



Hualilan Gold Project : Cerro Sur looking north to Cerro Norte

**Challenger Exploration Limited**  
Argentina and Ecuador Gold / Copper Projects

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## **COMPETENT PERSON STATEMENT EXPLORATION RESULTS**

The information in this release provided under ASX Listing Rules 5.12.2 to 5.12.7 is an accurate representation of the available data and studies for the material mining project. The information that relates to sampling techniques and data, exploration results and geological interpretation has been compiled Dr Stuart Munroe , BSc (Hons), PhD (Structural Geology), GDip (AppFin&Inv) who is a full-time employee of the Company. Dr Munroe is a Member of the AusIMM. Dr Munroe has over 20 years' experience in the mining and metals industry and qualifies as a Competent Person as defined in the JORC Code (2012). Dr Munroe has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results. Dr Munroe consents to the inclusion in this report of the matters based on information in the form and context in which it appears. The Australian Securities Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release

## **COMPETENT PERSON STATEMENT HISTORICAL MINERAL ESTIMATES**

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## **EXPLORATION RESULTS**

Refer to Company Announcements for full details on Exploration Results. CEL is not aware of any new information or data that materially effects the information contained in those announcements

# Overview – two complementary assets being advanced aggressively

Our Aspiration is to become a globally significant gold producer which our current assets will support

## Hualilan Gold Project Argentina – earning 75%

- locked up in a dispute for 15 years prior to CEL
- first drilling by CEL includes:
  - 6.1m @ 34.6 g/t Au, 21.9 g/t Ag, 2.9% Zn
  - 8.3m @ 17.7 g/t Au, 257g/t Ag, 0.3% Zn
  - 5.8m @ 9.5 g/t Au, 29 g/t Ag, 5.6% Zn
- Intrusion-hosted gold discovery - 116m at 1.1 g/t Au, 4.0 g/t Ag
- 35,000m program designed to extend the existing mineralisation and support multiple resource upgrades
- mineralisation open in all directions with a recent discovery

**Historical resource 627,000 oz Au at 13.7 g/t<sup>1</sup>**

## El Guayabo Gold/Copper Project Ecuador – earning up to 100%

- 5km along strike from a +17 million ounce orebody
- regional scale with a 35 km<sup>2</sup> footprint
- scout drilling 25 years ago defined multiple targets:
  - 156m @ 2.6 g/t Au + 9.7 g/t Ag + 0.2% Cu
  - 112m @ 0.7 g/t Au +14.7 g/t Ag + 0.6 % Cu
- geophysics and soil geochemistry has defined a number of undrilled large (km<sup>2</sup>) near surface porphyry targets
- new discovery in first historical drill hole assayed
  - 134m @ 1.0 g/t Au +4.1 g/t Ag (inc 63m @ 1.6 g/t Au, 5.1 g/t Ag)

**World Class Bulk Gold Target**

1 - to ensure compliance with LR 5.12 please refer to the Company's ASX Release dated 22 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 22 2019 continues to apply and is not materially changed.

# Corporate Overview – Fully funded for a transformational program



## Corporate

ASX Ticker	CEL
Share Price (10 July 2020)	22c
<b>Current Shares on Issue</b>	<b>648.7m</b>
Hualilan Acquisition Shrs	50m
Performance Shares	120m
Unlisted Options (4c)	86.6m
<b>Fully Diluted</b>	<b>905.3m</b>
<b>Undiluted EV</b>	<b>A\$117m</b>
<b>Fully diluted EV</b>	<b>A\$174m</b>
<b>Cash at bank (1)</b>	<b>A\$21.5m</b>

## Shareholders

Shareholder	Shares	(%)
Top 20 Shareholders	210.0m	32.3
Kris Knauer (CEO)	39.3m	6.6
Fletcher Quinn (Chairman)	23.3m	3.2
CS Third Nominees PL	19.1m	2.9
Eastern Capital Group LLC	19.1m	2.9
Strandline Investments PL	16.3m	2.5

(1) As at July 31 2020

## Key Executives

### Fletcher Quinn Chairman

Over 35 years experience in venture capital, corporate finance and investment banking.

Fletcher was the foundation Chairman for Citadel Resources and remained as a Board member for the majority of Citadel's history prior to it being taken over for A\$1Bn.

### Kris Knauer CEO

Kris started his career as an exploration geologist before moving into investment banking, initially as a mining analyst.

He led the listing of a package of copper/gold assets in Saudi Arabia to create Citadel Resources (ASX : CGG) becoming the founding Managing Director.

### Scott Funston CFO

Scott is a qualified Chartered Accountant and Company Secretary/CFO with twenty years' experience in the mining industry.

Most recently he was CFO of Avanco Resources where he was responsible for the financial component of the Avanco Resources Definitive Feasibility Study from start-up to a A\$0.5Bn takeover.

### Stuart Munroe Exploration Mgr

As a geologist, with over 25 years experience, he was involved in detailed studies of controls on mineralisation, resource model assessment, and strategic planning.

Stuart has extensive experience in the mining industry including roles as Exploration Manager for ASX Listed companies.

### Sergio Rotondo COO

Sergio has a background in construction having managed billion-dollar projects from design through completion. His core competencies are logistics, Government relations, OHS, safety.

Sergio is also the majority owner of the final 25% of Challengers Hualilan Gold Project in Argentina.

