

Challenger completes acquisition for 100% of its flagship Hualilan Gold Project

Highlights

- Acquisition of 100% ownership flagship Hualilan Gold Project completed.
- Mr Sergio Rotondo, CEL's current COO and key vendor, will now be appointed Executive Director.
- The Hualilan Gold Project has a rare combination of both grade and scale evidenced by recent results including:
 - 2.8m at 62.5 g/t AuEq¹ - 59.0 g/t Au, 25.8 g/t Ag, 7.2% Zn from 296.9m (GNDD-314);
 - 96.0m at 2.0g/t AuEq² - 1.8g/t Au, 2.9g/t Ag, 0.3% Zn from 13.0m (GNDD-288)
- Significant exploration upside with the total Project area covering over 80 square kilometres and containing 18 kilometres of the main Hualilan Gold Trend which is largely unexplored.
- 9-rig program will deliver more drill metres in the next 10 months than the previous 2 years.

Challenger Exploration (ASX: CEL) (CEL the Company) is pleased to announce that it now own 100% of its flagship Hualilan Gold Project in San Juan Argentina. Hualilan is a compelling gold discovery, with the benefit of both grade and scale, located in a Tier 1 mining jurisdiction. This is illustrated by recent results which include **3.8m at 24.8 g/t AuEq³, 16.9m at 16.9 g/t AuEq³, (including 7.1m at 32.2 g/t AuEq), and 51.6m at 4.5 g/t AuEq²**. Mineralisation at Hualilan has now been defined over 3 kilometres of strike and 500 metres vertically with mineralisation remaining open in all directions.

The Company has today allotted the shares required to complete the acquisition with the US\$3.69 million cash consideration paid in July. Mr Sergio Rotondo, the key vendor, following allotment, has accepted his invitation to join the Board of the Company as Executive Director. Sergio is the Company's Chief Operating Officer (COO South America), and was integral in bringing the Hualilan Gold Project to CEL, in addition to being a foundation member of the Company's management team since re-listing in July 2019.

Commenting on moving to 100% ownership, CEL Managing Director, Mr Kris Knauer, said

"The consolidation of 100% of our flagship Hualilan Gold Project not only significantly increases the value proposition of the Company for investors it is a vital first step on the path to production.

Results continue to exceed our expectation and with more metres to be drilled in the next 10 months than the past 2 years we expect the project to continue its emergence as a discovery of significance.

Finally, I would like to formally welcome Sergio Rotondo to the CEL Board. As our COO, he has been a vital part of the team since we listed and has driven much of our success and, like the rest of the Board, Sergio has a singular focus on the Company."

Exploration Progress

Exploration progress at the Hualilan Gold Project continues to exceed the Company's expectations, driven by the hard work and diligence of the exploration team in San Juan. The Company collared drill hole GNDD-400 overnight and has completed 93,599 metres of drilling in the 2 years since drilling started in September 2019. The Company has 110,401 metres of the current fully funded drill program to complete, which will take the total metres drilled by the Company at the Hualilan Gold project to 204,000 metres.

Weekly metres drilled at Hualilan has increased from 1,500 metres per week in June to 2,500-3,000 metres per week (Figure 1). As well as the increase in the rig count from five to nine (note that the man portable rig is drilling only during daylight hours) there has been a significant lift in productivity per rig as the drillers gain experience on site. The Company is on track to complete the remaining 110,000 metres in 10 months. This will see significantly more drill metres completed at Hualilan in the next 10 months than have been completed throughout the previous 2 years.

In addition to exploration drilling, the Company has completed the acquisition and post processing of 40 metre spaced ground magnetics which will extend the Company's current magnetic data from 17.8 to 54 square kilometres. An additional 15.5-line kilometres of IP (Induced Polarisation) has extended the IP covering Cerro Norte and part of the Gap Zone south through the Gap Zone past Sentazon. Surface mapping, sampling, and trenching on some of the target areas outside the main 3km Hualilan project has also commenced prior to drilling. In tandem with exploration the Company is progressing more detailed metallurgical test work on all mineralisation types, discussions with potential concentrate off-takers, various logistics studies, and evaluation of infrastructure requirements.

