

Challenger increases the ground position surrounding its Hualilan Gold Project four-fold and raises \$42.1 million

Highlights

- Formal grant of the 20.6 square kilometre "Ayen" Exploration Licence surrounding the existing Mining Licences which comprise the Hualilan project (refer Tenement Map Page 3).
- Award of three additional Exploration Licences which cover 12.6 square kilometres adjoining the new Ayen Exploration Licence.
- Farmin deal concluded over an additional 46 square kilometres of concessions which covering the strike extent of the Hualilan trend north and south of the new Ayen Exploration.
- Increases the Company's ground position surrounding its Hualilan Gold Project four-fold:
 - CEL now has a district scale land position of 80 square kilometres surrounding Hualilan.
 - Mineralisation at Hualilan remains open in all directions and the project is rapidly emerging as a discovery of significance.
 - The new tenements cover 18 kilometres of the main Hualilan trend compared to CEL's current drilling, which has been concentrated on the known mineralisation over 2km.
- Firm commitments to raise A\$42.1 million through a strongly supported placement at A\$0.28.
- Proceeds from the placement are to be applied to acquisition of the remaining 25% of Company's Hualilan Project, an additional 120,000 metres of drilling at Hualilan, and studies ahead of a DFS.
- Upon settlement of the Placement, CEL will have a cash balance of \$54.2 million (before costs of the Placement) and intends to add at least three rigs to the five existing rigs drilling at Hualilan.

Commenting on the award, and capital raise CEL Managing Director, Mr Kris Knauer, said

"This is a landmark moment for CEL. We now have a significant land position surrounding Hualilan, which has all the hallmarks of becoming a district scale gold play. Successful drilling results to date at Hualilan have come from a 2 kilometre zone defined historically, with the rest of the Hualilan Trend virtually unexplored. This award allows us to follow the obvious extensions outside our current mining leases plus test a number of exploration targets on the 18 kilometre greater Hualilan trend now under our control.

"We received strong support for the Placement from both domestic and international institutional investors, including a well-known global resources investor which subscribed for a significant portion of the placement. This demonstrates clear support for our high-grade Hualilan Gold Project and increase in footprint. Post-Placement we are strongly funded for further exploration and development activities, and we thank our new and existing shareholders for their ongoing support"

Mr Knauer went on to say,

"On behalf of myself and our Argentinian team, I would like to thank Dr Sergio Uñac (Governor of San Juan); Dr Alberto Hensel (National Mining Secretary); Eng. Carlos Astudillo (San Juan Mining Minister), and Eng. Eduardo Machuca (President of the IPEEM). The formal award of the main "Ayen" Exploration Licence surrounding Hualilan was a complex matter, as a number of moribund exploration licenses, some dating back before the 1960's, had to be extinguished requiring the co-operation of several Government entities.

The National Mining Secretary, Governor, and San Juan Mining Ministry are introducing an Australian style "use-it or lose-it" policy. The Company fully supports this initiative, as it will free a number of areas that have been locked under historical tenure and not explored, to be made available to new and active explorers such as Challenger."

Challenger Exploration (ASX: CEL) ("**CEL**" the "**Company**") is pleased to announce that it has received formal notification of the direct award of the 20.6 square kilometre "Ayen" Exploration Licence which surrounds the existing Hualilan Mining Licenses comprising the Hualilan Gold Project.

Additionally, the Company has increased the land position at its flagship Hualilan Gold Project in San Juan, Argentina four-fold to approximately 80 square kilometres. The significant increase is a combination of:

- The award of three new Exploration Licenses which cover 12.6 square kilometres adjoining the Company's newly awarded "Ayen" Exploration Licence, and
- A farm-in deal concluded over a package of 46 square kilometres of concessions which captures the strike extent of the Hualilan trend to the north and south of the new Ayen Concession.

The Company is also pleased to announce that it has received firm commitments for an A\$42.1 million placement to sophisticated, professional and institutional investors at an issue price of A\$0.28 per share ("**Placement**"). The Placement was strongly supported by domestic and international institutions, both new and existing.

