Challenger Exploration

ASX: CEL

$25 million Capital Raise (September 2022)

Hualilan Gold Project : Cerro Sur looking north to Cerro Norte

Challenger Exploration Limited

Argentina and Ecuador Gold / Copper Projects

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COMPETENT PERSON STATEMENT – EXPLORATION RESULTS AND MINERAL RESOURCES

The information in this report that relates to sampling techniques and data, exploration results and geological interpretation and Mineral Resources has been compiled Dr Stuart Munroe , BSc (Hons), PhD (Structural Geology), GDip (AppFin&Inv) who is a full-time employee of the Company. Dr Munroe is a Member of the AusIMM. Dr Munroe has over 20 years' experience in the mining and metals industry and qualifies as a Competent Person as defined in the JORC Code (2012).

Dr Munroe has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results and Mineral Resources. Dr Munroe consents to the inclusion in this report of the matters based on information in the form and context in which it appears. The Australian Securities Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.

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EXPLORATION RESULTS

Refer to Company Announcements for full details on Exploration Results. CEL is not aware of any new information or data that materially effects the information contained in those announcements

CHALLENGER EXPLORATION SNAPSHOT

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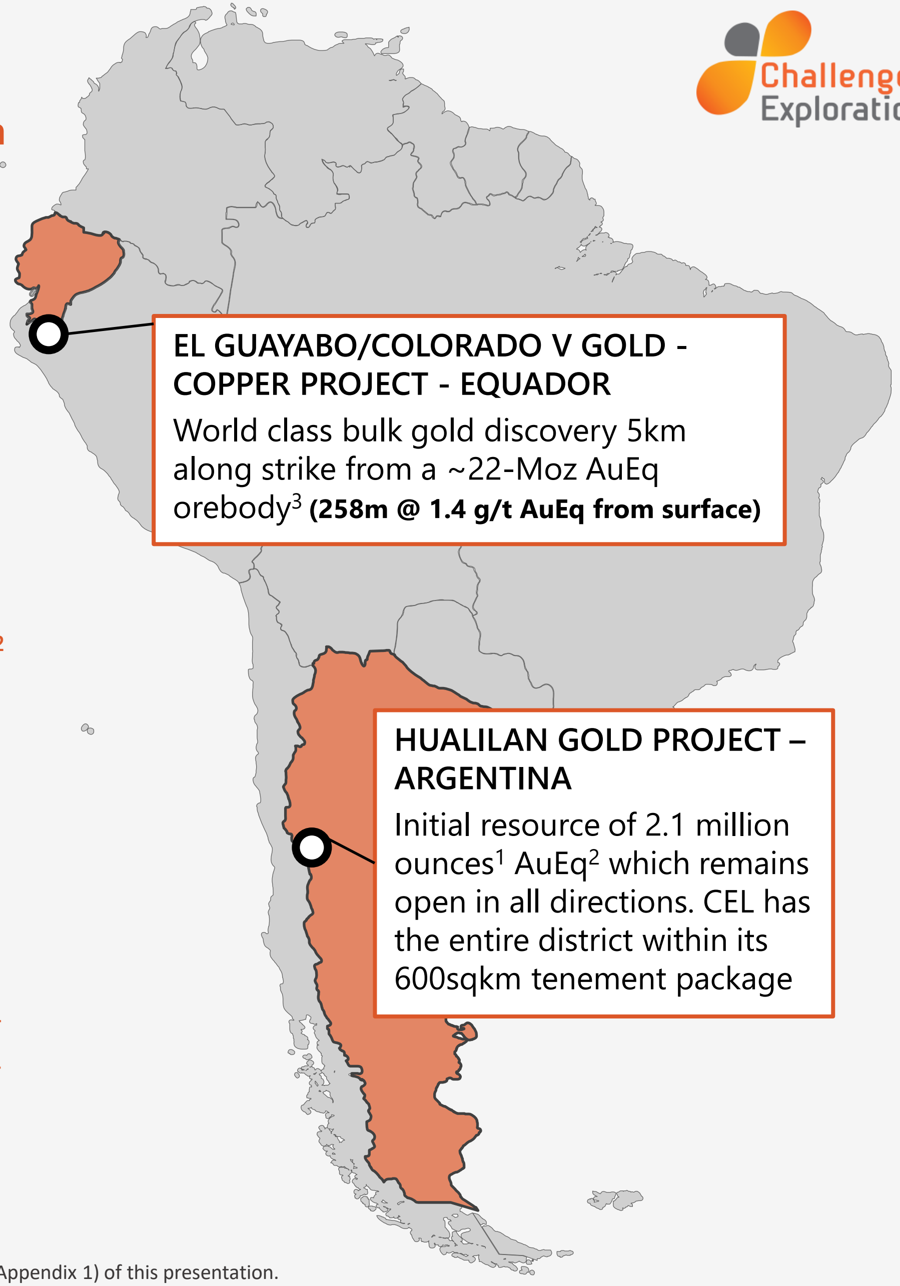
Two significant discoveries, both with grade and scale, in Ecuador and Argentina provide strategic flexibility

- **Hualilan Gold Project** (100% - San Juan) - **2.1 Moz[1] resource open in all directions**
- High-grade skarn overlying a large previously unrecognised, intrusion-hosted system
- High-grade component of resource **1.1 Moz[1] at 5.6 g/t AuEq[2]** (at a 2.2 g/t cut-off)
- Better results as we understand the system.
  - 97.8m at 2.2 g/t AuEq[2] - 1.7 g/t Au, 11.9g/t Ag, 0.9% Zn; inc 16.8 at 9.7 AuEq[2]
  - 67.7m at 7.7 g/t AuEq[2] - 7.3 g/t Au, 5.7 g/t Ag, 0.6% Zn ; inc 32.1m at 15.9 g/t AuEq[2]
  - 63.3m at 9.8 g/t AuEq[2] - 8.5 g/t Au, 7.9 g/t Ag, 2.9% Zn; inc 24.1m at 23.3 g/t AuEq[2]

- **El Guayabo Gold-Copper Project** (50-100% - El Oro; Ecuador) - Our new discovery
- Intrusive breccia/porphyry system directly along strike from a 22 Moz Au/Cu discovery
- Initial results indicate the potential to become a Tier 1 asset:
  - 257.8m at 1.4 g/t AuEq[4] - 0.8 g/t Au, 7.9g/t Ag, 0.3% Cu; inc 53.7 at 5.3 AuEq[4]
  - 309.8m at 0.7 g/t AuEq[4] - 0.3 g/t Au, 6.5 g/t Ag, 0.3% Cu ; inc 201.1m at 0.8 g/t AuEq[4]
  - 527.9m* at 0.5 g/t AuEq[4] - 0.3 g/t Au, 2.0 g/t Ag, 0.1% Cu ; inc 397.1m at 0.6 g/t AuEq[4]

- **Now funded to achieve several significant value accretive milestones**



[1] information regarding the Hualilan Gold Project MRE required under the JORC Code is provided on Slide 21 (Appendix 1) of this presentation.
[2] information regarding AuEq's required under the JORC Code is provided on Slide 21 (Appendix 1) of this presentation.
[3] Source: Lumina Gold NI 43-101 Technical Report Cangrejos Project July 2020
[4] information regarding AuEq's required under the JORC Code is provided on Slide 21 (Appendix 1) of this presentation.

CAPITAL RAISING – OVERVIEW

A$24.7[1] million capital raise to fund key milestones over the next 12 months

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Structure & Size (A$24.6 million)	• Issue of Convertible Debentures to QRC to raise approximately A$22[1] million (US$15million) • CEL's largest shareholder commits to a \$2.6m investment pro-rata to its 12% shareholding

Offer Pricing (30% premium to market)	• A$22.1 million in Convertible Debentures to with a 4 year term to QRC converting at a **Price of A\$0.25** per New Share:
	  • **30% premium to 5 day VWAP;**
	  • 9% coupon payable annually (7% in cash and 2% in shares)
	• Why QRC rather than a placement ?
	  • Single specialist resource investor with a long-term timeframe – all their debenture investments still held by QRC
	  • History of making follow on investments as required - provides certainty of funding and significant flexibility

Small at market component	• A$2.6 million Placement under LR 7.1 at a **Price of A\$0.19** per Share to CEL's largest shareholder: • **Effectively at market** (priced at 5 day VWAP)
Use of Proceeds (where does it get us by end of H1 next year ….with a runway well into 2024)	**Hualilan Gold Project (San Juan, Argentina)** • Scoping Study using upgraded MRE from the recently completed 204,000m drill program • Additional 50,000m of resource extension drilling at Hualilan – 254,000m total drill metres • Second MRE upgrade based on 254,000m of drilling – double the drill metres in the current 2.1Moz MRE **El Guayabo – (Ecuador)** • Additional 25,000 metre of resource drilling in Ecuador at the 100% owned El Guayabo Project • Designed to produce a maiden MRE over the main GY-A discovery zone • Project to be re-evaluated after this maiden MRE

[1] AUD = 0.68 USD

KEY MILESTONES OVER THE NEXT 12 MONTHS

Capital raise allows the delivery of several significant and value accretive milestones over the next 12 months

Hualilan Gold Project, Argentina

- Long lead items such as start of camp construction:
  - ✓ Nov/Dec 2022 – also includes water wells
- Upgraded MRE based on 204,000m of drilling:
  - ✓ Q1 2023 – maiden MRE was based on 126,000m
- Completion of Scoping Study/PEA
  - ✓ Q2 2023
- Completion additional 50,000m drilling and MRE Upgrade
  - ✓ Q3 2023 – total of 254,000m of CEL drilling
- BFS and Permitting – EIA and Approval to mine
  - ✓ Commence Q3 2023