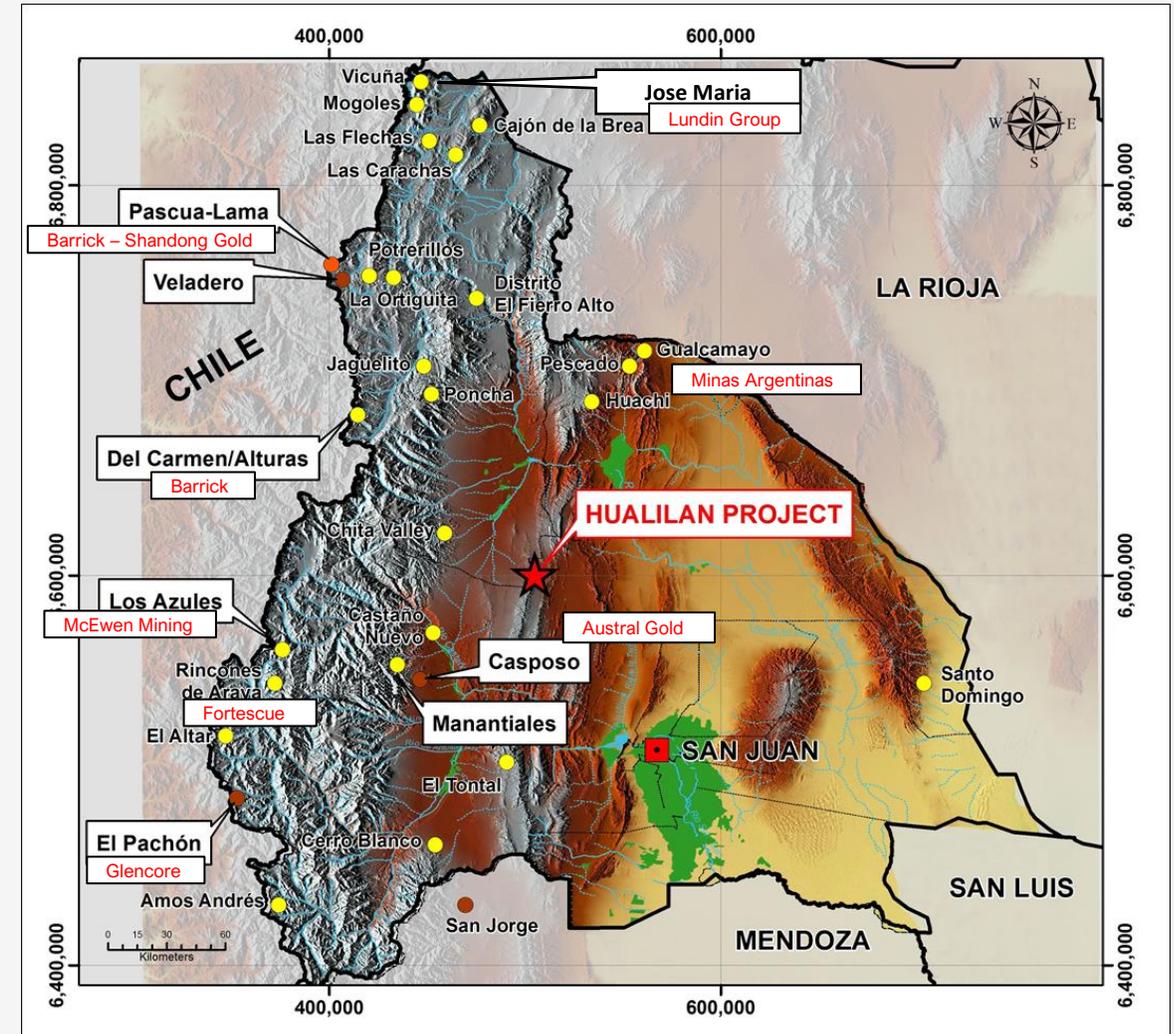
## Share Price



# Hualilan Gold Project – Overview

## Project Key Points

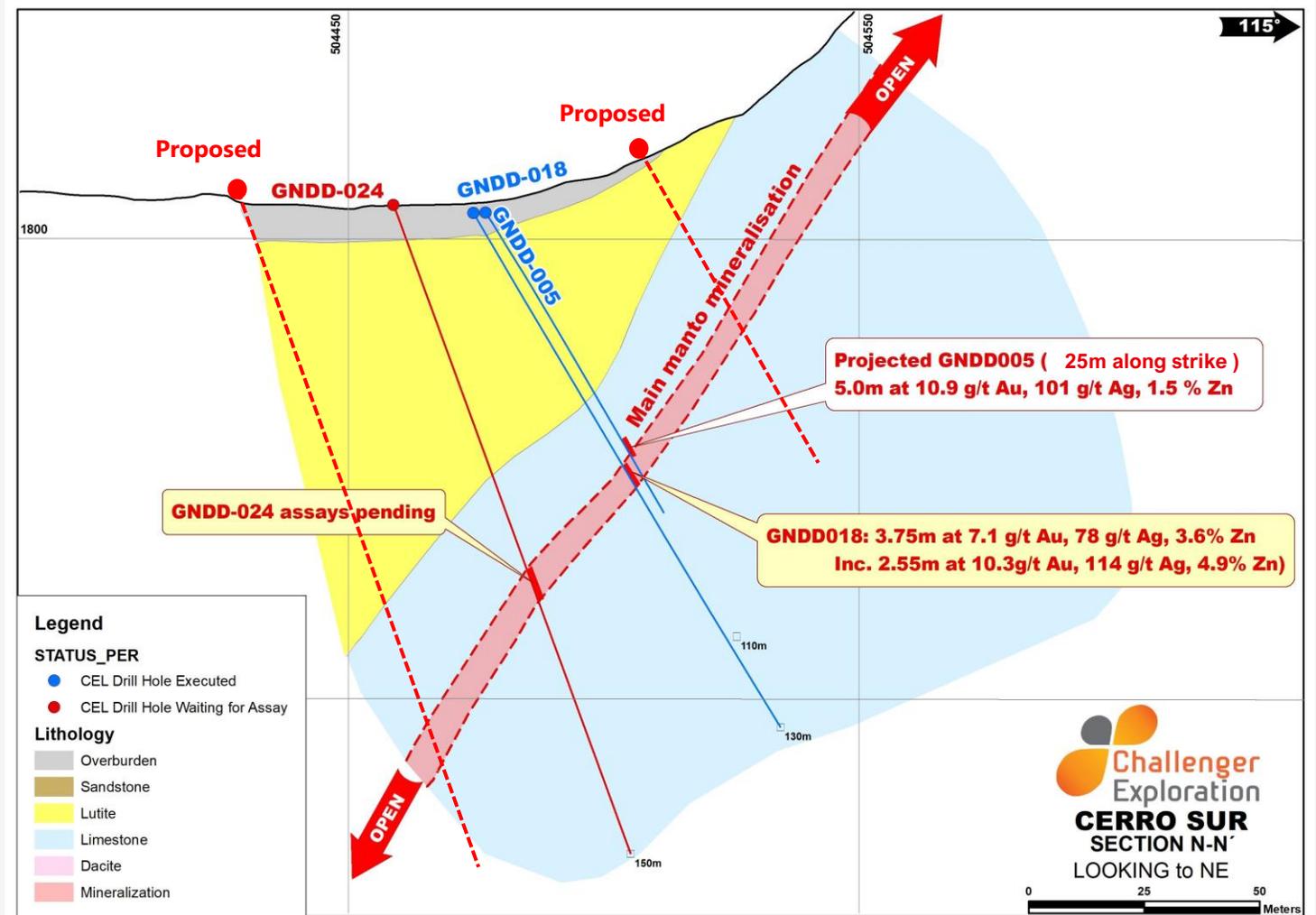
- ▶ high grade gold project with historic resource of 627,000 Oz at 13.7g/t gold [assume 10 g/t AuEq]<sup>#1</sup>
- ▶ mineralisation remains open in all directions with no signs of weakening after the first two CEL drill programs
- ▶ new discovery of Intrusion-hosted Gold (in porphyry dacite) which is expected to substantially increase scale
- ▶ locked up in a dispute and idle for the past 15 years  
= no modern exploration
- ▶ located in San Juan Argentina - Tier 1 mining jurisdiction
- ▶ existing mineralisation is on granted mining leases and CEL has a surrounding 26 km<sup>2</sup> EL Application
- ▶ metallurgical work being undertaken – historical work (1999) demonstrates 80% recoveries of gold and silver via flotation plus production of a zinc concentrate stream



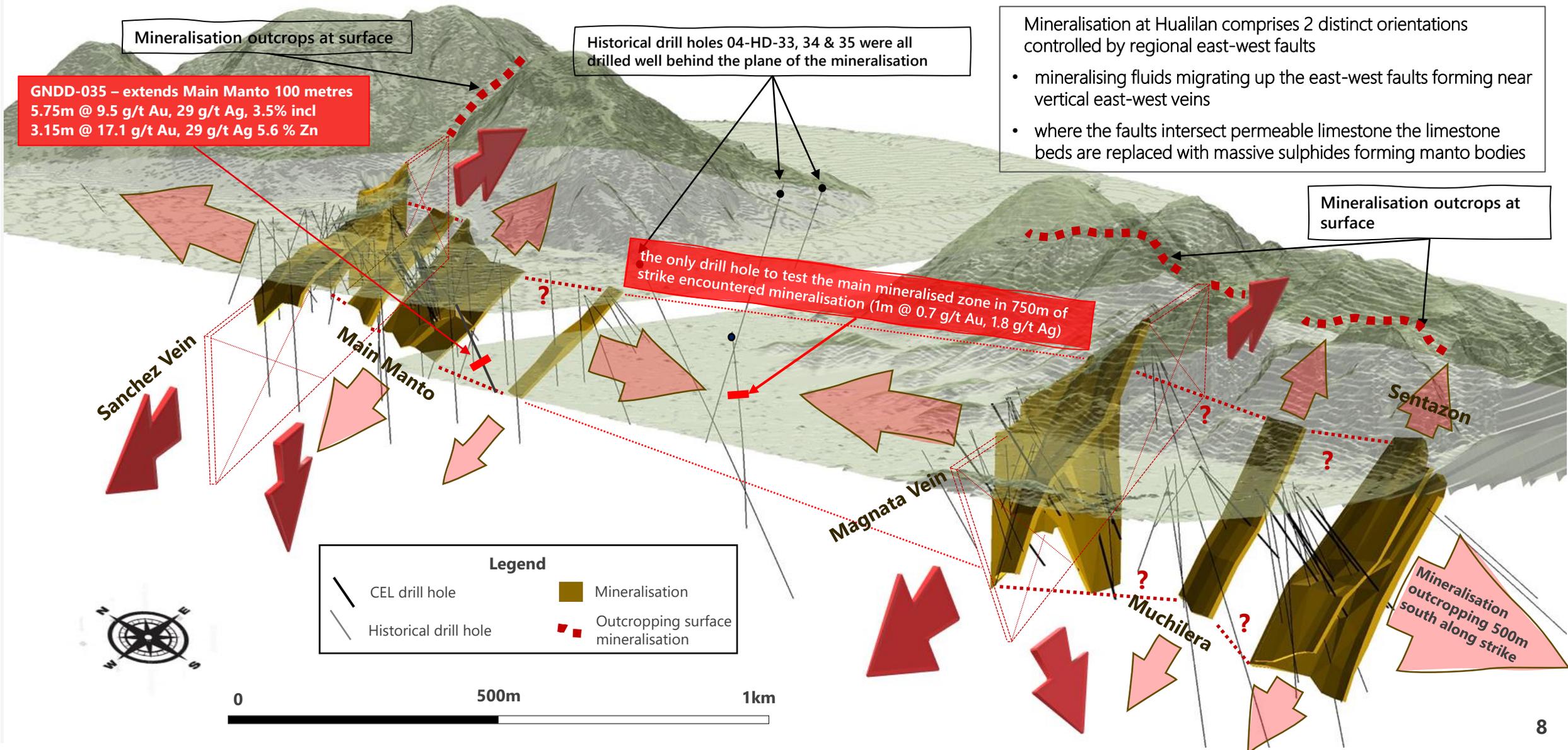
#1 : For details of the foreign non-JORC compliant resource and to ensure compliance with LR 5.12 please refer to the Company's ASX Release dated 25 February 2019.

# Significant Progress - material upside in the current program

- ▶ 188 historical drill holes for 15,023m from 1984-2006 then a 15 year dispute with ownership fragmented
- ▶ CEL's maiden 1,500m drill program extremely successful. Extended mineralisation in multiple directions and confirmed high grades:
  - 6.1m at 34.6 g/t Au, 21.9 g/t Ag, 2.9% Zn
  - 6.7m at 14.3 g/t Au, 140 g/t Ag, 7.3% Zn
  - 10.3m at 10.4 g/t Au, 28 g/t Ag, 4.6% Zn
- ▶ 7,500m (80 hole) program aimed at a maiden resource started in Feb 2020:
  - results continue to impress with 65 holes pending
  - **8.3m at 17.7 g/t Au, 257 g/t Ag, 0.3% Zn inc 5.5m at 26.0 g/t Au, 355 g/t Ag, 0.4% Zn**
  - **5.8m at 9.5 g/t Au, 29 g/t Ag, 3.5% Zn Zn inc 3.15m at 17.1 g/t Au, 29 g/t Ag, 5.6% Zn**
  - **116m at 1.1 g/t Au, 4.0 g/t Ag, 0.2% Zn**
- ▶ mineralisation remains open in all directions
- ▶ 35,000 metre drilling program involving multiple rigs designed to support multiple resources upgrades will be underway this month