The Placement funds will be applied to the Company's Hualilan Project, including;

- 100,000m drill program (resource) and 20,000m drill program (regional exploration) which will see at least three new rigs added to the five rigs currently drilling on site;
- Flexibility in the acquisition of final 25% of the Project;
- Scoping & Pre-Feasibility Study; and
- Geological/Geophysical/Heritage Studies ahead of DFS.

Funds will also be applied to an additional 10,000m drilling program at the Company's El Guayabo Project and for general working capital.

Canaccord Genuity (Australia) Limited and Henslow Pty Ltd acted as Joint Lead Managers and Bookrunners to the Placement. Peloton Capital Pty Ltd acted as Co-Manager to the Placement.

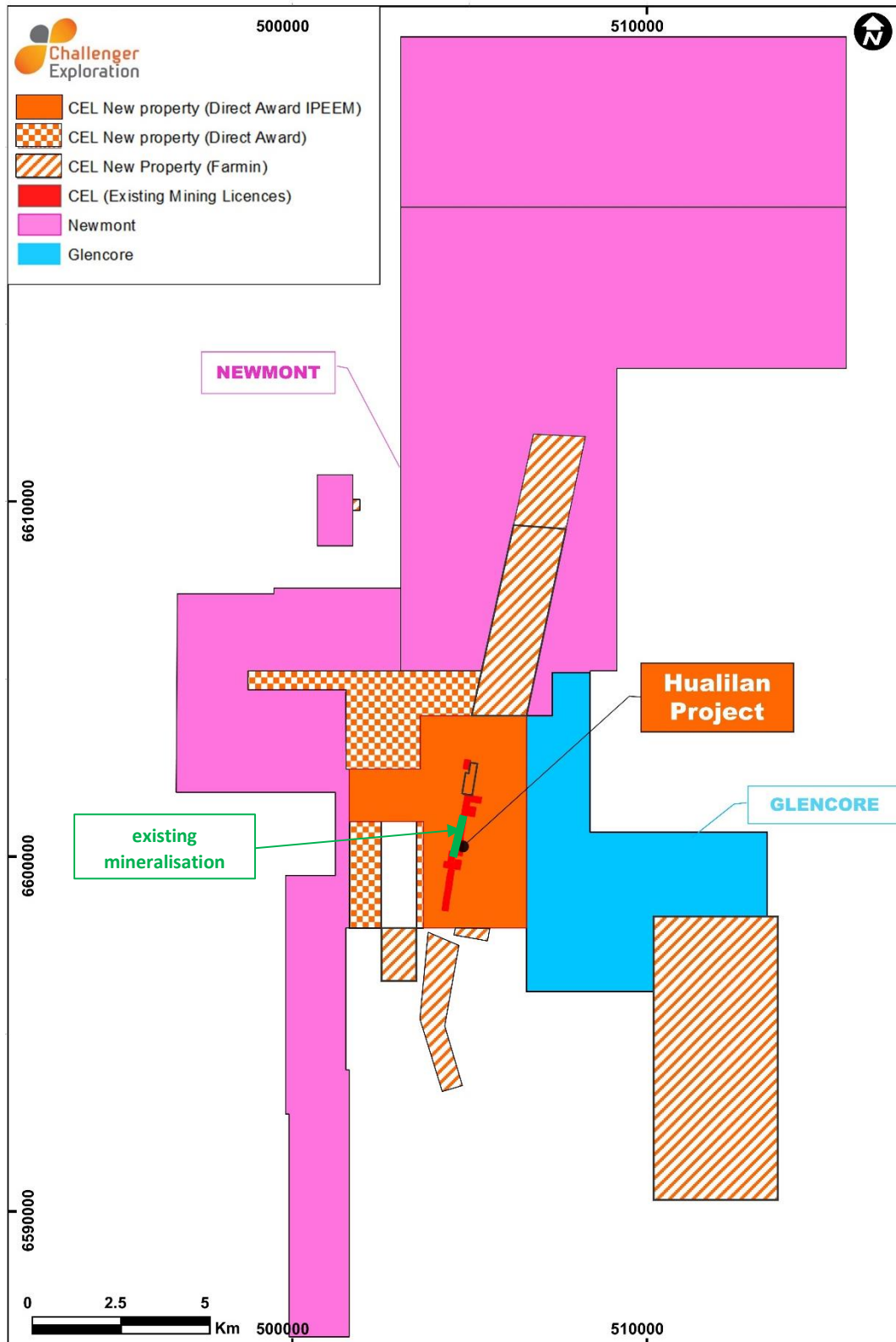


Figure 1 - Existing Hualilan Mineralisation and new tenement Position

Challenger Exploration Limited
ACN 123 591 382
ASX: **CEL**
Website: www.challengerex.com

Issued Capital
648.7m shares
86.6m options
120m perf shares
16m perf rights

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EXPANDED TENEMENT POSITION AT HUALILAN GOLD PROJECT

Ayen Exploration Licence Direct Award (20.6 sq km)

The Company has received confirmation that on Thursday, May 6 2021 the San Juan Congress of Deputies formally approved Resolution Number 054 into law in San Juan. This resolution detailed the direct award of the Ayen Exploration Licence to the Company's Argentinian subsidiary Golden Mining SA by the Provincial Institute of Mining Exploration and Exploitation (IPEEM) in San Juan Province.

The Ayen Exploration licence comprises 20.6 square kilometres that surrounds the Company's Mina's (Mining Licenses) which contain the historical mineralisation at Hualilan (Figures 1 and 2). Under the terms of the direct award by the IPEEM the Company has committed to a 3-year US\$5 million work program with additional expenditures of US\$1.2 million in each of Years 4 and Year 5. The Company will pay annual tenement rental fees of approximately US\$25,000 to the IPEEM as part of the direct award.

Direct Award of additional Exploration Licenses (12.6 sq km)