El Guayabo Project, Ecuador

- Ongoing Drill results – Colorado V and other anomalies
  - ✓ Completed - results for 14 holes in progress
- Resource drill out GY-A commences:
  - ✓ Nov 2022 - 25,000m at the 100% owned GY-A anomaly
- Maiden GY-A anomaly MRE
  - ✓ Q2 2023
- Resource Drill out CV-A and CV-B commences (contingent)
  - ✓ Q3 2023 - 40,000-50,000m program with 2-4 rigs
- Maiden CV-A anomaly MRE (contingent)
  - ✓ Q1 2024

Potential Tier 2 asset at Hualilan with visibility on a Tier 1 asset in Ecuador

COMPANY STRATEGY -

Funded to complete key milestones in Argentina and Ecuador and create value for CEL shareholders

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Our Aspiration is to become a globally significant gold producer

Company Strategy

- Hualilan to provide a high-grade low capex operation in the near term
- Allows a sensible staged expansion (out of cashflow) to a larger and long life bulk gold operation based on the underlying intrusion-hosted mineralisation
- Hualilan makes execution of a large bulk gold deposit in Ecuador achievable

Hualilan Gold Project Argentina

- Maiden 2.1 million ounce MRE
- Updated MRE 1Q 2023
- Scoping Study will start 1Q 2023 this year incorporating the upgraded Hualilan MRE
- Shift to progressing Hualilan into production and completion of Scoping Study in Q2 2023

El Guayabo Project Ecuador

- Drilling indicates bulk gold discovery with several centres of similar scale to the adjoining 22Moz Cangrejos
- Sensible low risk approach to porphyry exploration
- 25,000m program underway to produce a maiden MRE then the project will be re-evaluated

Our existing assets have the potential to create a significant gold company

WE HAVE NOT JUST BEEN EXPLORING IN SAN JUAN

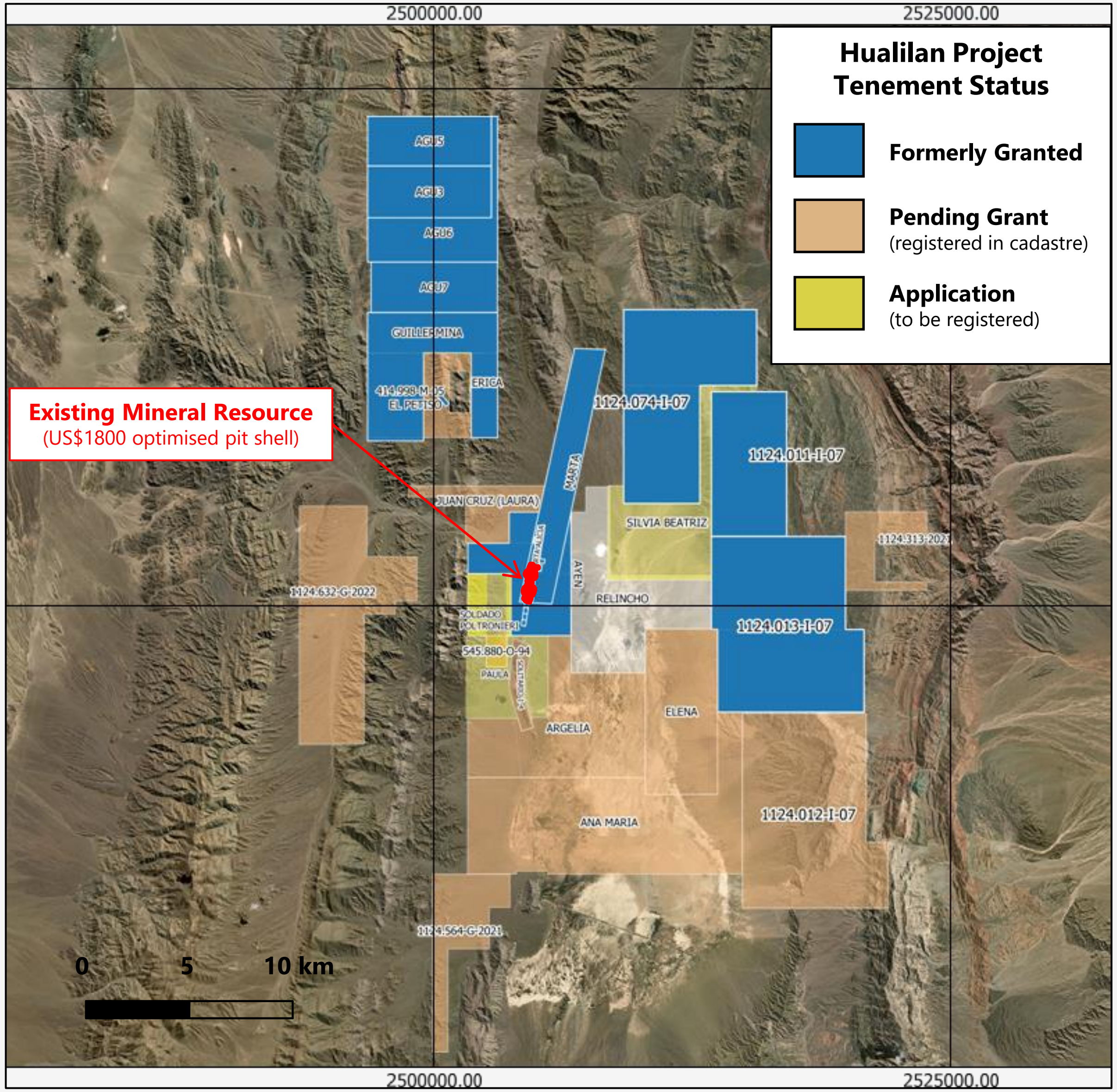
We are part of the local community which will assist us as CEL transitions from exploration to development

- CEL has been in Argentina 3 years with many outcomes beyond exploration
  - Direct Jobs created: 60
  - Indirect Jobs created: 300
  - Local supplier development plan: 30 local businesses supported
  - Community businesses created: 6
  - Community water well for 800 families
  - There is now permanent work within the communities surrounding Hualilan.
  - Agreement with local universities for internship program
  - Local scholarship program with the San Juan School of Mines
  - Winner, Annual ESG Award, Argentina Mining 2022
- This has provided a strong Social Licence to develop the Hualilan Gold Project

BUILDING A DISTRICT SCALE FOOTPRINT AT HUALILAN

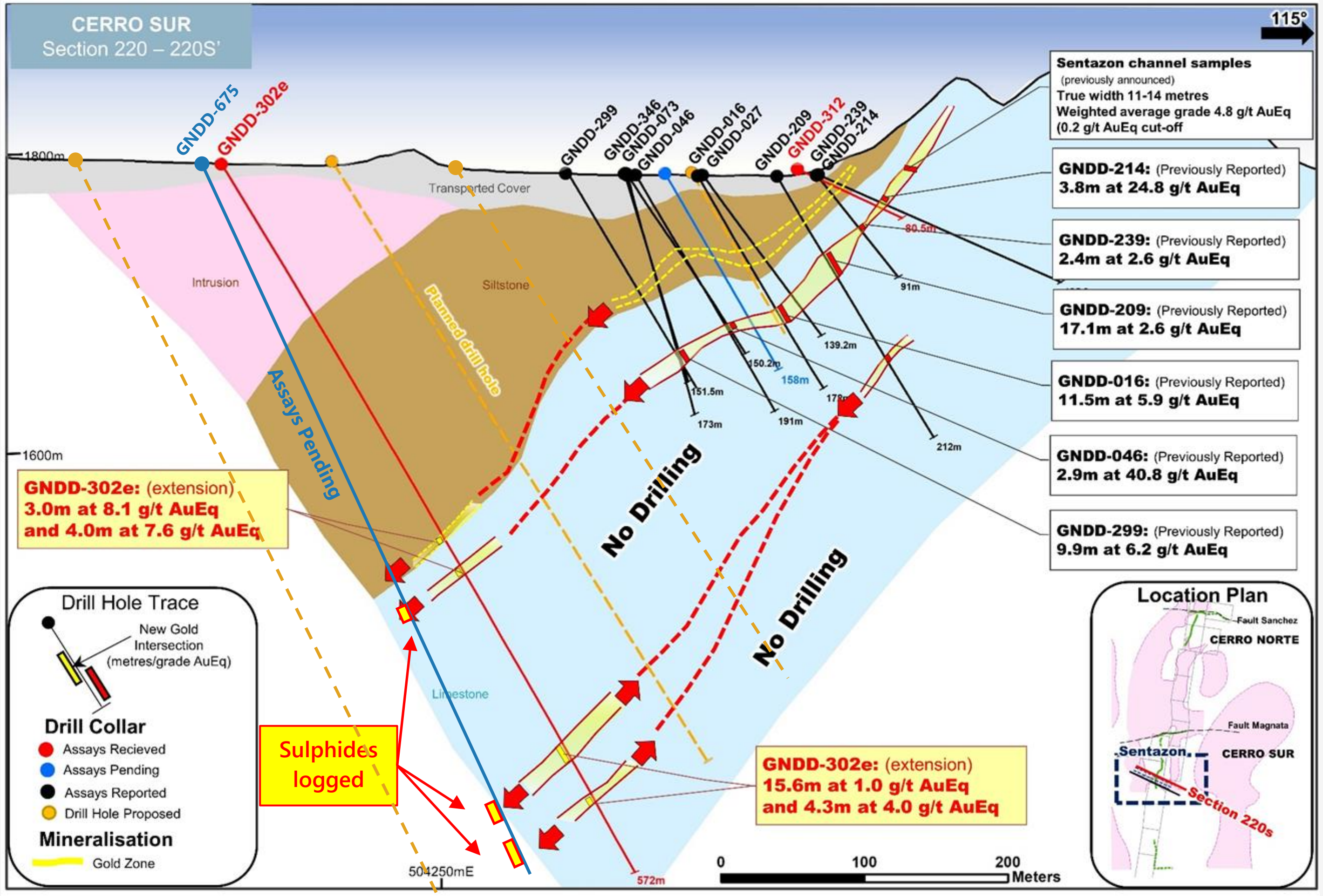
Discoveries like Hualilan seldom occour in isolation

