CEL RECEIVES SPECTACULAR GRADES FROM SAMPLING PROGRAM AT HUALILAN GOLD PROJECT

Highlights

- **Spectacular results, including the second highest assay ever recorded at Hualilan Gold Project, continue to validate the historically reported mineralisation and its high-grade nature**
- **Results include** (refer Table 1 for details)**:**
  - **201 g/t Gold, 1560 g/t Silver and 3.3% Zinc from a 1 metre channel sample within a broader 5m zone grading**;
    - **52.2 g/t Gold, 410 g/t Silver and 6.1% Zinc - 5m channel sample Magnata Adit**
  - **132 g/t Gold, 65.0 g/t Silver and 0.7% Zinc - 0.6m channel sample Sentazon Adit**
  - **81.7 g/t Gold, 162 g/t Silver, 2.4% Zinc, and 3.7% Lead - 0.4m channel sample Magnata Adit**
  - **31.7 g/t Gold, 133 g/t Silver and 3.7% Zinc. - 1m channel sample Bicolor Adit**
- **High copper grades have been encountered with grades including 16.1% and 6.8% copper (0.4m and 1.1m channel samples respectively). These high copper grades occur in channel samples assaying 2 g/t gold or less. Copper content was not included in earlier assessments of the Project**
- **The results were reported from channel sampling and underground stockpile sampling designed to provide a representative grade of the mineralisation**
- **Results from an additional 35 underground channel/bulk samples covering the majority of the known mineralised zones at the Cerro Norte are anticipated to be received in the coming weeks**

Challenger Exploration (**ASX: CEL**) ("**CEL**" or the "**Company**") is pleased to report continued high-grade results from its underground channel sampling program designed to validate the historical mineralisation at the Hualilan Gold Project in Argentina. The company has received and compiled results from 27 underground channel samples, and one rock chip sample, from the Cerro Sur portion of the Hualilan project.

Commenting on the results, CEL Managing Director, Mr Kris Knauer, said

"Grades like 52g/t gold, 410g/t silver and 0.7% zinc across a 5m channel sample are exceptional.

Our underground sampling program continues to validate the historically reported mineralisation that saw La Mancha release a NI 43-101 Mineral Resource Estimate In 2003 of 627k ozs of gold at 13.7g/t. These results are from zones covering almost 1km of strike which begins to show the size of this relatively under explored project.*

In addition to this batch returning some spectacular gold grades we are also seeing high copper grades which were never previously evaluated and importantly, the grades we are seeing are consistently 20% above the reported historical grades".

** For details of the historic non-JORC compliant resource and the sections provided to ensure compliance with LR 5.12 please refer to Section 10 of the Prospectus (Independent Geologist Report - SRK) Released to the ASX on 16 May 2019 and JORC Table 1. Following release of the Prospectus, the Company confirms that it is not aware of any new data or information that materially affects the Prospectus and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. Please refer to the historical resource estimate table in the about Challenger Exploration section of this announcement on page 8.*

HUALIAN GOLD PROJECT SAMPLE PROGRAM CONFIRMS HISTORICAL MINERALISATION

The Company has received additional results from an underground sampling program recently conducted at its Hualilan Project in San Juan Province in Argentina. CEL has the rights to earn up to 75% of the Hualilan Project which comprises 15 mining licences and an exploration licence application covering the surrounding 26sq kms.

The Project is a high-grade Skarn Au+Ag+Zn+/-Cu prospect associated with a multi-phase porphyry intrusive. It has extensive historical drilling with over 150 drill-holes dating back to the 1970s. There has been limited historical production reported despite having in excess of 6km of underground workings. The property was last explored in 2006 by La Mancha Resources, a Toronto Stock Exchange listed company. La Mancha's work resulted in a NI43-101 (non-JORC) resource estimate that remains open in most directions. Exploration by La Mancha attempted to assess the continuity of mineralisation across the property, but this is yet to be tested by systematic drilling.

SAMPLING PROGRAM

This preliminary underground sampling program was designed to validate the historically reported mineralisation. Underground channel sampling and sampling of the underground ore stockpiles and mine dumps were designed to provide a representative grade of the mineralisation. Where possible the program re-sampled the historical underground channel sampling points used in the preparation of the historical non-JORC resource. The sampling was conducted over the majority of the known zones of mineralisation including the Magnata Vein and Manto, Sentazon, Bicolor, Dona Justa Pit, Main Manto, Muchilera, Northern Magnata. For the location of these zones within the larger Hualilan Project, refer to Figures 3 and 4.

SAMPLE PROGRAMME RESULTS HIGHLIGHTS

Results have now been received for 35 of 70 bulk samples submitted for assay from the preliminary underground sampling program. This included sampling of the Cerro Sur section of the project as outlined in Table 1 below. Highlights of the most recent results are:

- a number of spectacular results which cover almost 1km of strike. These results include **5m @ 52.2 g/t Au + 410 g/t Ag + 6.1% Zn** (incl **1m @ 201 g/t Au + 1560 g/t Ag + 3.3% Zn)** from the Magnata Manto**, 0.6m @ 132 g/t Au + 65.0 g/t Ag + 0.7% Zn,** from Sentazon and **1m @ 31.7 g/t Au + 133 g/t Ag + 3.7% Zn** from the Bicolor zone
- the average assay results remain consistently 20% above grades recorded in the historical non-JORC (but NI 43-101 compliant) resource estimates reported by TSX listed La Mancha Resources
- high grade copper values of up to 16.8% predominantly in the lower gold grade samples at Sentazon
- a representative channel sample from a breccia body, which was mapped as having a true width of 10m at the sample location. This channel sample returned **14.3 g/t gold, 76 g/t silver and 0.50% Zn** over 1m.

The company anticipates it will receive the remainder of the assays results for Cerro Norte in the coming weeks.

DISCUSSION OF RESULTS

Samples 485107 to 485111 represent five 1m channel samples which cover the 5m true width of the Magnata Manto inside the Magnata Adit. The samples Indicate that the Magnata Manto is consistently high grade with two of the 1m splits above 40 g/t gold equivalent (221 g/t and 47 g/t gold equivalent) and only 1 of the five 1m

splits having a grade of less than 10 g/t gold equivalent. This lowest grade split still grading 7.2 g/t gold equivalent. Samples 485112 and 485113 also traverse the Magnata Manto which has a true width of 3m in this location with both channel samples recording a grade of at least 10 g/t gold equivalent including 2.8m @ 10.3 g/t gold + 41 g/t silver, + 7.7% zinc (sample 485113).