# High-grade mineralisation remains open in all directions - limited by drilling

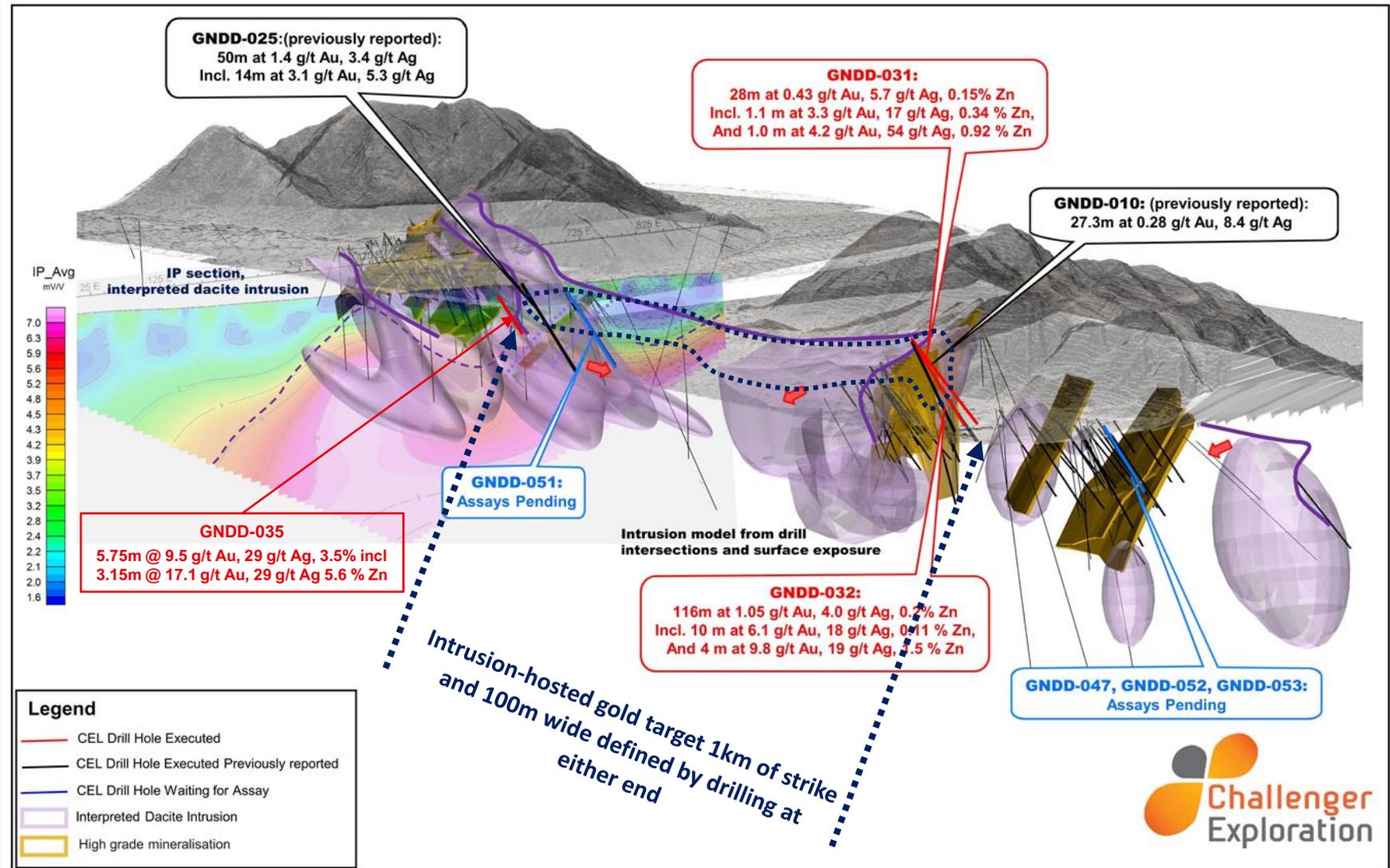


Mineralisation at Hualilan comprises 2 distinct orientations controlled by regional east-west faults

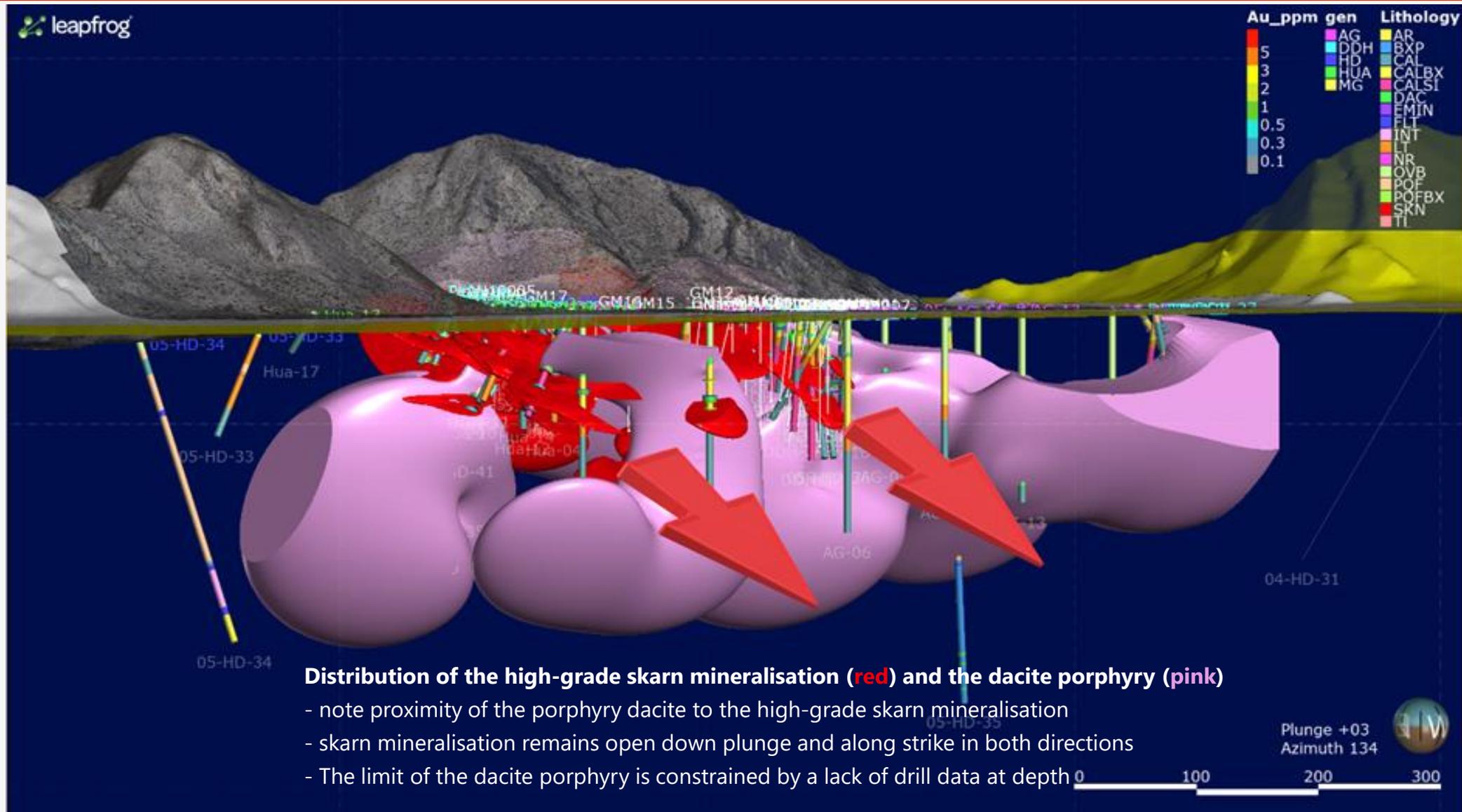
- mineralising fluids migrating up the east-west faults forming near vertical east-west veins
- where the faults intersect permeable limestone the limestone beds are replaced with massive sulphides forming manto bodies

# Conceptual intrusion-hosted target covering 1km of strike under the high-grade mineralisation with the potential to be much larger

- ▶ New Discovery of Intrusion-hosted Gold (porphyry dacite)
  - **50m at 1.4 g/t Au, 3.4 g/t Ag** from 53m (GNDD-025)
  - **116m at 1.1 g/t Au, 4.0 g/t Ag** from 49m (GNDD-032)
- ▶ high-grade skarn lies above, and wraps around, this recently discovered intrusion-hosted mineralisation
- ▶ Major synergies from an exploration and mine development perspective
- ▶ GNDD-051 (assays pending) intersected 50 metres of altered dacite from 69m to the end of hole
- ▶ GNDD-047, GNDD-052 and GNDD-053 700m south along strike intersected significant widths to the end of hole of strongly sericite-chlorite-pyrite altered dacite
- ▶ geophysics (IP) conducted at Cerro Norte shows an interpreted dacite intrusion of significant scale underlying the high-grade mineralisation



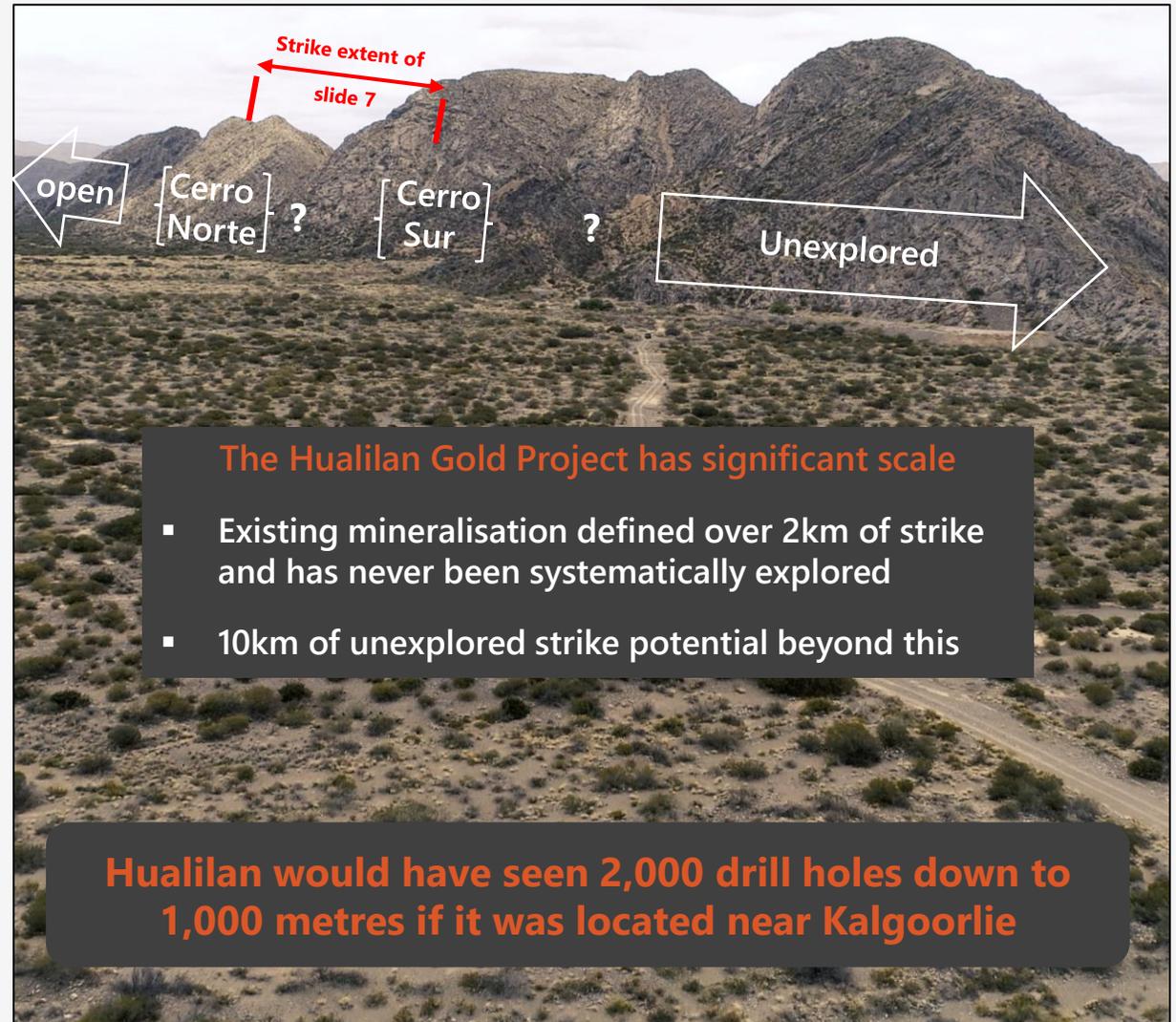
# Porphyry targets are contiguous to and directly underlie the high-grade



