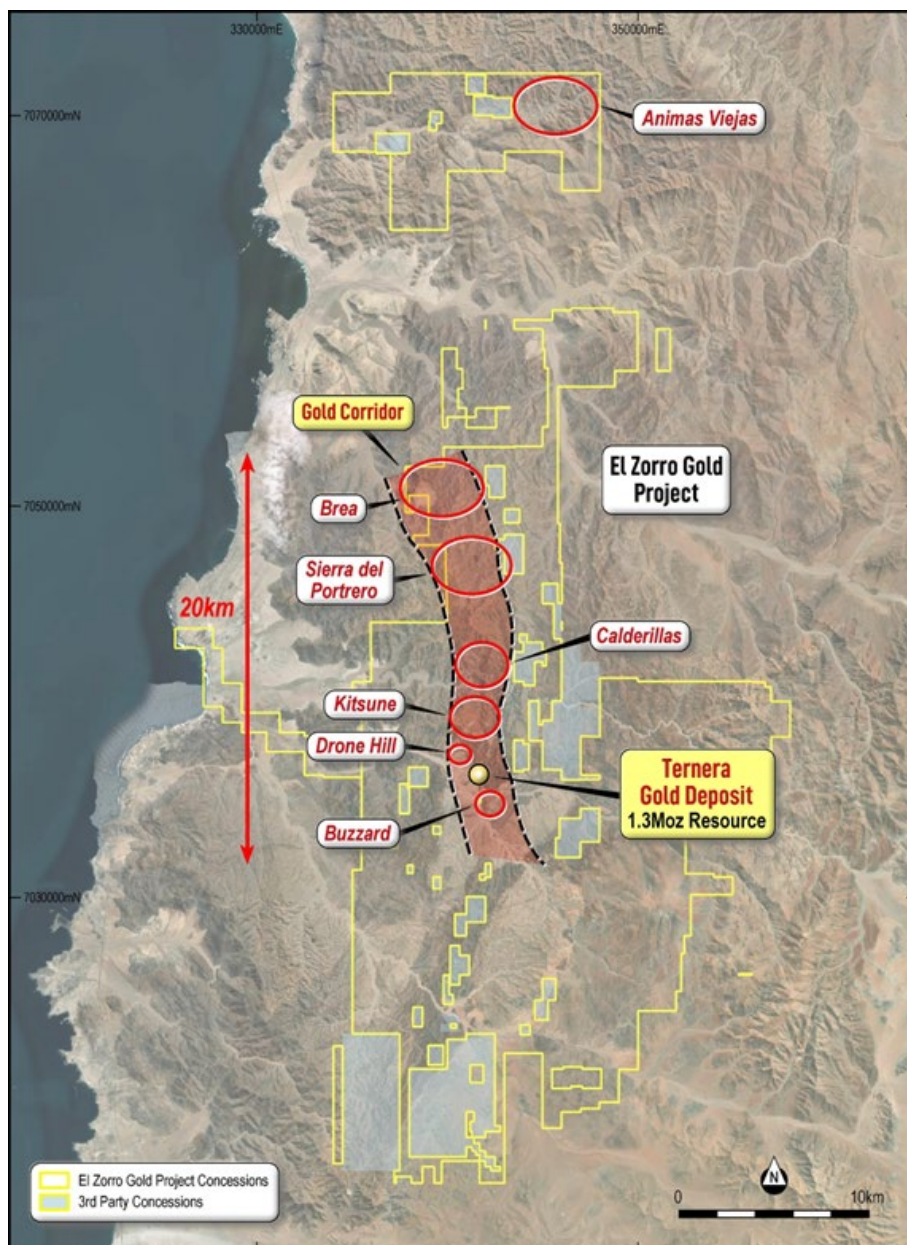


Figure 3: El Zorro Gold Project Ternera District Map and targets showing large scale gold corridor and location of high priority gold targets defined from mapping and sampling. Datum PSAD56 19S.

Drone Hill target

Detailed, systematic mapping and sampling work conducted at Drone Hill identified a broad, continuous zone of outcropping gold mineralisation associated with a northwest trending fault system within sedimentary rocks. Positive results from surface sampling conducted west of Ternera were reported on 19 October 2023. These assay results delineated a new large outcropping gold anomaly which has never been drilled, with wide surface sample intersections of up to 47m returned, including:

- 47m @ 1.40g/t Au (EZTR004255) including;
 - 9m @ 4.66g/t Au
- 15m @ 0.53g/t Au (EZTR004132)
- 3m @ 1.88g/t Au (EZTR004110)
- 2m @ 5.21g/t Au (EZTR4108)
- 3m @ 2.11g/t Au (EZTR004282).

A number of El Zorro Tonalite (EZT) intrusive dykes outcrop to the west of the northwest trending fault system and the intersection of faults with the EZT, presenting high-priority drill targets for the next stage of work at Drone Hill (refer Figures 4 and 5). Surface mineralisation is now confirmed to extend at least 750m west and 380m south of the Ternera Gold Deposit (refer ASX announcement 18 September 2023 and 12 February 2024).

Drilling of the Drone Hill target is planned to commence in during the first quarter of 2024.