Table 1: Initial sampling results from 2019 Hualilan Gold Project Sampling Programme

Sample Number	Location	Sample Type	Sample Length (m)	True width of structure (m)	Au (g/t)	Ag (g/t)	Zn %	Cu %	Au Equiv (g/t)
485104	Magnata Manto	Channel	0.9	0.8	0	10	0.15	0.00	0.2
485105	Magnata - Fault	Channel	3	5	1.37	14	3.40	0.03	3.6
485106	Magnata - Sill	Chip	-	3?	0.76	0	0.04	0.01	0.8
485107	Magnata Manto	Channel	1	5	11.05	105	6.42	0.35	16.6
485108	Magnata Manto	Channel	1	5	36.9	302	10.60	0.18	47.0
485109	Magnata Manto	Channel	1	5	201	1560	3.25	0.03	221.0
485110	Magnata Manto	Channel	1	5	4.76	38	3.21	0.04	7.2
485111	Magnata Manto	Channel	1	5	7.45	47	6.82	0.10	12.2
485112	Magnata Manto	Channel	1.4	3	7.09	54	3.55	0.13	10.0
485113	Magnata Manto	Channel	2.8	3	10.3	41	7.73	0.16	15.6
485114	Magnata Manto	Channel	0.4	0.4	81.7	162	2.36	0.16	85.2
485115	Magnata - Fault	Channel	0.4	0.4	0.08	0	0.17	0.00	0.2
485116	Magnata - Fault	Channel	0.3	0.3	0	0	0.07	0.00	0.0
485117	Magnata Breccia	Channel	1	>10	14.3	76	0.50	0.12	15.7
485118	Magnata Vein	Channel	1.5	Nd	5.66	234	0.41	1.67	11.0
485119	Magnata Manto	Channel	1	Nd	0.21	22	0.04	0.01	0.5
485120	Muchilera	Channel	1.5	4.5	0.2	0	9.02	1.80	8.2
485121	Sentazon	Channel	0.6	0.6	132	65	0.74	0.09	133.3
485122	Sentazon	Channel	0.4	0.15	0.19	6	3.63	**16.10**	25.5
485123	Sentazon	Channel	1.1	0.7	2.94	86	2.00	0.18	5.4
485124	Sentazon	Channel	1.1	0.8	2.01	20	5.47	**6.84**	15.3
485125	Sentazon	Channel	0.6	0.4	10.05	44	0.91	0.31	11.5
485126	Sentazon - Fault	Channel	0.25	0.25	0	0	0.08	0.01	0.1
485127	Bicolor	Channel	1	1	31.7	133	3.71	0.48	36.1
485128	Bicolor - Fault	Channel	0.3	0.3	0.12	0	6.29	0.03	3.9
485129	Bicolor - Fault	Channel	0.5	0.5	0	0	0.05	0.00	0.0
485130	Bicolor - Breccia	Channel	1	Nd	0.63	0	8.15	1.08	7.1
485131	Bicolor	Channel	1	1	0.84	10	1.87	0.05	2.1

(1) Gold equivalent values were calculated using a price of US$1300 for Gold, US$15 for Silver, US$2500t Zinc, US$6000t Copper. Recoveries were not factored into the calculation of Gold equivalents given metallurgical test work is preliminary in nature)

(2) Location data given in JORC Table 1

Excluding sample 485109 (201 g/t gold + 1560 g/t silver) which was removed to avoid skewing the data, the average gold grade of all CEL's Magnata Manto samples is 17.6 g/t gold + 97 g/t silver + 4.8% zinc which compares favourably with the average historical resource grade of 10.0 g/t gold, 48.9 g/t silver, 3.42% zinc reported for the Magnata Manto [(3)].

It should be noted that samples 485104, 485115, 485116, 485126, and 485129, all of which recorded minimal mineralisation, did not sample the existing zones of mineralisation. These were taken to assess later stage faulting which was believed to be post mineralisation. Similarly, sample 48510 sampled a volcanic sill to confirm the interpretation that that this sill was a post mineral event.

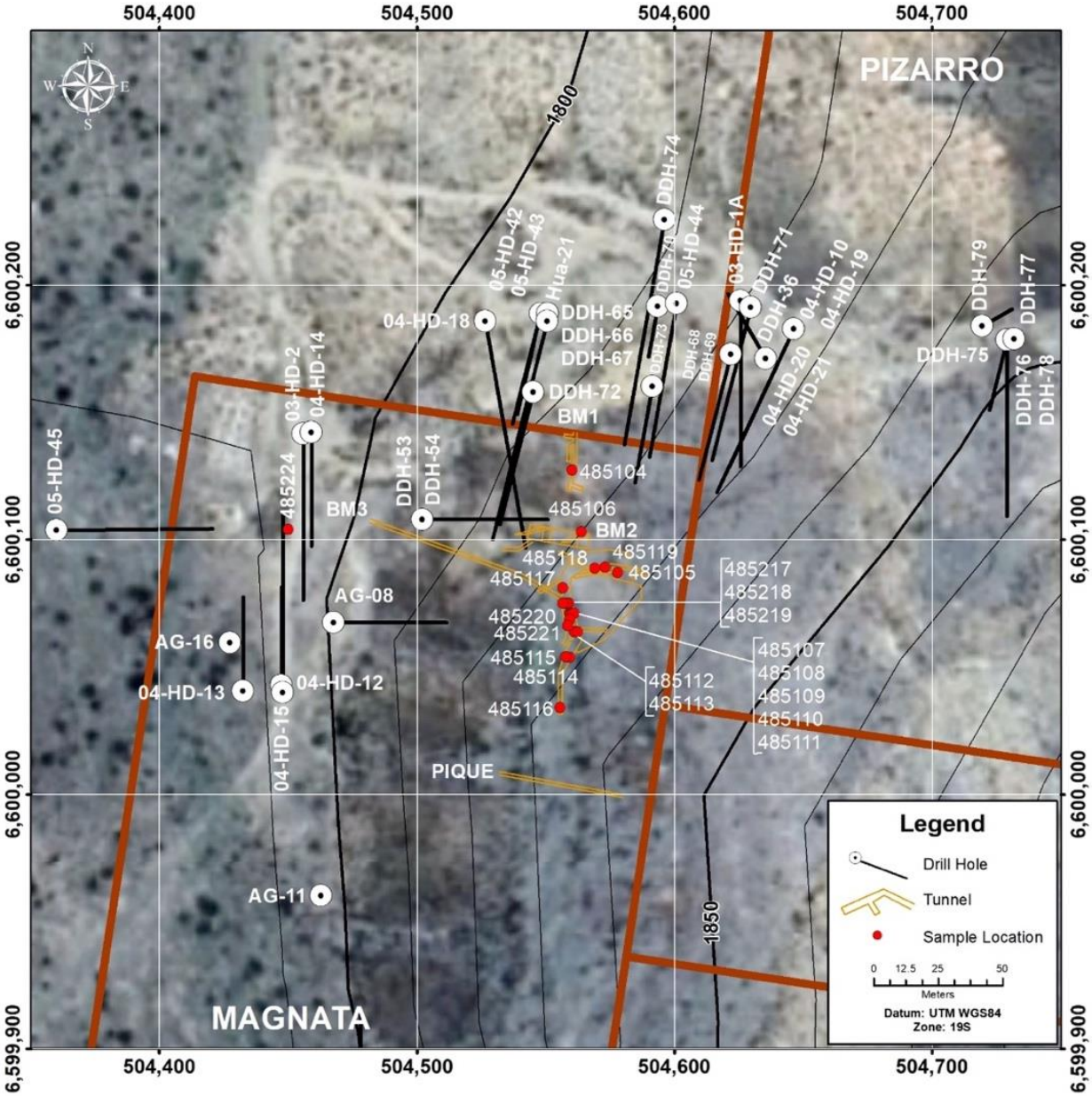

Figure 1 – Plan View Magnata Manto/Vein Samples

(3) average grade also includes sample results from ASX Release dates July 5th, 2019

Samples 485120-485125 were taken In the Sentazon zone. Sample 485121, which returned 132g/t gold, over a 0.6m wide channel sample, is the highest grade ever recorded in the Sentazon zone. Sentazon has not been well defined to date having received limited historical attention.