The Company has received formal notification that it has been awarded Cateo 1124.188-G-2020 and - Cateo 1124.248-G-2020 by the San Juan Mines Department. The Cateo's (or Exploration licenses) cover a combined area of 12.6 square kilometres to the north and west of Ayen (Figure 1). The annual tenement rental fees associated with the entire 12.6 sq kms of Cateo's is less than US\$1000. The Company intends to spend a minimum of US\$250,000 over 5 years on the newly awarded Cateo's which significantly exceeds the expenditure commitment on the concessions.

Farm-in Agreement (46 sq km)

Under a farmin Agreement which is between the Company and Ricardo Daniel Romero and Laura Beatriz Romero ("Romero") the Company has acquired a package of Cateo's (Exploration Licenses) and Minas (Mining Leases) as listed in Appendix 1. A number of the concessions partially overlap as they consist of both Exploration Licenses and Mining Leases. Additionally, part of the package of farmin concessions overlaps with the Company's Ayen Exploration Licence. The non-overlapping portion of the farmin concessions adds approximately 46 square kilometres to the Company's land position at Hualilan and contains the immediate strike extent of the Hualilan Trend both north and south of Ayen Exploration Lease.

Under the terms of the farmin to earn a 90% interest in the package of concessions the Company will:

- cover all costs associated with the day-to-day operation and maintenance of the concessions including annual rental payments, which is less than US\$1,000 annually
- present a 5-Year work plan for the concessions to the San Juan Mining Ministry, and
- fund 100% of this 5-year work program which is anticipated to be approximately US\$2 million over the 5-year period.

At any time up until the completion of the 5-year exploration period the Company can move to acquire 100% of all the concessions, at the Company's sole discretion, by making a cash payment of US\$450,000.

The Company has received formal notification from the San Juan Mining Ministry that all of the concessions subject to the farmin have been transferred from Romero into the Company's Argentinian subsidiary.

PLACEMENT

The placement was strongly supported by a group of domestic and international institutions and existing shareholders.

