

QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2022

Highlights

• Corporate

- Cash at bank of \$25.3 million at the end of the quarter

• Hualilan Gold Project - San Juan, Argentina

- Drilling post CEL's Maiden Mineral Resource Estimate (MRE) of **2.1 million ounces (AuEq)¹** continues to significantly expand the mineralisation in multiple directions with results including;
 - **18.8m at 6.3 g/t AuEq¹** - 4.5 g/t Au, 22.3 g/t Ag, 3.3% Zn from 344.4m including
3.4m at 11.5 g/t AuEq¹ - 8.9 g/t Au, 42.5 g/t Ag, 4.5% Zn from 344.4m and
7.4m at 10.8 g/t AuEq¹ - 7.4 g/t Au, 36.8 g/t Ag, 6.3% Zn from 355.8m (GNDD-642);
 - **11.0m at 9.1 g/t AuEq¹** - 9.0 g/t Au, 5.7 g/t Ag from 356.0m including
7.8m at 12.6 g/t AuEq¹ - 12.5 g/t Au, 7.9 g/t Ag from 356.0m (GNDD-571);
 - **46.0m at 1.7 g/t AuEq¹** - 1.2 g/t Au, 4.4 g/t Ag, 0.9% Zn from 367.0 including.
3.9m at 7.9 g/t AuEq¹ - 7.3 g/t Au, 18.7 g/t Ag, 0.7% Zn from 380.3m and
5.1m at 6.6 g/t AuEq¹ - 3.7 g/t Au, 19.7 g/t Ag, 5.9% Zn from 400.8m(GNDD-633)
- Current 204,000 metre drill program at Hualilan Completed with assays pending for xx metres of this program
- Intention to upgrade the MRE once all assays from this 204,000 metre program are completed with this MRE to be used as the basis for a Scoping Study to be completed in H1 2023.
- The recent \$25 million capital raising has allowed CEL to commit to an additional 50,000 drill metres at Hualilan which will take total CEL drill metres at Hualilan to 254,000 metres.

• El Guayabo/Colorado V Gold/Copper Projects - El Oro, Ecuador

- Drilling at Colorado V continues to expand both the CV-A and CV-B Au-Cu-Ag-Mo discoveries with results including (refer Table 4):
- **773.9m at 0.4 g/t AuEq² - 0.3 g/t Au, 1.3 g/t Ag, 0.1 % Cu, 11.8 ppm Mo from 114.5m including ;**
402.8m at 0.6 g/t AuEq² - 0.4 g/t Au, 1.7 g/t Ag, 0.1 % Cu, 10.9 ppm Mo from 182.3m including;
299.8m at 0.7 g/t AuEq² - 0.5 g/t Au, 1.8 g/t Ag, 0.1% Cu, 11.7 ppm Mo from 182.3m including;
180.9 m at 1.0 g/t AuEq²- 0.7 g/t Au, 2.4 g/t Ag, 0.1% Cu, 9.5 ppm Mo from 182.3m including;
62.4 m at 1.8 g/t AuEq² - 1.5 g/t Au, 2.7 g/t Ag, 0.1% Cu, 7.0 ppm Mo (CVDD-22-010)
- **732.3 m at 0.3 g/t AuEq²- 0.2 g/t Au, 1.2 g/t Ag, 0.04% Cu, 8.0 ppm Mo from 73.9m including;**
247.2m at 0.5 g/t AuEq² - 0.4 g/t Au, 1.7 g/t Ag, 0.1% Cu, 5.8 ppm Mo from 251.0m including
50.7 m at 0.9 g/t AuEq² - 0.8 g/t Au, 1.8 g/t Ag, 0.1% Cu,5.1 ppm Mo (CVDD-22-007)
- **504.3 m at 0.3 g/t AuEq²- 0.3 g/t Au, 1.4 g/t Ag, 0.1% Cu, 1.8 ppm Mo from 96.4m including;**
276.1m at 0.4 g/t AuEq² - 0.25 g/t Au, 1.5 g/t Ag, 0.1% Cu, 1.9 ppm Mo from 97.9m Including
116.1m at 0.5 g/t AuEq² - 0.4 g/t Au, 2.6 g/t Ag, 0.1% Cu, 2.0 ppm Mo (CVDD-22-006)

(all three drill holes ending in mineralisation)

Challenger Exploration (ASX: CEL) (“CEL” or the “Company”) is pleased to provide its Quarterly Activities Report for its Gold and Copper projects in Argentina and Ecuador for the period ended 30 September 2022 (“Quarterly”, “Reporting Period”).

CORPORATE

The Company entered into binding agreements for a US\$15m (A\$22.1m, as at 9 September 2022) private placement of unsecured convertible debentures (the “**Debentures**”) with Queen's Road Capital Investment Ltd (“**QRC**”). The Debentures are convertible into fully paid ordinary shares in CEL (“**Shares**”) at a price of **\$0.25**, a 30% premium to the 5-day volume weighted average price (“**VWAP**”) prior to 2 September 2022.

Additionally, the Company's largest institutional shareholder to invested pro-rata to its 12% shareholding via a \$2.6m placement at 5-day VWAP (19.0 cents), increasing combined funds raise to \$24.7m (as at 9 September 2022 exchange rates) from two parties. The US\$15 million investment from QRC is retained in US dollars.

QRC is a leading resource-focused investment company based in Hong Kong and listed on the main board of the Toronto Stock Exchange (“**TSX**”). QRC acquires and hold securities for long-term capital appreciation, with a focus on convertible debt securities and resource projects in advanced development or production located in safe jurisdictions.

Net spend during the quarter was \$9.3 million which included net exploration expenditure of \$7.7 million, including approximately \$0.9m Argentinian VAT which will be recouped, and administration and corporate costs of approximately \$1.5 million.

The exploration expenditure was primarily drilling and assay expenditure which accounted for 80% of the total exploration spend. Given the 60 day payment cycle for drilling and assaying a significant proportion of the current quarter exploration spend was related to the period prior to the reduction in the Hualilan rig count from 9-rigs to 3-rigs. Assaying and drilling expenses related to approximately 35,000 metres of drilling compared to 20,000-22,000 metres of drilling budgeted for the next two quarters.

The \$1.5M administration and corporate costs included significant one off component for legal fees, corporate advice, and fees associated with the Convertible Debenture with QRC. The balance was related to administration and other corporate costs. Amounts payable for staff costs of (\$151k) and exploration staff costs (\$118K) were to related parties and their associates.

Cash at bank at the end of the quarter was \$25.3 million.

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HUALILAN GOLD PROJECT - ARGENTINA

ONGOING RESOURCE EXTENSION AND INFIL DRILLING

During the Quarter the Company released results from the ongoing drill program targeting extensions to the current 2.1 million ounce AuEq¹ Mineral Resource Estimate ("MRE")². The drilling continues to show the presence of coherent zones of significantly higher-grade mineralisation at depth in the Verde Zone.

All results were received after the completion of the maiden Hualilan Gold Project MRE. These results, and the remaining 29,000 metres of assays that remain pending from the recently completed 204,000 metre drill program, will be included in an updated MRE. The current MRE, which includes a high-grade core of 1.1 Moz at 5.6 g/t AuEq¹, was based on 125,700 metres of the Company's 204,000 metre diamond core drill program. Additionally, the Company has committed to a further 50,000 metres of drilling which will take total CEL drill metres at Hualilan to 254,000 metres.

The results continue to exceed the Company's expectations and confirm that mineralisation remains open in all directions and there is clear potential for the MRE to grow significantly via continued extension drilling. A summary of selected significant intercepts reported during the quarter and their impact on the mineralisation is given Table 1 below.

Drillhole	Intercept (AuEq)	Comment	Gram x Metres
GNDD-626	32.3m at 0.8 g/t AuEq	extends Verde mineralisation 25m up-dip of MRE boundary	25.8
GNDD-629	98.0m at 0.4 g/t AuEq inc 2.9m at 4.1 g/t AuEq	located approximately 400 metres north-west of the current MRE boundary	42.5 11.8
GNDD-554	46.1m at 0.9 g/t AuEq and 24.0m at 0.9 g/t AuEq	extends mineralisation 200 metres below the MRE boundary and intersected significantly higher-grade than MRE model	39.5 21.9
GNDD-591	14.0m at 1.2 g/t AuEq and 3.3m at 5.4 g/t AuEq	extends mineralisation 80 meters downdip of MRE boundary extends mineralisation 100 metres along strike	17.4 17.7
GNDD-570	22.2m at 0.9 g/t AuEq	extends Verde mineralisation 80 metres up-dip of MRE boundary	20.2
GNDD-612	97.6 metres at 0.8 g/t AuEq	intersection much thicker than MRE block model	78.1
GNDD-604	24.7m at 2.8 g/t AuEq and 0.9m at 26.7 g/t AuEq	extends mineralisation 80 metres downdip of MRE boundary extends high-grade zone 200 metres along strike	69.4 24.0
GNDD-571	11.0m at 9.1 g/t AuEq inc 7.8m at 12.6 g/t AuEq	extends Verde Zone 40 metres downdip of the MRE boundary and intersected significantly higher grade than MRE model	100.1 98.6
GNDD-577	17.0m at 1.6 g/t AuEq and 0.6m at 32.0 g/t AuEq	new zone of mineralisation above the main Verde Zone extends mineralisation 200 metres downdip of MRE boundary	27.5 17.6
GNDD-633	46.0m at 1.7 g/t AuEq and 71.0m at 0.4 g/t AuEq and 30.0m at 0.8 g/t AuEq	extends Verde mineralisation 40 metres below MRE boundary new zone of near surface mineralisation within \$1800 pit shell new zone of near surface mineralisation within \$1800 pit shell	76.5 26.2 25.0
GNDD-588	18.1m at 2.6 g/t AuEq and 87.0m at 0.7 g/t AuEq	new zone of mineralisation above the Verde Zone significantly wider intersection than MRE block model	47.1 60.3
GNDD-642	18.8m at 6.3 g/t AuEq	extended high-grade mineralisation 40 metres up-dip	119.3
GNDD-595	21.2m at 0.7 g/t AuEq and 39.8m at 0.5 g/t AuEq	extends mineralisation 40 metre below MRE boundary	15.0 18.8

Table 1. Selected significant Intercepts reported during the quarter

Challenger Exploration Limited
ACN 123 591 382
ASX: CEL

Issued Capital
1,044.9m shares
10.0M options
120m perf shares
16m perf rights

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CURRENT MINERAL RESOURCE ESTIMATE ("MRE")

Table 2 shows the contribution to the maiden 2.1Moz AuEq² MRE by domain. While drilling has been ongoing in all domains as mineralisation remains open in all directions, the majority of the drilling, following the completion of the maiden Hualilan MRE, has been focussed in five areas.

1. **The Magnata Fault:** where high-grade mineralisation remains open in both directions along strike and at depth
2. **Sentazon:** where in addition to the mineralisation remaining open to the south along strike a significant new high-grade discovery has been made at depth
3. **Verde Zone (at Depth):** where a significant new high-grade skarn/endoskarn zone is emerging down dip of parts of the Verde Zone
4. **Verde Zone (north):** where drilling continues to extend the mineralisation north along strike and at depth with mineralisation open in both these directions
5. **South Verde:** where drilling continues to extend the Verde Zone south of the Magnata Fault along strike and at depth with mineralisation open in both these directions

The results reported during the quarter comprised the first half of the Verde, Southern Verde, and Gap Zone drilling completed post the release of the maiden and interim MRE and results for the first holes targeting extensions on the Magnata Fault for which assays have been received. Results for the majority of the Magnata Fault, Sentazon and Sentazon Deeps, Sanchez Fault and the deeper high-grade zones within Verde remain pending.

Domain	Tonnes	'000 oz AuEq ¹	Comments
Sanchez Fault	673,754	87,212	Open at depth and to the east
Norte Manto	510,533	97,954	Open north along strike
Magnata Fault	4,309,440	406,521	Open to the east and west and at depth (<u>Drilling Focus</u>)
Magnata Manto	571,746	63,106	Open up dip and along strike
Muchilera Manto	299,504	18,532	Open along strike and at depth
Sentazon MM and FW	1,967,110	334,655	Significant depth extensions, open south (<u>Drilling Focus</u>)
Verde Skarn Zones	2,151,908	177,503	Open at depth and along strike (<u>Drilling Focus</u>)
Skarn Mineralisation	10,483,995	1,185,484	Sub-total (high grade skarn domains)
Verde	17,472,119	470,233	Open at depth and north along strike (<u>Drilling Focus</u>)
Gap Zone	5,063,971	140,228	Open at depth and along strike
South Verde	14,654,682	336,855	Open at depth and south along strike (<u>Drilling Focus</u>)
Intrusion/Sediment-hosted	37,190,772	947,316	Sub-total (intrusion/sediment-hosted domains)
Total MRE	47,674,767	2,132,800	(Refer Table 3, 4, page 24 of this Release for additional data)

Table 2 - Maiden Hualilan Mineral resource estimate by domains

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THE VERDE ZONE

The Verde Zone contributes almost 1 million ounces gold equivalent¹ (Table 2) to the current Hualilan MRE when the new high-grade zones at depth are included. The Verde Zone was a CEL discovery targeted using surface magnetics and IP (Induced Polarisation) at the Hualilan Gold Project. The discovery hole (ASX release 2/3/21) returned 125.5 metres at 1.1 g/t AuEq including 71.0 metres at 1.8 g/t AuEq (GNDD-169). The Verde Zone covers 2.0 kilometres of strike and mineralisation remains open along strike and at depth.

Mineralisation in the Verde Zone is oriented north-south, is 50 to 100 metres wide, and hosted by bedding parallel fault-fracture zones in sediments and steeply dipping fracture zones in intrusives. A lower grade halo of mineralisation extends into the overlying sedimentary rocks which have been locally brecciated by the hydrothermal fluids during mineralisation. The overlying mineralisation in the sedimentary rocks dips to the west at 30-50° and is up to 50 metres thick. This overlying halo of lower grade mineralisation is a useful exploration guide to vector to the deeper intrusion-hosted mineralisation. As drilling extends deeper, zones of high-grade skarn mineralisation are being intersected at both limestone-intrusive contacts and also within limestone which is analogous to the Main Norte and Sentazon Manto mineralisation.