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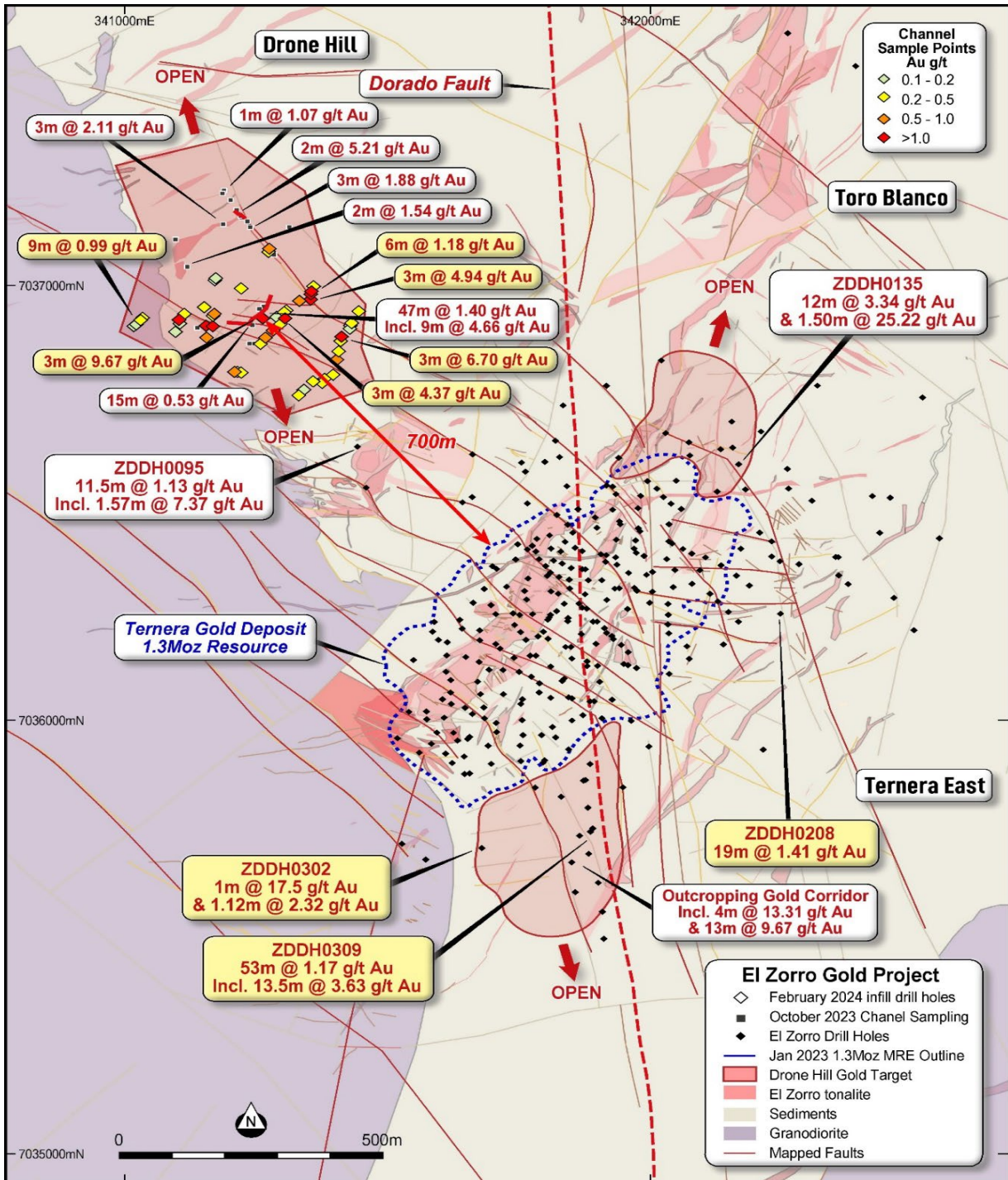


Figure 4: Geology map and surface sample locations at Drone Hill showing proximity to the Ternera gold Deposit. Datum PSAD56 19S. Refer ASX Announcement 12 February 2024.

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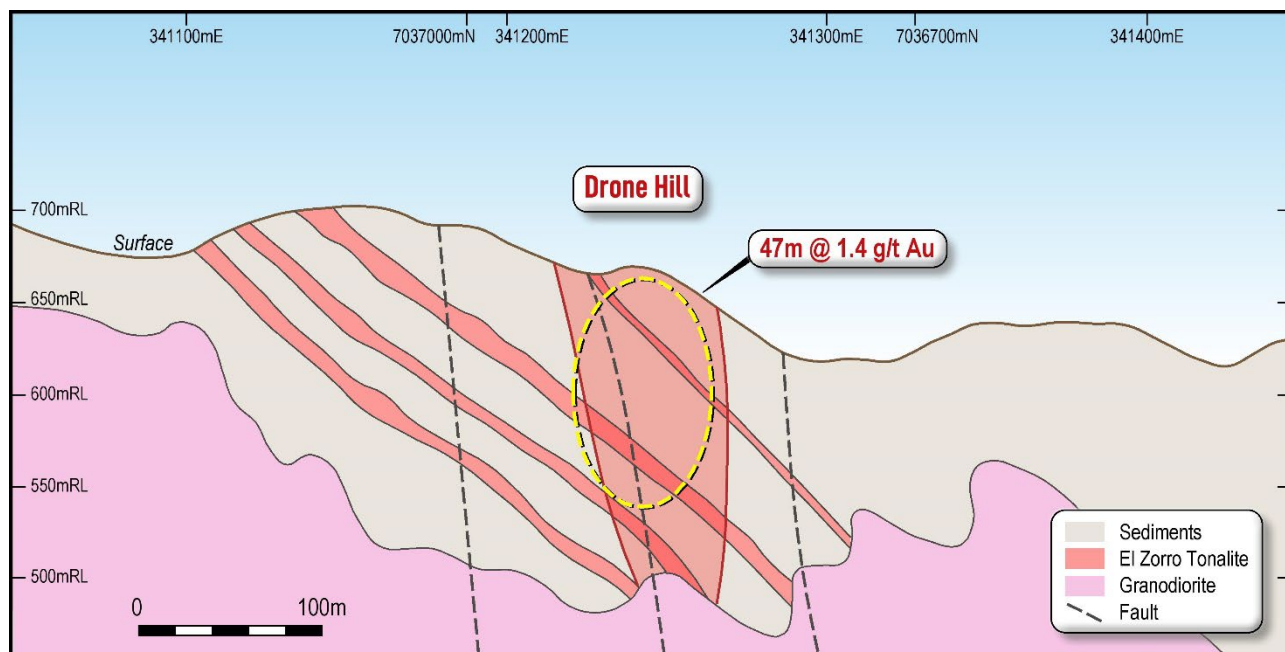


