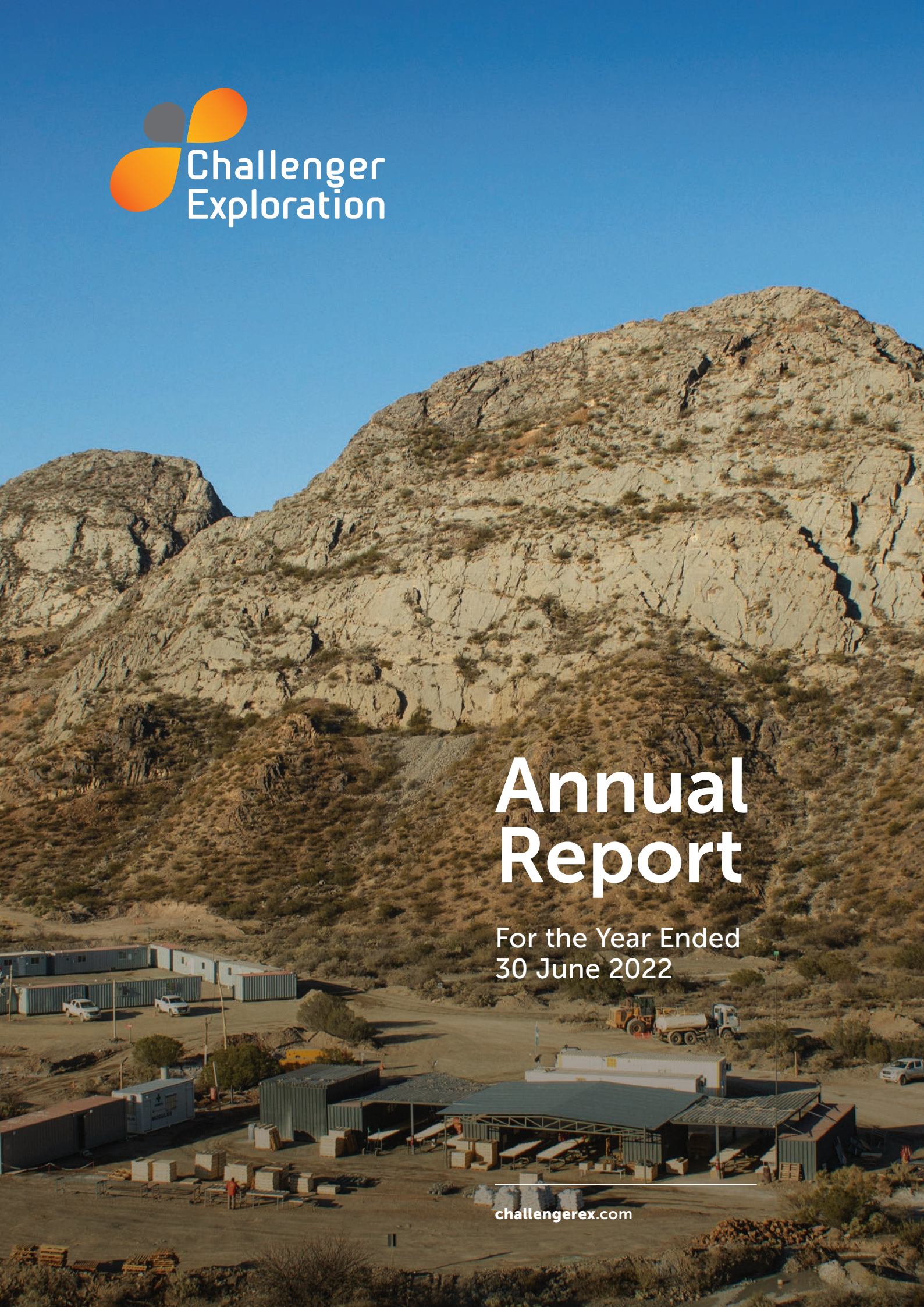
Challenger Exploration



Annual Report

For the Year Ended
30 June 2022

challengerex.com

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Corporate Directory

Company Directors

Fletcher Quinn
Non-Executive Chairman

Kris Knauer
Managing Director

Sergio Rotondo
Executive Director

Scott Funston
Executive Director

Company Secretary

Scott Funston

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Securities Exchange Listing

Australian Securities Exchange

ASX Code: CEL

Website

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Chairman's Address

Dear Shareholder,

The past year has seen the Company continue to rapidly grow, culminating with the completion our maiden interim Mineral Resource Estimate (MRE).

Further, major drilling projects were completed and or are underway.

The commitment and agility of our people throughout the year was instrumental in achieving our considerable exploration succeses in both Argentina and Ecuador.

I am proud of the dedication, energy and achievements of our management, employees, and contractors who have established a solid platform for growth for the next 12 months and beyond.

At our Argentinian Hualilan Gold Project, we achieved many significant outcomes:

- Maiden Mineral Resource Estimate (MRE) of **2.1 million ounces** (AuEq)[1] at CEL's flagship Hualilan Gold Project , containing a high grade core of **6.3 Mt at 5.6 g/t AuEq**[1] for **1.1 Moz AuEq**
- MRE is based on 125,700 metres of CEL's current 204,000 metre drill program and mineralisation remains open in all directions
- The 204,000 metre drill program is now completed, with assays pending for 29,000 drill metres with an additional 50,000 drill metres drilling recently announced.
- Drilling post CEL's MRE significantly expands mineralisation, particularly the high-grade core of 1.1 Moz at 5.6 g/t AuEq[1], in multiple directions with results including;
    - **28.5 metres at 5.3 g/t AuEq (5.0 g/t Au, 23.9 g/t Ag, 0.02 % Pb, 0.03 % Zn) - (GNDD-530)**
    - **6.6 metres at 6.4 g/t AuEq (4.2 g/t Au, 50.0 g/t Ag, 0.01 % Pb, 3.4 % Zn) - (GNDD-536)**
    - **18.8 metres at 6.3 g/t AuEq (4.5 g/t Au, 22.3 g/t Ag, 3.3% Zn) from 344.4m including 7.4 metres at 10.8 g/t AuEq (7.4 g/t Au, 36.8 g/t Ag, 6.3% Zn) - (GNDD-642)**
    - **11.1 metres at 9.1 g/t AuEq (9.0 g/t Au, 5.7 g/t Ag) from 356.0m including 7.8 metres at 12.6 g/t AuEq (12.5 g/t Au, 7.9 g/t Ag) (GNDD-571);**
- Outstanding metallurgical testing with average gold recovery increased to 95% across all ore types and a clear route to recover silver, zinc and lead credits via standard sequential flotation.

Advances at El Guayabo included:

- The releases of results from our maiden drill programs;
- Results confirming three significant Au-Cu-Ag-Mo discoveries on our 100% owned El Guayabo concession; and
- Two additional Au-Cu-Ag-Mo discoveries on the 50% owned Colorado V concession;
- The drilling confirmed the discovery of a significant intrusion hosted gold-copper-silver-molybdenum system with multiple centers of mineralisation, all of which have returned ore grade intercepts. The mineralisation has a similar scale and tenor to the Tier 1 Cangrejos Gold project located 5 kilometres along strike to north-east.

The remainder of 2022 and 2023 will see Challenger move into our next phase of growth through continuing exploration activities, advancing to a completion of an updated MRE and into a Scoping Study in the first half of 2023, and following that our first Feasibility Study.

Finally, I take this opportunity to thank all our shareholders for their continued support as we continue towards our goal to become a significant gold producer.

Yours Sincerely

Fletcher Quinn

Chairman

Directors' Report

The Directors submit the financial report of the Group, consisting of Challenger Exploration Limited ("the Company") and the entities it controlled during the period, for the financial year ended 30 June 2022.

Directors

The names and details of the Company's Directors who held office during the year and until the date of this report are as follows. Directors were in office for the entire year unless otherwise stated.

Names, qualifications, experience and special responsibilities

Fletcher Quinn

Non-Executive Chairman

Mr Quinn has over 35 years' experience in venture capital, corporate finance and investment banking. This includes extensive experience with both listed and unlisted companies, including public company development, management and governance. Mr Quinn was the founding Chairman for ASX entities Citadel Resource Group and Sirocco Resources.

Kris Knauer BSc (Hons)

(Geological and Earth Sciences, Geosciences)

Managing Director

Mr Knauer started his career as an exploration geologist before moving into investment banking, initially as a mining analyst. He is an experienced listed company CEO. He led the listing of a package of copper/gold assets in Saudi Arabia to create Citadel Resource Group Ltd, becoming the Managing Director for the first 18 months. Citadel completed a DFS on the Jabal Sayid copper project in Saudi Arabia before being taken over for $1 billion.

Sergio Rotondo MEcom, MBA

Executive Director (appointed 9 September 2021)

Mr Sergio Rotondo has an extensive background in managing billion-dollar construction projects from design through to completion and has partnered with some of Argentina's largest real estate developers and designers. Importantly, Sergio is also the founder of Golden Mining SA, which originally consolidated 100% of the Hualilan Gold Project.

Scott Funston B.Bus CA ACIS

Executive Director and Company Secretary

Mr Funston is a qualified Chartered Accountant and Company Secretary with nearly 20 years' experience in the mining industry and accounting profession. His expertise is financial management, regulatory compliance and corporate advice. Mr Funston possesses a strong knowledge of the Australian Securities Exchange requirements. Scott has assisted several resources companies operating throughout Australia, South America, Asia, USA and Canada with financial accounting, stock exchange compliance and regulatory activities. Mr Funston has performed roles as an executive director, non-executive director, chief financial officer and company secretary for numerous ASX listed companies.

Mr Funston is currently a Non-Executive Director of Kobar Resources Limited (appointed 21 December 2021). Mr Fletcher, Mr Knauer and Mr Rotondo have not been a director of other listed companies in the last 3 years.

Meetings of Directors

During the financial year, in addition to regular Board discussions, the number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

Director	Number of Meetings Eligible to Attend	Number of Meetings Attended
Mr Fletcher Quinn	6	6
Mr Kris Knauer	6	6
Mr Sergio Rotondo	5	5
Mr Scott Funston	6	6

Corporate Information

Challenger Exploration Limited is a public company listed on the ASX (Code: CEL) and is incorporated and domiciled in Australia. Challenger Exploration Limited and the entities it controlled during the period are collectively referred to as Challenger Exploration, Challenger, or the Group, as the context requires.

Nature of Operations and Principal Activities

Challenger Exploration is a gold and copper exploration company. There have been no other significant changes in the nature of those activities during the year.

Review of Operations

Highlights

- Completion of the acquisition for 100% of the Hualilan Gold Project, Argentina
- 2.1 million ounce gold equivalent maiden Mineral Resource Estimate at the Hualilan Gold Project based on the Company's first 126,000 metres of drilling at Hualilan
- Completion of 204,000 metre drill program at the Company's 100% owned Hualilan Gold Project with an additional 50,000 metre program commenced
- Significant expansion of tenement position at the Hualilan Gold Project
- Completion of the acquisition for 100% of the El Guayabo Gold Copper Project, Ecuador
- Two new Gold-Copper discoveries and expansion of these discoveries at the Colorado V Project, Ecuador

Company Projects

The Hualilan Gold Project – San Juan, Argentina (CEL 100%) is a high-grade gold and silver prospect associated with a multi-phase porphyry intrusive. It has extensive historical drilling with over 150 drill-holes dating back to the 1970s. There has been limited historical production reported despite having in excess of 6km of underground workings. Prior to the Company the property was last explored in 2006 by La Mancha Resources, a Toronto Stock Exchange listed company. Since July 2019, CEL has completed over 200,000 metres of drilling which has significantly extended the high grade mineralisation and discovered an underlying intrusion-hosted system with significant scale. The high-grade mineralisation at Hualilan now covers 3 kilometres of strike and mineralisation has been defined from surface down to 1000 metres and remains open in all directions. The project has a rare combination of both grade and scale and is emerging as one of the more exciting South American gold discoveries in recent times.

El Guaybo Project Ecuador (CEL 100%): The El Guayabo Project is located in El Oro Provence, southern Ecuador, and comprises three contiguous tenements, the El Guaybo, El Guaybo 2, and Colorado V tenements. The Company has drilled five of fifteen regionally significant Au-soil anomalies with over 500 metres of mineralisation intersected at all anomalies, confirming the potential for a major bulk gold system at the El Guayabo Project.

The El Guayabo Copper-Gold Tenement – El Oro, Ecuador (CEL 100%:) Prior to CEL the project was last drilled by Newmont Mining in 1995 and 1997 targeting gold in hydrothermal breccias which demonstrated potential to host significant gold and associated copper and silver mineralisation. Results from CEL's maiden drill program included 257.8m at 1.4 g/t AuEq including 53.7m at 5.3 g/t AuEq and 309.8m at 0.7 g/t AuEq including 202.1m at 0.8 g/t AuEq and confirmed continuous mineralisation over 900 metres strike.

The Colorado V Copper-Gold Tenement – El Oro, Ecuador (CEL earning 50%): adjoins and has the same geology as the El Guayabo Project. The Geology comprises a metamorphic basement intruded by intermediate alkaline intrusives which range in age from 40 – 10 Ma (million years age). The intrusions are commonly overprinted by late porphyry dykes and intrusion breccia suggesting deeper, evolving magmatic systems are feeding shallower systems. The first drill holes by the Company at Colorado V, confirmed two significant Au-Cu-Ag-Mo discoveries. Results included 528.7m at 0.5 g/t AuEq from surface to the end of the hole including 397.1m at 0.6 g/t AuEq and 570.0m at 0.4 g/t AuEq from surface to the end of the hole including 306.0m at 0.5 g/t AuEq.

The El Guayabo 2 Tenement – El Oro, Ecuador (CEL earning 80%): has the same and continuous geology as CEL's adjoining El Guayabo and Colorado V tenements which are believed to contain a "Low Sulphide" porphyry gold copper system." Limited historical exploration has been undertaken on the tenement, with the work that has been done undertaken by local groups that targeted high-grade gold. Historical exploration reports record gold mineralisation in intrusive rocks in outcrop.

“ The Hualilan Gold Project project has a rare combination of both grade and scale“

Company Projects Highlights

Hualilan Gold Project – San Juan, Argentina

- 2.1 Million Ounce (AuEq)[1] maiden MRE for Hualilan Gold Project
  - **Skarn component: 6.3 Mt at 5.6 g/t AuEq[1] for 1.1 Moz AuEq**
  - **Intrusion/sediment-hosted: 41.4 Mt at 0.8 g/t AuEq1 for 1.0 Moz AuEq**
- Resource contains a higher grade core of mineralisation comprising 1.0 Moz at 6.4 g/t AuEq (at a 3.0 g/t cut-off grade) or 1.2 Moz at 5.2 g/t AuEq (at a 2.2 g/t cut-off grade)
- Clear potential for resource to grow significantly via both extension and infill drilling with some of the more significant intersections not impacting the resource including:
  - **13.0m at 15.5 g/t AuEq[1] (FHNV10-02): 600 metres south of the resource limit**
  - **5m at 8.7 g/t AuEq[1] (GNDD-394): 400m north of the resource limit**
  - **4.0m at 5.8g/t AuEq[1] (GNDD-308e): 700m vertically below the resource limit**
  - **26.6m at 2.5 g/t AuEq[1] (GNDD-437): discovery below Verde – extension drilling ongoing**
  - **39.0m at 5.6 g.t AuEq[1] (GNDD-088A): below the pit shell requires additional infill drilling**
  - **104.0m at 1.7g/t AuEq[1] (GNDD-113A): top 30m only falls within the optimised pit shell**
  - **67.6m at 2.6 g/t AuEq[1] (GNDD-434): top 20m only falls within the optimised pit shell**

Mineralisation Style	Mt (0.25 g/t AuEq cut-off)	Au (g/t)	Ag (g/t)	Zn (%)	Pb (%)	Au Eq (g/t)
Skarn (limestone hosted)	6.3	4.4	19.4	2.0	0.2	5.6
intrusion/sediment hosted	41.4	0.6	4.0	0.2	0.04	0.8

Mineralisation Style	Contained Metal	Au (Moz)	Ag (Moz)	Zn (kt)	Pb (kt)	Au Eq (Moz)
Skarn (limestone hosted)		0.9	3.9	123	11	1.13
intrusion/sediment hosted		0.8	5.3	95	19	1.00
Total Contained metal		**1.7**	**9.2**	**218**	**29**	**2.13**

Table 1: Interim MRE reported as Skarn and Intrusion/sediment hosted components of mineralisation

Domain	Category	Mt	Au (g/t)	Ag g/t (g/t)	Zn (%)	Pb (%)	AuEq (g/t)	AuEq (Moz)
US$1800 optimised shell > 0.25ppm AuEq	Indicated	18.7	1.1	5.4	0.41	0.07	1.3	0.80
	Inferred	25.0	1.0	5.6	0.39	0.06	1.2	1.00
Below US$1800 shell > 1.0ppm AuEq	Inferred	4.0	1.9	11.5	1.04	0.07	2.6	0.33
	Total	**47.7**	**1.1**	**6.0**	**0.45**	**0.06**	**1.4**	**2.13**

Note: Some rounding errors may be present

Table 2: Total MRE (Combined skarn and Intrusion hosted domains)

[1] Gold Equivalent (AuEq) values – Requirements under the JORC Code

- Assumed commodity prices for the calculation of AuEq is Au US$1900 Oz, Ag US$24 Oz, Zn US$4,000/t, Pb US$2000/t
- Metallurgical recoveries are estimated to be Au (95%), Ag (91%), Zn (67%) Pb (58%) across all ore types
- The formula used: AuEq (g/t) = Au (g/t) + [Ag (g/t) x 0.012106] + [Zn (%) x 0.46204] + [Pb (%) x 0.19961]
- CEL confirms that it is the Company's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold
- For additional information on the maiden MRE including Pit Optimisation Parameters, the Mineral Resource Estimate Model, Compositing and Top Cuts refer to ASX Release dated 1 June 2022

- Mineralisation remains open in all directions and there is clear potential for the MRE to grow significantly via extension and infill drilling. Sixty-three significant intersections did not impact the MRE which compares to the 499 CEL drill holes used in the MRE. Of these intersections several are located 500 to 600 metres outside the resource limits, requiring additional infill drilling, and several define new zones of mineralisation which are currently being followed up.
- The MRE comprises two styles of mineralisation, higher-grade limestone skarn (manto) mineralisation, and lower grade mineralisation predominantly hosted in intrusives and sediments. These two components of the Interim MRE of 2.13 Moz AuEq (at a 0.25 g/t AuEq cut-off near surface and 1.0 g/t AuEq at depth) are reported in Table 1. Approximately 0.8 Moz AuEq of the MRE is classified as Indicated with the balance, including all mineralisation outside the US$1800 AuEq optimised pit shell, classified as Inferred.
- Exploration continued to return outstanding results with the results significantly expanding mineralisation.

El Guayabo/Colorado V Gold/Copper Projects – El Oro, Ecuador

- Two new Au-Cu-Ag-Mo discoveries of significant scale in the first two regionally significant Au-soil anomalies drilled in Colorado V with results including (refer Table 8):
  - **528.7m at 0.5 g/t AuEq[2] – 0.3 g/t Au, 2.0 g/t Ag, 0.1 % Cu from 4.5m to eoh, including;**
    397.1m at 0.6 g/t AuEq[2] – 0.3 g/t Au, 2.8 g/t Ag, 0.1% Cu from 4.5m including;
    108.0m at 0.7 g/t AuEq[2] – 0.4 g/t Au, 2.8 g/t Ag, 0.1 Cu from 6.0m and;
    130.2m at 0.7 g/t AuEq[2] – 0.4 g/t Au, 3.3 g/t Ag, 0.1 Cu from 166.6m (CVDD-22-001)
  - **570.0m at 0.4 g/t AuEq[2] – 0.2 g/t Au, 2.0 g/t Ag, 0.1% Cu from 5.0m to eoh including;**
    306.0m at 0.5 g/t AuEq[2] – 0.2 g/t Au, 2.3 g/t Ag, 0.1% Cu from 14.0m (CVDD-22-002)
  - **564.1 m at 0.4 g/t AuEq[2] – 0.2 g/t Au, 2.3 g/t Ag, 0.1 % Cu, from 8.1m including;**
    278.0 m at 0.6 g/t AuEq[2] – 0.3 g/t Au, 3.2 g/t Ag, 0.1% Cu, from 8.1m including;
    146.5 m at 0.7 g/t AuEq[2] – 0.4 g/t Au, 3.2 g/t Ag, 0.1 Cu, from 8.1m (CVDD-22-005)
  - **509.9 m at 0.4 g/t AuEq[2] – 0.2 g/t Au, 1.4 g/t Ag, 0.1% Cu, from 2.5m including;**
    242.5 m at 0.6 g/t AuEq[2] – 0.4 g/t Au, 1.8 g/t Ag, 0.1% Cu, from 2.5m (CVDD-22-003)

The Company released the results from its maiden drill program in Ecuador during the year. The results confirmed the discovery of a significant intrusion hosted gold-copper-silver-molybdenum system and significantly upgraded the discovery with high grade intersections including 53.7m at 5.3 g/t AuEq (GYDD-21-008) and all holes intersecting significant mineralisation.

[2] Gold Equivalent (AuEq) values El Guayabo Project Ecuador- Requirements under the JORC Code

- Assumed commodity prices for the calculation of AuEq is Au US$1780 Oz, Ag US$22 Oz, Cu US$9,650 /t, Mo US$40,500 /t,
- Metallurgical recovery factors for gold, silver, copper, and molybdenum are assumed to be equal. No metallurgical factors have been applied in calculating the Au Eq.
- The formula used: AuEq (g/t) = Au (g/t) + [Ag (g/t) x (22/1780)] + [Cu (%) x (9650/100*31.1/1780)] + [Mo (%) x (40500/100*31.1/1780)].
- *CEL confirms that it is the Company's opinion that all the elements included in the metal equivalents calculation have reasonable potential to be recovered and sold.*

Corporate

CEL completed an agreement and received shareholder approval on 3 September 2021 to acquire 100% ownership of its flagship Hualilan Gold Project (was previously earning up to 75%). This agreement was completed via two transactions to move from 25% interest to 100%. The issue of 50 million CEL shares for 50% (previously contingent on completion of a DFS) and the issue of 64 million CEL shares and payment of US$3.69 million (paid in July 2021) for the final 25% of the Project.

Subsequent to the financial year, Queens Road Capital Investment Ltd (QRC) financed the Company with a US$15m private placement of unsecured convertible debentures. The Debentures are convertible into fully paid ordinary shares in CEL ("Shares") at a price of $0.25, a 30% premium to the 5-day volume weighted average price ("VWAP") prior to 2 September 2022. Additionally, the Company's largest institutional shareholder invested pro-rata to its 12% shareholding via a AUD$2.6m placement at $0.19.

QRC is a leading resource-focused investment company based in Hong Kong and listed on the main board of the Toronto Stock Exchange ("TSX"). QRC acquires and hold securities for long-term capital appreciation, with a focus on convertible debt securities and resource projects in advanced development or production located in safe jurisdictions.

The funding allows the completion of several important and value accretive milestones including; an updated Mineral Resource Estimate and Scoping Study at Hualilan; an additional 50,000m of drilling at Hualilan; and an additional 25,000m drilling and a maiden Mineral Resource Estimate at El Guaybo in Ecuador. Importantly, the pro-rata at market participation of CEL's largest shareholder provides discretionary expenditure of $2.6m which, is yet to be allocated, and extends CEL's runway into 2024. Refer to the ASX announcement of 9 September 2022 for the terms of the debentures.

COVID-19

The Company continues to work with all levels of government and local communities in relation to COVID-19. In addition to its regular community support activities during COVID-19, which include the donation of fortnightly food packs to the 100 most needy families in its local community in around the El Guayabo Project, the Company completed a second donation of four oxygen bottles and four intensive care beds to the Santa Rosa community hospital at the request of the local mayor.

During the year the impact of COVID-19 in South America has continued to decrease in line with the rest of the world. In addition, all of the company's employees from Argentina and Ecuador are fully vaccinated for COVID-19. Consequently the Company's operations are functioning as they were prior to the pandemic with the exception of the COVID-19 protocols which remain ongoing. CEL's priority remains the health and wellbeing of all its staff and contractors and their families. A copy of the Company's COVID-19 protocols is available on our website.

" CEL's priority remains the health and wellbeing of all its staff and contractors and their families"

Hualilan Gold Project, Argentina

- Maiden Mineral Resource Estimate (MRE) of 2.1 million ounces (AuEq)[1] at CEL's flagship Hualilan Gold Project containing a high grade core of 6.3 Mt at 5.6 g/t AuEq1 for 1.1 Moz AuEq.
- MRE is based on 125,700 metres of CEL's current 204,000 metre drill program and mineralisation remains open in all directions.
- The 204,000 metre drill program is now completed with assays pending for 29,000 drill metres. Accordingly the rig count has been reduced from 9 to 3 rigs to complete the additional 50,000 metres drilling recently announced.
- First drilling post CEL's MRE significantly expands mineralisation, particularly the high-grade core of 1.1 Moz at 5.6 g/t AuEq[1], in multiple directions with results including;
    - **28.5 metres at 5.3 g/t AuEq (5.0 g/t Au, 23.9 g/t Ag, 0.02 % Pb, 0.03 % Zn) – (GNDD-530)**
    - **6.6 metres at 6.4 g/t AuEq (4.2 g/t Au, 50.0 g/t Ag, 0.01 % Pb, 3.4 % Zn) – (GNDD-536)**
    - **34.4m at 0.7 g/t AuEq (0.5 g/t Au, 2.0 g/t Ag, 0.2 % Pb, 0.5 % Zn) from 59.0m including 6.3 metres at 2.4 g/t AuEq (1.1 g/t Au, 7.7 g/t Ag, 1.1 % Pb, 2.2 % Zn (GNDD-563)**
    - **1.4 metres at 75.1 g/t AuEq (67.0 g/t Au, 101 g/t Ag, 0.04 % Pb, 15.0 % Zn) (GNDD-533)**
- Outstanding metallurgical testing with average gold recovery increased to 95% across all ore types and a clear route to recover silver, zinc and lead credits via standard sequential flotation.

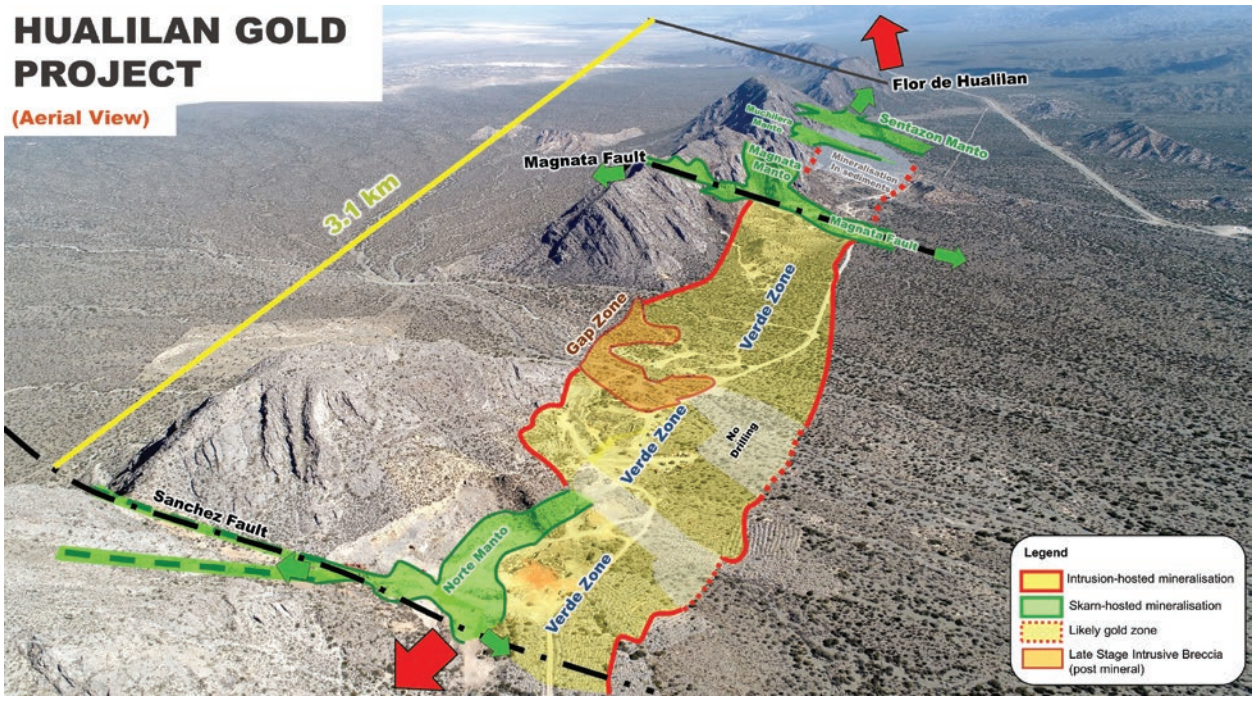

Figure 1 – Hualilan Project and surrounds

Cut-off (g/t AuEq)	Mt	Au (g/t)	Ag g/t (g/t)	Zn (%)	Pb (%)	AuEq (g/t)	Moz (AuEq)
0.25	47.7	1.1	6	0.46	0.06	**1.4**	**2.13**
0.30	42.7	1.2	6.5	0.50	0.07	**1.5**	**2.09**
0.40	35.1	1.4	7.5	0.58	0.07	**1.8**	**2.00**
0.50	29.6	1.6	8.3	0.66	0.08	**2.0**	**1.93**
0.60	25.3	1.8	9.2	0.75	0.09	**2.3**	**1.85**
0.70	22.2	2.0	10.0	0.82	0.10	**2.5**	**1.79**
0.80	19.8	2.2	10.7	0.89	0.10	**2.7**	**1.73**
0.90	18.0	2.3	11.3	0.96	0.11	**2.9**	**1.68**
1.00	16.5	2.4	11.8	1.02	0.11	**3.1**	**1.63**
1.10	15.0	2.6	12.4	1.09	0.12	**3.3**	**1.58**
1.20	13.6	2.8	13.3	1.18	0.12	**3.5**	**1.53**
1.30	12.4	3.0	13.9	1.26	0.13	**3.7**	**1.48**
1.40	11.6	3.1	14.4	1.31	0.13	**3.9**	**1.45**
1.50	10.8	3.2	14.9	1.37	0.14	**4.1**	**1.41**
1.60	10.2	3.3	15.3	1.44	0.14	**4.2**	**1.38**
1.70	9.5	3.5	15.8	1.50	0.15	**4.4**	**1.34**
1.80	8.9	3.6	16.3	1.57	0.15	**4.6**	**1.31**
1.90	8.5	3.7	16.7	1.62	0.15	**4.7**	**1.28**
2.00	8.0	3.9	17.2	1.68	0.16	**4.9**	**1.25**
2.10	7.6	4.0	17.6	1.73	0.16	**5.0**	**1.23**
2.20	7.2	4.1	18	1.79	0.16	**5.2**	**1.20**
2.30	6.9	4.2	18.5	1.85	0.17	**5.3**	**1.18**
2.40	6.5	4.3	19.0	1.90	0.17	**5.5**	**1.15**
2.50	6.3	4.4	19.4	1.95	0.17	**5.6**	**1.13**
2.60	5.9	4.6	20.2	2.05	0.18	**5.8**	**1.10**
2.70	5.6	4.7	20.6	2.10	0.18	**6.0**	**1.08**
2.80	5.4	4.8	21.0	2.16	0.19	**6.1**	**1.06**
2.90	5.2	4.9	21.4	2.21	0.19	**6.3**	**1.03**
3.00	4.9	5.1	21.9	2.27	0.19	**6.4**	**1.01**

Table 3 – Total MRE at various cut off grades – Note: Some rounding errors may be present

The high retention of metal as the cut-off grade is lifted is demonstrated by combined skarn/intrusion-hosted Resource Estimate at cut-off grades above the 0.25 g/t cut-off grade. Within the same resource model taking a cut-off grade of 0.40 produces a MRE containing 2.0 million ounces AuEq at a grade of 1.8 g/t AuEq while at a 0.50 g/t AuEq cut-off the MRE containing 1.9 million ounces at a grade of 2.0 g/t AuEq.

- **2.0 Moz at 1.8 g/t AuEq – 35.1Mt at 1.4 g/t Au, 7.5 g/t Ag, 0.6% Zn, 0.07% Pb (0.40 g/t AuEq cut-off)**
- **1.9 Moz at 2.0 g/t AuEq – 29.6Mt at 1.6 g/t Au, 8.3 g/t Ag, 2.3% Zn, 0.08%Pb (0.50 g/t AuEq cut-off)**
- **1.6 Moz at 3.1 g/t AuEq – 16.5Mt at 2.4 g/t Au, 12 g/t Ag, 1.0% Zn, 0.11%Pb (1.0 g/t AuEq cut-off)**

This grade-tonnage distribution provides the Hualilan Gold project with significant flexibility in response to a changing gold price or costs. It provides the opportunity to evaluate a staged startup using a higher grade starter pit. As can be seen in Figure 3 (MRE block model in Long Section) there are distinct near surface higher-grade zones of mineralisation at Sentazon, Muchilera, the Magnata Fault Zone and the main Norte Manto. Additionally, Figure 2, the Long Section showing the MRE by resource classification shows these zones of high-grade near surface mineralisation are predominantly in the Indicated Resource component of the MRE.

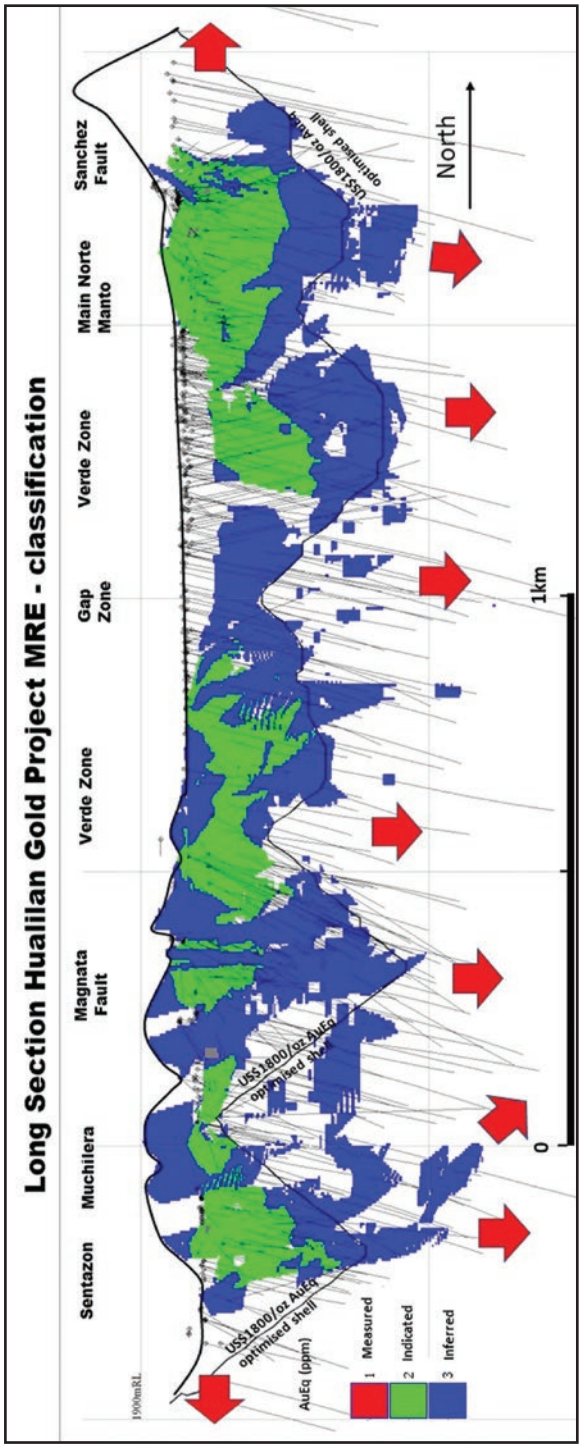

Figure 2 – Long section (MRE classification)

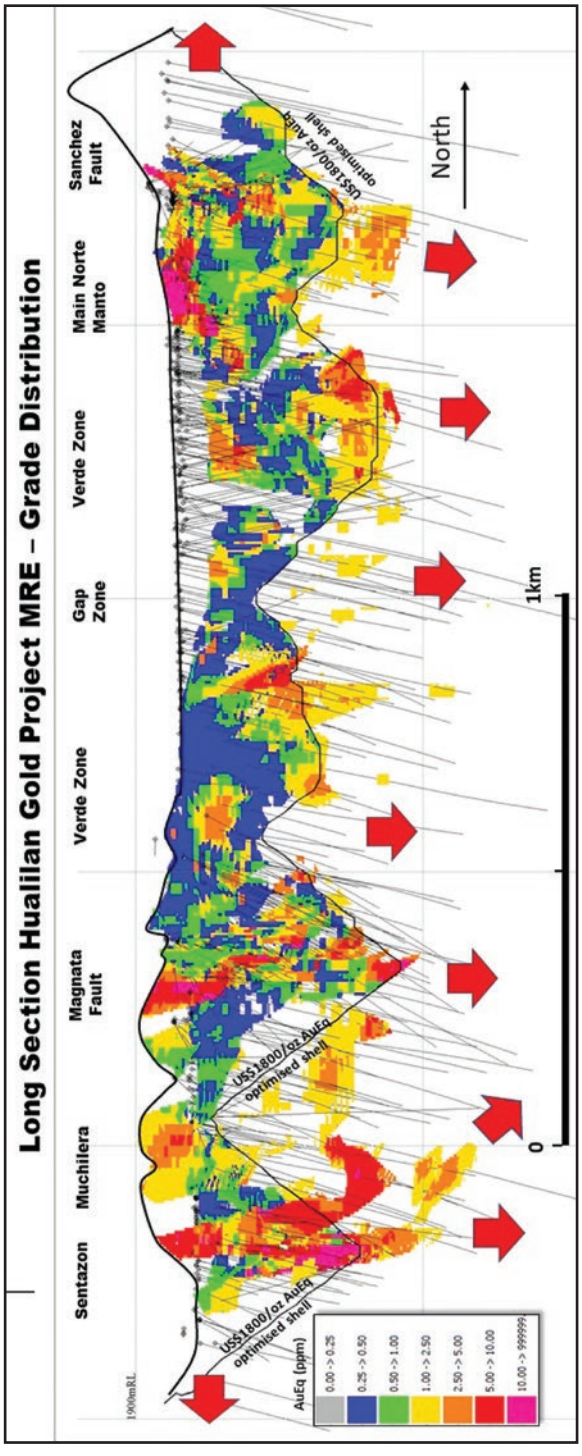

Figure 3 – Long Section (MRE block model)

Growth Potential from Drill intercepts that have not impacted the MRE

The MRE includes significant intersections from 499 of the Company's drill holes however there remains many significant intercepts that have not impacted the MRE. Of these intersections several are located 500 to 600 metres outside the resource limits, many require additional infill drilling, several define new zones of mineralisation which are currently being followed up with drilling with the majority located below the US$1800 (0.25 g.t AuEq) optimised pit shell. Some of these intercepts are listed in Table 4 below.