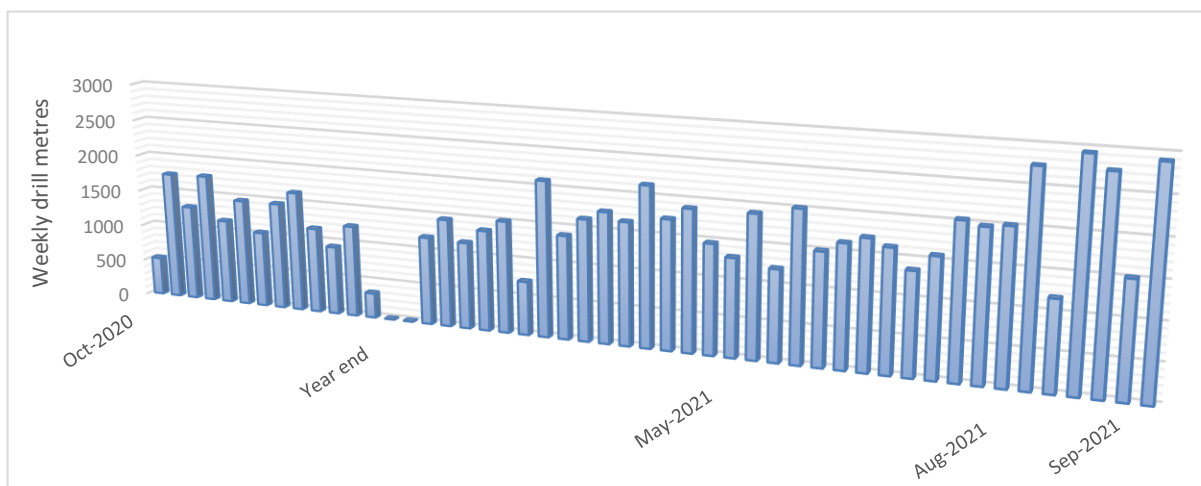


Figure 1 - Hualilan Gold project weekly drilling metres over the past 52 weeks

Board Composition

With the completion of the transaction, Mr Sergio Rotondo will join the Board of the Company as an Executive Director and retain his current annual salary of US\$72,000 per annum. Sergio is the Company's COO South America, and has been an important part of the CEL management team since listing. Hernan