Figure 5: Drone Hill Section looking Northeast showing prospective gold zone associated with faulting and EZT intrusive units and large channel sampling gold anomaly at surface (refer ASX Announcement 18 October 2023) – Drilling planned for early 2024.

Kitsune Target

Results received for the initial eight (8) scout drill holes from the Kitsune Targets confirm the prospectivity of the area to host additional gold mineralisation within a similar geological setting to Ternera. All initial holes intersected the target EZT lithology adjacent to the Dorado fault, which are the main gold host rocks at the Ternera Gold Deposit. Due to accessibility and operational challenges with the drilling contractor, the highest priority holes at Kitsune are yet to be drilled. Kitsune warrants additional drilling to fully test the extensive surface gold anomaly defined by mapping and sampling.

Calderillas Target

The Calderillas Target area occurs approximately 5km north of Ternera and immediately north of Tesoro's untested Kitsune Target. The proximity of Ternera, Calderillas and Kitsune (refer Figure 3) combined with the presence of identified widespread outcropping gold occurrences, indicates the potential for a large scale, linked mineralised system.

Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Zeffron Reeves (B App Sc (Hons) Applied Geology) MBA, MAIG). Mr Reeves is a member of the Australian Institute of Geoscientists and a Director and shareholder of the Company. Mr Reeves has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Reeves consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to Mineral Resources is based on information compiled by Mr Lynn Widenbar, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Widenbar is acting as an independent consultant to Tesoro Gold Ltd. Mr Widenbar has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original announcement on 9 March 2023.

The information in this report that relates to the Production Target, assumptions on Modifying Factors and evaluation of other relevant factors are based on and fairly represents information and supporting documentation that has been compiled for this announcement and have been compiled under the supervision of Mr Linton Putland BEng (Mining), MSc (Mineral Economics) & Member AusIMM. Mr Putland is a Director of the Company. Mr Putland has reviewed and approved the technical content of this announcement. Mr Putland is a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012). Mr Putland consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

CORPORATE

Board Changes

On 29 August 2023, Tesoro appointment of Mr Alan Gibson to the Board as a Non-Executive Director. Mr Gibson is a nominee of Corporate International Holdings BV, a wholly owned subsidiary of Gold Fields Ltd, which currently owns approximately 18.91% of Tesoro's issued capital. Alan Gibson is an experienced and skilled M&A lawyer, with more than 20 years' experience in Corporate, Energy and Resources Law, including more than 10 years of that as part of the Gold Fields Corporate Development team. Alan is currently Vice President: Corporate Development – Head of Legal for Gold Fields and has played an important role in a number of the group's key growth transactions around the world. Mr. Gibson is an admitted legal practitioner holding a Bachelor of Laws and Bachelor of Economics from Murdoch University (WA).

On 5 October 2023, Tesoro announced the resignation of Ms Kristie Young as Non-Executive Director. Ms Young stepped down from the Tesoro board to focus on her other commitments.

As part of an ongoing review of Board composition, the Company intends to make new appointments in due course.

Appointment of Chief Financial Officer

On 20 November 2023, Tesoro appointed Mr Graeme Morissey as CFO to the Company, succeeding Ms Pennee Osmond. Mr Morissey has held Director-level roles in the audit divisions of global accounting firms EY, KPMG and Grant Thornton. He has over 15 years' direct experience in servicing clients within the mining exploration and development sector. This includes specific expertise extending across compliance with the Australian Securities Exchange (ASX), the Australian Accounting Standards Board, the Corporations Act 2001 (Cth) and Department of Mines regulation. Mr Morissey has also consulted directly to CFOs within the Australian mining sector, which has included services to assist management to optimise internal reporting processes, cash management and cashflow forecasting. His clients have included gold production companies Westgold and Ora Banda. Mr Morissey is a Chartered Accountant (CA), a Fellow of the Governance Institute of Australia (FGIA) and a member of the Australian Institute of Company Directors (MAICD). He holds a Bachelor of Commerce from McMaster University in Canada.