Table 4 – Selected drill intercepts that were not impacted by the Resource Estimate

Drillhole	Intercept (AuEq)	Comment	Gram Metres
GNDD-113	**104.0m at 1.7 g/t AuEq** from 262.0m **30.0m at 0.4 g/t AuEq** from 390.0m	top 30 metres only falls within the optimised pit shell below the optimised pit shell	**176.8** **12.0**
GNDD-394	**5.0m at 8.7 g/t AuEq** from 224.0m inc **3.0m at 14.3 g/t AuEq**	hole located approximately 400 metres north-west of the current resource limit	**43.5**
FHNV10-1B	**9.2m at 5.1 g/t AuEq** (channel) inc **4.6 m at 9.5 g/t AuEq**	located 600 metres south of the resource boundary	**47.2**
FHNV10-02	**13.0m at 15.5 g/t AuEq** (channel) inc **8.5m at 21.9 g/t AuEq**	located 600 metres south of the resource boundary	**201.3**
FHNV10-03	**12.7m at 4.4 g/t AuEq** (channel)	located 600 metres south of the resource boundary	**56.0**
FHNV10-04	**4.2m at 8.1 g/t AuEq** (channel)	located 600 metres south of the resource boundary	**34.6**
FHNV10-05	**1.7m at 16.4 g/t AuEq** (channel)	located 600 metres south of the resource boundary	**27.4**
FHNV10-06	**3.8m at 14.6 g/t AuEq** (channel)	located 600 metres south of the resource boundary	**55.8**
GNDD-256	**8.0m at 1.0 g/t AuEq** from 104.0m inc **2.0m at 2.0 g/t AuEq**	100 metres south of resource boundary	**8.0**
GNDD-434	**67.6m at 2.6 g/t AuEq** from 24.4m	Only top 20 metre of this intersection within the optimised pit shell requires down dip drilling	**175.8**
GNDD-336	**2.9m at 17.7 g/t AuEq** from 312.0m	Below optimised pit shell requires follow up drilling	**51.3**
GNDD-254	**26.8m at 1.9 g/t AuEq** from 363.0m inc **6.0m at 4.7 g/t AuEq**	Below optimised pit shell new zone below Verde needs follow up drilling	**49.4**
GNDD-106	**4.0m at 2.6 g/t AuEq** from 121.0m **8.0m at 0.5 g/t AuEq** from 205.0m	Below the optimised pit shell Below the optimised $1800 pit shell	**10.4** **4.0**
GNDD-336	**2.9m at 17.7 g/t AuEq** from 312.0m	Below optimised pit shell requires follow up drilling	**51.3**

Drillhole	Intercept (AuEq)	Comment	Gram Metres
GNDD-254	**26.8m at 1.9 g/t AuEq** from 363.0m inc **6.0m at 4.7 g/t AuEq**	Below optimised pit shell new zone below Verde needs follow up drilling	**49.4**
GNDD-106	**4.0m at 2.6 g/t AuEq** from 121.0m **8.0m at 0.5 g/t AuEq** from 205.0m	Below the optimised pit shell Below the optimised $1800 pit shell	**10.4** **4.0**
GNDD-088a	**39.0m at 5.6 g/t AuEq** from 224.0m	Below optimised pit shell and requires infill drilling	**218.4**
GNDD-515	**19.6m at 0.8 g/t AuEq** from 298.4m inc **6.0m at 1.5 g/t AuEq** **6.0m at 4.2 g/t AuEq** from 376.0m	Below optimised pit shell Below optimised pit shell and needs follow up drilling	**15.7** **25.2**
GNDD-250	**30.0m at 0.4 g/t AuEq** from 80.0m inc **5m at 1.3 g/t AuEq**	Below optimised pit shell	**12.0**
GNDD-306	**25.0m at 0.6 g/t AuEq** from 78.0m inc **8m at 1.2 g/t AuEq**	Below optimised pit shell	**15.0**
GNDD-532	**14.5m at 2.1 g/t AuEq** from 93.0m inc **9.0m at 2.9 g/t AuEq** **10.9m at 2.6 g/t AuEq** from 416.5m	Below optimised pit shell Below optimised pit shell new Zone requires follow up drilling	**29.4** **28.4**
GNDD-512	**37.0m at 0.6 g/t AuEq** from 196.0m inc **4.0m at 1.6 g/t AuEq**	Below optimised pit shell	**22.2**
GNDD-432	**37.4m at 0.8 g/t AuEq** from 246.0m inc **1.3m at 7.0 g/t AuEq**	Below optimised pit shell	**29.9**
GNDD-500	**67.5m at 0.3 g/t AuEq** from 81.5m **40.0m at 0.8 g/t AuEq** from 267.9m	Below optimised pit shell Below optimised pit shell	**20.3** **32.0**
GNDD-343	**55.0m at 0.7 g/t AuEq** from 190.0m	Below optimised pit shell	**38.5**
GNDD-348e	**53.0m at 0.5 g/t AuEq** from 227.0m	Below optimised pit shell	**26.5**
GNDD-326	**2.0m at 7.5 g/t AuEq** from 288.0m	400m east of resource new zone needs follow up	**15.0**
GNDD-471	**7.0m at 1.3 g/t AuEq** from 372.0m inc **2.0m at 3.9 g/t AuEq**	Extension of Verde Zone below optimised pit shell. Requires infill drilling as the hole was a 160m step out	**9.1**
GNDD-134	**20.0m at 1.5 g/t AuEq** from 519.0m inc **2.9m at 9.8 g/t AuEq**	New zone which required follow up drilling below optimised pit shell	**30.0**
GNDD-416	**4.4m at 17.1 g/t AuEq** from 240.0m **1.1m at 44.9 g/t AuEq** from 530.7m **1.3m at 4.0 g/t AuEq** from 424.6m	New zone below optimised pit shell follow up drilling required New zone below optimised pit shell follow up drilling required New zone below optimised pit shell follow up drilling required	**75.2** **49.4** **5.2**
GNDD-207	**25.6m at 0.4 g/t AuEq** from 217.4m	Below optimised pit shell	**10.3**
GNDD-437	**26.6m at 2.2 g/t AuEq** from 348.5m inc **4.2m at 12.7 g/t AuEq**	new zone below Verde requires follow up drilling (below optimised pit shell)	**58.5**
GNDD-329e	**14.0m at 1.2 g/t AuEq** from 104.0m **68.0m at 0.5 g/t AuEq** from 282.0m	Within optimised pit requires infill drilling below optimised pit shell	**16.8** **34.0**

Drillhole	Intercept (AuEq)	Comment	Gram Metres
GNDD-308e	**36.8m at 0.6 g/t AuEq** from 258.3m **45.0m at 0.4 g/t AuEq** from 640.0m inc **27.0m at 0.6 g/t AuEq** **4.0m at 5.8 g/t AuEq*** from 1009m	Below optimised pit shell Below optimised pit shell new zone requires follow up drilling Below optimised pit shell new zone requires follow up drilling	**22.1** **18** **23.2**
GNDD-547	**3.7m at 7.3 g/t AuEq** from 157.0,m	Below optimised pit shell new zone requires follow up drilling	**27.1**
GNDD-373	**50.7m at 0.5 g/t AuEq** from 376.9m	Below optimised pit shell	**25.4**
GNDD-285	**2.0m at 6.9 g.t AuEq** from 393.0m	Below optimised pit shell new zone requires follow up drilling	**13.8**
GNDD-325	**32.5m at 0.8 g/t AuEq** from 301.1m inc **15.5m at 1.4 g.t AuEq**	Below optimised pit shell	**26.0**
GNDD-200	**66.8m at 0.7 g/t AuEq** from 168.3m	Below optimised pit shell	**46.8**
GNDD-082	**34.1m at 1.6 g/t AuEq** from 193.4m	Below optimised pit shell	**54.6**
GNDD-345	**70.5m at 0.5 g/t AuEq** from 227.0m	Below optimised pit shell	**35.3**
GNRC-104	**4.0m at 12.0 g/t AuEq** from104.0m	Below optimised pit shell	**48.0**
GNDD-504	**15.4m at 1.1 g/t AuEq** from 448.0m	Below optimised pit shell	**16.9**
GNDD-115	**34.5m at 0.3 g/t AuEq** from 176.5m	Below optimised pit shell and requires follow up drilling	**10.4**
GNDD-356	**27.0m at 0.5 g/t AuEq** from 263.0m	Below optimised pit shell	**13.5**
GNDD-484	**21.0m at 0.6 g/t AuEq** from 343.0m	Below optimised pit shell	**12.6**
GNDD-298	**21.0m at 0.8 g/t AuEq** from 148.0m	Below optimised pit shell	**16.8**
GNDD-406	**24.0m at 0.5 g/t AuEq** from 242.0m **0.5m at 90.3 g/t AuEq** from 349.5m	Below optimised pit shell Below optimised pit shell needs follow up drilling	**12.0** **45.2**
GNDD-237	**2.0m at 17.5 g/t AuEq** from 349.7m	Below optimised pit shell	**35.0**
GNDD-409	**22.0m at 1.3 g/t AuEq** from 83.0m inc **10.0m at 2.5 g/t AuEq**	Below optimised pit shell new zone needs follow up drilling	**28.6**
GNDD-459	**43.0m at 0.5 g/t AuEq** from 339.0m	Below optimised pit shell needs infill drilling	**21.5**
GNDD-433	**22.0 at 0.7 g/t AuEq** from178.0m	Below optimised pit shell extreme northern extension of Verde Zone limited drilling requires follow up drilling	**15.4**
GNRDC-084	**21.0m at 0.9 g/t AuEq** from 78.0m	Below optimised pit shell requires follow up drilling	**18.9**
GNDD-138	**54.0m at 0.4 g/t AuEq** from 43.0m	within optimised pit required infill drilling	**21.4**
GNDD-527	**5.0m at 1.9 g/t AuEq** from 410.0m inc **3.1m at 2.9 g/t AuEq**	Below pit shell new zone discovery requires follow up drilling	**9.5**

Drilling Solidifies Outlook for a Significant Uplift to the Maiden MRE

During the year the Company released results from drilling targeting extensions to the mineralisation at the Company's flagship Hualilan Gold Project, in San Juan Argentina. The results include the first drill holes that were not included in the Company's maiden 2.1 million ounce AuEq Mineral Resource Estimate (MRE).

The results continue to exceed the Company's expectations and confirms that mineralisation remains open in all directions, the majority of the new mineralisation is high-grade, and there is clear potential for the MRE to grow significantly via extension and infill drilling. Several recently completed holes (assays pending) opened new high-grade targets for extension drilling and the Company believes that Hualilan will remain open in all directions at the completion of the current 204,000 metres.

In addition to the strong results from drilling designed to extend the mineralisation outside the interim MRE boundary several infill holes, often between holes with minimal grade, have returned significant high grade results which is enormously encouraging.

Significant intersections received after the MRE cut-off date

Table 5 shows the contribution to the maiden 2.1Moz AuEq[1] MRE by domain. While drilling has been ongoing in all domains as mineralisation remains open in all directions, the majority of the drilling, following the completion of the maiden Hualilan MRE, has been focussed in five areas.

1. **The Magnata Fault:** where high-grade mineralisation remains open in both directions along strike and at depth
2. **Sentazon:** where in addition to the mineralisation remaining open to the south along strike a significant new high-grade discovery has been made at depth
3. **Verde Zone (at depth):** where a significant new high-grade skarn/endoskarn zone is emerging down dip of parts of the Verde Zone
4. **Verde Zone (north):** where drilling continues to extend the mineralisation north along strike and at depth with mineralisation open in both these directions
5. **South Verde:** where drilling continues to extend the Verde Zone south of the Magnata Fault along strike and at depth with mineralisation open in both these directions

The results reported in this Annual Report comprise the first half of the Verde, Southern Verde, and Gap Zone drilling completed post the release of the maiden and interim MRE. This release also includes the results for the first holes targeting extensions on the Magnata Fault for which assays have been received. Results for the majority of the Magnata Fault, Sentazon and Sentazon Deeps, Sanchez Fault and the deeper high-grade zones within Verde remain pending.

Domain	Tonnes	'000 oz AuEq [1]	Comments
Sanchez Fault	673,754	87,212	Open at depth and to the east
Norte Manto	510,533	97,954	Open north along strike
Magnata Fault	4,309,440	406,521	Open to the east and west and at depth (Drilling Focus)
Magnata Manto	571,746	63,106	Open up dip and along strike
Muchilera Manto	299,504	18,532	Open along strike and at depth
Sentazon MM and FW	1,967,110	334,655	Significant depth extensions, open south (Drilling Focus)
Verde Skarn Zones	2,151,908	177,503	Open at depth and along strike (Drilling Focus)
Skarn Mineralisation	**10,483,995**	**1,185,484**	**Sub-total (high grade skarn domains)**
Verde	17,472,119	470,233	Open at depth and north along strike (Drilling Focus)
Gap Zone	5,063,971	140,228	Open at depth and along strike
South Verde	14,654,682	336,855	Open at depth and south along strike (Drilling Focus)
Intrusion/Sediment-hosted	**37,190,772**	**947,316**	**Sub-total (intrusion/sediment-hosted domains)**
Total MRE	**47,674,767**	**2,132,800**	**(Refer Table 1 and Table 2 of this Financial Report)**

Table 5 – Maiden Hualilan Mineral resource estimate by domains

Verde and Gap Zone Drilling

The Verde Zone contributes almost 1 million ounces gold equivalent1 (Table 5) to the current Hualilan MRE when the new high-grade zones at depth are included. The Verde Zone was a CEL discovery targeted using surface magnetics and IP (Induced Polarisation) at the Hualilan Gold Project. The discovery hole (ASX release 2/3/21) returned 125.5 metres at 1.1 g/t AuEq including 71.0 metres at 1.8 g/t AuEq (GNDD-169). The Verde Zone covers 2.0 kilometres of strike and mineralisation remains open along strike and at depth.

Mineralisation in the Verde Zone is oriented north-south, is 50 to 100 metres wide, and hosted by bedding parallel fault-fracture zones in sediments and steeply dipping fracture zones in intrusives. A lower grade halo of mineralisation extends into the overlying sedimentary rocks which have been locally brecciated by the hydrothermal fluids during mineralisation. The overlying mineralisation in the sedimentary rocks dips to the west at 30-50° and is up to 50 metres thick. This overlying halo of lower grade mineralisation is a useful exploration guide to vector to the deeper intrusion-hosted mineralisation. As drilling extends deeper, zones of high-grade skarn mineralisation are being intersected at both limestone-intrusive contacts and also within limestone which is analogous to the Main Norte and Sentazon Manto mineralisation.

The infill and extension drilling at the Verde and Gap Zones is designed as a series of fences of holes at 40 metre spacing along strike. Holes on each fence were collared to target the mineralisation 40 metres below the previous hole. The intention is to drill the entire 2.0 kilometre Verde Zone down to 400 metres vertically on 40 x 40 metre spacing. The infill portion of this program is ongoing as mineralisation continues to be extended further north and south along strike, and at depth. Accordingly, the focus has been to continue expanding the footprint of the mineralisation rather than infill drilling.

GNDD-530 – Verde Zone
(South of the Magnata Fault)

GNDD-530 was a test for extensions of the Verde style mineralisation, south of the Magnata Fault, at depth. The hole was collared to test 80 metres below GNDD-500 which intersected 67.6 metres at 0.3 g/t AuEq from 81.5m and 40.0 metres at 0.8 g/t AuEq from 267.0m. GNDD-530 intersected three zones of mineralisation – **28.5 metres at 5.3 g/t AuEq (5.0 g/t Au, 23.9 g/t Ag, 0.02 % Pb, 0.03 % Zn)** from 357.5m, **23.0 metres at 0.3 g/t AuEq (0.3 g/t Au, 1.2 g/t Ag, 0.01 % Pb, 0.02 % Zn)** from 107.0m, and **54.0 metres at 0.4 g/t AuEq (0.3 g/t Au, 2.0 g/t Ag, 0.01 % Pb, 0.06 % Zn)** from 159.0m.

All three intersections extended the mineralisation 80 metres down dip of the current MRE boundary with the deepest intersection **(28.5m at 5.3 g/t AuEq)** demonstrating significantly improved grades at depth which is becoming common in the Verde Style mineralisation at depth. The second intersection **(54.0m at 0.4 g/t AuEq)** significantly expanded the width of the mineralisation.

Figure 4 shows the MRE block model in section and GNDD-530. On this section the mineralisation below the US$1800 optimised pit shell was not included in the MRE as it has a grade of less than the 1.0 g/t AuEq cut off used for reporting the underground component of the MRE. This area of the MRE is relatively lightly drilled with additional drilling planned along strike and both up and down-dip. The higher grade mineralisation intersected at depth in GNDD-530, and any additional high-grades in infill and extensional drilling, has the potential to significantly deepen the US$1800 optimised pit shell which would provide a material increase to the current MRE.

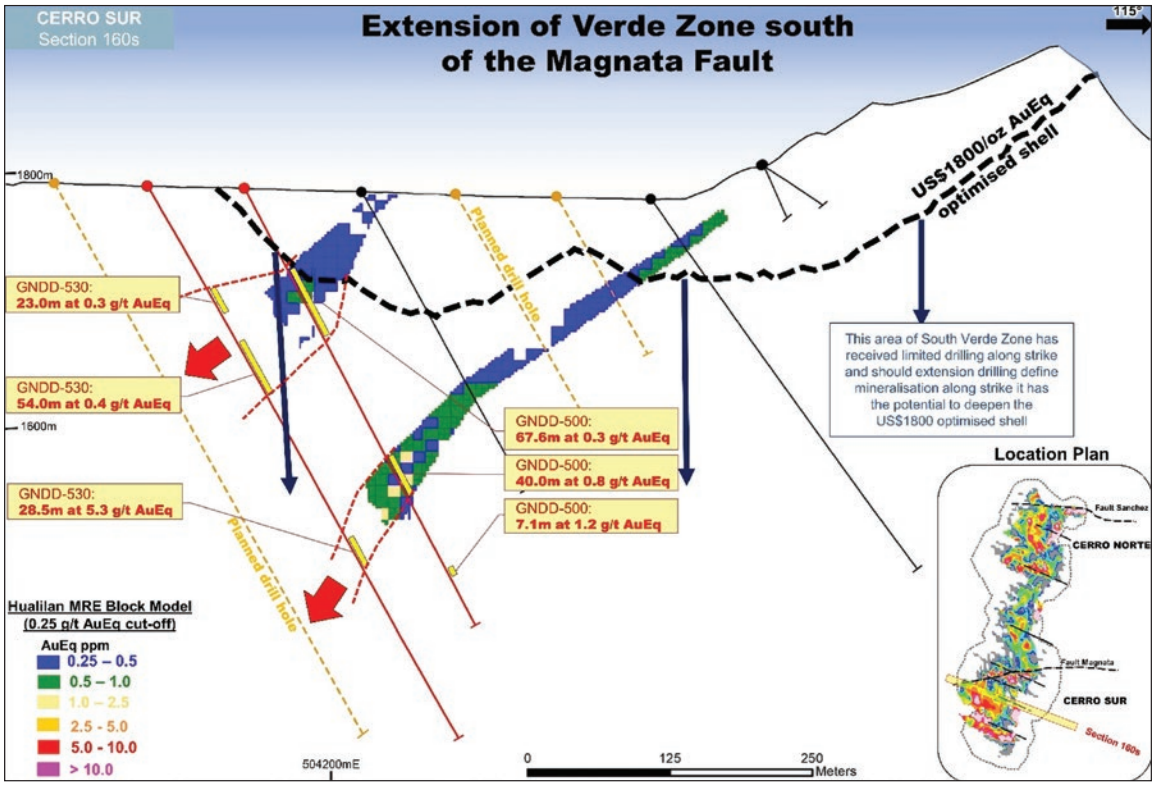

Figure 4 – Cross Section GNDD-530

GNDD-563 – Northern Verde Zone

The results of GNDD-563 are significant, as the hole is on the northern most section of the Verde Zone and only a minor amount of mineralisation was included in the maiden MRE from this section (Figure 5). GNDD-563 intersected a broad zone of consistent mineralisation 75 metres up-dip of the maiden MRE boundary and several follow-up holes (assays pending) indicate extensive mineralisation.

The upper intercept in GNDD-563 of **34.4 metres at 0.8 g/t AuEq (0.5 g/t Au, 2.0 g/t Ag, 0.2 % Pb, 0.5 % Zn)** from 59.0m including **6.3 metres at 2.4 g/t AuEq (1.1 g/t Au, 7.7 g/t Ag, 1.1 % Pb, 2.2 % Zn)** and **2.0 metres at 3.1 g/t AuEq (3.0 g/t Au, 0.4 g/t Ag, 0.04 % Pb, 0.05 % Zn)** in GNDD-563 lies within the current US$1800 optimised pit. Additionally, the results of GNDD-563 and the significant sulphide zones logged in adjacent drill holes GNDD-657, GNDD-686 and GNDD-697 (all assays pending) demonstrate that the Verde Zone mineralisation at its northern limit appears be up to 50 metres true width, strong, consistent between drill holes, open at depth and within the existing US$1800 optimised pit shell.

GNDD-563 intersected several deeper zones of mineralisation including **3.1 metres at 0.5 g/t AuEq (0.4 g/t Au, 0.6 g/t Ag, 0.02 % Pb, 0.1 % Zn)** from 125.0m and **20.0 metres at 0.4 g/t AuEq (0.3 g/t Au, 1.7 g/t Ag, 0.04 % Pb, 0.1 % Zn)** from 182.0m. These intersections correlate with a deeper intersection in GNDD-433 and appear to form a new deeper zone of mineralisation that will require follow up.

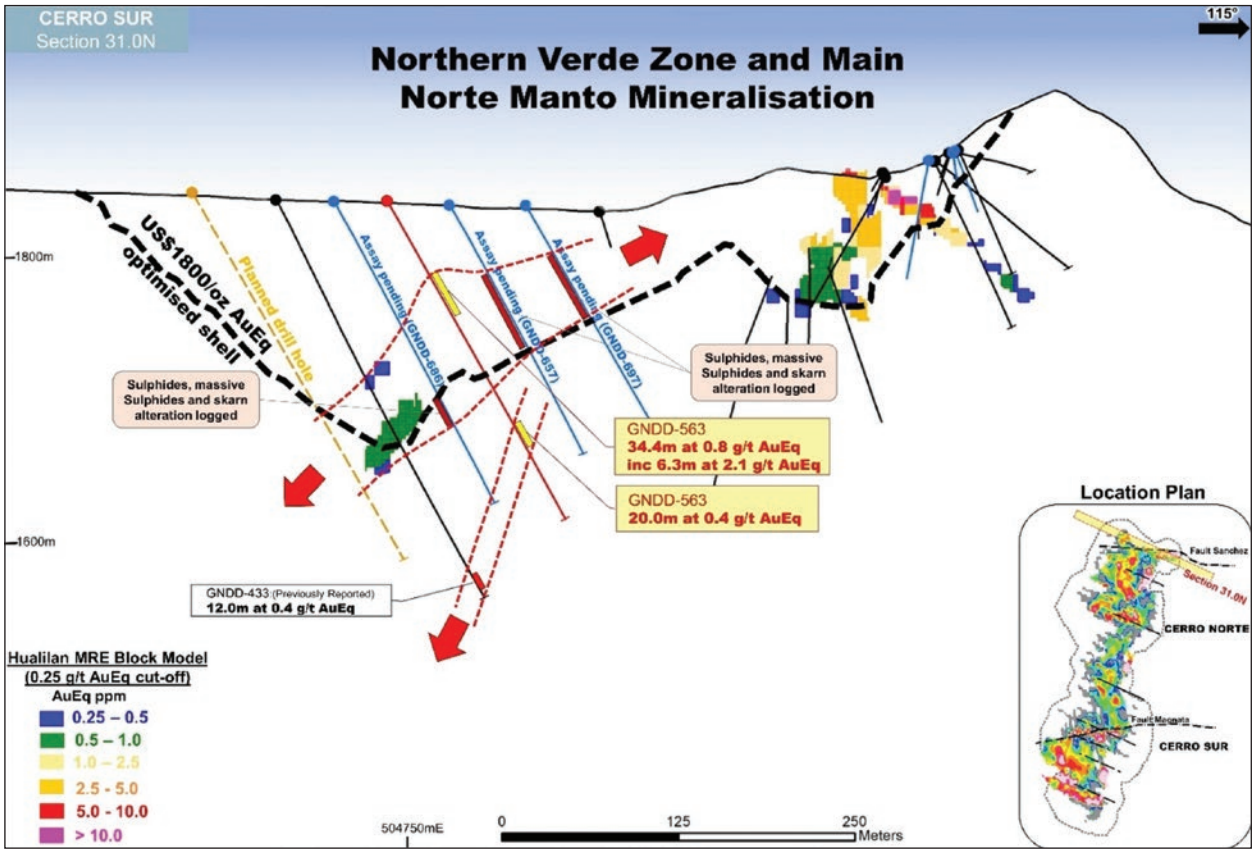

Figure 5 – Cross Section GNDD-563 and northern most Verde Zone drilling

GNDD-533 – Verde Zone

GNDD-533 was drilled as an infill hole between GNDD-187e and GNDD-406. The hole intersected significantly higher grades than the two surrounding holes included in the MRE intersecting **1.4 metres at 75.1 g/t AuEq (67.0 g/t Au, 101 g/t Ag, 0.04 % Pb, 15.0 % Zn)** from 362.0m and **0.7 metres at 17.0 g/t AuEq (16.6 g/t Au, 5.7 g/t Ag, 0.7 % Zn)** from 378.2m. The high grades correlate with an intersection of 0.5 metres at 90.3 g/t AuEq in GNDD-406 downdip and demonstrate the high-grade zones are continuous between drill holes.

Additionally, GNDD-533 intersected a deeper zone of mineralisation intersecting **21.0 metres at 0.4 g/t AuEq (0.4 g/t Au, 0.9 g/t Ag, 0.01 % Zn)** from 473.0m including **2.0 metres at 1.2 g/t AuEq (0.3 g/t Au, 32.6 g/t Ag, 0.04 % Pb, 1.4 % Zn)**. As Figure 7 shows this deeper intersection correlates with intersections of 26.8 metres at 1.9 g/t AuEq including 6.0m at 4.7 g/t AuEq and 4.8 metres at 2.9 g/t AuEq (GNDD0254); 5.3 metres at 1.5 g/t AuEq including 0.7 metres at 10.0 g/t AuEq (GNDD-406); and 0.5 metres at 11.8 g/t AuEq and 0.5 metres at 3.0 g/t AuEq (GNDD-187e).

None of these intersections were included in the maiden MRE as potential wireframes could not be extended across three adjacent drill holes however, they now form a new discrete and continuous zone of mineralisation that will be captured in an updated MRE.

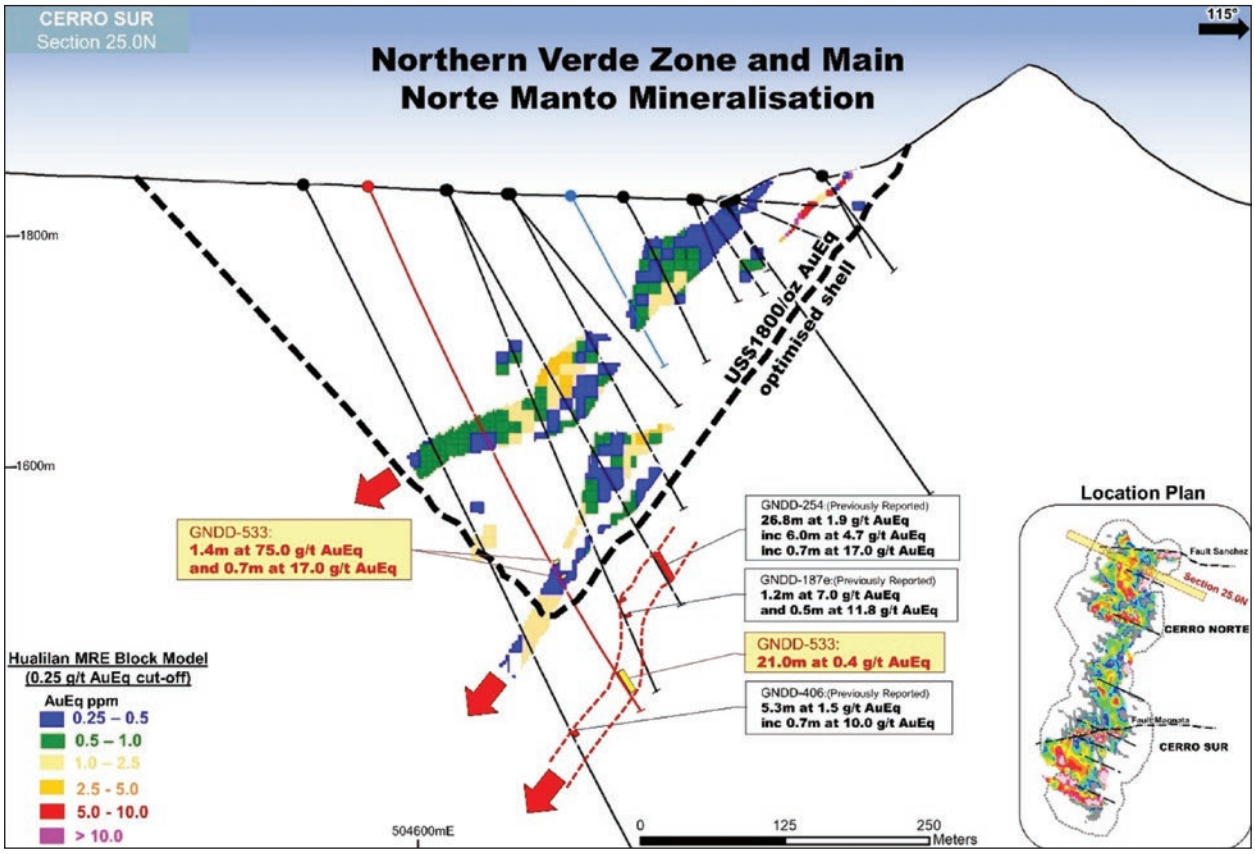

Figure 6 – Cross Section GNDD-533

GNDD-550 – Verde Zone

GNDD-550 was collared as a down dip test of the central Verde Zone below GNDD-438 which had intersected five zones of mineralisation including 17.0 metres at 1.2 g/t AuEq from 218.2m. GNDD-550 intersected three zones on mineralisation including **4.4 metres at 3.3 g/t AuEq (1.0 g/t Au, 16.0 g/t Ag, 0.03 % Pb, 4.5 % Zn)** from 373.3m, **2.1 metres at 4.8 g/t AuEq (3.7 g/t Au, 27.0 g/t Ag, 0.01 % Pb, 1.7 % Zn)** from 425.0m, and **5.5 metres at 2.2 g/t AuEq (0.5 g/t Au, 15.3 g/t Ag, 0.02 % Pb, 3.3 % Zn)** from 437.5m.

The intersections extend the mineralisation 100 metres below the MRE boundary with mineralisation remaining open at depth. Consistent with what is being seen elsewhere in the Verde Zone grades are increasing at depth with a skarn component of mineralisation developing. Deeper drilling will resume most likely after the upgraded MRE.

GNDD-508 – Southern Verde Zone

GNDD-508 was collared in the Verde Zone north of the Magnata Fault. The hole intersected **1.4 metres at 1.0 g/t AuEq (0.9 g/t Au, 2.0 g/t Ag, 0.1 % Pb, 0.3 % Zn)** from 89.8m and **3.4 metres at 0.4 g/t AuEq (0.2 g/t Au, 8.6 g/t Ag, 0.2 % Zn)** from 125.0 metres, both of which lie within the optimised $1800 pit shell and are new zones of mineralisation. A third intersection **24.0 metres at 0.4 g/t AuEq (0.3 g/t Au, 0.5 g/t Ag, 0.04 % Pb, 0.06 % Zn)** from 167.0m is also a new zone of mineralisation and is located just below the current optimised pit shell. A fourth deeper intersection **2.0 metres at 1.2 g/t AuEq (1.1 g/t Au, 7.0 g/t Ag, 0.02 % Pb, 0.09 % Zn)** extends the Verde Zone mineralisation 40 metres below the MRE boundary in this location.

GNDD-506, GNDD-536, GNDD-537 - Central Gap Zone

As Figure 7 shows, the Central Gap and Verde Zone remain relatively lightly drilled. Assays have now been received for drill holes GNDD-506, GNDD-536, GNDD-537, part of the resource drill out in the Central Gap and Verde Zones which are expected to materially increase the MRE.

The near surface intercept in GNDD 506 of **2.1 meres at 1.0 g/t AuEq (0.02 g/t Au, 4.5 g/t Ag, 0.1 % Pb, 1.9 % Zn)** from **116.1m and 10.6 metres at 0.9 g/t AuEq (0.9 g/t Au, 1.1 g/t Ag, 0.1 % Zn)** extended the mineralisation 125 metres above the current MRE boundary with this extension within the $1800 Au optimised pit shell used to define the MRE. The deeper intercepts including **8.6 metres at 1.0 g/t AuEq (0.9 g/t Au, 1.3 g/t Ag, 0.1 % Zn)** from 205.4m, **35.2 metres at 0.6 g/t AuEq (0.3 g/t Au, 1.4 g/t Ag, 0.5 % Zn)** from 238.4m and **8.0 metres at 0.5 g/t AuEq (0.4 g/t Au, 0.5 g/t Ag, 0.1 % Zn)** from 294.0m extend the second eastern zone of Gap Zone mineralisation 80 metres below the current MRE boundary, with much of this extension inside the US$1800 optimised pit shell.

In GNDD-536, the intercept of **6.6 metres at 6.4 g/t AuEq (4.2 g/t Au, 50.0 g/t Ag, 3.4 % Zn)** from 552.0m including **1.8 metres at 22.1 g/t AuEq (14.2 g/t Au, 183 g/t Ag, 0.04 % Pb, 12.5 % Zn)** extends the Gap Zone mineralisation 100 metres below the current MRE boundary. The intersection of **24.2 metres at**

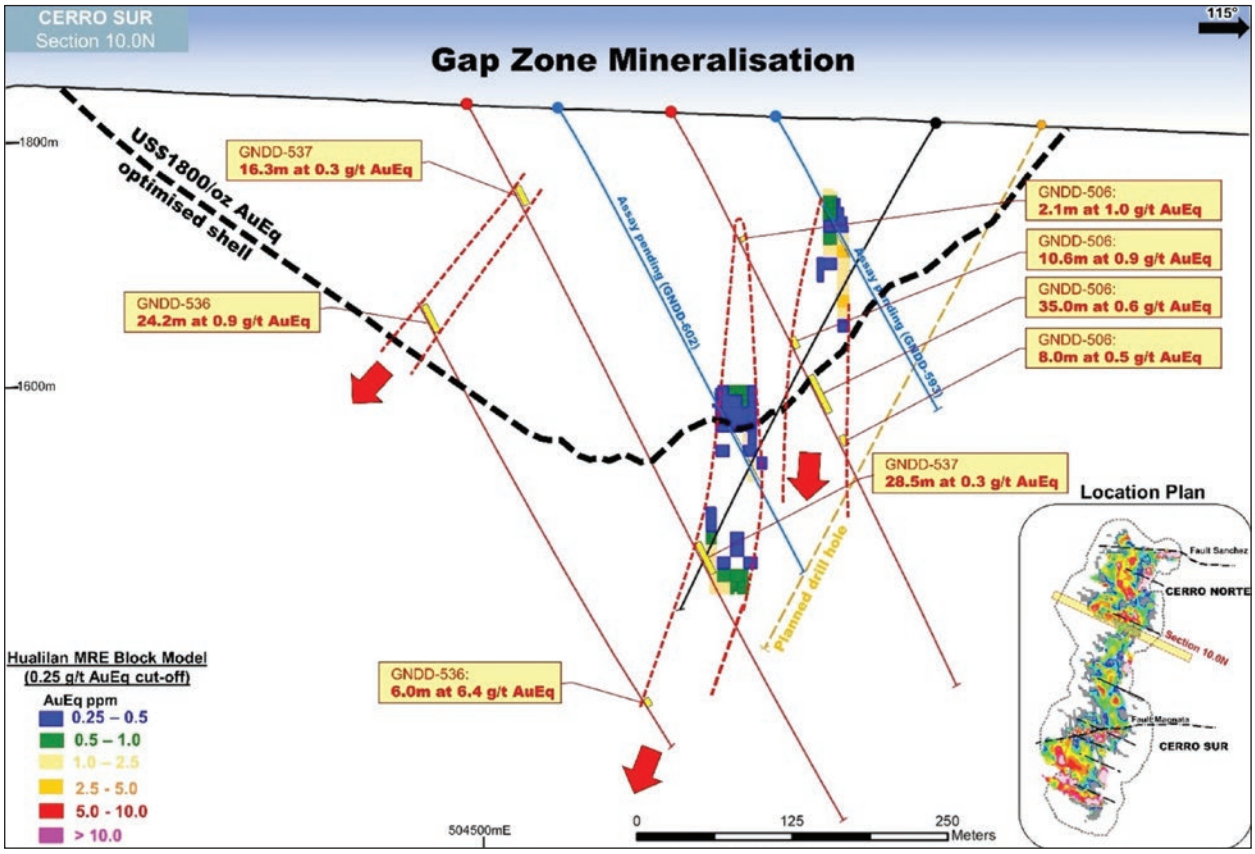

Figure 7 – Gap Zone Cross Section GNDD-506, GNDD-536, GNDD-537 and holes assays pending

0.9 g/t AuEq (0.7 g/t Au, 1.7 g/t Ag, 0.2 % Zn) from 188.8m including **1.8 metres at 4.1 g/t AuEq (2.9 g/t Au, 13.4 g/t Ag, 2.2 % Zn)** and **2.0 metres at 4.4 g/t AuEq (4.4 g/t Au, 0.1 g/t Ag)** correlates with the intersection in GNDD-537of **16.3 metres at 0.3 g/t AuEq (0.3 g/t Au, 1.2 g/t Ag)** from 78.0 m. The intersection of **12.2 metres at 0.4 g/t AuEq (0.4 g/t Au, 0.4 g/t Ag)** in GNDD-536, from 240.5m is also a new zone at Verde which correlates with an intersection of **6.0 metres at 0.3 g/6t AuEq (0.2 g/t Au, 0.6 g/t Ag, 0.03 % Pb, 0.03 % Zn)** from 144.0m in GNDD-537. Both of these new zones of mineralisation lie inside the optimised US$1800 pit shell.