In addition to high gold, silver, and zinc grades, high copper values were recorded in half the Sentazon samples. Sample 485122 returned 0.4m @ 16.1% copper + 0.19 g/t gold + 6.0 g/t silver + 3.63% zinc and sample 485124 returned 1.1m @ 6.8% copper + 2.0 g/t gold + 20.0 g/t silver + 5.47% zinc. These high copper values tend to correlate with lower gold grades in the mineralised areas of the Sentazon Zone.

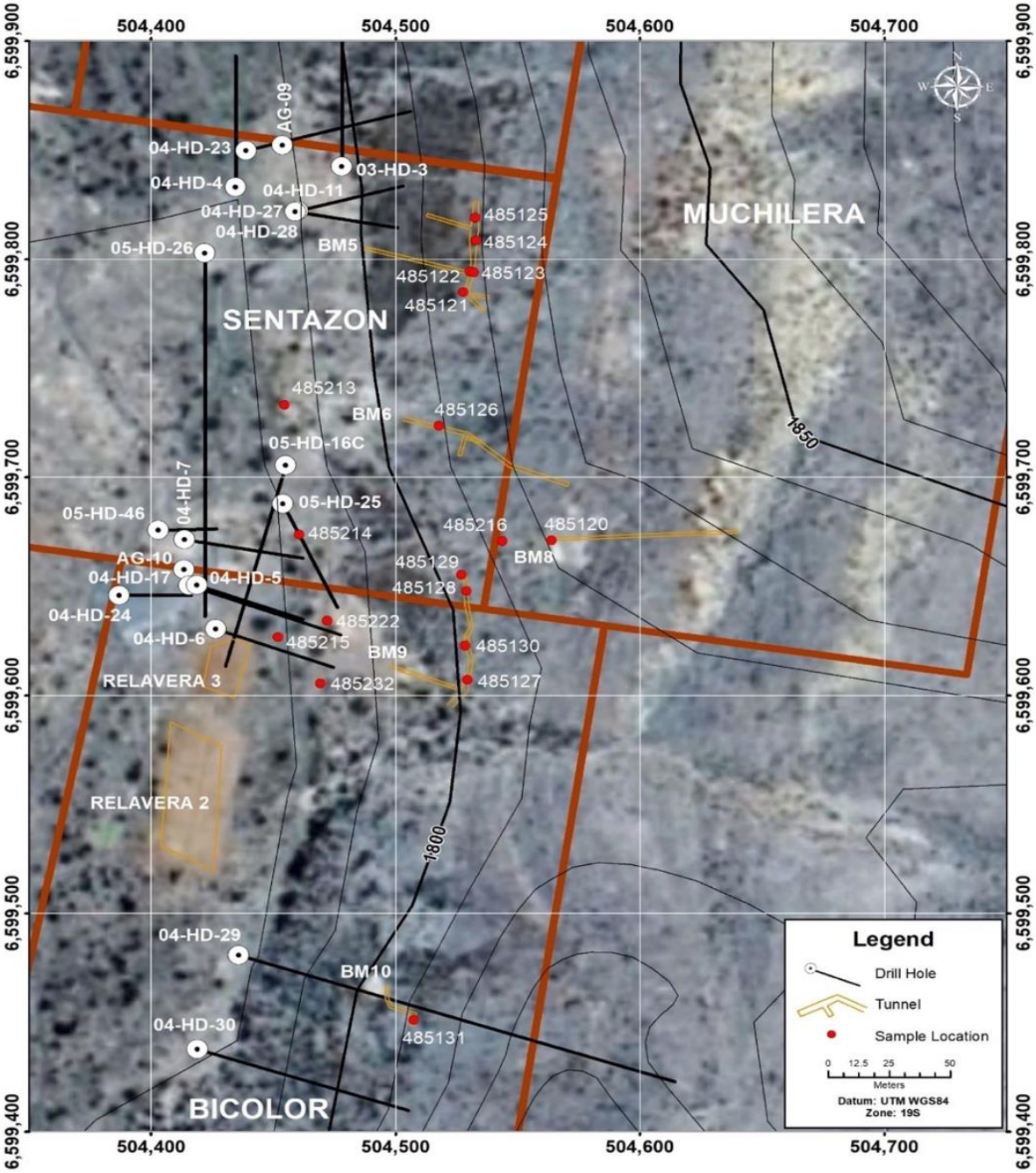

Figure 2 – Plan View Sentazon Zone Sample Locations

Sample 485117 was taken in a breccia body which was mapped as having a true width of at least 10m. The breccia body is believed to relate to the intersection of the Magnata Manto and the Magnata Vein. The body had been exploited in the immediate vicinity of the Adit with only a remnant 1m pillar remaining. A channel sample of this remanent 1m pillar returned a grade of 14.3 g/t gold, 76.0 g/t silver, and 0.5% zinc. Sample 485118 (11.0 g/t gold equivalent) sampled the Magnata Vein. This showed assay results consistent with that historically reported in the Magnata Vein.

In their non JORC compliant resource of 2004 La Mancha reported a combined resource for the Magnata Manto, Sentazon and Muchilera zones grading 15.3 g/t gold + 83.31 g/t silver + 2.84% zinc. The average of all the samples from these zones in CEL's first sampling program, 22 bulk samples after the exclusion of sample 485109 (201 g/t gold + 1560 g/t silver), is 18.8 g/t gold +75.0 g/t silver + 4.6% zinc. Some 23% higher in average grade.