Capital Raising to Advance Gold Exploration

On 13 November 2023, Tesoro announced an equity placement to raise approximately A\$3.0 million (before costs). Funds raised from the placement have and will be deployed towards drilling at Drone Hill, Ternera and district targets, to advance project studies, metallurgical testing and for new target generation. The placement comprised the issue of approximately 166.7 million new fully paid ordinary shares (no options were issued) in the Company to professional and sophisticated investors at an issue price of \$0.018 per share comprising:

- Tranche 1: Approximately \$1,752,800 via the issue of 97,377,778 shares within the Company's placement capacity under ASX Listing Rule 7.1 and 7.1A (4,016,521 shares under Listing Rule 7.1 and 93,361,257 under Listing Rule 7.1A); and
- Tranche 2: Approximately \$1,247,200 via the issue of 69,288,889 shares to Corporate International Holdings BV, a wholly owned subsidiary of Gold Fields Limited, which were subject to obtaining shareholder approval at an Extraordinary General Meeting held on 15 January 2024.

Salary Sacrifice Plan

On 1 August 2023 and 19 October 2023, the Company issued 277,777 and 380,570 share rights respectively, to Executive Director, Mr Linton Putland in lieu of approximately \$7,500 of remuneration for each issue, pursuant to the Company's Salary Sacrifice Plan as approved by shareholders at the Annual General Meeting held on 25 November 2022. The Salary Sacrifice Plan enables executives, employees and directors of Tesoro to receive share rights in the Company, in lieu of remuneration or fees. The Salary Sacrifice Plan has been designed to further align participants (being executives, employees and directors of the Company) with shareholder interests whilst being an effective way for the Company to conserve capital.

El Zorro S.C.M. Capital Increase and Joint Venture with Wanaco SpA

On 3 July 2023, Tesoro announced that its 95%-owned Chilean subsidiary, Tesoro Mining Chile SpA (TMC) had increased its ownership of the Joint Venture company that holds the El Zorro concessions, El Zorro S.C.M. to approximately 94.42% (from 85%). At a Shareholder Meeting of El Zorro S.C.M. held on 7 June 2023, it was resolved to increase the capital base via contribution on a pro-rated basis. TMC subscribed its pro-rata shares for an amount equal to CLP12,120,334,847 (approximately A\$22.4 million), which reflects its funding of exploration and development activities at El Zorro since March 2021. The minority shareholder in El Zorro S.C.M., being Wanaco SpA (Wanaco), declined to participate in the capital increase, resulting in TMC increasing its ownership in El Zorro S.C.M. to approximately 94.42%. Tesoro's underlying ownership interest in El Zorro is now approximately 89.1%.

As previously announced Wanaco is disputing the valuation and procedure followed for the capital increase approved in the Shareholders Meeting of El Zorro S.C.M. held on 11 February 2021. The initial proceedings brought by Wanaco were dismissed by the Court as they were deemed to have been incorrectly brought, requiring correction. On 13 October 2021, the proceedings were brought in the correct manner. During February and March 2023, several procedural hearings were conducted whereby all parties were provided the opportunity to present evidence and expert witnesses for consideration by the Court. These hearings were to assess if the proceedings brought by Wanaco warranted progression to a trial.

Tesoro maintains its position that all capital increases were properly valued and duly approved under Chilean Corporate Regulations and that Wanaco's claim is spurious.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the half-year.

Administrative Matters

The Company held its Annual General Meeting of shareholders on 16 November 2023 at which all resolutions put to shareholders were approved.

Matters subsequent to the end of the half-year

On 10 January 2024, Tesoro advised of the refund of CLP745,796,841 (approximately A\$1.25 million) in historically paid Value Added Tax (VAT). Tesoro's 95%-owned Chilean subsidiary, Tesoro Mining Chile SpA (TMC), owns 94.42% of El Zorro S.C.M. the joint venture company that holds the El Zorro Gold Project concessions. As previously announced (refer ASX announcement 18 September 2023), El Zorro S.C.M. was approved for exporter status allowing the recovery of historical VAT made on project expenditure since 2017. Payment of the outstanding VAT tax credit balance of CLP1,485,063,149 (approximately A\$2.5 million) is expected to be made by the Chilean tax authority during H1 CY24.

On 16 January 2024, 9,301,470 of ordinary shares were issued to employees as a result of exercise of their performance rights (exercised at zero price).

On 16 January 2024, the Company completed tranche 2 of its \$3 million Placement initiated during the 31 December 2023 period by receiving \$1,247,200 before costs and issuing 69,288,889 ordinary shares. Further, 2,000,000 options, exercisable at \$0.027 and expiring on 16 January 2024, were issued to the Lead Manager (no other options were issued as part of the placement) upon completion of tranche 2.

On 29 January 2024, the Company announced results from surface sampling which identified two new outcropping gold anomalies along the Dorado Fault Zone, within a 20km long, highly prospective gold corridor situated approximately 15km north of Ternera. Results from the newly defined Le Brea prospect included: 2m @ 12.00g/t Au (EZTR004533), 2m @ 4.14g/t Au (EZTR004558) and 3m @ 3.07g/t Au (EZTR004525). The newly defined Sierra del Portrero prospect returned results that included: 1m @ 43.20g/t Au (EZTR004503) and 1m @ 4.33g/t Au (EZTR004507).

On 1 February 2024, Executive Director Linton Putland was issued 253,378 of Share Rights to settle salary sacrificed under the Company's Salary Sacrifice Plan.

On 12 February 2024, Tesoro reported further positive results from systematic infill and extensional surface sampling at the Drone Hill target 550m northwest of Ternera. High grades of up to 9.67g/t gold were returned, with results expanding the large outcropping anomaly to over 750m long by 250m wide.

On 16 February 2024, the Company appointed Ms Sue Wong as Company Secretary, following the resignation of Ms Sarah Wilson.

