

Stock Commentary

Subject: Challenger Exploration Limited

Best intersection to date at El Guayabo, Ecuador

Significant High-Grade Mineralisation Intersected in a Now Recognised Major Gold-Copper dominated Polymetallic Mineralised System

FRIENDLY REMINDER: New Resource Estimate for Hualilan Gold Project, Argentina, Now Expected Early April 2022

Background

Challenger Exploration Limited (ASX:CEL) announced on 9th March 2022 assay results from sampling of another hole (Hole # GYDD-21-008) drilled in late 2021 at the Company's 100% owned El Guayabo Gold-Copper Project located in southwest Ecuador.

Results include:

- **257.3m grading 1.4gpt AuEq** (0.8gpt Au, 7.9gpt Ag, 0.3% Cu) from 5.3m Including:
 - **79.0m grading 3.8gpt AuEq** (2.4gpt Au, 17.4gpt Ag, 0.7% Cu) from 184.1m Including:
 - **53.7m grading 5.3gpt AuEq** (3.5gpt Au, 23.9gpt Ag, 0.9% Cu) from 209.4m Including:
 - **6.8m grading 20.6gpt AuEq** (16.9gpt Au, 50.1gpt Ag, 1.8% Cu) from 248.8m

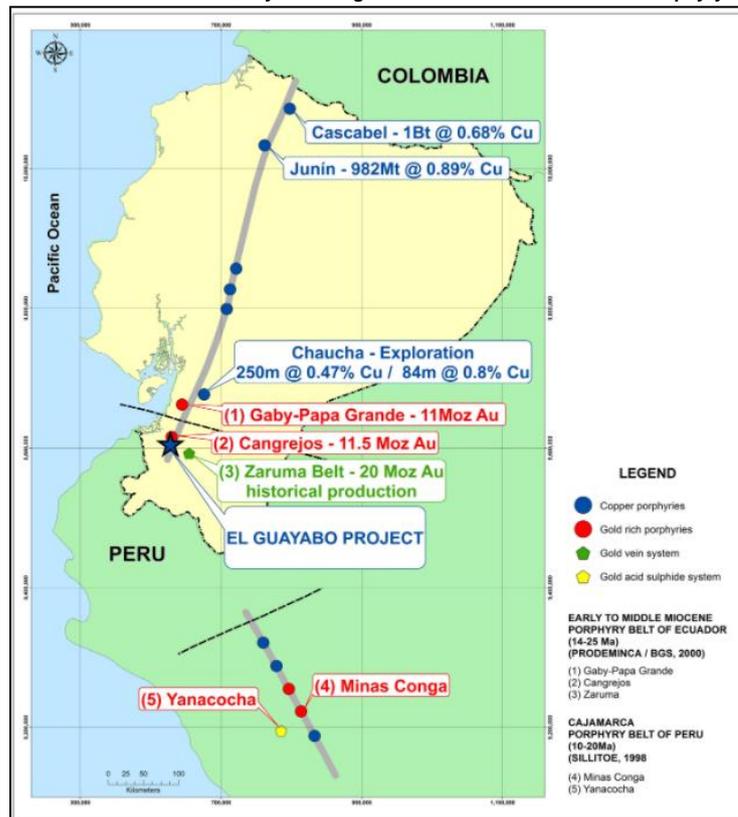
CEL management believe this high grade intersection now confirms El Guayabo as a significant second project.

Key Takeaway Points

- 1) After the Company indicated in a previous announcement that the then yet to be sampled CEL drilled holes looked visually promising, we have certainly not been disappointed with the result. The Company announced today a *best intersection to date* at the El Guayabo project with a solid result of multiple high grade zones within 257.3m grading 1.4gpt Au from only 5.3m below surface.
- 2) This is a tremendous result and is of key significance in that not only has this hole demonstrated, for the first time, high-grade mineralisation commencing just below surface, the newly defined mineralisation in relation to mineralisation intersected in previous holes (CELS plus historical holes) has also now defined a continuous zone of higher grade gold-copper-silver mineralisation of meaningful size and thus passes the Company's threshold to declare that El Guayabo is now considered a significant second project.
- 3) We note and acknowledge CEL management comments that the now discovered high grade near surface mineralisation has strong potential to support a high grade zone of *starter mineralisation*. This is important in that large mining projects often hugely benefit from a zone of higher grade near surface to improve early cashflow and payback. We are encouraged CEL management recognise the importance of this, even this early on in the projects life.
- 4) We note the mineralisation, even at this early stage, has now been confirmed to extend to 275m in depth, 100-150m thick, has a strike length in excess of 150m and remains completely open along strike and at depth.