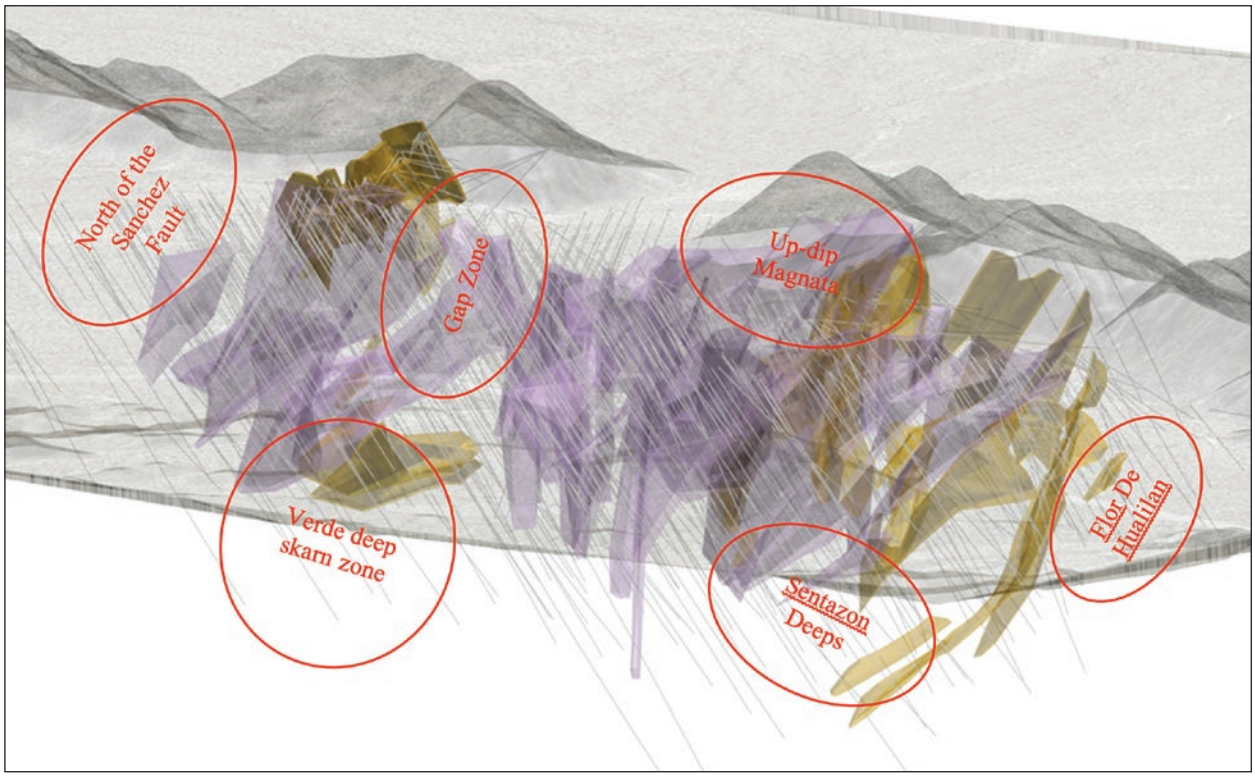

Figure 8 – 3D Model current MRE showing main areas of Focus for current Resource Extension drilling

GNDD-514 – Gap Zone

GNDD-514 was designed as a deep test of the Gap Zone Mineralisation. The hole intersected **1.4 metres at 4.6 g/t AuEq (0.6 g/t Au, 268 g/t Ag, 0.6 % Pb, 1.5 % Zn)** from 294.0m and **8.1 metres at 1.6 g/t AuEq (1.0 g/t Au, 12.7 g/t Ag, 0.1 % Pb, 1.0 % Zn)** from 307.8 m and **2.4 metres at 11.6 g/t AuEq (8.5 g/t Au, 59.1 g/t Ag, 0.1 % Pb, 5.2 % Zn)** from 324.1 metres. These intersections are new zones of higher grade contact skarn mineralisation which occur at the contact between the limestone-intrusion. These intersections are 100 metres east of the current MRE boundary and have been followed up by deeper hole GNDD-566 (assays pending).

GNDD-521 and GNDD-535 – Gap Zone

GNDD-521 is located in the gap zone and was designed to test for mineralisation east of the Gap Zone. The hole intersected **40.0 metres at 0.3 g/t AuEq (0.2 g/t Au, 2.0 g/t Ag)** from 267.0m including **5.0 metres at 1.0 g/t AuEq (0.8 g/t Au, 3.4 g/t Ag, 0.1 % Pb, 0.3 % Zn)**. GNDD-535 was collared 80 metres north along strike from GNDD-521 and was also designed to test for mineralisation east of the Gap Zone. Like GNDD-521, GNDD535 intersected lower grade mineralisation intersecting **22.3 metres at 0.3 g/t AuEq (0.2 g/t Au, 0.4 g/t Ag, 0.1 % Zn)** from 392.0m and **12.0 metres at 0.4 g/t AuEq (0.4 g/t Au, 0.1 g/t Ag)** from 428.0m. These intersections are interpreted as a new zone of mineralisation located east of the current MRE boundary. Their orientation is not yet understood and the new zones will require follow up drilling.

GNDD-570 – Verde Zone

GNDD-570 and GNDD-612 were collared on the northern most fence of drilling on the Verde Zone in an area that had seen limited drilling prior to the MRE cut-off date. GNDD-570 was collared to test 80 metres up-dip of GNDD-226 (16 metres at 0.6 g/t AuEq and 44.0 metres at 0.5 g/t AuEq), the most northerly Verde Zone intersection included in the current MRE.

The intersections in GNDD-570 of **22.2 metres at 0.9 g/t AuEq (0.6 g/t Au, 3.7 g/t Ag, 0.4% Pb, 0.4% Zn)** from 55.8m including **7.3 metres at 1.8 g/t AuEq (1.4 g/t Au, 9.0 g/t Ag, 0.8% Pb, 0.4% Zn)** and **10.0 metres at 0.4 g/t AuEq (0.3 g/t Au, 1.4 g/t Ag, 0.2% Zn)** from 95.0m extend the Verde Zone mineralisation 80 metres up-dip of the current MRE boundary to near surface (Figure 9).

GNDD-612

GNDD-612 was drilled as an infill hole between GNDD-427 and GNDD-570 based on the mineralisation logged in GNDD-570. It intersected **35.3 metres at 1.2 g/t AuEq (0.9 g/t Au, 2.7 g/t Ag, 0.3% Pb, 0.5% Zn)** from 64.9 metres including **8.0 metres at 4.5 g/t AuEq (3.4 g/t Au, 8.4 g/t Ag, 0.9% Pb, 1.7% Zn)** and **14.0 metres at 1.1 g/t AuEq (1.0 g/t Au, 1.1 g/t Ag, 0.2% Zn)** from 117.0m. Additionally, GNDD-612 intersected a zone of deeper mineralisation with an intersection of **14.5 metres at 1.1 g/t AuEq (0.9 g/t Au, 6.3 g/t Ag, 0.1% Zn)** from 148.0 metres including **4.0 metres at 2.5 g/t AuEq (2.4 g/t Au, 4.7 g/t Ag, 0.1% Pb, 0.1% Zn)**.

These three intersections lie within a broad zone of **97.6 metres at 0.8 g/t AuEq** (including internal dilution) confirming the continuity of the mineralisation and indicating that the Verde Zone has thickened considerably at this location. Additionally, the intersections are significantly higher-grade than the intersections in earlier drilling, confirming that the mineralisation at the northern limit of the Verde Zone remains strong and open to the north. Results for GNDD-680, collared to test 40 metres down dip of GNDD-427 are pending.

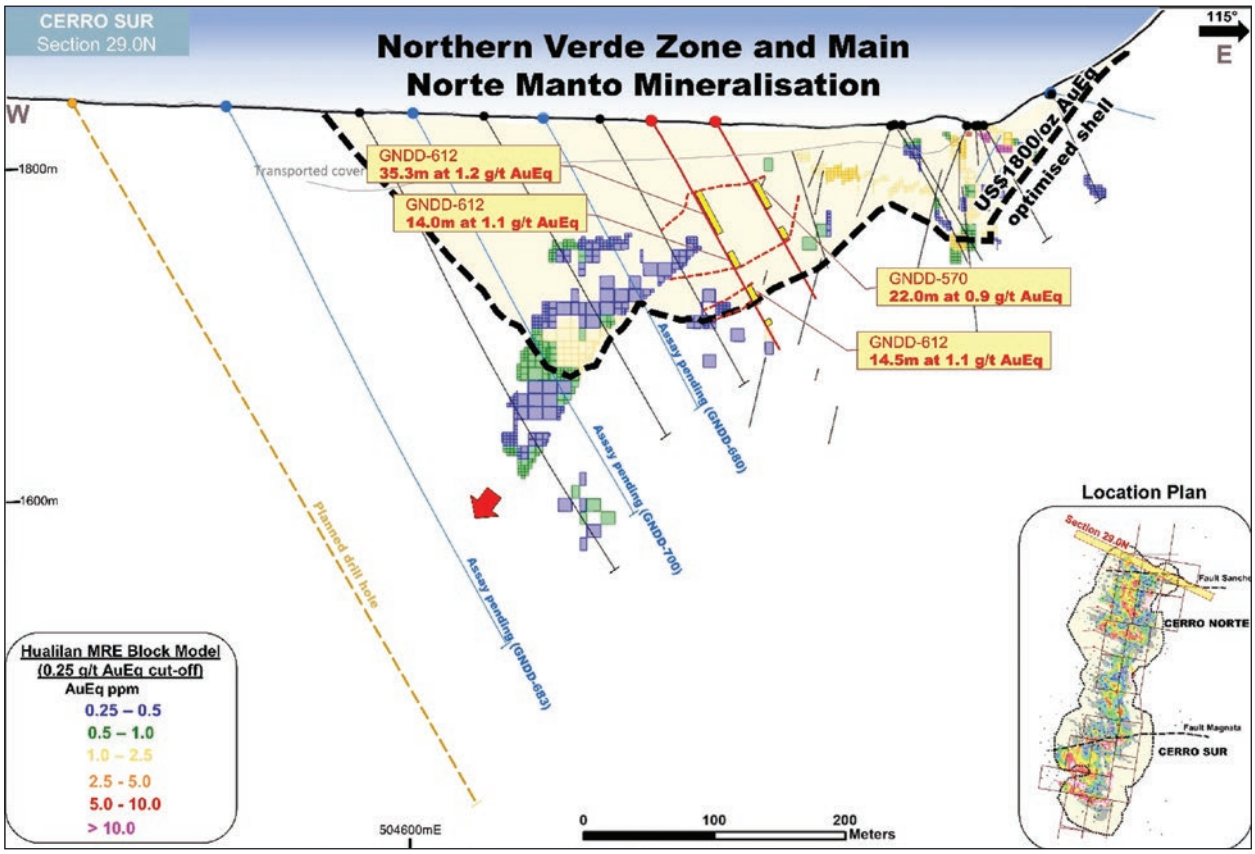

Figure 9 – Cross Section GNDD-570 and GNDD-612 Northern Verde Zone

GNDD-587 and GNDD-594, GNDD-711 (assays pending) – Verde Zone

GNDD-587 and GNDD-594 were drilled on the fence of drilling 40 metres south of GNDD-570 and GNDD-612 where drilling is limited. They are part of a series of extension holes (some of which are still assays pending) collared as up and down-dip as step-outs of GNDD-402 (37.0 metres at 0.3 g/t AuEq and 24.0 metres at 0.3 g/t AuEq) just inside the northern limit of the Verde Zone. GNDD-587 intersected four zones of mineralisation including **35.0 metres at 0.3 g/t AuEq (0.2 g/t Au, 0.6 g/t Ag, 0.1% Pb, 0.1% Zn)** from 85.0m, including **1.6 metres at 1.5 g/t AuEq (1.1 g/t Au, 2.3 g/t Ag, 0.4% Pb, 0.7% Zn)** which extends the Verde Zone mineralisation 100 metres up-dip into a zone of no drilling. Additionally, the hole intersected **31.0 metres at 0.8 g/t AuEq (0.7 g/t Au, 1.9 g/t Ag, 0.3% Zn)** from 182.0m including **5.8 metres at 3.0 g/t AuEq (2.3 g/t Au, 7.3 g/t Ag, 1.4% Zn, 0.1% Pb).**

This deeper intersection extended the true width of the mineralisation by approximately 15 metres compared to the MRE block model.

GNDD-594 was effectively an infill hole between GNDD-587 and GNDD402 on a 40 metres spacing to allow the reporting of the MRE to indicated status. GNDD-594 confirmed the extension of the mineralisation between the two holes recording intercepts of **12.0 metres at 1.0 g/t AuEq (0.7 g/t Au, 1.8 g/t Ag, 0.2% Pb, 0.5% Zn)** from 104.0m including **2.0 metres at 3.9 g/t AuEq (3.1 g/t Au, 6.5 g/t Ag, 1.5% Zn, 0.5% Pb)** and **1.4 metres at 2.1 g/t AuEq (2.1 g/t Au, 0.3 g/t Ag)** from 162.0m and **6.0 metres at 0.7 g/t AuEq (0.6 g/t Au, 3.3 g/t Ag, 0.1% Zn)** from 198.0m. GNDD-711 (assays pending) has been drilled as a test 80 metres downdip of GNDD-402 and has been logged as intersecting sulphides and skarn alteration. Accordingly, an infill hole is planned between GNDD-711 and GNDD-402.

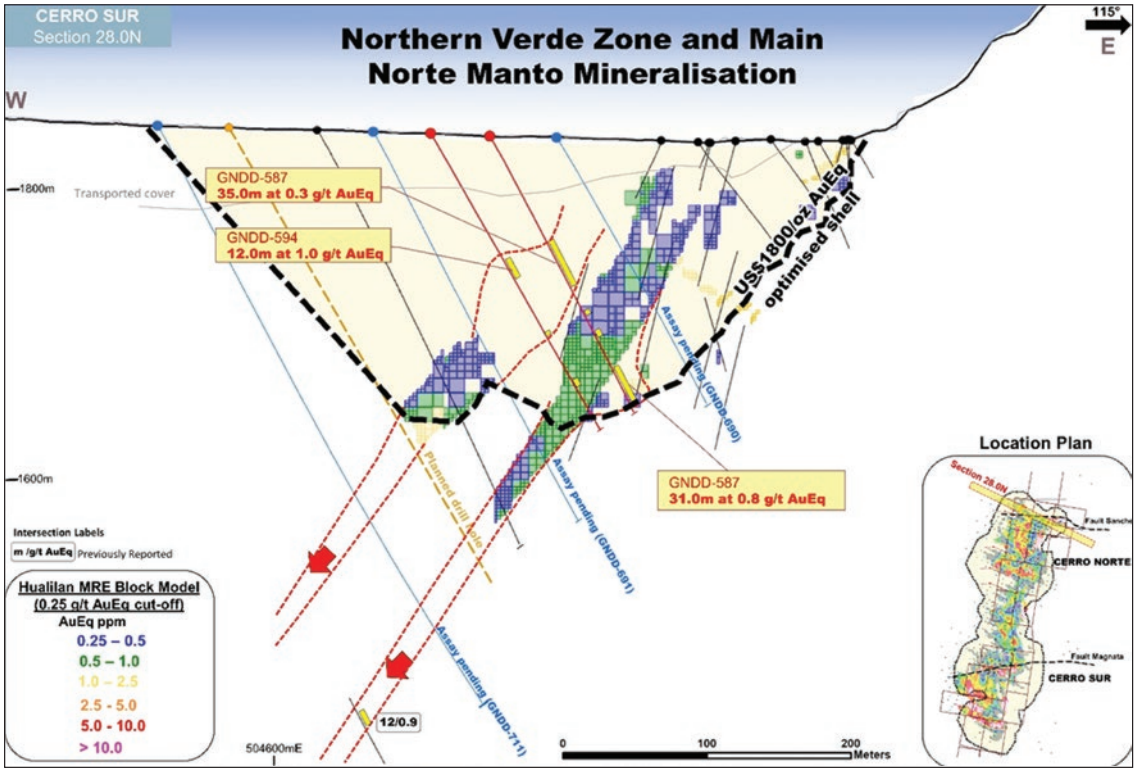

Figure 10 – Cross Section GNDD-587 and GNDD-594 Northern Verde Zone

GNDD-554 – Verde Zone

GNDD-554 was collared on the next fence of drilling 40 metres south of GNDD-587 and GNDD-594 at the northern end of the Verde Zone. The hole intersected **46.1 metres at 0.9 g/t AuEq (0.8 g/t Au, 0.9 g/t Ag, 0.1 % Zn)** from 259.9m, including **6.5 metres at 3.9 g/t AuEq (3.7 g/t Au, 2.6 g/t Ag, 0.3 % Zn)** and **24.0 metres at 0.9 g/t AuEq (0.9 g/t Au, 0.8 g/t Ag, 0.1 % Zn)** from 338.0m including **5.5 metres at 2.9 g/t AuEq (2.8 g/t Au, 1.9 g/t Ag, 0.2 % Zn)**.

GNDD-554 confirmed both the continuity of, and that drilling is providing significant extensions to, the Verde Zone mineralisation. GNDD-554 was an infill hole between GNDD-422 (28.0 metres at 0.3 g/t AuEq and 64.0 metres at 0.4 g/t AuEq) and GNDD-459 (29.0 metres at 0.2 g/t AuEq and 43.0 metres at 0.5 g/t AuEq). GNDD-554 will allow the extension of the MRE between GNDD-422 and GNDD-549 which was not possible in the maiden MRE as the spacing between the holes had been too large (Figure 11). In addition to allowing the MRE to be extended across these 200 metres gap the intersections in GNDD-554 were significantly higher-grade than those in the surrounding holes.

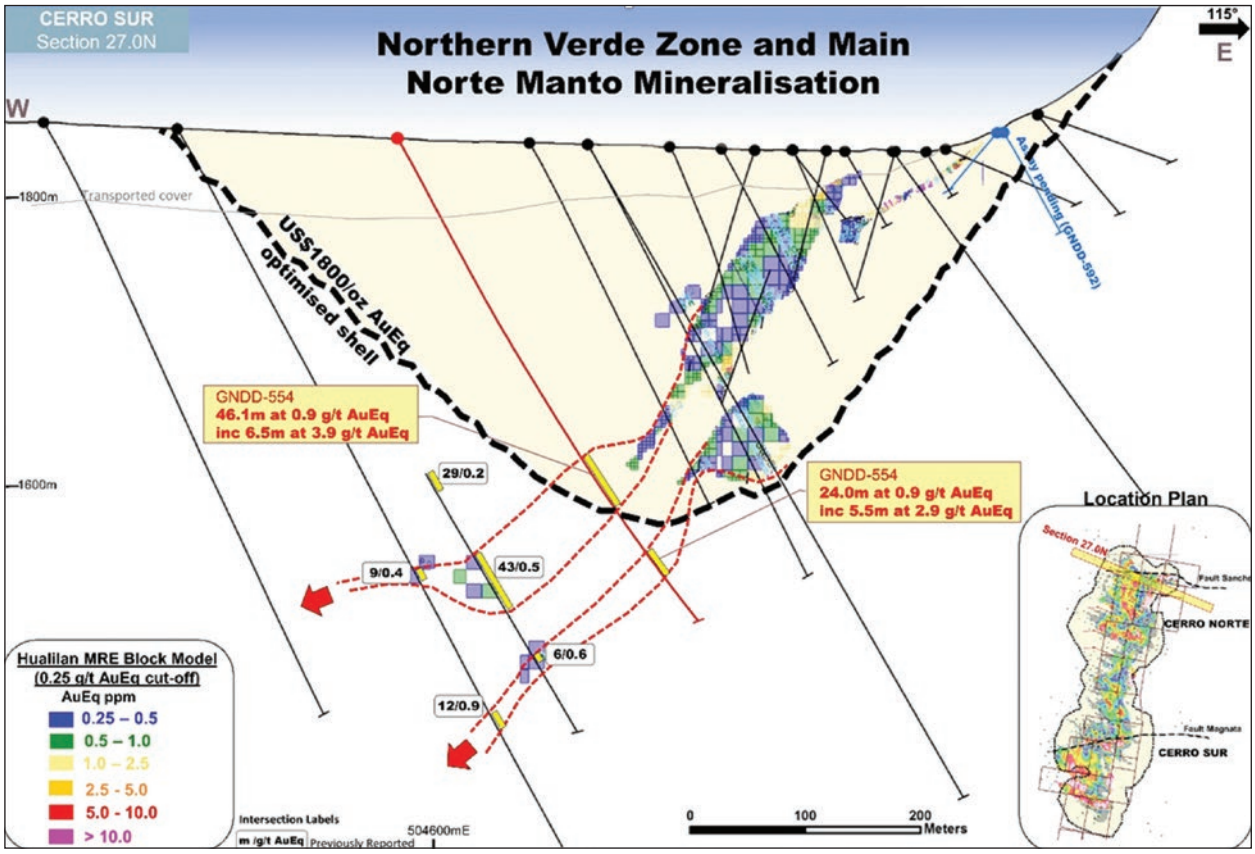

Figure 11 – Cross Section GNDD-554 Northern Verde Zone

GNDD-591 – Verde Zone

GNDD-591 was collared approximately 600 metres south of the Sanchez Fault in in a relatively lightly drilled section of the northern Verde Zone. The hole was collared to test 80 metres downdip of GNDD-242 (8.6 metres at 0.6 g/t AuEq and 0.7m at 2.3 g/t AuEq). The intersections of **14.0 metres at 1.2 g/t AuEq (1.2 g/t Au, 0.9 g/t Ag)** from 224.0m including **2.8 metres at 4.5 g/t AuEq (4.4 g/t Au, 3.5 g/t Ag, 0.1% Zn)** correlates with the intersections in GNDD242 and extends the Verde Zone mineralisation 80 metres downdip. Importantly, the mineralisation intersected in GNDD-591 is approximately 50% thicker and considerably higher-grade than surrounding holes.

GNDD-591 intersected several new zones of deeper mineralisation. The intersection of **4.0 metres at 2.0 g/t AuEq (1.7 g/t Au, 3.7 g/t Ag, 0.4% Zn, 0.1% Pb)** from 250.0m including **0.7 metres at 10.1 g/t AuEq (8.8 g/t Au, 17.7 g/t Ag, 2.2% Zn, 0.4% Pb)** is significant. This intersection extends a deeper zone of higher-grade Verde mineralisation that covers 200 metres of strike another 40 metres south along strike.

A third deeper intersection of **3.3 metres at 5.4 g/t AuEq (4.6 g/t Au, 12.4 g/t Ag, 1.3% Zn)** from 382.0m including **0.7m at 23.8 g/t AuEq (20.5 g/t Au, 55.7 g/t Ag, 5.6% Zn)** occurs in the same stratigraphic position as a series of high-grade intercepts in drill holes 100 metres south along strike and may represent the continuation of this zone of mineralisation into this relatively lightly drilled area of the project.

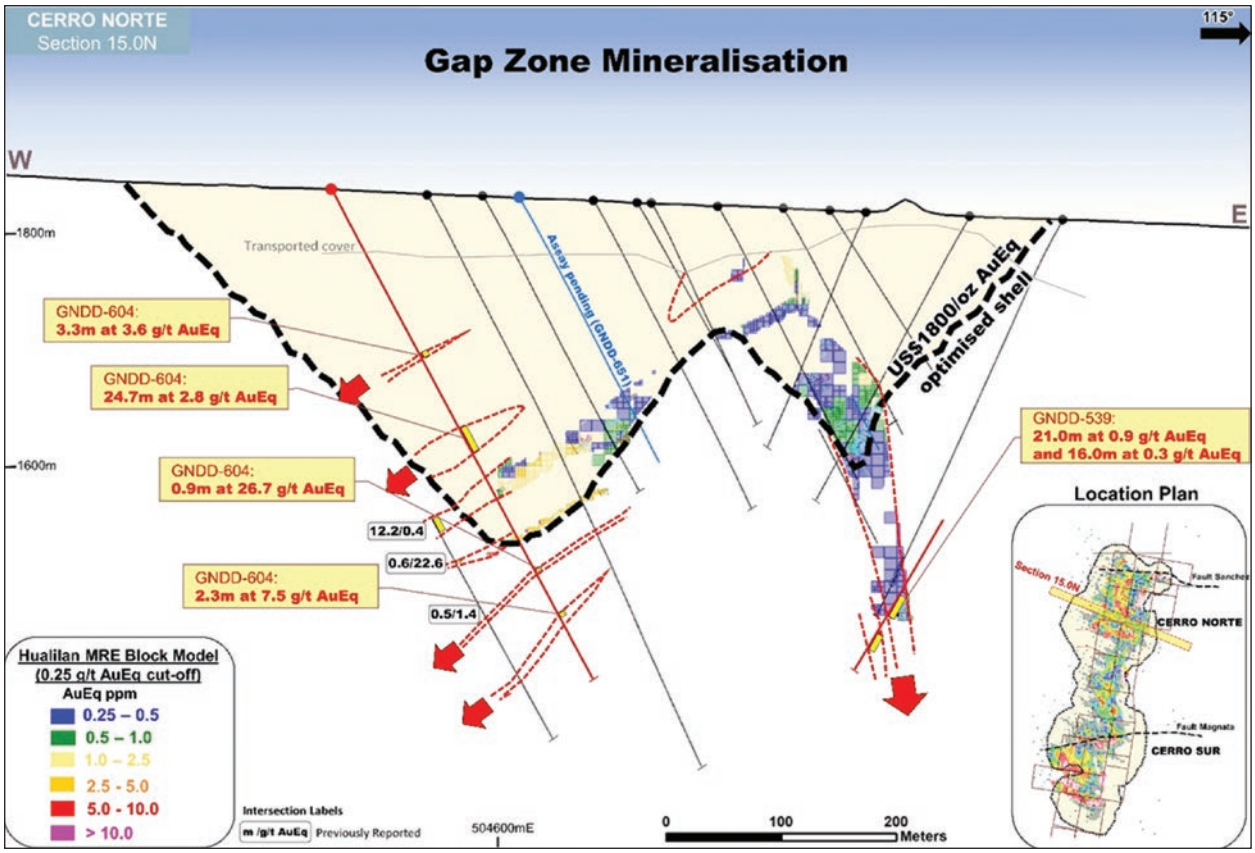

Figure 12 – Cross Section GNDD-604 and GNDD-538 Central Verde and Gap Zone

GNDD-604 – Verde Zone

GNDD-604 was collared 40 metres south of GNDD-591 in the central Verde Zone and was drilled to test 80 metres downdip of GNDD-456 (12.4 metres at 2.8 g/t AuEq). GNDD-604 intersected **24.7 metres at 2.8 g/t AuEq (2.3 g/t Au, 6.4 g/t Ag, 1.0% Zn)** from 236.0m including **1.2 metres at 45.3 g/t AuEq (36.2 g/t Au, 92.1 g/t Ag, 0.1% Pb, 17.3% Zn)** and **1.5 metres at 5.2 g/t AuEq (5.0 g/t Au, 3.4 g/t Ag, 0.2% Pb, 0.3% Zn)**. This intersection extends the main zone of Verde mineralisation 80 metres downdip from GNDD-456 with additional drilling planned down-dip of GNDD-604 as mineralisation remains strong and open at depth. Importantly this extension lies withing the current US$1800 pit shell used for the initial MRE.

GNDD-604 also confirmed and extended deeper zones of high-grade mineralisation intersected in GNDD-591 and several holes along strike below the main Verde Zone mineralisation. These deeper intersections in GNDD-604 included **0.9 metres at 26.7 g/t AuEq (24.9 g/t Au, 15.3 g/t Ag, 3.5% Zn)** from 375.0m, **2.3 meters at 7.5 g/t AuEq (3.3 g/t Au, 30.1 g/t Ag, 8.2% Zn)** from 417.6m and **1.8 metres at 1.4 g/t AuEq (1.4 g/t Au, 0.1 g/t Ag)** from 426.4m. These intercepts correlate with and extend intercepts in adjacent holes including 2.0 metres at 9.4 g/t AuEq, 0.9 metres at 10.8 g/t AuEq (GNDD-361), 0.6 metres at 22.6 g/t AuEq (GNDD-472), and 1.0 metres at 14.4 g/t AuEq (GNDD-367). This high-grade

GNDD-539 – Verde Zone

GNDD-539 was drilled in the central Verde Zone 120 metres south along strike from GNDD-604 and 700 metres south of the Sanchez Fault. The hole was oriented in the opposite direction to the majority of previous drilling as it was designed to test for extensions to the steeply east dipping Gap Zone mineralisation below the current MRE boundary. The hole intersected **21.0 metres at 0.9 g/t AuEq (0.9 g/t Au, 1.0 g/t Ag)** from 373.0m. The intersection extended the Gap Zone mineralisation 100 metres deeper with mineralisation remaining open at depth.

GNDD571 – Verde Zone

GNDD-571 was drilled on the same fence of drilling as GNDD-539 however it was drilled 400 metres to the west and drilled eastwards as an infill hole in the central Verde Zone. GNDD-571 was drilled as an up-dip test of GNDD-368 (56.3m at 0.9 g/t AuEq including 5.5m at 5.6 g/t AuEq) with GNDD643 (assays pending) collared to test another 40 metres up-dip as part of the resource drill out (Figure 13).

The intersection of **11.0 metres at 9.1 g/t AuEq (9.0 g/t Au, 5.7 g/t Ag, 0.1 % Zn)** from 356.0m, including **7.8 metres at 12.6 g/t AuEq (12.5 g/t Au, 7.9 g/t Ag, 0.1 % Zn)** extends the Verde mineralisation 40 metres down dip from GNDD-368. Additionally, the intersection is considerably higher in grade than the existing MRE block model. GNDD-643 (assays pending) is logged as intersecting three zones of massive and semi massive sulphides and skarn alteration which could significantly extend this zone of high-grade mineralisation up-dip (Figure 13).

Additionally, GNDD-571 intersected **47.0 metres at 0.4 g/t AuEq (0.3 g/t Au, 1.1 g/t Ag, 0.1 % Zn)** from 213.0m and **10.0 metres at 0.6 g/t AuEq (0.6 g/t Au, 0.5 g/t Ag)** from 328.8m. Both these shallower intersections lie within the US$1800 Pit Shell used for the MRE and expand the mineralisation expected to be able to be mined from surface.

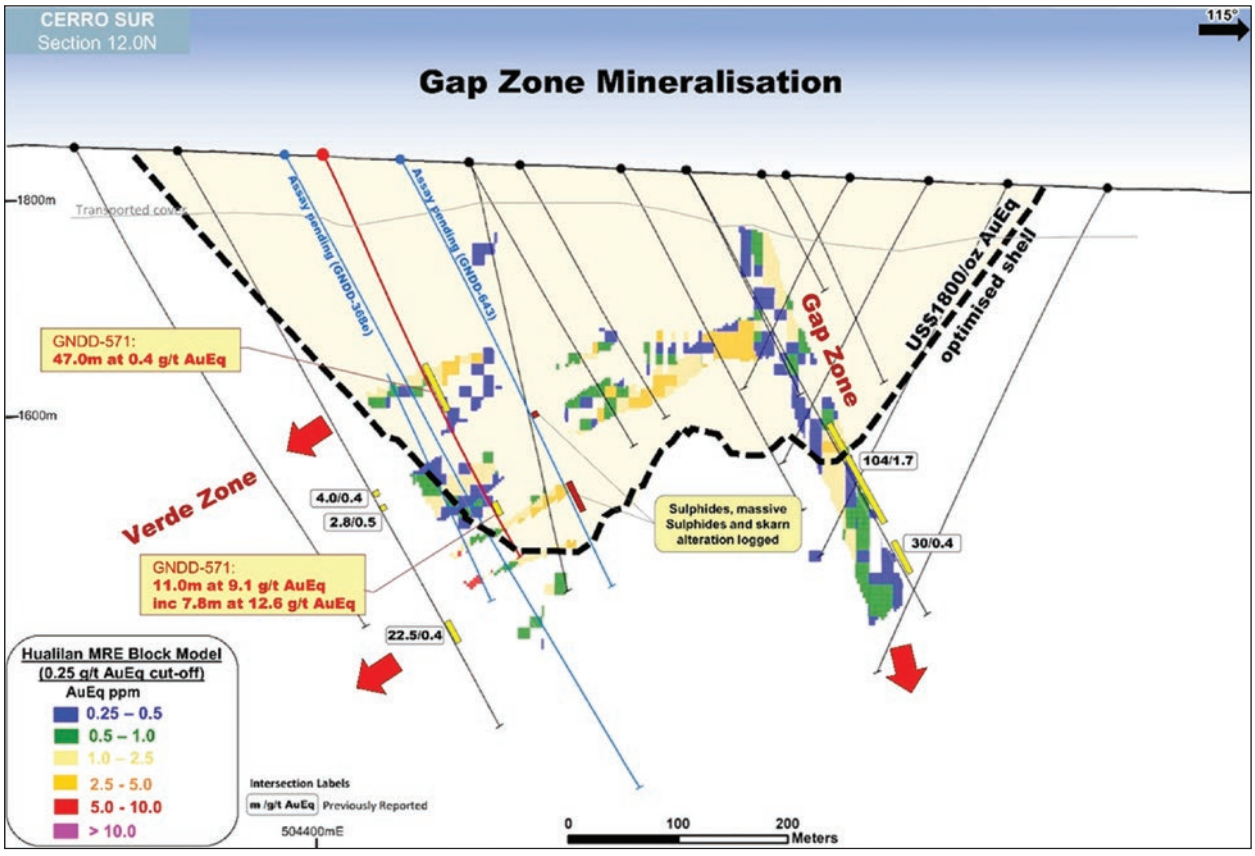

Figure 13 – Cross Section GNDD-571 Verde and Gap Zone mineralisation

GNDD-577 – Verde Zone

GNDD-577 was collared on the next fence of drilling 40 metres south of GNDD-570 as a 40 metre infill hole between GNDD-359 and GNDD-337. GNDD-577 intersected seven zones of mineralisation successfully extending the mineralisation. The first of intersection **17.0 metres at 1.6 g/t AuEq (1.6 g/t Au, 1.2 g/t Ag, 0.1% Pb, 0.1% Zn)** from 126.0m correlates with a zone of mineralisation intersected in GNDD-337 (7m at 0.5 g/t AuEq) and indicates significant increase in width and grade down dip. This mineralisation lies within the US$1800 pit shell used for the current MRE.

The deepest of the seven zones of mineralisation produced an intersection of **0.6 metres at 32.0 g/t AuEq (22.8 g/t Au, 88.9 g/t Ag, 17.6% Zn)**, located almost 200 metres below the current MRE boundary. This intercept continues the theme of intersecting higher grade mineralisation in the Verde Zone at the contacts between the intrusives and limestone due to this boundary being a pathway for the flow of mineralising fluids. Two additional holes GNDD-653 and GNDD-725 (both assays pending) have been completed to test downdip of GNDD-577 and the Company is planning for GNDD-359 to be re-entered and extended 200 metres deeper.

GNDD-633 and GNDD-546 – Verde Zone

GNDD-633 and GNDD-546 are located 40 metres south of GNDD-577 in the central Verde Zone. Prior to the intersection of 67.7 metres at 7.7 g/t AuEq in GNDD-458, the Company had only drilled two holes along this 200 metre strike section of the central Verde Zone. GNDD-633 was collared to test 40 metres down dip from GNDD-458. GNDD-633 extended the mineralisation intersected in GNDD-458 some 40 metres down dip with an intersection **46.0 metres at 1.7 g/t AuEq (1.2 g/t Au, 4.4 g/t Ag, 0.9% Zn)** from 367.0 including **3.9 metres at 7.9 g/t AuEq (7.3 g/t Au, 18.7 g/t Ag, 0.8% Zn)** from 380.3m and **5.1 metres at 6.6 g/t AuEq (3.7 g/t Au, 19.7 g/t Ag, 5.9% Zn)**.

Additionally, GNDD-633 intersected three new zones of mineralisation up-dip intersecting 1**3.1 metres at 0.6 g/t AuEq (0.6 g/t Au, 0.8 g/t Ag)** from 115.5m, **71.0 metres at 0.4 g/t AuEq (0.3 g/t Au, 0.6g/t Ag)** from 147.0, and **30.0 metres at 0.8 g/t AuEq (0.8 g/t Au, 1.7 g/t Ag, 0.1% Zn)** from 246.0m including **0.7 metres at 25.3 g/t AuEq (23.4 g/t Au, 46.4 g/t Ag, 0.3% Pb, 2.7% Zn)**.

As can be seen on Cross Section (Figure 14), which includes the block model for the maiden MRE, the intercept of 67.7 metres at 7.7 g/t AuEq in GNDD-458 was modelled conservatively in the maiden MRE due to the limited drilling. The intersection in GNDD-633 will allow this zone of mineralisation to be extended 40 metres down dip. The three shallower zones of mineralisation correlate with intersections in holes up and down dip and these new results will allow this mineralisation, that lies within the current US$1800 pit shell to be included in the next MRE. An additional drill hole is planned to be collared to test 80 metres down-dip of GNDD-633.

