
CHALLENGER EXPLORATION LIMITED
ACN 123 591 382
NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 9.00am
DATE: 3 September 2021
PLACE: Level 1
1205 Hay Street
WEST PERTH WA 6005

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6380 9235.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders 5.00pm on 1 September 2021.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES – LISTING RULE 7.1

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 85,019,844 Shares on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES – LISTING RULE 7.1A

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 65,480,156 Shares on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

3. RESOLUTION 3 – ISSUE OF SHARES TO JOHN ROBERT KING IN LIEU OF CASH

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 97,317 Shares to John Robert King (or his nominee) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

4. RESOLUTION 4 – APPROVAL TO ISSUE SHARES FOR ACQUISITION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue 114,000,000 Shares to the vendors of the Hualilan Gold Project (or their nominees) for the purpose of settling the Acquisition on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

5. RESOLUTION 5 – APPROVAL TO ISSUE SHARES – DEFERRED CONSIDERATION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 18,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

Dated: 3 August 2021

By order of the Board

**Scott Funston
Director & Company Secretary
Challenger Exploration Limited**

Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution set out below by or on behalf of the following persons:

Resolution 1 – Ratification of prior issue of Shares – Listing Rule 7.1	A person who participated in the issue or is a counterparty to the agreement being approved (namely the Placement Participants) or an associate of that person or those persons.
Resolution 2 – Ratification of prior issue of Shares– Listing Rule 7.1A	A person who participated in the issue or is a counterparty to the agreement being approved (namely the Placement Participants) or an associate of that person or those persons.
Resolution 3 – Approval to issue Shares to John Robert King in lieu of cash	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely the Consultant (or his nominee) or an associate of that person (or those persons).
Resolution 4 – Approval to issue Shares for Acquisition	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely the Hualilan Vendors) or an associate of that person (or those persons).
Resolution 5 – Approval to issue Shares – Deferred Consideration	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely Torata Vendors) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6380 9235.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has two (2) or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Attendance by teleconference

Shareholders will be able to attend the meeting online via a Zoom teleconference, in respect of which further instructions will be made available on the Company's website at www.challengerex.com. Shareholders wishing to attend the meeting via teleconference are encouraged to lodge a proxy form prior to the meeting.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. RESOLUTIONS 1 AND 2 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES – LISTING RULES 7.1 AND 7.1A

1.1 General

As announced on 11 May 2021, the Company received firm commitments from sophisticated, professional and institutional investors (**Placement Participants**) to raise up to a total of \$42,140,000 (before costs) through a placement of 150,500,000 Shares at an issue price of \$0.28 per Share (**Placement**).

Pursuant to the Placement, the Company issued, on 18 May 2021, 150,500,000 Shares at an issue price of \$0.28 per Share to raise \$42,140,000, comprising:

- (a) 85,019,844 Shares issued pursuant to the Company's capacity under Listing Rule 7.1 (being, the subject of Resolution 1); and
- (b) 65,480,156 Shares issued pursuant to the Company's 7.1A mandate (being, the subject of Resolution 2),

(together, the **Placement Shares**)

The Company engaged the services of Henslow Pty Ltd (ACN 605 393 137) and Canaccord Genuity (Australia) Limited (ACN 075 071 466) (**Joint Lead Managers**), to manage the issue of the Placement Shares. The Company has paid the Joint Lead Managers a fee of \$2,528,400 (being, 6% of the amount raised under the issue of the Placement Share).

Resolutions 1 and 2 seek shareholder ratification for the issue of the Placement Shares.

1.2 Listing Rules 7.1 and 7.1A

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12 month period.

Under Listing Rule 7.1A however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

The Company obtained approval to increase its limit to 25% at the annual general meeting held on 23 November 2020.

The issue of the Placement Shares does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 25% limit in Listing Rule 7.1 and 7.1A, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 and 7.1A for the 12 month period following the date of issue of the Placement Shares.

1.3 Listing Rule 7.4

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Placement Shares.

Resolutions 1 and 2 seek Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Placement Shares.

1.4 Technical information required by Listing Rule 14.1A

If Resolutions 1 and 2 are passed, the Placement Shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Shares.

If Resolutions 1 and 2 are not passed, the Placement Shares will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Shares.