The Placement will comprise the issue of 150.5 million new fully paid ordinary shares (“**New Shares**”) at an issue price of A\$0.28 per share, which represents a:

- 22.2% discount to the last closing price of A\$0.36 on 6 May 2021; and
- 18.4% discount to the 5-day volume weighted average price of A\$0.343 as of 6 May 2021.

New Shares will be issued pursuant to the Company’s placement capacity under ASX Listing Rule 7.1 and 7.1A, and rank pari passu with fully paid ordinary shares in the Company.

Timetable

The indicative key dates for the Placement are outlined below:

Event	Time (AEST) / Date
Announce completion of the Placement bookbuild and trading halt lifted	10:00am on Tuesday, 11 May 2021
Settlement of the Placement	Monday, 17 May 2021
Allotment and quotation of New Shares issued under the Placement	Tuesday, 18 May 2021

Note: The above dates are indicative only and are subject to change, subject to compliance with the ASX Listing Rules and Corporations Act.

Use of Funds

The indicative use of funds from the Placement is detailed below, noting this is subject to change:

Use of Funds	A\$m
Hualilan Project – 100,000m drill program (resource)	20.0
Hualilan Project – 20,000m drill program (regional exploration)	4.0
Hualilan Project – Flexibility in the acquisition of final 25% of Hualilan	5.0
Hualilan Project – Scoping and Pre-Feasibility Study	1.0
Hualilan Project – Geology/Environmental/Heritage Studies ahead of DFS	4.0
El Guayabo Project - Additional 10,000m drill program	2.0
Working capital and costs of the offer	6.1
Total	42.1

ACQUISITION OF ADDITIONAL GEOPHYSICS

To accelerate exploration on the increase ground position the Company has signed contracts to extend the existing ground magnetic data and Induced Polarization (IP) survey. The Company has been advised that data collection crews are expected on site in two weeks to collect both the ground magnetics and IP data.

The ground magnetics comprise 885-line kilometres of 40 metre spaced lines with the survey which will extend the Company's current magnetic data from 17.8 to 54 square kilometres. The IP data will comprise approximately 15.5-line kilometres which will extend the existing IP data from the existing survey, covering Cerro Norte and part of the Gap Zone. The new survey data will be acquired to the south through the Gap Zone covering Cerro Sur past Sentazon.

Ends

This ASX announcement was approved and authorised by the Board.