The infill and extension drilling at the Verde and Gap Zones is designed as a series of fences of holes at 40 metre spacing along strike. Holes on each fence were collared to target the mineralisation 40 metres below the previous hole. The intention is to drill the entire 2.0 kilometre Verde Zone down to 400 metres vertically on 40 x 40 metre spacing. The infill portion of this program is ongoing as mineralisation continues to be extended further north and south along strike, and at depth. Accordingly, the focus has been to continue expanding the footprint of the mineralisation rather than infill drilling. The results in this discussion are ordered from north to south along strike.

GNDD-570

GNDD-570 and GNDD-612 were collared on the northern most fence of drilling on the Verde Zone in an area that had seen limited drilling prior to the MRE cut-off date. GNDD-570 was collared to test 80 metres up-dip of GNDD-226 (16 metres at 0.6 g/t AuEq and 44.0 metres at 0.5 g/t AuEq), the most northerly Verde Zone intersection included in the current MRE.

The intersections in GNDD-570 of **22.2m at 0.9 g/t AuEq (0.6 g/t gold, 3.7 g/t silver, 0.4% lead, 0.4% zinc)** from 55.8m including **7.3m at 1.8 g/t AuEq (1.4 g/t gold, 9.0 g/t silver, 0.8% lead, 0.4% zinc)** and **10.0m at 0.4 g/t AuEq (0.3 g/t gold, 1.4 g/t silver, 0.2% zinc)** from 95.0m extend the Verde Zone mineralisation 80 metres up-dip of the current MRE boundary to near surface (Figure 1).

GNDD-612

GNDD-612 was drilled as an infill hole between GNDD-427 and GNDD-570 based on the mineralisation logged in GNDD-570. It intersected **35.3m at 1.2 g/t AuEq (0.9 g/t gold, 2.7 g/t silver, 0.3% lead, 0.5% zinc)** from 64.9 metres including **8.0 metres at 4.5 g/t AuEq (3.4 g/t gold, 8.4 g/t silver, 0.9% lead, 1.7% zinc)** and **14.0 metres at 1.1 g/t AuEq (1.0 g/t gold, 1.1 g/t silver, 0.2% zinc)** from 117.0m.

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Additionally, GNDD-612 intersected a zone of deeper mineralisation with an intersection of 14.5 metres at 1.1 g/t AuEq (0.9 g/t gold, 6.3 g/t silver, 0.1% zinc) from 148.0 metres including 4.0 metres at 2.5 g/t AuEq (2.4 g/t gold, 4.7 g/t silver, 0.1% lead, 0.1% zinc).

These three intersections lie within a broad zone of 97.6 metres at 0.8 g/t AuEq (including internal dilution) confirming the continuity of the mineralisation and indicating that the Verde Zone has thickened considerably at this location. Additionally, the intersections are significantly higher-grade than the intersections in earlier drilling, confirming that the mineralisation at the northern limit of the Verde Zone remains strong and open to the north. Results for GNDD-680, collared to test 40 metres down dip of GNDD-427 are pending.

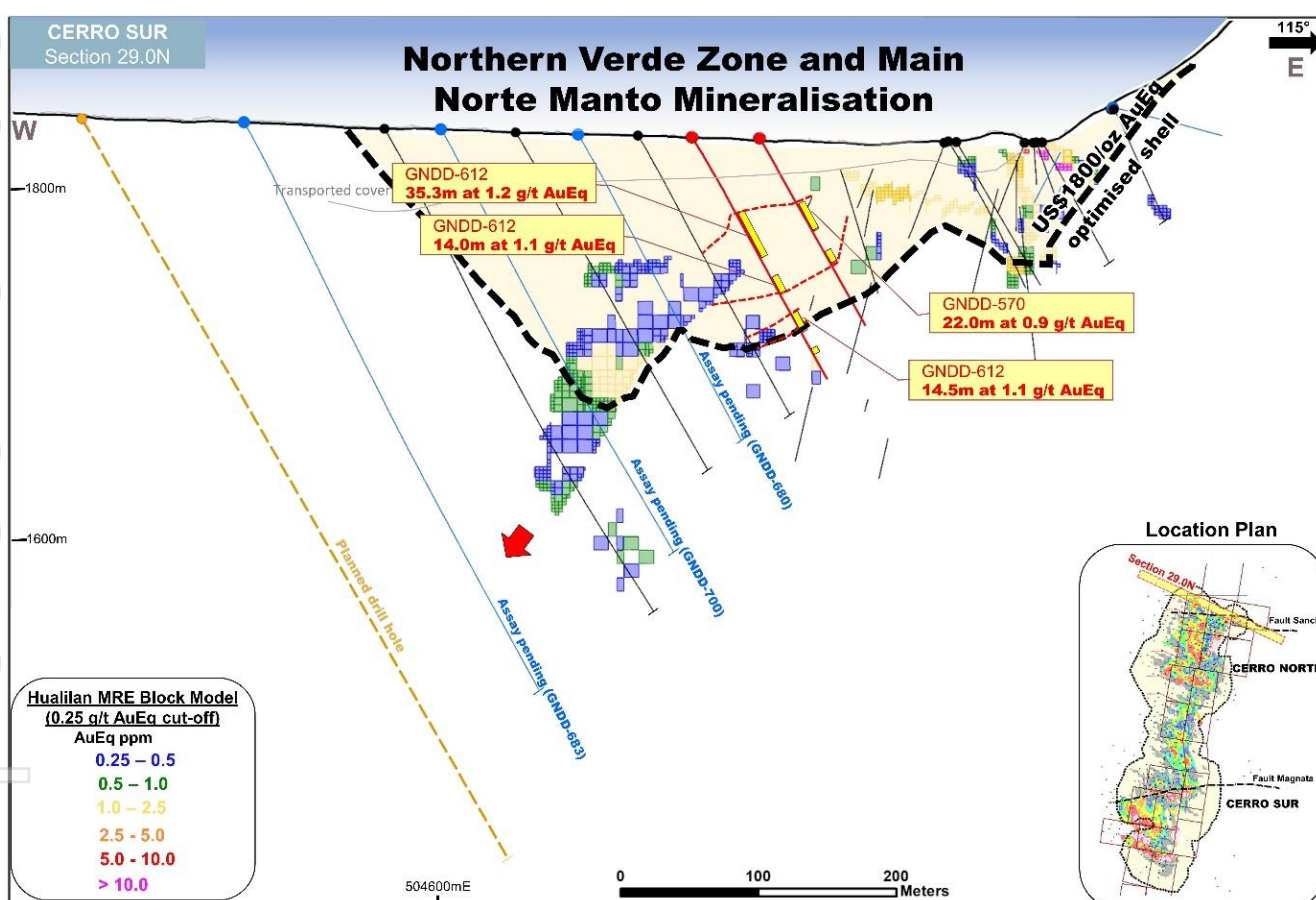


Figure 1 - Cross Section GNDD-570 and GNDD-612 Northern Verde Zone

GNDD-587 and GNDD-594, GNDD-711 (assays pending)

GNDD-587 and GNDD-594 were drilled on the fence of drilling 40 metres south of GNDD-570 and GNDD-612 where drilling is limited. They are part of a series of extension holes (some of which are still assays pending) collared as up and down-dip step-outs of GNDD-402 (37.0 metres at 0.3 g/t AuEq and 24.0 metres at 0.3 g/t AuEq) just inside the northern limit of the Verde Zone.

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GNDD-587 intersected four zones of mineralisation including **35.0 metres at 0.3 g/t AuEq (0.2 g/t gold, 0.6 g/t silver, 0.1% lead, 0.1% zinc)** from 85.0m, including **1.6 metres at 1.5 g/t AuEq (1.1 g/t gold, 2.3 g/t silver, 0.4% lead, 0.7% zinc)** which extends the Verde Zone mineralisation 100 metres up-dip into a zone of no drilling. Additionally, the hole intersected **31.0 metres at 0.8 g/t AuEq (0.7 g/t gold, 1.9 g/t silver, 0.3% zinc)** from 182.0m including **5.8 metres at 3.0 g/t AuEq (2.3 g/t gold, 7.3 g/t silver, 1.4% zinc, 0.1% lead)**. This deeper intersection extended the true width of the mineralisation by approximately 15 metres compared to the MRE block model.

GNDD-594 was effectively an infill hole between GNDD-587 and GNDD402 on a 40 metres spacing to allow the reporting of the MRE to indicated status. GNDD-594 confirmed the extension of the mineralisation between the two holes recording intercepts of **12.0 metres at 1.0 g/t AuEq (0.7 g/t gold, 1.8 g/t silver, 0.2% lead, 0.5% zinc)** from 104.0m including **2.0 metres at 3.9 g/t AuEq (3.1 g/t gold, 6.5 g/t silver, 1.5% zinc, 0.5% lead)** and **1.4 metres at 2.1 g/t AuEq (2.1 g/t gold, 0.3 g/t silver)** from 162.0m and **6.0 metres at 0.7 g/t AuEq (0.6 g/t gold, 3.3 g/t silver, 0.1% zinc)** from 198.0m.

GNDD-711 (assays pending) has been drilled as a test 80 metres downdip of GNDD-402 and has been logged as intersecting sulphides and skarn alteration. Accordingly, an infill hole is planned between GNDD-711 and GNDD-402.

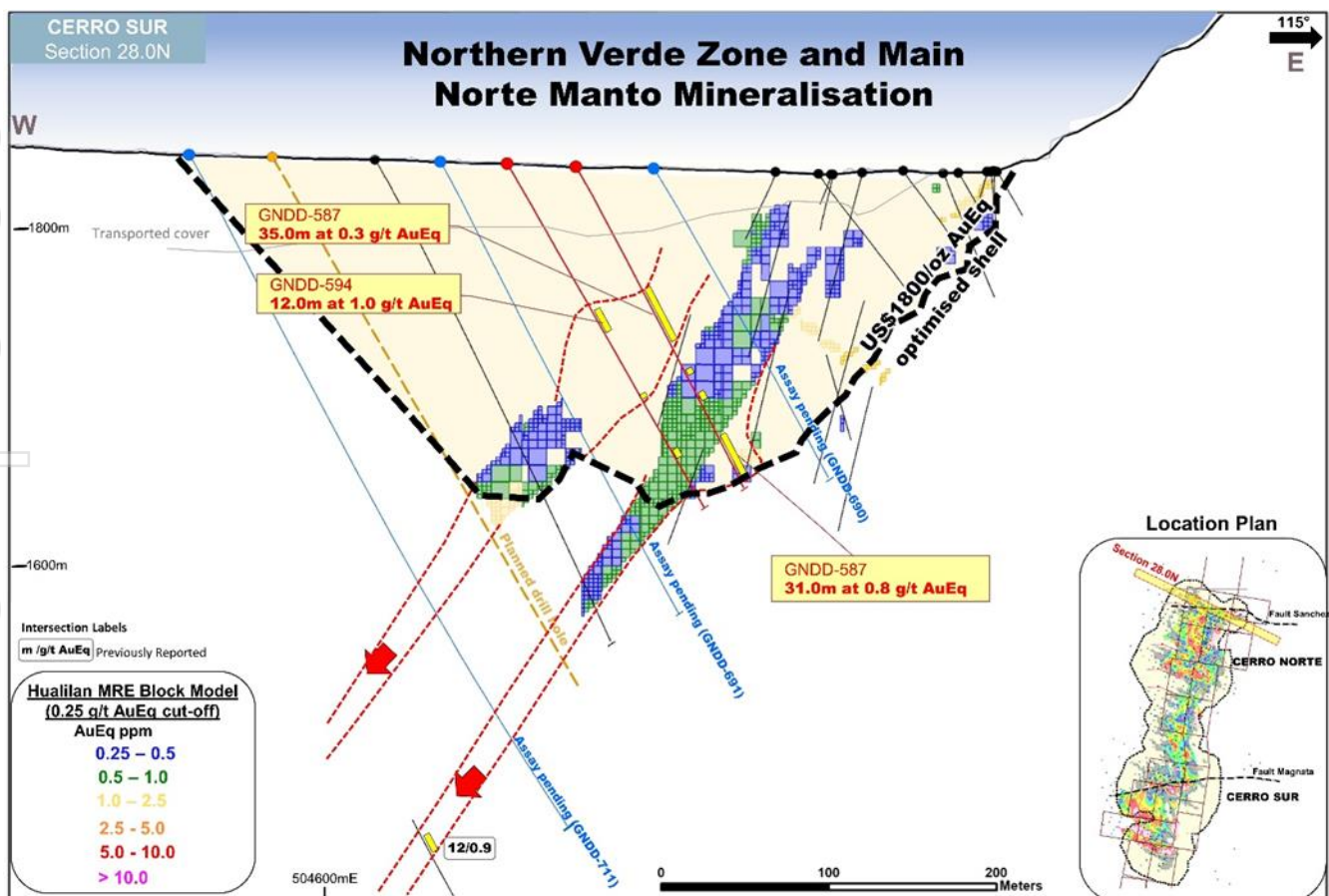


Figure 2 - Cross Section GNDD-587 and GNDD-594 Northern Verde Zone

Challenger Exploration Limited
ACN 123 591 382
ASX: CEL

Issued Capital
1,044.9m shares
10.0M options
120m perf shares
16m perf rights

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GNDD-554 (Verde Zone)

GNDD-554 was collared on the next fence of drilling 40 metres south of GNDD-587 and GNDD-594 at the northern end of the Verde Zone. The hole intersected **46.1 metres at 0.9 g/t AuEq (0.8 g/t gold, 0.9 g/t silver, 0.1 % zinc)** from 259.9m, including **6.5 metres at 3.9 g/t AuEq (3.7 g/t gold, 2.6 g/t silver, 0.3 % zinc)** and **24.0 metres at 0.9 g/t AuEq (0.9 g/t gold, 0.8 g/t silver, 0.1 % zinc)** from 338.0m including **5.5 metres at 2.9 g/t AuEq (2.8 g/t gold, 1.9 g/t silver, 0.2 % zinc)**.