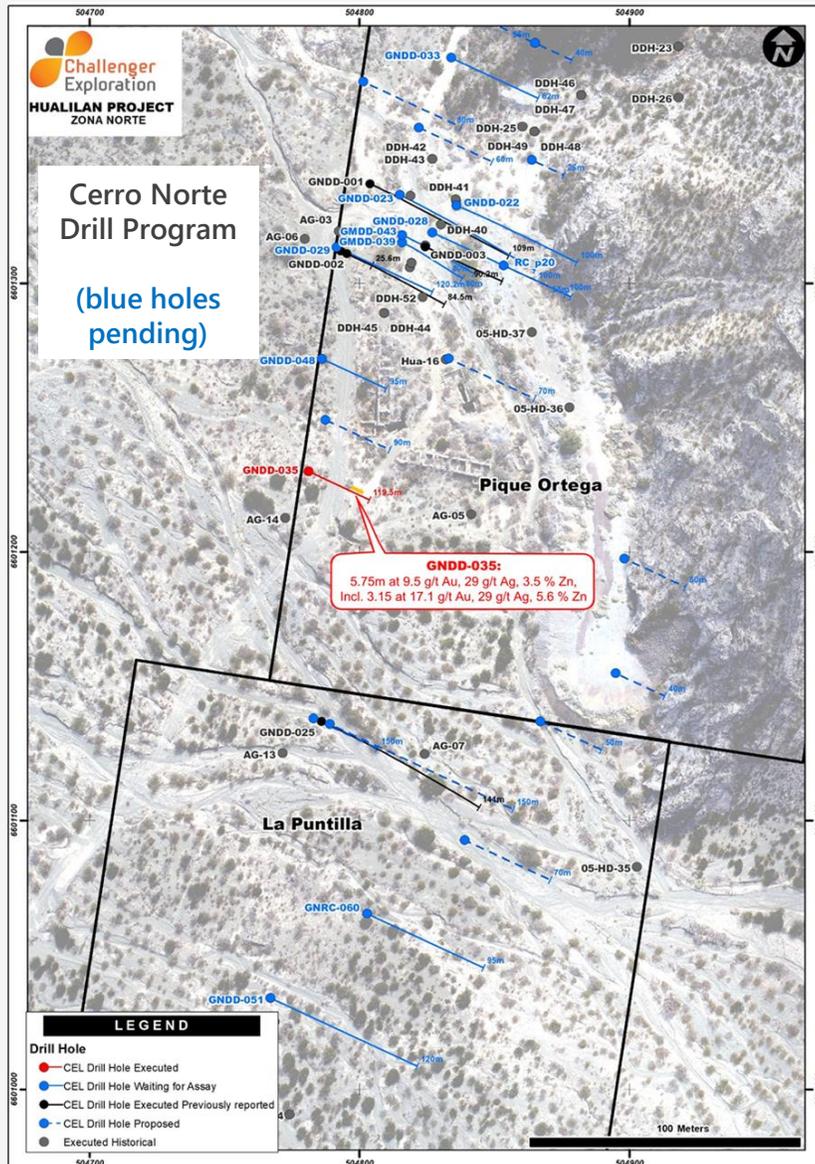
# Project Execution – The next 8 months will deliver significant value

## Aggressive Drilling Program to add Ounces followed by development studies once we have critical mass

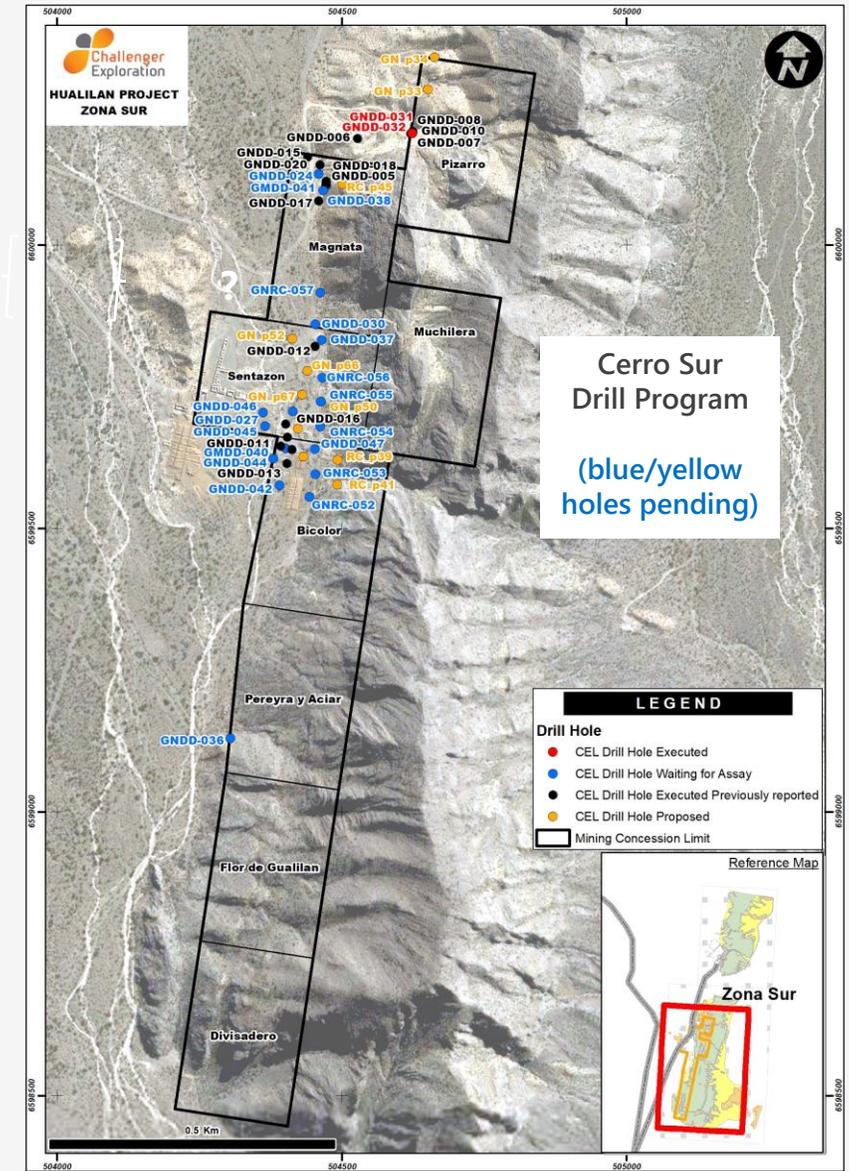
- ✓ 7,500m program comprising predominantly resource extension/infill drilling – **off to a great start and results from 70 drill holes pending**
- ▶ metallurgical test work: last work, in 1999, indicated 80% recoveries of Au and Ag - **grind size used in this study was to large results this quarter**
- ▶ 35,000m drilling program – **4 rigs over the next 8 months**
- ▶ significant geophysics program – **the surface magnetics will result in one rig drilling new targets for a number of months**
- ▶ JORC Compliant Resource – **H2 CY2020**
- ▶ Resource upgrades - **throughout H1 CY2021**
- ▶ initial development studies - **immediately following first JORC resource**



# Hualilan Project – 65 holes pending immediately followed by 35,000 metres

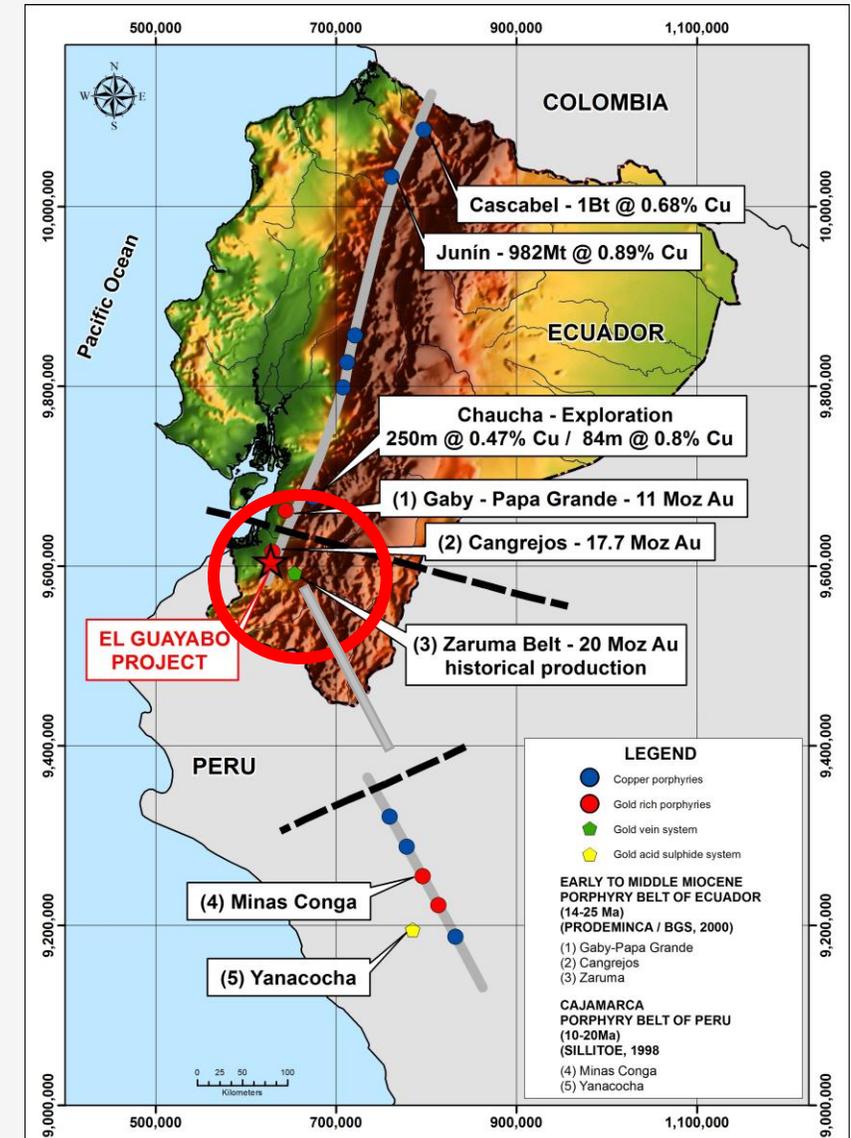


- current 7500 metre drill program will be complete in 30 days
- this will comprise a total of 80 drill holes
- the Company has only reported results for the first 15 of these drill holes
- 65 drill holes pending in the current 7500 metre drill program
- we have seen the turnaround time for assays fall from 6 weeks to 3 weeks
- the proposed 35,000 metre drill program is expected to begin in under 2 weeks
- initially two new rights to site with at least 4 rigs for the next 8 months