GNDD-546 was drilled to test 40 metres up-dip of GNDD-458 and intersected **14.0 metres at 0.7 g/t AuEq (0.6 g/t Au, 1.8 g/t Ag)** from 316.0m including **2.0 metres at 1.9 g/t AuEq (1.8 g/t Au, 2.9 g/t Ag)**. In GNDD-546 the intrusives that host the high-grade mineralisation intersected in GNDD-458 appear not to have extended up-dip with the intersection in GNDD-546 was hosted in limestones that have been baked; likely as they are adjacent to the intrusives that host the high-grade intersection down-dip. GNDD-546 Intersected two zones of mineralisation above this main zone intersecting **4.0 metres at 1.2 g/t AuEq (1.2 g/t Au, 0.3 g/t Ag)** from 55.0m and **4.0 metres at 0.5 g/t AuEq (0.5 g/t Au, 0.4 g/t Ag)** from 134.0. These intersections correlate with the new zones intersected in GNDD-633 80 metres downdip and are located within the $1800 optimised pit shell.

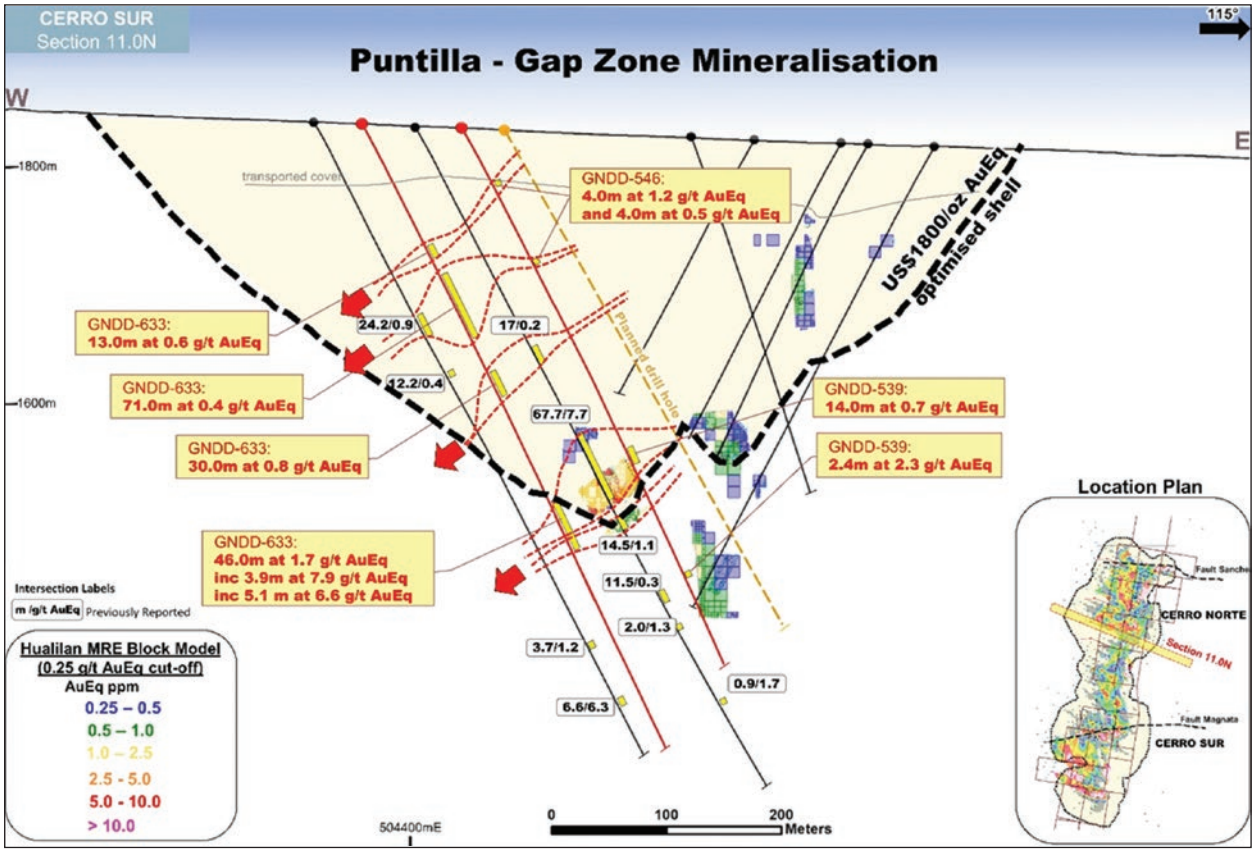

Figure 14 – Cross Section GNDD-633, GNDD-546 and GNDD-458 Central Verde Zone

GNDD-588 and GNDD-606 – Verde Zone

GNDD-588 is located 200 metres south of GNDD-633 in the Central Verde Zone. The hole was collared to test 15 metres up-dip of hole GNDD-303 and primarily targeted as a depth extension to GNDD-303 which was ended at 240 metres. This was subsequently interpreted to have been above the main zones of Verde mineralisation.

GNDD-588 intersected several zones of mineralisation. The intersection of **18.1 metres at 2.6 g/t AuEq (2.3 g/t Au, 2.8 g/t Ag, 0.2% Pb, 0.5% Zn)** from 281.4m including **1.0 metres at 34.0 g/t AuEq (32.6 g/t Au, 18.1 g/t Ag, 1.6% Pb, 1.9% Zn)** from 289.7m appears to be a new zone of mineralisation above the existing Verde Zone mineralisation (Figure 15). The intersection of **87.0 metres at 0.7 g/t AuEq (0.7 g/t Au, 1.4 g/t Ag)**, from 314.0m including **8.0 metres at 3.0 g/t AuEq (2.9 g/t Au, 3.4 g/t Ag)** and 1**0.0 metres at 1.3 g/t AuEq (1.2 g/t Au, 1.6 g/t Ag, 0.1% Zn)** is interpreted as a north-east striking zone of Verde mineralisation below GNDD-303. The mineralisation intersected in this zone in GNDD-588 is considerable wider and contains higher-grade zones than in adjacent holes.

The intersection of **19.0 metres at 0.3 g/t AuEq (0.3 g/t Au, 0.7 g/t Ag)** from 182.0m higher in the hole is the downdip extension of the near surface mineralisation intersected in GNDD-341 (110.4 metres at 0.5 g/t AuEq) and confirms its continuity 100 down-dip. Intersections of **7.0 metres at 0.6 g/t AuEq (0.6 g/t Au, 0.6 g/t Ag)** from 213.0m and **12.0 metres at 0.3 g/t AuEq (0.2 g/t Au, 1.3 g/t Ag, 0.1% Pb, 0.2% Zn)** from 242.0m represent new zones of mineralisation.

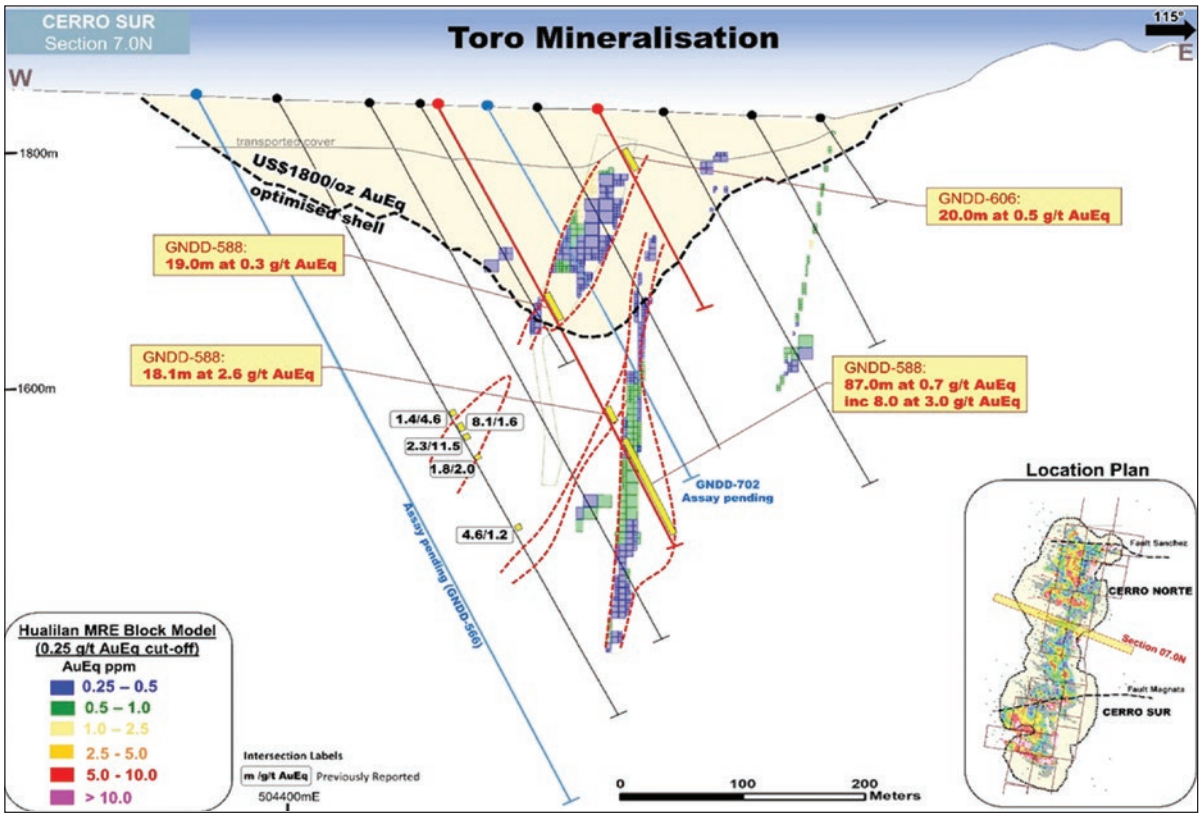

Figure 15 – Cross Section GNDD-588 and GNDD-606 Verde Zone

GNDD-629 – Verde Zone

GNDD-629 is located 600 metres north of the Magnata Fault in the southern section of the Verde Zone. The hole was drilled as an infill hole between GNDD-295 (42.0 metres at 0.3 g/t AuEq) and GNDD-380 (22.0 metres at 0.4 g/t AuEq and 70.0 metres at 0.7 g/t AuEq). The hole intersected **98.0 metres at 0.4 g/t AuEq (0.4 g/t Au, 1.6 g/t Ag, 0.1% Zn)** from 117.0m including **2.0 metres at 2.0 g/t AuEq (1.9 g/t Au, 2.3 g/t Ag, 0.1% Zn)** and **2.9 metres at 4.1 g/t AuEq (3.1 g/t Au, 19.1 g/t Ag, 0.3% Pb, 1.4% Zn)**. The intersection is double the thickness of mineralisation intersected in GNDD-295 and will extend the mineralisation up dip in the MRE US$1800 pit shell.

GNDD-538 – Verde Zone

GNDD-538 was collared just south of the Magnata Fault as a test for extensions to the Verde Zone 40 metres north along strike from GNDD-530 (54 metres at 0.4 g/t AuEq and 28.5 metres at 5.4 g/t AuEq; both hosted in intrusives) for which results were received after the MRE cut-off date. GNDD-538 extended these zones of intrusion-hosted mineralisation, which is the extension of the Verde Zone south of the Magnata Fault.

The hole produced several intersections, all of which are all outside the boundary of the current MRE. Results included **10.0 metres at 1.0 g/t AuEq (1.0 g/t Au, 0.7 g/t Ag)** from 176.0m and **2.0 metres at 3.1 g/t AuEq (3.1 g/t Au, 0.7 g/t Ag)** from 182.0m and **79.0 metres at 0.3 g/t AuEq (0.2 g/t Au, 1.3 g/t Ag, 0.1% Zn)** from 331.0m including and **1.0 metre at 4.7 g/t AuEq (4.0 g/t Au, 11.2 g/t Ag, 1.1% Pb, 0.6% Zn)** from 404.0m.

The Magnata Fault

The Magnata and Sanchez Faults are two east-west striking sub-vertical faults. The faults can be seen in outcrop and magnetic data extending for tens of kilometres to the east and west of Hualilan. The Magnata Fault is located at Cerro Sur approximately 1.5 kilometres south of the Sanchez Fault and separates into the M1 and M2 Magnata Faults, both of which host high-grade shoots.

The Magnata and Sanchez Faults were historically recognised as hosting mineralisation at Hualilan. The mineralising fluids are interpreted to have migrated from a source below or along strike, within the faults forming steeply dipping zones of mineralisation in the Magnata and Sanchez Faults. These fluids migrating up the faults also formed nearby replacement Manto-style high grade lenses, oriented parallel to the limestone beds, dipping to the west.

GNDD-642 – Magnata Fault

GNDD-642 was an infill hole between the 80 metre spaced GNDD-399 (14.0m at 0.4 g/t AuEq) and GNDD-157 (12.0 metres at 20.9 g/t AuEq) on the Magnata fault. The hole intersected several zones of mineralisation including **18.8 metres at 6.3 g/t AuEq (4.5 g/t Au, 22.3 g/t Ag, 3.3 % Zn, 0.1 % Pb)** from 344.4m, including **7.4 metres at 10.8 g/t AuEq (7.4 g/t Au, 36.8 g/t Ag, 6.3 % Zn, 0.1 % Pb)** and **3.4 metres at 11.5 g/t AuEq (8.9 g/t Au, 42.5 g/t Ag, 4.5 % Zn, 0.1 % Pb)**. This extended the high grade mineralisation intersected in GNDD-157 40 metres up-dip. Additionally, the hole intersected **64.0 metres at 0.5 g/t AuEq (0.4 g/t Au, 0.8 g/t Ag, 0.1 % Zn)** from 18.0m hosted in intrusives. This upper intersection confirms the current MRE block model in this location.

As can be seen in Figure 16 over the page, the Magnata Fault mineralisation remains open at depth with GNDD-685 (assays pending) collared to test 40 metres below GNDD-157. GNDD-685 is logged as intersecting several zones of massive and semi massive sulphides and skarn alteration from 544 to 589 metres and 625 to 651 metres downhole. This (subject to assays) indicates that the Magnata Fault and associated mineralisation has swung to a steep northerly plunge in this location and remains strong and open at depth. A deeper follow up hole is planned to test an additional 40 metres below GNDD-685.

GNDD-586 – Magnata Fault

GNDD-586 was drilled as a down-dip test below GNDD-348 (53.0 metres at 0.5 g/t AuEq) on the western limit of known mineralisation on the Magnata Fault. GNDD-586 intersected **57.7 metres at 0.4 g/t AuEq (0.3 g/t Au, 2.6 g/t Ag, 0.2 % Zn)** including **8.0 metres at 1.8 g.t AuEq (1.3 g/t Au, 10.0 g/t Ag, 0.9 % Zn).**

Mineralisation remains open at depth, to the west along strike, and within the intrusives near the fault zone with additional drilling planned down-dip. The broad halo of lower grade mineralisation is similar to the near surface mineralisation intersected 80 metres east in drill holes GNDD-313 (24.0 metres at 0.7 g/t AuEq and 14.8 metres at 0.9 g/t AuEq) and GNDD-351 (4 metres at 0.5 g/t AuEq and 4.0 metres at 0.6 g/t AuEq) before deeper hole GNDD-491 intersected 16.8 metres at 11.7 g/t AuEq at depth.

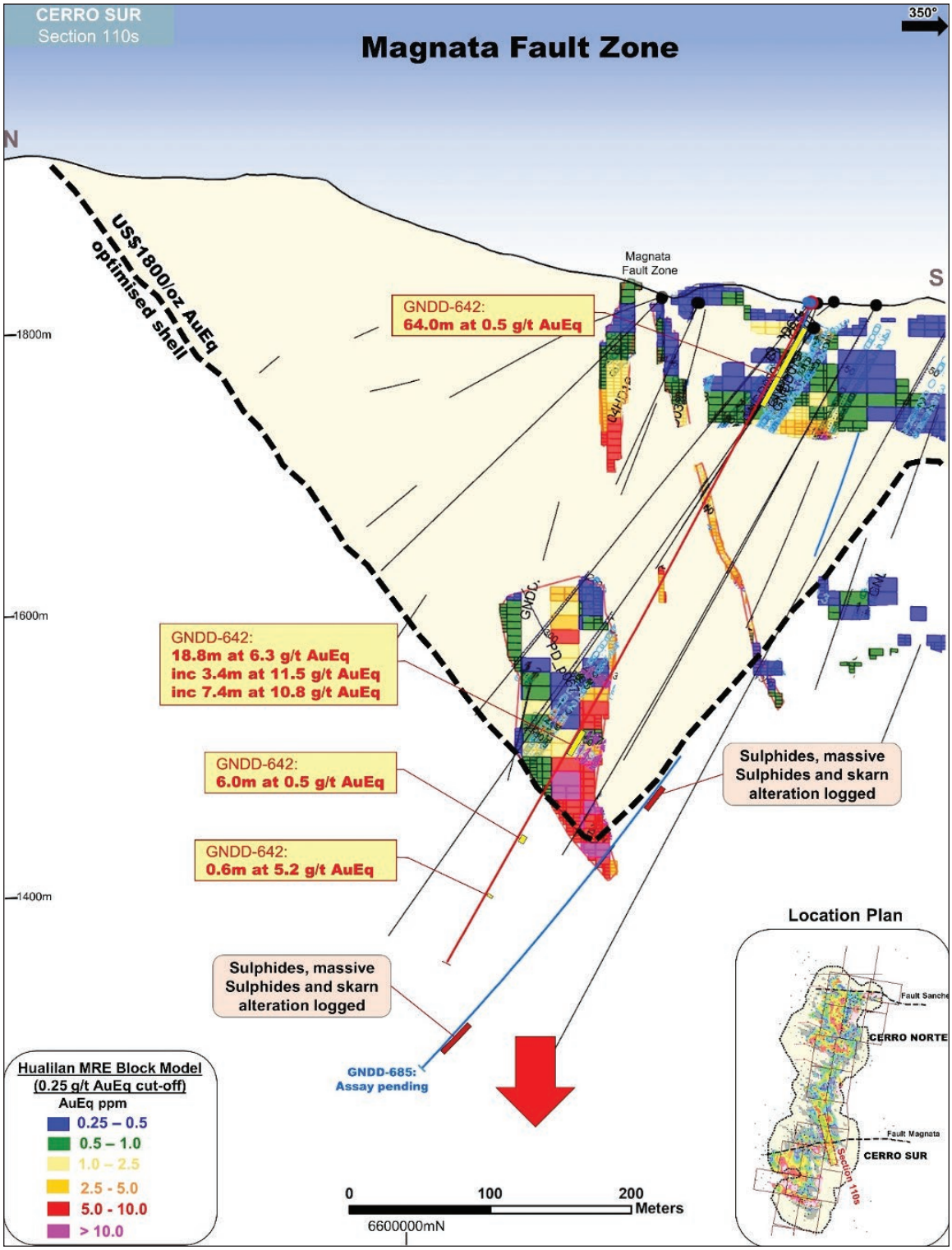

Figure 16 – Cross Section GNDD-642 and GNDD-685 (assays pending) Eastern Magnata Fault

GNDD-595 – Magnata Fault

GNDD-595 was drilled as a downdip test below GNDD-540 (52.5 metres at 0.5 g/t AuEq and 30.0 metres at 0.6 g/t AuEq and 2.5 metres at 8.1 g/t AuEq) 40 metres east of GNDD-586. The hole intersected a similar broad zone of lower grade mineralisation to GNDD-540 with intersections including **13.8 metres at 0.4 g/t AuEq (0.3 g/t Au, 2.5 g/t Ag)** from 198.4m and **21.2 metres at 0.7 g/t AuEq (0.6 g/t Au, 4.0 g/t Ag, 0.1 % Pb, 0.1% Zn)** from 226.0m, and **39.8 metres at 0.5 g/t AuEq (0.3 g/t Au, 2.9 g/t Ag, 0.1 % Pb, 0.3% Zn)** from 266.0m including **1.4 metres at 5.7 g/t AuEq (1.2 g/t Au, 28.5 g/t Ag, 2.1 % Pb, 8.0 % Zn)**.

The hole also intersected a fourth zone of deeper mineralisation intersecting **6.9 metres at 0.5 g/t AuEq (0.3 g/t Au, 3.8 g/t Ag, 0.1 % Pb, 0.3% Zn)** from 381.4m including **0.8 meters at 3.8 g/t AuEq (2.3 g/t Au, 30.8 g/t Ag, 0.2 % Pb, 2.3 % Zn)**.

GNDD-615 (assays pending) has been collared to test another 40 metres down dip from GNDD-595 with deeper drilling contingent on the results on GNDD-615.

GNDD-552 – Cerro Norte

GNDD-552 was an infill hole between GNDD-409 (22.0m at 1.3 g/t AuEq) and GNDD-411 (14.0m at 0.3 g/t AuEq). GNDD-522 intersected **33.8 metres at 1.0 g/t AuEq (0.7 g/t Au, 12.1 g/t Ag, 0.1 % Pb, 0.2 % Zn)** from surface including **3.4 metres at 7.4 g/t AuEq (6.0 g/t Au, 82.4 g/t Ag, 0.8 % Pb, 0.6 % Zn)**. The intersection in GYDD-552 is significantly wider and higher-grade than expected based on the current MRE block model and surrounding drill holes.

Metalurgical Testwork

The Company reported the results from its Stage 1 metallurgical testing at the Company's flagship Hualilan Gold Project, in San Juan Argentina. This program involved significantly more detailed flotation, gravity recoverable gold (GRG) tests and leach testing of the various flotation tails components. It has been designed to lock in the flow sheet to support a Scoping Study. Additional Stage 2 work involving comminution and variability testing, blended test work, and pilot plant testing is ongoing.

The metallurgical testwork program has been conducted using SGS Lakefield. Testwork completed to date involved a sequence of 28 flotation tests (including gravity), gravity recoverable gold tests (GRG), and leach testing of the various flotation tail components. This testing was conducted on composites representative of the higher-grade skarn material, the intrusion-hosted mineralisation, and sediment-hosted mineralisation.

This testing has demonstrated:

- Average gold recovery increased to 95% across all ore types at the Hualilan Gold project
- Clear route to recover zinc and lead credits via standard sequential flotation with recoveries of:
    - 89% for zinc (Zn): (high-grade skarn mineralisation); and
    - 77% for lead (Pb): (high-grade skarn mineralisation)
- The confirmation of both of Pb and Zn as payable metals will significantly boost project economics with zinc comprising 11% of the historical foreign resource estimate by value[1]
- Production of attractive lead (>65% Pb) and zinc (>50% Zn) concentrates and discussions with off-takers confirming excellent payabilities for both concentrates.
- Sequential Flotation has the added advantage of generating extremely high-grade Au-Ag concentrates (120 g/t Au, 300 g/t Ag) which will significantly reduce transport costs
- the outstanding high-grade nature of the concentrates produced with the average gold and silver grades in the Company's concentrates more than double than indicated by earlier testing
- Strong recoveries of gold and silver into an Au-Ag concentrate from the low grade (0.7 g/t Au, 7.6 g/t Ag) sediment-hosted material confirming excellent recoveries for all three components of the Hualilan mineralisation.
- All Au-Ag concentrates have no deleterious elements and are exceptionally low in arsenic which, coupled with their high-grade nature, will result in outstanding payability
- Recoveries of 70-80% of any residual gold and silver not recovered into the concentrate via a simple cyanide leach of the floatation tails increasing total recoveries to 95% (Au) and 91% (Ag)

Ongoing discussions with potential off-takers as the Stage 1 testing has progressed, refining the grades and compositions of the concentrates likely to be produced, has indicated that payabilities for all metals will be excellent. Expected payability for gold in the Au-Ag concentrates is >95%, with payability for Au-Ag in the Pb concentrate also expected to be >95% with lead payability >90%. Zinc payability is also expected to be at the upper range of what was expected with payability expected to be in the mid to high 80 percent range.

High-grade Skarn Mineralisation

The balance of the Stage 1 metallurgical testing on the high grade skarn material was primarily aimed at evaluating:

a. various grind sizes, additional Cleaner Flotation stages, Scavenger Flotation stages and Flash Flotation on the production of a single stage bulk Au-Ag concentrate bulk;
b. sequential flotation to allow recovery of Zn and possibly Cu/Pb credits in addition to the Au-Ag payable in a bulk single stage concentrate, and if successful;
c. additional Cleaner Flotation and Cleaner Variability testing to investigate the effect of flowsheet and variables such as reagent scheme and regrind size on upgrading rougher concentrate into cleaner zinc and copper/lead concentrates.

While a single Stage bulk sulphide Flotation produced an exceptionally clean and high grade Au-Ag concentrate at excellent recoveries the concentrate contains 11-14% Zn, 2% Pb and 0.5-1.0% Cu that the Company will receive no credits for. Additionally, the Zn and Pb have the potential to attract minor penalties depending on off-take destination. Thus, Sequential Flotation tests were designed to determine if there is potential to economically recover the base metal credits.

The results of the Sequential Flotation testing on the high-grade skarn mineralisation were outstanding. Not only did it produce high-quality payable Zn and Pb concentrate streams it significantly increased the grade of the associated Au-Ag concentrate. Additionally, the testing demonstrated the ability to increase the grade of the Zn and Pb concentrates via additional cleaner stages with minimal recovery loss. This effectively provides the Company with the ability to the tailor the concentrate grade to match the specifications required by the off-taker and thus maximise the payability.

The sequential flotation tests followed the flowsheet used in earlier CEL testing involving gravity separation followed by two stage flotation

Cerro Sur Looking north showing drill rig access roads both into the Hualilan Hills and on the plains

process to produce a Cu-b and then a Zn rougher concentrate. A secondary grind of the Zn rougher concentrate was added with several combinations of cleaning stages, additional gravity stages, different reagent mixes and grind sizes trialed to optimise performance. This has allowed the Company to get to a near final flow sheet which will support a Scoping Study.

This flow sheet was used in the most recently conducted Flotation Test F28. This was a 10kg test, rather than the 2kg and 4kg tests generally used, to provide more reliable data and also to produce sufficient material to allow a full analysis of the composition of the various concentrate. The F28 test flow sheet lends itself to relatively low capital-intensive steady state production with the flow sheet involving:

1. a primary P80 = 51 micron primary grind, which was finer than the targeted P80 = 60-70 micron grind as the material ground considerably more easily than expected
2. Gravity recovery
3. Pb-Cu followed by Zn Rougher Flotation
4. a P80 = 29 micron regrind of the Zn rougher concentrate, which importantly only comprises 15% the feed hence this re-grinding is not overly costly.
5. two Re-cleaning Stages were undertaken on the Pb/Cu Rougher concentrate
6. four re-cleaning Sages on the Zn Rougher concentrate, which can likely be reduced to three cleaner stages increasing Zn recovery from 89% to 93% while still maintaining a saleable Zn concentrate
7. additional gravity recovery stages added to the Zn Rougher Concentrate

The saleable products produced from Sequential Flotation comprise the following:

1. **Au-Ag concentrate containing** 118 g/t Au, 286 g/t Ag
2. **Pb concentrate containing** 65% Pb, 178 g/t Au, 765 g/t Ag
3. **Zn concentrate containing** 51% Zn, 10 g/t Au, 178 g/t Ag

It should be noted that 12% of the lead reported to the gravity circuit and in steady state operation at least some of this lead would be displaced by additional gravity recovered gold into the Pb-Cu concentrate. Thus, lead recoveries are likely to be better than the current reported recovery of 77%.

Detailed analysis of the composition of all of the components from the sequential flotation testing demonstrated that the concentrates have significant advantages over most concentrates. This includes exceptionally low arsenic contents which has become a key driver of payability for Au-Ag concentrates given the move by the Chinese Government to impose tighter restrictions on the arsenic content of imported concentrates. Key points from this detailed analysis are:

- **Au-Ag concentrate (118 g/t Au, 286 g/t Ag) –** Exceedingly low in all deleterious elements including arsenic which, at 0.01% is a factor of 1000 below the level where arsenic penalties begin, low mercury content of 1 ppm, and Cu/Pb/Zn levels unlikely attract penalties
- **Pb concentrate (65% Pb, 178 g/t Au, 765 g/t Ag) –** Particularly clean concentrate with extremely low arsenic, mercury and fluorine content and no penalties
- **Zn concentrate (51% Zn, 10 g/t Au, 178 g/t Ag) –** Exceptionally low arsenic, mercury and fluorine. Below the detection level of other deleterious elements with the exception of cadmium which is below the 3000 ppm import limit imposed into China

Intrusion Hosted Mineralisation

The balance of the Stage 1 metallurgical testing on the intrusion-hosted material was primarily aimed a evaluating:

a. various grind sizes, additional Cleaner Flotation and Re-cleaner stages on the production of a single stage bulk Au-Ag concentrate bulk; and
b. additional Cleaner Flotation and Cleaner Variability testing to investigate the effect of flowsheet and variables such as reagent scheme and regrind size on upgrading Au-Ag concentrate.

This testing has allowed the Company to get to a near final flow sheet which will support a Scoping Study. This involves relatively simple flow sheet involves:

1. a relatively course primary P80 = 120-80 micron primary grind
2. gravity recovery
3. single stage rougher sulphide flotation
4. P80 = 20-30 micron regrind of the rougher concentrate, which importantly only comprises 5-10% mass pull of the rougher concentrate hence re-grinding is not overly costly.
5. One single or two Re-cleaning stages of the Au-Ag Rougher concentrate

Best results were achieved in Flotation test F8 which was conducted at a course primary grind of P80 = 76 microns and a regrind of P80 = 17 micron regrind of the rougher concentrate which comprises 8% mass pull, with two re-cleaner flotation stages. This produced an exceptional result producing an Au-Ag concentrate grading 54 g/t Au and 284 g/t Ag at total recoveries of 97% (Au) and 85% (Ag).

Results from detailed analysis of the concentrate produced from the intrusion hosted material are pending however the Company does not anticipate results to differ substantially from the compositions of the high-grade skarn material.

Sediment Hosted Mineralisation

Only one Flotation Test has been done on the sediment-hosted mineralisation to date as a proof of recovery test given the sediment hosted mineralisation comprises 5-10% of the mineralisation at Hualilan. This test was a repeat of Test F8 conducted on the intrusion-hosted mineralisation conducted at a course primary grind of P80 = 83 microns and a P80 = 20 micron regrind of the rougher concentrate which comprises 8% mass pull, with two re-cleaner flotation stages.

This produced an Au-Ag concentrate grading 23.6 g/t Au and 234 g/t Ag at total recoveries of 85% (Au) and 87% (Ag). The Company believes that additional testing as part of a PFS will improve recoveries and concentrate grade however given the small volume of concentrate that will be produced from the sediment-hosted mineralisation the concentrate will be blended with the Au-Ag concentrate from the skarn and intrusion-hosted material hence payability will be >95% (Au) and >90% (Ag).

Detailed analysis of the composition of the sediment-hosted mineralisation will not be undertaken until additional testing to optimise flotation of the sediment hosted material has been completed.

Cyanide leach Testing

The Company has now completed an initial series of cyanide leach test for various concentrate tailing produced in the flotation testing as well as a representative sample of the oxide ore. The cyanide leach testing produced excellent results with recoveries of in 70-80% range for both Au and Ag. This excellent recovery of any Au or Ag that is lost into the floatation tails provides the flexibility, should it be required in the event concentrate markets change, to allow the Company to target the production of extremely high-grade concentrates with minimal incremental loss in recovery.

Rail option for concentrate export

The company has confirmed a viable option to export concentrate via rail from San Juan City direct to the Rosario Port near Buenos Aries. This is the same option that will be used for the export of concentrate from the Jose Maria copper-gold Project recently acquired by Lundin Mining.

Transport of Hualilan concentrate to Port for export will involve a road haul of 130km from Hualilan to San Juan City via a double lane sealed highway which passes within 400 metres of Hualilan. This will be followed by a 850 kilometre rail transport direct to Rosario Port where bulk materials handling facilities are currently in place. Indicative pricing provided by the rail operator is US$35-40 per ton of concentrate inclusive of rail loading costs at San Juan.

The rail option is approximately half the cost of earlier options evaluated by the Company for concentrate transport to port on a per ton basis. Namely a 950 kilometre road haul to Rosario Port or a 750 kilometre road haul via the all-weather road from Mendoza City to Santiago for export from a Chilean port. This will represent a significant saving from the earlier options on a per ounce basis.

Some of the Challenger Exploration Team at Hualilan

El Guayabo Gold/Copper and Colorado V Gold/ Copper Project – Ecuador

Maiden Drill Program

The Company released the results from its maiden drill programs in Ecuador during the year. The results confirmed three significant Au-Cu-Ag-Mo discoveries on the 100% owned El Guayabo concession and two additional Au-Cu-Ag-Mo discoveries on the 50% owned Colorado V concession (Figure 17).

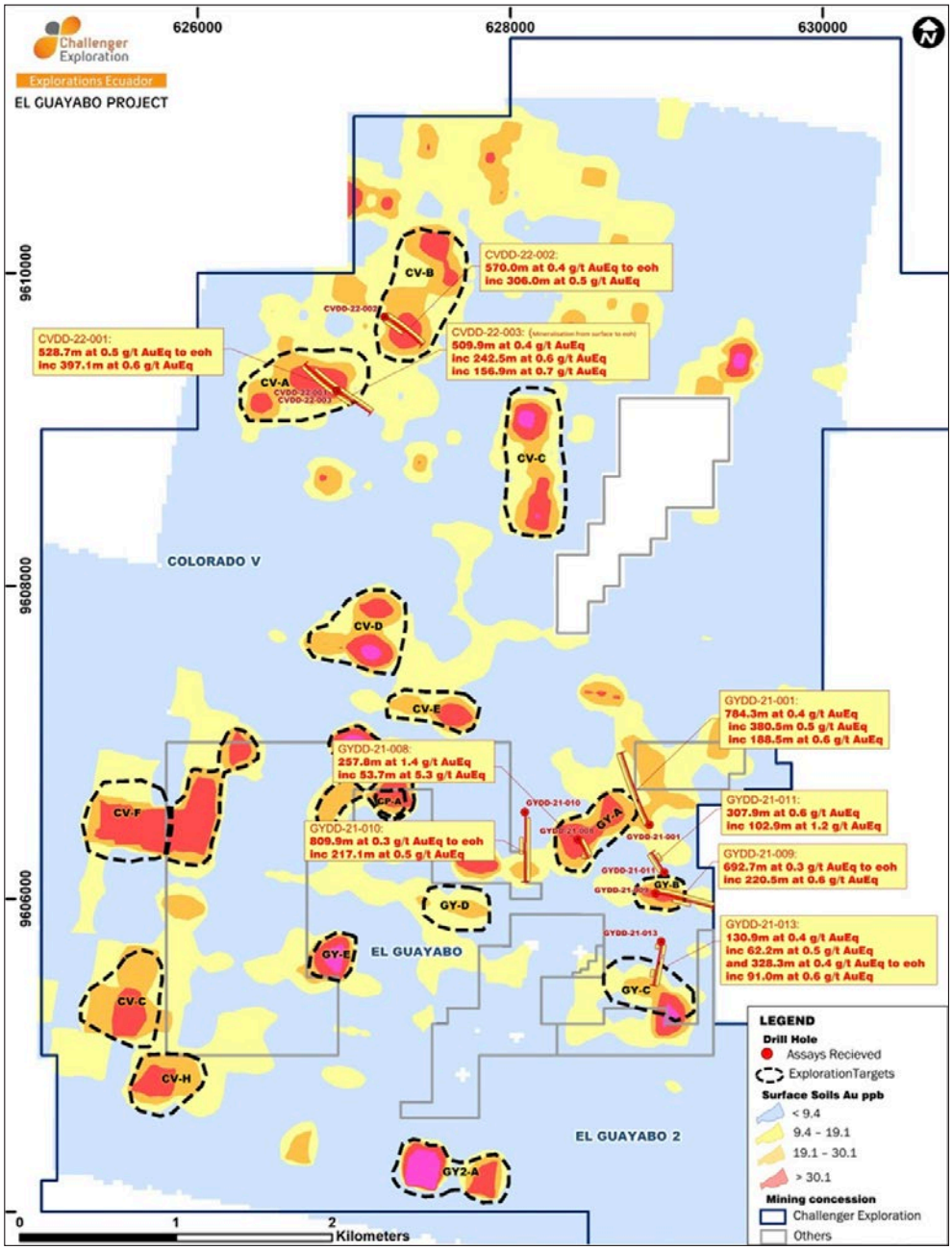

Figure 17 – Summary of maiden Ecuador Drill program

El Guayabo Drill Program

The maiden El Guyabo drill program comprised 16 holes for 9927 metres and was focused on three main significant Au-Ag-Cu soil anomalies the GY-A, GY-B and GY-C anomalies. The drilling confirms the discovery of a significant intrusion hosted gold-copper-silver-molybdenum system with multiple centers of mineralisation, all of which have returned ore grade intercepts. The mineralisation has a similar scale and tenor to the Tier 1 Cangrejos Gold project located 5 kilometres along strike to north-east. The highlights of this maiden El Guaybo drill program included:

GYDD-21-001

GYDD-21-001 was collared to test a 1.8 kilometre long gold in soil anomaly defined in the Company's 100% owned El Guayabo concession. The hole encountered a significant zone of mineralisation from near surface to the end of the hole intersecting **784.3 metres at 0.4 g/t AuEq (0.2 g/t Au, 1.6 g/t Ag, 0.1 % Cu, 12 ppm Mo)** from 16.2m. This mineralisation is hosted in intrusives and intrusive breccia and is consistent and pervasive throughout the length of the drill hole. The mineralisation included a higher grade core of **380.5 metres at 0.5 g/t AuEq (0.3 g/t Au, 2.0 g/t Ag, 0.1 % Cu, 18 ppm Mo)** from 167.5m including **188.5 metres at 0.6 g/t AuEq (0.4 g/t Au, 2.3 g/t Ag, 0.1 % Cu, 30 ppm Mo)** from 359.5m. These 188.5 metres central core containing higher-grade components of **21.0 metres at 1.1 g/t AuEq (0.8 g/t Au, 3.0 g/t Ag, 0.2 % Cu, 139 ppm Mo)** from 403.0m and **30.0 metres at 1.1 g/t AuEq (0.8 g/t Au, 2.6 g/t Ag, 0.2 % Cu, 25 ppm Mo)** from 468.5m.