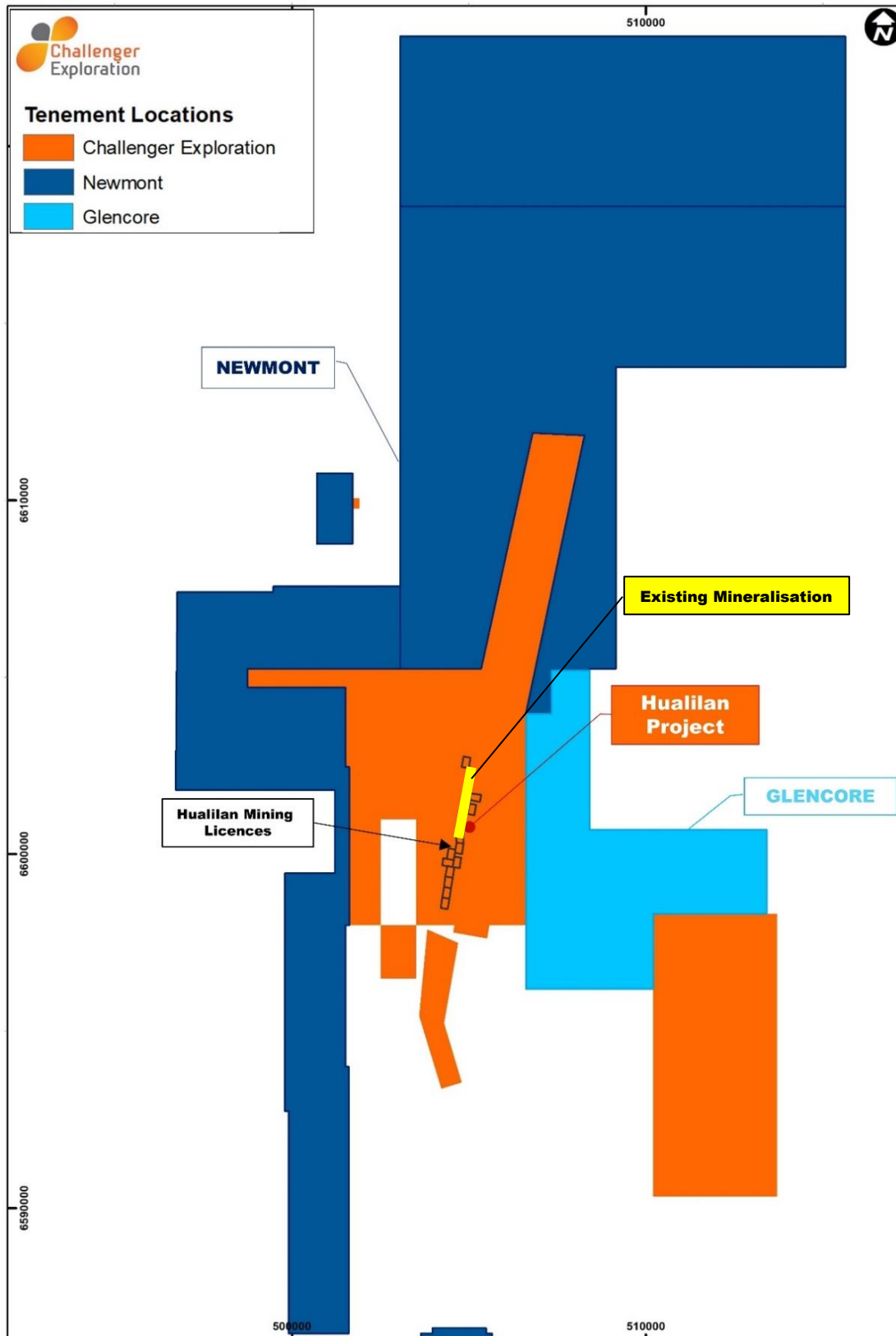


Figure 2 - Existing Hualilan Mineralisation and tenement Position

Celorrio, the past President of Barrick Argentina and responsible for the development and operation of Barrick Gold's Veladero Gold Mine in San Juan Province, will remain as the President of the Company's 100% owned Argentine operating subsidiary, Golden Mining SA.

Sergio Rotondo Bio

Mr Sergio Rotondo holds a Masters Degree in Economics from University of CEMA and an international MBA Degree from University of CEMA. Sergio has an extensive background in managing billion-dollar construction projects from design through completion, and has partnered with some of Argentina's largest real estate developers and designers. Importantly, Sergio is also the founder of Golden Mining SA, which originally consolidated 100% of the Hualilan Gold Project, and will now become CEL's 100% owned operating subsidiary as part of CEL's move to acquire 100% of the Project. Sergio will continue to bring his broad business experience including government relations, logistics, and OHS, which he has done at the Hualilan and El Guayabo Projects since the Company was listed.

Hernan Celorrio Bio

Mr Hernan Celorrio is a mining executive who is currently the President of the Argentine Mining Foundation and President of the Mining Committee of the Argentine Canadian Chamber of Commerce. Hernan's previous roles include, President of Barrick Explorations Argentina (December 1999-March 2006), Vice President of the Argentine Chamber of Mining Companies (1999 – 2005) and Senior Partner of Brons & Salas Law Firm (specialized in Mining) from 1983 to 2007. He served as a Professor of Administrative Law and Economic Regulations at the National University of Buenos Aires, and was awarded Mining Businessman of the Year in Argentina (years 2000 and 2002).

Key Terms of the completed transaction to move to 100% of the Hualilan Gold project

Table 1 and Table 2 show the previous terms of the Hualilan Gold Project Acquisition agreement and the completed terms to move to 100%.

Table 1 - Previous and New Hualilan Gold Project Acquisition Terms

Project Interest	Cumulative Interest	Previous Agreement	New Acquisition Terms
25%	25%	minimum spend of A\$2 million within 2 years and issue of 15 million CEL shares	completed June 30 2020
50%	75%	completion of a Definitive Feasibility Study (DFS) within 6 years and the issue of 50 million CEL shares	issue of 50 million CEL shares (50% Consideration Shares)
25%	100%	no agreement in place	issue of 64 million CEL shares (25% Consideration Shares) and cash payment of US\$3.69 million

Completion of the Acquisition 100% of El Guayabo Concession

In addition to the acquisition of 100% of the Hualilan Project following approval of shareholders at the Shareholder Meeting held to approve the acquisition of 100% of the Hualilan Gold Project the Company has formally completed the acquisition of 100% of the El Guayabo Project in Ecuador. The Company has allotted 14 million of the 18 million shares under the acquisition agreement and will allot the final 4 million shares within 3 months of the Shareholder Meeting after clarifying registration details with the Vendor.

Ends

This ASX announcement was approved and authorised by the Board.