- We are building towards a district scale 600 km^2 footprint:
  - 235 sqkm formally granted to CEL
  - 329 sqkm pending grant – registered in the Mining Cadastre
  - 45 sqkm under application – yet to be registered by the Mining Cadastre
- The current 2.1 Moz resource (red) extends over 2.2 km strike and remains open in all directions
- High-grade mineralisation extends over 3.5 km strike
- The 235 sqkm which is formally granted covers all of the known Hualilan mineralisation and its likely extensions
- **Why is a district scale footprint important ?**
  - **apart from the known 3.5 km strike the surrounding 600 sqkm is virtually unexplored; and**
  - **discoveries like Hualilan seldom occur in isolation**

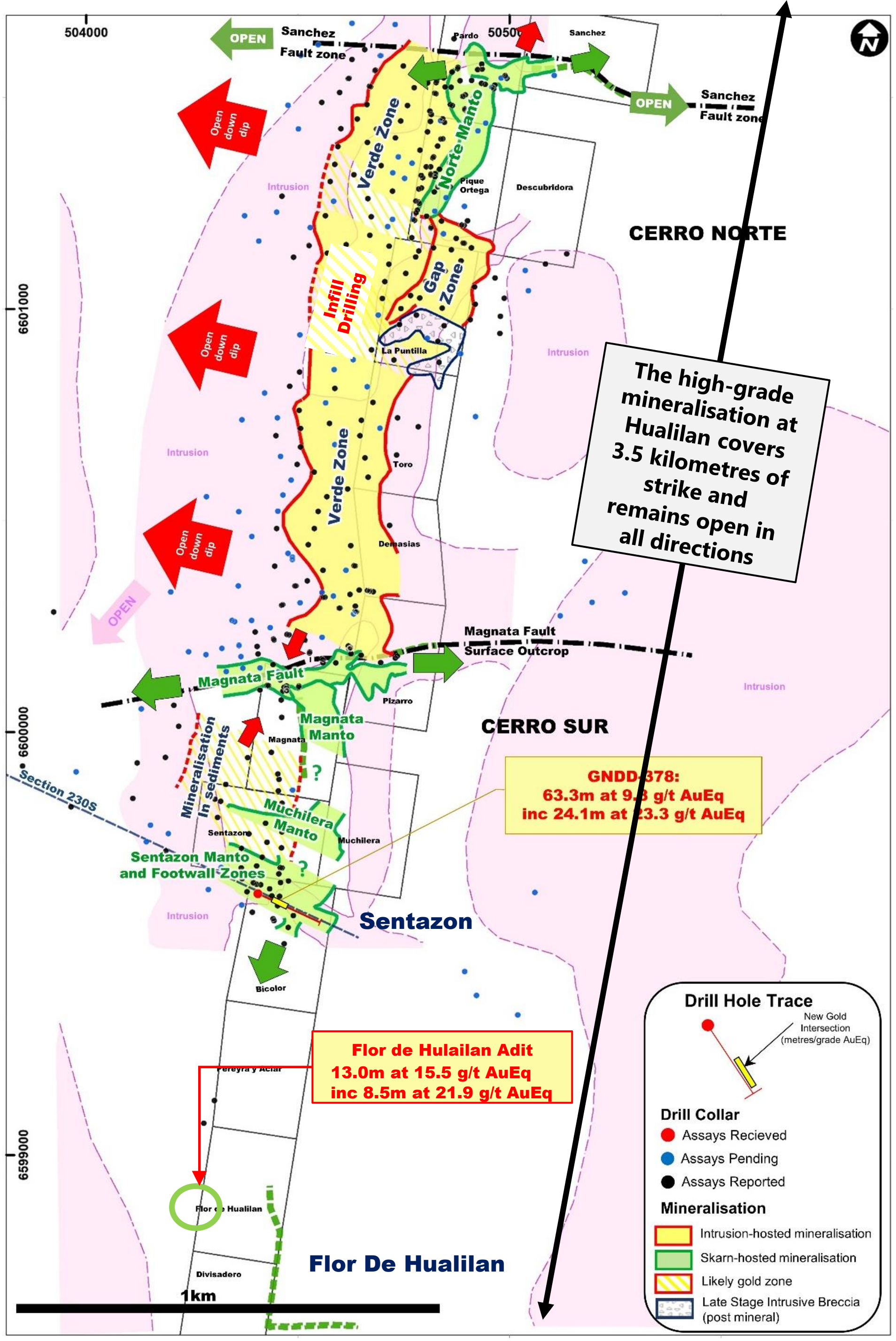


GEOLOGY – HIGH-GRADES OVER 3.5 KM

Large-scale intrusion-hosted gold system underlying a high-grade skarn



GNDD-316(Ext) drilled after the MRE cut-off date. Intersected the Main Sentazon Manto and underlying Footwall Zone with several zones logged as massive or semi-massive sulphides containing pyite-25% and shalerite-25% in strong garnet-silica-pyroxene (skarn) alteration. Over 50 metres downhole. Visible gold was logged over a 1 metre section.



INTERIM RESOURCE ESTIMATE (126,000 of 204,000m drilling)

Dial in your preferred grade – grade tonnage distribution provides significant flexibility

- Interim Resource of **2.1 million ounces[1] at a discovery cost of US$8.20/Oz**:
  - High-grade: **6.3 Mt at 5.6 g/t AuEq[2] for 1.1 Moz AuEq[1]**
  - Intrusion/sediment-hosted: 41.5Mt at 0.8 g/t AuEq[2] for 1.0 Moz AuEq[1]
- Based on 125,700 metres of CEL's current 204,000 metre drill program – 62%
- Clear potential for resource to grow significantly with first intersections after the MRE cut-off date including:
  - **15.0 metres at 3.9 g/t AuEq** (GNDD-547) extends Gap Zone 75 metres up-dip to surface
  - **28.5m at 5.3 g/t AuEq** (GNDD-530): extends Verde Zone 60 metres down-dip
  - **6.6m at 6.5 g/t AuEq** (GNDD-536): extends Verde Zone 60 metres down-dip
- Recent drilling (assays pending) indicates mineralisation continues to expand in several directions with holes such as GNDD-685 which intersected massive sulphides and skarn alteration extending the Magnata Fault mineralisation 100 metres deeper
- **Updated MRE based on the full 200,004 drill metres programmed for 1Q 2023.**

GNDD-685 (547.0-549.3m) : massive sulphides (50% Pyrite, 30% Sphalerite) 100 metres below MRE boundary

Cut-off (AuEq)	Tonnes	AuEq Cut (g/t)	Ounces (AuEq)
0.25	47,741,605	1.39	2,134,981
0.3	42,683,020	1.52	2,089,897
0.4	**35,116,598**	**1.78**	**2,005,050**
0.5	**29,611,685**	**2.02**	**1,925,878**
0.6	25,304,355	2.27	1,849,931
0.7	22,193,323	2.5	1,785,169
0.8	19,772,298	2.72	1,727,096
0.9	17,958,609	2.91	1,677,792
1.0	**16,539,897**	**3.07**	**1,634,049**
1.1	15,033,581	3.28	1,583,347
1.2	13,560,144	3.51	1,529,303
1.3	12,393,125	3.72	1,482,155
1.4	11,615,689	3.88	1,448,554
1.5	10,838,058	4.05	1,412,554
1.6	10,168,613	4.22	1,379,244
1.7	9,514,472	4.4	1,344,353
1.8	8,938,634	4.57	1,312,130
1.9	8,468,794	4.72	1,284,273
2.0	**7,970,221**	**4.89**	**1,252,994**
2.1	7,629,331	5.02	1,230,553
2.2	7,225,085	5.18	1,202,516
2.3	6,873,445	5.33	1,177,137
2.4	6,535,171	5.48	1,151,560
2.5	**6,292,282**	**5.6**	**1,132,429**
2.6	5,850,822	5.83	1,096,430
2.7	5,624,343	5.96	1,077,133
2.8	5,374,314	6.11	1,055,166
2.9	5,151,232	6.25	1,034,552
3.0	**4,919,156**	**6.4**	**1,012,614**