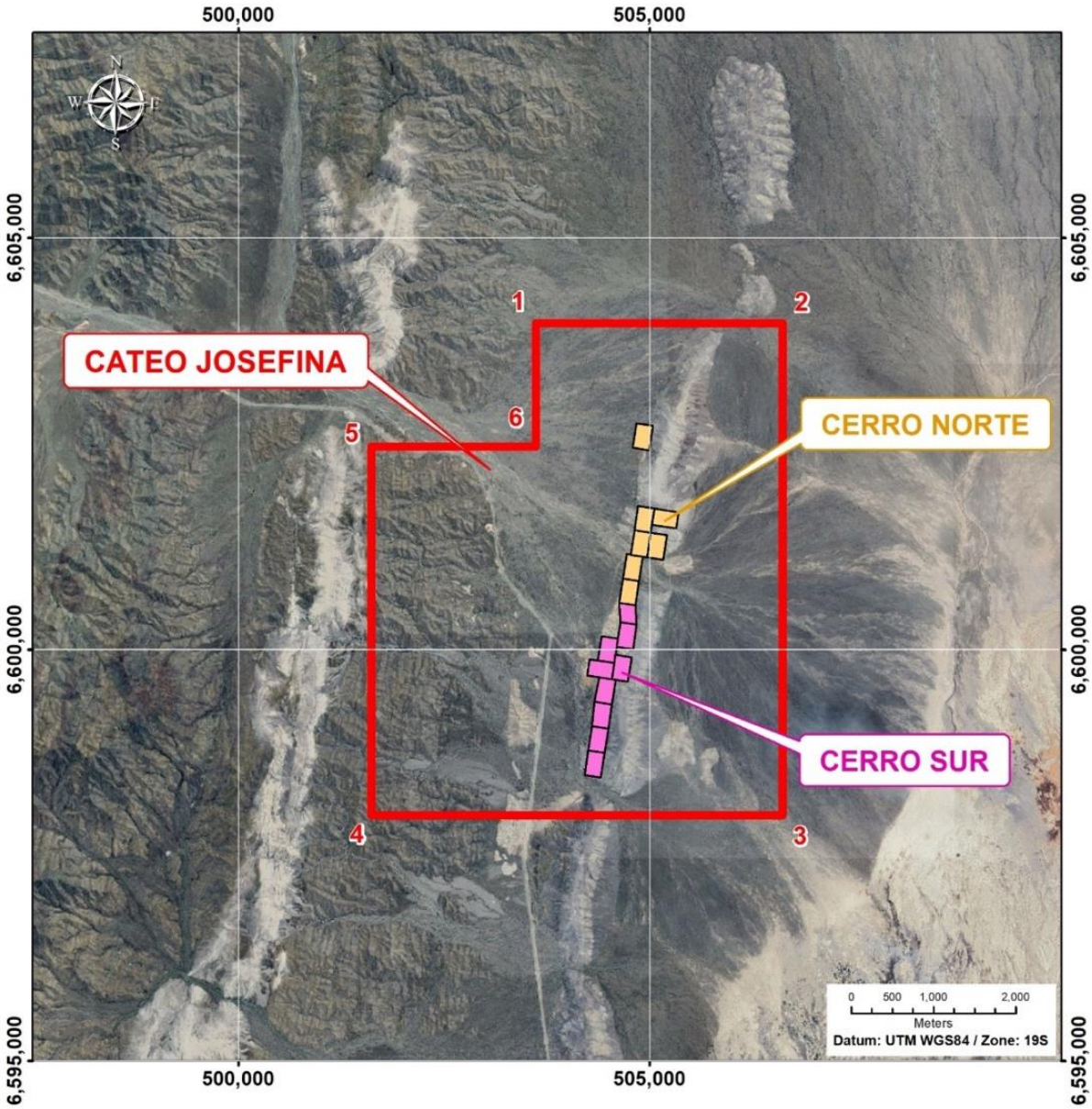

Figure 3 – Showing Hualilan Project

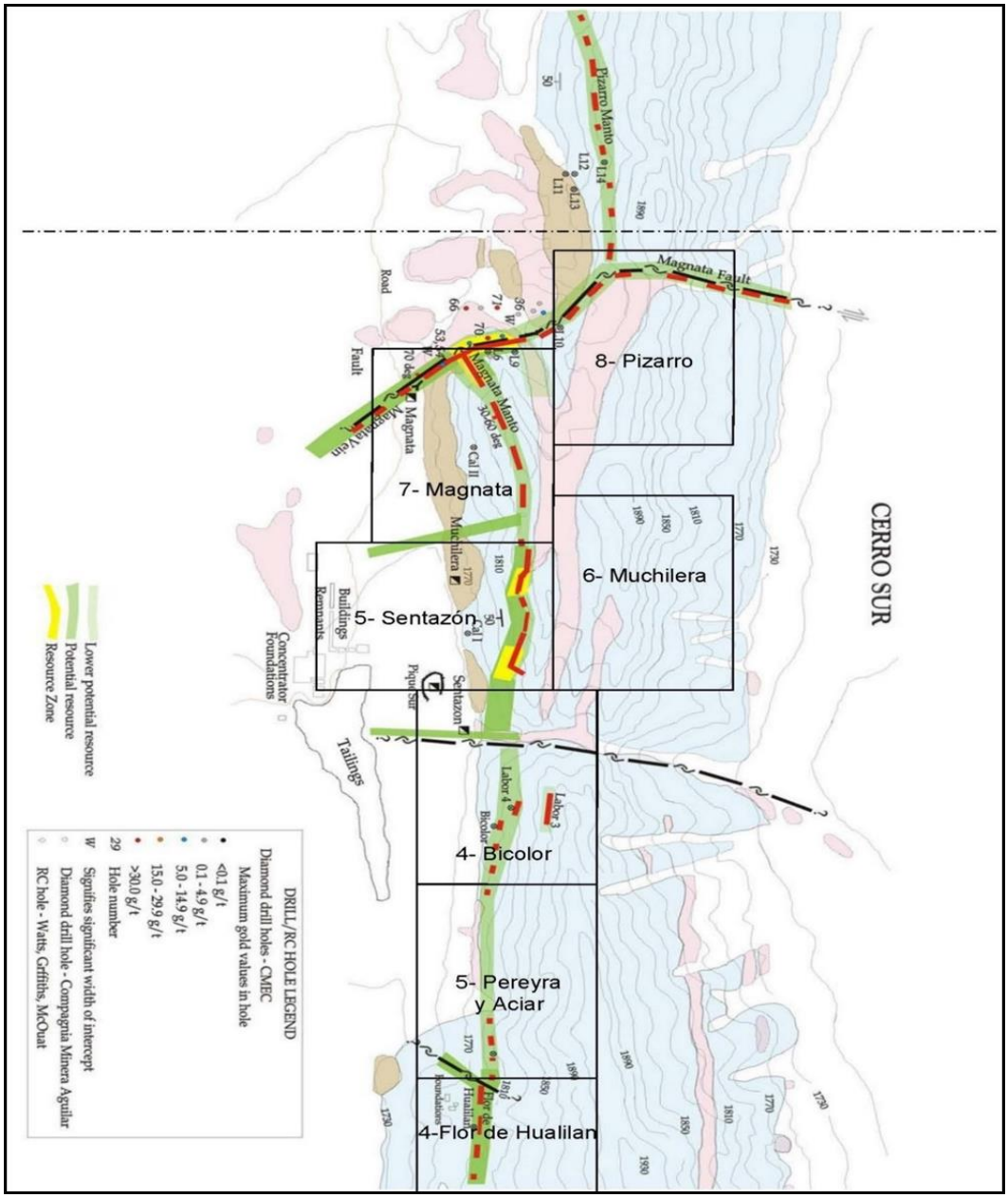

Figure 4 – Showing Main Cerro Sur Mineralised Zones
(Source SRK Independent Geologist Report)

Ends

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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 Non-JORC historical resource [(#1)] of >500,000 Oz @ 10 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** 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.

[#1] For details of the historic non-JORC compliant resource and the sections provided to ensure compliance with LR 5.12 please refer to Section 10 of the Prospectus (Independent Geologist Report - SRK) Released to the ASX on 16 May 2019 and JORC Table 1. Following release of the Prospectus, the Company confirms that it is not aware of any new data or information that materially affects the Prospectus and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. Please refer to the historical resource estimate table below.

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

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.