- 5) 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. This new intersection should raise renewed interest.
- 6) 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. At that time we took 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. We believe our view is starting to play out.
- 7) 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.
- 8) Finally, we understand from CEL management that the eagerly awaited announcement on the maiden resource estimate for Hualilan in Argentina, which has been delayed due to market forces beyond the control of the Company, is now scheduled for release early April 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 Below: Location of El Guayabo along the Well Endowed Ecuadorian Porphyry Corridor



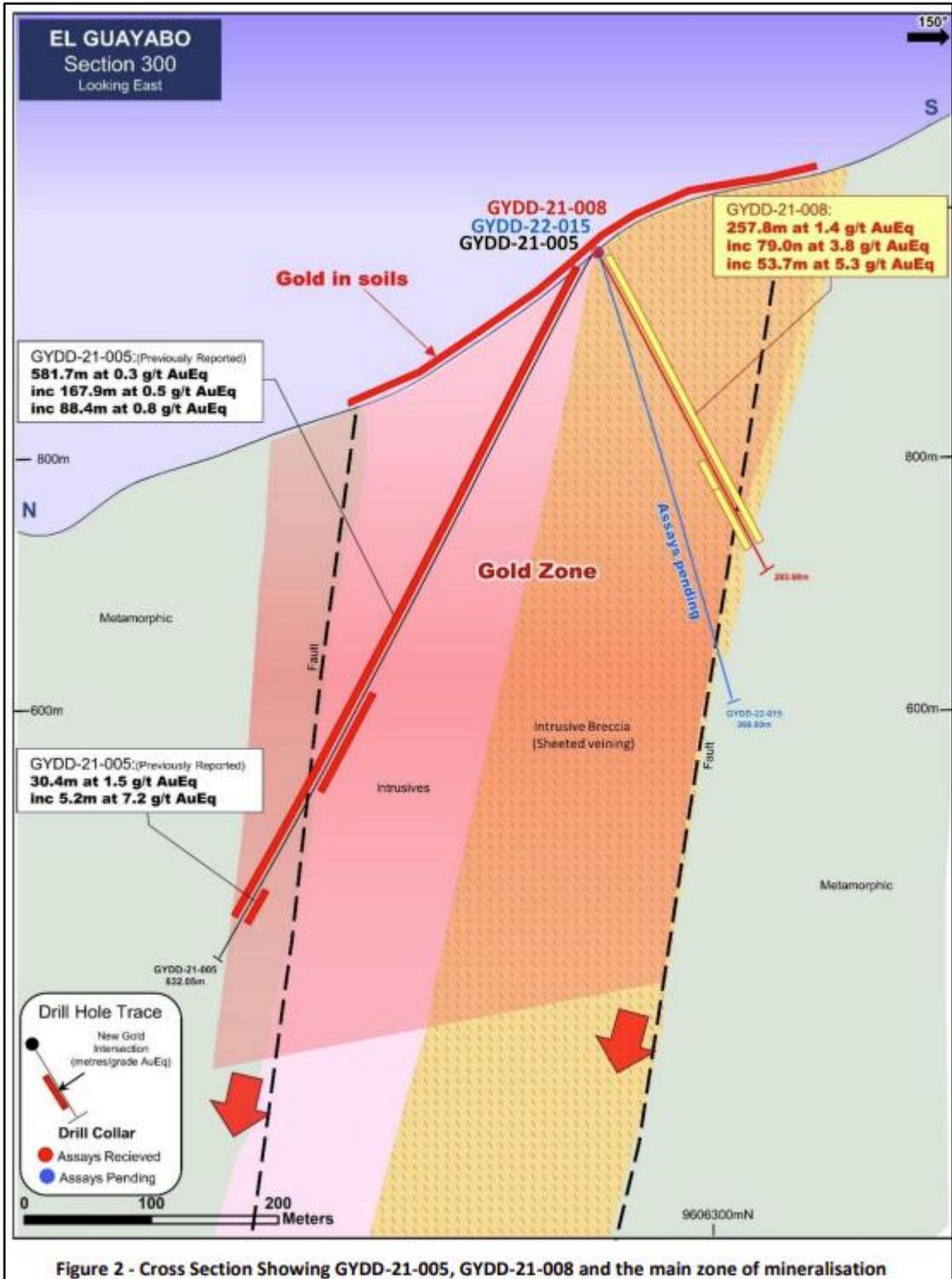


Figure 2 - Cross Section Showing GYDD-21-005, GYDD-21-008 and the main zone of mineralisation

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.

Disclaimer & Disclosure of Interests: This stock commentary is provided by Peloton Capital Pty Ltd (Peloton) (ABN 22 149 540 018, AFSL 406040) and is general in nature. It is intended solely for the use of wholesale clients. This stock commentary must not be copied or reproduced, or distributed to any person, unless otherwise expressly agreed by Peloton. This document contains only general securities information or general financial product advice. The information contained in this stock commentary has been obtained from sources that were accurate at the time of issue, including the company's ASX releases which have been relied upon for factual accuracy. The information has not been independently verified. Peloton does not warrant the accuracy or reliability of the information in this stock commentary. The stock commentary is current as of the date it has been published.

In preparing the stock commentary, Peloton did not take into account the specific investment objectives, financial situation or particular needs of any specific recipient. The stock commentary is published only for informational purposes and is not intended to be personal financial product advice. This stock commentary is not a solicitation or an offer to buy or sell any financial product. Peloton is not aware whether a recipient intends to rely on this stock commentary and is not aware of how it will be used by the recipient. Before acting on this general financial product advice, you should consider the appropriateness of the advice having regard to your personal situation, investment objectives or needs. Recipients should not regard the stock commentary as a substitute for the exercise of their own judgment.

