

Stock Commentary

Subject: Challenger Exploration Limited

Off to a “Cracking Start” to the New Year with Drill Hole #1 Reporting an Impressive 784m wide (675m est. true width) Mineralised Intersection from 16m depth at El Guayabo, Ecuador

Intersection Confirms Presence of a Major Gold-Copper dominated Polymetallic Mineralised System

FRIENDLY REMINDER: New Resource Estimate for Hualilan Gold Project Argentina Expected Mid-February 2022

Background

Challenger Exploration Limited (ASX:CEL) announced on 13th January 2022 assay results from sampling of the first two holes drilled in late 2021 at the Company’s 100% owned El Guayabo Gold-Copper Project located in southwest Ecuador.

Results include:

- (Hole # GYDD-21-001)
- **784.3m grading 0.4gpt AuEq** (0.2gpt Au, 1.6gpt Ag, 0.1% Cu & 12ppm Mo) from 16.2m
Including:
380.5m grading 0.5gpt AuEq (0.3gpt Au, 2.0gpt Ag, 0.1% Cu & 18ppm Mo) from 167.5m
Including:
- **188.5m grading 0.6gpt AuEq** (0.4gpt Au, 2.3gpt Ag, 0.1% Cu & 30ppm Mo) from 359.5m

GYDD-21- 001 was a low priority hole collared east of the main high grade gold in soil anomaly
Subsequent drilling (assays pending) showing further increased encouragement.

Key Takeaway Points

- 1) The results announced in this release are the first reported from an ongoing 20,000m maiden drilling program at the El Guayabo project in Ecuador which commenced late in 2021. El Guayabo last drilled by Newmont in 1997 is considered highly prospective for large gold-copper deposits hosted in very large mineralised systems and has justifiably attracted the attention of the Majors, past and present.
- 2) Whilst we have been patiently awaiting news of the progress of this maiden drilling program, we have to say the results have not disappointed. Considering the first hole (GUYDD-21-001) was a lower priority hole, drilled substantially to the east of a large, exciting 1.8km long gold in soil anomaly considered as one of 9 prime targets, this is a highly encouraging result. Furthermore, importantly we understand drilling now testing the higher priority target areas is showing additional strong encouragement in the field and we anticipate further good news in the coming month.
- 3) El Guayabo is in our view a very interesting project for CEL from a market perspective. Discussed on page 4 of our Initiating Research report dated 16th November 2021, we believe that despite the enormity of the project and its prospectivity to host multiple large deposits, the market currently places a “net zero” value on it. We currently take a strong view that should any exploration success be forthcoming in the current 20,000m drilling campaign, this success would completely surprise the market on the upside.

- 4) To make an early comparison of the current tenure of the mineralisation intercepted in the first hole we note that the Company points out that just across the tenement boundary is Lumina Gold's recent Cangrejos discovery which currently hosts 17 million ounces at a grade equivalent of 0.7gpt Au.
- 5) Finally on the subject of CEL we take this opportunity to remind readers that the Company will be releasing its maiden resource estimate for Hualilan in Argentina mid-February 2022. The reader of this commentary is strongly encouraged to view our current valuation estimates and recommendations on CEL in our research paper dated 16th November 2021 prior to that release date.