As Figure 18 shows GYDD-21-001 was located in a lower priority section of a 1.8 km long gold in soil anomaly with the high-grade 550 metre core of the anomaly starting 100 metres to the south-west of GYDD-21-001. The Company took the decision to start the program with two lower priority drill holes given this pad location provided the easiest access. Additionally, the geochemical anomaly currently being tested is the first of nine similar anomalies which will be tested. Drilling on the highest priority of these targets, located in Colorado V, is programmed to start in the current quarter.

In the context of its location, off the main high-grade section of the underlying gold in soil anomaly, drill hole GYDD-21-001 delivered an outstanding result. The mineralisation reflects the underlying soil geochemistry with consistent mineralisation across the hole and a higher-grade core that correlates with the central part of the soil anomaly in this location. The gold in soil values on the GDDD-21-001 location is approximately 30ppb with subsequent drill holes GYDD-003 and GYDD-004 located 200 metres south-west along strike and GYDD-005 and GYDD-006 located a further 250 metres south-west along strike all collared over gold in soil values double that of GYDD-21-001.

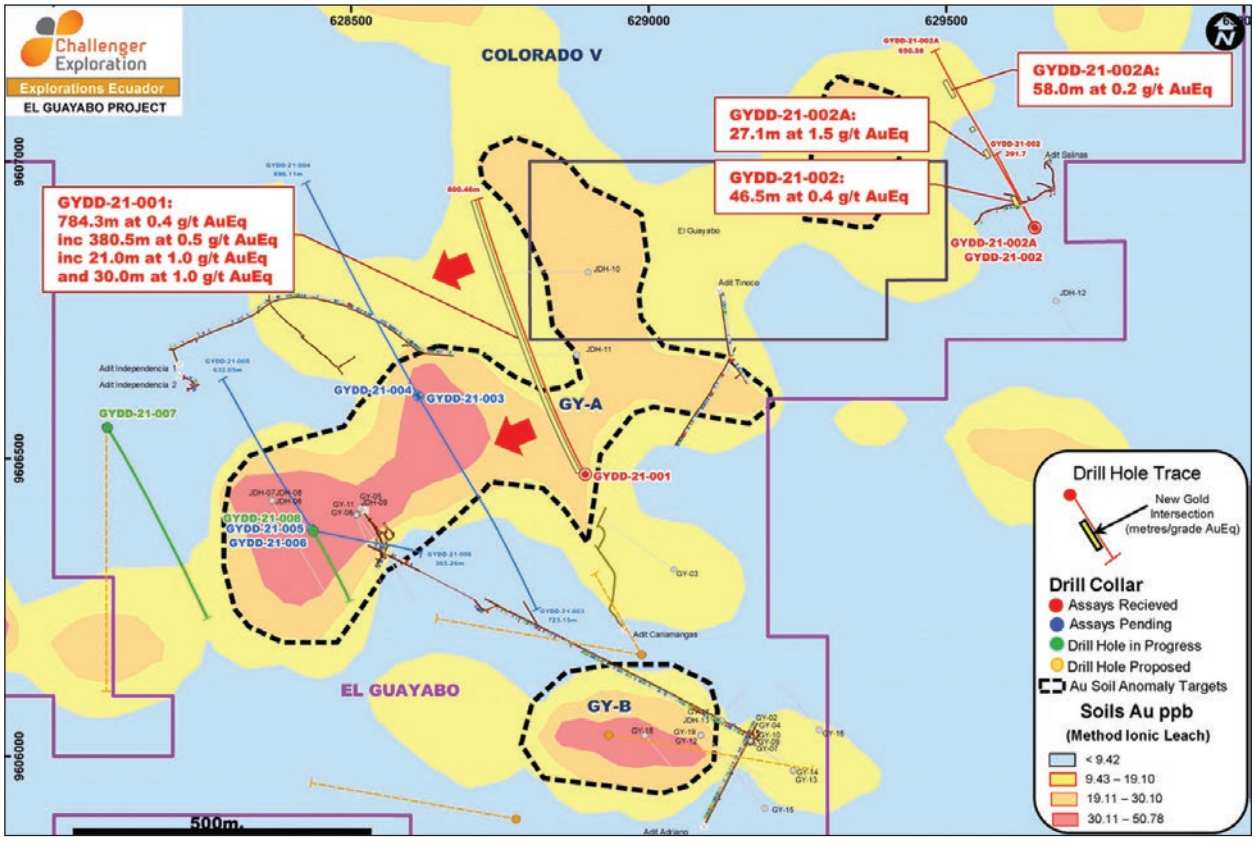

Figure 18 – Showing Location of first drill hole in maiden EL Guayabo drill program

GYDD-21-003 and GYDD-21-004

Drillholes GYDD-21-003 and GYDD-21-004 were collared 200 metres west along strike from drill hole GYDD-21-001 which intersected 784.3 metres at 0.4 g/t AuEq from near surface including a higher grade core of 188.5 metres at 0.6 g/t AuEq. Due to the steep topography to the south of the collar location limiting access the drill pad was located within the underlying gold in soil anomaly with GYDD-21-003 and GYDD-21-004 drilled from the same drill pad in opposite directions. While both holes intersected significant mineralisation (over 200 metres of mineralisation in both holes) the main zone of mineralisation is now believed to be 200 to 300 metres in width and dipping steeply. Accordingly both GYDD-21-003 and GYDD-21-004 are now interpreted as having drilled from within the zone of mineralisation through a near surface leached zone and then out of the mineralisation as shown in Cross Section (Figure 19).

GYDD-21-003

GYDD-21-003 intersected **119.2 metres at 0.5 g/t AuEq (0.4 g/t Au, 0.8 g/t Ag, 0.02% Cu, 2.2 ppm Mo)** from 71.8m. Below the 71 metre leached zone mineralisation is hosted in intrusives, intrusive breccia and metamorphic country rocks that have been brecciated by the intrusion. The mineralisation included a higher grade zone of **77.2 metres at 0.6 g/t AuEq (0.5 g/t Au, 0.5 g/t Ag, 0.01 % Cu, 1.1 ppm Mo)** from 76.4m including **26.2 metres at 1.1 g/t AuEq (1.1 g/t Au, 0.9 g/t Ag, 0.02 % Cu, 1.7 ppm Mo)**.

GYDD-21-003 intersected three additional zones of mineralisation below the main zone including **15.0 metres at 0.4 g/t AuEq (0.3 g/t Au, 0.4 g/t Ag, 0.02 % Cu, 5.0 ppm Mo)** from 356.5m and **21.4 metres at 0.3 g/t AuEq (0.1 g/t Au, 2.6 g/t Ag, 0.08 % Cu, 57.7 ppm Mo)** from 675.8m, and **61.0 metres at 0.2 g/t AuEq (0.1 g/t Au, 0.9 g/t Ag, 0.05 % Cu, 24.5 ppm Mo)** from 662.2m until the end of the hole.

GYDD-21-004

GYDD-21-004 intersected **338.7 metres at 0.3 g/t AuEq (0.2 g/t Au, 1.0 g/t Ag, 0.03% Cu, 6.5 ppm Mo)** from 37.1m including **27.0 metres at 0.6 g/t AuEq (0.5 g/t Au, 1.8 g/t Ag, 0.05 % Cu, 7.3 ppm Mo)** from 348.8m. GYDD-21-004 intersected an additional zone of mineralisation below the main zone including **33.0 metres at 0.3g/t AuEq (0.2 g/t Au, 0.6 g/t Ag, 0.05 % Cu, 18.7 ppm Mo)**. Similarly to GYDD-21-003 the mineralisation is hosted in intrusives/intrusive breccia and below the zone of surface leaching and the mineralisation is consistent and pervasive.

GYDD-006 was drilled from the same pad as GYDD-005, however GYDD-006 was drilled at an azimuth of 100 degrees rather than 150 degrees to better target a steeper zone of mineralisation defined by the underlying gold in

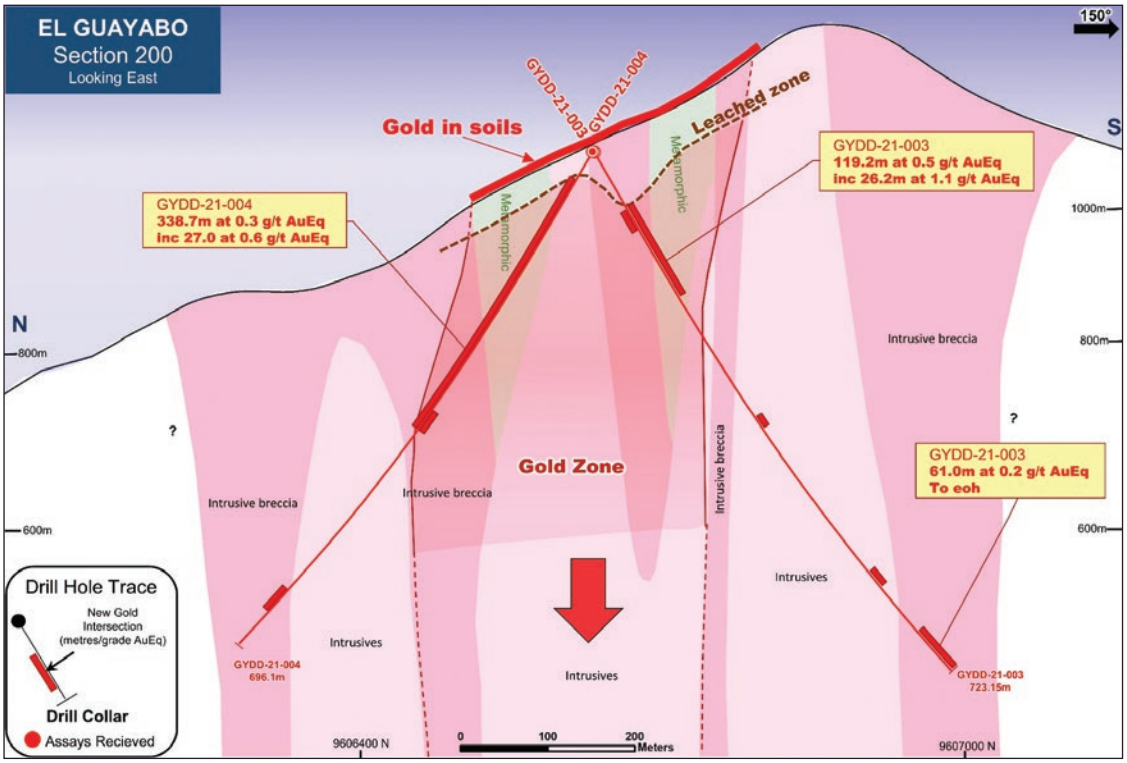

Figure 19 – Showing compromised collar location of GYDD-21-003 and GYDD-21-004 EL Guayabo drill program (GYDD-21-006 and GYDD-21-008)

soil anomaly. The hole encountered a broad zone of mineralisation from near surface predominantly hosted in intrusives and intrusive breccias intersecting **309.8 metres at 0.7 g/t AuEq (0.2 g/t Au, 6.2 g/t Ag, 0.21% Cu, 3.0 ppm Mo)** from 3.3m.

From 74.4 to 276.5 metres downhole GYDD-006 intersected a zone of intrusive breccia containing extensive sheeted veining logged as containing 6-20% total sulphides with an average sulphide content of 9.5% across the zone. The same interval returned an intercept of **202.1m at 0.8 g/t AuEq (0.3 g/t Au, 6.5 g/t Ag, 0.27 % Cu, 3.6 ppm Mo)** from 74.4m including two higher grade zones of **33.0m at 1.3 g/t AuEq (0.3 g/t Au, 15.5 g/t Ag, 0.49% Cu, 3.7 ppm Mo)** from 74.4m, and **53.6m at 1.5 g/t AuEq (0.7 g/t Au, 8.8 g/t Ag, 0.41 % Cu, 1.1 ppm Mo)** from 231.9m.

This mineralisation in the intrusive breccia containing extensive sheeted veining has significantly higher copper and silver contents than the surrounding mineralisation. The gold:copper ratios of 1:1 and silver:gold ratios of 20:1 are 5 to 10 times higher than the mineralisation intersected in GYDD-21-001 to GYDD-21-005. It is interpreted as a second and later pulse of Au-Cu-Ag rich mineralisation.

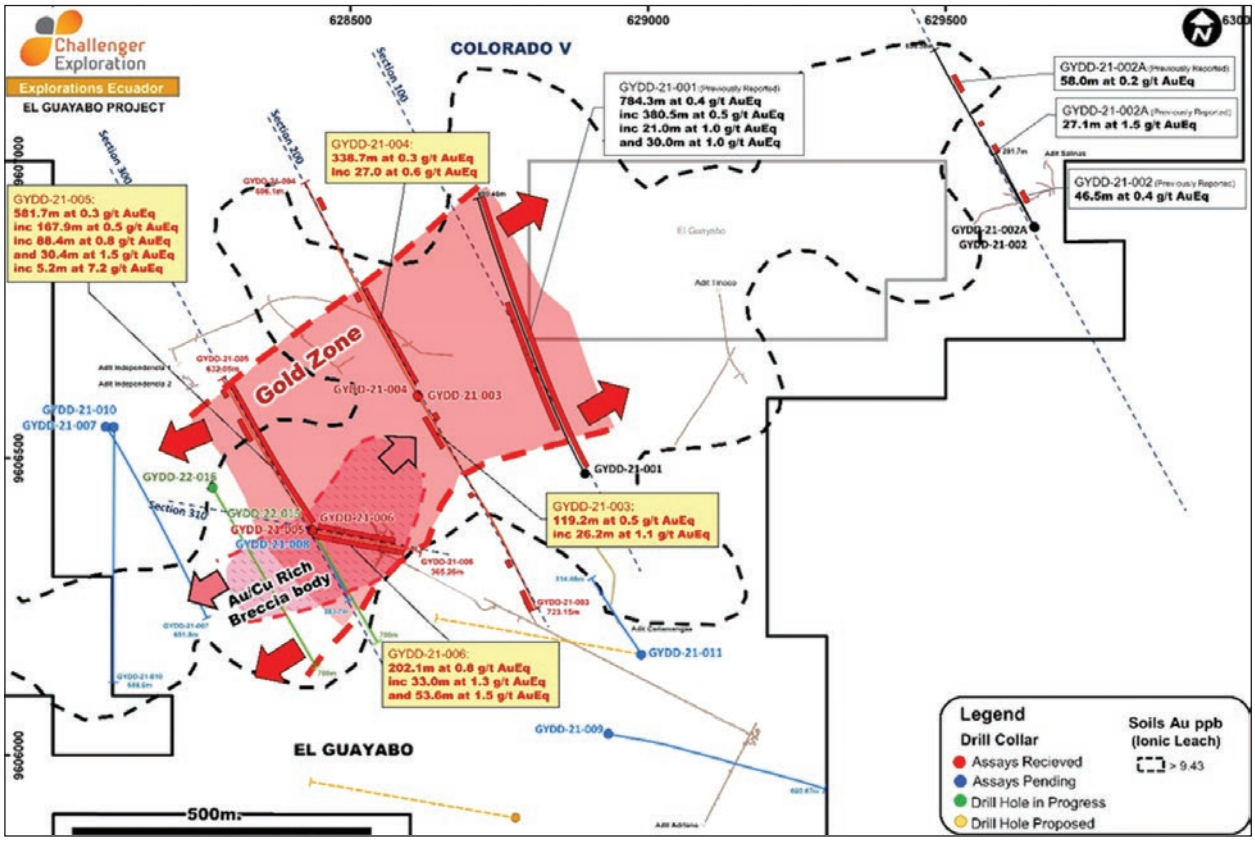

Figure 20 – Showing orientation of GYDD-21-006 and the zone of sheeted/stockwork vein breccia body

GYDD-21-008

GYDD-21-008 was drilled from the same collar as GYDD-21-005 which intersected 581.7 metres at 0.3 g/t AuEq including 88.4 metres at 0.8 g/t AuEq. GYDD-21-008 was drilled to the south, in the reverse orientation to GYDD-21-005. Intrusive breccia, containing sheeted veining and oxide copper mineralisation was mapped in surface outcrop over the 150 metres south of the GYDD-21-005 drill pad. Accordingly, GYDD-21-008 was designed to target the main part of the copper-silver-gold rich breccia hosted mineralisation intersected in GYDD-21-006 (Figures 20 and 21).

GYDD-21-008 successfully intersected the higher-grade mineralisation, intersecting **257.8 metres at 1.4 g/t AuEq (0.8 g/t Au, 7.9 g/t Ag, 0.3 % Cu)** from 5.3m. The copper-silver rich gold mineralisation was hosted in the same intrusive breccia containing sheeted veining as was intersected in GYDD-21-006. The intersection in GYDD-21-008 contained a consistent higher grade core coinciding with the highest density of sheeted veining and sulphides logged. This higher grade core returned an intersection of 79.0 metres at **3.8 g/t AuEq (2.4 g/t Au, 17.5 g/t Ag, 0.7 % Cu)** including **53.7 metres at 5.3 g/t AuEq (3.5 g/t Au, 23.9 g/t Ag, 0.9 % Cu)**. The highest grade section of the intercept, **6.8 metres at 20.6 g/t AuEq (16.9 g/t Au, 50.1 g/t Ag, 1.8 % Cu)**, occurred at the lower contact between the intrusive breccia and country rocks.

This is consistent with drill hole GYDD-21-006, which returned an intercept of 202.1m at 0.8 g/t AuEq within the zone of intrusive breccia containing sheeted veining. In GYDD-21-006 the highest grades were located at the upper (33.0m at 1.3 g/t AuEq) and lower (53.6m at 1.5 g/t AuEq) contacts of the intrusive breccia and the country rock. This is also evident in the historical drill holes which are now interpreted to have intersected this same zone of copper-silver rich gold mineralisation hosted in intrusive breccia containing extensive sheeted veining.

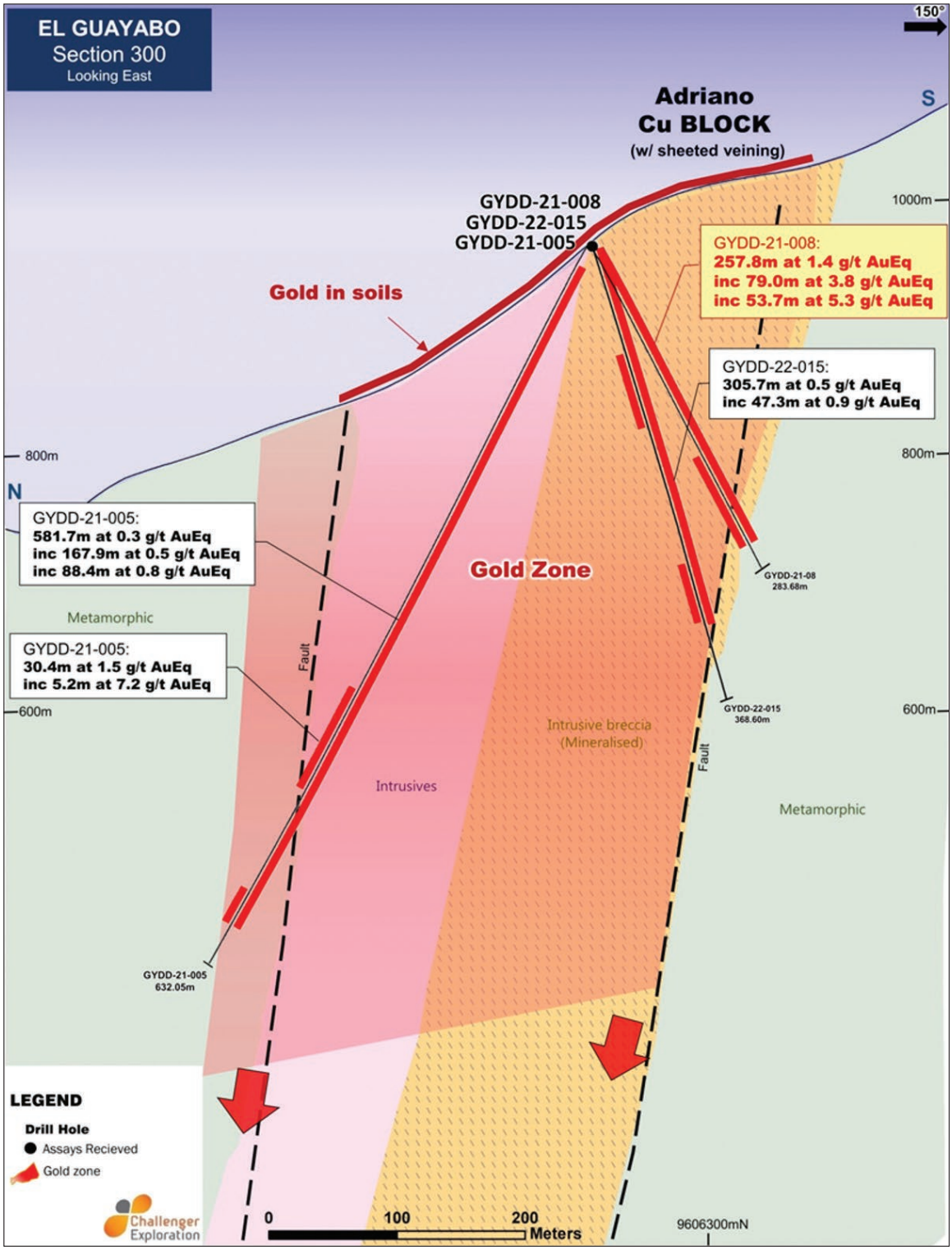

Figure 21 – Cross Section GYDD-21-005, GYDD-21-008 and GYDD-21-015 "Main Discovery zone"

Historical Drilling Results

A review of historical drilling along this main 500 metre long geochemical trend which the Company's initial drilling has been focussed (Figure 23) indicates that seven historical holes have intersected the same zone of copper-silver rich gold mineralisation hosted in intrusive breccia with extensive sheeted veining that was intersected in GYDD-21-008. The historical results are listed in Table 6.

Drill Hole (#)	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Cu (%)	AuEq (g/t)	Comments	Gram Metres
JDH-006	18.0	89.6	**71.6**	**0.23**	**2.0**	**0.10**	**0.4**	0.1 g/t AuEq	**30.3**
and	164.8	281.0	**116.2**	**0.60**	**8.9**	**0.40**	**1.4**	0.1 g/t AuEq	**160.9**
inc	227.8	281.1	**53.3**	**1.20**	**13.2**	**0.62**	**2.4**	1.0 g/t AuEq	**128.3**
JDH-007	39.7	84.5	**44.8**	**0.30**	**1.4**	**0.04**	**0.4**	0.1 g/t AuEq	**16.9**
JDH-008	104.7	136.7	**32.0**	**0.15**	**3.6**	**0.13**	**0.4**	0.1 g/t AuEq	**13.1**
and	249.1	316.2	**67.1**	**0.20**	**5.7**	**0.21**	**0.6**	0.1 g/t AuEq	**41.9**
inc	291.8	316.2	**24.4**	**0.45**	**9.2**	**0.34**	**1.1**	1.0 g/t AuEq	**27.7**
JDH-009	10.3	122.0	**111.7**	**0.70**	**14.6**	**0.58**	**1.9**	0.1 g/t AuEq	**207.6**
and	201.4	205.4	**4.0**	**11.40**	**9.7**	**0.01**	**11.5**	1.0 g/t AuEq	**46.1**
and	255.1	256.7*	**1.5**	**0.70**	**1.5**	**0.02**	**0.8**	end of hole	**1.1**
GY-005	12.0	162.0	**150.0**	**0.35**	**11.0**	**0.30**	**1.0**	0.1 g/t AuEq	**149.2**
inc	14.0	54.0	**40.0**	**0.63**	**25.5**	**0.60**	**2.0**	1.0 g/t AuEq cut	**78.2**
and	180.0	194.0	**14.0**	**0.20**	**6.1**	**0.22**	**0.6**	0.1 g/t AuEq	**9.0**
GY-008	16.0	271.0	**255.0**	**0.14**	**6.5**	**0.24**	**0.6**	0.1 g/t AuEq	**159.4**
inc	235.0	271.0	**36.0**	**0.35**	**11.5**	**0.50**	**1.3**	1.0 g/t AuEq cut	**48.1**
GY-011	14.0	229.0	**215.0**	**0.17**	**9.6**	**0.36**	**0.9**	0.1 g/t AuEq	**192.6**
inc	14.0	97.0	**83.0**	**0.22**	**14.9**	**0.50**	**1.2**	1.0 g/t AuEq	**103.5**
inc	202.0	229.0	**27.0**	**0.38**	**15.2**	**0.80**	**1.9**	1.0 g/t AuEq	**51.8**

Table 6: Historical intersections interpreted as copper rich intrusive breccia hosted mineralisation

Gold Equivalent (AuEq) values – Requirements under the JORC Code

- Assumed commodity prices for the calculation of AuEq is Au US$1780 Oz, Ag US$22 Oz, Cu US$9,650 /t, Mo US$40,500 /t,
- Metallurgical recovery factors for gold, silver, copper, and molybdenum are assumed to be equal. No metallurgical factors have been applied in calculating the Au Eq.
- The formula used: AuEq (g/t) = Au (g/t) + [Ag (g/t) x (22/1780)] + [Cu (%) x (9650/100*31.1/1780)] + [Mo (%) x (40500/100*31.1/1780)].
- CEL confirms that it is the Company's opinion that all the elements included in the metal equivalents calculation have reasonable potential to be recovered and sold.

This historical drilling comprised fans of three and four drill holes from two collar locations. Historical drill holes JDH-009 (111.7 metres at 1.9 g/t AuEq) and GY-005 (150.0 metres at 1.0 g/t AuEq including 40.0 metres at 2.0 g/t AuEq) were collared 100 metres east of GYDD-21-008. JDH-006, collared 100 metres northwest of GYDD-21-008, intersected two zones of copper rich mineralisation hosted in intrusive breccia (116.2metres at 1.4 g/t AuEq including 53.3 metres and 71.6m at 0.4 g/t AuEq) from near surface. GY-011, drilled from the same pad as JDH-006 at a steeper angle, intersected 215.0 metres at 0.9 g/t AuEq including 83.0 metres at 1.2 g/t AuEq and 27.0 metres at 1.9 g/t AuEq.

The historical drilling and GYDD-21-006 and GYDD-21-008 define a continuous zone of higher-grade copper-silver rich gold mineralisation with a true width between 100 to 150 metres and up to 200 metres in some holes. This zone of mineralisation dips steeply to the northwest, extends over at least 150 metres of strike and remains open in both directions along strike and at depth. Additionally, the historical drilling shows the same distribution of higher-grade mineralisation at the upper and lower contact of the Intrusive breccia with the country rock.

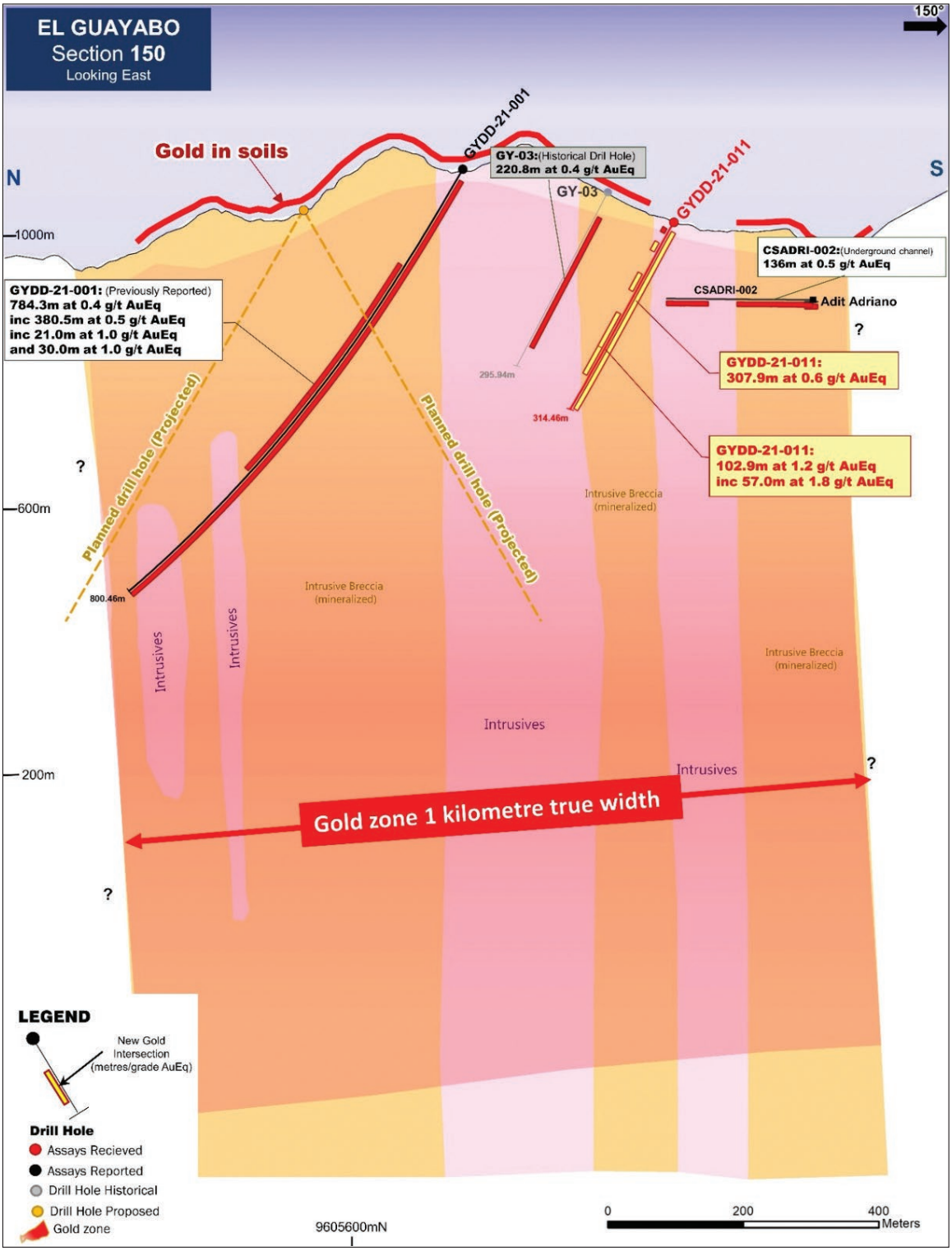

Figure 21 – Cross Section GYDD-21-005, GYDD-21-008 and GYDD-21-015 "Main Discovery zone"

GYDD-21-011 – Main Discovery Zone, GY-A Soil Anomaly

GYDD-21-011 was drilled approximately 300 metres southeast of the Company's first El Guayabo drillhole GYDD-21-001 which intersected 784.3 metres at 0.4 g/t AuEq from near surface to the end of the hole including a higher grade core of 380.5 metres at 0.5 g/t AuEq from 167.5m including 188.5 metres at 0.6 g/t AuEq. GYDD-21-011 was designed to test for extensions to the mineralisation intersected in GYDD-21-001 some 300 metres down-dip. This main discovery zone coincides with the GY-A Au soil anomaly that covers 1.2 kilometres strike (Figure 22).

GYDD-21-011 intersected **307.9m at 0.6 g/t AuEq (0.5 g/t Au, 2.4 g/t Ag, 0.05 % Cu, 13.6 ppm Mo)** from 3.0m, including **102.9m at 1.2 g/t AuEq (1.1 g/t Au, 2.7 g/t Ag, 0.04% Cu, 19.1 ppm Mo)** from 156.1m including a higher grade zone of **57.0m at 1.8 g/t AuEq (1.7 g/t Au, 3.6 g/t Ag, 0.03% Cu, 9.0 ppm Mo)**. The hole was abandoned at 310 metres, after the core barrel became stuck 300 metres above the projected main target zone.

The mineralisation from surface until where the hole was lost, is interpreted as an extension of the main discovery zone of mineralisation intersected in GYDD-21-001. This main discovery zone starts at surface, is sub-vertical, remains open at a depth of 500 metres, and was previously interpreted as having a true width of 300 metres. The results of GYDD-21-011 indicate that this main zone is significantly larger, and it has a true width of approximately 1000 metres in this location. Historical hole GY-03, located between GYDD-21-001 and GYDD-21-011 which intersected 220.8 metres at 0.4 g/t AuEq and channel sampling in the Adriano Adit behind GYDD-21-011, which returned 136.0 metres at 0.5 g/t AuEq, demonstrate that mineralisation is continuous and pervasive across the 1000 metre true width.

GYDD-22-015 – Main Discovery Zone, GY-A Soil Anomaly

GYDD-22-015 was drilled from the same drill pad as GYDD-21-008 (257.8m at 1.4 g/t AuEq) at a steeper angle to test 100 metres downdip of GYDD-21-008 which intersected the zone of high-grade copper rich mineralisation hosted in intrusive breccia with extensive sheeted veining that sits within the broader zone of mineralisation at the El Guayabo discovery zone. The hole successfully extended this high-grade copper rich mineralisation down-dip where it remains open at depth.

GYDD-22-015 intersected **305.7m at 0.5 g/t AuEq (0.2 g/t Au, 4.6 g/t Ag, 0.2 % Cu, 1.5 ppm Mo)** from 3.0m. This included two zones of higher-grade mineralisation of **59.8m at 0.7 g/t AuEq (0.2 g/t Au, 7.1 g/t Ag, 0.3% Cu, 1.5 ppm Mo)** from 87.1 and **47.3m at 0.9 g/t AuEq (0.4 g/t Au, 6.7 g/t Ag, 0.3% Cu, 1.3 ppm Mo)** from 257.7m, including 18.0 metres at 1.1 g/t AuEq and 15.0 metres at 1.2 g/t AuEq from 289.9m. The two higher grade zones are located at the top and base of this copper rich zone which correlates well with copper-rich sheeted vein hosted mineralisation intersected in GYDD-006 and GYDD-008. Follow up drilling is planned both up and down-dip.

GYDD-22-016 – Main Discovery Zone, GY-A Soil Anomaly

GYDD-22-016 successfully extended the zone of higher-grade copper rich mineralisation 150 metres along strike to the west. It also confirmed continuous mineralisation between GYDD-21-008 and GYDD-21-007 collared 500 metres west along strike from GYDD-21-008 and 200 metres west along strike from GYDD-22-016. Logging indicates that the initial 68 metres from surface was a zone of surface leaching. Below this, the hole intersected **265.4m at 0.5 g/t AuEq (0.3 g/t Au, 2.9 g/t Ag, 0.1% Cu, 2.9 ppm Mo)** from 68.0m including **107.6m at 0.9 g/t AuEq (0.5 g/t Au, 5.7 g/t Ag, 0.2% Cu 2.1 ppm Mo)** from 225.8m.

The higher-grade zone from 225.8 metres correlates well with the copper rich higher-grade zone of mineralisation hosted in intrusive breccia and containing sheeted veining. As is observed elsewhere in the system the copper rich zone contains two zones of higher-grade mineralisation at the top and base of the zone with intersections of **31.0m at 1.1 g/t AuEq (0.7 g/t Au, 6.1 g/t Ag, 0.2% Cu, 2.1 ppm Mo)** from 225.8 and **39.1m at 1.1 g/t AuEq (0.6 g/t Au, 8.5 g/t Ag, 0.3% Cu, 1.9 ppm Mo)** from 294.3m. A drill hole is planned to test down-dip of GYDD-22-016.

First Drilling on separate regional Au soil Anomaly Targets

Figure 23 (next page) shows the GY-B and GY-C Au soil anomalies which are both approximately 800 metres long and 300 metres wide and have similar peak Au in soil values to the GY-A Au soil anomaly, which correlates with the main discovery zone. These were the first two of fifteen similar Au soil anomalies across the entire project to be drill tested by the Company.

Drilling (with assays pending) is currently ongoing on the CV-A and CV-B Au soil anomalies at Colorado V in the northern part of the project. Both these anomalies have a similar size footprint to the GY-A Anomaly both being 1 kilometre long.

GYDD-21-009 – GY-B Au soil anomaly

GYDD-21-009 was collared as a deep hole under the GY-B Au in soil anomaly which corresponds to the zone of mineralisation historically termed the "Gold Block Breccia". As Figure 24 shows, the Gold Block Breccia was drilled historically, however, the 10 historical holes were tightly spaced, covering less than 30% of the GY-B soil anomaly with drilling focussed within 200 metres of surface. The best historical drill results from the Gold Block Breccia were in drill hole GY-02 (156.0 metres at 3.0 g/t AuEq and 28.9 metres at 0.4 g/t AuEq, ending in mineralisation) and drill hole JDH-13 (16.0 metres at 0.5 g/t AuEq and 65.0 metres at 1.5 g/t AuEq).

GYDD-21-009 was drilled as a deep test 200 metres under the GY-B anomaly and the historical Gold Block Breccia drilling. The hole intercepted mineralisation from surface to the end of the hole recording, **692.7m at 0.3 g/t AuEq (0.2 g/t Au, 2.0 g/t Ag, 0.1% Cu, 7.7 ppm Mo)**. This included a higher grade zone of 220.5m at **0.6 g/t AuEq (0.3 g/t Au, 4.3 g/t Ag, 0.1% Cu, 8.7 ppm Mo)** from 220.5m including. **20.7m at 1.0 g/t AuEq (0.3 g/t Au, 16.5 g/t Ag, 0.3% Cu, 5.5 ppm Mo)** and **80.5m at 0.9 g/t AuEq (0.5 g/t Au, 1.3 g/t Ag, 0.2% Cu, 5.8 ppm Mo)**.

This higher-grade 220 metre zone of mineralisation correlates with the downdip extensions of the historical drilling. Additionally, rock saw channel sampling in the Adriano Adit, which traverses the main area of historical drilling approximately 80 metres below surface returned 187 metres of 0.5 g/t AuEq, confirming the approximate 200 metre true width of the higher-grade component of the GY-B target mineralisation. Given the 800m x 200 metre dimensions of the GY-B Au soil anomaly, it has the potential to host a significant bulk gold deposit.