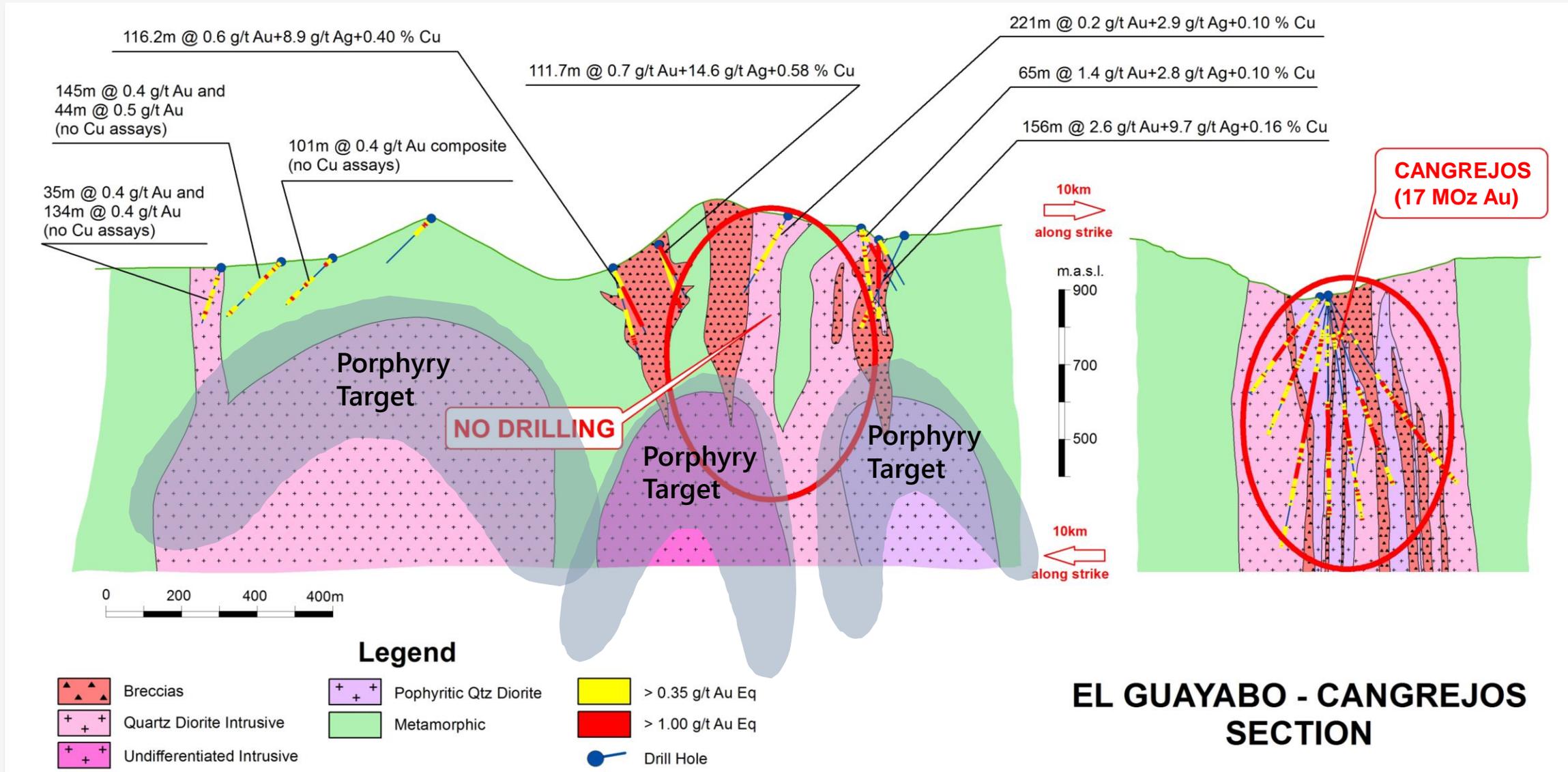


# El Guayabo Gold/Copper Project – project overview

- ▶ 35km<sup>2</sup> land package 10km along strike from a 17.7-million ounce orebody which is going through permitting
- ▶ Substantial historical drilling results not followed up in over 25 years:
  - 156m @ 2.6 g/t Au + 9.7 g/t Ag + 0.2% Cu
  - 112m @ 0.6 % Cu + 0.7 g/t Au + 14.7 g/t Ag
  - 116m @ 0.4% Cu + 0.6 g/t Au + 8.9 g/t Ag
  - 215m @ 0.4% Cu + 0.2 g/t Au + 9.6 g/t Ag
- ▶ Newmont (1994-95) and Odin (1996-97) were focused on open cut gold
  - drilling/logging conducted by local geologists with no porphyry experience
  - many holes terminated prior to target and ended in ore grade mineralisation with 2 holes ending in >5 g/t gold – never followed up
  - initial holes assayed for gold only (250m @ 0.4g/t Au + logged chalcopyrite never followed up)
- ▶ CEL has undertaken extensive exploration over the past 12 months to generate targets for drilling and land acquisition:
  - detailed surface mapping and rock chip sampling
  - 3D Geophysical Survey - MT (with IP test lines) covering 16 km<sup>2</sup>
  - MMI sampling and field mapping program covering 16 km<sup>2</sup>