Additional Information Required under LR5.12

The following information is provided in respect of the above foreign estimates as required by ASX Listing Rule 5.12:

- The source of the foreign estimates are resource reports prepared for La Mancha Resources presented in a technical report written in compliance with the reporting requirements of National Instrument 43-101 dated 12 April 2003 and 30 November 2006.
- The 2006 foreign estimate used four categories of mineralisation namely Measured, Indicated, Inferred and Potential. The Measured, Indicated, Inferred categories are generally similar to the same categories of mineralisation defined in Appendix 5 (JORC Code) and the Potential category has not been reported in this release.
- The foreign estimates are relevant and material to CEL as they demonstrate that the Project has the potential to be economically viable in the future.
- The 2003 Mineral Resource classification and results appropriately reflect the Competent Person's view of the deposit and the current level of risk associated with the project to date. The competent person refers to the La Mancha resources TSX release of 14 May 2003 in which the historical data the resource was based upon was described as "both detailed and reliable".
- The competent person is unsure why tonnage reduction factors of 25%, 50%, and 75%, were applied to the calculated indicated, inferred, and potential tonnages in the 2006 resource and does not believe these tonnage reduction factors are appropriate nor does this 2006 resource appropriately reflect the Competent Person's view of the deposit.
  There is sufficient confidence in the data quality, drilling methods and analytical results. The available geology and assay data correlate well. The approach or procedure are deemed appropriate given the confidence limits. The main two factors which could affect relative accuracy is grade continuity and top cut.
- The foreign estimates use all core drilling and detailed underground channel sampling collected by EPROM, CMEC and La Mancha. The estimation techniques are appropriate with a longitudinal section polygonal method used for estimating resources, with individual blocs representing weighted averages of sampled underground and/or areas of diamond drill pierce points with zones of influence halfway to adjacent holes.
- The area of the block was calculated using AutoCAD directly from the longitudinal sections. Overlying assumptions included a reduction of the calculated grade in each resource block by a factor of 10% to account for possible errors in the analyses.
- No more recent estimates or data are available.
- To verify the foreign estimates CEL in accordance with the JORC Code the Company intends to develop a program to include:
  - Twinning of core holes;
  - Additional data precision validation as required;
  - Detailed interpretation of known mineralized zones;
  - Geostatistical assess of area of currently mineralisation to complete a re-estimation of these areas;
  - Investigate further drilling requirements to upgrade both the unclassified mineralisation and mineralisation in the existing historical resources to meet JORC 2012 requirements;
  - Structural interpretation;
  - Metallurgical test work; and
  - Complete a resource model review to meet JORC 2012 requirements.

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 by Mr John King who is a full-time employee of JRK Consulting Pty Ltd. Mr King is a member of the Mining and Metallurgical Society of America and a senior fellow of the Society for Economic Geologists in the USA. This is a Recognised Professional Organisation (RPO) under the Joint Ore Reserves Committee (JORC) Code.

Mr King 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, Mineral Resources and Ore Reserves. Mr King 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.

Gold equivalent values for Hualilan were calculated using a price of US$1300 for Gold, $15 for Silver and $2500t Zinc. Cu and Pb were not included as metallurgical test work have yet to demonstrate an economic path the extraction of Cu and Pb. Recoveries were not factored into the calculation of Gold equivalents given metallurgical test work is preliminary in nature.

Competent Person Statement – Historical resources

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 Mr John King who is a full-time employee of JRK Consulting Pty Ltd. Mr King is a member of the Mining and Metallurgical Society of America and a senior fellow of the Society for Economic Geologists in the USA. This is a Recognised Professional Organisation (RPO) under the Joint Ore Reserves Committee (JORC) Code.

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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.*	- Channel samples from underground workings were taken over widths of 12-15cm to depths of 2.5 cm and sampling was non-selective and designed to provide a representative grade of the mineralisation. - Samples were collected dry and consisted of multiple chips dislodged and fractured by a geological pick. - Samples were between a nominal 1-3kg weight and placed directly in to numbered calico bags at the collection point. - Bulk samples of dumps and ore stockpiles were a minimum of 1kg, and sampling was non-selective and designed to provide a representative grade of the dump/stockpile
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).*	- n/a
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.*	- n/a

Criteria	JORC Code explanation	Commentary
	- *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to 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.*	- The channel sampling has been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation. - Logging was quantitative for both channel and bulk sample the following logging information is recorded in the database. Date sampled, samplers' details, sample coordinates, general location description, summary and comments on visual mineralisation and alteration, Azimuth, Dip Direction and true width of structure being sampled, length and azimuth of the channel sample. A photo was taken of each sample location - 100% of sampled intervals were logged
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.*	- n/a - n/a - The sample preparation technique is considered appropriate - Standard quality control procedures were implemented - 20% of samples were duplicates - Sample sizes were appropriate for the mineralisation style and grain size of the deposit… • The sample length was based on lithologic and mineralised units and where warranted samples as small at 10 cm were taken. This is appropriate for deposits of this nature
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*	- The nature, quality and appropriateness of the assaying and laboratory procedures used were of high quality with appropriate QA/QC and chain of custody and are considered appropriate.

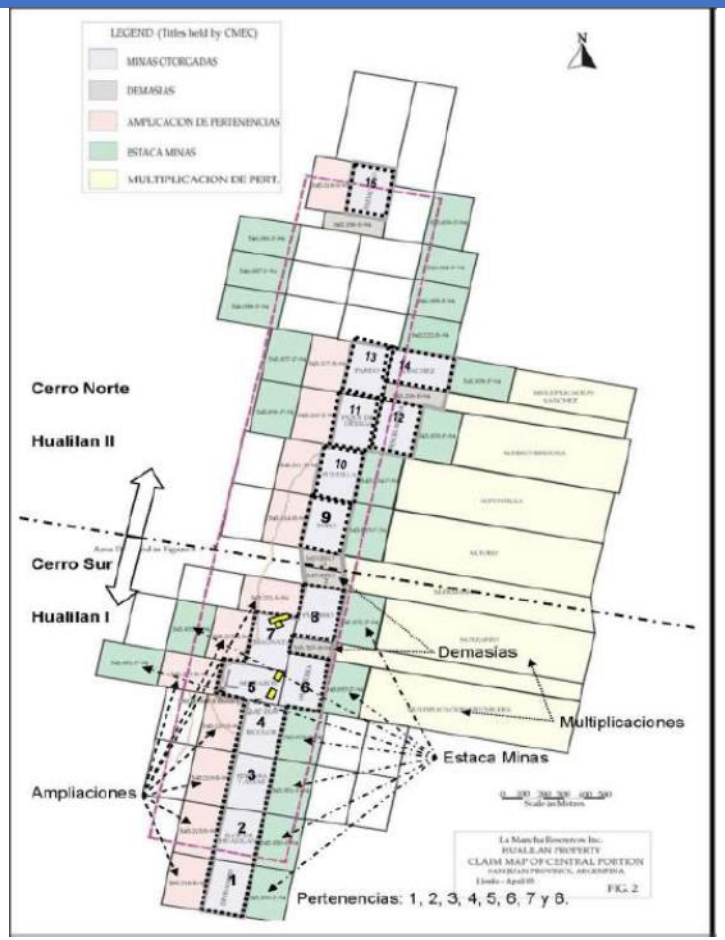
Criteria	JORC Code explanation	Commentary
	and model, reading times, calibrations factors applied and their derivation, etc. - *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	- assays were undertaken by ALS Laboratories. Samples were assayed by Au 25g fire assay ICP-MS (Au, Pt, Pd); 4-acid digest ICP-OES (Al, Ca, Cr, Cu, Fe, K, Mg, Mn, Na, Ni, P, S, Sc, Ti, V, Zn););4-acid digest ICP-MS (Ag, As, Ba, Be, Bi, Cd, Ce, Co, Cs, Ga, Ge, Hf, In,La, Li, Mo, Nb, Pb, RB, Re, Sb, Se, Sn, Sr, Ta, Te, Th, Tl, U, W, Y, Zr). Ore grade re-assays were done where the Au, Ag, Cu, Pb, and Zn assays that were above the measuring limit for the 100ppm for Au and Ag and 1% for Cu, Pb, Zn - Internal laboratory standards were used for each job to ensure correct calibration of elements. - Only relevant and material element results are reported. - Standard industry practices have been employed in the collection and assaying of samples. Internal laboratory standards and checks have passed control thresholds. The assay data has sufficient quality for the reporting of Exploration Results.
Verification of sampling and assaying	- *The verification of significant intersections by either independent or alternative company personnel.* - *The use of twinned holes.* - *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* - *Discuss any adjustment to assay data.*	- Assay results summarised in the context of this report have been rounded appropriately. - No assay data have been adjusted.
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.*	- Sample locations were surveyed by a hand-held GPS +/-5m and underground laser scanner with an accuracy of 4mm - Coordinates reported are WGS-84_19S. - Location data is considered to be of sufficient quality for reporting of exploration results