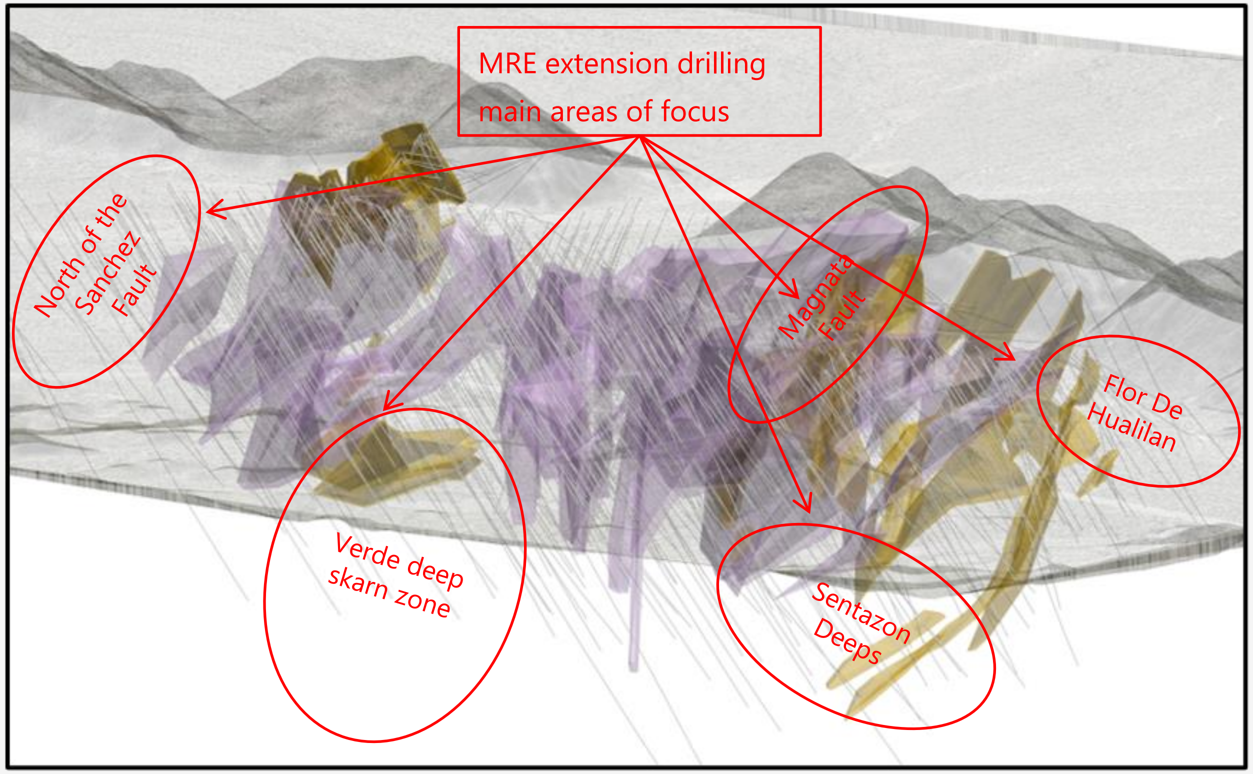
Table – Hualilan MRE at various cut-off grades

SIGNIFICANT POTENTIAL TO INCREASE THE MRE

Mineralisation remains open in all directions and top cuts used were conservative

Five key focus areas for resource extension drilling Sentazon

1. North of the Sanchez Fault – producing high-grade extensions from surface
2. Magnata Fault– new high-grade extensions at depth and Magnata Alto discovery
3. Verde Deeps – high grade zone at depth likely a continuation of Main Manto
4. Sentazon Deeps – high-grade mineralisation in multiple zones at depth
5. Flor De Hualilan – intersection of 13.0m at 15.5 g/t 500 metres south of MRE



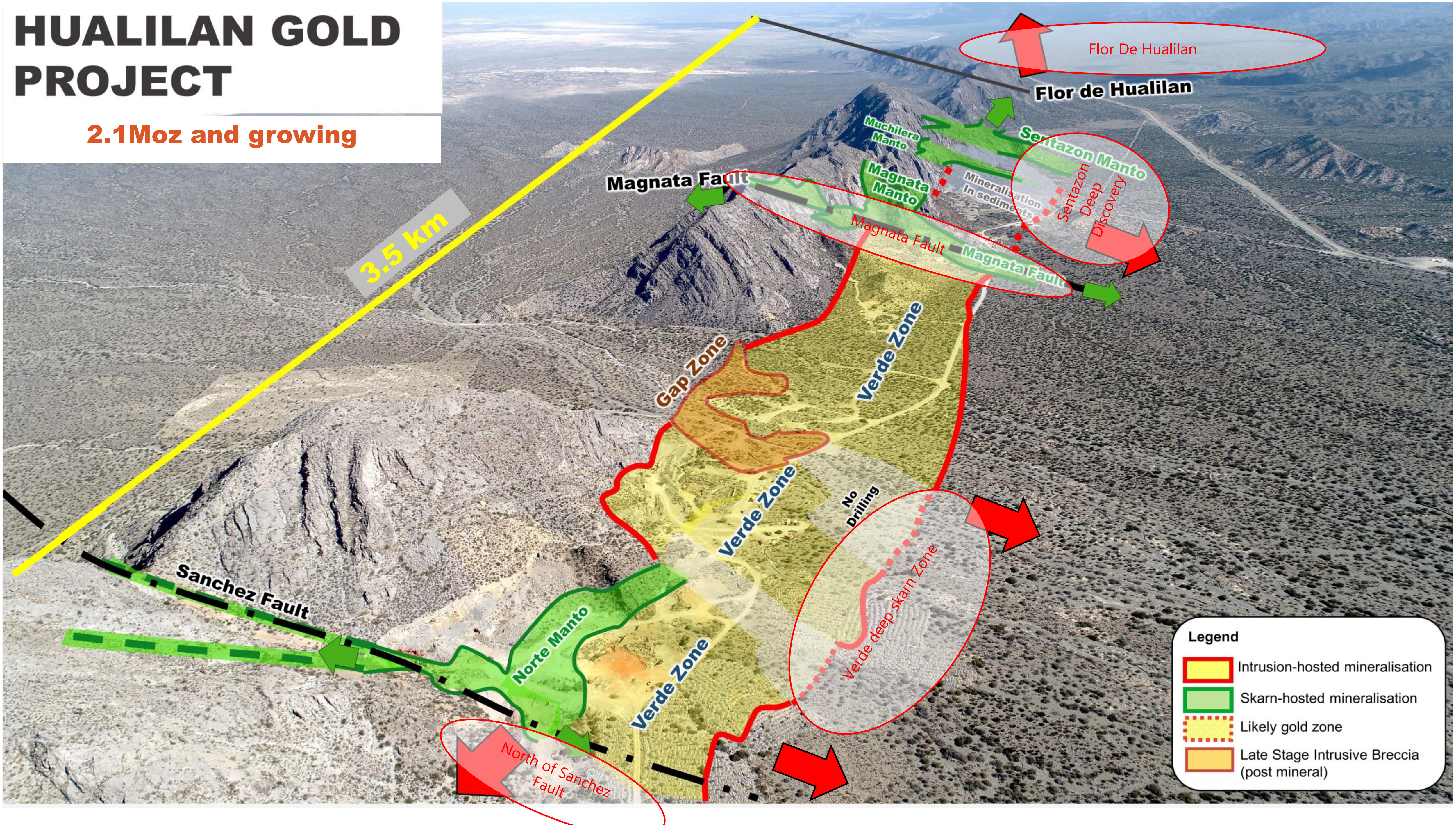
Components of the Interim Hualilan Resource Estimate

- **Sanchez Fault (87,212 Oz AuEq[1]):** east-west fault hosted zone **open at depth and east along strike**
- **Main Cerro Norte Manto (97,954 Oz AuEq[1]):** limestone hosted high-grade zone **open north along strike**
- **Magnata Fault (406,521 Oz AuEq[1]):** east-west fault hosted zone **open at depth and both directions along strike**
- **Magnata Manto (63,106 Oz AuEq[1]):** limestone hosted zone remains **open north along strike**
- **Muchilera Manto (18,532 Oz AuEq[1]):** limestone hosted zone remains **open north and south along strike**
- **Sentazon Manto/Footwall – 333,655 Oz AuEq[1]): open north and south along strike** with a **significant new deep discovery**
- **Verde Deep Skarn Zones – 177,503 Oz AuEq[1]):** high-grade zone **open at depth and along strike**
- **Verde Zone (807,088 Oz AuEq[1]):** intrusion/sediment hosted **open at depth and in both directions along strike**
- **Gap Zone (140,228 Oz AuEq[1]):** intrusion-hosted mineralisation **open at depth and along strike**