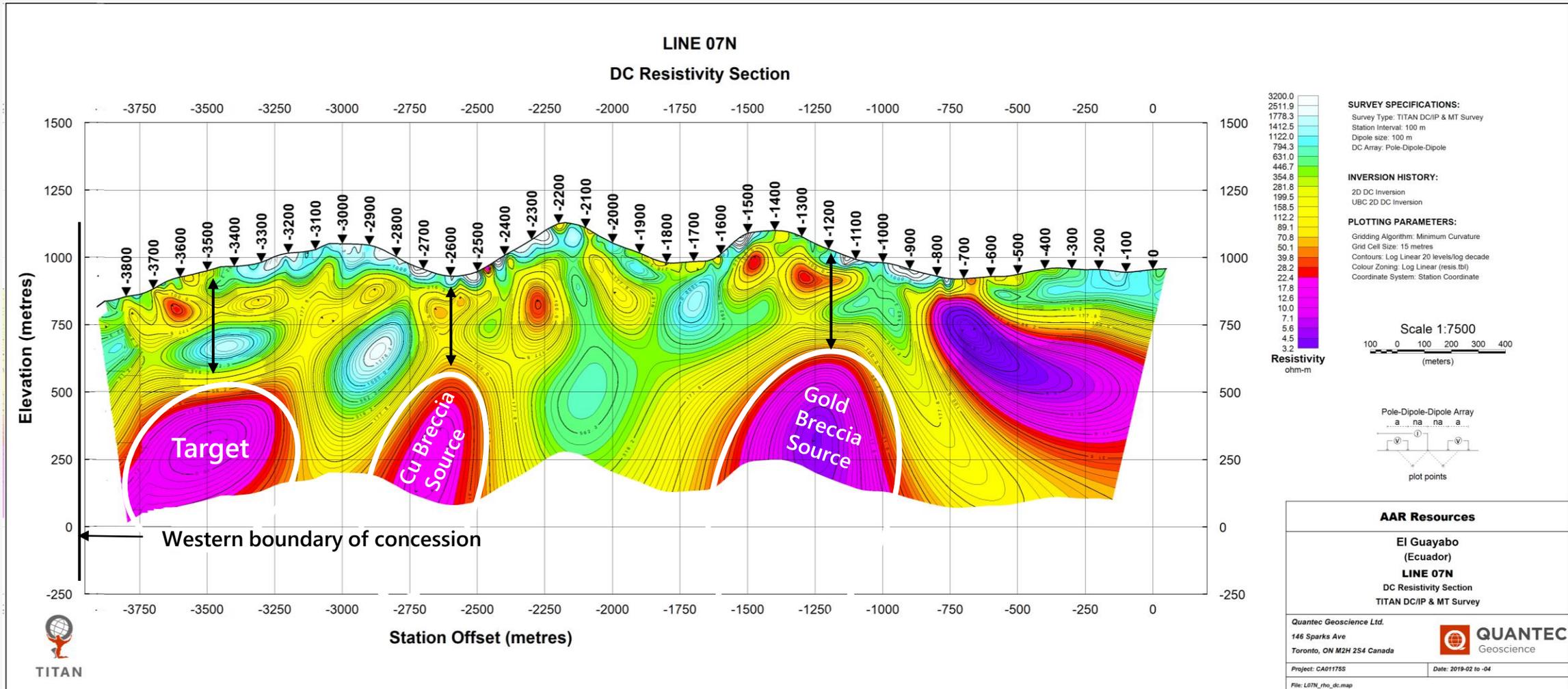


# El Guayabo Gold/Copper Project – geological model



# El Guayabo Gold/Copper Project – geophysics

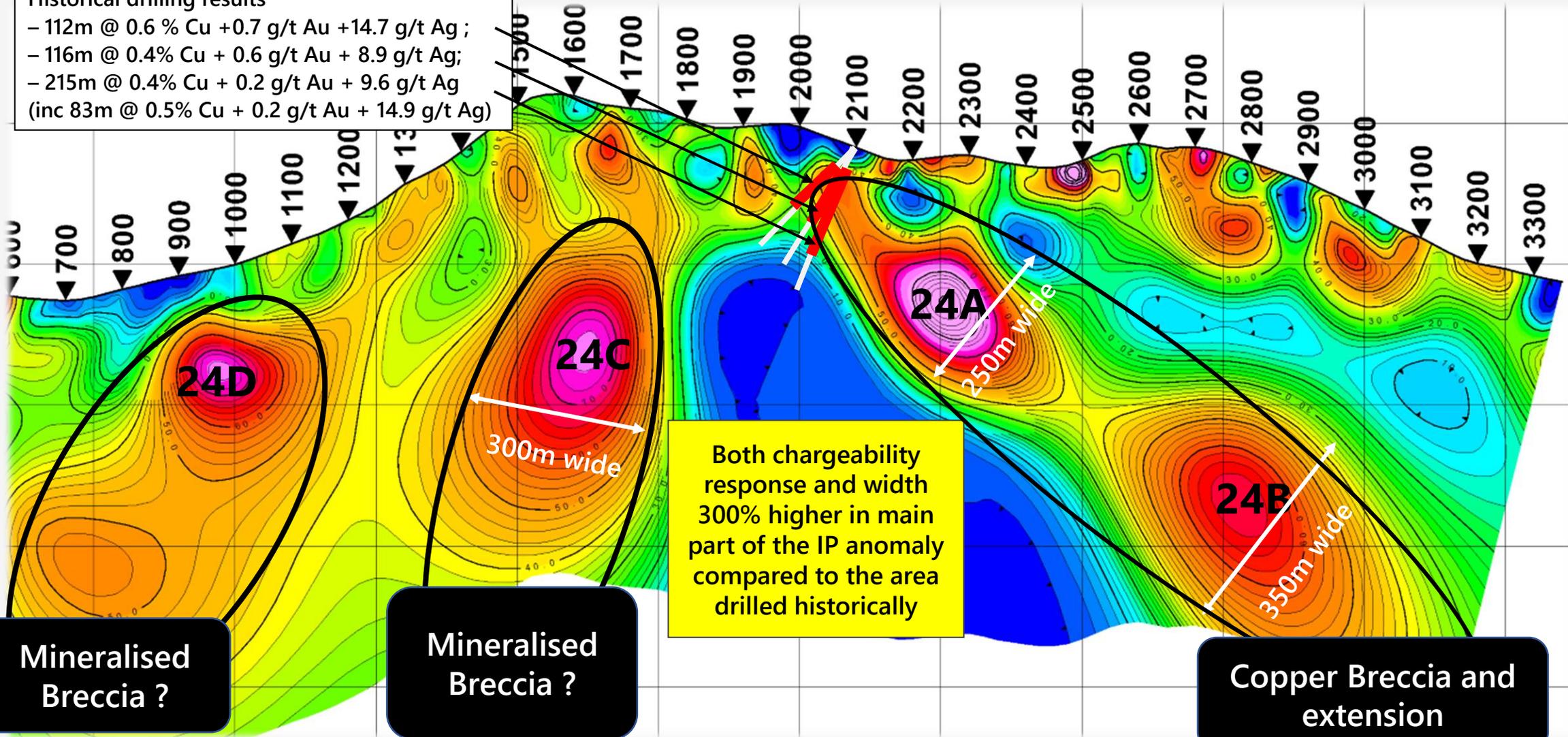
## Preliminary East-West MT Inversion – DC Resistivity Section (Line07N)



# North-South IP Line – images large undrilled mineralised breccia bodies

## Historical drilling results

- 112m @ 0.6 % Cu + 0.7 g/t Au + 14.7 g/t Ag ;
- 116m @ 0.4% Cu + 0.6 g/t Au + 8.9 g/t Ag;
- 215m @ 0.4% Cu + 0.2 g/t Au + 9.6 g/t Ag  
(inc 83m @ 0.5% Cu + 0.2 g/t Au + 14.9 g/t Ag)



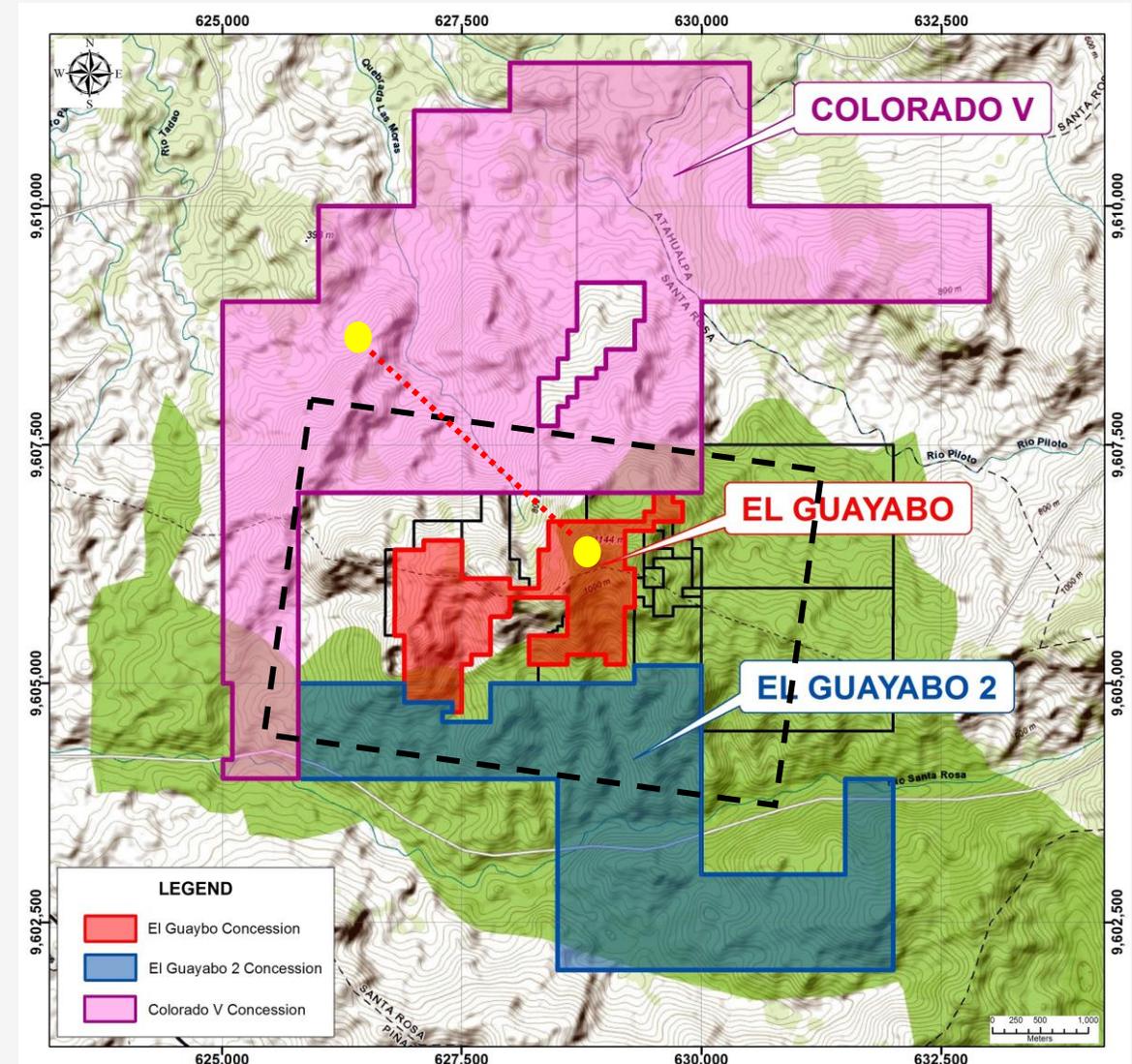
# New bulk gold Discovery at Colorado V in Ecuador

## Colorado V Concession – 23.3 square kilometres (Dec 2019)

- ▶ CEL earning a 50% interest in any discovery > 150,000 ounces by funding exploration over the next 5 years
- ▶ extensive and high-quality historical exploration program
- ▶ significant exploration database including 21,500m of historical drill core and 20 sq km of soil geochemistry
- ▶ historical program focussed exclusively on high-grade gold
- ▶ two drill rigs CEL can use under the farmin

## Initial Geological Observations:

- ▶ significant porphyry style mineralisation identified in outcrop, historical drill core and underground exposures by CEL in pre-farmin reconnaissance
- ▶ underground channel samples (0.5-3g/t Au) confirm potential
- ▶ a number of large (1km) gold/copper in soil anomalies not validly tested.



# Colorado V – surface and underground mapping and sampling

## Underground Panel Sampling Program - Main Colorado V Adit.

Panel Sample CVUR 38:  
Dioritic intrusive,  
Chlorite/Biotite alteration,  
possible porphyry B veins.  
Disseminated magnetite (2%)  
& chalcopyrite (0.5%).

## Panel Samples main adit

A series of 5 panel samples were taken covering 16 metres near the top of the main Colorado V adit. The samples averaged:

**1.4 g/t Au + 3.2 g/t Ag + 0.15% Cu**

Sample	Au (g/t)	Ag (g/t)	Cu ppm
CVUR 30	0.37	0.9	520
CVUR 32	3.02	2.9	1202
CVUR 34	2.2	3.9	2562
CVUR 38	1.43	4.1	2906
CVUR 40	0.42	2.2	914
CVUR 46	1.16	5.5	1831



Panel Sample – Main Adit



Visible chalcopyrite mineralisation - historical core



Photo 1 – Main Adit

Photo 1 – Showing a 300 metre exposure of Porphyry style mineralization observed in the main decline of the Colorado V Concession.

The 300 metre zone contained Porphyry style B veins with pyrite + molybdenite + chalcopyrite + pyrrhotite and late pyrite veinlets. The exposure is interpreted as the potential outer halo of a gold-copper porphyry system given the veining density is variable with the stockwork not overly well developed. Rock saw channel sampling to be conducted.

## Current underground program

- ▶ lithological mapping
- ▶ hydrothermal alteration mapping
- ▶ veining description and mapping
- ▶ structural mapping
- ▶ continuous rock saw 2m channel samples - entire 360m