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.* - *Whether sample compositing has been applied.*	- Data spacing was controlled by underground access and the location of previous sampling points which were being validated - n/a - yes
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.*	- Unless otherwise stated the orientation of sampling achieves unbiased sampling of structures - n/a
Sample security	- *The measures taken to ensure sample security.*	- Samples were under 24 hour supervision of senior personnel prior to be delivered to lab
Audits or reviews	- *The results of any audits or reviews of sampling techniques and data.*	- n/a

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*	- The current Hualilan project comprises 15 Minas (equivalent of mining leases) and 2 Demasias as illustrated in as listed in the table below and shown in Figure 2-2. This covers approximately 4 km of strike and includes all of the currently defined mineralization. There are no royalties on the project at CEL is earning a 75% interest in the project by funding a DFS. Additionally an application for an Exploration Licence covering 26sqkms surrounding the 15 Minas has been accepted by the San Juan Department of Mines and is currently being processes.

Criteria	JORC Code explanation	Commentary
	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.*	

Criteria	JORC Code explanation	Commentary
Exploration done by other parties	- *Acknowledgment and appraisal of exploration by other parties.*	- Intermittent sampling dating back over 500 years has produced a great deal of data including sampling data, geologic maps, reports, trenching data, underground workings, drill hole results, geophysical surveys, resource estimates plus property examinations and detailed studies by several geologists although no work has been completed since 2006. - There is 6 km of underground workings that pass through mineralised zones. Records of the underground geology and sampling are currently being compiled and digitised, as are sample data, geological mapping, trench and adit exposures, and drill hole results. Geophysical surveys exist but have largely yet to be check located and digitised. - Drilling on the Hualilan Project (Cerro Sur and Cerro Norte combined) extends to over 150 drill holes. The key historical exploration drilling and sampling results are listed below. - 1984 – Lixivia SA channel sampling & 16 RC holes (AG1-AG16) for 2040m - 1995 - Plata Mining Limited (TSE: PMT) 33 RC holes (Hua- 1 to 33) + 1500 samples - 1998 – Chilean consulting firm EPROM (on behalf of Plata Mining) systematic underground mapping and channel sampling - 1999 – Compania Mineral El Colorado SA ("CMEC") 59 core holes (DDH-20 to 79) plus 1700m RC program - 2003 – 2005 – La Mancha (TSE Listed) undertook 7447m of DDH core drilling (HD-01 to HD-48) - Detailed resource estimation studies were undertaken by EPROM Ltda. (EPROM) in 1996 and CMEC (1999,revised 2000) both of which were written to professional standards and La Mancha 2003 and 2006. - The collection of all exploration data by the various operators was of a high standard and had appropriate sampling techniques and intervals, adequate QA/QC and custody procedures, and appropriate duplicates and blanks used for determining assay precision and accuracy.
Geology	- *Deposit type, geological setting and style of mineralisation.*	- Mineralisation occurs in all rock types, but it preferentially replaces limestone and fault zones. - The mineralisation has been classified as Au + Zn-Cu Skarn manto-style (distal skarn) with vein-hosted mineralisation. It has been divided into three phases – prograde skarn, retrograde skarn and a late quartz–galena event. - Gold occurs in native form, in tellurides (hessite) and as inclusions with pyrite and chalcopyrite. The

Criteria	JORC Code explanation	Commentary
		mineralisation also commonly contains chalcopyrite, sphalerite and galena. - Mineralisation is either parallel to bedding, in bedding-parallel faults or in east-west striking, steeply dipping, quartz-dominated veins that cross the bedding at a high angle. The veins have thicknesses of 1–4 m and contain sulphides. The intersection between the bedding-parallel mineralisation and the east-striking cross veins seems to be important in localising the mineralisation.
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.*	

Sample #	LOCATION DATA			STRUCTURE			SAMPLING		
	COORDINATES_WGS-84_19S			Structure	Dip_Dir	Width	Type	Length	Sample_
	X	Y	Z	Az_	Dip_Dir	(m)		(m)	Az
485104	504560.36	6600127.26	1804.00	185	60_W	0.8	Channel	0.9	95
485105	504578.00	6600087.00	1825.00	220	70_NW	5	Channel	3	140
485106	504564	6600103.00	1825	95	85_SE	3?	Chip	-	-
485107	504559.41	6600070.97	1744.00	170	50_SW	5	Channel	1	260
485108	504559.76	6600070.98	1744.00	170	50_SW	5	Channel	1	260
485109	504560.18	6600070.98	1744.00	170	50_SW	5	Channel	1	260
485110	504560.63	6600070.97	1744.00	170	50_SW	5	Channel	1	260
485111	504561.08	6600070.97	1744.00	170	50_SW	5	Channel	1	260
485112	504561.26	6600063.63	1744.00	175	50_SW	3	Channel	1.4	300
485113	504562.51	6600063.64	1744.00	175	50_SW	3	Channel	2.8	300
485114	504559.40	6600053.77	1744.00	180	65_W	0.4	Channel	0.4	270
485115	504557.85	6600053.87	1744.00	180	65_W	0.4	Channel	0.4	270

Criteria	JORC Code explanation	Commentary

485116	504555.67	6600033.97	1744.00	190	65_NW	0.3	Channel	0.3	270
485117	504556.72	6600080.98	1744.00	230	85_NW	>10	Channel	1	45
485118	504569.16	6600088.69	1744.00	260	80_NW	-	Channel	1.5	80
485119	504573.19	6600089.11	1744.00	190	50_NW	-	Channel	1	260
485120	504564.00	6599671.00	1759.00	30	55_E	4.5	Channel	1.5	100
485121	504527.82	6599784.81	1769.00	200	50_NW	0.6	Channel	0.6	120
485122	504530.50	6599794.33	1769.00	195	50_NW	0.15	Channel	0.4	280
485123	504532.05	6599794.02	1769.00	165	50_SW	0.7	Channel	1.1	280
485124	504532.99	6599808.62	1769.00	185	40_SW	0.8	Channel	1.1	330
485125	504532.63	6599819.03	1769.00	185	40_NW	0.4	Channel	0.6	270
485126	504517.85	6599723.55	1702.00	180	50_W	0.25	Channel	0.25	280
485127	504529.54	6599607.04	1695.00	195	65_NW	1	Channel	1	280
485128	504529.07	6599647.66	1695.00	180	50_W	0.3	Channel	0.3	270
485129	504526.97	6599655.31	1695.00	280	75_N	0.5	Channel	0.5	180
485130	504528.63	6599622.65	1695.00	-	-	-	Channel	1	180
485131	504507.52	6599451.11	1701.00	195	50_NW	1	Channel	1	260

Data aggregation methods	- *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*	- n/a - n/a - n/a

Criteria	JORC Code explanation	Commentary
	- *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').*	- The mineralised bodies are generally steeply dipping, strike approximately north-south and east-west and have a true width of 1-4 metres. Where the north-south striking bedding-parallel manto mineralisation and the east-striking cross veins intersect mineralisation width may increase beyond 4 metres. - True widths of the sampled structures have been recorded and are reported with the assay results
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.*	- In body of report
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 practiced to avoid misleading reporting of Exploration Results.*	- All data have been reported.