[1] Refer to Slide 21 this presentation showing MRE Tables

HUALILAN GOLD PROJECT

2.1Moz and growing

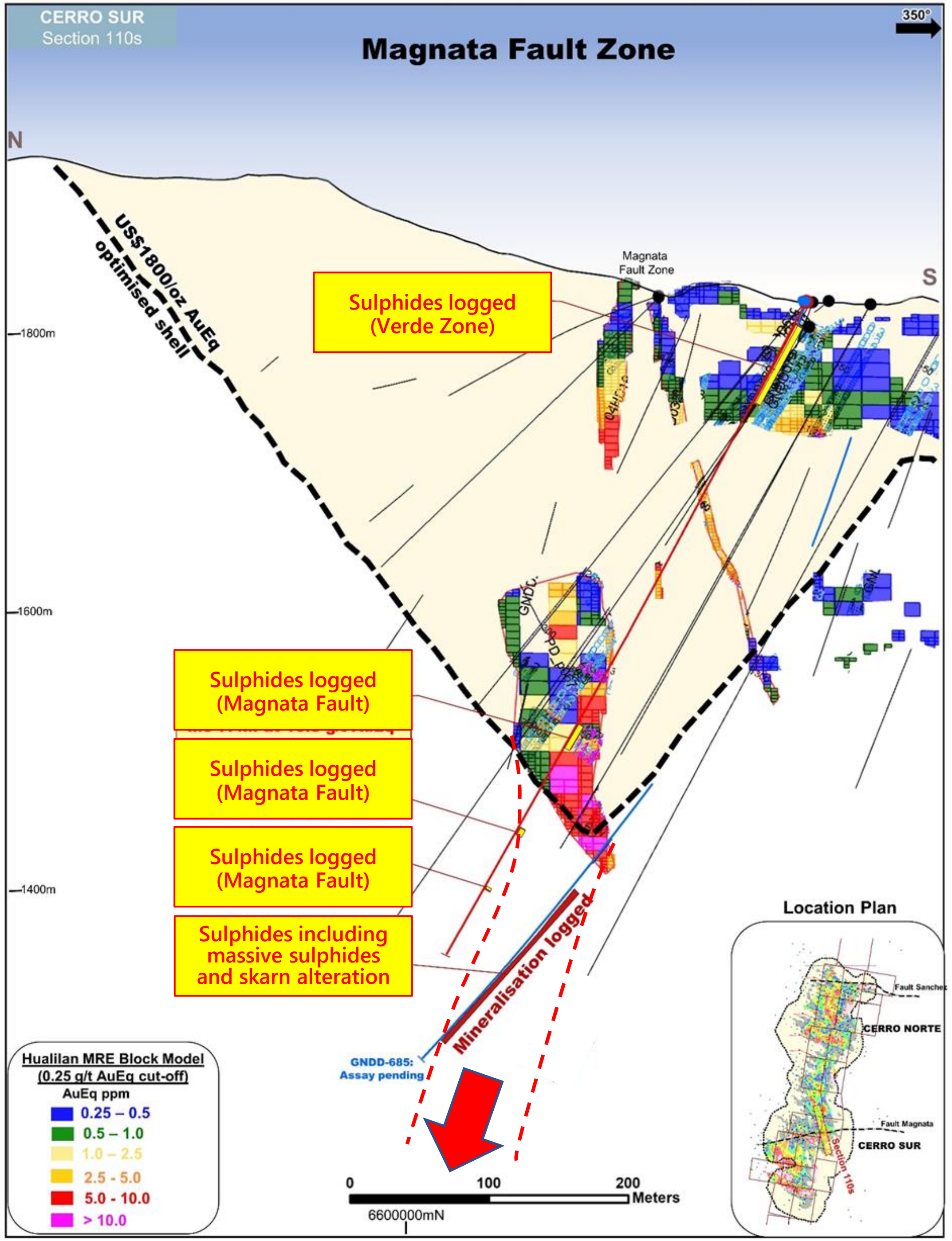


MAGNATA FAULT ZONE TYPE SECTION

Fault zones extend over 500 metres vertically and remain open at depth

Magnata Fault (Central)

- Contribution to the MRE:
  1. **Open Pit – 370,000 Oz**
  2. **Underground – 35,000 Oz**
  3. **Total - 404,000 Oz**
- Mineralisation is open to the east and the west strike and at depth
- The Magnata splits in the M1 and M2 Faults both of which are mineralised
- High-grade mineralisation is often intersected below holes with minimal intersection
- Confirms that mineralisation on the fault is related to the presence of open space along the fault
- Successful drill holes post the MRE include:
  - GNDD-642 (assays pending) an infil hole designed as an infil hole and is is logged as intersecting 65 metres of Verde Style mineralisation (1-2% pyrite in intrusives) plus 18 metres of massive/semi-massive sulphides and skarn alteration from 344 metre
  - GNDD-685 (assays pending) which was collared to test 150 metres downdip of GNDD-642 and is logged as intersecting several zones of massive sulphides and skarn alteration
- Examples of planned follow-up drilling includes drilling planned under GNDD-442 which intersected 29.0m at 5.3 g./t AuEq from 335.0m

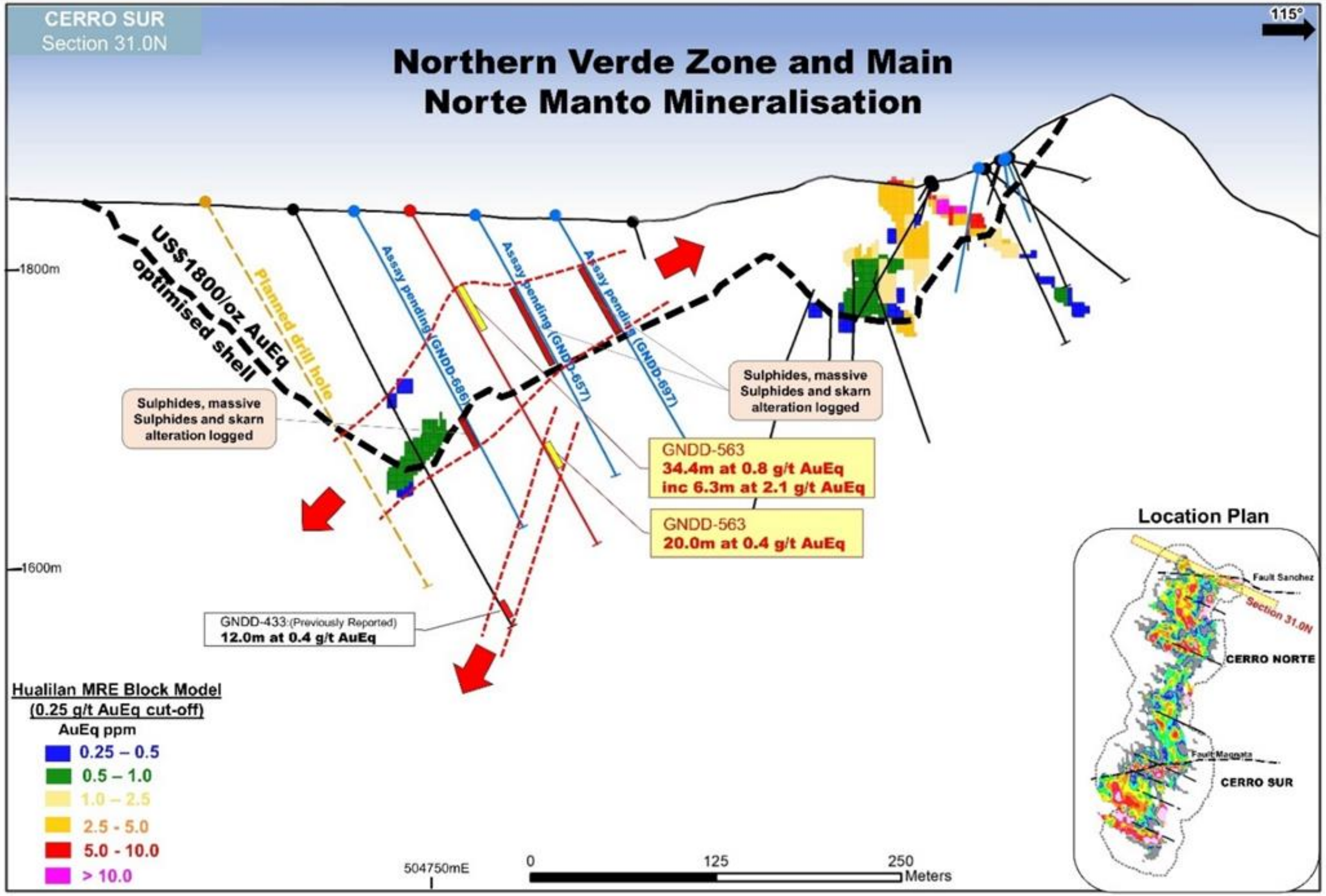


NORTHERN MARGIN OF THE VERDE ZONE -

Mineralisation strong and open to the north based on visual infill results

Verde Zone

- Contribution to the MRE:
  - i. **Open Pit – 631,000 Oz**
  - ii. **Underground – 83,000**
  - iii. **Total - 714,000 Oz**
- Open to the north along strike and open at depth. This is the northern most section drilled to date
- Limited drilling in this area with only 2 holes returned before the initial MRE cut-off date
- Infill drilling (assays pending) indicates mineralisation extends north and is continuous in the current US$1800 pit shell
- Infill drilling also producing grades above the current MRE block model
- Drilling 100m north of this section continues to intersect strong mineralisation from near surface with Verde open to the north



A FAR BIGGER PLAY THAN EXTENDING WITHIN 3.5KM STRIKE

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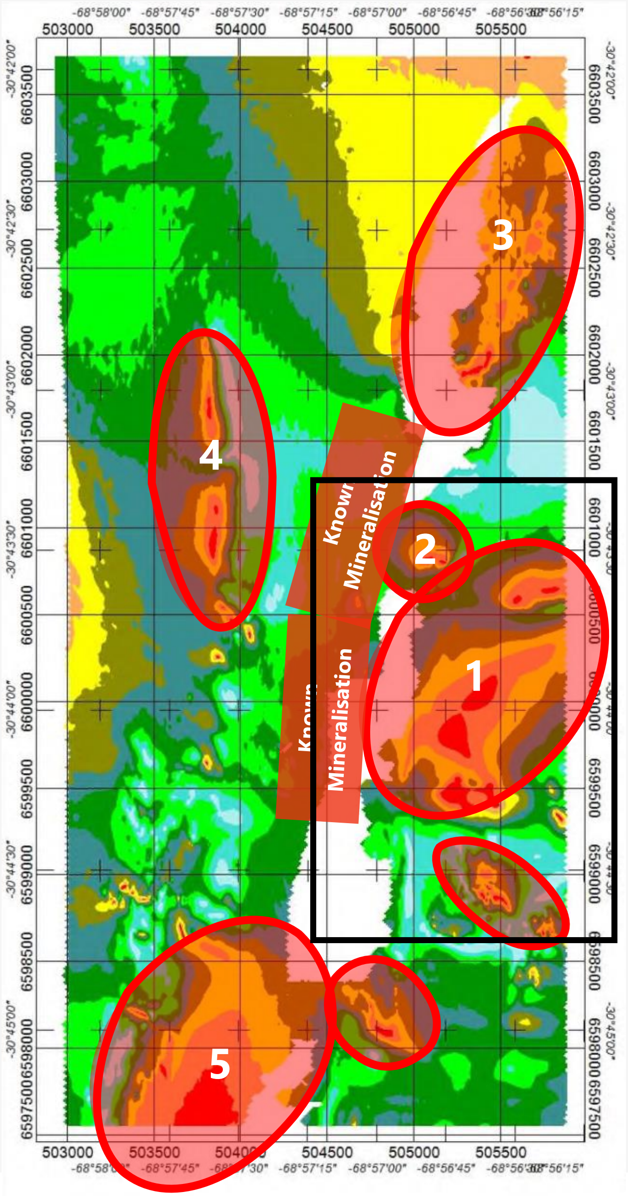
Exploration has only focussed on one side of the intrusion responsible for Hualilan