1.5 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolutions 1 and 2:

- (a) The Placement Shares were issued to strategic investors and domestic institutions who are:
 - (i) clients of the Joint Lead Managers that were identified through a bookbuild process, which involved the Joint Lead Managers seeking expressions of interest to participate in the capital raising from non-related parties of the Company; or
 - (ii) existing Shareholders;
- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21 and other than as set out in (c) below, the Company confirms that none of the recipients were:
 - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
 - (ii) issued more than 1% of the issued capital of the Company;

- (c) the following Placement Participants are unrelated parties of the Company but were issued more than 1% of the issued capital of the Company under the Placement:
 - (i) an aggregate of 71,428,573 Shares (being 8.83% of the Shares on issue on completion of the Placement) were issued to nominee holders of wholly owned subsidiaries of BlackRock Group Inc (refer to the Notice of Initial Substantial Holder uploaded to the Company's ASX Platform on 20 May 2021 for further details); and
 - (ii) an aggregate of 23,214,287 Shares (being 2.87% of the Shares on issue on completion of the Placement) were issued to nominee holders of Regal Funds Management Pty Ltd;
- (d) 150,500,000 Placement Shares were issued on the following basis:
 - (i) 85,019,844 Shares issued pursuant to Listing Rule 7.1 (ratification of which is sought under Resolution 1); and
 - (ii) 65,480,156 Shares issued pursuant to Listing Rule 7.1A (ratification of which is sought under Resolution 2);
- (e) the Placement Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Placement Shares were issued on 18 May 2021;
- (g) the issue price was \$0.28 per Placement Share under both the issue of Shares pursuant to Listing Rule 7.1 and Listing Rule 7.1A. The Company has not and will not receive any other consideration for the issue of the Placement Shares;
- (h) the purpose of the issue of the Placement Shares was to raise \$42,140,000, the funds raised from the Placement will be used:
 - (i) on a significantly larger drilling program at the Hualilan Gold Project;
 - (ii) on a drilling program at the Colorado V Gold / Copper Project;
 - (iii) an extensive program of re-assaying the historical Colorado V drill core, follow up geophysics and drilling at the El Guayabo Gold/Copper Project;
 - (iv) further expanding the Company's tenement position at both Projects; and
 - (v) general working capital; and
- (i) the Placement Shares were not issued under an agreement.

2. RESOLUTION 3 – ISSUE OF SHARES TO MR JOHN KING IN LIEU OF CASH

2.1 Background

Since July 2019, the Company has engaged John King (**Consultant**) to provide consulting services in relation to the Hualilan Project, Argentina Project and the El Guayabo Project. Mr King invoices the Company monthly for his services. During

the period of January and June 2021, Mr King has invoiced the Company for an aggregate of US\$15,000 for the provision of these services (**Consulting Fees**).

The parties have agreed that the Company will issue 97,317 Shares (**Consultant Shares**) in lieu of paying 50% of the Consulting Fees in cash.

Subject to the passing of Resolution 3, the Company proposes to issue 97,317 Consultant Shares to Mr King.

2.2 Listing Rule 7.1

As summarised in Section 1 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Consultant Shares does not fall within any of the exceptions set out in Listing Rule 7.2 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

2.3 Technical information required by Listing Rule 14.1A

If Resolution 3 is passed, the Company will be able to proceed with the issue of the Consultant Shares. In addition, the issue of the Consultant Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 3 is not passed (and assuming that Resolution 1 and 2 are passed), the issue of the Consultant Shares can still proceed but it will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for 12 months following the issue.

If each of Resolutions 1 to 3 are not passed, the Company will not be able to proceed with the issue of the Consultant Shares until it has sufficient capacity to issue such Consultant Shares, meaning that it may need to settle the Consulting Fees in cash.

Resolution 3 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Consultant Shares.

2.4 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 3:

- (a) the Consultant Shares will be issued to John King (and/or his nominee);
- (b) a total of 97,317 Consultant Shares will be issued;
- (c) the Consultant Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Consultant Shares will be issued no later than 3 months after the date of the Meeting and it is intended that issue of the Consultant Shares will occur on the same date;
- (e) the Consultant Shares will be issued at a nil issue price, in consideration for services provided by the Consultant. The Company has not and will not receive any other consideration for the issue of the Consultant Shares;

(f) the purpose of the issue of the Consultant Shares is to provide consideration for Mr King's services in lieu of paying the Consulting Fees in cash; and

(g) the Consultant Shares are being issued under an agreement.

the Consultant Shares are not being issued under, or to fund, a reverse takeover.

