ASX Release
25 Oct 2021

Challenger significantly expands tenement position at its Hualilan Gold Project

Highlights

- **Option to acquire 97.5 square kilometres of concessions in the greater Hualilan area.**
- **Increases CEL's land position from approximately 80 to 177.5 square kilometres.**
- **The concessions are located 3 kilometres north of CEL's existing Hualilan tenements, adjoining Newmont's concessions, and cover approximately 15 kilometres of prospective strike.**
- **The tenements contain the same limestone and sedimentary sequence that hosts Hualilan.**
- **Limited previous exploration, which was never followed up, returned stream sediment samples over 2 g/t gold which is exceptionally high for stream sediment samples and suggests a proximal gold source.**
- **The company has a 4-year option to acquire 100% of the tenements for a total of US$450,000**

Challenger Exploration (**ASX: CEL**) ("**CEL**" the "**Company**") is pleased to announce that it has entered into agreements to acquire a package of Exploration Licences adjacent to the Company's existing Hualilan Gold Project. The concessions comprise five contiguous exploration licenses which are collectively called the Cordon del Peñon tenements.

The Cordon del Peñon tenements cover 97.5 square kilometres and are located 3 kilometres north of Challenger's existing Hualilan Project concessions which cover approximately 80 square kilometres. The tenements are bounded by Newmont on the eastern and southern boundaries (Figure 1). They contain the same package of sedimentary rocks and limestones which host the Hualilan Gold project and cover approximately 15 kilometres of prospective strike.

Commenting on the acquisition of the new concessions CEL Managing Director, Mr Kris Knauer, said

"Hualilan has emerged as a discovery of significance, and it is rare for a discovery the scale of Hualilan to be the only gold deposit in a district. Prior to Challenger acquiring Hualilan, both the Hualilan Gold Project, and the entire surrounding area, had received only cursory exploration in the previous 15 years.

This acquisition is part of our strategy of being the first mover to control a district scale land package around Hualilan. We feel the entire greater Hualilan area is significantly under-explored and see no reason why it cannot host additional Hualilan style discoveries. Given the knowledge we have from Hualilan itself, we feel Challenger is the best placed to unlock the potential of the Hualilan District."

