

CHALLENGER EXPLORATION LIMITED

ABN 45 123 591 382

CLEANSING PROSPECTUS

For the offer of 1 fully paid ordinary share in the capital of the Company (**Share**) at an issue price of 10 cents per Share (**Offer**).

Important Notice

This Prospectus is a transaction-specific prospectus issued in accordance with section 713 of the Corporations Act. This Prospectus contains important information about the Offer.

The Shares offered by this Prospectus should be considered highly speculative.

The Company's Shares have been suspended from trading on the ASX for more than 5 days in the 12 months preceding the Offer and as such, the Company is currently prevented from issuing cleansing notices pursuant to section 708A(5) of the Corporations Act. Accordingly, this Prospectus has been prepared for the purposes of section 708A(11)(b)(i) of the Corporations Act to remove any secondary trading restrictions on Shares issued by the Company prior to the Closing Date.

IMPORTANT NOTICE

This Prospectus is dated 15 January 2020 and was lodged with ASIC on that date. Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The Offer is only available to those who are personally invited to accept the Offer. Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

The Company is a public company whose securities are quoted on the Official List of the ASX.

In preparing this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers who investors may consult.

No person is authorised to give any information or to make any representations in connection with this Offer that is not contained in this Prospectus. Any information or representation that is not contained in this Prospectus may not be relied upon as having been authorised by the Company or its Directors.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. If an Applicant is resident in a country other than Australia it should consult its professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it should not be lawful to make such an offer.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. An investment in the Shares the subject of this Prospectus should be considered highly speculative.

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary.

CORPORATE DIRECTORY

Directors

Fletcher Quinn
Non-Executive Chairman

Kris Knauer
CEO and Managing Director

Scott Funston
CFO and Finance Director

Company Secretary

Scott Funston

Registered Office

Level 1
1205 Hay Street
West Perth WA 6005

Telephone: 08 6380 9235

Website: www.challengerex.com

Solicitors to the Offer

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

***Share Registry**

Security Transfer Australia Pty Ltd
770 Canning Highway
Applecross WA 6153

Telephone: 1300 992 916

*Security Transfer Australia Pty Ltd has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus. Its name is included for information purposes only

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1. INVESTMENT OVERVIEW

Question	Response	Where to find more information
What is the Offer?	The Company is offering to issue 1 Share at an issue price of 10 cents under this Prospectus.	Sections 2.1 and 4.1
What is the purpose of the Offer?	<p>On 13 January 2020 the Company announced it had received commitments to raise \$6,500,000 via a placement of 65,000,000 Shares at \$0.10 per Share to sophisticated and professional investors (Placement).</p> <p>The Placement will be conducted in two tranches, tranche 1 (51,800,000) Shares, is expected to be completed on 16 January 2020 (under the Company's existing placement capacity pursuant to ASX Listing Rule 7.1) and tranche 2 (13,200,000 Shares), subject to Shareholder approval.</p> <p>In addition to the Placement, the Company is proposing to issue 500,000 Shares to a consultant for research analyst services provided to the Company, prior to the Closing Date (Consultant Issue).</p> <p>The purpose of the Offer is to remove any trading restrictions that may have attached to Shares issued by the Company prior to the Closing Date, including the Shares to be issued under Tranche 1 of the Placement and the Consultant Issue, pursuant to section 708A(11)(b)(i) of the Corporations Act.</p>	Section 2.1
Who should apply?	The Company will invite an investor to apply. You should not apply for the Share offered pursuant to this Prospectus unless you are invited to do so.	Section 4.1
What are the terms of the Share offered under this Offer?	The Share offered pursuant to this Prospectus will have the same terms as the current Shares on issue.	Section 5.1
What is the effect of the Offer?	<p>The effect of the Offer is to remove the secondary trading sale restrictions on any Shares issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Closing Date, including Shares issued under tranche 1 of the Placement and the Consultant Issue.</p> <p>The Offer will further increase the number of Shares on issue by 1 Share and decrease the cash reserves of the Company by approximately \$11,000 (being the estimated expenses of the Offer).</p>	Section 2.2

