

CEL Completes \$6.5M Placement to Accelerate Exploration

Highlights

- **CEL to raise \$6.5m (before costs) through the issue of 65 million shares at 10 cents each.**
- **Placement made to a group of strategic investors, domestic institutions and the Chairman of CEL, with bids received for more than double the amount raised.**
- **CEL Chairman to subscribe for \$1.3 million in the placement subject to shareholder approval.**
- **The placement leaves the Company in a strong financial position to rapidly advance both the high-grade Hualilan Gold Project in Argentina and El Guaybo Gold/Copper Project in Ecuador.**
- **CEL on track to re-start drilling at the Hualilan Gold Project in Argentina this month with the program likely to be substantially upgraded and involve additional drilling rigs.**
- **Logging of the existing drill core and surface exploration has begun on the 23,000 Ha Colorado V concession adjoining El Guayabo where CEL announced a farm-in last week.**

Challenger Exploration Limited (ASX: CEL) (“CEL” or the “Company”) is pleased to announce that it has received commitments to raise A\$6.5 million (before costs) through the issue of 65 million shares at a price of 10 cents per share under the company's existing ASX Listing Rule 7.1 placement capacity. The placement was subscribed to by a group of strategic investors and high-quality domestic institutions. The placement attracted strong demand, with tranche one expected to settle on Thursday 16 January 2020, and tranche two (Directors tranche) conditional on shareholders approving the issue of those shares at a general meeting of the Company to be held as soon as practicable. The placement was co-managed by E.L. & C. Baillieu and Peloton Capital.

The placement was completed at a 9% discount to the 10-day VWAP of 10.9c. The funds from the placement will be substantially used to advance the company's high-grade Hualilan Gold Project in Argentina and the El Guaybo Gold/Copper Project in Ecuador following the farm-in to the adjoining 23,000 Ha Colorado V concession.

The placement funds will be used on a significantly larger drilling program over the next 6 months at Hualilan; an extensive program of re-assaying the historical Colorado V drill core, follow up geophysics and drilling at the El Guaybo Gold/Copper Project; further expanding our tenement position at both projects; and general working capital. Additionally, CEL will undertake a geophysical survey and metallurgical test work at Hualilan. The geophysics will be designed to target extensions to the known mineralisation within 300 metres of surface. CEL is in discussions with Quantec Geoscience, who undertook its MT/IP survey in Ecuador about the design of this program. Quantec has an office in Mendoza City which is a 4 hour drive, all along sealed highway, from the Hualilan project.

CEL believes its recent high-grade gold drilling success at the Hualilan Gold Project provides significant justification for the implementation of a substantial and comprehensive exploration program. Such a program would be expected to realise the full potential of Hualilan, other funds will be used to test key targets across the El Guayabo Gold/Copper Project in Ecuador including the exciting 23,000 Ha Colorado V concession adjoining El Guayabo where CEL announced a farm-in last week.

This ASX announcement was approved and authorised by the Board.

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For further information contact:

Kris Knauer
Managing Director
+61 411 885 979
kris.knauer@challengerex.com

Scott Funston
Chief Financial Officer
+61 413 867 600
scott.funston@challengerex.com

Competent Person Statement – Exploration results

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 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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About Challenger Exploration

Challenger Exploration Limited (ASX: CEL) is developing two key gold/copper projects in South America.

1. **Hualilan 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 foreign Non-JORC historical resource ^(#2) of 627,000 Oz @ 13.7 g/t gold which remains open in most directions. In the 15 years prior to being acquired by CEL the project was dormant. CEL's focus over the coming 12 months will be to redefine the scope of the Hualilan Project to better determine the best means of development to seek to achieve early cash-flows.
2. **El Guayabo Project** covers 26,000 Ha and was last drilled by Newmont Mining in 1995 and 1997 targeting gold in hydrothermal breccias. Historical drilling has demonstrated potential to host significant copper and associated gold and silver mineralisation. Historical drilling has returned a number of intersections of plus 100m of intrusion related breccia and vein hosted mineralisation. The Project has multiple targets including breccia hosted mineralization, an extensive flat lying late stage vein system and an underlying porphyry system target neither of which has been drill tested.
3. **Karoo Basin** provides a wildcard exposure to 1 million acres shale gas application in the world class Karoo Basin in South Africa in which Shell is the largest application holder in the basin.

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
Total of 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

^{#2} 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.