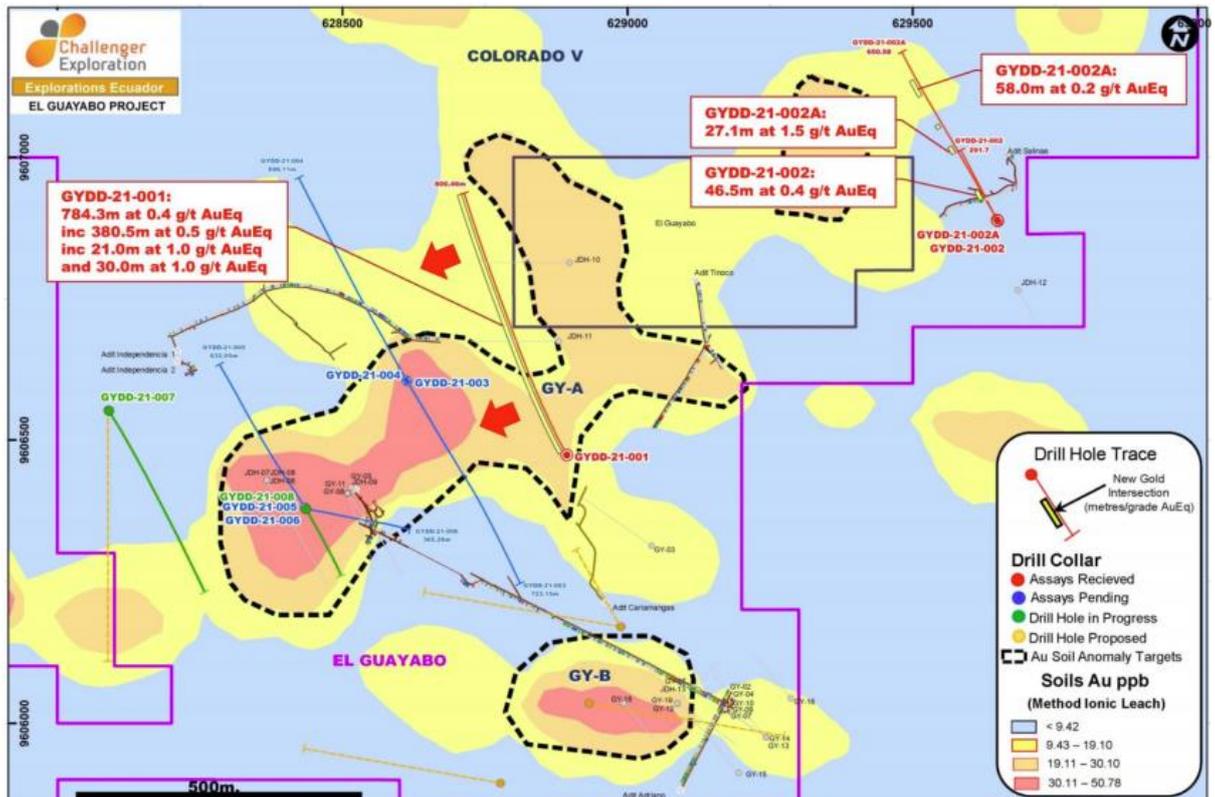
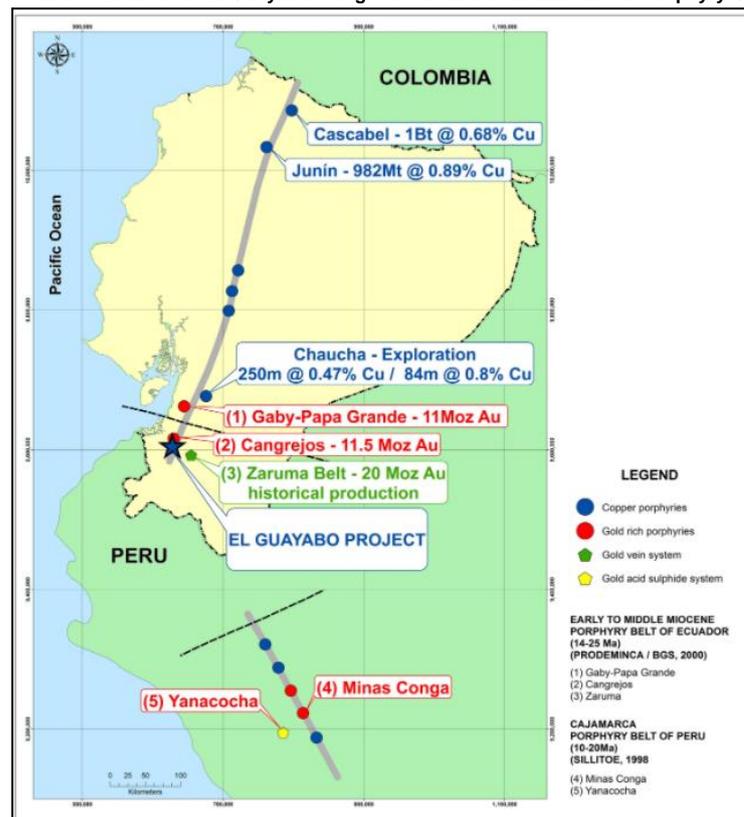


Figure 1 - High priority GY-A and GY-B Au in soil anomalies with finished, current, and pending drilling in the El Guayabo concession

Figure 2 Below: Location of El Guayabo along the Well Endowed Ecuadorian Porphyry Corridor



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The reader of this Stock Commentary is strongly encouraged to obtain a copy of Peloton Capital's Initiating Coverage Research report on CEL dated 16th November 2021 which provides more detail on CEL and its projects including our market view and recommendations.

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