Question	Response	Where to find more information
<p>What are the risks associated with an investment in the Company?</p>	<p>The Company's key focus are the El Guayabo Gold and Copper Project, Ecuador and the Hualilan Gold Project, Argentina, South America ('the Projects').</p> <ul style="list-style-type: none"> • Exploration and Development - the Company is planning to and is conducting exploration and drilling programs on the Projects. Mineral exploration and development is a speculative and high-risk undertaking that may be impeded by circumstances and factors beyond the control of the Company. • The Projects have no JORC Code Resources delineated. There can be no assurance that exploration on the Projects will result in the discovery of an economic mineral deposit. Even if an apparently viable mineral deposit is identified, there is no guarantee that it can be economically exploited. • Contractual/Joint Venture Risk - In order for the Company to be able to achieve its objectives the Company is reliant on the registered holder of the tenements to comply with its contractual obligations under the applicable earn-in agreements with respect to maintaining the tenements in full force and effect, free from any liability to forfeiture or non-renewal. • Future capital needs and additional funding - the Company will need to raise further capital (equity or debt) in the future. No assurance can be given that future funding will be available to the Company on favourable terms or at all. If adequate funds are not available on acceptable terms the Company may not be able to further develop its projects and it may impact on the Company's ability to continue as a going concern. • Copper and Gold Price - the projects are primarily prospective for gold and copper. Gold and copper and other commodity prices can fluctuate significantly, and the gold and copper price are exposed to numerous factors beyond the control of the Company. A significant decrease in the gold and copper price is likely to adversely affect sentiment and market support towards a gold and copper exploration company. If the Company achieves gold and / or copper mining production, the Company's financial performance will be dependent in part on the gold and copper price. • Reliance on key personnel - the Company's success largely depends on the core competencies of its Directors and its ability to retain these people. 	

Question	Response	Where to find more information
What are the key dates of the Offer?	Prospectus lodged with ASIC and ASX	15 January 2020
	Opening Date	15 January 2020
	Issue Date for Shares under tranche 1 of Placement and Consultant Issue	17 January 2020
	Closing Date	17 January 2020
<p>Please note that these dates are subject to change. The Company reserves the right, subject to the Corporations Act and the Listing Rules to amend the timetable at any time, and in particular, to extend the Closing Date.</p>		

2. PURPOSE AND EFFECT OF THE OFFER

2.1 Purpose of Offer

By this Prospectus the Company offers 1 Share at an issue price of 10 cents (**Offer**).

As announced on 13 January 2020, the Company is undertaking a placement of Shares to sophisticated and professional investors that is to be conducted in two tranches, tranche 1 (52,300,000 Shares), is expected to be completed on 16 January 2020 (under the Company's existing placement capacity pursuant to ASX Listing Rule 7.1) and tranche 2 (13,200,000 Shares), subject to Shareholder approval (**Placement**).

In addition to the Placement, the Company proposes to issue 500,000 Shares to a consultant for research analyst services provided to the Company, prior to the Closing Date (**Consultant Issue**).

The purpose of the Offer is to remove any trading restrictions on the sale of Shares issued by the Company prior to the Closing Date, including the Shares to be issued under tranche 1 of the Placement and the Consultant Issue, in accordance with section 708A(11) of the Corporations Act.

2.2 Effect of the Offer

The effect of the Offer will be to remove any trading restrictions that may have attached to Shares issued by the Company prior to the Closing Date (including prior to the date of this Prospectus).

The Offer will further:

- (a) increase the number of Shares on issue by 1 Share; and
- (b) decrease the cash reserves of the Company by approximately \$11,000, being the estimated expenses of the Offer.

2.3 Capital Structure

The issued capital of the Company after the issue of the Share under this Prospectus, the Placement (Tranche 1) and Consultant Issue is set out below.

SHARES	Number
Existing Shares	470,180,960
Shares to be issued pursuant to the Offer	1
Placement (Tranche 1)	51,800,000
Consultant Issue	500,000
Total	522,480,961

OPTIONS	
Unquoted Options (25 cent exercise price and 30 June 2020 expiry date)	6,950,000
Unquoted Options (4 cents exercise price and 30 June 2022 expiry date)	87,644,444
Total	94,594,444

PERFORMANCE SHARES	
Performance A	60,000,000
Performance B	60,000,000
Total	120,000,000

PERFORMANCE RIGHTS	
Performance A	8,000,000
Performance B	8,000,000
Total	16,000,000

2.4 Effect on Financial Position

The issue of the Share under this Prospectus will not have a material impact on the Company's financial position. For this reason a pro-forma statement of financial position of the Company showing the financial effect of the Offer has not been included in this Prospectus.