GNDD-554 confirmed both the continuity of, and that drilling is providing significant extensions to, the Verde Zone mineralisation. GNDD-554 was an infill hole between GNDD-422 (28.0 metres at 0.3 g/t AuEq and 64.0 metres at 0.4 g/t AuEq) and GNDD-459 (29.0 metres at 0.2 g/t AuEq and 43.0 metres at 0.5 g/t AuEq). GNDD-554 will allow the extension of the MRE between GNDD-422 and GNDD-549 which was not possible in the maiden MRE as the spacing between the holes had been too large (Figure 3). In addition to allowing the MRE to be extended across this 200 metre gap the intersections in GNDD-554 were significantly higher-grade than those in the surrounding holes.

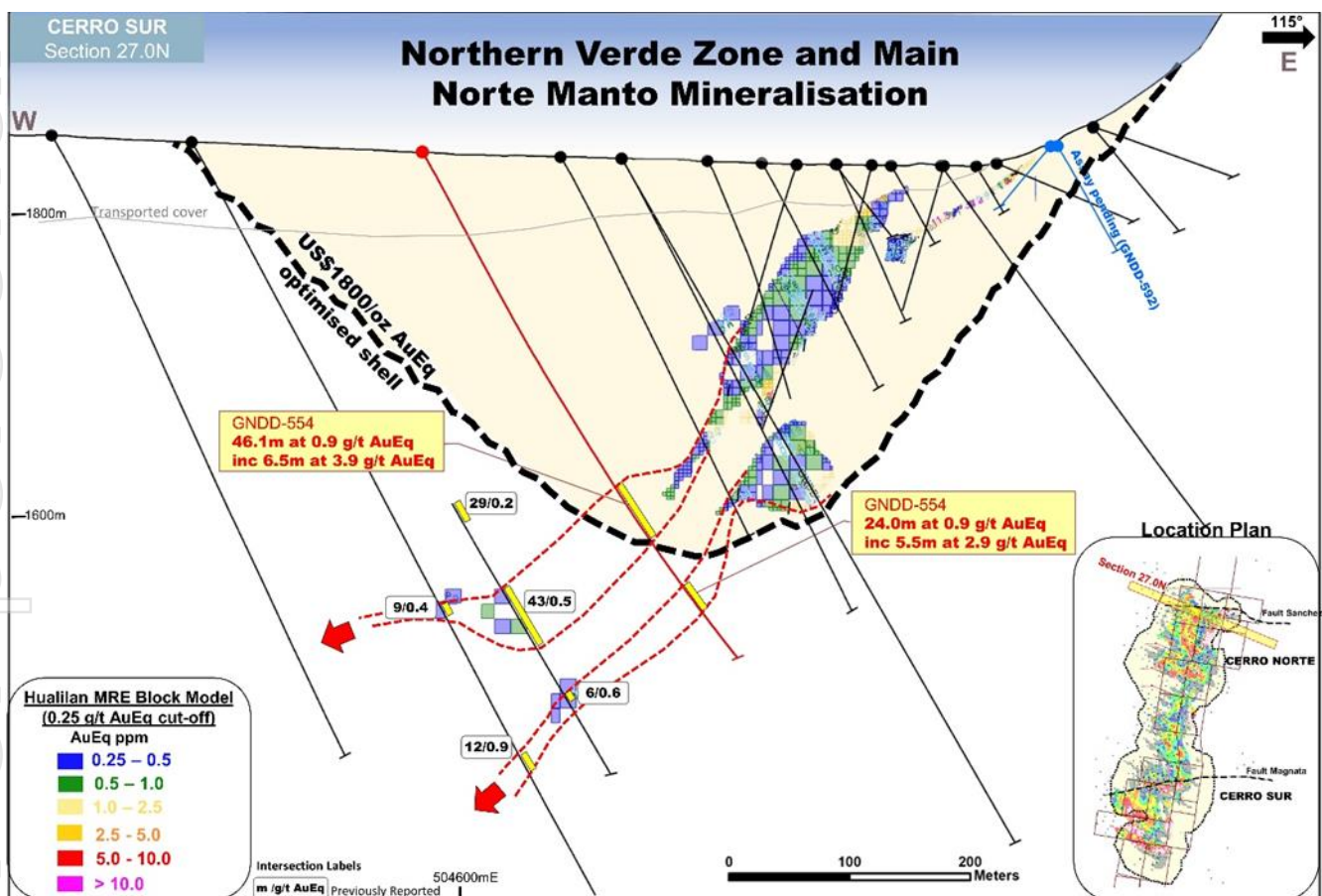


Figure 3 - Cross Section GNDD-554 Northern Verde Zone

GNDD-591

GNDD-591 was collared approximately 600 metres south of the Sanchez Fault in a relatively lightly drilled section of the northern Verde Zone. The hole was collared to test 80 metres downdip of GNDD-

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242 (8.6 metres at 0.6 g/t AuEq and 0.7m at 2.3 g/t AuEq). The intersections of **14.0 metres at 1.2 g/t AuEq (1.2 g/t gold, 0.9 g/t silver)** from 224.0m including **2.8 metres at 4.5 g/t AuEq (4.4 g/t gold, 3.5 g/t silver, 0.1% zinc)** correlates with the intersections in GNDD242 and extends the Verde Zone mineralisation 80 metres downdip. Importantly, the mineralisation intersected in GNDD-591 is approximately 50% thicker and considerably higher-grade than surrounding holes.

GNDD-591 intersected several new zones of deeper mineralisation. The intersection of **4.0 metres at 2.0 g/t AuEq (1.7 g/t gold, 3.7 g/t silver, 0.4% zinc, 0.1% lead)** from 250.0m including **0.7 metres at 10.1 g/t AuEq (8.8 g/t gold, 17.7 g/t silver, 2.2% zinc, 0.4% lead)** is significant. This intersection extends a deeper zone of higher-grade Verde mineralisation that covers 200 metres of strike another 40 metres south along strike.

A third deeper intersection of **3.3 metres at 5.4 g/t AuEq (4.6 g/t gold, 12.4 g/t silver, 1.3% zinc)** from 382.0m including **0.7m at 23.8 g/t AuEq (20.5 g/t gold, 55.7 g/t silver, 5.6% zinc)** occurs in the same stratigraphic position as a series of high-grade intercepts in drill holes 100 metres south along strike and may represent the continuation of this zone of mineralisation into this relatively lightly drilled area of the project.

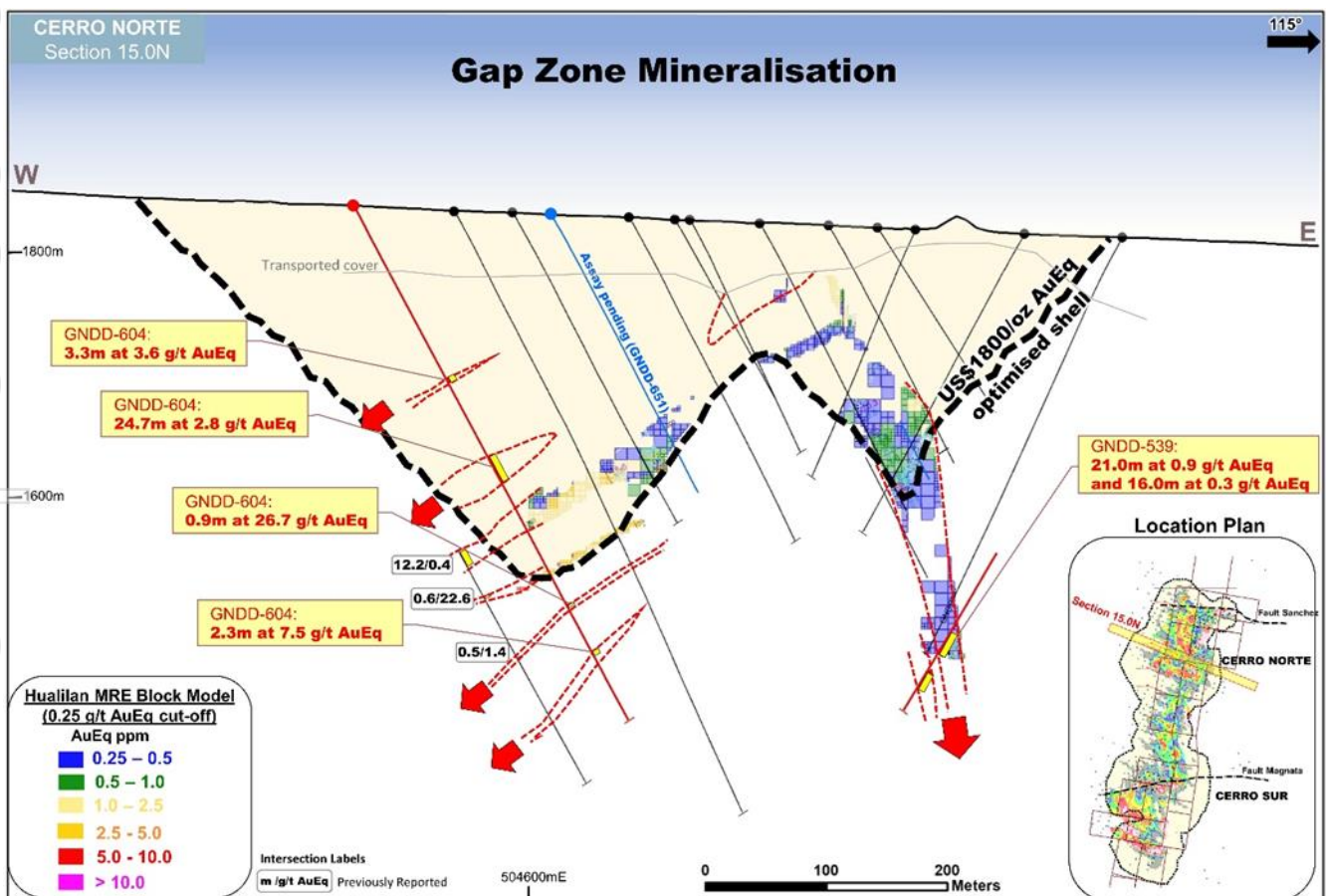


Figure 4 - Cross Section GNDD-604 and GNDD-538 Central Verde and Gap Zone

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GNDD-604

GNDD-604 was collared 40 metres south of GNDD-591 in the central Verde Zone and was drilled to test 80 metres down-dip of GNDD-456 (12.4 metres at 2.8 g/t AuEq). GNDD-604 intersected **24.7m at 2.8 g/t AuEq (2.3 g/t gold, 6.4 g/t silver, 1.0% zinc)** from 236.0m including **1.2m at 45.3 g/t AuEq (36.2 g/t gold, 92.1 g/t silver, 0.1% lead, 17.3% zinc)** and **1.5m at 5.2 g/t AuEq (5.0 g/t gold, 3.4 g/t silver, 0.2% lead, 0.3% zinc)**. This intersection extends the main zone of Verde mineralisation 80 metres down-dip from GNDD-456 with additional drilling planned down-dip of GNDD-604 as mineralisation remains strong and open at depth. Importantly this extension lies within the current US\$1800 pit shell used for the initial MRE.

GNDD-604 also confirmed and extended deeper zones of high-grade mineralisation intersected in GNDD-591 and several holes along strike below the main Verde Zone mineralisation. These deeper intersections in GNDD-604 included **0.9m at 26.7 g/t AuEq (24.9 g/t gold, 15.3 g/t silver, 3.5% zinc)** from 375.0m, **2.3m at 7.5 g/t AuEq (3.3 g/t gold, 30.1 g/t silver, 8.2% zinc)** from 417.6m and **1.8m at 1.4 g/t AuEq (1.4 g/t gold, 0.1 g/t silver)** from 426.4m. These intercepts correlate with and extend intercepts in adjacent holes including 2.0 metres at 9.4 g/t AuEq, 0.9 metres at 10.8 g/t AuEq (GNDD-361), 0.6 metres at 22.6 g/t AuEq (GNDD-472), and 1.0 metres at 14.4 g/t AuEq (GNDD-367). This high-grade mineralisation now extends over 200 metres of strike.

GNDD-539

GNDD-539 was drilled in the central Verde Zone 120 metres south along strike from GNDD-604 and 700 metres south of the Sanchez Fault. The hole was oriented in the opposite direction to the majority of previous drilling as it was designed to test for extensions to the steeply east dipping Gap Zone mineralisation below the current MRE boundary. The hole intersected **21.0 metres at 0.9 g/t AuEq (0.9 g/t gold, 1.0 g/t silver)** from 373.0m. The intersection extended the Gap Zone mineralisation 100 metres deeper with mineralisation remaining open at depth.

GNDD571

GNDD-571 was drilled on the same fence of drilling as GNDD-539 however it was drilled 400 metres to the west and drilled eastwards as an infill hole in the central Verde Zone. GNDD-571 was drilled as an up-dip test of GNDD-368 (56.3m at 0.9 g/t AuEq including 5.5m at 5.6 g/t AuEq) with GNDD643 (assays pending) collared to test another 40 metres up-dip as part of the resource drill out (Figure 5).

The intersection of **11.0 metres at 9.1 g/t AuEq (9.0 g/t gold, 5.7 g/t silver, 0.1 % zinc)** from 356.0m, including **7.8 metres at 12.6 g/t AuEq (12.5 g/t gold, 7.9 g/t silver, 0.1 % zinc)** extends the Verde mineralisation 40 metres down dip from GNDD-368. Additionally, the intersection is considerably higher in grade than the existing MRE block model. GNDD-643 (assays pending) is logged as intersecting three zones of massive and semi massive sulphides and skarn alteration which could significantly extend this zone of high-grade mineralisation up-dip (Figure 5).