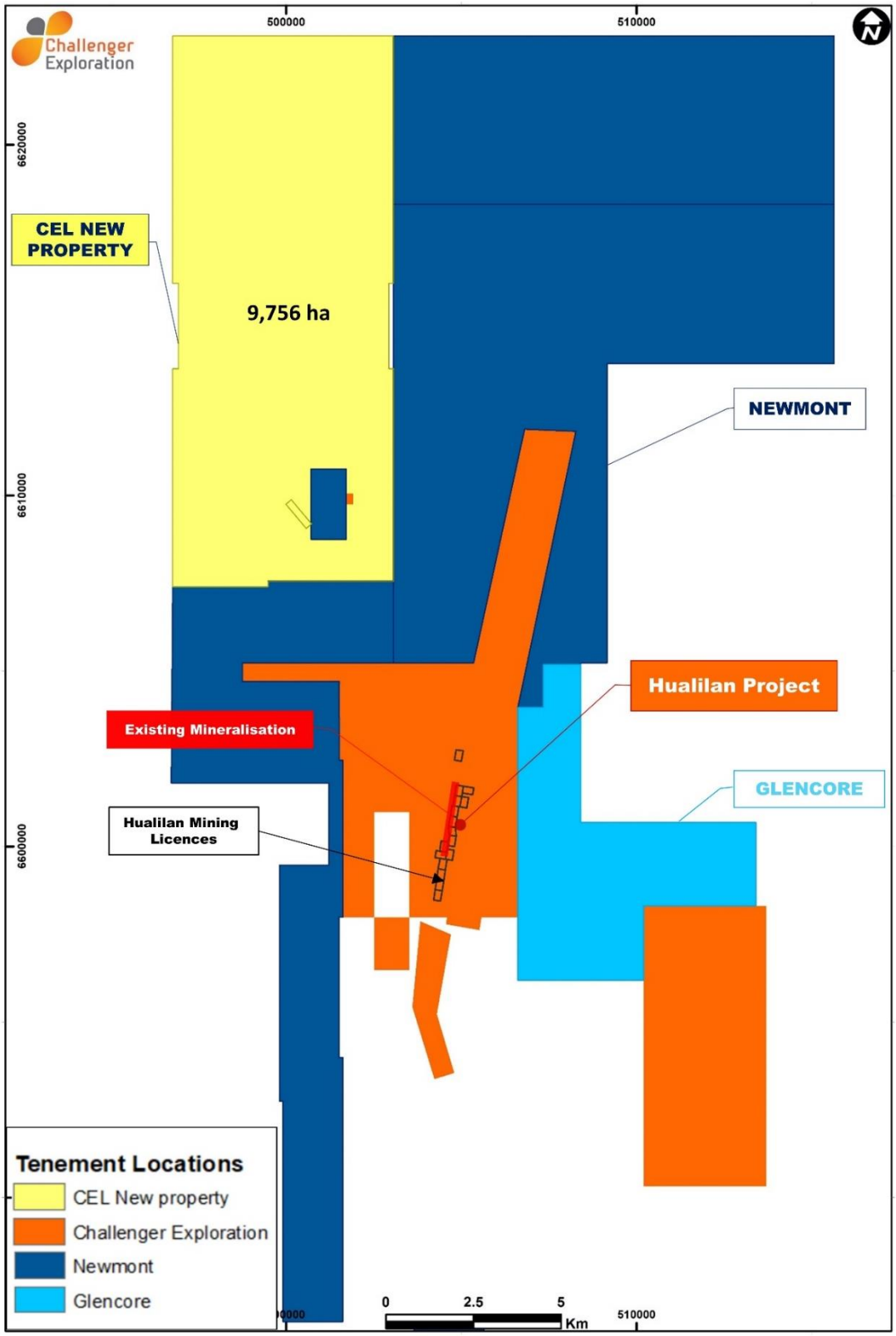

Figure 1 - Existing Hualilan Mineralisation and new tenement Position

The most recent historical work was done on the tenements in 2017 prior to the Company's Hualilan Gold Project emerging as a discovery of significance. This work was completed by TSX listed Centenera Mining Corporation (Centenera) and involved the collection of 110 stream sediment samples and 26 rock chip samples across the concession.

Two of the stream sediment samples assayed 2.3 g/t (2,300ppb) gold and 2.2 g/t (2,219ppb) gold, which is exceptionally high for stream sediment samples. This was interpreted by Centenera as suggesting the presence of a proximal gold source. The two high-grade samples are supported by additional stream sediment samples which define 4 discrete gold geochemical targets within a zone of anomalous geochemistry over approximately 10km strike length. These stream sediment samples and rock chip sample results were never followed up and the source has not been identified.

As a first step in exploration, The Company intends to expand its ground magnetic data to cover the entire 97.5 square kilometres of the new concessions and follow up areas of anomalous surface geochemistry with ground geological mapping to identify the source of the mineralisation. The concession will subsequently be integrated with Challenger's existing exploration program evaluating targets away from the main 3 kilometre mineralised zones at Hualilan.

Acquisition Terms

Under the agreement The Company has made an up front option payment of US$7,000. Additionally, The Company will make annual payments of US$5,000 and sole fund a minimum exploration program over the next 4 years required to keep the concession in good standing. This work program will be determined in consultation with the San Juan Mining Ministry, however the Company anticipates that the acquisition of the ground magnetic data alone will exceed any required expenditure commitment over the next year.

At any time prior to the 4 year period the Company can, at its sole discretion, acquire 100% of the Cordon del Penon tenements for US$450,000, payable $250,000 in cash and $200,000 in cash or CEL shares[1] at Challenger's election.

Ends

This ASX announcement was approved and authorised by the Board.

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Previous announcements referred to in this release include:

11 MAY 2021 - CHALLENGER INCREASES THE GROUND POSITION SURROUNDING ITS HUALILAN GOLD PROJECT FOUR-FOLD AND RAISES $42M

[1] *The price used to determine the US$200,000 in shares will be the 10 day VWAP prior to Challenger notifying the vendor of Its Intention to acquire 100% of the project.*

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 $36 million and it has committed to a 9-rig 120,000 metre drill program at its Flagship Hualilan Gold project.