3. RESOLUTION RESOLUTION 4 – APPROVAL TO ISSUE SHARES FOR ACQUISITION

3.1 Background

As announced on 9 July 2021, the Company has entered into a sale agreement with the vendors listed at Section 3.2 (**Hualilan Vendors**) for the Cerro Sur and Cerro Norte Farm-in Interests (the **Sale Agreement**) for the Company to acquire a 100% interest in the Hualilan Gold Project in Argentina (**Acquisition**).

The Hualilan Gold Project is a high-grade gold/silver project with extensive historical drilling and a 43-101 compliant foreign resource estimate. Refer to Schedule 1 of this Notice for full details of the Hualilan Gold Project.

As announced, the Acquisition will increase the Company's interest in the Hualilan Gold Project up to 100% and complement the Company's existing exploration assets in the region.

Resolution 4 seeks the approval of Shareholders for the Company to issue to the Hualilan Vendors (or its nominees) 114,000,000 Consideration Shares as consideration for the Acquisition under the Sale Agreement (**Consideration Shares**).

3.2 Material Terms of Sale Agreement

Table 1 show the terms under which the Company previously agreed to acquire the Hualilan Gold Project (which was approved by Shareholders on 29 April 2019).

Table 2 shows the terms of the Acquisition, which and the new terms, which will see the Company increase its interests in the Hualilan Gold Project up to 100%.

The total consideration payable to each Hualilan Vendor is listed in Table 3.

Table 1 - Previous Hualilan Gold Project Acquisition Terms

Project Interest	Cumulative Interest	Project Milestones
25%	25%	minimum spend of A\$2 million within 2 years and issue of 15 million CEL shares
25%	75%	completion of a Definitive Feasibility Study (DFS) within 6 years and the issue of 50 million CEL shares
75%	100%	no agreement in place

Table 2 - New Hualilan Gold Project Acquisition Terms

Project Interest	Cumulative Interest	Project Milestones
25%	25%	completed June 30 2020
25%	75%	issue of 50 million CEL shares (75% Interest Consideration Shares)
75%	100%	issue of 64 million CEL shares (100% Interest Consideration Shares) and cash payment of US\$3.69 million

Table 3 - Consideration payable to the Hualilan Vendors

Vendor	Cash (\$US)	Shares
Sergio Rotondo		89,000,000
Elias Sahad	\$240,000	11,000,000
Atanasio Hernan Celorrio		6,000,000
Foxrock Investments Limited		3,400,000
San Juan Inversiones SRL		4,600,000
Ernesto Mario Giorgi	\$1,797,795	
Vicente Enrique Levia	\$703,800	
Ernesto Videla	\$459,885	
Guillermo Enrique Preisz	\$488,520	
Total	\$3,690,000	114,000,000

The completion of the Acquisition is subject to Shareholder Approval to enable the Company to issue the 114,000,000 Consideration Shares, comprising:

- (a) 50,000,000 Consideration Shares (**75% Interest Consideration Shares**); and
- (b) 64,000,000 Consideration Shares (**100% Interest Consideration Shares**), as part of acquiring the final 25% of the Hualilan Gold Project,

in accordance with the ASX Listing Rules.

The Company must pay the US\$3.69 million cash consideration to the Hualilan Vendors no later than 30 July 2021. Payment was completed on 27 July 2021. If Shareholders do not approve the issue of the Consideration Shares, the Company's interest in the Hualilan Gold Project will remain at 25%.

The Sale Agreement otherwise contains terms which are either considered standard for an agreement of this nature.

3.3 Capital Structure

The indicative effect of the Acquisition on the capital structure of the Company, based on the capital structure of the Company as at the date of this Notice of Meeting, will be as follows:

	Shares	Options	Performance Rights	Performance Shares
Current issued capital ¹	840,556,441	54,769,443	16,477,406	120,000,000
Shares payable pursuant to Acquisition (resolution 4)	114,000,000	Nil	Nil	Nil
Total on completion of Acquisition²	954,556,441	54,769,443	16,477,406	120,000,000

Notes:

- 1. Assumes no further Shares are issued prior to the date of the General Meeting.