2.5 No material effect on Control

The issue of the Share under the Offer will have no material effect on control of the Company.

3. RISK FACTORS

3.1 Introduction

The activities of the Company are subject to various risks that may impact on the future performance of the Company. The following is a non-exhaustive list of the risks that may have a material effect on the financial position and performance of the Company and the value of its securities.

The specific risks below are some of the risks to the Company of a specific nature by reason of its resource industry activities. The general investment risks below are some of the risks to the Company of a general economic nature.

3.2 Specific risks

Exploration and Development

The future exploration activities of the Company may be affected by a range of factors including activities of parties with overlapping tenure, geological conditions, limitations on activities due to seasonal weather patterns or adverse weather conditions, unanticipated operational and technical difficulties, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, industrial and environmental accidents, industrial disputes, unexpected shortages and increases in the costs of consumables, spare parts, plant, equipment and staff, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company being able to maintain title to the mineral exploration licences comprising the Projects and obtaining all required approvals for their contemplated activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the Projects, a reduction in the cash reserves of the Company and possible relinquishment of one or more of the mineral exploration licences comprising the Projects.

Contractual/Joint Venture Risk

In order for the Company to be able to achieve its objectives the Company is reliant on the registered holder of the tenements to comply with its contractual obligations under the earn-in agreements with respect to maintaining the tenements in full force and effect, free from any liability to forfeiture or non-renewal.

Interests in tenements in Argentina, Ecuador and South Africa are governed by the respective national legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance.

Where the registered holder of the tenements fails to comply with conditions of the tenements which results in loss of title to the tenements the Company would lose its interest in the minerals rights being acquired pursuant to the earn-in agreements. It may then be necessary for the Company to approach a court to seek a legal remedy. Legal action can be costly and there can be no guarantee that a legal remedy will be ultimately granted on the appropriate terms. The Company has no current reason to believe that the registered holders of the tenements that it has contracted with will not meet and satisfy their obligations under the earn-in Agreements.

Pursuant to the terms and conditions of the earn-in agreements, the Company has contractual rights and obligations in relation to the co-existence, exploration and potentially mining on the El Guayabo tenement. The Company has the right to do such prospecting, exploration, development, drilling and/or other mining work thereon and thereunder as the Company in its

sole discretion may determine advisable and including, without limitation the removal of any ores, minerals and metals from the Concession but only for the purpose of testing. The Company is required to use all reasonable efforts to coordinate with the operator in order to avoid interference with the day to day activities of the existing mine operators.

There is a risk that the Company may not be able to complete all of its preferred exploration programmes in its preferred timetable or at all, as a result of a conflict with the exploration activities of the registered holder of the Tenements.]

Future capital needs and additional funding

The Company will need to raise further capital (equity or debt) in the future. No assurance can be given that future funding will be available to the Company on favourable terms or at all. If adequate funds are not available on acceptable terms the Company may not be able to further develop its Projects and it may impact on the Company's ability to continue as a going concern.

Karoo Basin Permit

The Company's focus has previously been securing the grant to its subsidiary, Bundu Gas & Oil Exploration Pty Ltd (Bundu), of a South African petroleum exploration right in the Karoo Basin (Permit) applied for by Bundu in 2010. While the Company expects this permit to be granted in due course, if the permit is not granted this will adversely affect the Company's prospects.

Gold and Copper Price

The Company's projects are primarily prospective for gold and copper. Gold and copper and other commodity prices can fluctuate significantly and the gold and copper price is exposed to numerous factors beyond the control of the Company. A significant decrease in the gold and / or copper price is likely to adversely affect sentiment and market support towards a copper exploration company. If the Company achieves copper mining production, the Company's financial performance will be dependent in part on the copper price.

Reliance on key personnel

The Company's success largely depends on the core competencies of its Directors and any management and its ability to retain these people.

Exchange rate

Commodities are principally sold throughout the world in United States dollars. In the event of revenue from any operations in Argentina, it is likely to be in United States dollars while costs will be payable either in Argentinean pesos or Australian dollars.

The exchange rates between the various currencies are affected by numerous factors beyond the control of the Company. These factors include economic conditions in the relevant country and elsewhere and the outlook for interest rates, inflation and other economic factors. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

Sovereign risk

The Company's projects are subject to the risks associated with operating in a foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

Some of the Company's key assets are its contractual interests in tenements in Argentina and

Ecuador. Changes in these countries laws and regulations may have a significant effect on the Company's exploration operations, especially changes to environmental, mining, grant or renewal of concessions, royalties and taxation.