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Additionally, GNDD-571 intersected **47.0 metres at 0.4 g/t AuEq (0.3 g/t gold, 1.1 g/t silver, 0.1 % zinc)** from 213.0m and **10.0 metres at 0.6 g/t AuEq (0.6 g/t gold, 0.5 g/t silver)** from 328.8m. Both these shallower intersections lie within the US\$1800 Pit Shell used for the MRE and expand the mineralisation expected to be able to be mined from surface.

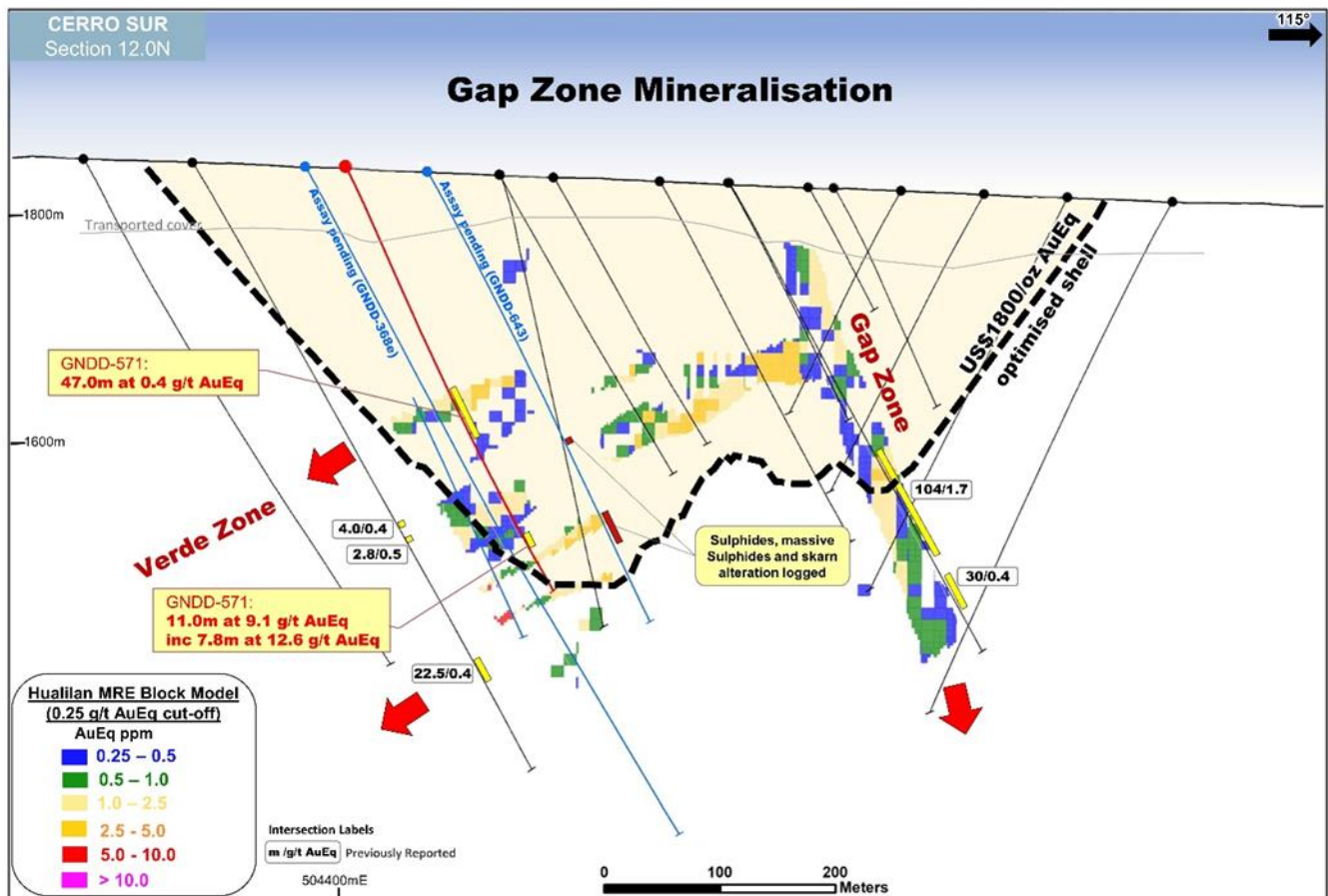


Figure 5 - Cross Section GNDD-571 Verde and Gap Zone mineralisation

GNDD-577

GNDD-577 was collared on the next fence of drilling 40 metres south of GNDD-570 as a 40 metre infill hole between GNDD-359 and GNDD-337. GNDD-577 intersected seven zones of mineralisation successfully extending the mineralisation. The first of intersection **17.0 metres at 1.6 g/t AuEq (1.6 g/t gold, 1.2 g/t silver, 0.1% lead, 0.1% zinc)** from 126.0m correlates with a zone of mineralisation intersected in GNDD-337 (7m at 0.5 g/t AuEq) and indicates significant increase in width and grade down dip. This mineralisation lies within the US\$1800 pit shell used for the current MRE.

The deepest of the seven zones of mineralisation produced an intersection of **0.6 metres at 32.0 g/t AuEq (22.8 g/t gold, 88.9 g/t silver, 17.6% zinc)**, located almost 200 metres below the current MRE boundary. This intercept continues the theme of intersecting higher grade mineralisation in the Verde Zone at the contacts between the intrusives and limestone due to this boundary being a pathway for

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the flow of mineralising fluids. Two additional holes GNDD-653 and GNDD-725 (both assays pending) have been completed to test downdip of GNDD-577 and the Company is planning for GNDD-359 to be re-entered and extended 200 metres deeper .

GNDD-633 and GNDD-546

GNDD-633 and GNDD-546 are located 40 metres south of GNDD-577 in the central Verde Zone. Prior to the intersection of 67.7 metres at 7.7 g/t AuEq in GNDD-458, the Company had only drilled two holes along this 200 metre strike section of the central Verde Zone. GNDD-633 was collared to test 40 metres down dip from GNDD-458. GNDD-633 extended the mineralisation intersected in GNDD-458 some 40 metres down dip with an intersection **46.0 metres at 1.7 g/t AuEq (1.2 g/t gold, 4.4 g/t silver, 0.9% zinc)** from 367.0 including **3.9 metres at 7.9 g/t AuEq (7.3 g/t gold, 18.7 g/t silver, 0.8% zinc)** from 380.3m and **5.1m at 6.6 g/t AuEq (3.7 g/t gold, 19.7 g/t silver, 5.9% zinc)**.

Additionally, GNDD-633 intersected three new zones of mineralisation up-dip intersecting **13.1 metres at 0.6 g/t AuEq (0.6 g/t gold, 0.8 g/t silver)** from 115.5m, **71.0 metres at 0.4 g/t AuEq (0.3 g/t gold, 0.6g/t silver)** from 147.0, and **30.0 metres at 0.8 g/t AuEq (0.8 g/t gold, 1.7 g/t silver, 0.1% zinc)** from 246.0m including **0.7 metres at 25.3 g/t AuEq (23.4 g/t gold, 46.4 g/t silver, 0.3% lead, 2.7% zinc)**.

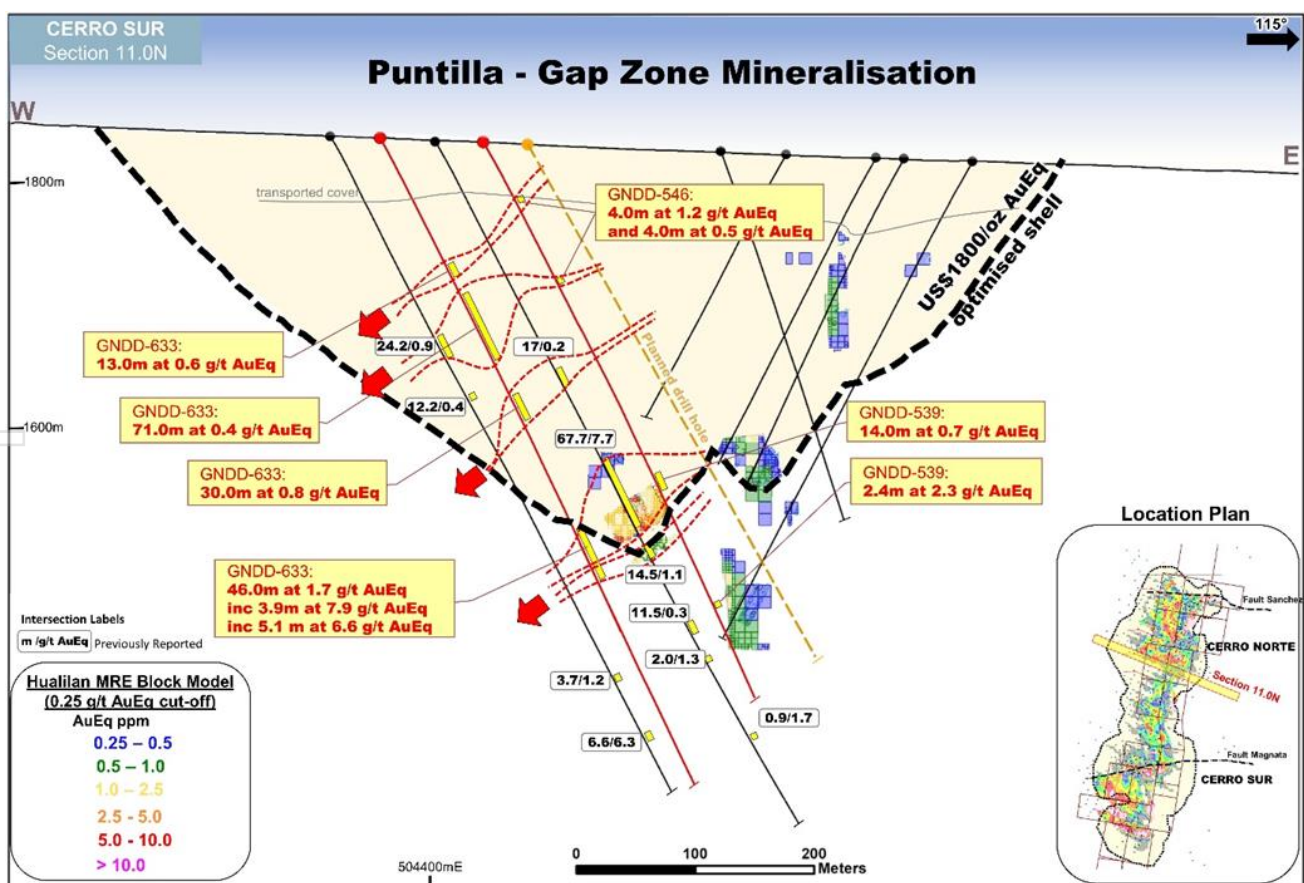


Figure 6 - Cross Section GNDD-633, GNDD-546 and GNDD-458 Central Verde Zone

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As can be seen on Cross Section (Figure 6), which includes the block model for the maiden MRE, the intercept of 67.7 metres at 7.7 g/t AuEq in GNDD-458 was modelled conservatively in the maiden MRE due to the limited drilling. The intersection in GNDD-633 will allow this zone of mineralisation to be extended 40 metres down dip. The three shallower zones of mineralisation correlate with intersections in holes up and down dip and these new results will allow this mineralisation, that lies within the current US\$1800 pit shell to be included in the next MRE. An additional drill hole is planned to be collared to test 80 metres down-dip of GNDD-633.

GNDD-546 was drilled to test 40 metres up-dip of GNDD-458 and intersected **14.0 metres at 0.7 g/t AuEq (0.6 g/t gold, 1.8 g/t silver)** from 316.0m including **2.0 metres at 1.9 g/t AuEq (1.8 g/t gold, 2.9 g/t silver)**. In GNDD-546 the intrusives that host the high-grade mineralisation intersected in GNDD-458 appear not to have extended up-dip with the intersection in GNDD-546 was hosted in limestones that have been baked; likely as they are adjacent to the intrusives that host the high-grade intersection down-dip. GNDD-546 Intersected two zones of mineralisation above this main zone intersecting **4.0 metres at 1.2 g/t AuEq (1.2 g/t gold, 0.3 g/t silver)** from 55.0m and **4.0 metres at 0.5 g/t AuEq (0.5 g/t gold, 0.4 g/t silver)** from 134.0. These intersections correlate with the new zones intersected in GNDD-633 80 metres downdip and are located within the \$1800 optimised pit shell.