3.4 General

As summarised in Section 1.2 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Consideration Shares does not fall within any of the exceptions set out in Listing Rule 7.2 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

3.5 Technical information required by Listing Rule 14.1A

If Resolution 4 is passed, the Company will be able to proceed with the issue of the Consideration Shares. In addition, the issue of the Consideration Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 4 is not passed, the Company will not be able to proceed with the issue of the Consideration Shares and the completion of the Acquisition, unless and until it has sufficient capacity within the 15% limit in Listing Rule 7.1 to issue such Consideration Shares (including following approval of other Resolutions in this Notice).

Resolution 4 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Consideration Shares.

3.6 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 4:

- (a) the Consideration Shares will be issued to the Hualilan Vendors listed at Section 3.2 (or their nominees)
- (b) the maximum number of Consideration Shares to be issued is 114,000,000 (being 50,000,000 75% Interest Consideration Shares and 64,000,000 100% Interest Consideration Shares. The Consideration Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) the Consideration Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Consideration Shares will occur on the same date;
- (d) the Consideration Shares will be issued for nil cash consideration as they are being issued as part consideration for the completion of the Acquisition. Accordingly, no funds will be raised from the issue of the Consideration Shares;
- (e) the purpose of the issue of the Consideration Shares is to satisfy the Company's obligations under the Sale Agreement;
- (f) the Consideration Shares are being issued to the Hualilan Vendors listed at Section 3.2 (or their nominees) under the Sale Agreement. A summary of the material terms of the Sale Agreement is set out in Section 3.2; and

- (g) the Consideration Shares are not being issued under, or to fund, a reverse takeover.

4. RESOLUTION 5 – APPROVAL TO ISSUE SHARES – DEFERRED CONSIDERATION

4.1 Background

As announced on 29 April 2019, the Company has entered into a terms sheet with AEP Corporation Pty Limited (ACN 627 617 976) (**AEP**) and its shareholders pursuant to which the Company agreed to acquire 100% of the issued capital in AEP.

Under an earn in agreement, the Company (via a subsidiary of AEP) can acquire up to a 100% of the shares in Torata Mining Resources TMR S.A (**Torata**) (**Torata Shares**) from Torata's shareholders (being the parties set out in Schedule 2) (**Torata Vendors**) (**Earn-In Agreement**).

Following the acquisition of Torata, the Company will have a 100% interest in the El Guayabo Project, an advanced exploration stage project covering a project area of 2.8km² located in Ecuador. A summary of the El Guayabo Project is set out in Schedule 3.

The terms of the Earn-in Agreement, which were granted Shareholder approval at the Company's general meeting that was held on 29 April 2019 are as follows:

Project Interest	Cumulative Interest	Project Milestones
19.9%	19.9%	Existing interest in the project
15.1%	35%	Expenditure of \$2 million by 15 June 2020
16%	51%	Expenditure of an additional A\$3 million by 1 June 2022
49%	100%	The issue of 180,000,000 Shares to the Torata Vendors by 15 December 2022.

The parties have agreed to amend the Earn-In Agreement's terms as follows:

Project Interest	Cumulative Interest	Project Milestones
19.9%	19.9%	Existing interest in the project
80.1%	100%	The issue of 18,000,000 Shares (Earn-In Shares) to the Torata Vendors by 15 December 2022.

As such, the Company now seeks to obtain Shareholder approval to issue 18,000,000 Earn-In Shares to the Torata Vendors in the proportions set out in Schedule 2.

4.2 Listing Rule 7.1

As summarised in Section 1.2 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Earn-In Shares does not fall within any of the exceptions set out in Listing Rule 7.2 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

4.3 Technical information required by Listing Rule 14.1A

If Resolution 5 is passed, the Company will be able to proceed with the issue of the Earn-In Shares. In addition, the issue of the Earn-In Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 5 is not passed, the Company will not be able to proceed with the issue of the Earn-In Shares and the acquisition of the remaining Torata Shares and a 100% interest in the El Quayabo Project, unless and until it has sufficient capacity within the 15% limit in Listing Rule 7.1 to issue such Earn-In Shares (including following approval of other Resolutions in this Notice).

Resolution 5 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Earn-In Shares.