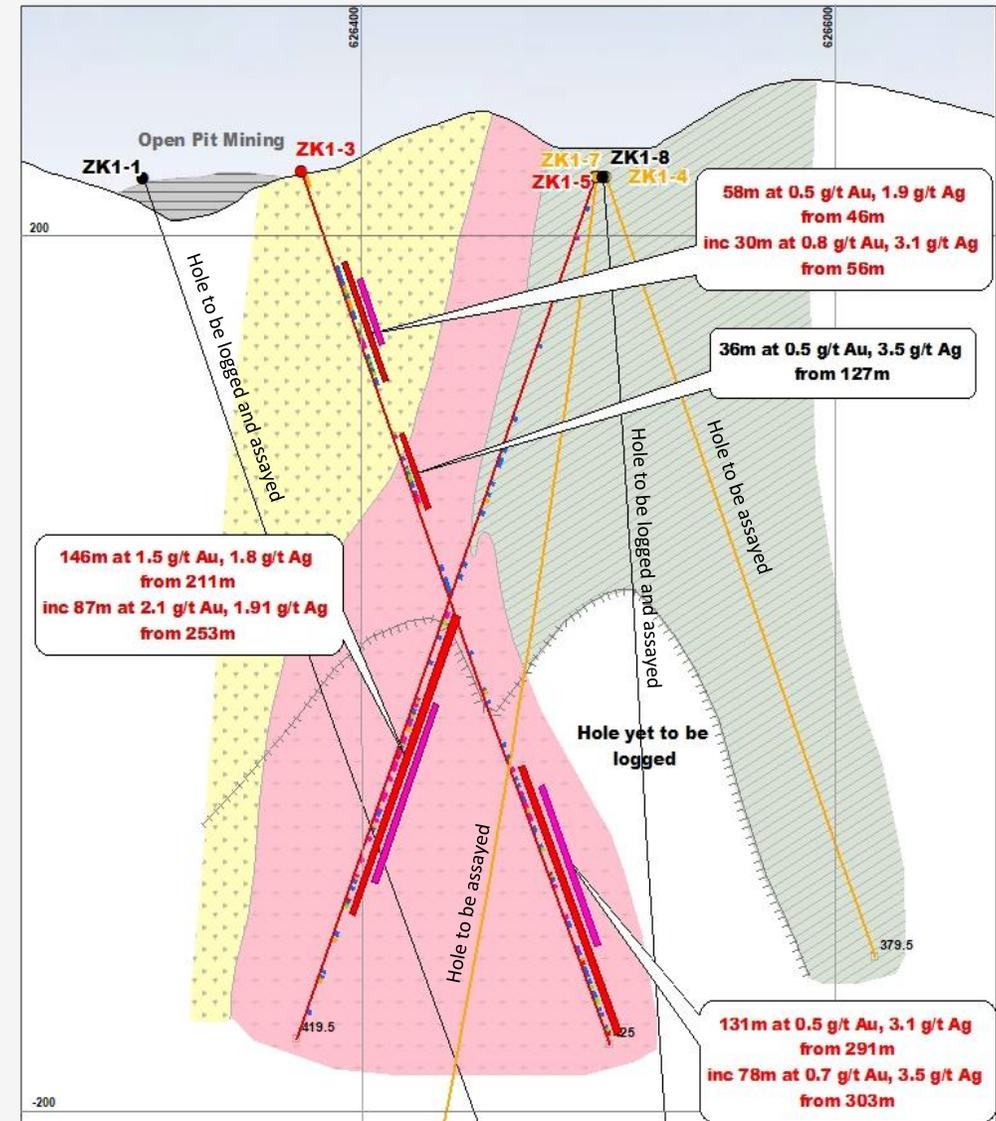
# Colorado V - First Assays Confirm Discovery of a Large Gold System

## Initial Observations: Colorado V historical drill core

- ▶ 56 historical drill holes for a total of 21,472 metres of drilling
- ▶ limited historical assaying focussed on identifying high-grade mineralisation to feed the existing mill
- ▶ partial sampling with the sections sampled assayed for gold only

## Discovery of a Large Gold System

- ▶ **146m at 1.5 g/t gold, 1.8 g/t silver from 211m (ZK1-5)**
  - includes 87m at 2.1 g/t gold, 1.9 g/t silver
- ▶ over 250 metres of gold mineralisation in drill hole ZK0-2
  - **151 metres at 0.9 g/t gold and 3.8 g/t silver from 225 metres**
  - (incl **134 metres at 1.0 g/t gold and 4.1 g/t silver**)
  - (incl **63 metres at 1.6 g/t gold and 5.1 g/t silver**)
- ▶ over 200 metres of gold mineralisation in drill hole ZK1-3
  - **58m at 0.5 g/t gold, 1.9 g/t silver from 46 metres**
  - (incl **30m at 0.8 g/t gold, 3.1 g/t silver**)
  - 131m at 0.5 g/t gold, 3.1 g/t silver from 291 metres
  - (incl **78m at 0.7 g/t gold, 3.5 g/t silver**)
- ▶ **field work has restarted - focussed entirely on logging and assaying the other core 52 drill cores**



# Aim is to generate a JORC Resource before any significant expenditure

- ▶ located at the northern end of a 500-metre strike zone defined by small scale underground mine working
- ▶ it does not appear to be traditional porphyry mineralisation:
  - <1% sulphides and mineralisation appears to be structurally controlled
  - Strong correlation of gold with antimony and arsenic and Bi, Te and W
- ▶ more affinity with an Intrusion Related Gold System (IRGS) than a porphyry
- ▶ IRGS are a newly defined and economically important type of gold deposit
- ▶ the key economic features of IRGS deposits are that they are usually low to modest grade, high tonnage, and are amenable to low cost, bulk mining

## Context for intercepts of 151m @ 0.9 g/t Au and 146m @ 1.5 g/t Au

- ▶ 1.05 g/t Au : average resource grade of all existing mines with Resources >1 Moz<sup>(1)</sup>

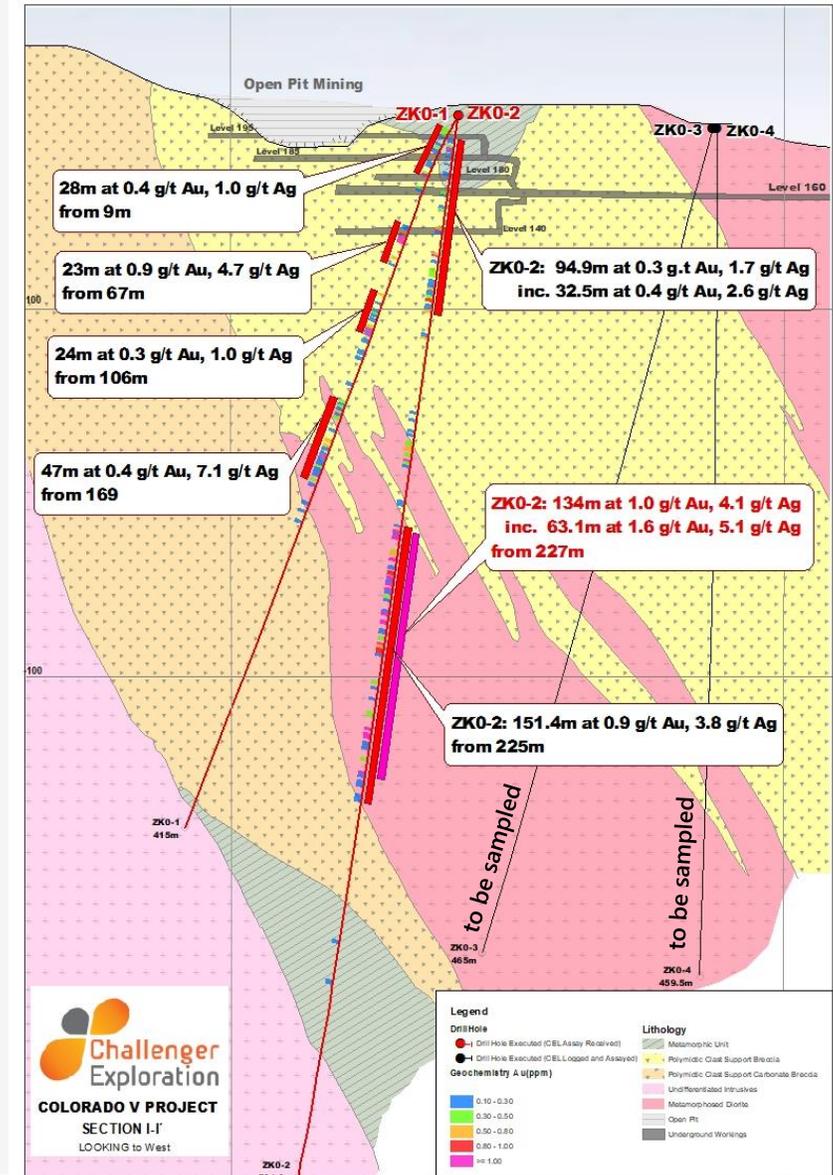
### Fort Knox - Kinross Gold (Alaska)<sup>(2)</sup>

- 314 mt @ 0.43 g/t Au
- Annual production - 255,000 Oz pa
- AISC - \$1015 Oz
- Head Grade – 0.37 g/t

### Cangrejos - Lumina Gold (Ecuador)<sup>(3)</sup>

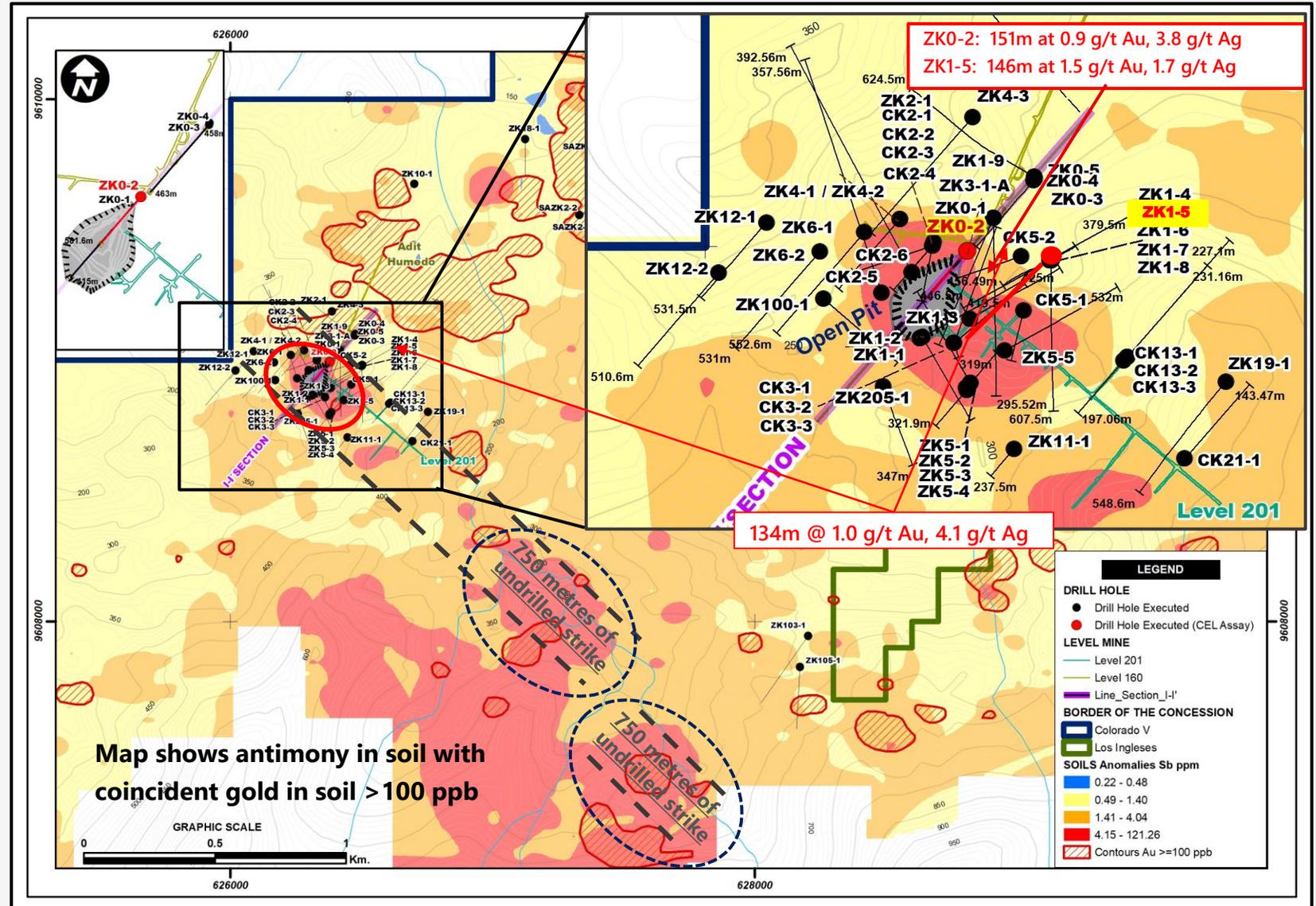
- 1057 mt @ 0.63 g/t Au, 0.1% Cu
- Annual production - 400,000 Oz pa
- AISC - \$604 Oz
- Head Grade – 0.56 g/t Au, 0.1% Cu