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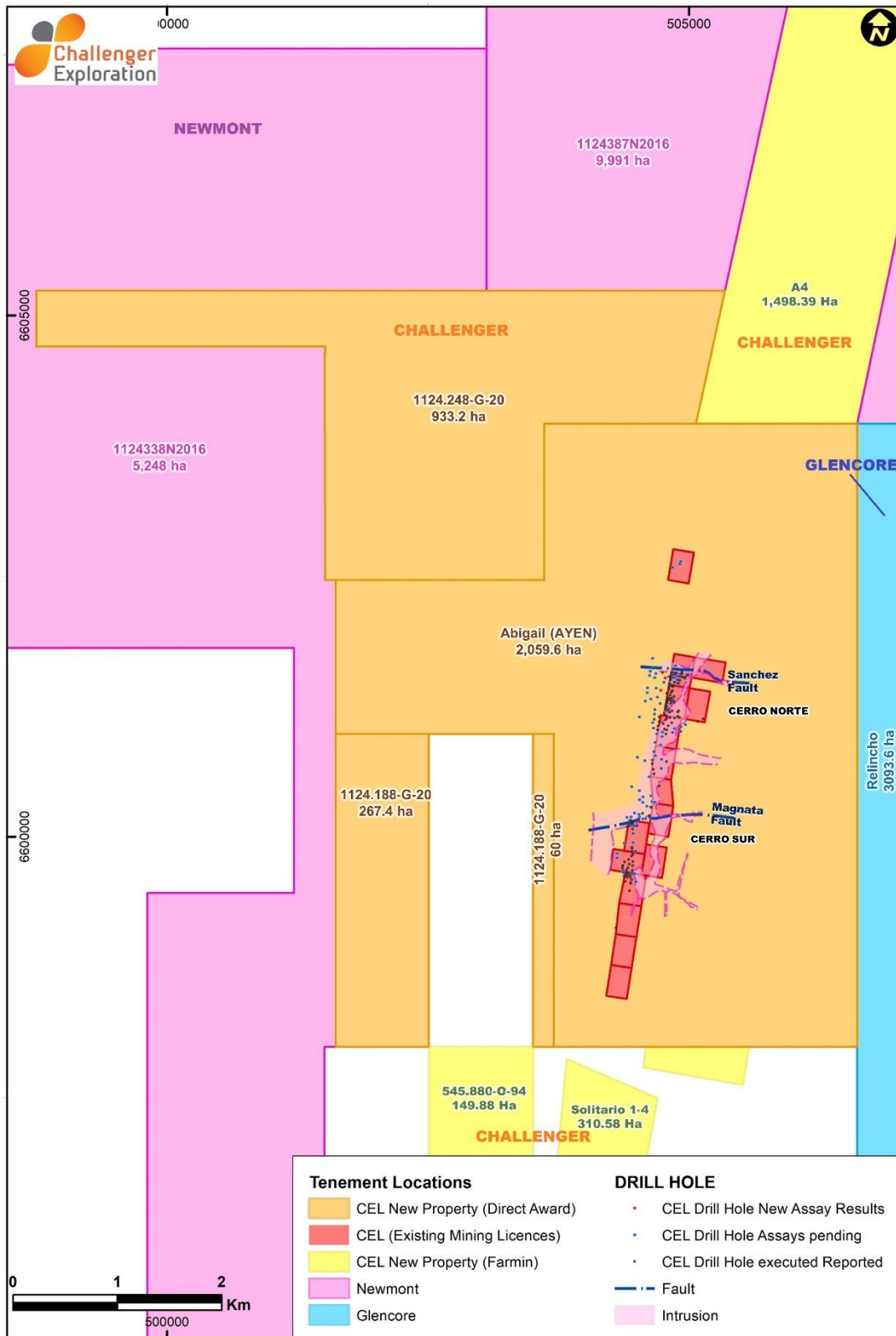