Criteria	JORC Code explanation	Commentary
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.*	

Sample Number	SUMMARY COMMENTS OF MINERALIZATION
485104	50% Fe Ox. 10% Hem?
485105	80% Fe Ox. Cct 10%, Mal? around 1%,
485106	1% Hem, 50% Fe Ox.
485107	20% Qtz, 20% Fe Ox.
485108	3%Py, 2% Shp
485109	3%Py, 2% Shp
485110	50%Qtz, 3%Cp
485111	50% Ox. Fe, 2% Py
485112	2% Py, 2% Cp
485113	50% Fe Ox., 2% Py, 1% Cp
485114	80% Fe Ox. (Gt around 50%)
485115	<1% Fe Ox.
485116	<1% Fe Ox.
485117	80% Fe Ox., <1% Cu Ox.
485118	2% Py, 3%Cp, 10% Cu Ox.
485119	60% Fe Ox. 10% Hem?

Criteria	JORC Code explanation	Commentary
		485120 — 60% Fe Ox. 20% Cu Ox. 485121 — 40% Fe Ox. 1% Cu Ox. And garnets 485122 — 20% Cu Ox, 10% Fe Ox 485123 — 20% Fe oxides, 15 Cu Oxides, 1% Mn oxides and 2% garnets 485124 — 50% Fe Ox, 10% Cu Ox, 30% Mn Oxides 485125 — 30% Fe Ox, 10% Cu oxides 485126 — 40% Limonites 485127 — 20%Qtz, 5%Py, 3%Cp, 1% Cu Ox and 50% Fe Ox. 485128 — 5% Fe Ox 485129 — 5% Fe Ox 485130 — 10% Cu Ox, 30%Mn Ox. And 50% Iron Oxides 485131 — 50% Fe Ox, 1% CaCO3, 10% Garnets, 1% Hem and <1% Cu Ox
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.*	• CEL Plans to undertake the following over the next 12 months • Additional data precision validation as required; • Detailed interpretation of known mineralized zones; • Structural interpretation and alteration mapping using high resolution satellite data – to better target extensions of known mineralisation. • Field mapping program targeting extensions of known mineralisation. • Investigate further drilling requirements to upgrade both the unclassified mineralisation and mineralisation in the existing historical resources to meet JORC 2012 requirements; • Initial drill program comprising verification (twin holes) and targeting extensions of the

Criteria	JORC Code explanation	Commentary
		historically defined mineralisation; • Metallurgical test work.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	- *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* - *Data validation procedures used.*	- The drill hole data is stored in a drop box database is and currently being loaded into a new database. The database has been previously split into original paper components and electronic components. - The owner's representatives have reviewed and confirmed the database structure and integrity.

Site visits	- *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.*
	- *If no site visits have been undertaken indicate why this is the case.*
		- A 4-day site visit was undertaken from Wednesday Jan 17, 2018 to Saturday 20 January 2018. During this visit:
		  - a number of the historical drill collars were located, and their location confirmed
		  - The mineralisation was inspected and sampled in the main underground workings and also in a number of waste dumps associated with exploration adits.
		  - The visual investigation of the mineralisation confirmed the historically reported mineralisation,
		  - Assay results of representative samples from the underground workings and dumps also confirmed the tenor of the reported resource grades of the various styles of mineralisation.

Criteria	JORC Code explanation	Commentary
		- In addition, SRK undertook a site visit 30 August 2018 where they reviewed much of the above. Their review confirmed the results of the first site visit In addition, the Competent person was on site for 3 weeks during the underground channel and bulk sampling which is the subject of this release
Geological interpretation	- *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* - *Nature of the data used and of any assumptions made.* - *The effect, if any, of alternative interpretations on Mineral Resource estimation.* - *The use of geology in guiding and controlling Mineral Resource estimation.* - *The factors affecting continuity both of grade and geology.*	- The interpretation is considered appropriate given the stage of the project and the nature of activities that have been conducted. The interpretation captures the essential geometry of the mineralised structure and lithologies with drill data supporting the findings from the initial underground sampling activities. - The most recent resource calculation (2006 and 2003 – La Mancha) used all core drilling and detailed underground channel sampling collected by EPROM, CMEC and La Mancha. Overlying assumptions included a reduction of the calculated grade in each resource block by a factor of 10% to account for possible errors in the analyses and samples. An arbitrary reduction factor was applied to the 2006 resource whereby the net reported tonnage was reduced by 25% for indicated resource blocks, 50% for inferred resource blocks, and 75% of potential mineral resource blocks. The reason for the application of these tonnage reduction factors was not outlined in the resource report. It is noted that at the time of this report La Mancha was in a legal dispute concerning the project with its joint venture partner and given the acquisition of a 200,000 Oz per annum producing portfolio the project was likely no longer a core asset for La Mancha at that time. Additionally, under the original acquisition agreement La Mancha had to issue additional acquisition shares based on resource targets. - The effect of removing the assumptions relating to application of the arbitrary tonnage reduction factors applied increases the overall resource tonnage by in excess of 50%. Removing these correction factors would bring the overall tonnage and grade close the earlier (2003, 1999, and 1996) tonnage and grade estimates albeit in different categories (lower confidence) which are considered more appropriate.

Criteria	JORC Code explanation	Commentary
		- The mineralisation is defined to the manto and vein bodies detailed cross section and plan maps were prepared for these bodies with their shapes used in controlling the resource estimate. - The structure of the area is complex, and a detailed structural interpretation is recommended as this may provide a better understanding of the continuity of mineralisation and possible extensions to it. The deposit contains bonanza gold values and while very limited twinning has indicated acceptable repeatability a rigorous study of grade continuity needs to be undertaken as part of future resource calculations.
Dimensions	- *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	- No reliable information has been provided to the owner however through further ongoing investigation is being conducted by the owner to address this information gap.
Estimation and modelling techniques	- *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* - *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* - *The assumptions made regarding recovery of by-products.* - *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* - *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* - *Any assumptions behind modelling of selective mining units.*	- The estimation techniques are appropriate. The 2003 and 2006 resources used a longitudinal section polygonal method was used for estimating resources, with individual blocs representing weighted averages of sampled underground and/or areas of diamond drill pierce points with zones of influence halfway to adjacent holes. The area of the block was calculated using AutoCad directly from the longitudinal sections. • As outlined in Section 2 check assaying by PG Consulting returned values in the check assay sample which were 3.4% and 12.99% greater for Au and Ag than the original assays. A number pf previous resource estimates were available to check the 2006 resource estimate when the arbitrary tonnage reduction factors are removed brings the overall tonnage and grade close the earlier (2003, 1999, and 1996) tonnage and grade estimates albeit indifferent categories which are considered more appropriate. • It was assumed only gold silver and zinc would be recovered and that no other by products would be recovered. This is viewed as conservative given metallurgical data pointing to the production of a salable zinc concentrate. • Based on the preliminary metallurgy estimation of deleterious elements or other