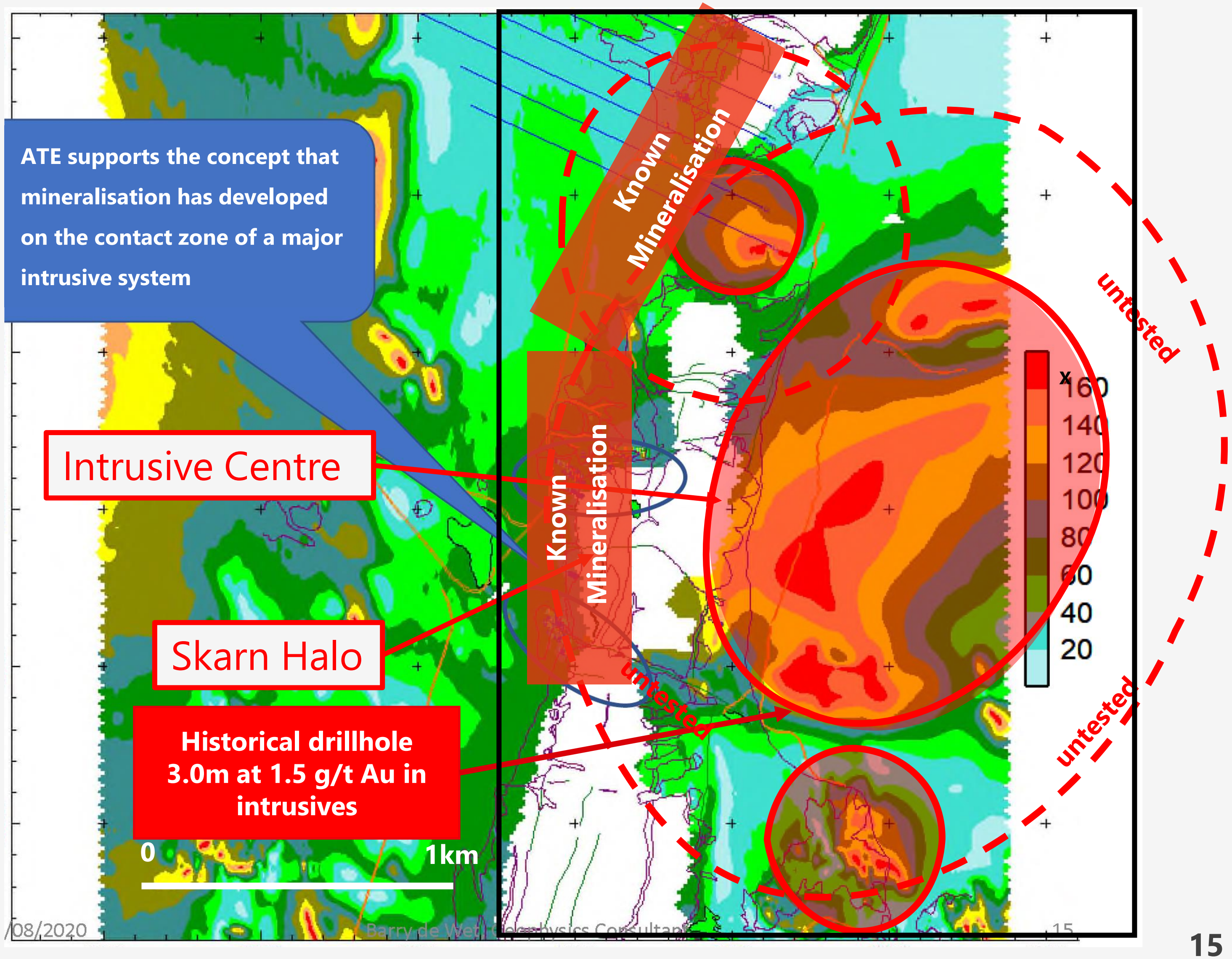


Processing of surface magnetic data indicates there are at least five major intrusive centres the same age as the Hualilan which are largely unexplored

These intrusions are largely unexplored and provide greater than 20 kilometres of prospective Hualilan stratigraphy

Mineralisation is defined over 3.5 kilometres of strike defined by drilling and underground channel sampling

Systematic drilling has been confined to 2.2 kilometres of this mineralised strike extent



El Guayabo/Colorado V Project

Ecuador

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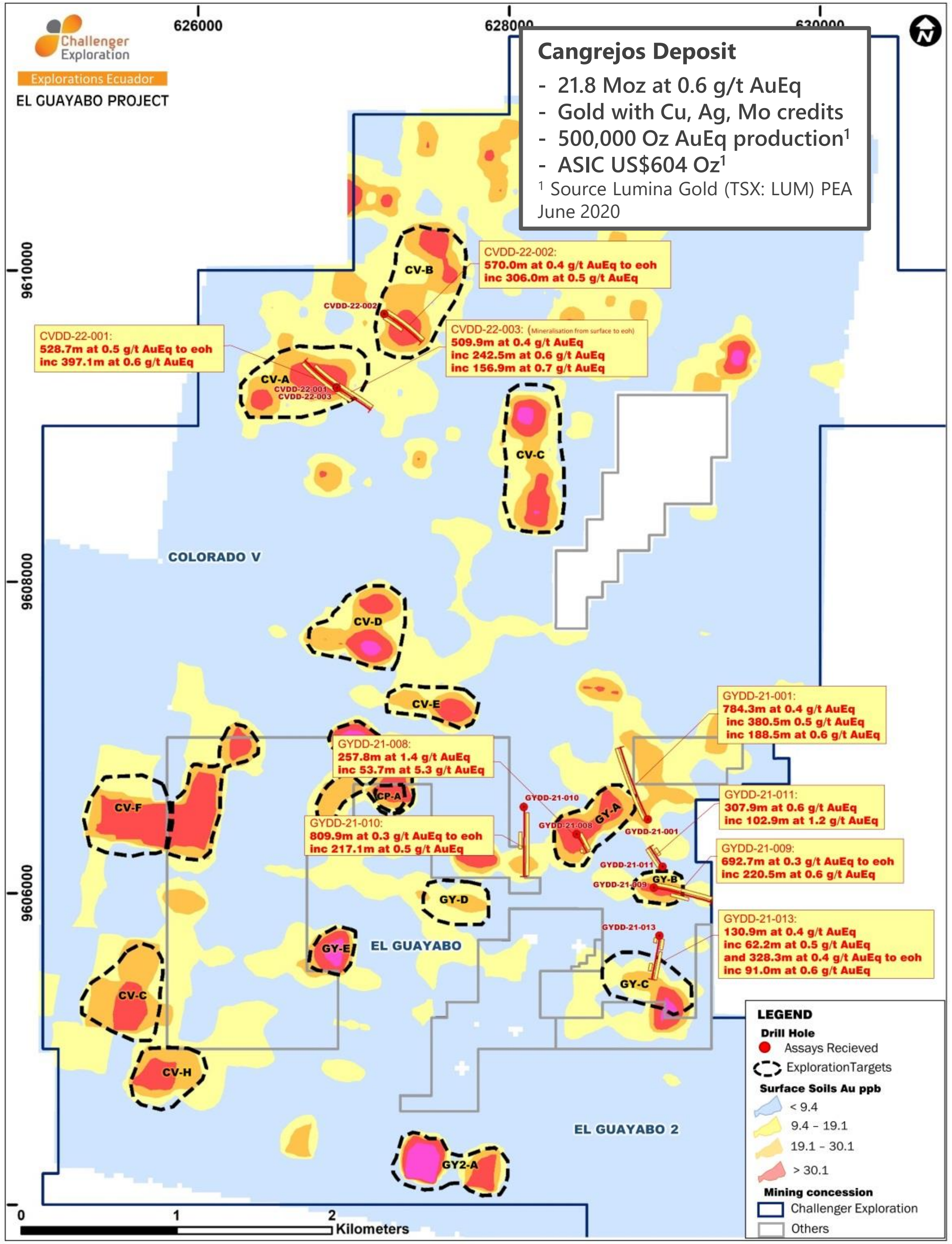
EL GUAYABO Au-Cu Project Overview

Phase #1 Exploration Drilling at El Guayabo and Colorado V (2021-2022)

- 5 kilometres along strike from a 22 Moz orebody – Cangrejos
- Same geology and surface footprint as Cangrejos
- 15 regionally significant Au-Cu soil anomalies
- Over 500 metres of mineralisation in the each of the first 5 of 15 anomalies drilled. Results include:
  - **GY-A** : 257.8m at 1.4 g/t AuEq[4] inc. 53.7m at 5.3 g/t AuEq
  - **GY-B** : 692.7m* at 0.3 g/t AuEq[4] inc. 220.5m at 0.6 g/t AuEq
  - **GY-C** : 499.2m* at 0.4 g/t AuEq[4] inc. 91.0m at 0.9 g/t AuEq
  - **CV-A** : 528.7m* at 0.5 g/t AuEq[4] inc. 397.1m at 0.6 g/t AuEq
  - **CV-B** : 570.0m* at 0.4 g/t AuEq[4] inc. 307.0m at 0.5 g/t AuEq
- Each anomaly has a significant core of >0.5 g/t AuEq mineralisation
- **Potential Tier 1 asset as drilling proceeds into Phase #2.**