Figure 2: Hualilan Existing mineralisation and exploration and new concessions

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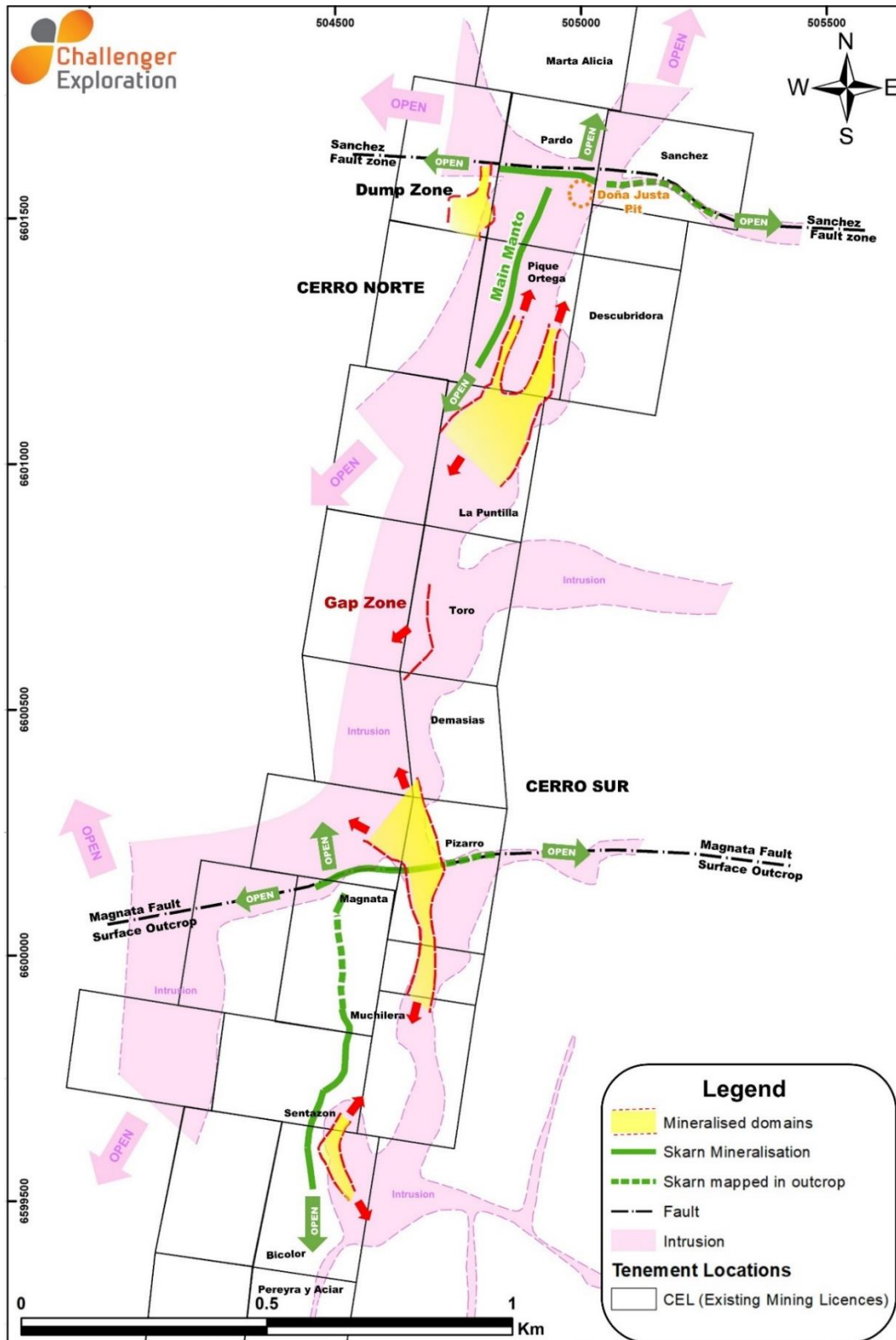


Figure 3 - Hualilan Project Location Map

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Appendix 1 - Schedule of newly acquired Hualilan Project Tenements

Category	Concession	Name	Type	Transferred to CEL	Size (Ha)	Condition	Annual Rental (AR\$)
Farmin	295.122-R-1989		Exploration Licence	yes	1882.56	Current	1882.56
Farmin	338.441-R-1993		Exploration Licence	yes	2800.00	Current subject to approval by the San Juan Mining Ministry	2800.00
Farmin	545.880-O-1994		Exploration Licence	yes	149.99	Current	500
Farmin	2260-S-58	MARTA AUCIA	Mining Lease	yes	23.54	Current	500
Farmin	339.154-R-92	MARTA	Mining Lease	yes	478.50	Current	500
Farmin	339.153-R-92	MARTA I	Mining Lease	yes	163.42	Current	500
Farmin	1124.299-R-18	AK4	Mining Lease	yes	1500.00	Current	1500.00
Farmin	545.604-C-94	SOUTARIO 1-5	Mining Lease	yes	685.00	Current	685.00
Farmin	545.605-C-94	SOUTARIO 1-4	Mining Lease	yes	310.83	Current	500
Farmin	545.608-C-94	SOUTARIO 1-1	Mining Lease	yes	tba	Current subject to approval by the San Juan Mining Ministry	tba
Farmin	545.788-C-94	SOUTARIO 6-1	Mining Lease	yes	tba	Current subject to approval by the San Juan Mining Ministry	tba
Direct Award via IPREM)	1124.495-I-20	Ayen	Exploration Licence	yes	2059.60	Current	2059.60
Direct Application	1124-248-G-20		Exploration Licence	yes	933.20	Current	933.20
Direct Application	1124-188-G-20		Exploration Licence	yes	267.40	Current	500
Direct Application	1124-188-G-20		Exploration Licence	yes	60.00	Current	500

Note: In addition to the annual rental payment for the Ayen Exploration Licence an annual payment of approximately US\$25,000 is payable

About Challenger Exploration

Challenger Exploration Limited's (ASX: CEL) aspiration is to become a globally significant gold producer. The Company is developing two complementary gold/copper projects in South America. The strategy for the Hualilan Gold project is for it to provide a high-grade low capex operation in the near term. This underpins CEL with a low risk, high margin source of cashflow while it prepares for a much larger bulk gold operation in Ecuador.

