

27 June 2019

CONFIRMATIONS

Challenger Exploration Limited (ACN 123 591 382) (**Company**) provides the following confirmations to satisfy conditions for admission of the Company's securities to quotation on ASX.

Completion of the Public Offer

The Company confirms that all conditions to the offer under the prospectus dated 15 May 2019 (**Prospectus**) (**Public Offer**) have been satisfied and the Company has issued 166,666,667 fully paid ordinary shares (**Shares**) under the Public Offer.

Completion of the Acquisition and the Vendor Offer

The Company confirms that all of the conditions precedent to the binding terms sheet dated 19 March 2019 between the Company, AEP Corporation Pty Ltd (ACN 627 617 976) (**AEP**) and the shareholders of AEP (**Vendors**) to acquire AEP (**Acquisition**) (**Acquisition Agreement**) have been satisfied (or otherwise waived) and the Company has completed the acquisition.

In accordance with the Acquisition Agreement, as consideration for the Acquisition, the Company confirms that the following issues have been made to the Vendors:

- (a) 180,000,000 Shares;
- (b) 78,444,444 options (the terms of which are set out in section 18.3 of the Prospectus) (**Options**); and
- (c) 120,000,000 performance shares (the terms of which are set out in section 18.6 of the Prospectus).

Completion of the Third-Party Lender Offer

The Company confirms that as all the relevant conditions precedent have been satisfied, 10,000,000 Shares have been issued to the Third-Party Lenders (being Pitt Street Absolute Return Fund Pty Ltd and Seco Resource Finance Pty Ltd) in consideration for the conversion of outstanding loans totalling \$300,000.

Completion of the Advisor Offer

The Company confirms that as all the relevant conditions precedent have been satisfied, 6,000,000 Shares have been issued to the Joint Lead Managers (being Baillieu Limited and Peloton Capital Pty Ltd) (or their nominee(s)) in consideration for services provided in relation to the Public Offer.

The Company also confirms that 7,000,000 Options have been issued to Peloton Capital Pty Ltd (or their nominees) in consideration for services provided in relation to the Public Offer.

Conversion of the Loan Facility

Pursuant to the Acquisition Agreement, the founders of AEP agreed to provide a \$750,000 loan facility to AEP (**Loan Facility**).

AEP raised the funds for the AEP Loan Facility by entering into share sale letters with a number of lenders, on identical terms. The AEP Loan Facility has been drawn down in full and has been repaid by conversion, with a conversion price of \$0.03 per Share, into 25,000,000 Shares.

The Company confirms the issue of 25,000,000 Shares to AEP to repay the Loan Facility.

Confirmation of no subsequent events

The Company confirms that no material subsequent events have occurred and as such there has been no alteration to the Company's consolidated pro-forma statement of financial position as set out in section 11.6 of the Prospectus.