4.4 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 5:

- (a) the Earn-In Shares will be issued to the Torata Vendors;
- (b) the maximum number of Earn-In Shares to be issued is 18,000,000. The Earn-In Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Earn-In Shares will occur on the same date;
- (d) the Earn-In Shares will be issued at a nil issue price, in consideration for the acquisition of the remaining Torata Shares and a 100% interest in the El Quayabo Project;
- (e) the purpose of the issue of the Earn-In Shares is to satisfy the Company's obligations under the Earn-In Agreement;
- (f) the Earn-In Shares are being issued to the Torata Vendors under the Earn-In Agreement. A summary of the material terms of the Earn-In Agreement is set out in Section 4.1; and
- (g) the Earn-In Shares are not being issued under, or to fund, a reverse takeover.

GLOSSARY

\$ means Australian dollars.

Acquisition has the meaning set out in Section 3.1.

AEDT means Australian Eastern Daylight Time.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the listing rules of ASX.

Board means the current board of directors of the Company.

Chair means the chair of the Meeting.

Company or Challenger means Challenger Exploration Limited (ACN 123 591 382).

Consultant means John Robert King.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors mean the current directors of the Company.

Torata Vendors means the shareholders of Torata as at the date of the Earn-In Agreement and as set out in Schedule 2.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Hualilan Vendors has the meaning set out in Section 3.1.

Notice or **Notice of Meeting** means this notice of meeting, including the Explanatory Statement and the Proxy Form.

Placement has the meaning set out in Section 1.1.

Placement Participant has the meaning set out in Section 1.1.

Projects is a reference the Company's existing projects, the El Guayabo Gold and Copper Project in Ecuador and the Hualilan Project in Argentina.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Sale Agreement has the meaning set out in Section 3.1.

Schedule means a schedule to this Notice.

Section refers to a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

SCHEDULE 1 – THE HUALILAN GOLD PROJECT

The Acquisition will secure a 100% interest in the Hualilan Project in Argentina.

Summary

Hualilan is a development stage high grade gold target located in Argentina's San Juan gold district. The Hualilan Project comprises the Cerro Sur and Cerro Norte deposits and an exploration license application covering the surrounding 26 square kms. La Mancha completed two tonnage and grade estimates in 2003 and 2006. The reported 2003 NI43-101 (non-JORC Code compliant) estimate for the Hualilan project is a measured resource of 299,578 tonnes averaging 14.2 grams per tonne gold plus an indicated resource of 145,001 tonnes averaging 14.6 grams per tonne gold plus an inferred resource of 976,539 tonnes grading 13.4 grams per tonne gold representing some 647,809 ounces gold. (Source La Mancha resources Toronto Stock Exchange Release May 14, 2003 - Independent Report on Gold Resource Estimate). The resource is split reasonably evenly across the Cerro Sur and Cerro Norte deposits. The deposit appears to be open in most directions and the Company's target is to quickly deliver a JORC compliant MRE, test open areas of the deposit and complete necessary work to deliver a scoping study within a two-year timeframe.

Table 1 – Tenement Details Hualilan Project

Project	Property Name	Tenure Title	Interest	Area	DNPM No	Status of
		Holder	%	(ha)	of Area	Tenure
El Guayabo	El Guayabo	Torata Mining Resources S.A	earning 100%	281	COD225	Granted
El Guayabo	Colorado V	Goldking Mining Company S.A	earning 50%	2331	COD3363.1	Granted
El Guayabo	El Guaybo 2	Mr. Segundo Ángel Marín Gómez	earning 80%	957	COD300964	Granted
Hualilan	Divisadero	Golden Mining S.R.L.	earning 75%	6	5448-M-1960	Granted
Hualilan	Flor de Hualilan	Golden Mining S.R.L.	as above	6	5448-M-1960	Granted
Hualilan	Pereyra y Aciar	Golden Mining S.R.L.	as above	6	5448-M-1960	Granted
Hualilan	Bicolor	Golden Mining S.R.L.	as above	6	5448-M-1960	Granted
Hualilan	Sentazon	Golden Mining S.R.L.	as above	6	5448-M-1960	Granted
Hualilan	Muchilera	Golden Mining S.R.L.	as above	6	5448-M-1960	Granted
Hualilan	Magnata	Golden Mining S.R.L.	as above	6	5448-M-1960	Granted