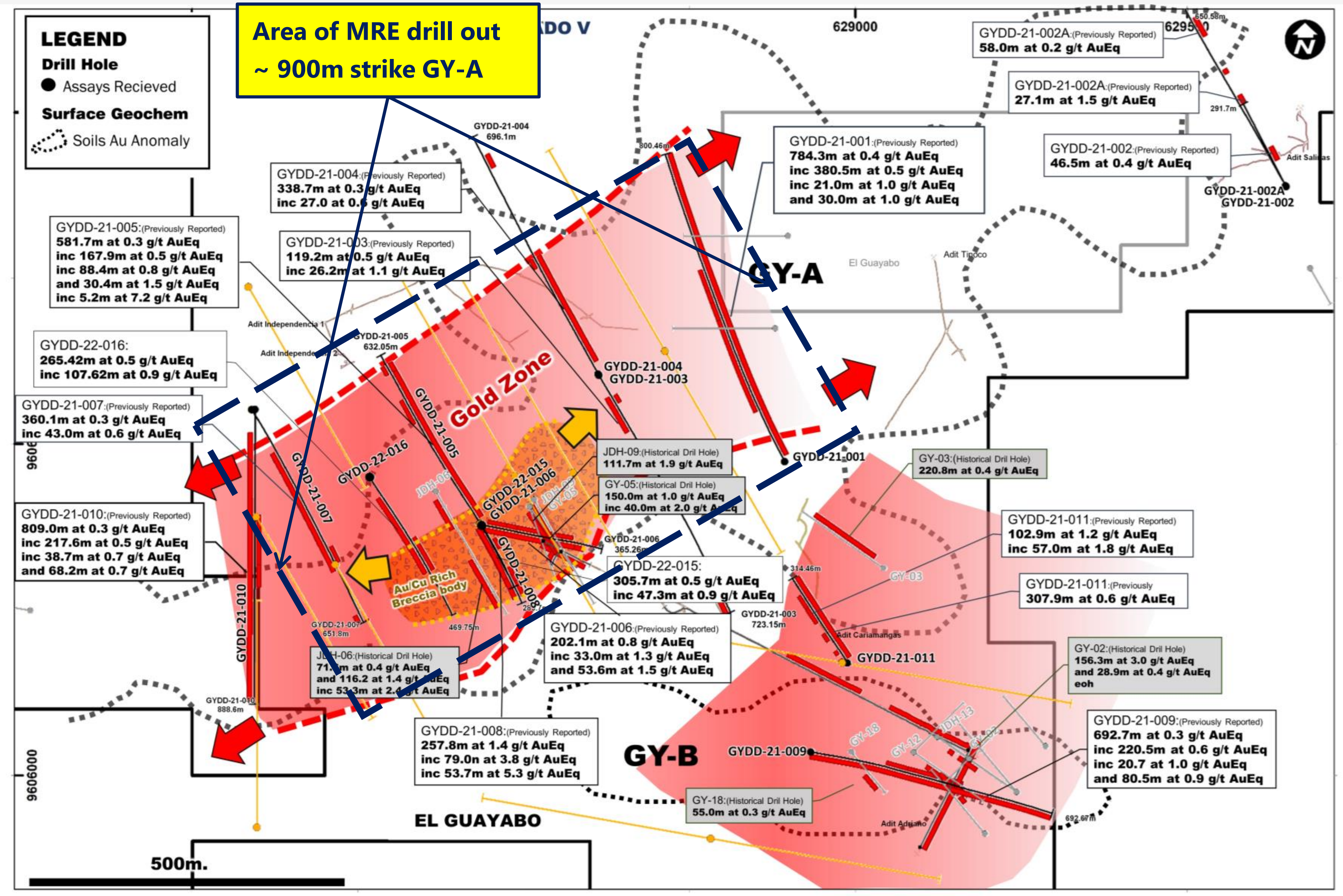
25,000 METRE RESOURCE DRILL OUT ON 100% OWNED GROUND

Consistent zone of high-grade Au-Cu-Ag within the main body of mineralisation in the GY-A Discovery zone

- 25,000m resource drill out will focus on GY-A anomaly.
- GY-A contains the significant zone of higher-grade potential starter mineralisation defined by intercepts including:

  117.7m @ 1.8 g/t AuEq[4]

  257.8m at 1.4 g/t AuEq[4] incl 53.7m at 5.3 g/t AuEq[4]
- This is a continuous body of higher-grade Au-Cu-Ag mineralisation
- 100-150 metres true width, covering at least 400 metres of strike, starting at surface,
- Lies within the a larger and continuous zone of lower grade mineralisation 1 kilometre long and 300-500 metres wide
- Both zones of mineralisation are open at depth and along strike



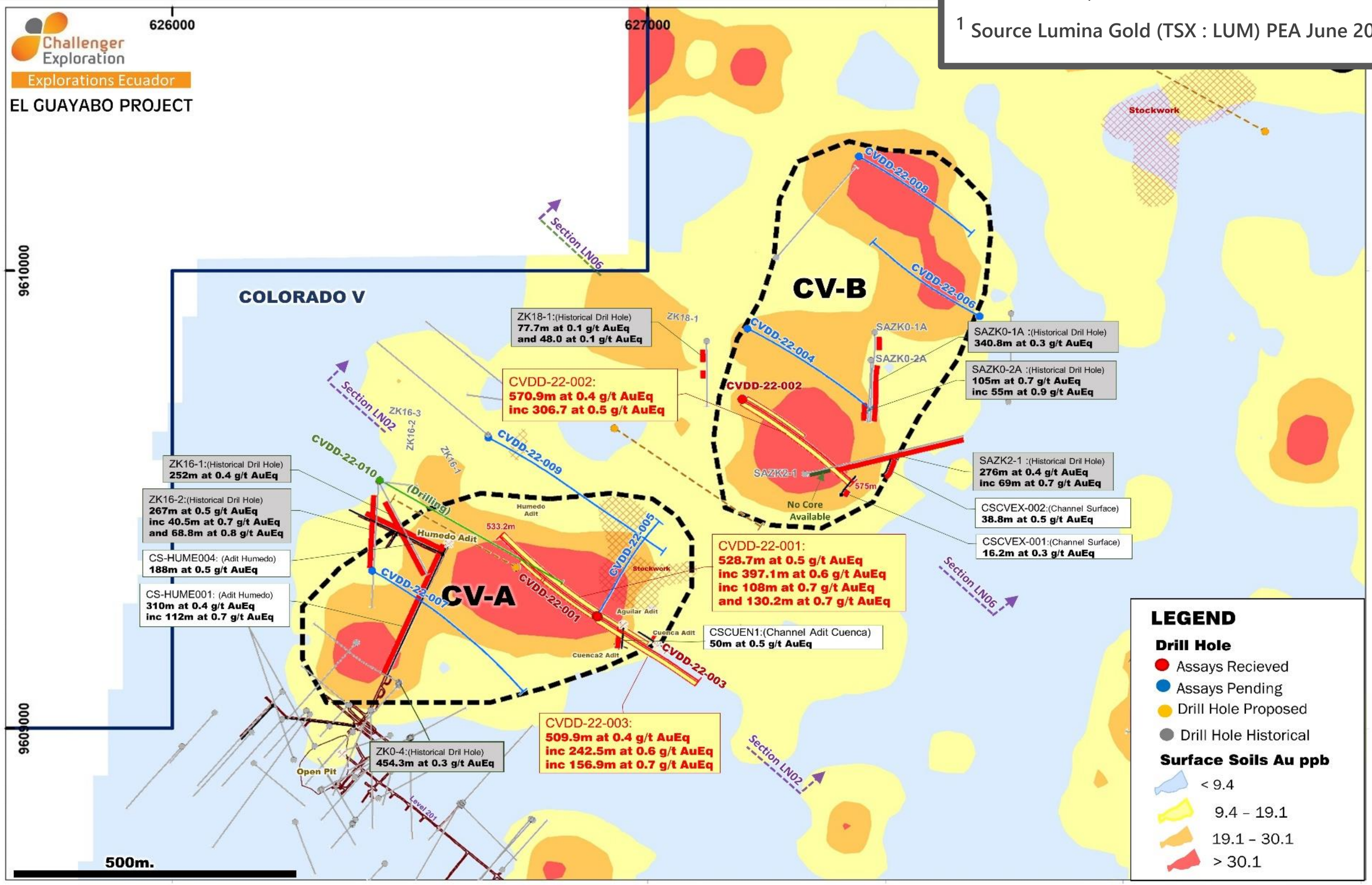
COLORADO V DRILL PROGRAM UPDATE

First drill holes produce two significant gold discoveries

Cangrejos Deposit
- 21.8 Moz AuEq at 0.6 g/t AuEq
- Gold with Cu, Ag, Mo credits
- 500,000 Oz AuEq production[1]
- ASIC US$604 Oz[1]

[1] Source Lumina Gold (TSX : LUM) PEA June 2020

- Initial drilling focussed on CV-A and CV-B Au-Cu soil anomalies - both 1 kilometre x 0.5 kilometre targets
- Combined Exploration Target defined for CV-A and CV-B of:
  - 442-468 Mt at 0.5-1.0 g/t Au (refer ASX Release 21 August 2020)
- First results outstanding with both holes intersecting mineralisation from surface to eoh confirming this Exploration Target:
  - 528.7m* at 0.5 g/t AuEq^4 incl 397.1m at 0.6 g/t AuEq^4 incl 108.0m at 0.7 g/t AuEq^4 and 130.2m at 0.7 g/t AuEq^4 (CV-A)
  - 570.0m* at 0.4 g/t AuEq^4 incl 306.0m at 0.5 g/t AuEq^4 (CV-B)
  - 564.1 m at 0.4 g/t AuEq^4 incl 278.0m at 0.6 g/t AuEq^4 incl 146.5m at 0.7 g/t AuEq^4 and (CV-A)