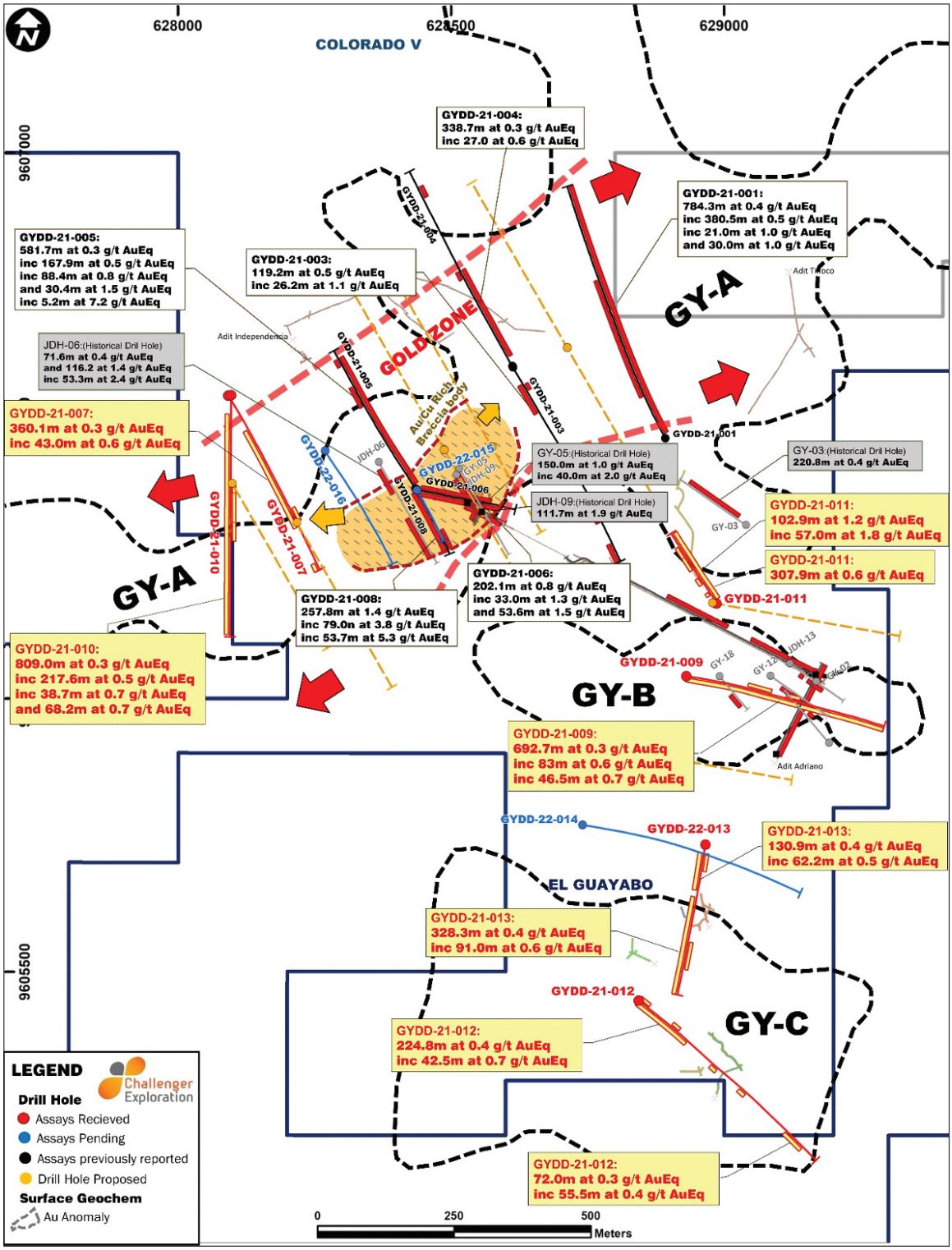

Figure 23 – GY-A, GY-B and GY-C Au soil anomalies and current drilling

GYDD-21-012 and GYDD-21-013 – GY-C Au soil anomaly

GYDD-21-012 and GYDD-21-013 were designed to test the GY-C Au soil anomaly which is approximately 800 metres long and 400 metres wide. Both holes intercepted significant gold-coper-silver mineralisation, demonstrating that the mineralisation associated with this anomaly is similar to that in the main discovery zone (GY-A) and GY-B and has the potential to add significant tonnage of bulk gold mineralisation to the main discovery zone.

GYDD-21-013 was collared 200 metres outside of the GY-C anomaly and drilled under the Au soil anomaly. The hole intersected mineralisation from near surface until the end of the hole intersecting **130.9m at 0.4 g/t AuEq (0.2 g/t Au, 4.2 g/t Ag, 0.1% Cu, 5.7 ppm Mo)** from 33.6m and **328.3m at 0.4 g/t AuEq (0.2 g/t Au, 2.2 g/t Ag, 0.1% Cu, 23.3 ppm Mo)** from 189.2m until the end of the hole. This included a higher grade component of **91.0m at 0.6 g/t AuEq (0.4 g/t Au, 1.7 g/t Ag, 0.1% Cu, 32.2 ppm Mo)**.

GYDD-21-012 intersected **224.8m at 0.4 g/t AuEq (0.3 g/t Au, 2.4 g/t Ag, 0.04% Cu, 2.7 ppm Mo)** from 2.0m, including **42.5m at 0.7 g/t AuEq (0.6 g/t Au, 2.3 g/t Ag, 0.03% Cu, 1.9 ppm Mo)** and **72.0m at 0.3 g/t AuEq (0.3 g/t Au, 0.8 g/t Ag, 0.02% Cu, 3.2 ppm Mo)** from 669.6m including **55.5m at 0.4 g/t AuEq (0.3 g/t Au, 0.7 g/t Ag, 0.02% Cu, 3.6 ppm Mo)** plus several lower grade zones between these intersections.

Additionally, two historical holes GY-01 and JDH-14, both of which were not optimally sited to test the GY-C mineralisation, also indicate significant potential for bulk gold-copper-silver mineralisation. GY-01 was a vertical hole collared on the outer margin of the GY-C Au soil anomaly. It intersected 59.0 metres at 0.54 g/t AuEq from 10.0m and 110.2 metres at 0.5 g/t AuEq from 139.0m to the end of hole.

Ongoing Drill program

The company has completed drill holes CVDD-22-006 to CVDD-22-021 (assays pending) targeting the CV-A and CV-B anomalies at Colorado V. The next five drill holes have targeted CV-D (two holes completed with assays pending), CV-E (completed assays pending), CV-G (completed assays pending), and CV-H and CV-G (both completed assays pending) anomalies.

Three additional drill holes are planned to test the GY-E and GY-D anomalies as both drill rigs move back into the El Guayabo concession. The rigs will then complete a Phase-2 drill program of 25,000-30,000 metres at GY-A and GY-B which encompasses the main discovery zone at the 100% owned El Guayabo concession. This program has been designed to generate a maiden Resource Estimate in accordance with the JORC 2012 Code at the GY-A anomaly.

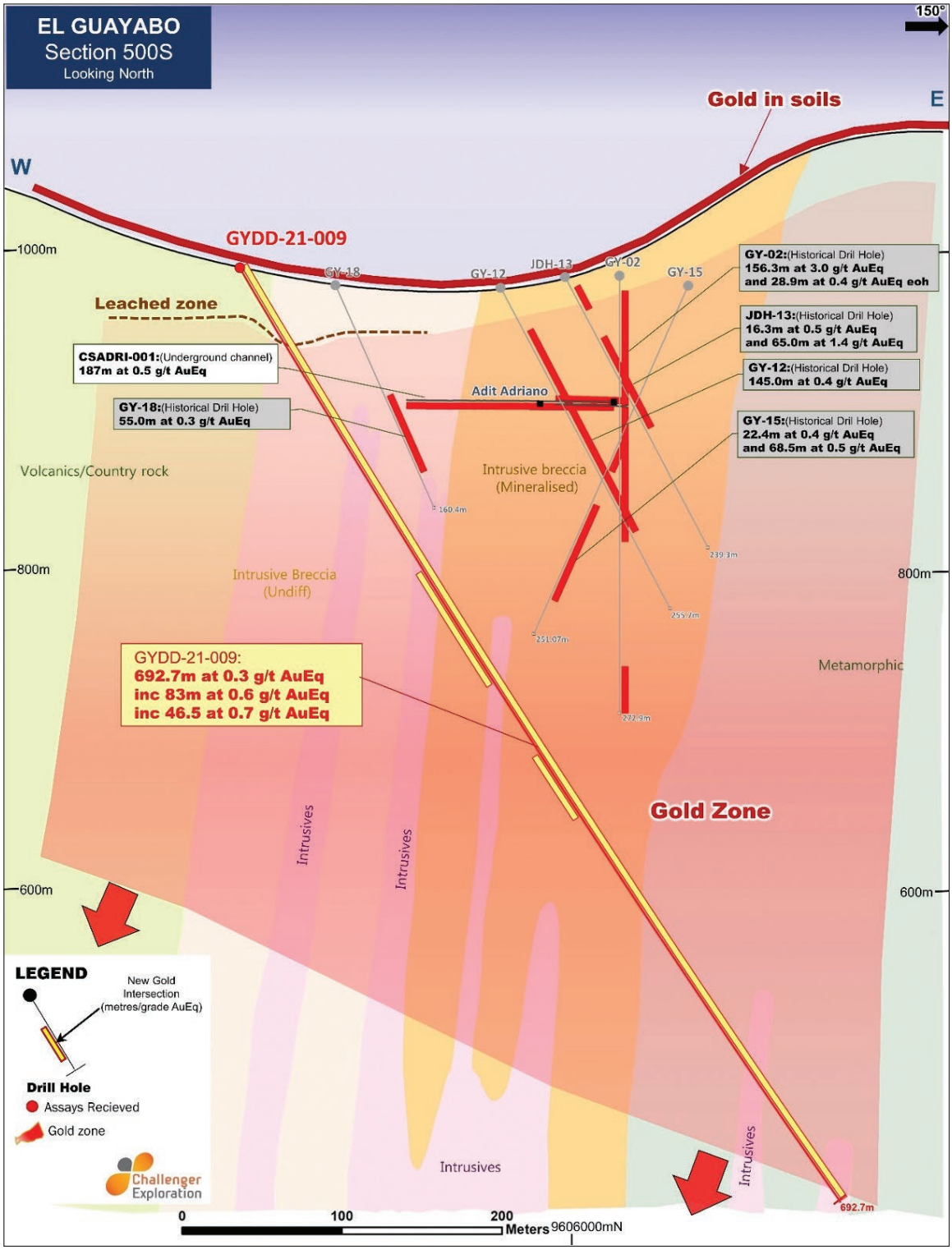

Figure 24 – GYDD-21-009 and historical drilling on GY-B "Gold Block Breccia"

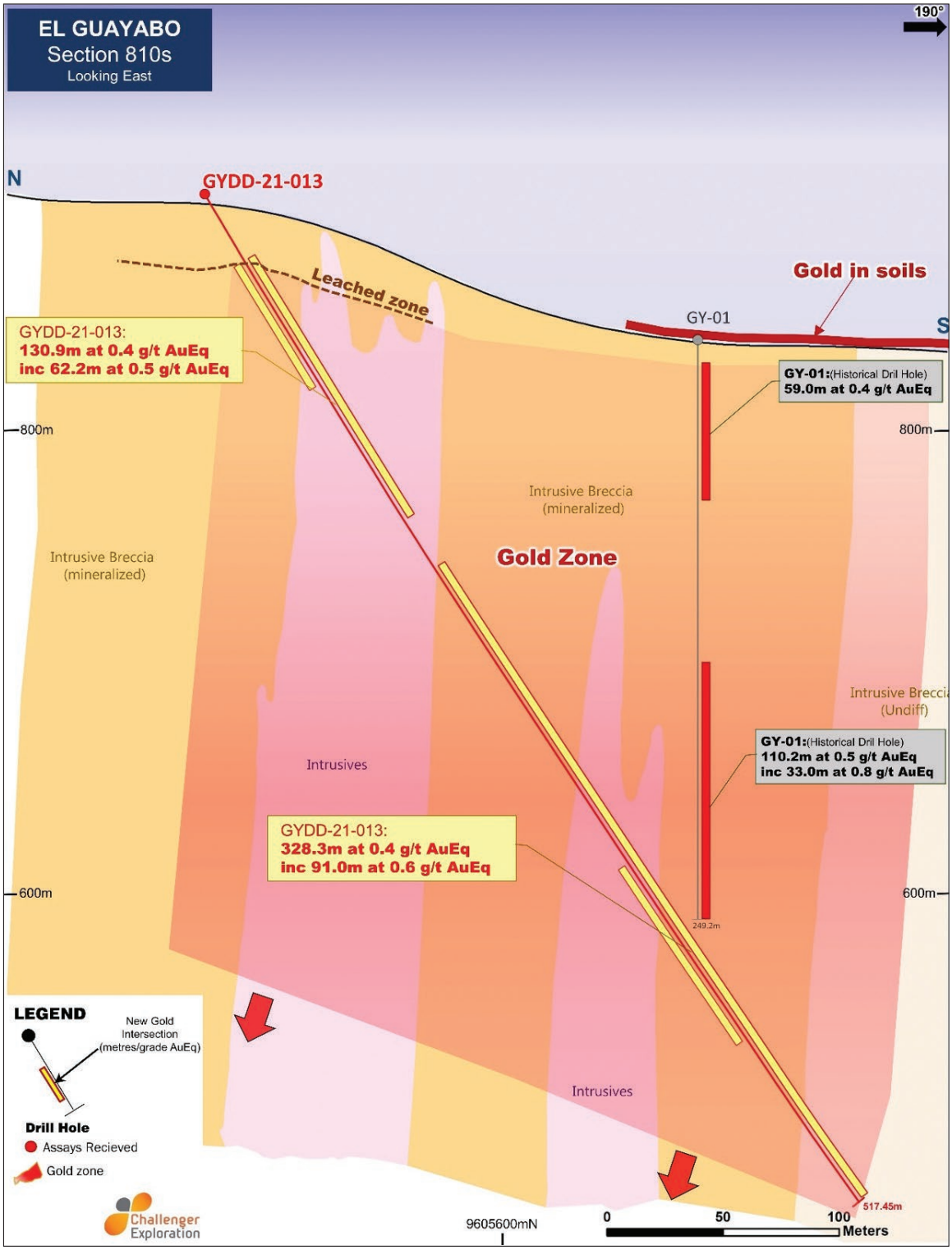

Figure 25 – GYDD-21-013 on GY-C Au soil Anomaly

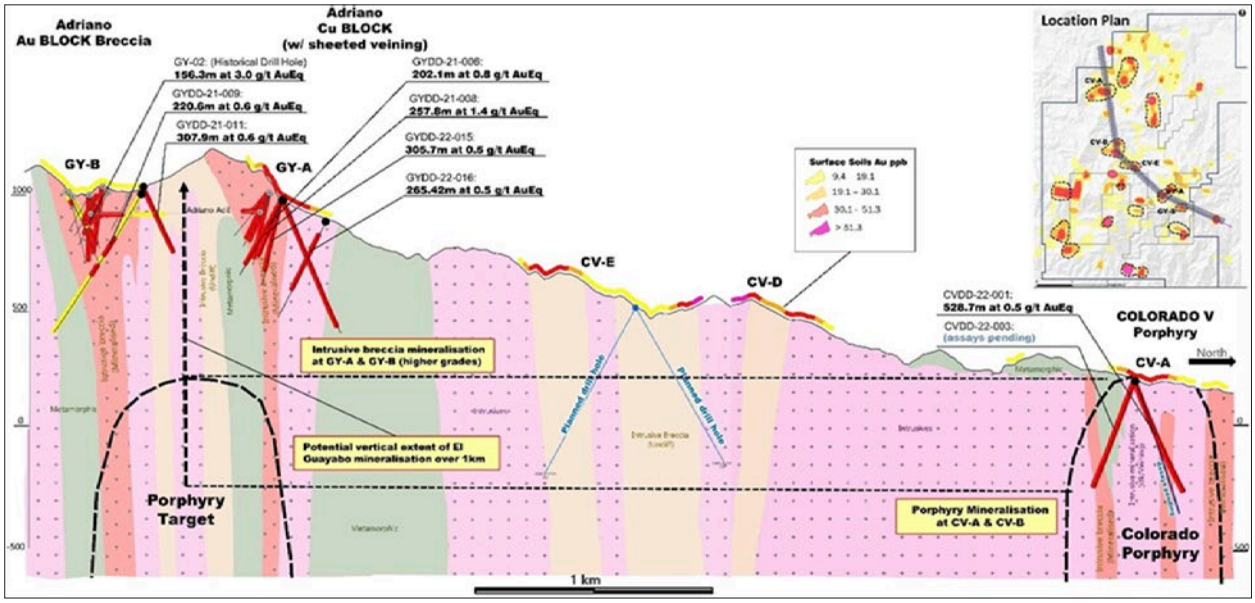

Figure 26 – Long Section El Guaybo to Colorado V and current and proposed drilling

Colorado V Drill program

The Company is farming in to earn an initial 50% interest in the Colorado V concession which adjoins CEL's 100% owned El Guayabo concession to the south and the Cangrejos concession which hosts the 17 million ounce Cangrejos Gold Project1, to the north. The Colorado V drill program comprised 17 drillholes (assays pending for holes CVDD-22-006 and higher) for 11720 metres of diamond core.

CVDD-22-001 – First test CV-A anomaly

CVDD-22-001 was the Company's first drill hole targeting the CV-A soil anomaly at Colorado V. The CV-A anomaly is a gold, silver, and copper soil anomaly some 1 kilometre long and 500 metres wide which forms part of a greater 3 kilometre linear trending gold in soil feature at Colorado V. The CV-A anomaly, like the other fifteen regionally significant Au-Ag-Cu-soil anomalies across the Company's 35.7 km2 tenement package has a peak gold value some 50 times above background. Additionally, it is coincident with significant underlying magnetic anomalies indicative of porphyry systems.

Limited historical drilling had been undertaken outside the CV-A soil anomaly targeting vein and breccia mineralisation which is currently being exploited by small scale mining. Results included 248 metres at 0.5 g/t AuEq including 114 metres at 0.7 g/t AuEq, in drillhole ZK16-2 located on the northwest flank of the CV-A anomaly and 112 metres at 0.5 g/t AuEq within a zone of 454m at 0.3 g/t AuEq over the entire length of drillhole ZK0-4 located outside the southern boundary of the CV-A soil Anomaly. These historic results had not been followed up with drilling which directly targeted the CV-A anomaly prior to the Company's current program of which CVDD-22-001 was the first hole.

The intersection of **528.7m at 0.5 g/t AuEq (0.3 g/t Au, 2.0 g/t Ag, 0.1 % Cu, 13.2 ppm Mo)** from surface until the end of the hole in the first hole to test the CV-A anomaly confirms a significant gold discovery. The mineralisation is consistent and pervasive throughout the hole and appears to have a similar paragenetic relation to mineralisation intersected in the companies´ discovery holes 3 kilometres to the south at El Guayabo, as well as Lumina Gold's Cangrejos Project 3 kilometres to the north.

Importantly, from an open pit mining perspective, hole CVDD-22-001 includes a higher-grade section near surface, with an intersection of **397.1m at 0.6 g/t AuEq (0.3 g/t Au, 2.8 g/t Ag, 0.1 % Cu, 14.3 ppm Mo)** from surface including **108.0m at 0.7 g/t AuEq (0.4 g/t Au, 2.8 g/t Ag, 0.1 % Cu, 15.6 ppm Mo)** from 6.0 metres.

CVDD-22-003: CV-A anomaly

CVDD-22-003 was the Company's second drill hole targeting the CV-A soil anomaly at Colorado V. The hole was drilled as a follow up to CVDD-22-001 which intersected 528.7m at 0.5 g/t AuEq from surface to the end of the hole including 397.1m at 0.6 g/t AuEq from surface. CVDD-22-003 was drilled from the same pad as CVDD-22-001 in the opposite direction outwards from the CV-A soil anomaly to test the entire 500 metre width.

As can be seen from Figure 28 (Plan view), CVDD-22-003 drilled outside the projected CV-A soil anomaly at approximately 200 metres down hole. This makes the intercept of **509.9m at 0.4 g/t AuEq (0.2 g/t Au, 1.4 g/t Ag, 0.1 % Cu, 31.3 ppm Mo)** from surface until the end of the hole more impressive as it confirms that the mineralisation extends significantly beyond the boundary of the CV-A soil anomaly.

The hole intersected a higher-grade zone of **242.5 metres at 0.6 g/t AuEq (0.4 g/t Au, 1.8 g/t Ag, 0.1% Cu, 44.8 ppm Mo)** including **156.9 metres at 0.7 g/t AuEq (0.4 g/t Au, 1.8 g/t Ag, 0.1% Cu, 54.7 ppm Mo)** and **75.8 metres at 0.8 g/t AuEq (0.6 g/t Au, 1.8g/t Ag, 0.1% Cu, 59.1 ppm Mo)**, all from surface. This higher-grade zone correlates with the area below the CV-A soil anomaly, which is an extension of mineralisation intersected in CVDD-22-001 (397.1m at 0.6 g/t AuEq from surface), confirming mineralisation at the CV-A anomaly begins at surface and has higher-grades at surface.

The intersection confirms that the CV-A soil anomaly which is a gold, silver, and copper soil anomaly some 1 kilometre long and 500 metres wide is mineralised across its entire 500 metre width and beyond. The mineralisation is consistent and pervasive throughout the hole and appears to have similar paragenetic relationships to mineralisation intersected in the discovery holes 3 kilometres to the south at El Guayabo, as well as Lumina Gold's Cangrejos Project 6 kilometres to the northeast.

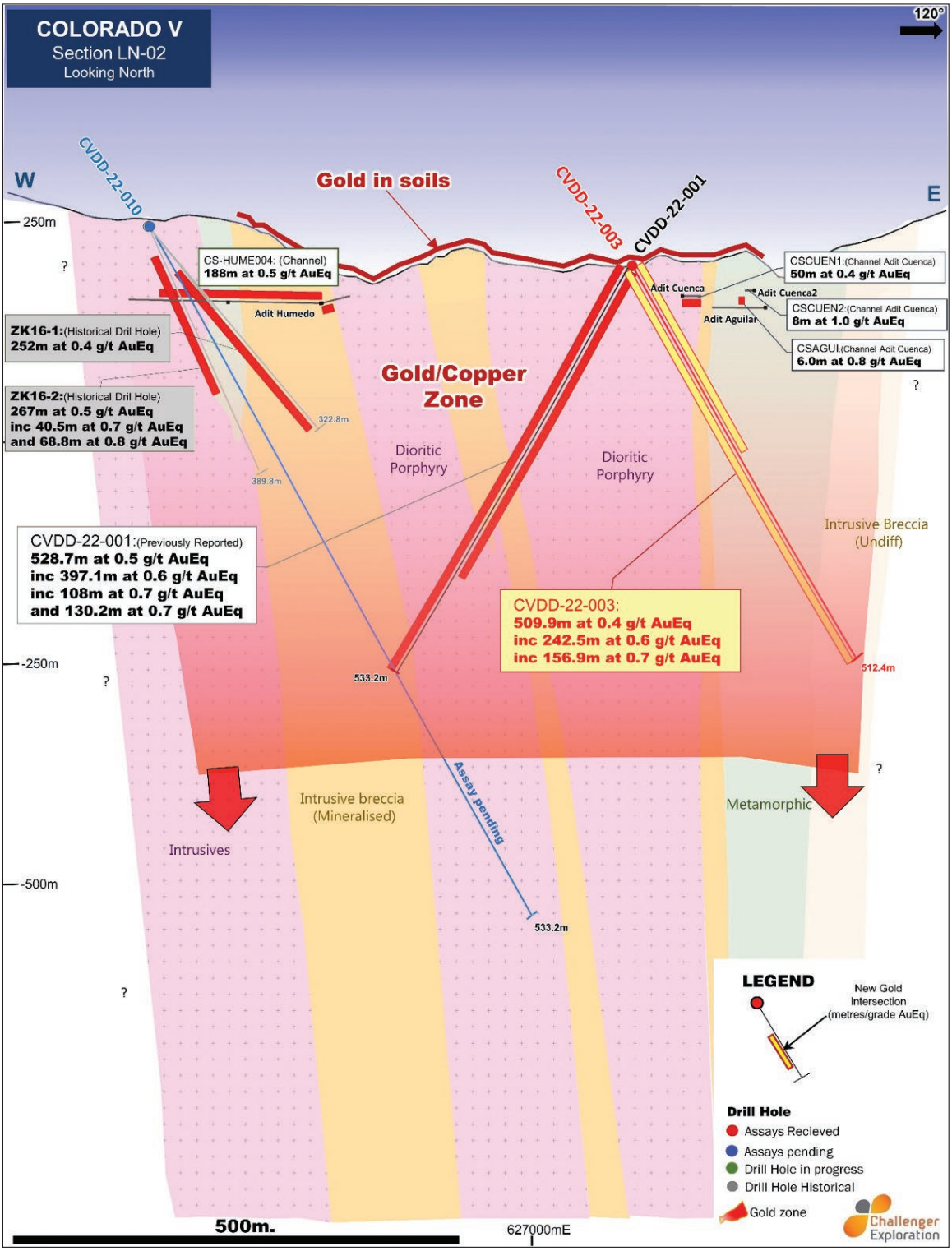

Figure 27 – Cross Section showing CV-A drilling

CVDD-22-005: CV-A anomaly

CVDD-22-005 was the Company's third drill hole targeting the CV-A soil anomaly. It was drilled from the same pad at CVDD-22-001 and CVDD-22-003 at an azimuth of 030, perpendicular to holes CVDD-22-001 and 003, to test mapped stockwork veining at surface in the north of the CV-A anomaly (Figure 28). The hole intersected **564.1 metres at 0.4 g/t AuEq (0.2 g/t Au, 2.3 g/t Ag, 0.1% Cu, 44.0 ppm Mo)** from 8.1m. This included a higher-grade near surface zone of **278.0 metres at 0.6 g/t AuEq (0.3 g/t Au,3.2 g/t Ag, 0.1% Cu, 68.2 ppm Mo)** from 8.1m including **146.5 meters at 0.7 g/t AuEq (0.4 g/t Au, 3.2 g/t Ag, 0.1% Cu, 101.0 ppm Mo)** also from 8.1m.

The results extend the mineralisation intersected in CVDD-22-001 and CVDD-22-003 some 300 metres to the northern extent of the CV-A soil anomaly. They confirm a continuous zone of mineralisation from surface which is 600 metres wide extending over 400 metres of strike that remains open at depth and to the south along the 600 additional metres of strike of the CV-A soil anomaly. This 600 metres strike extent to the south-west has been tested by drill holes CVDD-22-007 and CVDD-22-010 (both assays pending).

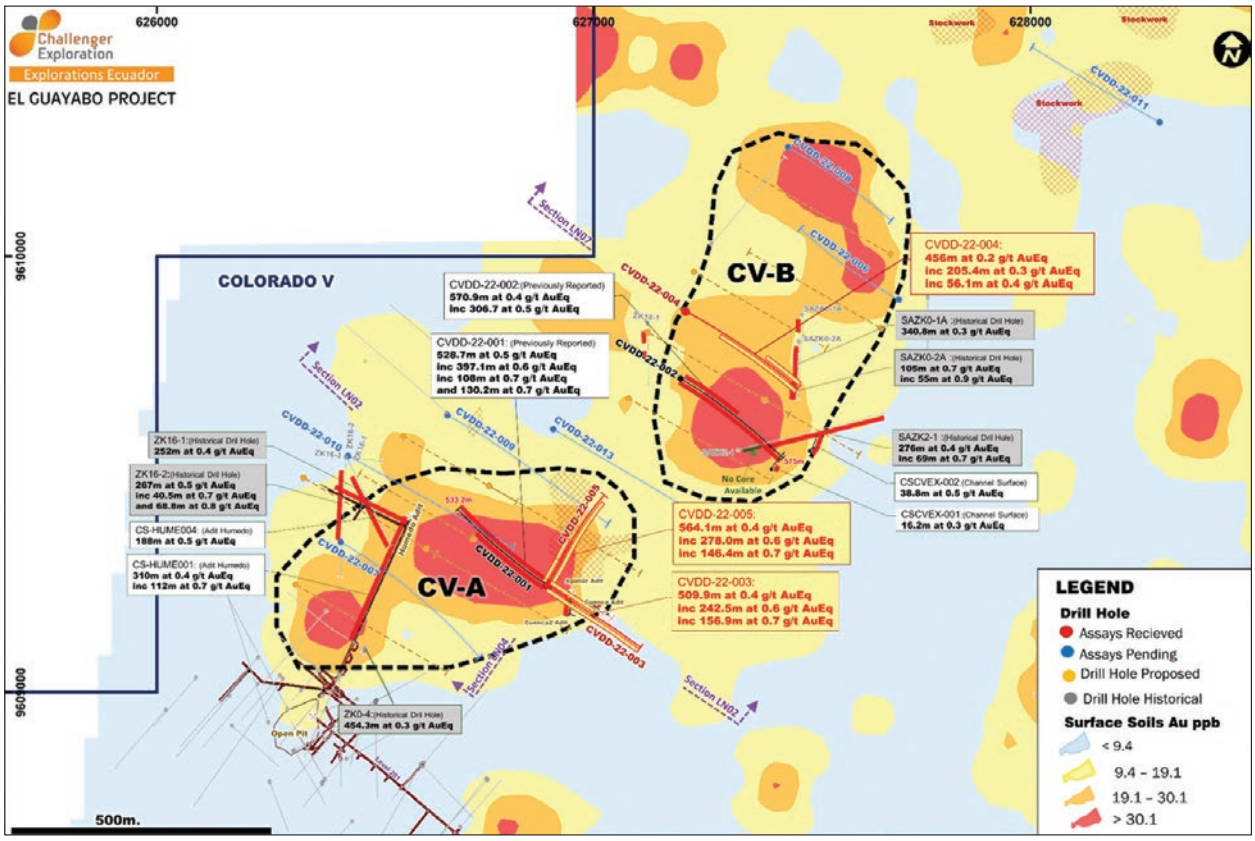

Figure 28 - Plan View - CV-A and CV-B anomalies with the company´s drilled, currently and proposed drilling

CVDD-22-002 - First test CV-B anomaly

CVDD-22-002 was the Company's first drill hole targeting the CV-B soil anomaly in the Colorado V concession. CV-B is a gold, silver and copper soil anomaly 1 kilometre long and 500 metres wide which also forms part of the greater 3-kilometre linear NE/SW trending gold in soil feature at Colorado V (Figure 28).

Limited historical drilling had been undertaken on the south-eastern edge of the CV-B soil anomaly with results including 276 metres at 0.4 g/t AuEq including 69 metres at 0.7 g/t AuEq, in drillhole SAZK2-1 and 105 metres at 0.7 g/t AuEq including 55m at 0.9 g/t AuEq in drillhole SAZK0-2A also on the eastern limit of CV-B.

The intersection of 570.0m at 0.4 g/t AuEq (0.2 g/t Au, 2.0 g/t Ag, 0.1% Cu 11.4 ppm Mo) from 4.5m to until the end of the hole in the first hole to test CV-B anomaly confirms a significant gold discovery. Like the first hole on the CV-A anomaly the mineralisation in CVDD-22-002 is consistent and pervasive throughout the intersection and appears to have a similar paragenetic relation to the mineralisation intersected in El Guayabo to the south and Lumina Gold's Cangrejos Project immediately to the north.

Importantly from an open pit mining perspective the hole included a higher-grade section from surface. Including intersections of **306.7m at 0.5 g/t AuEq (0.2 g/t Au, 2.3 g/t Ag, 0.1 % Cu, 13.6 ppm Mo)** from surface including **24.9m at 0.9 g/t AuEq (0.4 g/t Au, 4.5 g/t Ag, 0.3% Cu, 53.4 ppm Mo)** from 174.6m. The hole also included two higher grade deeper zones with intersections of **9.1m at 1.1 g/t AuEq (0.8 g/t Au, 6.9 g/t Ag, 0.1% Cu, 8.9 ppm Mo)** from 387.1m and **14.0m at 0.9 g/t AuEq (0.8 g/t Au, 1.3 g/t Ag, 24.7 ppm Mo)** from 490.2m.

Drill holes CVDD-22-006, and CVDD-22-008 which collectively step another 550 metres northeast along strike from CVDD-22-002 have been completed (assays pending) with a third hole planned to test a further 1 kilometre northeast along strike (Figure 28).

CVDD-22-004: CV-B anomaly

CVDD-22-004 was drilled 250 metres north of CVDD-22-002 in a lower tenor portion of the CV-B soil anomaly. CV-B is the second 1 kilometre long and 500 metres wide gold, silver and copper soil anomaly to be drilled in Colorado V (Figure 28).

CVDD-22-004 intersected **456.0 metres at 0.25 g/t AuEq (0.1 g/t Au, 0.9 g/t Ag, 0.1% Cu 10.9 ppm Mo)** from 203.0m. This included higher-grade zones of **205.4 metres at 0.3 g/t AuEq (0.2 g/t Au, 1.0 g/t Ag, 0.1% Cu 11.1 ppm Mo)** from 443.9 including **56.1 metres at 0.4 g/t AuEq (0.2 g/t Au, 1.1 g/t Ag, 0.1% Cu 8.3 ppm Mo)** from 448.4m plus **9.0 metres at 0.7 g/t AuEq (0.6 g/t Au, 0.9 g/t Ag, 0.05% Cu 6.7 ppm Mo)** from 593.0m.

CVDD-22-004 extends the mineralisation in the CV-B anomaly 250 metres north of the CVDD-22-002 discovery hole which intersected 570.9 metres at 0.4 g/t AuEq including 306.7 metres at 0.5 g/t AuEq from surface. Mineralisation at CV-B remains open to the north over 750 metres strike extent, at depth, and has a true width of approximately 500 metres.

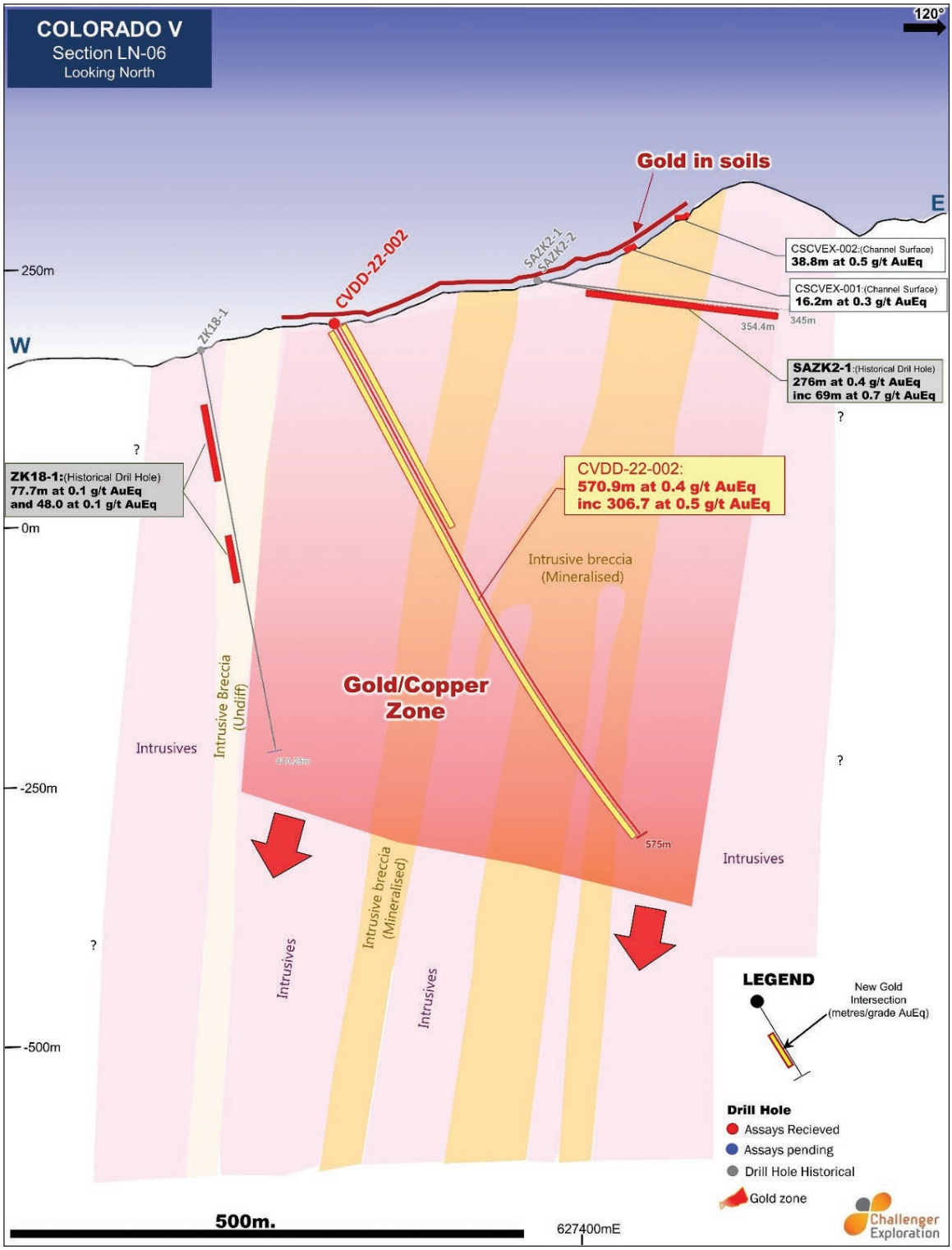

Figure 29 - Cross Section showing CVDD-22-002 and historical drilling at the CV-B anomaly

Karoo Basin, South Africa

The Company continues to pursue its application for shale gas exploration rights in South Africa. As previously reported, the Department of Mineral Resources is progressing a new petroleum resources development bill, and the Minister reportedly indicated during his address in the debate on the Presidential State of the Nation Address in June that the bill will soon undergo public participation, as part of the cabinet and parliamentary approval processes.

