

CEL to commence 2,000 Metre drilling program at Hualilan Gold Project

Highlights

- All required approvals for drilling at the Hualilan Gold Project have now been granted
- Drilling contract executed for an initial 2,000 metres of diamond drilling
- Drill Pad preparation to start immediately with the drilling rig to be mobilised within 2-3 weeks

Challenger Exploration (ASX: CEL) (“CEL” or the “Company”) is pleased to announce it will commence a 2,000-metre drilling program on its high-grade Hualilan Gold project in San Juan Argentina.

The Mining Ministry of San Juan has issued CEL Water Usage and Waste Licenses to allow the Company to commence its maiden drilling program at the Hualilan Gold Project. Further the Mining Ministry has approved the Environmental Impact Statements (EIS) and issued the Environmental Licence for drilling at both Cerro Sur (the southern half of the Hualilan Gold Project) and Cerro Norte (northern half of the Hualilan Gold Project).

Challenger will immediately commence drill pad preparation with the drill rig expected to be mobilised to site within in 2-3 weeks. The drilling program will be conducted in two 1,000 metre campaigns over 3 months.

The objective of the drilling program is primarily to test extensions to the existing mineralisation and infill where existing drilling is insufficient for resource estimation. This first program will have a small (15-20%) component of twinning to facilitate the inclusion of historical results to achieve a JORC 2012 compliant resource in the future.

Core will be logged and split on site with first samples expected to be submitted for assay, at MSALABS in San Juan one week after drilling commences. This is expected to result in first assay results being available within 3 weeks of drilling commencing.

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

“We would like to thank the San Juan Mining Ministry for working proactively with us on the licenses required for our maiden drilling program. Our approvals were achieved in record time. This demonstrates not only the quality of our team on the ground in Argentina but the commitment that the San Juan Mining Ministry has in facilitating new mines in the Province.

This initial drilling program is an exciting time for CEL shareholders. It should go a long way towards demonstrating the high grade nature of the Hualilan Gold Project. In addition we expect It to show the Project is underexplored with mineralisation remaining open in both directions along strike, laterally, and at depth.”

The initial 2,000 metre drilling program will be split into two 1,000 metre campaigns separated by 4-6 weeks to allow evaluation and follow-up of results from the first 1,000 metres. The initial 1,000 metres will comprise holes at both Cerro Sur and Cerro Norte covering over one kilometre of strike.

In addition, the 3D modelling work being conducted by SRK on the Hualilan Gold project is nearing completion. This maiden drilling program has been designed utilising input from SRK who's brief was to:

- review the existing interpretation of the project
- generate a 3D Model of the Hualilan mineralisation
- provide guidance on the requirements for twin and infill drilling to facilitate a mineral resource that is reportable under the JORC Code (2012)

With drilling commencing at Hualilan CEL will issue 3,333,334 shares to CEL's Argentinian partners as required under the acquisition agreement for the Hualilan Gold Project. The issue of these shares has been previously approved by CEL shareholders.

Ends

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

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 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** 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 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 870,000 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

^{#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 – 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.

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.