GNDD-588 and GNDD-606

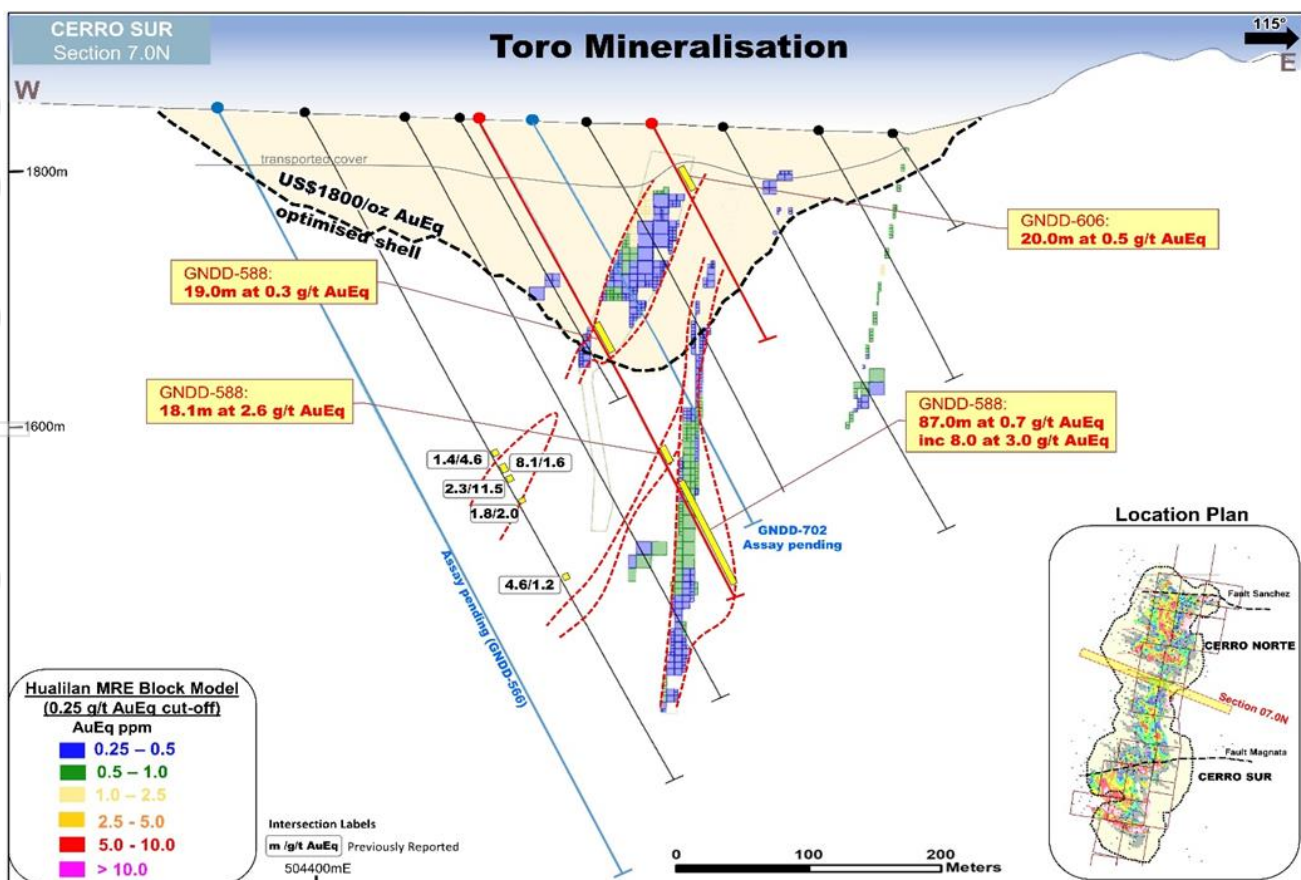


Figure 7 - Cross Section GNDD-588 and GNDD-606 Verde Zone

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GNDD-588 is located 200 metres south of GNDD-633 in the Central Verde Zone. The hole was collared to test 15 metres up-dip of hole GNDD-303 and primarily targeted as a depth extension to GNDD-303 which was ended at 240 metres. This was subsequently interpreted to have been above the main zones of Verde mineralisation.

GNDD-588 intersected several zones of mineralisation. The intersection of **18.1 metres at 2.6 g/t AuEq (2.3 g/t gold, 2.8 g/t silver, 0.2% lead, 0.5% zinc)** from 281.4m including **1.0 metres at 34.0 g/t AuEq (32.6 g/t gold, 18.1 g/t silver, 1.6% lead, 1.9% zinc)** from 289.7m appears to be a new zone of mineralisation above the existing Verde Zone mineralisation (Figure 6 on preceding page). The intersection of **87.0 metres at 0.7 g/t AuEq (0.7 g/t gold, 1.4 g/t silver)**, from 314.0m including **8.0 metres at 3.0 g/t AuEq (2.9 g/t gold, 3.4 g/t silver)** and **10.0 metres at 1.3 g/t AuEq (1.2 g/t Au, 1.6 g/t silver, 0.1% zinc)** is interpreted as a north-east striking zone of Verde mineralisation below GNDD-303. The mineralisation intersected in this zone in GNDD-588 is considerable wider and contains higher-grade zones than in adjacent holes.

The intersection of **19.0 metres at 0.3 g/t AuEq (0.3 g/t gold, 0.7 g/t silver)** from 182.0m higher in the hole is the downdip extension of the near surface mineralisation intersected in GNDD-341 (110.4 metres at 0.5 g/t AuEq) and confirms its continuity 100 down-dip. Intersections of **7.0 metres at 0.6 g/t AuEq (0.6 g/t gold, 0.6 g/t silver)** from 213.0m and **12.0 metres at 0.3 g/t AuEq (0.2 g/t gold, 1.3 g/t silver, 0.1% lead, 0.2% zinc)** from 242.0m represent new zones of mineralisation.

GNDD-629

GNDD-629 is located 600 metres north of the Magnata Fault in the southern section of the Verde Zone. The hole was drilled as an infill hole between GNDD-295 (42.0 metres at 0.3 g/t AuEq) and GNDD-380 (22.0 metres at 0.4 g/t AuEq and 70.0 metres at 0.7 g/t AuEq). The hole intersected **98.0 metres at 0.4 g/t AuEq (0.4 g/t gold, 1.6 g/t silver, 0.1% zinc)** from 117.0m including **2.0 metres at 2.0 g/t AuEq (1.9 g/t gold, 2.3 g/t silver, 0.1% zinc)** and **2.9 metres at 4.1 g/t AuEq (3.1 g/t gold, 19.1 g/t silver, 0.3% lead, 1.4% zinc)**. The intersection is double the thickness of mineralisation intersected in GNDD-295 and will extend the mineralisation up dip in the MRE US\$1800 pit shell.

GNDD-538

GNDD-538 was collared just south of the Magnata Fault as a test for extensions to the Verde Zone 40 metres north along strike from GNDD-530 (54 metres at 0.4 g/t AuEq and 28.5 metres at 5.4 g/t AuEq; both hosted in intrusives) for which results were received after the MRE cut-off date. GNDD-538 extended these zones of intrusion-hosted mineralisation, which is the extension of the Verde Zone south of the Magnata Fault.

The hole produced several intersections, all of which are all outside the boundary of the current MRE. Results included **10.0 metres at 1.0 g/t AuEq (1.0 g/t gold, 0.7 g/t silver)** from 176.0m and **2.0 metres at 3.1 g/t AuEq (3.1 g/t gold, 0.7 g/t silver)** from 182.0m and **79.0 metres at 0.3 g/t AuEq (0.2 g/t gold, 1.3 g/t silver, 0.1% zinc)** from 331.0m including and **1.0 metre at 4.7 g/t AuEq (4.0 g/t gold, 11.2 g/t silver, 1.1% lead, 0.6% zinc)** from 404.0m.

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THE MAGNATA FAULT

The Magnata and Sanchez Faults are two east-west striking sub-vertical faults. The faults can be seen in outcrop and magnetic data extending for tens of kilometres to the east and west of Hualilan. The Magnata Fault is located at Cerro Sur approximately 1.5 kilometres south of the Sanchez Fault and separates into the M1 and M2 Magnata Faults, both of which host high-grade shoots.

The Magnata and Sanchez Faults were historically recognised as hosting mineralisation at Hualilan. The mineralising fluids are interpreted to have migrated from a source below or along strike, within the faults forming steeply dipping zones of mineralisation in the Magnata and Sanchez Faults. These fluids migrating up the faults also formed nearby replacement Manto-style high grade lenses, oriented parallel to the limestone beds, dipping to the west.

GNDD-642 - Magnata Fault

GNDD-642 was an infill hole between the 80 metre spaced GNDD-399 (14.0m at 0.4 g/t AuEq) and GNDD-157 (12.0 metres at 20.9 g/t AuEq) on the Magnata fault. The hole intersected several zones of mineralisation including **18.8 metres at 6.3 g/t AuEq (4.5 g/t gold, 22.3 g/t silver, 3.3 % zinc, 0.1 % lead)** from 344.4m, including **7.4 metres at 10.8 g/t AuEq (7.4 g/t gold, 36.8 g/t silver, 6.3 % zinc, 0.1 % lead)** and **3.4 metres at 11.5 g/t AuEq (8.9 g/t gold, 42.5 g/t silver, 4.5 % zinc, 0.1 % lead)**. This extended the high grade mineralisation intersected in GNDD-157 40 metres up-dip. Additionally the hole intersected **64.0 metres at 0.5 g/t AuEq (0.4 g/t gold, 0.8 g/t silver, 0.1 % zinc)** from 18.0m hosted in intrusives. This upper intersection confirms the current MRE block model in this location.

As can be seen in Figure 8 over the page, the Magnata Fault mineralisation remains open at depth with GNDD-685 (assays pending) collared to test 40 metres below GNDD-157. GNDD-685 is logged as intersecting several zones of massive and semi massive sulphides and skarn alteration from 544 to 589 metres and 625 to 651 metres downhole. This (subject to assays) indicates that the Magnata Fault and associated mineralisation has swung to a steep northerly plunge in this location and remains strong and open at depth. A deeper follow up hole is planned to test an additional 40 metres below GNDD-685.

GNDD-586

GNDD-586 was drilled as a down-dip test below GNDD-348 (53.0 metres at 0.5 g/t AuEq) on the western limit of known mineralisation on the Magnata Fault. GNDD-586 intersected **57.7 metres at 0.4 g/t AuEq (0.3 g/t gold, 2.6 g/t silver, 0.2 % zinc)** including **8.0 metres at 1.8 g.t AuEq (1.3 g/t gold, 10.0 g/t silver, 0.9 % zinc)**.

Mineralisation remains open at depth, to the west along strike, and within the intrusives near the fault zone with additional drilling planned down-dip. The broad halo of lower grade mineralisation is similar to the near surface mineralisation intersected 80 metres east in drill holes GNDD-313 (24.0 metres at 0.7 g/t AuEq and 14.8 metres at 0.9 g/t AuEq) and GNDD-351 (4 metres at 0.5 g/t AuEq and 4.0 metres at 0.6 g/t AuEq) before deeper hole GNDD-491 intersected 16.8 metres at 11.7 g/t AuEq at depth.

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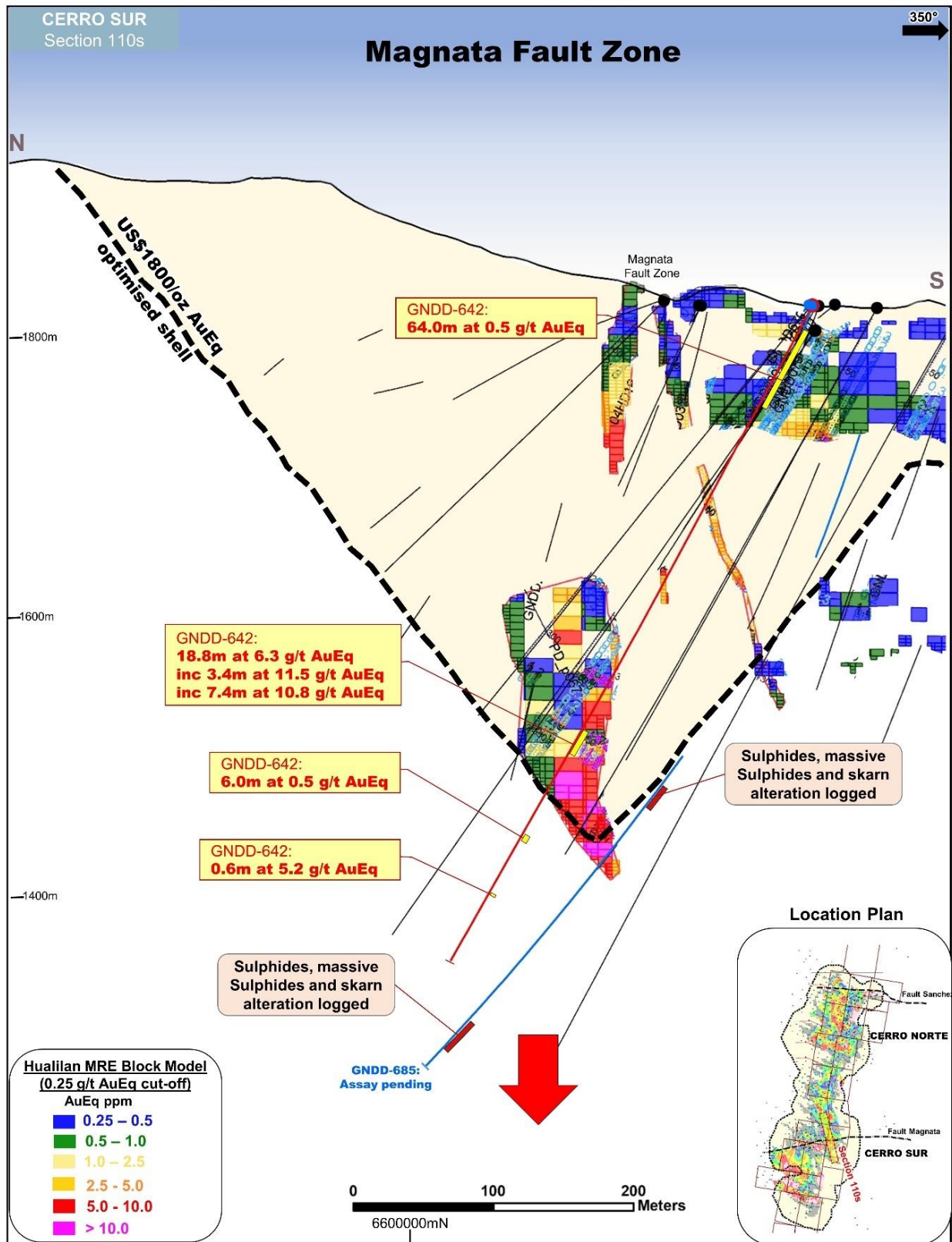


Figure 8 - Cross Section GNDD-642 and GNDD-685 (assays pending) Eastern Magnata Fault

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GNDD-595

GNDD-595 was drilled as a downdip test below GNDD-540 (52.5 metres at 0.5 g/t AuEq and 30.0 metres at 0.6 g/t AuEq and 2.5 metres at 8.1 g/t AuEq) 40 metres east of GNDD-586. The hole intersected a similar broad zone of lower grade mineralisation to GNDD-540 with intersections including **13.8 metres at 0.4 g/t AuEq (0.3 g/t gold, 2.5 g/t silver)** from 198.4m and **21.2 metres at 0.7 g/t AuEq (0.6 g/t gold, 4.0 g/t silver, 0.1 % lead, 0.1% zinc)** from 226.0m, and **39.8 metres at 0.5 g/t AuEq (0.3 g/t gold, 2.9 g/t silver, 0.1 % lead, 0.3% zinc)** from 266.0m including **1.4 metres at 5.7 g/t AuEq (1.2 g/t gold, 28.5 g/t silver, 2.1 % lead, 8.0 % zinc)**.