On 8 March 2024, Class C performance rights of 20,030,000 held by Directors Zeffron Reeves and Geoff McNamara, lapsed.

Other than the above, there are no matters or circumstances that have arisen since the end of the period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group.

Auditor's independence declaration

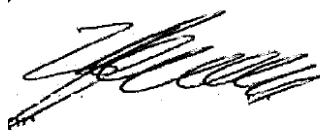
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

Auditors

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Mr Zeffron Reeves
Managing Director
14 March 2024

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Tesoro Gold Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM AUSTRALIA PARTNERS

AIK KONG TING
Partner

Perth, WA
Dated: 14 March 2024

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Tesoro Gold Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2023

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		Consolidated	
		Half-Year Ended 31 December 2023 \$	Half-Year Ended 31 December 2022 \$
	Note		
Interest revenue		8,716	7,418
Other revenue		112,861	14,063
Administration expenses		(116,651)	(218,690)
Consultant expenses		(104,083)	(52,465)
Corporate and compliance expenses		(206,112)	(168,671)
Depreciation		(31,294)	(34,049)
Employee related expenses		(251,629)	(450,219)
Equity based payments	5	317,291	(397,895)
Finance costs		(1,852)	(4,034)
Legal and professional fees		(109,952)	(315,098)
Reversal of provision for VAT receivable	6	1,082,296	140,764
Foreign currency losses		(3,289)	(4,191)
Profit/(loss) before income tax from continuing operations		696,302	(1,483,067)
Income tax expense		-	-
Profit/(loss) after tax		696,302	(1,483,067)
Other comprehensive (loss)/income			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations	9	(4,530,963)	3,008,748
Other comprehensive (loss)/income for the period, net of tax		(4,530,963)	1,525,681
Total comprehensive (loss)/income for the period		(3,834,661)	1,525,681
Profit/(loss) attributable to:			
Non-controlling interests		60,225	21,135
Members of the parent		636,077	(1,504,202)
		696,302	(1,483,067)
Total comprehensive (loss)/income attributable to:			
Non-controlling interests		(108,463)	21,135
Members of the parent		(3,726,198)	1,504,546
		(3,834,661)	1,525,681
Basic profit/(loss) per share attributable to members of the parent (cents per share)		0.10	(0.18)
Diluted profit/(loss) per share attributable to members of the parent (cents per share)		0.07	(0.18)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Tesoro Gold Limited
Consolidated Statement of Financial Position
As at 31 December 2023

		Consolidated	
		As at 31 December 2023 \$	As at 30 June 2023 \$
ASSETS	Note		
CURRENT ASSETS			
Cash and cash equivalents		1,196,906	2,816,061
Trade and other receivables		1,501,072	389,027
TOTAL CURRENT ASSETS		2,697,978	3,205,088
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	2	36,030,283	38,429,591
Plant and equipment		513,429	604,450
Right-of-use assets		51,045	75,266
TOTAL NON-CURRENT ASSETS		36,594,757	39,109,307
TOTAL ASSETS		39,292,735	42,314,395
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		337,352	1,079,654
Provisions		107,771	98,547
Lease liability		53,337	53,337
TOTAL CURRENT LIABILITIES		498,460	1,231,538
NON-CURRENT LIABILITIES			
Lease liability		6,778	32,798
TOTAL NON-CURRENT LIABILITIES		6,778	32,798
TOTAL LIABILITIES		505,238	1,264,336
NET ASSETS		38,787,497	41,050,059
EQUITY			
Issued capital	3	59,687,853	58,075,057
Reserves	4	(1,615,770)	2,787,202
Accumulated losses		(21,304,840)	(21,940,917)
Equity attributable to owners of the Company		36,767,243	38,921,342
Non-controlling interest		2,020,254	2,128,717
TOTAL EQUITY		38,787,497	41,050,059

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Tesoro Gold Limited
Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2023

	Issued Capital	Accumulated Losses	Equity Based Payment Reserve	Foreign Currency Reserve	Non- Controlling Interest	Total Equity
CONSOLIDATED	\$	\$	\$	\$	\$	\$
Balance at 1 July 2023	58,075,057	(21,940,917)	1,260,489	1,526,713	2,128,717	41,050,059
Profit/(loss) for the period	-	636,077	-	-	60,225	696,302
Exchange differences arising on translation of foreign currency	-	-	-	(4,362,275)	(168,688)	(4,530,963)
Total comprehensive income/(loss) for the period	-	636,077	-	(4,362,275)	(108,463)	(3,834,661)
Shares issued in At-the-Market exercise	-	-	-	-	-	-
Shares issued in Placement	1,752,800	-	-	-	-	1,752,800
Share rights issued	-	-	15,000	-	-	15,000
Performance Rights vesting (reversal)/expense for period	-	-	(317,291)	-	-	(317,291)
Options issued to brokers	-	-	261,594	-	-	261,594
Capital raising costs	(140,004)	-	-	-	-	(140,004)
Balance at 31 December 2023	59,687,853	(21,304,840)	1,219,792	(2,835,562)	2,020,254	38,787,497