Project	Property Name	Tenure Title	Interest	Area	DNPM No	Status of
		Holder	%	(ha)	of Area	Tenure
Hualilan	Pizarro	Golden Mining S.R.L.	as above	6	5448-M-1960	Granted
Hualilan	La Toro	CIA GPL S.R.L.	as above	6	5448-M-1960	Granted
Hualilan	La Puntilla	CIA GPL S.R.L.	as above	6	5448-M-1960	Granted
Hualilan	Pique de Ortega	CIA GPL S.R.L.	as above	6	5448-M-1960	Granted
Hualilan	Descrubidora	CIA GPL S.R.L.	as above	6	5448-M-1960	Granted
Hualilan	Pardo	CIA GPL S.R.L.	as above	6	5448-M-1960	Granted
Hualilan	Sanchez	CIA GPL S.R.L.	as above	6	5448-M-1960	Granted
Hualilan	Andacollo	CIA GPL S.R.L.	as above	6	5448-M-1960	Granted
Hualilan	North of "Pizarro" Mine	Golden Mining S.R.L.	as above	1.9	195-152-C-1981	Granted
Hualilan	South of "La Toro" Mine	CIA GPL S.R.L.	as above	1.9	195-152-C-1981	Granted
Hualilan	Josefina	Golden Mining S.R.L.	as above	2570	30.591.654	Pending

Overview

The Hualilan Project hosts a gold-zinc skarn deposit located approximately 120 km north-northwest of San Juan, the capital of San Juan Province in north-western Argentina. The project is located at an elevation of approximately 1700m. The climate is moderate and dry with rain most common from December to January. The area is sparsely populated, vegetation is thin and geology is well exposed at surface. Field operations are possible year-round.

The Hualilan Project is accessible via sealed roads to within 500 metres of the licence and then by a series of unsealed roads around the licence. The closest town on the power grid is approximately 40 km to the north of the Hualilan Project.

Geology

Gold and base metal mineralisation has been identified at 19 sites over a 4 km strike length in two zones Cerro Norte and Cerro Sur (together historically known as the **Hualilan Project**), separated by a late east-west striking fault.

The Hualilan Project consists of:

- eight mining leases in the Cerro Sur area, each measuring some 300 m by 200 m (6 ha) for a total of 0.48 km² (Figure 2.1-3), together with an additional Demencia (refer Section 3.2 for further details).
- seven mining leases in the Cerro Norte area, each measuring some 300 m by 200 m (6 ha) for a total of 0.42 km² (Figure 2.1-3), together with two additional Demencia (refer Section 3.2 for further details).
- an exploration licence application covering the surrounding 26sq kms.

The 15 mining licences are arranged irregularly on the known deposits exposed at surface. These known deposits at Cerro Sur are Divisadero 1, Flow de Hualilan, Pereyra y Aciar, Bicolor, Sentazon, Muchilera, Magnata and Pizarro. The known deposits at Cerro Norte are, the Manto Principal (Main Manto), Sanchez Vein/Breccia, and the Las Cuevas Vein.

The host rocks to the known mineralisation are Ordovician limestone which is overlain by Silurian conglomerate, sandstone and siltstone. The upper part of the Ordovician limestone contains a chert unit which has attracted bedding parallel fault movement by virtue of the competency contrast between the limestone and chert. The entire sequence is folded and thrust-repeated, generally north-striking and moderately west dipping. The sedimentary rocks are intruded by mid-Miocene stocks, dykes and sills.

Surface oxidation (weathering) depth ranges from 25m to 50m and is dependent on fault and fracture location, being deeper around the fault zones.

Mineralisation occurs in all rock types, but it preferentially replaces within the limestone and faults.

The mineralisation has been classified as manto-style (distal skarn) with vein-hosted mineralisation. It has been divided into three phases; prograde skarn, retrograde skarn and a late quartz – galena event. Gold occurs in native form, in tellurides (hessite) and as inclusions with pyrite and chalcopyrite. The mineralisation also commonly contains chalcopyrite, sphalerite and galena.