The hole also intersected a fourth zone of deeper mineralisation intersecting **6.9 metres at 0.5 g/t AuEq (0.3 g/t gold, 3.8 g/t silver, 0.1 % lead, 0.3% zinc)** from 381.4m including **0.8 meters at 3.8 g/t AuEq (2.3 g/t gold, 30.8 g/t silver, 0.2 % lead, 2.3 % zinc) AuEq**. GNDD-615 (assays pending) has been collared to test another 40 metres down dip from GNDD-595 with deeper drilling contingent on the results on GNDD-615.



Photo Showing View of Verde Zone drilling looking north from the Magnata Fault

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EL GUAYABO GOLD AND COLORADO V GOLD/COPPER PROJECT - ECUADOR

COLORADO V D DRILL PROGRAM

During the quarter the Company released the additional results from its results from Phase 1 drilling targeting the CV-A and CV-B Au-Ag-Cu soil anomalies in the Colorado V concession ("Colorado V", the "Project") in El Oro Province, Ecuador. The results build on the first five CV-A and CV-B drill holes, all of which intersected over 450 metres of mineralisation, and confirm two Au-Cu-Ag-Mo discoveries of significance in Colorado V. Three of the five drill holes reported during the quarter intersected over 500 metres of, and ended in, mineralisation.

The results include an intersection of **181.0 metres at 1.0 g/t AuEq** including **62.5 metres at 1.8 g/t AuEq** within a broader intersection of **402.8 metres at 0.6 g/t AuEq and 774 metres at 0.4 g/t AuEq** to the end of the hole. This intersection confirms that the mineralisation at CV-A has a true width of over 600 metres and extends from surface to almost 800 metres and remains open at depth. Importantly, this is the first indication of wide zones of higher-grade mineralisation in the Company's drilling at Colorado V.

The Colorado V concession adjoins CEL's 100% owned El Guayabo concession to the south and the Cangrejos concession to the north which hosts the 17-million ounce Cangrejos Gold Project¹. The CV-A and CV-B discoveries have similar scale to Cangrejos with both the CV-A and CV-B Au-soil anomalies being 1 kilometre long and 500 metres wide. Drilling by the company has now intersected mineralisation over 500 metres of strike length in both the CV-A and CV-B anomalies (Figure 9).

CV-A Anomaly

The CV-A anomaly is an Au-Ag-Cu soil anomaly 1 kilometre long and 500 metres wide which forms part of a greater 3 kilometre linear trending gold in soil feature at Colorado V. The CV-A anomaly, like the other fifteen regionally significant Au-Ag-Cu-soil anomalies across the Company's 35.7 km² tenement package has a peak gold value some 50 times background. Additionally, it is coincident with significant underlying magnetic anomalies indicative of porphyry systems.

Limited historical drilling had been undertaken outside the CV-A soil anomaly targeting vein and breccia mineralisation which is currently being exploited by small scale mining. Results included 248 metres at 0.5 g/t AuEq including 114 metres at 0.7 g/t AuEq, in drillhole ZK16-2 located on the northwest flank of the CV-A anomaly and 112 metres at 0.5 g/t AuEq within a zone of 454m at 0.3 g/t AuEq over the entire length of drillhole ZK0-4 located outside the southern boundary of the CV-A soil Anomaly. These historic results had not been followed up with drilling which directly targeted the CV-A anomaly prior to the Company's current program of which CVDD-22-001 was the first hole.

CEL's first three holes to test the CV-A anomaly all intersected over 500 metres of mineralisation. Results included 528.7m at 0.5 g/t AuEq from surface to the end of the hole including 397.1m at 0.6 g/t AuEq from surface (CVDD-22-001) and 564.1 m at 0.4 g/t AuEq from 8.1m including 278.0 m at 0.6 g/t AuEq (CVDD-22-005). These first three holes and the drilling during the quarter has confirmed an Au-Ag-Cu-Mo discovery of significance.

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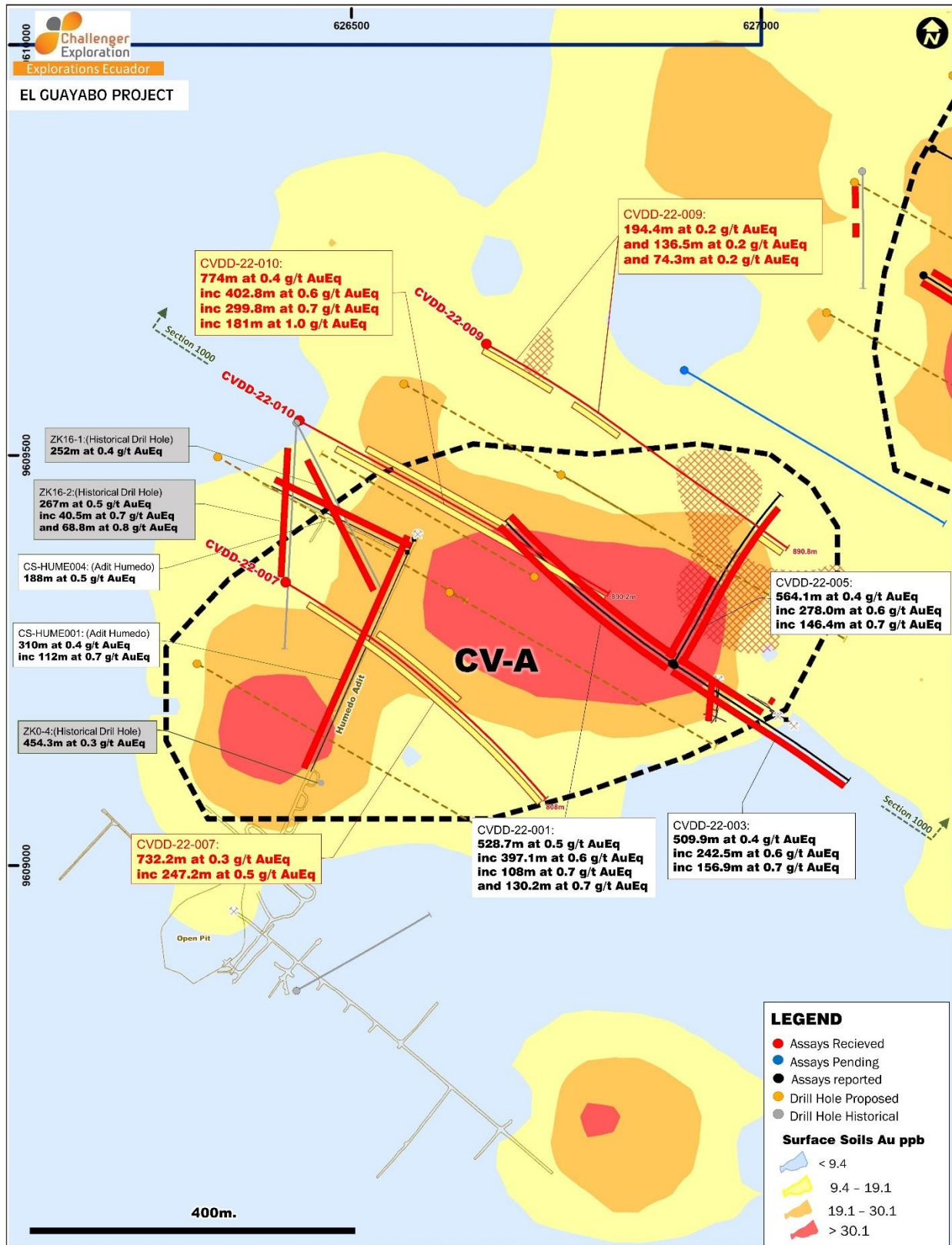


Figure 9 CV-A Au-soil anomaly with new drilling results for CVDD-22-007, 009 and 010 at Colorado V

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CVDD-22-007

CVDD-22-007 was collared on the CV-A anomaly some 250 metres southwest along strike of CVDD-22-001, the first hole drilled to test the CV-A anomaly. The hole was drilled in the reverse orientation of CVDD-21-001 from outside the northern boundary of the CV-A anomaly back under the CV-A anomaly. The results extended the CV-A mineralisation 250 metres southwest along strike from CVDD-22-001 and confirmed that the mineralisation in this portion of the CV-A anomaly has a true width of at least 400 metres

The hole intersected **732.3 metres at 0.3 g/t AuEq (0.2 g/t gold, 1.2 g/t silver, 0.04% copper, 8.0 ppm molybdenum)** from 73.9m to the end of the hole including **338.3 metres at 0.4 g/t AuEq (0.3 g/t gold, 1.5 g/t silver, 0.1% copper, 6.8 ppm molybdenum)** from 251.0m including **247.2 metres at 0.5 g/t AuEq (0.4 g/t gold, 1.7 g/t silver, 0.1% copper, 5.8 ppm molybdenum)** from 251.0m. This intersection included higher grade zones of **50.7 metres at 0.9 g/t AuEq (0.8 g/t gold, 1.8g/t silver, 0.1% copper, 5.1 ppm molybdenum)**, from 251.0m and **15.8 metres at 0.7 g/t AuEq (0.6 g/t gold, 1.6 g/t silver, 0.1% copper, 4.0 ppm molybdenum)**, from 422.5m.

CVDD-22-009

CVDD-22-009 was collared on the northern margin of the CV-A anomaly to test the northeastern limit of the CV-A anomaly (Figure 2). The three lower tenor intersections of **194.4 metres at 0.2 g/t AuEq (0.1 g/t gold, 1.2 g/t silver, 0.04% copper, 11.1 ppm molybdenum)** from surface and **136.5 metres at 0.2 g/t AuEq (0.1 g/t gold, 1.1 g/t silver, 0.06% copper, 12.4 ppm molybdenum)** from 259.3m and **74.3 metres at 0.2 g/t AuEq (0.1 g/t gold, 0.6 g/t silver, 0.04% copper, 13.0 ppm molybdenum)** from 812.5m confirm that the CV-A mineralisation is constrained within the northern boundary of the CV-A anomaly.

CVDD-22-009 extends the CV-A mineralisation another 200 metres northeast along strike to the margin of the CV-A soil anomaly with a combined intersection of over 400 metres of mineralisation. A follow up drill hole CVDD-22-013 has been collared 200 metres northeast along strike from CVDD-22-009, midway between the CV-A and CV-B anomalies, to test if the mineralisation extends between the two anomalies.

CVDD-22-010

CVDD-22-010 was collared on the same fence of drill holes as CVDD-22-001, 500m to the north-west of CVDD-22-001 and drilled in the reverse orientation as CVDD-22-001 (Figure 9). The hole was designed to test the northern half of the CV-A anomaly as CVDD-22-001 had tested the southern half of the CV-A anomaly on this drill section. Additionally, the hole was drilled as a scissor hole to CVDD-22-001 to determine if the CV-A mineralisation is one large pervasive zone of porphyry style mineralisation and associated intrusive breccias.

CVDD-22-010 intersected **774.0 metres at 0.4 g/t AuEq (0.3 g/t gold, 1.3 g/t silver, 0.1 % copper, 11.8 ppm molybdenum)** from 114.5m to the end of the hole including **402.8 metres at 0.6 g/t AuEq (0.4 g/t gold, 1.7 g/t silver, 0.1 % copper, 10.9 ppm molybdenum)** from 182.3m. This intersection included

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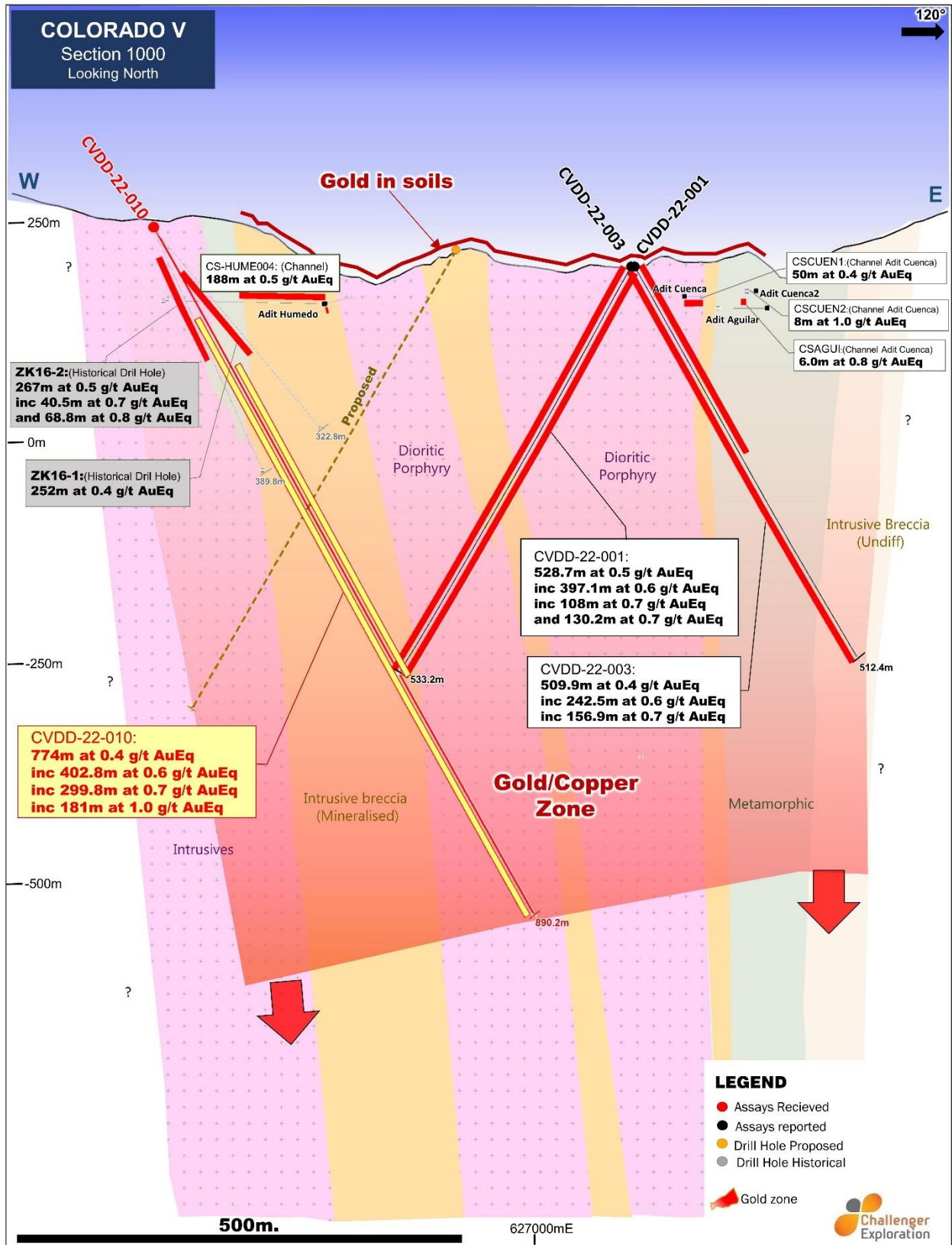