	Issued Capital	Accumulated Losses	Equity Based Payment Reserve	Foreign Currency Reserve	Non- Controlling Interest	Total Equity
CONSOLIDATED	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	48,945,881	(18,790,191)	1,737,292	(3,619,808)	1,846,530	30,119,704
Profit/(loss) for the period	-	(1,504,202)	-	-	21,135	(1,483,067)
Exchange differences arising on translation of foreign currency	-	-	-	3,008,748	-	3,008,748
Total comprehensive income/(loss) for the period	-	(1,504,202)	-	3,008,748	21,135	1,525,681
Shares issued in At-the-Market exercise	750,000	-	-	-	-	750,000
Shares issued in Placement	4,200,000	-	-	-	-	4,200,000
Shares issued in Entitlement Offer	3,814,946	-	-	-	-	3,814,946
Shares issued to employees as bonus	135,000	-	-	-	-	135,000
Conversion of Performance Rights – Class B	1,501,800	-	(1,501,800)	-	-	-
Performance Rights vesting expense for period	-	-	397,895	-	-	397,895
Capital raising costs	(920,086)	-	368,939	-	-	(920,086)
Balance at 31 December 2022	58,427,541	(20,294,393)	1,002,326	(611,060)	1,867,665	40,392,079

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Tesoro Gold Limited
Consolidated Statement of Cash Flows
For the half-year ended 31 December 2023

	Consolidated	
	Half-Year Ended 31 December 2023 \$	Half-Year Ended 31 December 2022 \$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(766,817)	(1,409,136)
Interest received	8,716	7,418
VAT refund	-	592,470
Interest paid	(1,852)	(4,034)
Net cash flows used in operating activities	(759,953)	(813,282)
Cash Flows from investing activities		
Payments for exploration and evaluation	(2,379,462)	(4,440,377)
Purchase of plant and equipment	(587)	(353,594)
Net cash flows used in investing activities	(2,380,049)	(4,793,971)
Cash flows from financing activities		
Proceeds from share issues	1,752,800	8,834,946
Payments for share issue costs	(140,004)	(240,025)
Repayment of lease liabilities	(26,020)	(3,709)
Net cash flows from financing activities	1,586,776	8,591,212
Net (decrease) / increase in cash and cash equivalents	(1,553,226)	2,983,959
Cash and cash equivalents at beginning of the financial period	2,816,061	3,949,773
Effect of exchange rate changes on cash and cash equivalents	(65,929)	272,477
Cash and cash equivalents at end of the financial period	1,196,906	7,206,209

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Statement of Significant Accounting Policies

Statement of compliance

The half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The consolidated half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2023 and any public announcements made by Tesoro Gold Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going Concern

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

As disclosed in the financial statements, the Group held cash and cash equivalents of \$1,196,906, had a net current asset surplus of \$2,199,518 and generated a profit of \$696,302 and had net cash outflows from operating and investing activities of \$759,953 and \$2,380,049 respectively for the half-year ended 31 December 2023.

The Group has not generated revenues from operations and is principally dependent upon the ability of the Group to meet its working capital requirement by raising additional funds from equity markets and potential investors and curtailing corporate, administration expenses and overhead cash outflows until such time as it attains positive cash flows from operating activities.

The Directors believe that it is reasonably foreseeable that the Group will be able to continue as a going concern, after consideration of the following factors:

- Post 31 December 2023, the Group completed a placement, raising \$1,247,200 (after costs) and the Group was refunded approximately \$1,250,000 of VAT from the Chilean government (Note 10);
- The ability of the Group to issue additional equity securities to raise further working capital; and
- The ability to curtail corporate and administration expenses and overhead cash outflows as and when required.

On this basis, the Directors are of the opinion that the financial statements should be prepared on a going concern basis and that the Group will be able to pay its liabilities as and when they fall due and payable.

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	Consolidated	
	31 December 2023 \$	30 June 2023 \$
Note 2. Exploration and evaluation expenditure		
Costs carried forward in respect of areas of interests	36,030,283	38,429,591
<i>Movement</i>		
Opening balance	38,429,591	26,063,374
Exploration expenditure capitalised	2,008,701	6,666,967
Foreign currency translation	(4,408,009)	5,699,250
	36,030,283	38,429,591

Note 3. Issued capital

	Consolidated	
	31 December 2023 \$	30 June 2023 \$
1,150,990,349 (30 June 2023: 1,053,612,571) issued and fully paid ordinary shares	59,687,853	58,075,057
	59,687,853	58,075,057

	Consolidated	
	31 December 2023 Number	31 December 2023 \$
Movement in ordinary shares on issue		
Opening balance at 1 July 2023	1,053,612,571	58,075,057
Placement - shares issued @ \$0.018 per share	97,377,778	1,752,800
Cost of share issuance	-	(140,004)
At 31 December 2023	1,150,990,349	59,687,853

Note 4. Reserves

	31 December 2023 \$	30 June 2023 \$
Equity Based Payments Reserve (a)	1,219,792	1,260,490
Foreign Currency Translation Reserve (b)	(2,835,562)	1,526,713
Balance at end of the period/year	(1,615,770)	2,787,202

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Note 4. Reserves (continued)

(a) Movement in Equity Based Payments Reserve

Performance Rights

	Consolidated	
	31 December 2023 Number	31 December 2023 \$
Opening balance at 1 July 2023	73,087,940	891,550
Forfeiture of Performance Rights	(4,550,000)	(48,744)
Net Performance rights vesting period expense	-	(268,547)
Issuance of Share Rights for Salary Sacrifice Plan	658,347	15,000
At 31 December 2023	69,196,287	589,259

Options

	Consolidated	
	31 December 2023 Number	31 December 2023 \$
Opening balance at 1 July 2023	174,755,462	368,939
Broker options issued (Note 5)	21,799,691	261,594
At 31 December 2023	196,555,153	630,533