Hualilan Gold Project Maiden JORC 2012 Mineral Resource Estimate

JORC 2012 Mineral Resource Estimate for the Hualilan Gold Project								
Domain	**Category**	**Mt**	**Au g/t**	**Ag g/t**	**Zn %**	**Pb %**	**AuEq g/t**	**AuEq (Moz)**
US$1800 optimised shell > 0.25ppm AuEq	Indicated	18.7	1.1	5.4	0.41	0.07	1.3	0.80
	Inferred	25.0	1.0	5.6	0.39	0.06	1.2	1.00
Below US$1800 shell > 1.0ppm AuEq	Inferred	4.0	1.9	11.5	1.04	0.07	2.6	0.33
Total		**47.7**	**1.1**	**6.0**	**0.45**	**0.06**	**1.4**	**2.13**

Mineralisation Style	**Mt (0.25 g/t AuEq cut-off)**	**Au (g/t)**	**Ag (g/t)**	**Zn (%)**	**Pb (%)**	**Au Eq (g/t)**
Skarn (limestone hosted)	6.3	4.4	19.4	2.0	0.2	5.6
intrusion/sediment hosted	41.4	0.6	4.0	0.2	0.04	0.8

	Contained Metal				
Mineralisation Style	**Au (Moz)**	**Ag (Moz)**	**Zn (kt)**	**Pb (kt)**	**Au Eq (Moz)**
Skarn (limestone hosted)	0.9	3.9	123	11	1.13
intrusion/sediment hosted	0.8	5.3	95	19	1.00
Total Contained metal	**1.7**	**9.2**	**218**	**29**	**2.13**

Interim MRE reported as Skarn and Intrusion/sediment hosted components of mineralisation

Gold Equivalent (AuEq) values - Requirements under the JORC Code

- Assumed commodity prices for the calculation of AuEq is Au US$1780 Oz, Ag US$24 Oz, Zn US$2,800 /t
- Metallurgical recoveries for Au, Ag and Zn are estimated to be 89%, 84% and 79% respectively (see JORC Table 1 Section 3 Metallurgical assumptions) based on metallurgical test work.
- The formula used: AuEq (g/t) = Au (g/t) + [Ag (g/t) x (24/1780) x (0.84/0.89)] + [Zn (%) x (28.00*31.1/1780) x (0.79/0.89)]
- CEL confirms that it is the Company's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold.

Competent Person Statement – Exploration Results and Mineral Resources

The information in this report that relates to sampling techniques and data, exploration results and geological interpretation and Mineral Resources 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 and Mineral Resources. 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.

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
Total of 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

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 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 – 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 ineralization 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.

Events Subsequent to Balance Date

On 9 September 2022, the Company announced it has entered into binding agreements for a US$15m (A$22.1m) private placement of unsecured convertible debentures (the "Debentures") with Queen's Road Capital Investment Ltd ("QRC"). The Debentures are convertible into fully paid ordinary shares in CEL ("Shares") at a price of $0.25, a 30% premium to the 5-day volume weighted average price ("VWAP") prior to 2 September 2022. Additionally, the Company's largest institutional shareholder has committed to invest pro-rata to its 12% shareholding via a $2.6m placement at 5-day VWAP, increasing combined funds raise to $24.7m from two parties.

The Company received the US$15m less fees on 12 September 2022, and on 16 September 2022 $2.6m less fees.

On 12 September the Company issued 3,513,457 ordinary shares in lieu of cash for the 3% establishment fee on the QRC debenture.

On 16 September 2022, the Company issued 13,684,213 ordinary shares for the placement.

Results of Operations

The net profit after tax for the financial year ended 30 June 2022 for the Group was $25,785,965 (2021: $3,258,568).

Dividends

There have been no significant changes in the state of affairs of the Group during the financial year and up to the date of this report, other than as set out in this report.

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the Group during the financial year and up to the date of this report, other than as set out in this report.

Likely Developments and Expected Results

Likely developments in the operations of the Group are set out in the above review of operations in this annual financial report. Any future prospects are dependent upon the results of future exploration and evaluation.

Environmental Regulations

The Group carries or carried out operations that are subject to environmental regulations under legislation in Ecuador and Argentina. The Group has formal procedures in place to ensure regulations are adhered to. The Group is not aware of any breaches in relation to environmental matters.

Remuneration Report (Audited)

Remuneration Policy

The remuneration policy of the Group has been designed to align Director objectives with shareholder and business objectives by providing a fixed remuneration component that is assessed on an annual basis in line with market rates.

The Board of Challenger Exploration believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best Directors to run and manage the Company, as well as create goal congruence between directors and shareholders. The remuneration policy, setting the terms and conditions for executive and non-executive directors and other senior staff members, was developed and approved by the Board.

The Board's policy for determining the nature and amount of remuneration for board members is as follows:

In determining competitive remuneration rates, the Board considers local and international trends among comparative companies and the industry generally so that Executive Directors and Senior Executives remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices. All Executive Directors and Senior Executives receive a base salary (which is based on factors such as length of service and experience), superannuation, and may be issued options or performance shares from time to time.

The Group is currently an exploration entity, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, Executive Directors and Senior Executives are paid market rates associated with individuals in similar positions within the same industry. Options and other performance incentives may be issued particularly if the Group moves from exploration towards a producing entity and key performance indicators such as market capitalisation and production and reserves growth can be used as measurements for assessing executive performance.

All remuneration paid to Executive Directors and Senior Executives is valued at the cost to the Company and expensed. Options and other performance rights are valued using the Black-Scholes methodology, which takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the time to maturity of the option. Although a value is ascribed and included in total remuneration, it should be noted that the Executive Directors and Senior Executives have not received this amount and the option may have no actual financial value unless the options achieve their exercise price.

The Board policy is to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive Directors are not linked to the performance of the Company, and they do not receive performance shares or options, however, to align non-executive Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company.

The Company may engage remuneration consultants from time to time. The Company will ensure any recommendation from a remuneration consultant will be made free from undue influence from any members of Key Management Personnel. The Company did not engage remuneration consultants for the year ended 30 June 2022.

Key Management Personnel

(a) Details of Key Management Personnel

Fletcher Quinn

Non-Executive Chairman

Kris Knauer

Managing Director

Sergio Rotondo

Executive Director

Scott Funston

Finance Director, Company Secretary and Chief Financial Officer

Directors' remuneration and other terms of employment are reviewed annually by the Directors having regard to relative comparative information.

Except as detailed in Notes (b) – (d) below, no Director, apart from Mr Rotondo, has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest.

A contract was entered into by the Company before Mr Rotondo was appointed a Director of the Company.

As announced on 9 July 2021, the Company has entered into a sale agreement with the vendors of the Hualilan Project for the Cerro Sur and Cerro Norte Farm-in Interests for the Company to acquire a 100% interest in the Hualilan Gold Project in Argentina.

Mr Rotondo received 89,000,000 fully paid ordinary shares in the Company as a result of the acquisition as a vendor of the Hualilan Project. Shareholders approved the acquisition at an Extraordinary General Meeting on 3 September 2021, Mr Rotondo was appointed to the board on 9 September 2021.

Full details of the acquisition are contained in the Notice of General Meeting dated 3 September 2021, which is available on the Company website.

(b) Compensation of Key Management Personnel

Remuneration Policy

The Board of Directors is responsible for determining and reviewing compensation arrangements for the executive team. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team. Remuneration of Key Management Personnel is set out below.

The value of remuneration received or receivable by Key Management Personnel for the financial year ended 30 June 2022 is as follows:

2022	Primary		Equity Compensation	Post-employment			Performance Related %
	Base Salary and Fees	Bonus and Non Monetary Benefits	Value of Performance Rights	Superannuation Contributions	Termination Benefits	Total	
	$	$	$	$	$	$	
Directors							
Fletcher Quinn	60,000	–	–	–	–	60,000	–
Kris Knauer	295,000	–	–	–	–	295,000	–
Sergio Rotondo	205,257	–	–	–	–	205,257	–
Scott Funston	245,000	–	(48,949)	–	–	196,051	(24.9%)
Total 2022	**805,257**	**–**	**(48,949)**	**–**	**–**	**756,308**	**–**

2021	Primary		Equity Compensation	Post-employment			Performance Related %
	Base Salary and Fees	Bonus and Non Monetary Benefits [a]	Value of Performance Rights	Superannuation Contributions	Termination Benefits	Total	
	$	$	$	$	$	$	
Directors							
Fletcher Quinn	30,000	30,000	–	–	–	60,000	–
Kris Knauer	147,500	147,500	–	–	–	295,000	–
Scott Funston [b]	122,500	122,500	156,516	–	–	401,516	38.98
Total 2021	**300,000**	**300,000**	**156,516**	**–**	**–**	**756,516**	**20.69**

a Mr Quinn, Mr Knauer and Mr Funston received shareholder approval on 23 November 2020 to receive ordinary shares in lieu of cash consideration for services for the period 1 July 2020 to 31 December 2020 as described in the Explanatory Statement of the Notice of Annual General Meeting dated 21 October 2020.

b The value attributable to Mr Funston's performance rights relate to those rights issued during the previous financial year which are being brought to account over the vesting period.

(c) Compensation Options

No options were granted to Key Management Personnel of the Group during the year.

There have been no alterations to the terms and conditions of options granted as remuneration since their grant date.

(d) Share, Option and Performance Rights holdings

Options and Performance Rights may be issued to Key Management Personnel as part of their remuneration. The Options and Performance Rights are issued to increase goal congruence between Executives, Executive Directors and Shareholders. Options and Performance Rights are not issued to Non-Executive Directors.

During the 2020 financial year Mr Funston received 5,000,000 Class A Performance Rights and 5,000,000 Class B Performance Rights following shareholder approval on 28 November 2019.

Class A Performance Rights have the following vesting conditions:

A JORC Compliant Mineral Resource Estimate of at least Inferred category on either Project of the following:

i. a minimum 500,000 ounces of gold (AU) or Gold Equivalent (in accordance with clause 50 of the JORC Code) at a minimum grade of 6 grams per tonne Gold Equivalent; or
ii. a minimum 1,500,000 ounces of gold (AU) or Gold Equivalent (in accordance with clause 50 of the JORC Code) at a minimum grade of 2.0 grams per tonne Gold Equivalent; or
iii. a minimum 3,000,000 ounces of gold (AU) or Gold Equivalent (in accordance with clause 50 of the JORC Code) at a minimum grade of 1.0 grams per tonne Gold Equivalent.

Class B Performance Rights will vest on the completion and announcement by Challenger (subject to the provision of information allowable at the time of completion) of a positive Scoping Study (as defined in the JORC Code) on either the Hualilan Project or the El Guayabo Project by an independent third-party expert which evidences an internal rate of return of US Ten Year Bond Rate plus 10% (using publicly available industry assumptions, including deliverable spot commodity mineral prices, which are independently verifiable) provided that the total cumulative EBITDA over the project life is over US$50m.

(e) Employment Contracts of Key Management Personnel

The Managing Director Mr Kris Knauer entered into an agreement on 5 July 2021 pursuant to which Mr Knauer was continued as Managing Director of the Company. The material terms and conditions of the agreement are set out below:

(a) (Commencement Date): 5 July 2021.

(b) (Term): Two (2) years from the Commencement Date or until validly terminated.

(c) (Remuneration): Mr Knauer receives a base salary of $295,000 per annum.

(d) (Incentives): Mr Knauer is eligible to receive Securities under the Company's Incentive Option Plan and Performance Rights Plan. No Securities were granted under the Company's Incentive Option Plan and Performance Rights Plan during the financial year ended 30 June 2022 to Mr Knauer.

(e) (Accrued Entitlements): All entitlements that have accrued to Mr Knauer prior to the date of this agreement will be honoured by the Company.

(f) (Termination): The Company may terminate the agreement by providing six (6) months' written notice.

(g) (Expenses): Mr Knauer is entitled to reimbursement for all reasonable travelling expenses, accommodation and general expenses incurred in the performance of his duties under the agreement.

The Finance Director, CFO and Company Secretary, Mr Scott Funston entered into an agreement on 5 July 2021, pursuant to which Mr Funston continued as Company Secretary, Chief Financial Officer and Finance Director of the Company.

The material terms and conditions of the agreement are set out below:

(a) (Position): Company Secretary, Chief Financial Officer and Finance Director

(b) (Commencement Date): 5 July 2021.

(c) (Term): Two (2) years from the Commencement Date or until validly terminated.

(d) (Remuneration): Mr Funston receives a base salary of $245,000 per annum.

(e) (Incentives): Mr Funston is eligible to receive Securities under the Company's Incentive Option Plan and Performance Rights Plan. No Securities were granted under the Company's Incentive Option Plan and Performance Rights Plan during the financial year ended 30 June 2022 to Mr Funston.

(f) (Accrued Entitlements): All entitlements that have accrued to Mr Funston prior to the date of this agreement will be honoured by the Company.

(g) (Termination): The agreement may be terminated by either party by providing three (3) months written notice.

(h) (Expenses): Mr Funston is entitled to reimbursement for all reasonable travelling expenses, accommodation and general expenses incurred in the performance of his duties under the agreement.

(f) Shares held by Key Management Personnel

	Balance at 1.7.21	Shares Purchased	Net Change Other	Balance at 30.06.22
Directors				
Fletcher Quinn	24,078,637	–	–	24,078,637
Kris Knauer	43,424,499	8,854,167 [(b)]	–	52,278,666
Sergio Rotondo	–	–	89,000,000(a)	89,000,000
Scott Funston	5,160,417	2,000,000 [(b)]	–	7,160,417
	72,663,553	**10,854,167**	**89,000,000**	**172,517,720**

(a) Refer to (a) Details of Key Management Personnel, above for further details.

(b) During the financial year Mr Knauer received 8,854,167 and Mr Funston received 2,000,000 ordinary shares upon exercising 8,854,167 and 2,000,000 unlisted options with an exercise price each of $0.04 with an expiry date of 30 June 2022. Mr Knauer and Mr Funston paid $0.04 per share.

No other shares were issued by the Company during or since the financial year ended 30 June 2022 as a result of the exercise of an option or conversion of a performance right.

(g) Options held by Key Management Personnel

	Balance at 1.7.21	Options Exercised	Options Issued	Balance at 30.06.22	Total Vested	Total Exercisable
Directors						
Fletcher Quinn	–	–	–	–	–	–
Kris Knauer [(a)]	8,854,167	(8,854,167)	–	–	–	–
Sergio Rotondo	–	–	–	–	–	–
Scott Funston [(a)]	2,000,000	(2,000,000)	–	–	–	–
	10,854,167	**(10,854,167)**	**–**	**–**	**–**	**–**

(a) During the financial year Mr Knauer received 8,854,167 and Mr Funston received 2,000,000 ordinary shares upon exercising 8,854,167 and 2,000,000 $0.04 unlisted options with an expiry date of 30 June 2022.

(h) Performance Shares held by Key Management Personnel

	Balance at 1.7.21	Shares Purchased	Net Change Other	Balance at 30.06.22	Total Vested	Total Exercisable
Directors						
Fletcher Quinn	–	–	–	–	–	–
Kris Knauer [(a)]	37,000,000	–	–	37,000,000	–	–
Sergio Rotondo	–	–	–	–	–	–
Scott Funston	–	–	–	–	–	–
	37,000,000	**–**	**–**	**37,000,000**	**–**	**–**

(a) Mr Knauer was issued these consideration performance shares in 2019 as part of the Group's acquisition of AEP Corporation Pty Ltd disclosed in the Prospectus document dated 16 May 2019. They consist of 18,500,000 Performance A Shares and 18,500,000 Performance B Shares. These consideration performance shares were not issued for Mr Knauer's remuneration. Details of Performance Shares are disclosed in Note 14 of the financial report.

(i) Performance Rights held by Key Management Personnel

	Balance at 1.7.21	Shares Purchased	Net Change Other	Balance at 30.06.22	Total Vested	Total Exercisable
Directors						
Fletcher Quinn	–	–	–	–	–	–
Kris Knauer	–	–	–	–	–	–
Sergio Rotondo	–	–	–	–	–	–
Scott Funston [(a)]	10,000,000	–	–	10,000,000	–	–
	10,000,000	**–**	**–**	**10,000,000**	**–**	**–**

(a) Please refer to (b) Compensation of Key Management Personnel, above for the value of performance rights issued to Mr Funston during the 2020 financial year.

(j) Other Transactions with Key Management Personnel

Mr Quinn is a director of Seco Resources Pty Ltd. Seco has provided his services as Chairman to a value of $60,000 (2021: $60,000) to Challenger during the year on normal commercial terms. This amount is included in the Remuneration Report section of the Directors' Report. $10,000 (2021: $5,000) was outstanding at year end.

Mr Knauer is a director of Greenfield Securities Pty Ltd. Greenfield has provided his services as Managing Director and CEO to a value of $295,000 (2021: $295,000) to Challenger during the year on normal commercial terms. This amount is included in the Remuneration Report section of the Directors' Report. $49,167 (2021: $24,583) was outstanding at year end.

Mr Funston is a director of Resourceful International Consulting Pty Ltd. Resourceful has provided his services as Director, Company Secretary and CFO to a value of $245,000 (2021: $245,000) to Challenger during the year on normal commercial terms. This amount is included in the Remuneration Report section of the Directors Report. $40,833 (2021: $20,417) was outstanding at year end.

(k) Amounts owing to Key Management Personnel

A total of $100,000 was outstanding to Key Management Personnel as at 30 June 2022 (2021: $50,000), as noted above.

End of Remuneration Report

Options

At the date of this report, 10,000,000 unlisted options over new ordinary shares in the Company were on issue:

Type	Date of Expiry	Exercise Price	Number Under Option
Unlisted	14 April 2025	$0.45	10,000,000

86,644,444 ordinary shares were issued upon the exercise of options during the financial year ended 30 June 2022. No ordinary shares have been issued since the end of the financial and up to the date of this report upon the exercise of options.

Performance Shares

At the date of this report, 120,000,000 Performance Shares over new ordinary shares in the Company were on issue. These Performance Shares were issued as part of the Group's acquisition of AEP Corporation Pty Ltd disclosed in the Prospectus document dated 16 May 2019

Type	Number
Performance A	60,000,000
Performance B	60,000,000

Class A Performance Shares have the following vesting conditions:

A JORC Compliant Mineral Resource Estimate of at least Inferred category on either Project of the following:

i. a minimum 500,000 ounces of gold (AU) or Gold Equivalent (in accordance with clause 50 of the JORC Code) at a minimum grade of 6 grams per tonne Gold Equivalent; or
ii. a minimum 1,500,000 ounces of gold (AU) or Gold Equivalent (in accordance with clause 50 of the JORC Code) at a minimum grade of 2.0 grams per tonne Gold Equivalent; or
iii. a minimum 3,000,000 ounces of gold (AU) or Gold Equivalent (in accordance with clause 50 of the JORC Code) at a minimum grade of 1.0 grams per tonne Gold Equivalent.

Class B Performance Shares will vest on the completion and announcement by Challenger (subject to the provision of information allowable at the time of completion) of a positive Scoping Study (as defined in the JORC Code) on either the Hualilan Project or the El Guayabo Project by an independent third-party expert which evidences an internal rate of return of US Ten Year Bond Rate plus 10% (using publicly available industry assumptions, including deliverable spot commodity mineral prices, which are independently verifiable) provided that the total cumulative EBITDA over the project life is over US$50m.

Performance Rights

At the date of this report, 16,000,000 Performance Rights over new ordinary shares in the Company were on issue:

Type	Number
Class A	8,000,000
Class B	8,000,000

Class A Performance Rights have the following vesting conditions:

A JORC Compliant Mineral Resource Estimate of at least Inferred category on either Project of the following:

i. a minimum 500,000 ounces of gold (AU) or Gold Equivalent (in accordance with clause 50 of the JORC Code) at a minimum grade of 6 grams per tonne Gold Equivalent; or

ii. a minimum 1,500,000 ounces of gold (AU) or Gold Equivalent (in accordance with clause 50 of the JORC Code) at a minimum grade of 2.0 grams per tonne Gold Equivalent; or

iii. a minimum 3,000,000 ounces of gold (AU) or Gold Equivalent (in accordance with clause 50 of the JORC Code) at a minimum grade of 1.0 grams per tonne Gold Equivalent.

Class B Performance Rights will vest on the completion and announcement by Challenger (subject to the provision of information allowable at the time of completion) of a positive Scoping Study (as defined in the JORC Code) on either the Hualilan Project or the El Guayabo Project by an independent third-party expert which evidences an internal rate of return of US Ten Year Bond Rate plus 10% (using publicly available industry assumptions, including deliverable spot commodity / mineral prices, which are independently verifiable) provided that the total cumulative EBITDA over the project life is over US$50m.

Incentive Performance Rights

At the date of this report, 8,772,427 Incentive Performance Rights over new ordinary shares in the Company were on issue:

Type	Number
Incentive Performance Rights [(a)]	267,027
Incentive Performance Rights [(b)]	8,505,400

(a) Incentive Performance Rights have the following vesting condition, where the holder must remain employed or engaged by the Company for a minimum period of twelve months from 28 November 2019.

(b) Incentive Performance Rights have the following vesting condition, where the holder must remain employed or engaged by the Company for a minimum period of twelve months from 28 November 2021.

210,379 ordinary shares were issued upon the vesting of performance rights during the financial year ended 30 June 2022. No ordinary shares were issued upon the vesting of performance rights or performance shares since the end of the financial year ended 30 June 2022.

Indemnification and Insurance of Directors and Officers

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001, every officer, auditor or agent of the Group shall be indemnified out of the property of the Group against any liability incurred by them in their capacity as an officer, auditor or agent of the Group or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

The Company paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current officers of the Company, including officers of the Company's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group. The total amount of insurance premiums paid has not been disclosed due to confidentiality reasons.

Indemnification of Auditors

To the extent permitted by law, the Group has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young Australia during or since the financial year.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, Ernst and Young, to provide the Directors of the Company with an independence declaration in relation to the audit of the financial report.

The lead auditor's independence declaration is set out on page 92 and forms part of the Directors' Report for the year ended 30 June 2022.

Non-Audit Services

Erst and Young did not provide any non-audit services during the financial year.

This report is made in accordance with a resolution of the Directors.

Kris Knauer
Managing Director

29 September 2022

Sustainability, Governance and Accountability

Values – How we work together

Challenger Exploration recognises that sustainability, governance and accountability isn't just about company performance, there is an interconnectivity and an obligation to integrate the creation of value through all stakeholders; shareholders, communities, suppliers, government organisations and employees. Sustainability and stakeholder value creation is a core component of the Company's Corporate Social Responsibility strategy.

Environment – Impact & Performance

During the year, the Company has focused on its environmental footprint with respect to remediation work for historical activities undertaken by previous operators, and our likely future work that has a positive impact on the livelihoods of our host communities.

Challenger made significant contributions in the area of the treatment of drinking water that supplied local communities. This resulted in activities that secured safe drinking water to a large number of families that would otherwise have been exposed to contaminated water.

Some of the highlights of our Environmental program included:

174,000,000

Litres of water treated
by the Company from at the
El Guayabo Project, Ecuador from January to September 2022

Historical activities at El Guayabo meant contaminated run-off and acid mine drainage created by past owners and artisinal mining resulted in major environmental impact. Since acquiring the project, Challenger implemented a special purpose water treatment plant that directly addressed these issues which now sees all water used for mining operations safely treated prior to being recycled into the local network.

126

Metres in the initial water bore to prove sufficient bore water for Hualilan production allowing the replacement of spring water

Challenger's Community program has provided a strong Social Licence to develop the Hualilan Gold Project

Social - People & Culture and Community Engagement

Challenger Exploration has worked hard become a trusted and valued part of the local communities that it operates in across its Argentina and Ecuador based projects. The Company is successfully executing on its operating plan by aligning early with local communities to earn its social licence to operate for the longer term.

JOBS

+420

Direct and in-direct jobs created in Argentina & Ecuador

+30

New local businesses supported via CEL's local supplier development plan

+100

Geology Students trained via our local internship program with San Juan Universities with some assisted via our scholarship program with the San Juan School of Mines

95%

Locals employed with a 95% retention rate

COMMUNITY ENGAGEMENT

+38

Community meetings held from January to September 2022 with communities in the direct area of influence of the El Guayabo Project

+4

Additional intensive care beds and 4 respirators donated to the local hospital near El Guayabo

+58%

Of families in the local community part of the Women's Association that provides catering, cleaning, and laundry services to the Company

+15

University Students attended the 2022 short course for geology sampling programs provided by Challenger in Ecuador

Winner, Annual ESG Award, Argentina Mining 2022

The San Juan Mining Ministry confirms that Challenger Exploration and Barrick Gold are the only exploration companies operating in San Juan that meet the government's +80% local employment quota

Governance – Commitment

Challenger Exploration Limited is committed to be a good corporate citizen operating with honesty, integrity and in a professional and respectful manner at all times in accordance with applicable laws.

Every member of the Board of Directors and Senior management are significant shareholders and are therefore fully aligned with all Company shareholders' interests, which extends to community, supply chain, and end-user customer stakeholders.

Auditor's Independence Declaration

Auditor's Independence Declaration

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

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Fax: +61 8 9429 2436
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Building a better working world

Auditor's independence declaration to the directors of Challenger Exploration Limited

As lead auditor for the audit of the financial report of Challenger Exploration Limited for the financial year ended 30 June 2022, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Challenger Exploration Limited and the entities it controlled during the financial year.

Ernst & Young

V L Hoang
Partner
29 September 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

	Note	Consolidated 2022 $	Consolidated Restated * 2021 $
Other income	**2**	**18,988,173**	**6,879,467**
Gain on net monetary position	1 (d)	16,247,563	3,287,584
Accounting and audit fees		133,277	46,764
Consultants' and directors' fees		818,330	761,016
Legal and compliance		132,125	162,445
Investor relations, conferences, and corporate advice		244,840	213,718
Employee expenses		138,128	46,593
Travel expenses		33,766	6,594
Public company and administration expenses		1,238,267	802,689
Share based payments	17	2,179,473	1,234,925
Depreciation		62,920	30,878
Foreign exchange losses		376,717	88,790
Loan facility expenses		145,905	303,589
Other		392,092	124,328
Profit before income tax		**29,339,896**	**6,344,722**
Income tax expense	**3**	**(3,553,931)**	**(3,086,154)**
Net profit for the year		**25,785,965**	**3,258,568**
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(1,227,303)	(2,349,675)
Income tax on other comprehensive income		–	–
Other comprehensive loss for the year		**(1,227,303)**	**(2,349,675)**
Total comprehensive income for the year		**24,558,662**	**908,893**
Basic earnings per share	20	2.56	0.49
Diluted earnings per share	20	2.53	0.43

* For disclosure around restatement, see note 1(c)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

For the year ended 30 June 2022

	Note	Consolidated 2022 $	Consolidated Restated * 2021 $
Current Assets			
Cash and cash equivalents	4	10,415,522	47,490,314
Trade and other receivables	5	140,783	309,910
Prepayments	6	815,294	14,145
Total Current Assets		**11,371,599**	**47,814,369**
Non-Current Assets			
Other receivables	5	8,149,755	2,851,222
Deferred exploration and evaluation expenditure	7	133,675,262	32,587,630
Property, plant and equipment	8	534,092	410,039
Total Non-Current Assets		**142,359,109**	**35,848,891**
Total Assets		**153,730,708**	**83,663,260**
Current Liabilities			
Trade and other payables	9	3,997,695	1,736,543
Loan facility	11	1,220,000	-
Provisions	10	95,292	47,004
Total Current Liabilities		**5,312,987**	**1,783,547**
Non-Current Liabilities			
Deferred tax liabilities	3	6,639,276	3,086,154
Loan facility	11	-	3,500,000
Total Non-Current Liabilities		**6,639,276**	**6,586,154**
Total Liabilities		**11,952,263**	**8,369,701**
Net Assets		**141,778,445**	**75,293,559**
Equity			
Issued capital	12	120,378,045	80,631,294
Reserves	13	(73,860)	(1,026,030)
Accumulated profits/(losses)		21,474,260	(4,311,705)
Total Equity		**141,778,445**	**75,293,559**

* For disclosure around restatement, see note 1(c)

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes In Equity

For the year ended 30 June 2022

	Issued Capital	Accumulated (Losses)/ Profits	Share Based Payment Reserve	Foreign Exchange Reserves	Option Reserves	Total
	$	$	$	$	$	$
Balance at 1 July 2021 (restated*)	**80,631,294**	**(4,311,705)**	**1,648,970**	**(2,675,784)**	**784**	**75,293,559**
Profit for the year	–	25,785,965	–	–	–	25,785,965
Other comprehensive income	–	–	–	(1,227,303)	–	(1,227,303)
Total comprehensive income for the year	**–**	**25,785,965**	**–**	**(1,227,303)**	**–**	**24,558,662**
Issue of shares for project acquisition	36,300,000	–	–	–	–	36,300,000
Issue of shares in lieu of fees	51,962	–	–	–	–	51,962
Shares issued on conversion of options	3,465,778	–	–	–	–	3,465,778
Shares issued on conversion employee rights	21	–	–	–	–	21
Share based payments	–	–	2,179,473	–	–	2,179,473
Share issue costs	(71,010)	–	–	–	–	(71,010)
Balance at 30 June 2022	**120,378,045**	**21,474,260**	**3,828,443**	**(3,903,087)**	**784**	**141,778,445**
Balance at 1 July 2020	**22,177,747**	**(7,570,273)**	**511,695**	**(326,109)**	**784**	**14,793,844**
Profit for the year (restated*)	–	3,258,568	–	–	–	3,258,568
Other comprehensive loss (restated*)	–	–	–	(2,349,675)	–	(2,349,675)
Total comprehensive loss for the year	**–**	**3,258,568**	**–**	**(2,349,675)**	**–**	**908,893**
Issue of share capital	62,140,000	–	–	–	–	62,140,000
Issue of deferred consideration shares	620,464	–	–	–	–	620,464
Share based payments	97,650	–	1,137,275	–	–	1,234,925
Shares issued on conversion of employee rights	477	–	–	–	–	477
Share issue costs	(4,405,044)	–	–	–	–	(4,405,044)
Balance at 30 June 2021 (restated*)	**80,631,294**	**(4,311,705)**	**1,648,970**	**(2,675,784)**	**784**	**75,293,559**

* For disclosure around restatement, see note 1(c)

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	Note	Consolidated 2022 $	Consolidated 2021 $
Cash Flows From Operating Activities			
Payments to suppliers and employees		(2,697,447)	(1,709,038)
Interest received		1,888	3,474
Net Cash From (Used In) Operating Activities	**4**	**(2,695,559)**	**(1,705,564)**
Cash Flows From Investing Activities			
Receipts from Blue Chip Swaps transactions *		15,399,749	6,317,507
Expenditure on exploration		(51,550,354)	(21,278,602)
Expenditure on property, plant, and equipment		(166,579)	(322,751)
Net Cash Used In Investing Activities		**(36,317,184)**	**(15,283,846)**
Cash Flows From Financing Activities			
Loans received	11	-	3,500,000
Repayment of loans	4	(2,280,000)	-
Proceeds from share issue		3,465,778	62,140,477
Costs of loan facility		(145,905)	(280,000)
Share issue costs		117,202	(4,593,255)
Net Cash Provided by Financing Activities		**1,157,075**	**60,767,222**
Net (Decrease)/ Increase in Cash And Cash Equivalents		**(37,855,668)**	**43,777,812**
Cash and cash equivalents at beginning of the year		47,490,314	3,801,292
Effect of movements in exchange rates on cash held		780,876	(88,790)
Cash and Cash Equivalents at End Of Year	**4**	**10,415,522**	**47,490,314**

* Gain on blue chip swaps has been recognised in net cash flows used in operating activities in the Group's most recent Appendix 5B

The accompanying notes form part of these financial statements.

Notes to The Financial Statements for the Year Ended 30 June 2022

1. Statement of Significant Accounting Policies

a. Basis of preparation

Challenger Exploration Limited is a for-profit listed public company limited by shares that is incorporated and domiciled in Australia. The Group has operations in Ecuador and Argentina and its principal activities are exploration for gold and copper.

The financial report is a general purpose financial report, which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial information has been prepared on the accruals basis and is based on historical costs with the exception of financial instruments measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars.

The financial report was authorised for issue on the date of the signing of the Directors' Declaration.

The financial report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The following is a summary of the accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

b. Adoption of new and revised standards

Standards and Interpretations applicable to 30 June 2022

In the year ended 30 June 2022, the Directors have adopted all of the new and revised Standards and Interpretations issued by the IASB that are relevant to the Group and effective for the current annual reporting period. As a result of this review the Group has not identified any changes that need to be applied.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the year ended 30 June 2022. As a result of this review the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to the Group's accounting policies.

c. Prior period restatement

The Group identified that AASB 129 Financial Reporting in Hyperinflationary Economies (AASB 129) had not been applied in relation to its subsidiary, Golden Mining SA (Argentine peso). There was no material impact to the Consolidated Statement of Financial Position at 1 July 2020.

The Group has restated each of the affected financial statement line items in the consolidated statement of financial position and statement of profit or loss and other comprehensive income for the corresponding prior period, 30 June 2021 as shown below:

Consolidated Statement of Financial Position $	Note	As previously reported at 30 June 2021	Adjustments	As restated
Deferred exploration and evaluation expenditure	(d) iii	29,497,231	3,090,399	32,587,630
Plant and equipment	(d) iii	314,686	95,353	410,039
Total non-current assets		**32,663,139**	**3,185,752**	**35,848,891**
Total assets		**80,477,508**	**3,185,752**	**83,663,260**
Deferred tax liabilities	(d) iii	2,021,243	1,064,911	3,086,154
Total non-current liabilities		**5,521,243**	**1,064,911**	**6,586,154**
Total liabilities		**7,304,790**	**1,064,911**	**8,369,701**
Reserves	(d) vii	(486,566)	(539,464)	(1,026,030)
Accumulated losses	(d)	(6,972,010)	2,660,305	(4,311,705)
Total equity		**73,172,718**	**2,120,841**	**75,293,559**

Consolidated statement of profit or loss and other comprehensive income $	Note	As previously reported at 30 June 2021	Adjustments	As restated
Other income	(d) iv	6,320,981	558,486	6,879,467
Gain on net monetary position	(d) v	-	3,287,584	3,287,584
Total expenses	**(d) iv**	**(3,701,475)**	**(120,854)**	**(3,822,329)**
Profit before income tax		**2,619,506**	**3,725,216**	**6,344,722**
Income tax expense	**(d) vi**	**(2,021,243)**	**(1,064,911)**	**(3,086,154)**
Profit for the year		**598,263**	**2,660,305**	**3,258,568**
Exchange differences on translation of foreign operations	(d) iv	(1,810,211)	(539,464)	(2,349,675)
Total comprehensive profit/ (loss) for the half-year		**(1,211,948)**	**2,120,841**	**908,893**
Basic earnings per share (cents per share)		0.09	0.40	0.49
Diluted earnings per share (cents per share)		0.08	0.35	0.43

d. Hyperinflation

The Group's accounting policy in relation to the adoption of AASB 129 is disclosed below:

AASB 129 requires that the financial statements of entities whose functional currency is that of a hyperinflationary economy to be adjusted for the effects of changes in a suitable general price index and to be expressed in terms of the current unit of measurement at the closing date of the reporting period.

For the purposes of concluding on whether an economy is categorised as high inflation under AASB 129, the standard details a series of factors to consider, including a cumulative inflation rate over three years that is close to or exceeds 100%. Based on these factors, the Argentine economy has been considered a high inflation economy for accounting period ending on or after 1 July 2018.

In accordance with AASB 129, the financial statements of an entity that reports in the currency of a high-inflation economy must be reported in terms of the unit of measure in effect at the date of the financial statements. All amounts in the statement of financial position that are not indicated in terms of the current unit of measure at the date of the financial statements must be restated by applying a general price index. All the components of the income statement must be indicated in terms of the unit of measurement updated at the date of the financial statements, applying the change in the general price index that has occurred since the date on which the income and expenses were originally recognised in financial statements.

The Argentine Securities Commission established that the series of indexes to be used in the AASB 129 application is the one established by the Argentine Federation of Professional Councils in Economic Sciences. The inflation was 64.0% and 50.2% in the periods ended 30 June 2022 and 30 June 2021, respectively. The effects of the application of AASB 129 are detailed below:

Statement of financial position

i. The monetary items (those with a fixed face value in local currency) are not restated as these are stated in the current measurement unit at the closing date of the reported period. In an inflationary period, keeping monetary assets causes the loss of purchasing power and keeping monetary liabilities causes gain in purchasing power as long as those items are not tied to an adjustment mechanism compensating those effects. The monetary loss or gain is included in the statement of profit or loss and other comprehensive income for the reported period.

ii. Non-monetary items that are measured at their current values at the end of the reported period are not restated. However, an adjustment process must be completed to determine the impact to the statement of profit or loss and other comprehensive income for holding these non-monetary items at a uniform measurement unit instead of a current measurement unit. There were no non-monetary items measured at current values as at 30 June 2021 and 30 June 2022.

iii. Non-monetary items at historical cost or measured at current values based on previous dates to the reported period are restated at rates to reflect the movement that has occurred from the acquisition or current value date until the reported period date. The amounts restated for these assets are then compared with the corresponding recoverable values. As a result, depreciation and amortisation are determined in accordance with the new restated amounts. Non-monetary items at historical cost are property, plant and equipment, exploration and evaluation assets and deferred tax liabilities.

Statement of profit or loss and other comprehensive income

iv. Income and expenses, which includes interest and currency exchange differences are restated from the original date of recognition. This is except for items such as depreciation and amortisation as explained above in (d)iii. Where there is income or losses arising from using two different measurement units i.e., items measured at different dates, it is necessary to identify the compared amounts, separately restate them and compare them again, but with amounts already restated.

v. The income or losses arising due to the exposure to the change in purchasing power of currency due to the holding of monetary assets and liabilities is shown in a separate item in the statement of profit or loss and other comprehensive income for the period.

vi. The restatement of non-monetary assets in the terms of the current unit of measurement at the end of the reporting period without an equivalent adjustment for tax purposes, results in a temporary taxable difference and the recognition of a deferred tax liability. The movement in any deferred tax balances is recognised through the statement of profit or loss and other comprehensive income.

Statement of changes in equity

vii. All components of equity are restated by applying the general prices index as from the beginning of the period. Movements in relation to the components of equity is determined based on the original recognition date with the exception of share capital which is maintained at its nominal value.

Assets, liabilities, equity items, income (excluding comparatives) of the subsidiary in Argentina whose functional currency is the currency of a hyperinflationary economy is translated into the AUD presentation currency at the closing rate at the date of the most recent statement of financial position.

The Group's comparative balances and amounts were presented in a stable currency and therefore are not adjusted for subsequent changes in the price level or exchange rates. This resulted in a difference, arising on the adoption of hyperinflation accounting, between the closing equity of the previous year and the opening equity of the current year. The Group recognised this difference directly in the foreign currency translation reserve in the statement of changes in equity.

e. Basis of Consolidation

The consolidated financial statements comprise of the separate financial statements of Challenger Exploration Limited ("Company" or "Parent") and its subsidiaries as at 30 June each year (the "Group"). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent, using consistent accounting policies.