Mineralisation is either parallel to bedding, in bedding-parallel faults or in east-west striking, steeply dipping quartz-dominated veins that cross the bedding at a high angle. The veins have thicknesses of 1 to 4 m and contain sulphides. The intersection between the bedding parallel mineralisation and the east-striking cross veins seems to be important in localising the mineralisation. For example, the Dona Justa Open Pit at Cerro Norte is located at the intersection between these structures.

At Cerro Sur, mineralisation occurs in three en-echelon bedding parallel replacement zones that dip 40 – 70 degrees to the west. The northern most zone links to an east-striking feeder.

Previous Exploration and Development

Intermittent sampling dating back over 500 years has produced a great deal of data including sampling data, geologic maps, reports, trenching data, underground workings, drill hole results, geophysical surveys, resource estimates plus property examinations and detailed studies by several geologists although no work has been completed since 2006.

There is 6 km of underground workings that pass through mineralised zones. Records of the underground geology and sampling are currently being compiled and digitised, as are sample data, geological mapping, trench and adit exposures, and drill hole results. Geophysical surveys exist but have largely yet to be checked, located and digitised.

Previous drilling prior to the Company commencing exploration, on the Hualilan Project (Cerro Sur and Cerro Norte combined) extended to over 150 drill holes. The key historical exploration drilling and sampling results are listed below.

- 1984 – Lixivia SA channel sampling & 16 RC holes (AG1-AG16) for 2040m
- 1995 - Plata Mining Limited (TSE: PMT) 33 RC holes (Hua- 1 to 33) + 1500 samples
- 1998 – Chilean consulting firm EPROM (on behalf of Plata Mining) systematic underground mapping and channel sampling
- 1999 – Compania Mineral El Colorado SA ("CMEC") 59 core holes (DDH-20 to 79) plus 1700m RC program
- 2003 – 2005 – La Mancha (TSE Listed) undertook 7447m of DDH core drilling (HD-01 to HD-48)

Original drill logs and assay data for the bulk of this drilling has been located and is currently being compiled and digitised.

Since 4 July 2019, the Company has completed approximately 340 additional drilling holes for 75,000 metres.

Metallurgical test work was undertaken by CMEC in 2000. Four bulk samples were submitted by la CMEC in 2000 to the CIMM T & SSA. Laboratories in Santiago, Chile for testing. These consisted of oxidized sulphide as well as mixed material. Results indicated that flotation used in conjunction with a Knelsen concentrator provided 80% recoveries for gold and silver and 50% for zinc regardless of the material (sulphide or oxidized) into a gold silver and commercial zinc concentrate. During the past 12 months the Company has increased the recover of gold to greater than 90% and silver to greater than 70%.

Foreign Estimates (Non-JORC)

For details of the foreign non-JORC compliant resource and to ensure compliance with LR 5.12 please refer to the Company's ASX Release dated 25 February 2019. These estimates are foreign estimates and not reported in accordance with the JORC Code. A competent person has not done sufficient work to clarify the foreign estimates as a mineral resource in accordance with the JORC Code. It is uncertain that following evaluation and/or further exploration work that the foreign estimate will be able to be reported as a mineral resource. The company is not in possession of any new information or data relating to the foreign estimates that materially impacts on the reliability of the estimates or CEL's ability to verify the foreign estimates estimate as minimal resources in accordance with Appendix 5A (JORC Code). The company confirms that the supporting information provided in the initial market announcement on 25 February 2019 continues to apply and is not materially changed

SCHEDULE 2 – THE TORATA VENDORS

Name of Vendor	Torata Shares	Earn-In Shares
B&O Global World Trading GWT S.A.	679	15,277,500
Dario Virgilio Palacios Burneo	120	2,700,000
Da Silva Alheiro Joao Paulo	1	22,500
Total:	800	18,000,000

SCHEDULE 3 – THE EL QUAYABO PROJECT

1. Overview

El Guayabo is an advanced exploration stage project covering a project area of 2.8km² located in Ecuador and along strike from TSX listed Lumina Gold's Cangrejos deposit.

The El Guayabo Project is situated in El Oro Province, in southern Ecuador. The El Guayabo Project is located 36 km SE of the provincial capital, Machala which is located on the coast. El Oro Province is named after the historically important gold production which was a significant contributor to the provincial economy. The El Guayabo Project lies in the central to north-central part of the Portovelo-Zaruma gold mining district within the Cangrejos Zaruma intrusive belt.