(b) Movement in Foreign Currency Translation Reserve

	Consolidated	
	31 December 2023 \$	30 June 2023 \$
Opening balance	1,526,713	(3,619,808)
Foreign currency translation movement	(4,362,275)	5,146,521
Balance at end of the period/year	(2,835,562)	1,526,713

Note 5. Equity Based Payments

Equity based payments with an effect on the financial statements during the period are detailed below:

	Consolidated	
	31 December 2023 \$	31 December 2022 \$
<i>Performance Rights</i>		
Performance rights vesting period (reversal of) expense (Directors) ¹	(321,951)	138,906
Performance rights vesting period (reversal of) expense (Directors) ¹	(48,744)	62,317
Performance rights vesting period expense (Employees) ¹	53,404	196,672
Total included in profit or loss as equity based payments expense	(317,291)	397,895

Note 5. Equity Based Payments (continued)

¹ Details to the performance rights such as performance conditions and valuations are provided in the Company's 30 June 2023 Annual Report. During the 31 December 2023 period, the following scenario led to the reversal of expenses previously recognised in the Statement of Profit of Loss and Other Comprehensive Income:

- resignation of Director Kristie Young on 5 October 2023 which resulted in the forfeiture of her performance rights and a reversal of \$48,744; and
- updating probability factors on achieving the non-market performance targets.

Share Rights

	Consolidated	
	31 December 2023	31 December 2022
	\$	\$
Director salary sacrifice plan ¹	15,000	-
	<u>15,000</u>	<u>-</u>

¹ Director Linton Putland was issued 658,000 share rights (determined by 10-day VWAP prior to the end of each quarter) under the Company's salary sacrifice plan for 6 months of service ending 31 December 2023 .

Options

	Consolidated	
	31 December 2023	31 December 2022
	\$	\$
Broker options issued as capital raising costs ¹	261,594	368,939
	<u>261,594</u>	<u>368,939</u>

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Note 5. Equity Based Payments (continued)

2023 Broker Options

On 21 July 2023, the Company issued options for services provided by the Lead Manager for capital raising activity conducted in financial year 2022.

The Trinomial Lattice Option Pricing model was used to value the Broker Options and the following table lists the inputs to the model used for the valuation of the options:

	Broker Options
Number on issue	21,799,691
Grant date	13 December 2022
Issue date	21 July 2023
Expiry date	31 December 2025
Exercise price	\$0.07
Risk-free interest rate	3.12%
Share price at grant date	\$0.033
Expected volatility	100%
Dividend yield	-
Vesting period	-
Number vested as at 31 December 2023	21,799,691
Number exercisable as at 31 December 2023	21,799,691
Fair value per option	\$0.012
Amount recognised as share issue costs	\$261,594

Note 6. Contingent assets

All purchases in Chile are subject to the payment of the Impuesto al Valor Agregado ("IVA") which is a Value Added Tax ("VAT"). On 2 August 2023, the company was notified by the relevant Chile tax authority that the company has met its VAT recoverability conditions. As at 31 December 2023, the Company has a gross IVA receivable of \$3,087,200 (30 June 2023: \$4,561,657).

As discussed in Note 10, the Company received a portion of its refundable IVA of approximately \$1,250,000 on 5 January 2024. However, there have been no other refunds received since the Company was notified of its eligibility to receive VAT refunds back on 2 August 2023. For this reason, the Company has fully provided for the amounts in excess of the \$1,250,000 of which it collected post balance date. For the 31 December 2023 period, the Company has recognised a net reversal of the provision equal to \$1,082,296 (31 December 2022: \$140,764). An amount of \$1,239,682 is included in *Trade and Other Receivables* as at 31 December 2023 (31 December 2022: \$nil) representing the VAT amounts collected on 5 January 2024.

Under the terms of the VAT refund payment, the Group has until 30 June 2030 to meet certain export targets. The Group also has the right to extend this term. In the event that the Group does not meet certain export targets and the term is not extended, the Group will be required to re-pay the VAT refund payments to the Chilean Tax Authority subject to certain terms and conditions.

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Note 7. Contingent liabilities

On 26 August 2021, Tesoro advised it had been served notice of dispute initiated by the Company's El Zorro Joint Venture partner, Wanaco SpA (Wanaco), lodged with the 7th Civil Court de Santiago de Chile.

Wanaco is disputing the valuation and the procedure followed for the capital increase approved in the Shareholders Meeting of El Zorro S.C.M held on 11 February 2021. El Zorro S.C.M is the El Zorro Gold Project joint venture company of which Tesoro's 95% owned Chilean subsidiary, Tesoro Mining Chile SpA (Tesoro Chile) currently owns 85% (see ASX announcement on 24 March 2021).

At a Shareholder Meeting of El Zorro S.C.M. held on 7 June 2023, it was resolved to increase the capital base via contribution on a pro-rated basis. Tesoro Chile subscribed its pro-rata shares for an amount equal to CLP12,120,334,847 (approximately A\$22.4 million), which reflects its funding of exploration and development activities at El Zorro since March 2021. The minority shareholder in El Zorro S.C.M., Wanaco declined to participate in the capital increase, resulting in Tesoro Chile increasing its ownership in El Zorro S.C.M. to approximately 94.42%.