Figure 10 - Cross Section across central CV-A Au in soil anomaly with scissor hole CVDD-22-010 intercept

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a higher-grade core of **299.8 metres at 0.7 g/t AuEq (0.5 g/t gold, 1.8 g/t silver, 0.1 % copper, 11.7 ppm molybdenum)** from 182.3m including **180.9 metres at 1.0 g/t AuEq (0.7 g/t gold, 2.4 g/t silver, 0.1 % copper, 9.5 ppm molybdenum)** from 182.3m. Within this the hole intercepted a consistent high-grade zone of **62.4 metres at 1.8 g/t AuEq (1.5 g/t gold, 2.7 g/t silver, 0.1 % copper, 7.0 ppm molybdenum)** from 182.3m.

The individual 1.5-2.0 metre sample assay results for this high-grade zone are included in Table 3. As is the case with the majority of the CV-A and CV-B intersections, the mineralisation in this 62.4 metre high-grade zone is extremely consistent and pervasive and does not rely on a few isolated narrow high-grade zones to carry the overall high grade. Additionally, the results of CVDD-22-010 confirm that the CV-A mineralisation is a significant system with the mineralisation having a true width of over 600 metres and extending from surface to almost 800 metres vertically and remaining open at depth.

CV-B Anomaly

The CV-B anomaly is a Au-Ag-Cu soil anomaly 1 kilometre long and 500 metres wide which, with CV-A, forms part of a greater 3 kilometre linear trending gold in soil feature at Colorado V. Similar to CV-A, the anomaly is also coincident with significant underlying magnetic anomalies indicative of porphyry systems.

Limited historical drilling had been undertaken on the flanks of the CV-B anomaly with historical results including 276.0 metres at 0.4 g/t AuEq, including 69.0 metres at 0.7 g/t AuEq (SAZK2-1) and 105.0 metres at 0.7 g/t AuEq, including 55.0 metres at 0.9 g/t AuEq (SAZK0-2A). These historic results had not been followed up with drilling which directly targeted the CV-B anomaly prior to the Company's current program of which CVDD-22-002 was the first hole.

CEL's first two holes to test the CV-B anomaly both intersected over 450 metres of mineralisation. Results included 570.0m at 0.4 g/t AuEq from surface to the end of the hole, including 306.7m at 0.5 g/t AuEq from surface (CVDD-22-002).

CVDD-22-006: CV-B Anomaly

CVDD-22-006 intersected **504.3 metres at 0.3 g/t AuEq (0.3 g/t gold, 1.4 g/t silver, 0.1% copper, 1.8 ppm molybdenum)** from 94.6m to the end of the hole including **276.1 metres at 0.4 g/t AuEq (0.25 g/t gold, 1.5 g/t silver, 0.1% copper, 1.9 ppm molybdenum)** from 97.9m, including **116.1 metres at 0.5 g/t AuEq (0.4 g/t gold, 2.6g/t silver, 0.1% copper, 2.0 ppm molybdenum)**, from 257.9m.

CVDD-22-006 was collared on the CV-B Anomaly some 500 metres northeast of CVDD-22-002 (306.7m at 0.5 g/t AuEq) the first hole drilled to test the CV-B anomaly (Figure 11). CVDD-22-006 extends the strike length over which mineralisation has been intersected on the CV-B anomaly to 500 metres and confirms that the mineralisation has a true width of at least 400 metres in this part of the CV-B anomaly.

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Table 3 - Showing assay results for high-grade zone in CVDD-22-010

CVDD-22-010 (sample number)	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Cu (%)	Mo (ppm)	AuEq (G/t)
EX26728	182.3	184.3	2.0	1.0	2.0	0.10	4.0	1.2
EX26729	184.3	186.3	2.0	6.3	2.1	0.09	20.2	6.5
EX26730	186.3	188.3	2.0	1.0	1.2	0.05	11.2	1.1
EX26732	188.3	190.3	2.0	1.4	1.0	0.04	7.8	1.5
EX26733	190.3	192.3	2.0	1.0	1.6	0.07	5.9	1.2
EX26734	192.3	194.3	2.0	1.8	1.0	0.04	8.6	1.8
EX26735	194.3	196.3	2.0	0.5	0.7	0.02	4.5	0.6
EX26736	196.3	197.6	1.3	1.0	1.8	0.06	5.5	1.1
EX26737	197.6	198.9	1.3	0.9	1.6	0.04	5.8	1.0
EX26738	198.9	200.2	1.3	0.9	12.1	0.28	16.7	1.5
EX26739	200.2	201.7	1.5	0.3	2.8	0.08	4.0	0.5
EX26740	201.7	203.2	1.5	0.1	2.0	0.06	4.8	0.3
EX26742	203.2	204.7	1.5	1.1	1.5	0.06	10.7	1.3
EX26743	204.7	206.2	1.5	1.5	2.3	0.10	6.8	1.7
EX26744	206.2	207.7	1.5	0.8	3.6	0.16	9.1	1.1
EX26745	207.7	209.2	1.5	1.4	2.4	0.12	7.7	1.6
EX26746	209.2	210.7	1.5	2.9	2.3	0.13	6.6	3.1
EX26747	210.7	212.2	1.5	1.1	1.5	0.08	6.9	1.3
EX26748	212.2	213.7	1.5	1.5	1.4	0.08	4.1	1.7
EX26749	213.7	215.2	1.5	2.8	2.3	0.10	3.4	3.0
EX26750	215.2	216.7	1.5	3.5	4.0	0.25	7.6	3.9
EX26752	216.7	218.2	1.5	3.3	3.5	0.33	18.0	3.9
EX26753	218.2	219.7	1.5	3.0	2.9	0.27	4.7	3.4
EX26754	219.7	221.2	1.5	3.7	3.6	0.20	3.9	4.1
EX26755	221.2	222.7	1.5	2.8	2.5	0.12	3.5	3.0
EX26756	222.7	224.2	1.5	0.9	2.0	0.10	8.4	1.1
EX26757	224.2	225.4	1.3	3.8	9.2	0.42	3.9	4.6
EX26758	225.4	226.7	1.3	2.0	4.3	0.19	2.5	2.3
EX26759	226.7	228.2	1.5	0.6	2.6	0.11	4.3	0.9
EX26760	228.2	229.7	1.5	0.9	6.4	0.21	5.7	1.4
EX26762	229.7	231.2	1.5	0.4	6.0	0.16	11.2	0.8
EX26763	231.2	232.7	1.5	0.3	3.0	0.08	8.3	0.4
EX26764	232.7	234.2	1.5	0.1	1.4	0.04	2.2	0.2
EX26765	234.2	235.7	1.5	0.2	1.5	0.04	3.5	0.3
EX26766	235.7	237.2	1.5	0.5	1.3	0.06	9.5	0.6
EX26767	237.2	238.7	1.5	0.6	2.3	0.09	5.8	0.8
EX26768	238.7	240.2	1.5	0.8	3.6	0.16	5.0	1.2
EX26769	240.2	241.7	1.5	2.7	4.4	0.16	3.4	3.0
EX26770	241.7	243.2	1.5	0.3	1.2	0.04	5.0	0.3
EX26772	243.2	244.7	1.5	1.1	1.0	0.03	3.1	1.2

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CVDD-22-008: CV-B Anomaly

CVDD-22-008 was collared 400 metres northwest of CVDD-22-006 on the northern end of the CV-B anomaly. The hole intersected **49.5 metres at 0.25 g/t AuEq (0.2 g/t gold, 0.7 g/t silver, 1.3 ppm molybdenum)** from 129.8m and **17.7 metres at 0.25 g/t AuEq (0.15 g/t gold, 1.2 /t silver, 4.0 ppm molybdenum)**, from 431.1m.

The low tenor intersection in CVDD-22-008 is interpreted as confirming that the CV-B mineralisation is constrained within the northern margin of the CV-B anomaly (Figure 11). The intersection extends the mineralisation another 150 metres north of CVDD-22-006 to the northern margin of the CV-B anomaly. Mineralisation has been intersected over all 500 metres of strike of CV-B drilled to date.

Next steps

The final drill hole to evaluate the CV-A and CV-B anomalies of this Phase 1 program is CVDD-22-013 (assays pending) which was drilled in the gap between the CV-A and CV-B anomalies. Additionally the Company has now completed another six holes on Colorado V for which assays remain pending. These holes tested the CV-D and CV-E anomalies, 2 kilometres south of CV-A, and the CV-G and CV-H anomalies approximately 5 kilometres to the southwest (Figure 12).

Both drill rigs remain on site with one rig now completing the first hole in the Phase 2 drill program at the 100% owned El Guaybo Concession. This program has been designed to allow the reporting of a maiden Mineral Resource Estimate, in accordance with the JORC 2012 Code, over the 1 kilometre long Main Discovery Zone including the GY-A gold in soil anomaly.

The second drill rig will join this program on the main discovery zone at El Guayabo upon the completion of its current hole which is targeting the GY2-A soil anomaly. The GY2-A anomaly is a 1.4 kilometre long and 500 metres wide Au-Ag soil anomaly located in the El Guayabo2 concession 5 kilometres to the south.

KAROO BASIN - SOUTH AFRICA

The Company continues to pursue its application for shale gas exploration rights in South Africa. As previously reported, the Department of Mineral Resources is progressing a new petroleum resources development bill, and the Minister reportedly indicated during his address in the debate on the Presidential State of the Nation Address in June that the bill will soon undergo public participation, as part of the cabinet and parliamentary approval processes.

Ends

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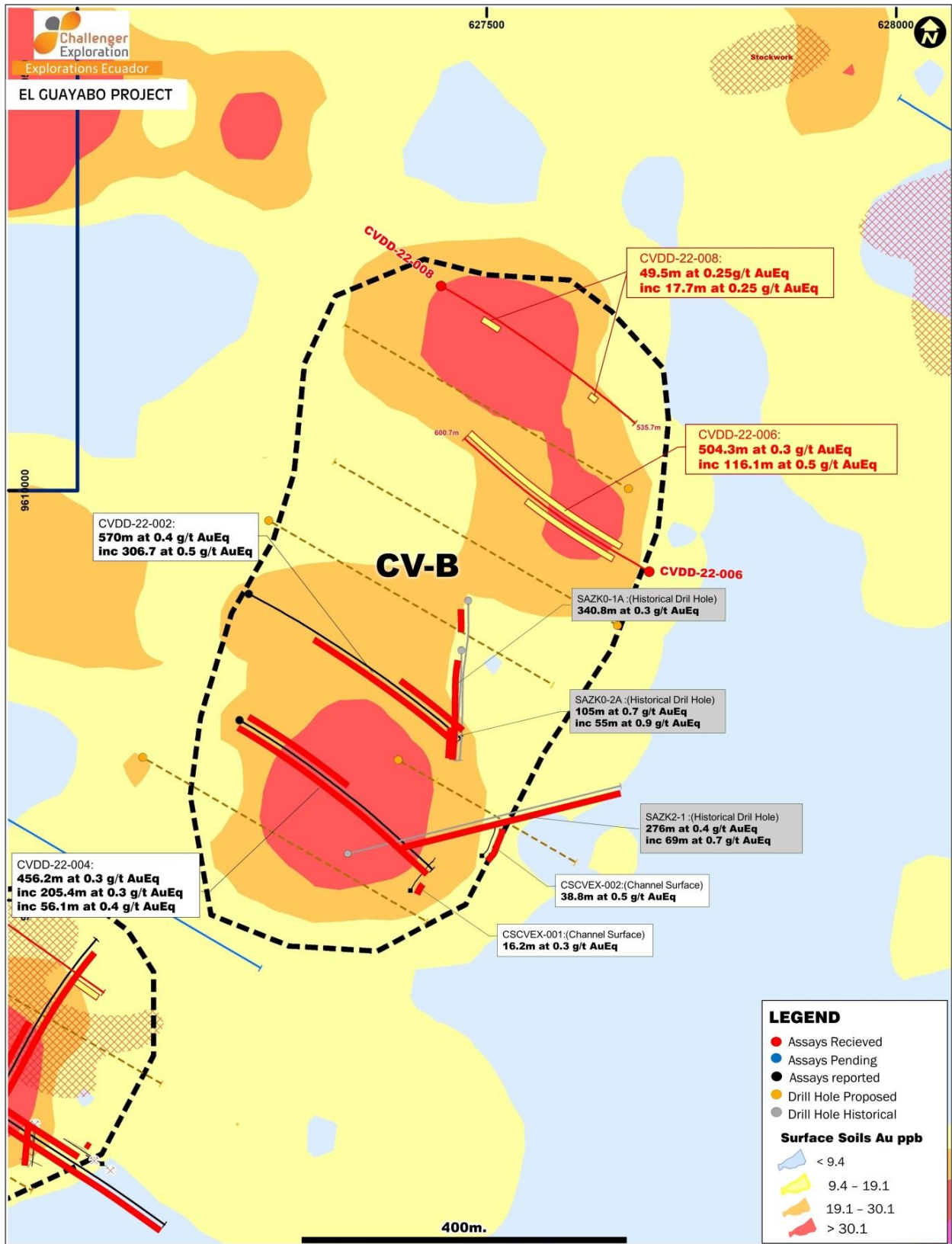