1. **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 400 drill holes for more than 95,000 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 2.5 kilometres of strike and extended the known mineralisation along strike and at depth in multiple locations. Recent drilling has demonstrated the 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, metallurgical test work of key ore types, and an initial JORC Compliant Resource and PFS.

2. **El Guayabo Gold/Copper Project** covers 35 sq kms in southern Ecuador and was last drilled by Newmont Mining in 1997 targeting gold in hydrothermal breccias. Historical drilling has demonstrated potential to host significant gold and associated copper and silver mineralisation. Historical intersections include **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**. CEL Is currently undertaking its maiden 20,000 metre drill program at El Guayabo. **About Challenger Exploration**

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).

Dr Munroe and has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration to qualify as Competent Person as defined in the 2012 Edition of the JORC Code for Reporting of, Mineral Resources and Ore Reserves. 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.

JORC Code, 2012 Edition – Table 1 report template

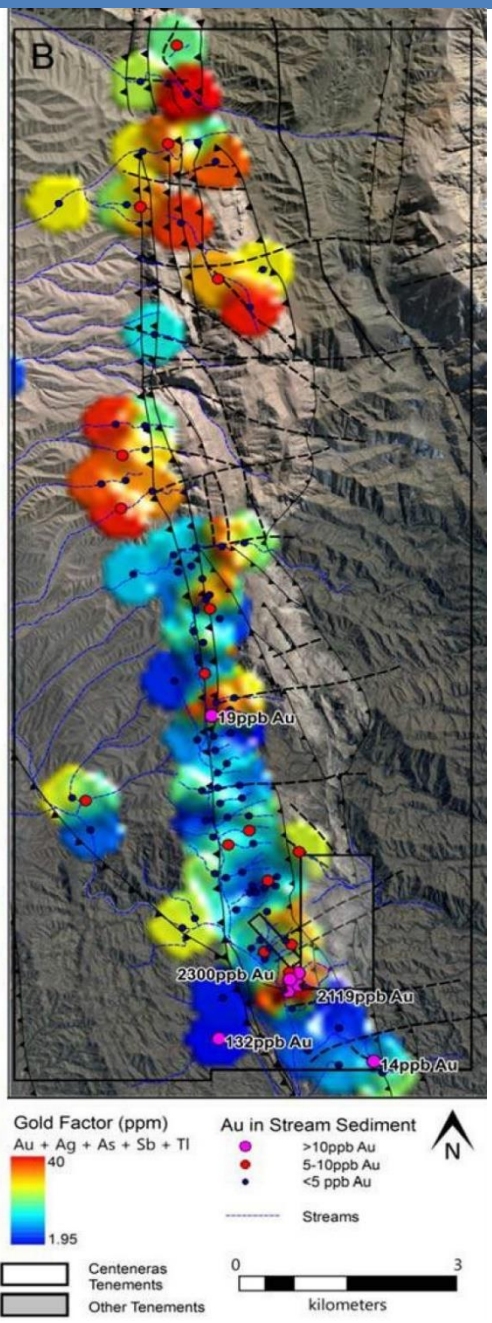
Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Committee Bay Resources (CBR) 2004 - 2006: reportedly collected 85 stream sediment samples. CEL has no information on how the samples were taken, the location or the assay techniques that were used. • Cardero Resource Corporation (Cardero) - 2007: No samples were taken • Centenera Mining Corporation (Centenera) – 2016-2017: 110 stream sediment samples and 26 rock chip samples were collected. CEL has no information on how the samples were taken, the precise location or the assay techniques that were used.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• No drilling has been reported by previous explorers
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to*	• No drilling has been reported by previous explorers

Criteria	JORC Code explanation	Commentary
	preferential loss/gain of fine/coarse material.	
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• No rock chip sample or stream sediment sample logs have been found.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• No details of the sampling techniques, sample sizes and sample preparation has been found.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• No details of the assay data and laboratory tests have been found. • Centenera: Report samples were prepared and analysed by SGS Laboratory in Peru and that blanks, standards and duplicate samples were included in the samples sent for analysis. No data has been found to check the QAQC.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.*	• No information on sample verification has been found.