Tesoro is confident that all capital increases were properly valued and duly approved under Chilean corporate and mining law and the dispute initiated by Wanaco is vexatious and with no legal basis. As at the signing date of this financial report, the dispute has not progressed through to a stage of arbitration, settlement discussions or otherwise court proceedings. The Company estimates \$nil financial effect other than future legal fees should the matter proceed through to further stages of legal proceedings.

Contingent VAT refund payment (refer to Note 6).

There are no other contingent liabilities as at 31 December 2023.

Note 8. Commitments

	Consolidated	
	31 December 2023	30 June 2023
	\$	\$
The exploration commitments are as follows:		
Not longer than 1 year	762,940	851,418
Longer than 1 but not longer than 5 years	-	-
Longer than 5 years	-	-
Total	762,940	851,418

Exploration commitments consist of annual rents payable on mineral concessions.

Note 9. Exchange differences on translation of foreign operations

The Group's foreign subsidiaries have a *functional* currency of Chilean Pesos. At each reporting period end, the Group translates the net assets of its foreign subsidiaries from Chilean Pesos to Australian dollars (the Group's *presentation* currency) using the spot rate at period end. The adjustment required as a result of this translation is through the Company's *Other Comprehensive Income* and in Equity via its *Foreign Currency Reserve*.

In the current period, the resulting adjustment was a net *Comprehensive Loss* of \$4,530,963 (31 December 2022: gain of \$3,008,748). This was a direct result of a significant devaluation of Chilean Pesos during the period. At the beginning of the period, the spot rate was \$0.00188 Australian Dollars per Chilean Pesos. At the end of the period, the spot rate was \$0.00167 Australian Dollars per Chilean Pesos.

Comparatively, during the 31 December 2022 period, there was a significant increase in the value of the Chilean Pesos relative to the Australian Dollar. At the beginning of the comparative period, the spot rate was \$0.00159 Australian Dollars per Chilean Pesos. At the end of the comparative period, the spot rate was \$0.00188 Australian Dollars per Chilean Pesos.

The Company estimates the spot rate at each period end using a third-party provider of foreign exchange information: Oanda FX Data Services.

Note 10. Events after reporting period

On 10 January 2024, Tesoro advised of the refund of CLP745,796,841 (approximately A\$1.25 million) in historically paid Value Added Tax (VAT). Tesoro's 95%-owned Chilean subsidiary, Tesoro Mining Chile SpA (TMC), owns 94.42% of El Zorro S.C.M. the joint venture company that holds the El Zorro Gold Project concessions. As previously announced (refer ASX announcement 18 September 2023), El Zorro S.C.M. was approved for exporter status allowing the recovery of historical VAT made on project expenditure since 2017. Payment of the outstanding VAT tax credit balance of CLP1,485,063,149 (approximately A\$2.5 million) is expected to be made by the Chilean tax authority during H1 CY24.

On 16 January 2024, 9,301,470 of ordinary shares were issued to employees as a result of exercise of their performance rights (exercised at zero price).

On 16 January 2024, the Company completed tranche 2 of its \$3 million Placement initiated during the 31 December 2023 period by receiving \$1,247,200 before costs and issuing 69,288,889 ordinary shares. Further, 2,000,000 options, exercisable at \$0.027 and expiring on 16 January 2024, were issued to the Lead Manager (no other options were issued as part of the placement) upon completion of tranche 2.

On 29 January 2024, the Company announced results from surface sampling which identified two new outcropping gold anomalies along the Dorado Fault Zone, within a 20km long, highly prospective gold corridor situated approximately 15km north of Ternera. Results from the newly defined Le Brea prospect included: 2m @ 12.00g/t Au (EZTR004533), 2m @ 4.14g/t Au (EZTR004558) and 3m @ 3.07g/t Au (EZTR004525). The newly defined Sierra del Portrero prospect returned results that included: 1m @ 43.20g/t Au (EZTR004503) and 1m @ 4.33g/t Au (EZTR004507).

On 1 February 2024, Executive Director Linton Putland was issued 253,378 of Share Rights to settle salary sacrificed under the Company's Salary Sacrifice Plan.

Note 10. Events after reporting period (continued)

On 12 February 2024, Tesoro reported further positive results from systematic infill and extensional surface sampling at the Drone Hill target 550m northwest of Ternera. High grades of up to 9.67g/t gold were returned, with results expanding the large outcropping anomaly to over 750m long by 250m wide.

On 16 February 2024, the Company appointed Ms Sue Wong as Company Secretary, following the resignation of Ms Sarah Wilson.

On 8 March 2024, Class C performance rights of 20,030,000 held by Directors Zeffron Reeves and Geoff McNamara, lapsed.

Other than as discussed above, no other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 11. Dividends

No dividends have been proposed or paid during the financial half-year.

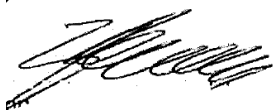
Note 12. Operating segments

The Group operates as one segment, which is the exploration and evaluation of mineral resources in Chile.

In the opinion of the Directors of Tesoro Gold Limited ("the Company"):

1. the attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a) complying with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b) giving true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year then ended; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5)(a) of the Corporations Act 2001.



Mr Zeffron Reeves
Managing Director
14 March 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Tesoro Gold Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Tesoro Gold Limited (the Company) 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 half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Tesoro Gold Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Tesoro Gold Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A stylized, handwritten-style signature of the letters "RSM" in a dark grey or black ink.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to read "Aik Kong Ting".

AIK KONG TING
Partner

Perth, WA
Dated: 14 March 2024