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Previous announcements referred to in this release include:

30 June 2020 - CEL Advancing Towards 75% Interest in Hualilan Gold Project
 28 SEPT 2020 - CEL to Acquire 100% of El Guayabo Concession – Ecuador
 29 Jan 2021 - Drilling continues to extend the boundaries of the high-grade mineralisation at Challengers Flagship Hualilan Gold Project
 29 Apr 2021 - High grade mineralisation substantially extended at the Hualilan Gold Project
 1 July 2021 - CEL Delivers Bonanza Grades at Hualilan Gold Project
 12 Aug 2021 - Hualilan drilling confirms a second deeper zone and doubles the vertical extent of high-grade mineralisation at Sentazon
 20 Aug 2021 - Ongoing success at Hualilan with 2.8m at 62.5g/t AuEq2 in first deep Sentazon drill hole significantly extending mineralisation

See below for information regarding exploration results quoted in this release

¹ Results previously reported in ASX release of 20 August 2021

² Results previously reported in ASX release of 29 April 2021

³ Results previously reported in ASX release of 12 August 2021

Gold Equivalent (AuEq) values - Requirements under the JORC Code

- Assumed commodity prices for the calculation of AuEq is AuUS\$1780 Oz, Ag US\$24 Oz, Zn US\$2,800 /t
- Metallurgical recoveries for Au, Ag and Zn are estimated to be 89%, 84% and 79% respectively (see **JORC Table 1 Section 3 Metallurgical assumptions**) based on metallurgical test work.
- The formula used: $AuEq (g/t) = Au (g/t) + [Ag (g/t) \times (24/1780) \times (0.84/0.89)] + [Zn (\%) \times (28.00 \times 31.1/1780) \times (0.79/0.89)]$

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.