The political conditions under which the Company currently operates in Argentina and Ecuador are stable compared to many areas of the world, but arguably are not as stable as those prevailing in Australia. Potential risk to the Company's activities may occur if there are changes to the political, legal and fiscal systems which might affect the ownership and operation of the Company's interests in Argentina and Ecuador. This may also include changes in exchange control regulations, expropriation of mining rights, changes in government and in legislative and regulatory regimes.

The Company and its advisers will undertake all reasonable due diligence in assessing and managing the risks associated with oil and gas exploration and production in South Africa. However, any future material adverse changes in government policies or legislation in foreign jurisdictions in which the Company has projects is outside the control of the Company. Such changes may affect the foreign ownership, exploration, development or activities of companies involved in oil and gas exploration and production and in turn may affect the viability and profitability of the Company.

Environmental Risk

Development of any of the Company's Projects will be dependent on the Company satisfying relevant environmental guidelines and, where required, being approved by government authorities.

Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's costs of doing business or affect its operations in any area.

Acquisitions

The Company may make acquisitions of, or investment in, companies or assets that are complementary to its business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies or assets, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving mineral exploration success and retaining key staff.

Insurance

The Company may maintain insurance within ranges of coverage that it believes to be consistent with industry practice and having regard to the nature of activities being conducted. However, it is not always possible to cost-effectively insure against all risks associated with such activities. The Company may decide not to take out insurance against certain risks as a result of high premiums or for other reasons. Should liabilities arise on uninsured risks, the Company's business, financial condition and results of operations and the market price of the Shares may be materially adversely affected.

Legal Proceedings

Legal proceedings may arise from time to time in the course of the business of the Company. As at the date of this Prospectus, there are no material legal proceedings affecting the Company and the Directors are not aware of any legal proceedings pending or threatened against or affecting the Company.

3.3 General investment risks

Securities investments and share market conditions

There are risks associated with any securities investment. The trading prices of securities trade

fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for resource exploration and development companies may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

Economic risk

Changes in both Australia, South America and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings.

Legislative

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies may adversely affect the financial performance of the Company.

4. DETAILS OF THE OFFER

4.1 The Offer

By this Prospectus the Company offers 1 Share at an issue price of 10 cents.

The Offer is not underwritten. There is no sponsoring broker. No broker or financial services licensee will be paid any fee in relation to this Offer.

A person should only apply at the direction of the Company. The details of how to apply for the Share offered pursuant to this Prospectus are set out below.

4.2 Application for Shares

An application for the Share under the Offer may only be made by investors at the direction of the Company and must be made using an Application Form accompanying this prospectus.

A completed Application Form must be mailed or delivered to the Company as directed.

A completed Application Form must reach the Company by no later than the Closing Date.

4.3 No Minimum Subscription

There is no minimum subscription under the Offer.

4.4 Opening Date and Closing Date of the Offer

The Opening Date is 15 January 2020 and the Closing Date is estimated to be 5.00pm WST on 17 January 2020. The Directors reserve the right to extend the Closing Date and the Offer or close the Offer early without notice.

4.5 Official Quotation by ASX

Subject to the issue of the Share pursuant to the Offer, application for official quotation by ASX of the Share offered pursuant to this Prospectus will be made within 7 days of the date of this Prospectus. If the Share to be issued by this Prospectus is not admitted to official quotation by ASX before the expiration of 3 months after the date of the Prospectus, or such period as is varied by ASIC, the Company will not issue the Share and will repay all application money within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant official quotation to the Share to be issued pursuant to this Prospectus is not to be taken in any way as an indication of the merits of the Company or the Share offered.

4.6 ASX Listed Company

The Company is included in the official list of ASX and the Listing Rules apply to securities issued by the Company.

4.7 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law. No action has been taken to register or qualify the securities or otherwise permit a public offering of the securities the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of any Applicant outside Australia to obtain all necessary approvals for the allotment and issue of the securities under this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

4.8 CHESS

The Company participates in the Clearing House Electronic Subregister System (CHESS). CHESS is operated by ASX Settlement Pty Ltd (ASPL), a wholly owned subsidiary of ASX.