- Hualilan Gold 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. The project was locked up in a dispute for the past 15 years and as a consequence had seen no modern exploration until CEL acquired the project in 2019. In the past 20 months CEL has completed 250 drill holes for more than 55,000 metres of drilling. Results have included 6.1m @ 34.6 g/t Au, 21.9 g/t Ag, 2.9% Zn, 6.7m @ 14.3 g/t Au, 140 g/t Ag, 7.3% Zn and 10.3m @ 10.4 g/t Au, 28 g/t Ag, 4.6% Zn. This drilling intersected high-grade gold over almost 2 kilometres of strike and extended the known mineralisation along strike and at depth in multiple locations. Recent drilling has demonstrated this high-grade skarn mineralisation is underlain by a significant intrusion-hosted gold system with intercepts including 116m at 1.0 g/t Au, 4.0 g/t Ag, 0.2% Zn and 39.0m at 5.5 g/t Au, 2.0 g/t Ag, 0.3% Zn in porphyry dacites. CEL's current program which is fully funded includes a 120,000 metres of drilling, metallurgical test work of key ore types, and an initial JORC Compliant Resource and PFS.
- El Guayabo Gold/Copper Project** covers 35 sq kms in southern Ecuador and was last drilled by Newmont Mining in 1995 and 1997 targeting gold in hydrothermal breccias. Historical drilling has demonstrated potential to host significant gold and associated copper and silver mineralisation. Historical drilling has returned a number of intersections including 156m @ 2.6 g/t Au, 9.7 g/t Ag, 0.2% Cu and 112m @ 0.6 % Cu, 0.7 g/t Au, 14.7 g/t which have never been followed up. The Project has multiple targets including breccia hosted mineralisation, an extensive flat lying late-stage vein system and an underlying porphyry system target neither of which has been drill tested. CEL's first results confirm the discovery of large-scale gold system with over 250 metres of bulk gold mineralisation encountered in drill hole ZK-02 which contains a significant high-grade core of 134m at 1.0 g/t gold and 4.1 g/t silver including 63m at 1.6 g/t gold and 5.1 g/t silver. The Company is completing preparations for its maiden drill program which will; commence In July 2021.

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
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 – Exploration results

The information that relates to sampling techniques and data, exploration results and geological interpretation has been compiled Dr Stuart Munroe, BSc (Hons), PhD (Structural Geology), GDip (AppFin&Inv) who is a full-time employee of the Company. Dr Munroe is a Member of the AusIMM. Dr Munroe has over 20 years' experience in the mining and metals industry and qualifies as a Competent Person as defined in the JORC Code (2012).

Dr Munroe has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results. Dr Munroe consents to the inclusion in this report of the matters based on information in the form and context in which it appears. The Australian Securities Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.

Competent Person Statement – Foreign Resource Estimate

The information in this release provided under ASX Listing Rules 5.12.2 to 5.12.7 is an accurate representation of the available data and studies for the material mining project. The information that relates to Mineral Resources has been compiled by Dr Stuart Munroe, BSc (Hons), PhD (Structural Geology), GDip (AppFin&Inv) who is a full-time employee of the Company. Dr Munroe is a Member of the AusIMM. Dr Munroe has over 20 years' experience in the mining and metals industry and qualifies as a Competent Person as defined in the JORC Code (2012).

Dr Munroe and has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration to qualify as Competent Person as defined in the 2012 Edition of the JORC Code for Reporting of, Mineral Resources and Ore Reserves. 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