The views expressed in this stock commentary are those of the analyst/author named on the cover page. No part of the compensation of the analyst is directly related to inclusion of specific recommendations or views in this stock commentary. The analyst/author may receive compensation partly based on Peloton revenues as well as performance measures such as accuracy and efficacy of recommendations, stock commentaries and research reports.

Peloton believes that the information contained in this document is correct and that any estimates, opinions, conclusions or recommendations are reasonably held or made at the time of its compilation in an honest and fair manner that is not compromised. However, no representation is made as to the accuracy, completeness or reliability of any estimates, opinions, conclusions or recommendations (which may change without notice) or other information contained in this stock commentary. To the maximum extent permitted by law, Peloton disclaims all liability and responsibility for any direct or indirect loss that may be suffered by any recipient through relying on anything contained in or omitted from this stock commentary. Peloton is under no obligation to update or keep current the information contained in this stock commentary and has no obligation to tell you when opinions or information in this stock commentary.

Peloton does and seeks to do business with companies covered in research. As a result, investors should be aware that the firm may have a conflict of interest which it seeks to manage and disclose.

Peloton and its directors, officers and employees or clients may have or had interests in the financial products referred to in this stock commentary and may make purchases or sales in those the financial products as principal or agent at any time and may affect transactions which may not be consistent with the opinions, conclusions or recommendations set out in this stock commentary. Peloton and its Associates may earn brokerage, fees or other benefits from financial products referred to in this stock commentary. Furthermore, Peloton may have or have had a relationship with or may provide or has provided, capital markets and/or other financial services to the relevant issuer or holder of those financial products.

Copyright: Peloton Capital Pty Ltd, 2022. All rights reserved.