Criteria	JORC Code explanation	Commentary
	- *Any assumptions about correlation between variables.* - *Description of how the geological interpretation was used to control the resource estimates.* - *Discussion of basis for using or not using grade cutting or capping.* - *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available*	non-grade variables of economic significance was not required • The minimum mining width of 0.8m was assumed for veins less than 0.6m and for wider widths a dilution of 0.2m was used to calculate the grade. • No assumptions were made regarding correlation between variables • The mineralisation is defined to the manto and vein bodies. Detailed cross section and plan maps were prepared for these bodies with their shapes used in controlling the resource estimate Long sections for the veins and mantos were taken and sampling was plotted, and the blocks outlined considering this. • Grade cutting was not used in the calculation of the resource and no discussion was given as to why it was not employed. It is recommended that a study be undertaken to determine if an appropriate top cut need be applied • No data is available on the process of validation.
Moisture	- *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	- No data is available. There is unlikely to be any significant difference between dry and natural moisture results.
Cut-off parameters	- *The basis of the adopted cut-off grade(s) or quality parameters applied.*	- The Mineral Resource Estimate is above a cut-off grade of 3.89 g/t Au. This is based on the assumed mining cost

Mining factors or assumptions	- *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	- The Mineral Resource Estimate considered the assumptions outlined below which are considered appropriate
		  - Metal prices: Au US$550 Oz, Ag US$10 Oz
		  - Metallurgical Recovery; Au – 80%, Ag – 70% Zn - nil
		  - Operating cost: US$55t based on underground cut and fill mining and flotation and cyanidation combined
		- The minimum mining width of 0.8m was assumed for veins less than 0.6m and for wider widths a dilution of 0.2m was used to calculate the grade.

Criteria	JORC Code explanation	Commentary
Metallurgical factors or assumptions	- *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	- Historical metallurgical test-work is currently under review however the assumptions used (80% Au recovery, 70% Ag and no zinc recovery) seem conservative. The most recent test work was conducted in 2000 and was a preliminary assessment only. This work was conducted at Lakefield Labs (cyanidation) and CIMM Labs (flotation) in Chile. While this work is preliminary it indicates recoveries for differential flotation in conjunction with a Knelson concentrator at 80% each for gold and silver and 50% for zinc regardless of the type of material (sulphide or oxidized).
Environmen-tal factors or assumptions	- *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	- It is considered that there are no significant environmental factors, which would prevent the eventual extraction of gold from the project. Environmental surveys and assessments will form a part of future pre-feasibility.
Bulk density	- *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* - *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* - *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	- Densities of 2.7 m^3/MT were used for mineralised veins and 2.6 m^3/MT for wall rock - No data of how densities were determined in available - The bulk densities used in the evaluation process are viewed as appropriate at this stage

Criteria	JORC Code explanation	Commentary
Classification	- *The basis for the classification of the Mineral Resources into varying confidence categories.* - *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* - *Whether the result appropriately reflects the Competent Person's view of the deposit.*	- The Mineral Resource Estimate has both Indicated and Inferred Mineral Resource classifications under the National Instrument 43-101 code and is considered foreign. These classifications are considered appropriate given the confidence that can be gained from the existing data and results from drilling. - The reliability of input data for the 2003 and 2006 resources is acceptable as is the confidence in continuity of geology and metal values, quality, quantity and distribution of the data. Appropriate account has been taken of all relevant factors with the exception of studies into the appropriateness of the application of a top cut. - The reported 2006 NI43-101 (non-JORC Code compliant Measured and Indicated) estimate for the Hualilan Project is measured resource of 164,294 tonnes averaging 12.6 grams per tonne gold and 52.1 g/t silver and 2.5% zinc plus an indicated resource of 51,022 tonnes averaging 12.4 grams per tonne gold and 36.2 g/t silver and 2.6% zinc plus an inferred resource of 213,952 tonnes grading 11.7 grams per tonne gold and 46.6 g/t silver and 2.3% zinc. (Source La Mancha resources Toronto Stock Exchange Release April 7, 2007 - Interim Financials) – See Table 1 - The 2006 estimate did not include the east-west mineralised Magnata Vein despite the known mineralisation in the Magnata Vein being drilled on a 25 x 50-metre spacing. The 2003 NI43-101 (non-JORC Code compliant) estimate attributed approximately half of its measured and indicated tonnage to the Magnata Vein. The 2006 estimate also included arbitrary tonnage reduction factors of 25% for indicated category, 50% for inferred category and 75% for potential category. - The 2006 estimate also included a significant tonnage of Potential Category Resources which have not been reported. - The reported 2003 NI43-101 (non-JORC Code compliant) estimate for the Hualilan

Criteria	JORC Code explanation	Commentary
		project is a measured resource of 299,578 tonnes averaging 14.2 grams per tonne gold plus an indicated resource of 145,001 tonnes averaging 14.6 grams per tonne gold plus an inferred resource of 976,539 tonnes grading 13.4 grams per tonne gold representing some 647,809 ounces gold. (Source La Mancha resources Toronto Stock Exchange Release May 14, 2003 - Independent Report on Gold Resource Estimate) – See Table 1 - The 2003 Mineral Resource classification and results appropriately reflect the Competent Person's view of the deposit and the current level of risk associated with the project to date. **Historic 2003 NI43-101 (non-JORC Code compliant)** **CATEGORY / TONNES / Au (g/t) / Ag (g/t) / Zn%** Measured / 299,578 / 14.2 Indicated / 145,001 / 14.6 Inferred / 976,539 / 13.4 **Historic 2006 NI43-101 (non-JORC Code compliant)** **CATEGORY / TONNES / Au (g/t) / Ag (g/t) / Zn%** Measured / 164,294 / 12.5 / 52.1 / 2.5 Indicated / 51,022 / 12.4 / 36.2 / 2.6 Inferred / 213,952 / 11.7 / 46.6 / 2.3
Audits or reviews	- *The results of any audits or reviews of Mineral Resource estimates.*	- The most recent Mineral Resource Estimate has not been audited. - The earlier (1996 and 2000) Mineral Resource Estimates were audited and re-stated in a 2003 resource report. This independent report was done to NI-43-101

Criteria	JORC Code explanation	Commentary
		standard and the results of this report were released to the TSX. This report concluded that "Detailed resource calculations made by three different groups are seen to be realistic.
Discussion of relative accuracy/ confidence	- *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* - *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* - *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	- There is sufficient confidence in the data quality, drilling methods and analytical results that they can be relied upon. The available geology and assay data correlate well. The approach or procedure are deemed appropriate given the confidence limits. The main two factors which could affect relative accuracy is grade continuity and top cut. - Grade continuity is variable in nature in this style of deposit and has not been demonstrated to date and closer spaced drilling is required to improve the understanding of the grade continuity in both strike and dip directions. It is noted that the results from the twinning of three holes by La Mancha are encouraging in terms of grade repeatability - The deposit contains very high grades, and there is a potential need for the use of a top cut. It is noted that an arbitrary grade reduction factor of 10% has already been applied to the resource as reported. - No production data is available for comparison