(1) 2019 average grade deposits with gold as the primary commodity and over 1Moz resources – S&P Global Market Intelligence  
 (2) Kinross Gold July 2020 Investor presentation  
 (3) Lumina Gold TSX Release June 9 2020 - Cangrejos Project Preliminary Economic Assessment

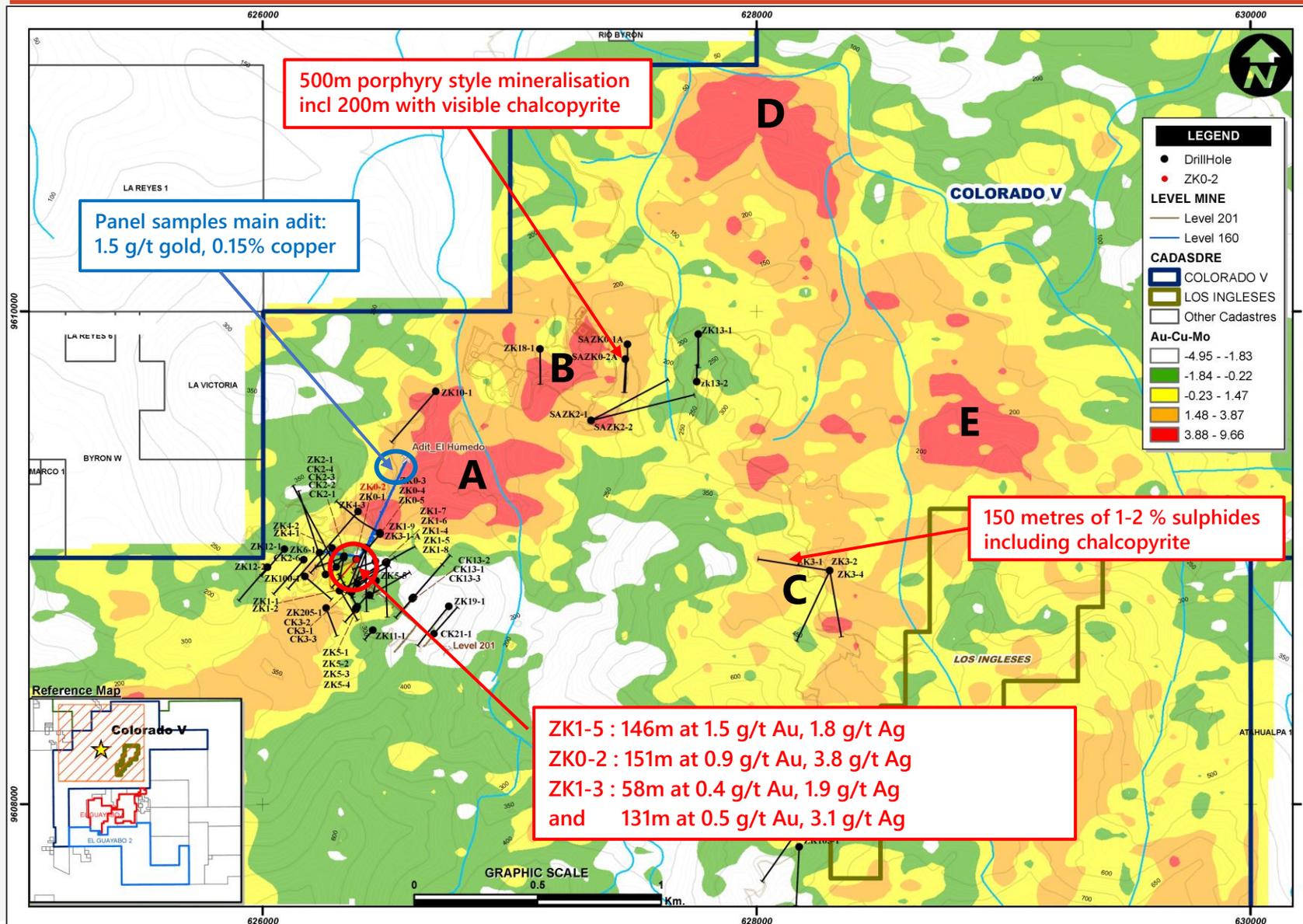


# Large scale bulk gold system surrounding the existing high grade workings

- ▶ discovery is located on a 500-metre trend defined by small scale underground mine workings
- ▶ mineralised zone appears to be:
  - 200 metres wide
  - from surface
  - to 400m and open at depth
- ▶ this trend is aligned with the main regional structural trend
- ▶ no real geochemical expression for gold/copper but antimony in soil can be used to vector the mineralisation
- ▶ mineralisation is coincident with an antimony in soil anomaly (right) and also Bi and As in soils
- ▶ soil geochemistry defines additional targets 1km south-east along strike
- ▶ these targets have no drilling and cover an additional 1.5 km of strike



# Untested anomalies analogous to the adjoining 17 Moz Cangrejos deposit



- ▶ number of high tenor gold and copper in soil anomalies > 1km<sup>2</sup> in size
- ▶ historical drilling has not optimally tested these anomalies
- ▶ majority of the drilling was on the flanks of the soil anomalies
- ▶ the higher grade panel sampling (+1.5 g/t gold) in the main adit corresponds with the higher tenor undrilled portion of the Au/Cu/Mo soil anomaly A
- ▶ soil geochemistry displays typical porphyry style zonation
- ▶ assays of the initial 5-10 holes will provide a clearer insight into the geology and prospectivity
- ▶ no geochemical expression for the large gold system that assays for ZK0-2 and ZK1-5 has confirmed

## Our Aspiration is to become a globally significant gold producer

### Company Strategy

- Hualilan to provide a high-grade low capex operation in the near term
- underpins CEL with a low risk, high margin source of cashflow while we prepare for a much larger bulk gold operation in Ecuador
- Hualilan makes execution of a large bulk gold deposit in Ecuador achievable

### Hualilan Gold Project Argentina

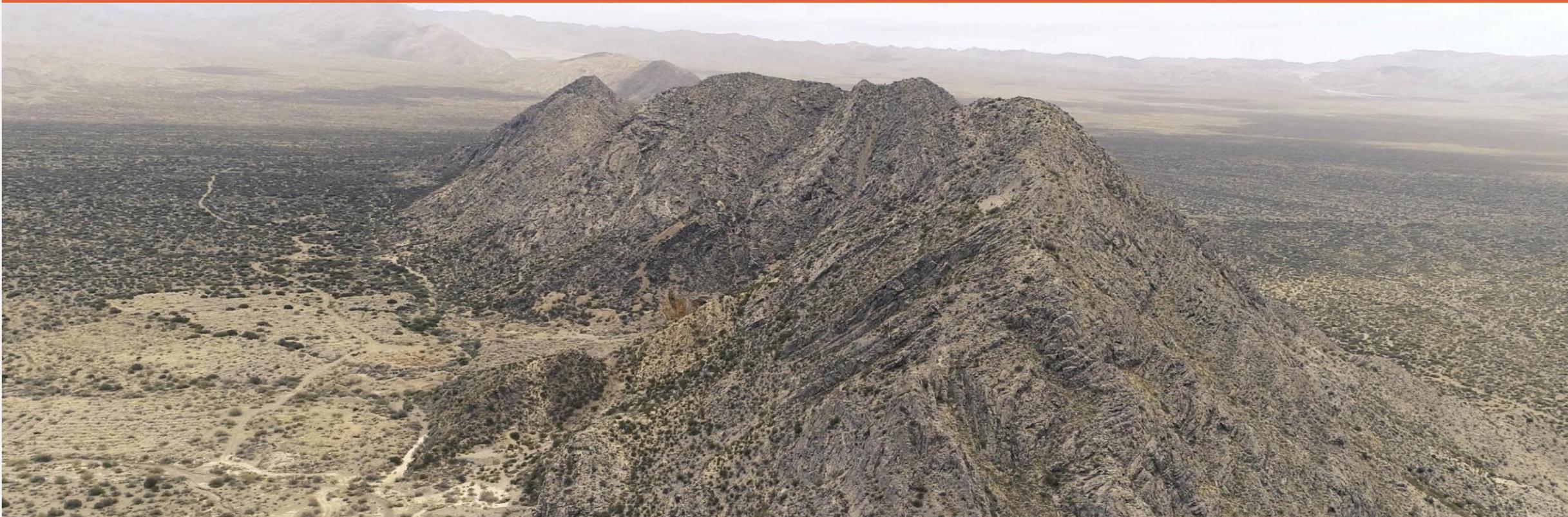
- high-grade historical resource
- significant exploration potential
- excellent infrastructure in place
- strategy to aggressively add ounces
- production will be pursued once we have the benefit of scale

### El Guayabo Project Ecuador

- exciting traditional near surface Porphyry/Breccia targets
- wild card of near-term results from assaying historical core
- potentially significant bulk gold discovery
- sensible low risk approach to porphyry exploration

Near term catalysts and continual news flow from both projects

CHALLENGER EXPLORATION LIMITED (ASX:CEL) ACN 123 591 382  
Level 1, 1205 Hay Street, West Perth WA 6005 | P: +61 8 6380 9235



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

---

**Scott Funston**  
CFO & Finance Director  
+61 413 867 600  
scott.funston@challengerex.com

---

**Jane Morgan**  
Media Relations  
+61 405 555 618  
jm@janemorganmangement.com.au

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[www.challengerex.com](http://www.challengerex.com)