Access to the El Guayabo Project is possible from the town of Santa Rosa by paved road (18 km) and gravel road (5 km). The "El Guayabo" exploration licence encompasses an area of 280 hectares.

2. Geology

The El Guayabo Project is located at the western end of the late Oligocene to Early Miocene Cangrejos Zaruma intermediate alkaline intrusive belt, which is controlled by an NW-striking fault zone. The intrusions range in age from 40 – 10 Ma, suggesting a long-lived intrusive complex as is the case for much of western South America (Chile – Peru – Bolivia). The intrusions in the belt are commonly overprinted by late porphyry dykes and intrusion breccia suggesting deeper, evolving magmatic systems are feeding shallower systems.

The host rocks for the intrusive complex are metamorphic basement and Oligocene – Mid-Miocene volcanic rocks. This suggests the intrusions are of a similar age to the host volcanic sequence, which also suggests an evolving basement magmatic system. The NW-striking fault zone to the SW of the El Guayabo Project is a bounding structure for the volcanic basin suggesting it may have a regional control on the intrusive complex (SRK Consulting- High level review of the El Guayabo and Hualilan projects 27 July 2018).

Intrusions are described in the available core logs as quartz diorite and dacite. Mineralisation has been recognised in:

- (a) steeply plunging breccia bodies and in the metamorphic host rock adjacent to the breccia (up to 200 m in diameter);
- (b) quartz veins and veinlets; and
- (c) disseminated pyrite and pyrrhotite in the intrusions and in the metamorphic host rock near the intrusions.

Ten breccias have been identified which are described as quartz tourmaline. Two breccia bodies have intermittently been exploited by tribute miners, namely the Bloque De Cobre (Copper Block) and Bloque De Oro (Gold Block), (JKR Consulting and data collected by Newmont (2018)).

The Gold Block breccia is a multi-event breccia. Early stage breccia is described as angular, matrix supported (quartz and albite) with a variable block size. Higher gold grades are associated with a later vuggy breccia stage with shallowly dipping veins and the presence of tourmaline with the copper and gold minerals. In addition, there are historically reported gold veins occurring in the SW of the exploration licence at Vetás Ecuabá. These veins have a NW strike, contain quartz, arsenopyrite, chalcopyrite and gold.

3. Previous Exploration

Previous exploration was completed by Newmont Mining Corporation and Odin Mining and Exploration Ltd. Geological mapping, as well as soil and rock chip sampling surveys have all been undertaken with 5274 pit and, outcrop samples taken by Newmont currently being compiled. The results of this sampling indicates widespread copper enrichment in rock chips >750 ppm over the eastern and western parts of the licence and widespread gold in rockchips >100 ppb, particularly over the Gold Block, Copper Block and NW parts of the exploration licence.

A total of 33 drill holes (for 7490m) have been completed at the El Guayabo Project by Newmont Mining Corporation and Odin Mining and Exploration Ltd. Drill logs for all holes have been compiled, including logs for lithology, core recovery, samples, assay and magnetic susceptibility. Most holes have a significant intersection suggesting there is considerable potential to extend the known mineralisation. (SRK Consulting- High level review of the El Guayabo and Hualilan projects 27 July 2018).

Fourteen (14) diamond core holes (JDH-001 – JDH-014) were completed by Newmont in one campaign. Two of these holes (JDH-005 and JDH-010) are drilled outside the current exploration licence. The samples from the first 5 holes were analysed for gold only. The samples from the remaining 9 holes were analysed for Au, Ag, Cu, Zn, Pb and As. Of these, 6 holes still have core stored for check assay and to test for other elements. A further 19 holes were completed by Odin Mining with samples analysed for Au (screen fire and fire assay), Ag, Cu, Zn, Pb, As and Mo.

A review of the historical drilling has indicated that many of the holes terminated prior to target and a number ended in ore grade mineralization. Only two of the ten known breccia bodies on the property have been systematically drilled and sampled. Additionally alteration, controls on mineralisation and mineral assemblages are not consistently logged and have been re-logged with the core that remains. Newmont's early holes intersected visible chalcopyrite but samples were analysed for gold only.

Holder Number:

Vote by Proxy: CEL

Your proxy voting instruction must be received by **9.00am (WST) on Wednesday, 1 September 2021**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.