Under CHESS, the Company does not issue certificates to securityholders. Instead, securityholders receive a statement of their holdings in the Company. If an Applicant is broker sponsored, ASPL will send a CHESS statement.

4.9 Rights and liabilities attaching to Shares

A summary of the rights and liabilities attaching to Shares to offered pursuant to this Prospectus is set out in Section 5.

5. RIGHTS AND LIABILITIES ATTACHING TO SHARES

5.1 Rights attaching to Shares

Full details of the rights and liabilities attaching to the Shares are:

- detailed in the Constitution, a copy of which can be inspected, free of charge, at the registered office of the Company during normal business hours; and
- in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

The following is a summary of the more significant rights and liabilities attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per share on a poll. The person who holds a share which is not fully paid shall be entitled to a fraction of a vote equal to that proportion of a vote that the amount paid (not credited) on the relevant share is of the total amounts paid and payable in respect of those shares (excluding amounts credited). Voting may be in person or by proxy, attorney or representative.

Dividends

Subject to the rights of holders of shares issued with any special rights to dividends (at present there are none) and the Corporations Act, the profits of the Company which the Board may from time to time determine to distribute by way of dividend are divisible to each share of a class on which the Board resolves to pay a dividend.

Future issues of securities

Subject to the Corporations Act and the Listing Rules, the Directors may issue, grant options over unissued shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

Transfer of Shares

A shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by the Board.

Meetings and Notices

Each shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution, the Corporations Act or the Listing Rules.

Shareholders may requisition meetings in accordance with the Corporations Act.

Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

Predominance of Listing Rules

Despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

6. ADDITIONAL INFORMATION

6.1 Board and Management

The Board consists of:

- Mr Fletcher Quinn (Non-Executive Chairman)
- Mr Kris Knauer (CEO and Managing Director)
- Mr Scott Funston (CFO and Finance Director)

6.2 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last two years before the date of lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person:

- (d) to a Director or proposed Director to induce him or her to become, or to qualify as, a Director; or
- (e) for services provided by a Director or proposed Director in connection with the formation or promotion of the Company or the Offer.

Holdings of Directors

Directors' relevant interests in securities of the Company at the date of the Prospectus and prior to the issue of the securities to the Directors under this Offer are:

Director	Shares	Options	Performance Shares	Performance Rights
Fletcher Quinn	10,328,637	500,000	-	-
Kris Knauer	42,195,332	9,734,167	37,000,000	-
Scott Funston	4,604,167	2,000,000	-	10,000,000

1. The Options have an exercise price of 4 cents and an expiry date of 30 June 2022

Remuneration of Directors

Fletcher Quinn is paid a director's fee of \$36,000 per annum inclusive of statutory superannuation. In the two years prior to the date of this Prospectus Mr Quinn has received a total cash remuneration of \$18,000.

Kris Knauer is paid a director's fee of \$240,000 per annum inclusive of statutory superannuation. In the two years prior to the date of this Prospectus Mr Knauer has received a total cash remuneration of \$120,000.

Scott Funston is paid a fee of \$205,000 per annum inclusive of statutory superannuation. In the two years prior to the date of this Prospectus Mr Funston has received a total cash remuneration of \$88,750 from the Company, \$25,000 from the Company's subsidiary AEP Corporation Pty Limited and non-cash consideration of \$37,500.

Directors are entitled to be paid reasonable expenses incurred by them on business of the Company.

The Directors are not required to hold any Shares in the Company under the Constitution.

6.3 Interests of Experts and Advisors

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, securities or otherwise) have been paid or agreed to be paid to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Offer and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with the formation or promotion of the Company or the Offer.

Steinepreis Paganin has acted as solicitors to the Company in relation to the Offer. In respect of this work, the Company will pay approximately \$5,000 exclusive of GST and disbursements. Subsequently fees will be paid in accordance with normal hourly rates. Steinepreis Paganin has been paid fees of approximately \$199,117.56 exclusive of GST in the 2 years prior to the date of this Prospectus.

6.4 Expenses of the Offer

The total expenses connected with the Offer are estimated to be approximately \$11,000 (excluding GST) and are to be applied towards the items set out in the table below:

Expense	(\$)
ASIC fees	\$3,206
ASX fees	\$1,922
Legal Fees	\$5,000
Miscellaneous, printing and other distribution	\$872
Total	\$11,000

6.5 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Shares), the Directors, the persons named in the Prospectus with their consent as proposed directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- does not make, or purport to make any statement in this Prospectus, or on which a statement made in this Prospectus is based other than as specified in this Section; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus or any omissions from this Prospectus other than a reference to its name and a statement included in the Prospectus with the consent of that party as specified in this Section.

Steinpreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinpreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

6.6 Share Trading History

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market price of the Company's quoted Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales and the last sale on the day prior to lodgement of this Prospectus with ASIC were:

	Price	Date
Highest	13 cents	7 January 2020
Lowest	3.8 cents	12 October 2019
Latest	13 cents	14 January 2020

6.7 Transaction Specific Prospectus and Continuous Disclosure Obligations

The Company is a disclosing entity under the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

In general terms "transaction specific prospectuses" are required to contain information in relation to the effect of the offer on the Company and the rights and liabilities attaching to the securities offered. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company on the basis that, as at the date of this Prospectus, the Company has not withheld from its continuous disclosure reporting any information about such matters that investors and their professional advisers would reasonably require to make an informed assessment of such matters and expect to find in this Prospectus.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with ASIC;
 - (ii) any half year financial report lodged with ASIC by the Company after the lodgement of the annual financial report referred to in paragraph (i) and before the lodgement of this Prospectus with ASIC; and
 - (iii) any continuous disclosure notices given by the Company after the lodgement of the annual financial report and before the lodgement of the copy of the Prospectus with ASIC.

The Company lodged its latest annual report with ASX on 23 October 2019. The following documents have been lodged with ASX since the date of lodgement of the Company's latest annual financial report:

Date	Description of Announcement
28/10/2019	Response to ASX Price Query
28/10/2019	Details of Company Address
29/10/2019	Notice of Annual General Meeting / Proxy Form
31/10/2019	Appendix 3B
31/10/2019	Quarterly Cashflow Report
31/10/2019	Quarterly Activities Report
28/11/2019	Results of Meeting
28/11/2019	Constitution
02/12/2019	Appendix 3B

03/12/2019	Pause in Trading
03/12/2019	Trading Halt
03/12/2019	ASX Query Response Retraction Statement
03/12/2019	Response to ASX Query
13/12/2019	Trading Halt
16/12/2019	CEL Receives Further Outstanding Results from Hualilan
08/01/2020	CEL Increases tenement Position by 830% at El Guayabo
09/01/2020	Trading Halt
13/01/2020	CEL Completes \$6.5m Placement to Accelerate Exploration
13/01/2020	Proposed Issue of Securities

7. DIRECTORS' AUTHORISATION AND CONSENT

This Prospectus is issued by the Company and its issue has been by a resolution of the Directors Company and lodged with the ASIC pursuant to section 718 of the Corporations Act.

Each Director has consented to lodgement of this Prospectus with ASIC in accordance with the terms of section 720 of the Corporations Act and has not withdrawn that consent.

Dated: 15 January 2020



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Signed for and on behalf of Challenger Exploration Limited
By Mr Scott Funston
Executive Director

8. GLOSSARY

Where the following terms are used in this Prospectus, they have the following meanings:

Applicant	a person(s) who submits a valid Application Form pursuant to this Prospectus.
Application	a valid application made on an Application Form to subscribe for Shares pursuant to this Prospectus.
Application Form	An application form attached to or accompanying this Prospectus.
ASIC	the Australian Securities & Investments Commission.
ASX	the ASX Limited (ACN 008 624 691).
Board	the Board of Directors.
Closing Date	the closing date for receipt of Application Forms under this Prospectus, estimated to be 5.00pm WST on 17 January 2020 or an amended time as set by the Board.
Company or CEL	Challenger Exploration Limited (ACN 123 591 382).
Constitution	the constitution of the Company.
Corporations Act	the Corporations Act 2001 (Cth).
Director	a director of the Company.
Listing Rules	the official listing rules of the ASX.
Offer	the offer of Shares pursuant to this Prospectus.
Official List	the official list of ASX.
Opening Date	15 January 2020.
Option	an option to subscribe for a Share.
Placement	has the meaning given to that term in Section 1.
Prospectus	this Prospectus.
Section	means a section of this Prospectus.
Share	a fully paid ordinary share in the Company.
Shareholder	a person who holds one or more Share.
WST	Western Standard Time, Perth, Western Australia.
\$ or Dollars	Australian dollars unless otherwise stated.