Criteria	JORC Code explanation	Commentary
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• No information on sample location surveys or the grid reference system has been found. • Centenera: a plan of the combined stream sediment and rock chip samples without geographic reference was provided in a TSX release dated 21 March 2017

Criteria	JORC Code explanation	Commentary
		
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*	• No information on the data spacing has been found.

Criteria	JORC Code explanation	Commentary
	• *Whether sample compositing has been applied.*	
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• There has been no exploration data that has been taken relative to the orientation of the geological controls.
Sample security	• *The measures taken to ensure sample security.*	• No detailed sample security information has been found Centenera: State that their samples were under supervision of their geologists in accordance with standard industry practice.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits have been undertaken.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Cordon del Peñon is composed of six Minas (Mining Leases) and one Cateo (Exploration Licence): <table><tr><th></th><th>File No.</th><th>Area</th><th>Name</th><th>Owner</th></tr><tr><td>Cateo</td><td>414-998-M-</td><td>721.90</td><td></td><td>Armando J. Sanchez</td></tr><tr><td>Mine</td><td>1124-045-S-</td><td>2,921.05</td><td>Guillermina</td><td>Armando J. Sanchez</td></tr><tr><td>Mine</td><td>1124-114-S-</td><td>1,500.00</td><td>Agu 3</td><td>Armando J. Sanchez</td></tr><tr><td>Mine</td><td>1124-343-S-</td><td>1443.50</td><td>Agu 5</td><td>Armando J. Sanchez</td></tr><tr><td>Mine</td><td>1124-623-S-</td><td>1500.00</td><td>Agu 6</td><td>Armando J. Sanchez</td></tr><tr><td>Mine</td><td>1124-622-S-</td><td>1459.00</td><td>Agu 7</td><td>Armando J. Sanchez</td></tr><tr><td>Mine</td><td>2478-C-71</td><td>18.00</td><td>El Petiso</td><td>Armando J. Sanchez & Carlos Ocampo</td></tr></table> • The licences are currently held in good standing. • CEL has an option to acquire the Cordon del Peñon within 4 years of the date of the agreement for US$250,000 cash and US$ 200,000 in cash or shares at 10 day VAWP prior to notifying the Vendor of the intention to acquire the project. CEL will make annual payments of US$5,000 for the first 4 years. • There are no known impediments to operating within the Cordon del Peñon

Criteria	JORC Code explanation	Commentary
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Previous exploration has been completed by Committee Bay Resources (CBR), Cardero Resource Corporation and Centenera Mining Corporation (Centenera). CEL have not been able to appraise the results of previous exploration as there has been no data provided in which to base an appraisal. CEL only has public releases hade to the TSX provided by Centenera dated 9 November 2016 and 21 March 2017
Geology	• *Deposit type, geological setting and style of mineralisation.*	• CBR and Centenera considered mineralisation may be Carlin-style sediment hosted replacement mineralisation on the basis of the anomalous element assemblage from the stream sediment and rock chip samples (Au-Ag-As-Sb, Th, Te and W). CEL are keeping an open mind on the style/s of mineralisation which may be present at the Cordon del Peñon given that the source of the mineralisation has not been identified and the anomalous mineral assemblage indicate multiple mineralisation styles are possible.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• There are no drill holes reported on the Cordon del Peñon
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum*	• No weighted average or aggregate results are reported

Criteria	JORC Code explanation	Commentary
	and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• No information is known of mineralisation widths
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• A plan of the Centenera stream sediment sample results is provided above which was published by Centenera in a release dated 21 March 2017
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be*	• CEL believes the information provided is representative of the known data for the Cordon del Peñon

Criteria	JORC Code explanation	Commentary
	practiced to avoid misleading reporting of Exploration Results.	
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Cardero Resources Corporation completed ASTER satellite alteration mapping and a structural study. The results of this work are not available to CEL
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• The following initial exploration program is indented to be undertaken by CEL: • Ground magnetic survey on E-W survey lines spaced 80 – 100m apart, covering as much of the Cordon del Peñon as possible with a ground based survey. • Surface geological mapping (stream and creek traverses) over key areas identified by previous stream sediment and roc chip sample surveys with the intention of identifying and sampling possible sources for past stream sediment anomalies.