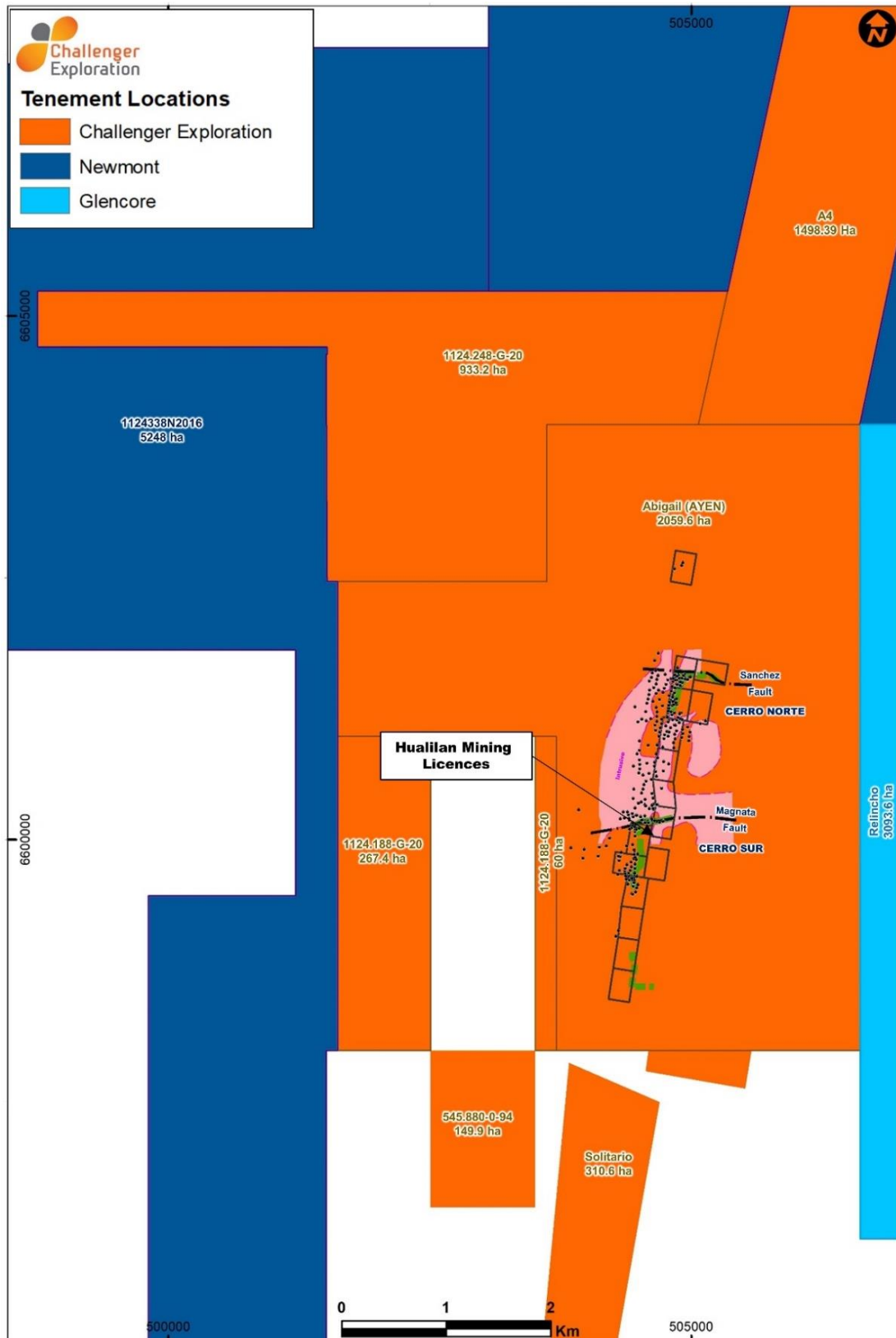


Figure 3 - Hualilan existing mineralisation and current concessions

About Challenger Exploration

Challenger Exploration Limited's (ASX: CEL) aspiration is to become a globally significant gold producer. The Company is developing two complementary gold/copper projects in South America. The strategy for the 100% owned Hualilan Gold project is for it to provide a high-grade low capex operation in the near term. This underpins CEL with a low risk, high margin source of cashflow while it prepares for a much larger bulk gold operation at both Hualilan and El Guaybo in Ecuador.

The Company is fully funded for the next 2 years with cash at bank of \$40 million and it has committed to a 9-rig 120,000 metre drill program at its Flagship Hualilan Gold project.

- Hualilan Gold Project**, located in San Juan Province Argentina, is a near term development opportunity. It has extensive historical drilling with over 150 drill-holes and a non-JORC historical resource ⁽¹⁾ of 627,000 Oz @ 13.7 g/t gold which remains open in most directions. The project was locked up in a dispute for the past 15 years and as a consequence had seen no modern exploration until CEL acquired the project in 2019. In the past 2 years CEL has completed 350 drill holes for more than 75,000 metres of drilling. Results have included **6.1m @ 34.6 g/t Au, 21.9 g/t Ag, 2.9% Zn, 6.7m @ 14.3 g/t Au, 140 g/t Ag, 7.3% Zn** and **10.3m @ 10.4 g/t Au, 28 g/t Ag, 4.6% Zn**. This drilling intersected high-grade gold over almost 2 kilometres of strike and extended the known mineralisation along strike and at depth in multiple locations. Recent drilling has demonstrated this high-grade skarn mineralisation is underlain by a significant intrusion-hosted gold system with intercepts including **209.0m at 1.0 g/t Au, 1.4 g/t Ag, 0.1% Zn** and **110.5m at 2.5 g/t Au, 7.4 g/t Au, 0.90% Zn** in intrusives. CEL's current program which is fully funded includes a 120,000 metres of drilling (which will increase total CEL metres drilled to 204,000 metres), metallurgical test work of key ore types, and an initial JORC Compliant Resource and PFS.
- El Guayabo Gold/Copper Project** covers 35 sq kms in southern Ecuador and was last drilled by Newmont Mining in 1995 and 1997 targeting gold in hydrothermal breccias. Historical drilling has demonstrated potential to host significant gold and associated copper and silver mineralisation. Historical drilling has returned a number of intersections including **156m @ 2.6 g/t Au, 9.7 g/t Ag, 0.2% Cu** and **112m @ 0.6 % Cu, 0.7 g/t Au, 14.7 g/t Ag** which have never been followed up. The Project has multiple targets including breccia hosted mineralisation, an extensive flat lying late-stage vein system and an underlying porphyry system target neither of which has been drill tested. CEL's first results confirm the discovery of large-scale gold system with over 250 metres of bulk gold mineralisation encountered in drill hole ZK-02 which contains a significant high-grade core of 134m at 1.0 g/t gold and 4.1 g/t silver including 63m at 1.6 g/t gold and 5.1 g/t silver

Foreign Resource Estimate Hualilan Project

La Mancha Resources 2003 foreign resource estimate for the Hualilan Project [^]			
Category	Tonnes (kt)	Gold Grade (g/t)	Contained Gold (koz)
Measured	218	14.2	100
Indicated	226	14.6	106
Total of Measured & Indicated	445	14.4	206
Inferred	977	13.4	421
Measured, Indicated & Inferred	1,421	13.7	627

[^] Source: La Mancha Resources Toronto Stock Exchange Release dated 14 May 2003 -Independent Report on Gold Resource Estimate. Rounding errors may be present. Troy ounces (oz) tabled here

^{#1} 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 impact on the reliability of the 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 February 25, 2019 continues to apply and is not materially changed.

Competent Person Statement – Exploration results

The information that relates to sampling techniques and data, exploration results and geological interpretation 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. 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.

Competent Person Statement – Foreign Resource Estimate

The information in this release provided under ASX Listing Rules 5.12.2 to 5.12.7 is an accurate representation of the available data and studies for the material mining project. The information that relates to Mineral Resources has been compiled by 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).

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