Appendix 1 Hualilan Gold Project

Mineral Resource Estimate

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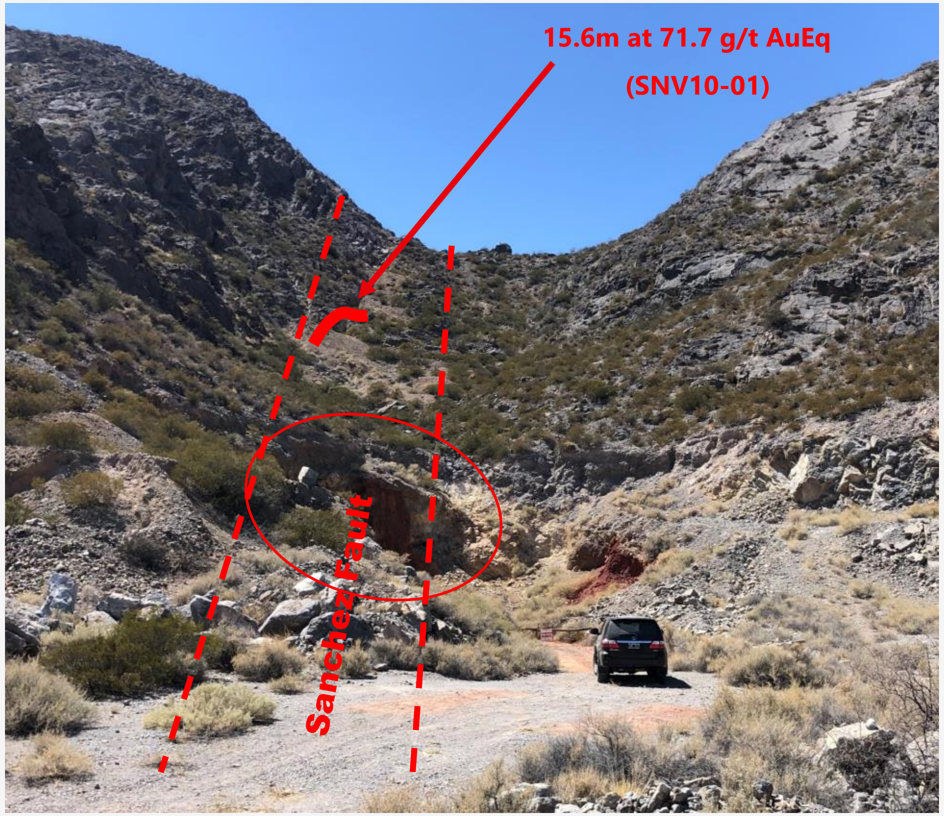
HUALILAN GOLD PROJECT - MINERAL RESOURCE ESTIMATE

Interim JORC 2012 Compliant MRE released July 1st 2022



Mineralisation Style	Mt (0.25 g/t AuEq cut-off)	Au (g/t)	Ag (g/t)	Zn (%)	Pb (%)	Au Eq (g/t)
Skarn (limestone hosted)	6.3	4.4	19.4	2.0	0.2	5.6
intrusion/sediment hosted	41.4	0.6	4.0	0.2	0.04	0.8
Mineralisation Style	**Contained Metal**	**Au (Moz)**	**Ag (Moz)**	**Zn (kt)**	**Pb (kt)**	**Au Eq (kOz**
Skarn (limestone hosted)		0.9	3.9	123	11	1.13
intrusion/sediment hosted		0.8	5.3	95	19	1.00
Total Contained metal		**1.7**	**9.2**	**218**	**29**	**2.13**

Table 1 Interim MRE reported as Skarn and Intrusion/sediment hosted components of mineralisation

Domain	Category	Mt	Au g/t	Ag g/t	Zn %	Pb %	AuEq g/t	AuEq (Mozs)
US$1800 optimised shell	Indicated	18.7	1.1	5.4	0.41	0.07	1.3	0.80
> 0.25ppm AuEq	Inferred	25.0	1.0	5.6	0.39	0.06	1.2	1.00
Below US$1800 shell >1.0ppm AuEq	Inferred	4.0	1.9	11.5	1.04	0.07	2.6	0.33
Total Indicated and Inferred		***47.7***	***1.1***	***6.0***	***0.45***	***0.06***	***1.4***	***2.13***

Note: Some rounding errors may be present

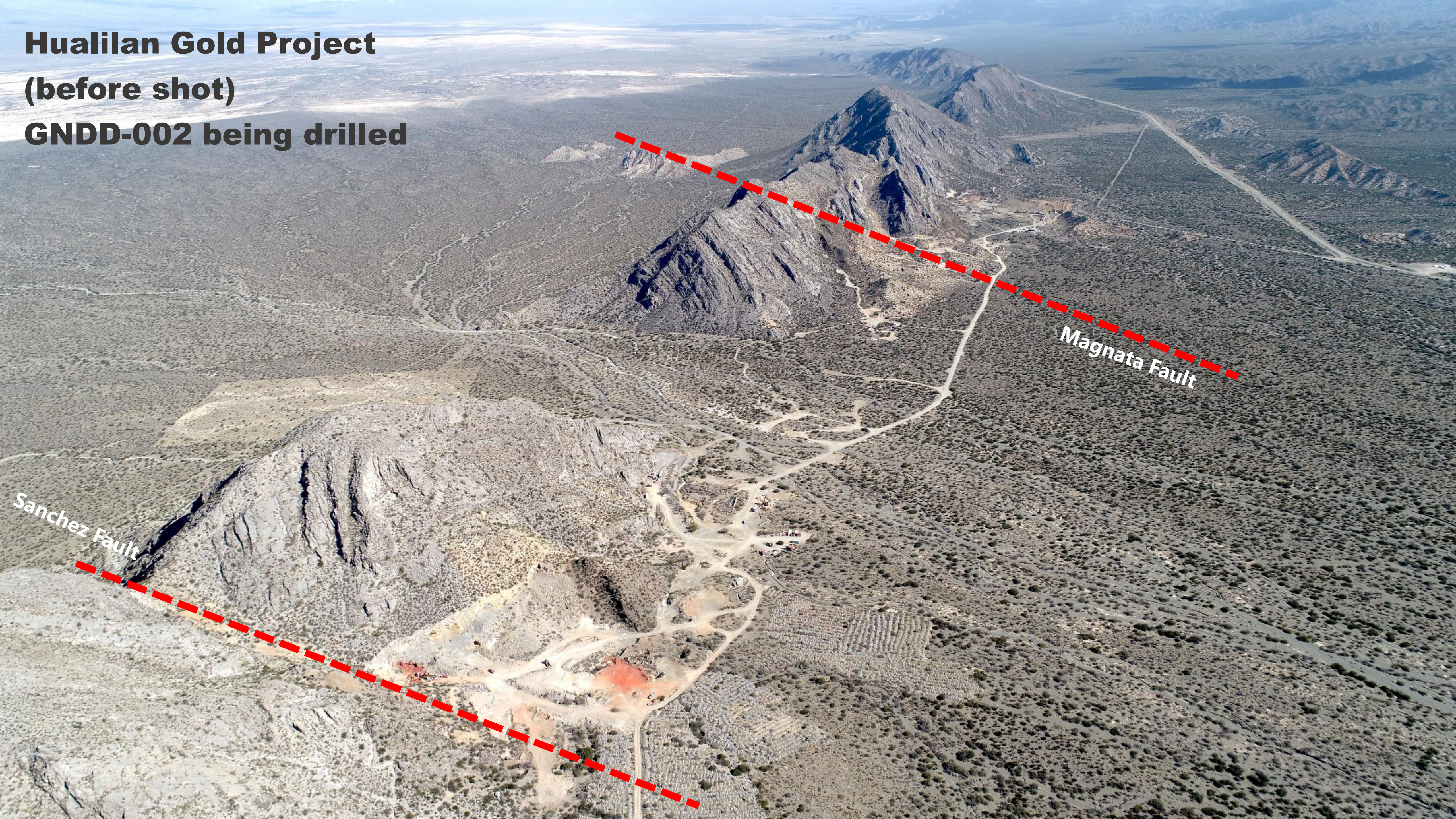
Table 2 Total Interim MRE (Combined skarn and Intrusion hosted domains)

[4] **Gold Equivalent (AuEq) values El Guayabo Project- Requirements under the JORC Code**

- Assumed commodity prices for the calculation of AuEq is Au US$1780 Oz, Ag US$22 Oz, Cu US$9,650 /t, Mo US$40,500 /t,
- Metallurgical recovery factors for gold, silver, copper, and molybdenum are assumed to be equal. No metallurgical factors have been applied in calculating the Au Eq.
- The formula used: AuEq (g/t) = Au (g/t) + [Ag (g/t) x (22/1780)] + [Cu (%) x (9650/100*31.1/1780)] + [Mo (%) x (40500/100*31.1/1780)].
- ***CEL confirms that it is the Company's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold***

[2] **Gold Equivalent (AuEq) values Hualilan Gold Project- Requirements under the JORC Code**

- Assumed commodity prices for the calculation of AuEq is Au US$1900 Oz, Ag US$24 Oz, Zn US$4,000/t, Pb US$2000/t
- Metallurgical recoveries are estimated to be Au (95%), Ag (91%), Zn (67%) Pb (58%) across all ore types (see ***JORC Table 1 Section3 Metallurgical*** *assumptions)* based on metallurgical test work.
- The formula used: AuEq (g/t) = Au (g/t) + [Ag (g/t) x 0.012106] + [Zn (%) x 0.46204] + [Pb (%) x 0.19961]
- ***CEL confirms that it is the Company's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold.***


Hualilan Gold Project
(before shot)
GNDD-002 being drilled
Magnata Fault
Sanchez Fault


Hualilan Gold Project
(after shot)
View north from the Magnata Fault to the Verde Zone
(GNDD-700 being drilled)

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