Figure 11 : CV-B Au-soil anomaly with new drilling results for CVDD-22-006 and 008 at Colorado V

Challenger Exploration Limited
ACN 123 591 382
ASX: CEL

Issued Capital
1,044.9m shares
10.0M options
120m perf shares
16m perf rights

Australian Registered Office
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Mr Scott Funston, Finance Director
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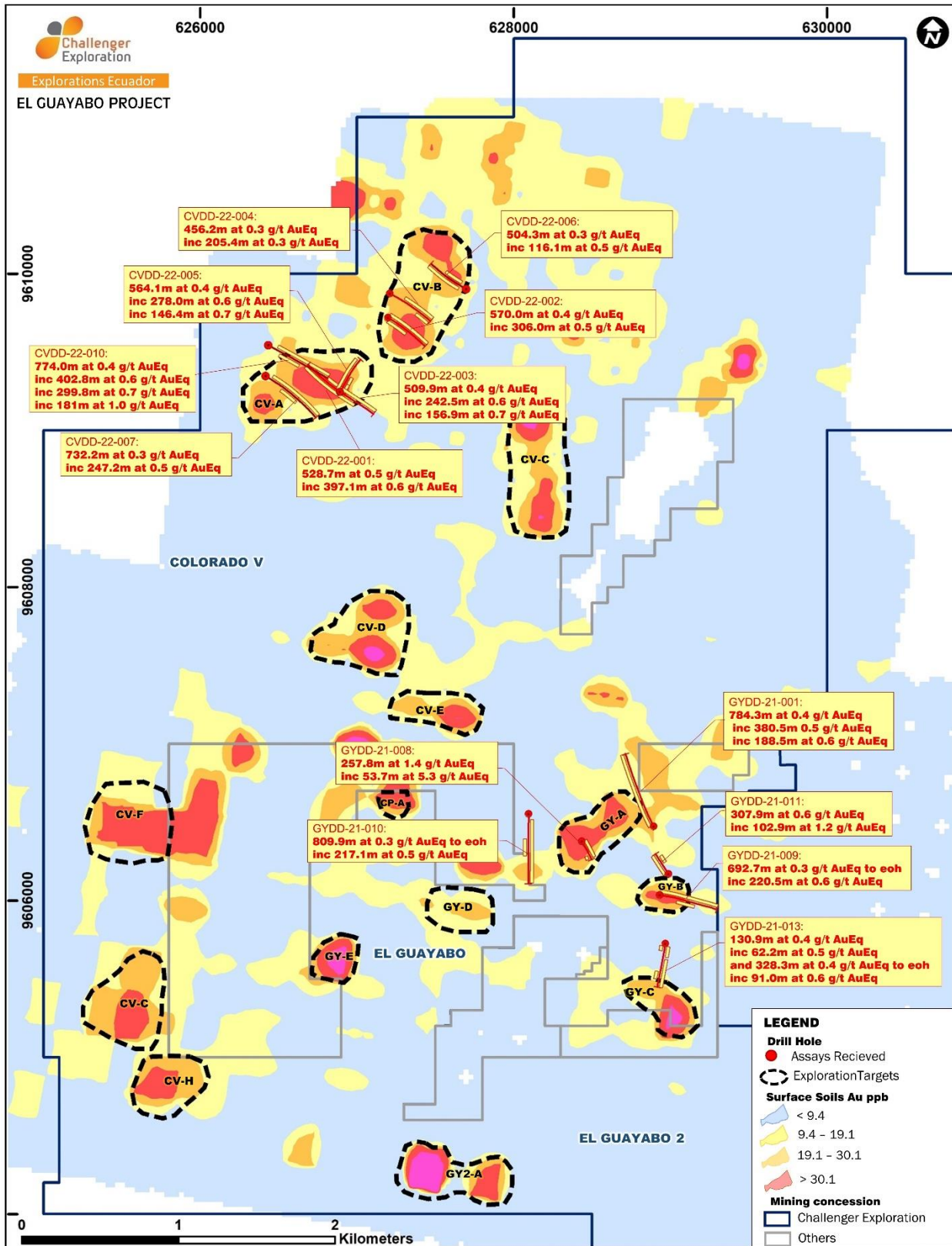


Figure 12 - Regional Au-soil anomalies and drilling results at El Guayabo and Colorado V

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ACN 123 591 382
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Issued Capital
1,044.9m shares
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Drill Hole (#)	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Cu (%)	Mo (ppm)	AuEq (g/t)	Comments	Gram Metres
CVDD-22-006	96.4	600.7	504.3	0.31	1.43	0.07	1.8	0.3	0.1 g/t AuEq cut off	151.29
incl.	97.9	374.0	276.1	0.25	1.54	0.07	1.9	0.4	1.0 g/t AuEq cut-off	110.44
incl.	200.2	209.1	8.9	0.63	1.24	0.07	1.1	0.8	1.0 g/t AuEq cut-off	7.12
and	257.9	374.0	116.1	0.39	2.56	0.14	2.0	0.5	1.0 g/t AuEq cut-off	58.05
incl.	257.9	288.9	31.0	0.32	3.99	0.16	1.4	0.6	1.0 g/t AuEq cut-off	18.60
and	365.0	374.0	9.0	1.51	1.98	0.22	1.7	1.9	1.0 g/t AuEq cut-off	17.10
CVDD-22-007	73.9	806.1	732.2	0.20	1.16	0.04	8.1	0.3	0.1 g/t AuEq cut off	219.66
incl.	251.0	589.3	338.3	0.30	1.49	0.06	6.8	0.4	1.0 g/t AuEq cut-off	135.32
incl.	251.0	498.2	247.2	0.37	1.72	0.06	5.8	0.5	1.0 g/t AuEq cut-off	123.60
incl.	251.0	301.7	50.7	0.78	1.79	0.06	5.1	0.9	1.0 g/t AuEq cut-off	45.63
and	422.5	438.3	15.8	0.62	1.59	0.06	4.0	0.7	1.0 g/t AuEq cut-off	11.06
CVDD-22-008	129.8	179.2	49.5	0.20	0.66	0.02	1.3	0.25	0.1 g/t AuEq cut off	12.37
and	431.1	448.8	17.7	0.15	1.18	0.05	4.0	0.25	0.1 g/t AuEq cut off	4.42
CVDD-22-009	1.0	195.4	194.4	0.12	1.22	0.04	11.1	0.2	0.1 g/t AuEq cut off	38.88
and	259.3	397.8	136.5	0.08	1.15	0.06	12.4	0.2	0.1 g/t AuEq cut off	27.30
and	812.5	886.5	74.3	0.10	0.56	0.04	13.0	0.2	0.1 g/t AuEq cut off	14.86
CVDD-22-010	114.5	888.4	773.9	0.27	1.30	0.06	11.8	0.4	0.1 g/t AuEq cut off	309.56
incl.	182.3	585.1	402.8	0.40	1.65	0.08	10.9	0.6	1.0 g/t AuEq cut off	241.68
incl.	182.3	482.1	299.8	0.50	1.83	0.09	11.7	0.7	1.0 g/t AuEq cut off	209.86
incl.	182.3	363.2	180.9	0.73	2.43	0.11	9.5	1.0	1.0 g/t AuEq cut off	180.90
incl.	182.3	244.7	62.4	1.53	2.70	0.12	7.0	1.8	1.0 g/t AuEq cut off	112.32

Table 4 - Significant Intersections reported during the Quarter

See below for information regarding AuEq's reported under the JORC Code.

² Gold Equivalent (AuEq) values - 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: $AuEq (g/t) = Au (g/t) + [Ag (g/t) \times (22/1780)] + [Cu (\%) \times (9650/100 \times 31.1/1780)] + [Mo (\%) \times (40500/100 \times 31.1/1780)]$.
- CEL confirms that it is the Company's opinion that all the elements included in the metal equivalents calculation have reasonable potential to be recovered and sold.

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JORC 2012 Mineral Resource Estimate for the Hualilan Gold Project								
Domain	Category	Mt	Au g/t	Ag g/t	Zn %	Pb %	AuEq g/t	AuEq (mozs)
<i>US\$1800 optimised shell > 0.25ppm AuEq</i>	Indicated	18.7	1.1	5.4	0.41	0.07	1.3	0.80
	Inferred	25.0	1.0	5.6	0.39	0.06	1.2	1.00
<i>Below US\$1800 shell >1.0ppm AuEq</i>	Inferred	4.0	1.9	11.5	1.04	0.07	2.6	0.33
Total		47.7	1.1	6.0	0.45	0.06	1.4	2.13

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
		Contained Metal				
Mineralisation Style		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 5 - Interim MRE reported as Skarn and Intrusion/sediment hosted components of mineralisation

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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The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant original market announcements continue to apply and have not materially changed. 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 market announcements.

Appendix 1 - Schedule of Tenements

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	100%	281	COD225	Granted
El Guayabo	Colorado V	Goldking Mining Company S.A	earning 50%	2331	COD3363.1	Granted
El Guayabo	El Guayabo 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
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"	Golden Mining S.R.L.	as above	1.9	195-152-C-1981	Granted
Hualilan	South of "La Toro"	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	Granted
Hualilan		Armando J. Sanchez	100% Option	721.90	414-998-M-05	Granted
Hualilan	Guillermo	Armando J. Sanchez	100% Option	2,921.05	1124-045-S-19	Granted
Hualilan	Agu 3	Armando J. Sanchez	100% Option	1,500.00	1124-114-S-14	Granted
Hualilan	Agu 5	Armando J. Sanchez	100% Option	1443.50	1124-343-S-14	Granted
Hualilan	Agu 6	Armando J. Sanchez	100% Option	1500.00	1124-623-S-17	Granted
Hualilan	Agu 7	Armando J. Sanchez	100% Option	1459.00	1124-622-S-17	Granted
Hualilan	El Petiso	Armando J. Sanchez	100% Option	18.00	2478-C-71	Granted

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Appendix 2 - ASX Waivers

The ASX granted the Company a waiver from ASX Listing Rule 7.3.2 to permit the notice of meeting (the "Notice") seeking shareholder approval for the issue of up to 245,000,001 fully paid ordinary shares in the Company ("Waiver Securities") upon the Company satisfying the milestones in relation to each of the Projects ("Milestones") not to state that the Waiver Securities will be issued within 3 months of the date of the shareholder meeting.

The Waiver Securities must be issued no later than 60 months after the date of reinstatement of the Company's securities to official quotation.

All Waiver Securities agreements were amended, received shareholder approval and have been issued.

Performance Shares

The Company has 60,000,000 Class A Performance Shares and 60,000,000 Class B Performance Shares on Issue.

A summary of the terms and conditions of the Performance Shares are as follows:

The Performance Shares shall automatically convert into Shares, provided that if the number of Shares that would be issued upon such conversion is greater than 10% of the Company's Shares on issue as at the date of conversion, then that number of Performance Shares that is equal to 10% of the Company's Shares on issue as at the date of conversion under this paragraph will automatically convert into an equivalent number of Company Shares. The conversion will be completed on a pro rata basis across each class of Performance Shares then on issue as well as on a pro rata basis for each Holder. Performance Shares that are not converted into Shares under this paragraph will continue to be held by the Holders on the same terms and conditions.

(No Conversion if Milestone not Achieved): If the relevant Milestone is not achieved by the required date (being seven years from the date of the Proposed Acquisition or such other date as required by ASX), then all Performance Shares held by each Holder shall lapse.

(After Conversion): The Shares issued on conversion of the Performance Shares will, as and from 5.00pm (WST) on the date of issue, rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for official quotation of the Shares issued upon conversion (subject to complying with any restriction periods required by the ASX).

(Milestones):

The Performance Shares will, convert upon the satisfaction of the following milestones:

(Class A): A JORC Compliant Mineral Resource Estimate of at least Inferred category on either Project of the following:

- a minimum 500,000 ounces of gold (AU) or Gold Equivalent (in accordance with clause 50 of the JORC Code) at a minimum grade of 6 grams per tonne Gold Equivalent; or
- a minimum 1,500,000 ounces of gold (AU) or Gold Equivalent (in accordance with clause 50 of the JORC Code) at a minimum grade of 2.0 grams per tonne Gold Equivalent; or
- a minimum 3,000,000 ounces of gold (AU) or Gold Equivalent (in accordance with clause 50 of the JORC Code) at a minimum grade of 1.0 grams per tonne Gold Equivalent.

(Class B): The Class B Performance Shares held by the holder will convert into an equal number of Shares upon the Company:

Completion and announcement by CEL (subject to the provision of information allowable at the time of completion) of a positive Scoping Study (as defined in the JORC Code) on either Project by an independent third-party expert which evidences an internal rate of return of US Ten Year Bond Rate plus 10% (using publicly available industry assumptions, including deliverable spot commodity / mineral prices, which are independently verifiable) provided that the total cumulative EBITDA over the project life is over US\$50m.

No Performance Milestones were met during the quarter

Challenger Exploration Limited
ACN 123 591 382
ASX: **CEL**

Issued Capital
1,044.9m shares
10.0M options
120m perf shares
16m perf rights

Australian Registered Office
Level 1
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Directors
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Mr Scott Funston, Finance Director
Mr Fletcher Quinn, Chairman
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