Business combinations have been accounted for using the acquisition method of accounting. Investments in subsidiaries are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate statement of profit or loss and other comprehensive income of the parent entity, and do not impact the cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interest even if it results in a deficit balance.

f. Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, as at the end of the reporting period.

Deferred income tax is provided on all temporary differences as at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted, or substantively enacted, as at the end of the reporting period.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

g. Exploration and Evaluation Expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(a) the rights to tenure of the area of interest are current; and

(b) at least one of the following conditions is also met:

  (i) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or

  (ii) exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of asset used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

h. Trade and Other Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Amounts are unsecured and are usually paid within 30 to 45 days of recognition.

i. Cash and Cash Equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purpose of the statement of cash flows, cash consists of cash and cash equivalents as defined above, net of bank overdrafts.

j. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities that are recoverable from, or payable to, the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO.

k. Foreign Currency Translation

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of the Group are United States Dollars (USD), Argentinian Peso's, South African Rand (ZAR) and Australian Dollars (AUD). The presentation currency is Australian Dollars (AUD).

As at reporting date the assets and liabilities of the non-hyperinflationary subsidiaries are translated into the presentation currency of Challenger Exploration Limited at the rate of exchange ruling at the end of the reporting period and income and expenses are translated at the weighted average exchange rate for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

l. Earnings Per Share ("EPS")

Basic earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit or loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that would have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of shares and dilutive potential shares, adjusted for any bonus element.

m. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

n. Trade and Other Receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

A provision for impairment is established based on 12-month expected credit losses unless there has been a significant increase in credit risk when lifetime expected credit losses are recognised. The amount of any provision is recognised in profit or loss.

o. Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

p. Other Income

The following specific recognition criteria must also be met before income is recognised:

Interest

Interest income is recognised as the interest accrues on the related financial asset. Interest is determined using the effective interest rate method, which applies the interest rate that discounts estimated future cash receipts over the expected life of the related financial asset.

Gain on Foreign Exchange Conversion

Blue chip swaps are bought in USD and sold in Argentinian Peso's on the same day. The income is recognised on the day of the sale.

q. Property, Plant & Equipment

Property, plant & equipment is measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight line basis on all property, plant and equipment over 3 to 10 years . The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its approximate fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of profit or loss and other comprehensive income.

(ii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

r. Share-based Payment Transactions

Equity settled transactions:

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using the Black & Scholes option-pricing model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Challenger Exploration Limited.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of profit or loss and other comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, measured at the modification date.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

s.Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

t. Employee leave benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled.

u. Significant accounting judgements, estimates and assumption

The application of accounting policies requires the Group's management to make estimates and assumptions that affect the carrying values of assets and liabilities that are not readily apparent from other sources. The determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience, current and expected economic conditions and expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

Estimates and underlying assumptions are evaluated on an ongoing basis.

Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below.

Estimates and assumptions

Share-based Payments

The Group measures the cost of equity-settled transactions with employees and consultants, where the fair value of the services provided cannot be reliably measured by reference to the fair value at grant date using the Black & Scholes formula, taking into account the terms and conditions upon which the instruments were granted as well as the probability that various non-market vesting conditions are being met. The assumptions used are detailed in Note 17.

Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

The determination of a Joint Ore Reserves Committee (JORC) resource is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available.

v. Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

w. Parent Entity Disclosures

The financial information for the parent entity, which is the legal parent Challenger Exploration Limited, disclosed in Note 26 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the parent entity's financial statements.

Investments in subsidiaries are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate statement of profit or loss and other comprehensive income of the parent entity, and do not impact the cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

2. Other Income

	Consolidated 2022 $	Consolidated 2021 $
Government cash flow boost	–	29,460
Gain on Blue Chip Swaps (a)	18,986,285	6,846,533
Interest received	1,888	3,474
	18,988,173	**6,879,467**

In 2019, the Argentine government reinstituted exchange controls restricting the purchase of foreign currencies. As a result of these exchange controls, the Group use a legal trading mechanism commonly known as the Blue Chip Swap in which the Argentinian subsidiary, Golden Mining SA, buys Argentinian securities in USD, who then sells the securities in Argentina for Argentinian Peso on the same day. This is to enable the Group to fund working capital in its Argentinian operations. The Blue Chip Swap rate has diverged significantly from Argentina's official exchange rate resulting in the Group recognising a gain from Blue Chip Swap transactions.

The Blue Chips Swaps are financial instruments where the gain or loss associated with the trading of these financial instruments are treated as other income or other expenses. The Group holds no Blue Chip Swaps at 30 June 2022 (30 June 2021: nil) and never holds Blue Chip Swaps overnight.

3. Income Tax

	Consolidated 2022 $	Consolidated 2021 $
Current tax	–	–
Deferred tax	3,555,931	3,086,154
Income tax expense	**3,555,931**	**3,086,154**
The prima facie tax benefit on profit before income tax is reconciled to the income tax expense as follows:		
Net profit before income tax	**29,339,896**	**6,344,722**
Prima facie tax benefit on result before income tax at 30% (2021: 30%)	8,801,969	1,903,417
Add:		
• Share based payments	653,842	370,478
• Non assessable income – hyper inflation	(6,976,183)	(144,478)
• Differences in tax rate of subsidiaries operating in different jurisdictions	1,607,624	461,525
• Other deferred tax assets not recognised relating to tax losses	188,479	(765,431)
• Prior year overprovision	(723,257)	–
• Other	1,456	1,720
Income tax expense	**3,553,931**	**3,086,154**

The following tax deferred tax balances have been recognised:		
Deferred tax assets / (liabilities) at 30% (2021: 30%):		
Gain on blue chip swaps	(6,883,231)	(3,032,043)
Hyperinflation adjustments	(1,033,039)	(400,060)
Tax losses	18,418,775	6,890,674
Exploration costs	(14,479,213)	(3,789,889)
Unrecognised tax losses	(2,662,568)	(2,754,836)
	(6,639,276)	**(3,086,154)**

The tax benefits of the above deferred tax assets will only be obtained if:

(a) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;

(b) the Group continues to comply with the conditions for deductibility imposed by law; and

(c) no changes in income tax legislation adversely affect the Group in utilising the benefits.

Tax consolidation

i. Members of the tax consolidated group and the tax sharing arrangement

Challenger Exploration Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2020. Challenger Exploration Limited is the head entity of the tax consolidated group. Members of the tax consolidated group have not entered into a tax sharing agreement, as in Australia the group has nominal taxable income, however has an arrangement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote. A Tax Sharing Agreement and a Tax Funding Agreement may be entered into in the future.

ii. Tax effect accounting by members of the tax consolidated group

Measurement method adopted under AASB Interpretation 1052 Tax Consolidation Accounting

Effectively, each entity is treated as though it is a separate division of the consolidated group, and transactions between entities that are part of the same consolidated group are ignored for Australian income tax purposes. However, entities that form part of a consolidated group for Australian income tax purposes remain separate legal entities. As such, they are still required to maintain, among other items, separate accounts and records. The asset-based model determines the tax cost base of assets held by a subsidiary member when it joins a consolidated group. The tax cost base to the head company of the joining entity's assets is determined through the allocation of the ACA to the entity's underlying assets. There is no resetting of the tax cost of assets held by the head company of a consolidated group.

4. Cash

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts. Cash at bank earns interest at floating rates based on a daily bank deposit rate.

	Consolidated 2022 $	Consolidated 2021 $
Cash at Bank	**10,415,522**	**47,490,314**
Reconciliation of net profit after tax to the net cash flows from operations:		
Net profit	25,785,965	3,258,568
Non cash items:		
Deferred Tax Liability	3,553,931	3,086,154
Depreciation	62,920	30,878
Foreign exchange gains	(780,777)	88,790
Creditors settled for equity	25,221	341,817
Share based payments	2,179,473	1,234,925
Movements in Hyperinflation	(18,126,060)	(3,725,217)
Gain on sale of Blue Chip Swaps	(15,399,749)	(6,317,507)
Changes in assets and liabilities		
Decrease / (Increase) in receivables and prepayments	3,517	(21,740)
Increase / (Decrease) in payables and accruals	28,440	317,768
Net cash flows used in from operating activities	**(2,695,559)**	**(1,705,564)**
Changes in liabilities arising from financing activities:		
Opening balance	3,500,000	–
Loans received	–	3,500,000
Loan repayments	(2,280,000)	–
Net cash from financing activities	(2,280,000)	3,500,000
Closing balance	**1,220,000**	**3,500,000**

5. Trade & Other Receivables

	Consolidated 2022 $	Consolidated 2021 $
Current		
GST receivable	34,175	225,905
Other receivables	106,608	84,005
Closing balance	**140,783**	**309,910**
Non current		
VAT receivable	**8,149,755**	**2,851,222**

6. Prepayments

	Consolidated 2022 $	Consolidated 2021 $
Current		
Other pre-payments	**815,294**	**14,145**

7. Deferred Exploration and Evaluation Expenditure

	Consolidated 2022 $	Consolidated 2021 $
Non-current		
Exploration and evaluation phase	**133,675,262**	**32,587,630**
Opening balance	32,587,630	3,277,843
Exploration and evaluation expenditure (including foreign exchange differences)	64,787,632	29,309,787
Acquisition costs – equity based settlement	36,300,000	–
Closing balance	**133,675,262**	**32,587,630**

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on the successful development and commercial exploitation or sale of the respective areas.

During the year ended 30 June 2022, the Group issued 114 million CEL shares and a payment of US$3.69 million (AUD$5.026 million) to increase the Group's interest in the Hualilan Gold Project to 100%. In addition, the Group issued 18 million CEL shares during the half-year to get a 100% interest in the El Guayabo project. The share issuance for both acquisitions was approved by the shareholders at a general meeting on 3 September 2021. These shares were valued at $0.275 per share being the share price at approval date.

The acquisitions have been accounted for as asset acquisitions on the basis that the assets acquired do not meet the definition of a business under AASB 3 Business Combinations. The assets acquired relate to only deferred exploration and evaluation, and as such do not represent a business but an asset.

8. Property, Plant and Equipment

	Consolidated 2022 $	Consolidated 2021 $
Property, Plant and Equipment		
Cost	694,972	444,373
Accumulated depreciation	(160,880)	(34,334)
Net carrying amount	**534,092**	**410,039**

9. Trade & Other Payables

	Consolidated 2022 $	Consolidated 2021 $
Trade creditors and accruals	3,997,695	1,736,543
	3,997,695	**1,736,543**

Terms and conditions:

Trade creditors are non-interest bearing and are normally settled on 30-day terms.

10. Provisions

	Consolidated 2022 $	Consolidated 2021 $
Current		
Employee benefits	**95,292**	**47,004**
The provision for employee benefits represents accrued annual leave entitlements.		
Movements in Provisions:		
Employee benefits		
At beginning of the period	47,004	24,990
Additions	48,288	22,014
	95,292	**47,004**

11. Borrowings

	Consolidated 2022 $	Consolidated 2021 $
Current		
Unsecured loans	**1,220,000**	**–**
Non-Current		
Unsecured loans	**–**	**3,500,000**

Under a funding agreement RiverFort Global Capital Ltd, a London based UK Institutional Investment Manager focusing on high-growth companies, has advanced the Company $3.5 million. The loan attracts an interest rate of 6% p.a. and is repayable by 15 July 2022. The Company utilised the proceeds of the Options, that were exercisable at $0.04 on or before 30 June 2022, together with other cash reserves to repay the loan. The remaining balance of $1,220,000 was transferred to current liabilities as at 30 June 2022 with loan fully repaid in July 2022.

12. Issued Capital

(a) Issued Capital	**120,378,045**	**80,631,294**

Movement in ordinary shares on issue	Consolidated 2022 No.	Consolidated 2022 $	Consolidated 2021 No.	Consolidated 2021 $
At start of period	808,681,440	80,631,294	548,724,627	22,177,747
Shares issued for cash	–	–	250,500,000	62,140,000
Shares issued on conversion employee rights	210,379	21	4,772,594	477
Shares issued as consideration for Hualilan Gold Project	114,000,000	31,350,000	–	–
Shares issued as consideration	47,004		24,990	
for El Guayabo Gold Copper Project	18,000,000	4,950,000	–	–
Shares issued on exercise of options	86,644,444	3,465,778	–	–
Shares issued in lieu of cash	177,317	51,962	4,684,219	718,114
Transaction costs relating to issued shares	–	(71,010)	–	(4,405,044)
	1,027,713,580	**120,378,045**	**808,681,440**	**80,631,294**

The Group does not have authorised capital nor par value in respect of its issued capital. Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Group, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Group.

(b) Options

At the date of this report 10,000,000 unlisted options over new ordinary shares in the Company were on issue:

Type	Date of Expiry	Exercise Price	Number under Option
Unlisted [(a)]	14 April 2025	$0.45	10,000,000

(a) The exercise price of each option is $0.45.

86,644,444 ordinary shares were issued upon the exercise of options during the financial year ended 30 June 2022. No ordinary shares were issued upon the exercise of options since the end of the financial year ended 30 June 2022 and up to the date of this report.

13. Reserves

	Consolidated 2022 $	Consolidated 2021 $
Option reserve	784	784
Share based payments reserve	3,828,443	1,648,970
Foreign currency translation reserve	(3,903,087)	(2,675,784)
	(73.860)	**(1,026,030)**
(a) Movements in Reserves		
Share based payments reserve		
Opening balance	1,648,970	511,695
Share based payment expense	2,179,473	1,137,275
	3,828,443	**1,648,970**

The share based payment reserve is used to recognise share based payments in relation to the RiverFort Facility, those provided to directors, executives and employees as part of their remuneration and non-employees for their services. Refer to note 17 for further details of the share based payments during the financial year.

	Consolidated 2022 $	Consolidated 2021 $
Foreign currency translation reserve		
Opening balance	(2,675,784)	(326,109)
Foreign currency translation	(1,227,303)	(2,349,675)
	(3,903,087)	**(2,675,784)**

The foreign exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in note 1(k). The reserve is recognised in profit and loss when the net investment is disposed of.

14. Performance Shares

	Consolidated 2022 $	Consolidated 2021 $
Option reserve	784	784
Share based payments reserve	3,828,443	1,648,970
Foreign currency translation reserve	(3,903,087)	(2,675,784)
	(73.860)	**(1,026,030)**
(a) Movements in Reserves		
Share based payments reserve		
Opening balance	1,648,970	511,695
Share based payment expense	2,179,473	1,137,275
	3,828,443	**1,648,970**

At the date of this report, 120,000,000 Performance Shares over new ordinary shares in the Company were on issue. These Performance Shares were issued as part of the Group's acquisition of AEP Corporation Pty Ltd disclosed in the Prospectus document dated 16 May 2019.

Type	Number
Performance A	60,000,000
Performance B	60,000,000

Performance A Shares have the following vesting conditions:

A JORC Compliant Mineral Resource Estimate of at least Inferred category on either Project of the following:

i. a minimum 500,000 ounces of gold (AU) or Gold Equivalent (in accordance with clause 50 of the JORC Code) at a minimum grade of 6 grams per tonne Gold Equivalent; or
ii. a minimum 1,500,000 ounces of gold (AU) or Gold Equivalent (in accordance with clause 50 of the JORC Code) at a minimum grade of 2.0 grams per tonne Gold Equivalent; or
iii. a minimum 3,000,000 ounces of gold (AU) or Gold Equivalent (in accordance with clause 50 of the JORC Code) at a minimum grade of 1.0 grams per tonne Gold Equivalent.

Performance B Shares will vest on the completion and announcement by Challenger (subject to the provision of information allowable at the time of completion) of a positive Scoping Study (as defined in the JORC Code) on either the Hualilan Project or the El Guayabo Project by an independent third-party expert which evidences an internal rate of return of US Ten Year Bond Rate plus 10% (using publicly available industry assumptions, including deliverable spot commodity / mineral prices, which are independently verifiable) provided that the total cumulative EBITDA over the project life is over US$50m,

The relevant interests held by each Director in shares, options and performance shares and rights of the Company at the date of this report are included in the Remuneration Report.

The performance shares were measured at fair value and recognised as part of the original acquisition value of the Hualian Project. These performance shares were issued as consideration to the shareholders of the seller to the Company.

No ordinary shares were issued upon the vesting of performance shares during the period.

15. Performance Rights

At the date of this report, 16,000,000 Performance Rights over new ordinary shares in the Company were on issue:

Type	Number
Class A	8,000,000
Class B	8,000,000

Class A Performance Rights have the following vesting conditions:

A JORC Compliant Mineral Resource Estimate of at least Inferred category on either Project of the following:

i. a minimum 500,000 ounces of gold (AU) or Gold Equivalent (in accordance with clause 50 of the JORC Code) at a minimum grade of 6 grams per tonne Gold Equivalent; or

ii. a minimum 1,500,000 ounces of gold (AU) or Gold Equivalent (in accordance with clause 50 of the JORC Code) at a minimum grade of 2.0 grams per tonne Gold Equivalent; or

iii. a minimum 3,000,000 ounces of gold (AU) or Gold Equivalent (in accordance with clause 50 of the JORC Code) at a minimum grade of 1.0 grams per tonne Gold Equivalent.

Class A Performance Rights have been measured using a Black Scholes model assuming a probability of 100% and expected vesting date. At the date of this report, these performance rights have not vested. The probability and vesting date is reassessed at each reporting date.

Class B Performance Rights will vest on the completion and announcement by Challenger (subject to the provision of information allowable at the time of completion) of a positive Scoping Study (as defined in the JORC Code) on either the Hualilan Project or the El Guayabo Project by an independent third-party expert which evidences an internal rate of return of US Ten Year Bond Rate plus 10% (using publicly available industry assumptions, including deliverable spot commodity / mineral prices, which are independently verifiable) provided that the total cumulative EBITDA over the project life is over US$50m.

The relevant interests held by each Director in shares, options, performance shares and performance rights of the Company at the date of this report are included in the Remuneration Report above.

Class B Performance Rights have been measured using a Black Scholes model assuming a probability of 0% based on the certainty of meeting the vesting conditions by an expected vesting date. At the date of this report, these performance rights have not vested. The probability and vesting date is reassessed at each reporting date.

No ordinary shares were issued upon the vesting of performance rights during the period.

16. Incentive Performance Rights

At the date of this report, 8,772,427 Incentive Performance Rights over new ordinary shares in the Company were on issue:

Type	Number
Incentive Performance Rights	8,772,427

The Incentive Performance Rights have the following vesting condition where the holder must remain employed or engaged by the Company for a minimum period of twelve months from 28 November 2019.

210,379 ordinary shares were issued upon the vesting of performance rights or performance shares during the financial year ended 30 June 2022. No ordinary shares were issued upon the vesting of performance rights or performance shares since the end of the financial year ended 30 June 2022.

The relevant interests held by each Director in shares, options, performance shares and performance rights of the Company at the date of this report are included in the Remuneration Report above.

17. Share Based Payments

Recognised share-based payment transactions

Share based payment transactions recognised as operating expenses in the statement of profit or loss and other comprehensive income during the period were as follows:

	Consolidated 2022 $	Consolidated 2021 $
Operating expenses		
Supplier share based payment	–	667,261
Employee share based payment	2,179,473	567,664
	2,179,473	**1,234,925**

Supplier Share Based Payment

For the financial year ended 30 June 2021, under a funding agreement RiverFort Global Capital Ltd (RGC), a London based UK Institutional Investment Manager focusing on high-growth companies, has advanced the Company $3.5 million which will be repaid from the proceeds of in the money Options, with the Options due to be exercised on or before 30 June 2022. Under the funding agreement RGC were issued 10,000,000 unlisted options. Refer to note 12(b) for further details regarding the options.

The Riverfort Facility Options were valued using a Monte Carlo simulations as follows:

i. 1,000 Monte Carlo simulations of CEL share price based on the company's closing share price at the 16th April 2021;
ii. Used the terminal price of the 1000 simulations that were higher than the exercise price of A$0.40 as at the end of 15 months as the input to a Black-Scholes model;
iii. Used the terminal price of the 1000 simulations as at the end of 4 year (1000 trading days) that were higher than the exercise price of A$0.45 as the input to a Black-Scholes model; and
iv. Discounted the average value of those options back to the valuation date 16th April 2021 using the applicable RBA bond rate;

Volatility: The Monte Carlo simulations were calculated using three-year historical volatility of 93.2% for the CEL share price.

Discount rate: To NPV the valuation to the 16th April 2021 a discount rate of 0.10% was used which represented the 3 year Australian Bond Rate

Additionally, a supplier received ordinary shares in the Capital of the Company in lieu of cash for services provided during the year.

Employee share based payment plan

The Group has established an Employee Share Option Plan and an Incentive Performance Rights Plan ('Plans'). The objective of the Plans are to assist in the recruitment, reward, retention and motivation of employees of Challenger Exploration Limited. Under the Plans, the Directors may invite individuals acting in a manner similar to employees to participate in the Plans and receive options and / or performance rights. An individual may receive the options and / or performance rights or nominate a relative or associate to receive the options and / or performance rights. The Plans are open to directors, executive officers, nominated consultants and employees of Challenger Exploration Limited.

The fair value at grant date of performance rights granted during the reporting period was determined using the Company's share price on the grant date. The table below summaries performance rights granted under Incentive Performance Rights Plan:

Grant Date	Expiry date	Balance at 30 June 2021 Number	Granted / (Exercised) Number	Balance at 30 June 2022 Number	Vested and exercisable at 30 June 2022 Number
3 December 2019	4 July 2026	16,000,000	–	16,000,000	–
16 March 2020	4 July 2026	477,406	(210,379) *	267,027	267,027
9 September 2021	4 July 2026	–	8,505,400 **	8,505,400	8,505,400
Total		**16,477,406**	**8,295,021**	**24,772,427**	**8,772,427**

* The weighted average exercise price of these options at exercise is $0.0001.

** The weighted average exercise price of these options granted is $0.0001.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2022 was 4.0 years (2021: 5.0 years).

The weighted average fair value of options granted during the year was $0.274 (2021: Nil). The exercise price for options outstanding at the end of the year was $0.0001 (2021: $0.0001).

There were no performance rights forfeited or cancelled during the period. The performance rights are issued for Nil consideration and have an exercise price of $0.0001. 201,379 performance rights were exercised during the period at a prevailing share price of $0.355.

18. Key Management Personnel Emoluments

Recognised share-based payment transactions

Share based payment transactions recognised as operating expenses in the statement of profit or loss and other comprehensive income during the period were as follows:

(a) Details of Key Management Personnel

Fletcher Quinn:	Non Executive Chairman
Kris Knauer:	Managing Director
Scott Funston:	Executive Director
Sergio Rotondo:	Executive Director

Directors' remuneration and other terms of employment are reviewed annually by the non-executive Directors having regard to performance against goals set at the start of the period, relative comparative information and independent expert advice, as appropriate.

(b) Compensation of Key Management Personnel

The aggregate compensation paid to Directors and other members of key management personnel is out below:

	Consolidated 2022 $	Consolidated 2021 $
Short-term employee benefits	805,257	300,000
Short-term employee benefits (shares in lieu of cash consideration)	–	300,000
Post-employment benefits	–	–
Share-based payments	(48,949)	156,516
	756,308	**756,516**

Further details of key management personnel remuneration have been included in the Remuneration Report section of the Directors' Report.

(c) Other Transactions with Key Management Personnel

Mr Quinn is a director of Seco Resources Pty Ltd. Seco has provided his services as Chairman to a value of $60,000 (2021: $60,000) to Challenger during the year on normal commercial terms. This amount is included in the Remuneration Report section of the Directors Report. $10,000 (2021: $5,000) was outstanding at year end.

Mr Knauer is a director of Greenfield Securities Pty Ltd. Greenfield has provided his services as Managing Director and CEO to a value of $295,000 (2021: $295,000) to Challenger during the year on normal commercial terms. This amount is included in the Remuneration Report section of the Directors Report. $49,167 (2021: $24,583) was outstanding at year end.

Mr Funston is a director of Resourceful International Consulting Pty Ltd. Resourceful has provided his services as Director, Company Secretary and CFO to a value of $245,000 (2021: $245,000) to Challenger during the year on normal commercial terms. This amount is included in the Remuneration Report section of the Directors Report. $40,833 (2021: $20,417) was outstanding at year end.

(d) Amounts owing to Key Management Personnel

A total of $100,000 was outstanding to Key Management Personnel as at 30 June 2022 (2021: $50,000), as noted above.

19. Segment Information

The Group is organised into one business segment, being exploration operations with three geographies. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Maker ("CODM") in assessing performance and in determining the allocation of resources.

	Australia $	Ecuador $	Argentina $	Consolidated $
30 June 2022				
Interest income	1,888	–	–	1,888
Other income	–	–	18,986,285	18,986,285
Segment income	**1,888**	**–**	**18,986,285**	**18,988,173**
Segment profit before income tax	828,316	(29,128)	28,540,708	29,339,896
Segment assets	60,304,718	15,446,406	77,979,584	153,730,708
Segment liabilities	1,767,018	727,302	9,457,943	11,952,263
Included within segment assets				
Cash at bank	8,625,821	1,068,439	721,262	10,415,522
Plant and equipment and exploration expenditure	51,663,672	14,332,337	68,213,345	134,209,354

	Australia $	Ecuador $	Argentina $	Consolidated $
30 June 2021				
Interest income	3,474	–	–	3,474
Other income	29,460	–	6,288,047	6,317,507
Segment income	**32,934**	**–**	**6,288,047**	**6,320,981**
Segment profit / (loss) before income tax	(2,904,375)	(32,856)	6,195,799	3,258,568
Segment assets	47,452,511	9,697,355	26,513,394	83,663,260
Segment liabilities	3,756,927	172,475	4,440,299	8,369,701
Included within segment assets				
Cash at bank	47,451,344	205,577	59,296	47,490,314
Property, plant and equipment and exploration expenditure	1,170	9,431,360	23,565,139	32,997,669

20. Earnings Per Share

	Consolidated 2022 $	Consolidated 2021 $
The following reflects the loss and share data used in the calculation of basic earnings per share (EPS):		
Profit used in calculation of basic EPS	25,785,965	3,258,568
	Number	**Number**
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted EPS	958,308,551	664,268,915
The following reflects the loss and share data used in the calculation of diluted earnings per share (EPS):		
Profit used in calculation of diluted EPS	25,785,965	3,258,568
	Number	**Number**
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted EPS	967,080,978	751,390,765

21. Related Party Disclosure

Interest in subsidiaries

The consolidated financial statements include the financial statements of Challenger Exploration Limited and the subsidiaries listed in the following table:

Name	Country of Incorporation	Percentage of equity interest held by the Group 2022	2021
AEP Corporation Pty Ltd	Australia	100%	100%
Bundu Oil & Gas Exploration Pty Ltd *	South Africa	95%	95%
Challenger Exploration Argentina Pty Ltd **	Australia	100%	100%
Ecuador Mining Pty Ltd	Australia	100%	100%
Golden Mining SA ***	Argentina	100%	20%
Ecuador Mining SA ***	Ecuador	100%	–
Torata Mining SA ***	Ecuador	100%	–

* The assets Bundu Oil & Gas Exploration (Bundu) are not material and Bundu does not have a material non-controlling interest in the Group.

** Previously named Afro-Asian Resources Pty Ltd

*** These entities hold exploration tenements in Argentina and Ecuador. During the year, the Group acquired 100% interests in these entities. As disclosed in Note 7, these acquisitions were treated as asset acquisitions.

22. Auditor's Remuneration

	Consolidated 2022 $	Consolidated 2021 $
Fees to Ernst & Young Australia		
Fees for the audit and review of the financial reports of the Group and any controlled entities	62,500	–
Total fees to Ernst & Young Australia	**62,500**	**–**
Fees to HLB Mann Judd (WA Partnership)		
Fees for the audit and review of the financial reports of the Group and any controlled entities	–	35,000
Total fees to HLB Mann Judd (WA Partnership)	**–**	**35,000**
Fees to other overseas member firms of Ernst & Young (Australia)		
Fees for the audit and review of the financial reports of the Group and any controlled entities	100,770	–
Total fees to overseas member firms of Ernst & Young (Australia)	**100,770**	**–**
Fees to other overseas member firms of HLB Mann Judd		
Taxation and other non-audit services	–	3,848
Total fees to overseas member firms of HLB Mann Judd	**–**	**3,848**
Total auditor's remuneration	**163,270**	**38,848**

23. Financial Instruments

(a) Financial risk management and risk policies

The Group's principal financial instruments comprise of cash, short-term deposits, loans and payables. The main purpose of these financial instruments is to hold funds for the entity's operations. The entity has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the entity's policy that no trading in financial instruments shall be undertaken. The main risks arising from the entity's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 1 to the financial statements.

(c) Interest rate risk

The Group is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The Group has fixed interest debt, however this was repaid subsequent to 30 June 2022.

2022 Consolidated	Rate	Less than 1 month $	1 to 3 months $	3 months to 1 year $	1 to 5 years	Total $
Financial Assets						
Non-interest bearing		140,783	–	–	–	140,783
Variable interest rate instruments	0.01%	10,415,522	–	–	–	10,415,522
		10,556,305	**–**	**–**	**–**	**10,556,305**
Financial Liabilities						
Non-interest bearing		(3,997,695)	–	–	–	(3,997,695)
Fixed interest rate instruments	6%	(1,220,000)	–	–	–	(1,220,000)
Net Financial Assets		**6,102,546**	**–**	**–**	**–**	**6,102,546**

2021 Consolidated	Rate	Less than 1 month $	1 to 3 months $	3 months to 1 year $	1 to 5 years	Total $
Financial Assets						
Non-interest bearing		84,005	–	–	–	84,005
Variable interest rate instruments	0.01%	47,490,314	–	–	–	47,490,314
		47,574,319	**–**	**–**	**–**	**47,574,319**
Financial Liabilities						
Non-interest bearing		(1,783,543)	–	–	–	(1,783,543)
Fixed interest rate instruments	6%	(3,500,000)	–	–	–	(3,500,000)
Net Financial Assets		**42,290,776**	**–**	**–**	**–**	**42,290,776**

Interest Rate Sensitivity Analysis

At reporting date, if interest rates had been 50 basis points higher or lower than the prevailing rates realised, with all other variables held constant, there would have been an immaterial change in post-tax loss for the year. The impact on equity would have been the same.

There was minimal exposure to interest rate risk in 2022 (2021: Nil).

(d) Fair value disclosure of financial assets and liabilities

The fair value of a financial asset or a financial liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values of cash and cash equivalents, trade and other receivables, borrowings and trade and other payables approximate their carrying values, as a result of their short maturity.

The valuation techniques used have not changed for each of these financial instruments from the prior period.

(e) Credit risk exposures

The Group's maximum exposure to credit risk at each balance date in relation to each class of recognised financial assets is the carrying amount, net of any provision for expected credit loss, of those assets as indicated in the statement of financial position. The maximum credit risk exposure on receivables of the Group at 30 June 2022 is $140,783 (2021: $84,005). There are no impaired receivables at 30 June 2022.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved annually. The Group measures credit risk on a fair value basis.

Concentration of Credit Risk

The Group is not exposed to any individual customer.

The Group's VAT receivable is a statutory asset mainly with the Argentinian authorities and not considered a financial asset as defined under AASB 9 Financial Instruments.

(f) Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. All associated financial assets and liability are classified as current. The Group does not have any bank debt.

(g) Foreign exchange risk management

The Group is exposed to US Dollar (USD) and South African Rand (ZAR) currency fluctuations. At 30 June 2022, there would have been an immaterial change in the post-tax operating loss for the year as a result of a 10% change in the Australian Dollar (AUD) to the USD and ZAR. The impact to equity would be the same.

The Group use a legal trading mechanism commonly known as the Blue Chip Swap in which the Argentinian subsidiary, Golden Mining SA, buys Argentinian securities in USD, then sells the securities in Argentina for Argentinian Peso on the same day. This is to enable the Group to fund working capital in its Argentinian operations. See Note 2 for further information.

(h) Capital Risk Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being gold exploration, it does not have ready access to credit facilities, with the primary source of funding being equity raisings. Accordingly, the objective of the Group's capital risk management is to balance the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. This is achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

24. Contingent Assets and Liabilities

There are no known contingent liabilities or contingent assets.

25. Commitments for Expenditure

There are no commitments for expenditure as at 30 June 2022 (2021: $Nil).

26. Parent Entity Disclosures

Information relating to Challenger Exploration Limited, the legal Parent entity, is detailed below:

Financial position	2022 $	2021 $
Assets		
Current assets	8,653,747	47,444,774
Non-current assets	112,205,120	32,655,518
Total assets	**120,858,867**	**80,100,292**
Liabilities		
Current liabilities	1,416,489	(93,625)
Non-current liabilities	–	3,500,000
Total liabilities	**1,416,489**	**3,406,374**
Net Assets	**119,442,378**	**76,693,917**
Equity		
Issued capital	150,423,617	110,676,866
Accumulated losses	(37,353,538)	(38,175,775)
Reserves	6,372,299	4,192,826
Total equity	**119,442,378**	**76,693,917**
Financial performance		
Loss for the year	822,237	(3,263,594)
Other comprehensive income/(loss)	–	–
Total comprehensive income/(loss)	**822,237**	**(3,263,594)**

27. Subsequent Events

On 9 September 2022, the Company announced it has entered into binding agreements for a US$15 million (A$22.1 million) private placement of unsecured convertible debentures (the **"Debentures"**) with Queen's Road Capital Investment Ltd (**"QRC"**). The Debentures are convertible into fully paid ordinary shares in CEL (**"Shares"**) at a price of **$0.25**, a 30% premium to the 5-day volume weighted average price (**"VWAP"**) prior to 2 September 2022. Additionally, the Company's largest institutional shareholder has committed to invest pro-rata to its 12% shareholding via a $2.6m placement at 5-day VWAP, increasing combined funds raise to $24.7 million from two parties.

The Company received the US$15 million on 12 September 2022, and on 16 September 2022 $2.6 million less fees.

On 12 September the Company issued 3,513,457 ordinary shares in lieu of cash for the 3% establishment fee on the QRC debenture.

On 16 September 2022, the Company issued 13,684,213 ordinary shares for the placement.

Directors' Declaration

1. The Directors of the Company declare that:

   a. the financial statements, notes and the additional disclosures are in accordance with the Corporations Act 2001 including:

      i. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year then ended; and

      ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements;

   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2022.

This declaration is signed in accordance with a resolution of the Board of Directors.

Kris Knauer Managing Director

29 September 2022

Independent Auditor's Report

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Independent auditor's report to the members of Challenger Exploration Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Challenger Exploration Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Restatement of comparative information

Why significant	How our audit addressed the key audit matter
As set out in Note 1(c) to the financial report, the prior period comparative financial information has been restated to adjust for the adoption of AASB 129 *Financial Reporting in Hyperinflationary Economies* (AASB 129) in relation to its subsidiary, Golden Mining SA. The Group has restated each of the affected financial statement line items for the corresponding prior period, 30 June 2021. Due to the judgment involved in determining the accounting treatment for hyperinflation economies and the quantum of the amounts involved, we consider this restatement to be a key audit matter.	Our audit procedures in assessing the treatment of, and the adjustments required, for this restatement included: ► Obtained and reperformed the calculations for the measurement of the restatement as at 1 July 2020 and 30 June 2021; ► Reviewed, in conjunction with our IFRS accounting technical specialists, the application of AASB 129 and the associated accounting treatment as at 1 July 2020 and 30 June 2021; and ► Reviewed the adequacy of the disclosures in relation to the restatement of comparative information set out in note 1(c) to the financial report.

2. Carrying value of exploration and evaluation assets

Why significant	How our audit addressed the key audit matter
At 30 June 2022, the Group held exploration and evaluation assets of $133,675,262, representing 87% of the Group's total assets. The carrying value of exploration and evaluation assets is assessed for impairment by the Group when facts and circumstances indicate that the exploration and evaluation assets may exceed their recoverable amount. The determination as to whether there are any indicators to require an exploration and evaluation asset to be assessed for impairment, involves a number of judgements including whether the Group has tenure, will be able to perform ongoing expenditure and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. The Group did not identify any impairment indicators as at 30 June 2022 Refer to Note 7 in the financial report for exploration and evaluation asset balances and related disclosures.	We evaluated the Group's assessment as to whether there were any indicators of impairment to require the carrying value of exploration and evaluation assets to be tested for impairment. In performing our procedures, we: ► Considered whether the Group's right to explore was current, which included obtaining and assessing supporting documentation such as license agreements; ► Considered the Group's intention to carry out significant ongoing exploration and evaluation activities in the relevant areas of interest which included reviewing the Group's approved cash flow forecast and enquiring of senior management and the directors as to their intentions and the strategy of the Group; ► Assessed whether any exploration and evaluation data existed to indicate that the carrying value of exploration and evaluation assets is unlikely to be recovered through development or sale; and ► Assessed the adequacy of the disclosures in Note 7 of the financial report.

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3. Other income – gain on blue chip swaps

Why significant	How our audit addressed the key audit matter
For the year ended 30 June 2022, the Group recognised $18,986,285 of other income from gains on blue chip swaps, representing 100% of the Group's total other income. Due to the quantum of the amount involved, we consider this to be a key audit matter. Refer to Note 2 of the financial report for other income from gains on blue chip swaps and related disclosures.	Our audit procedures included the following: ► Reviewed the Group's processes for recognising other income and controls in place around blue chip swap trading; ► Obtained and reperformed the other income calculations in relation to the gains on blue chip swaps; ► Agreed, on a sample basis, transactions during the year to underlying external supporting documents; ► Completed cut off procedures to test the timing of recognition of other income for the months of June 2022 and July 2022 by agreeing a sample of transactions to underlying external supporting documents; and ► Reviewed the adequacy of the disclosures in relation to other income set out in note 2 to the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2022 annual report other than the financial report and our auditor's report thereon. We obtained the directors' report that is to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Challenger Exploration Limited for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

V L Hoang
Partner
Perth
29 September 2022

ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current at 29 September 2022.

Substantial Shareholders

The names of the substantial shareholders who have notified the Company in accordance with Section 671B of the Corporations Act 2001:

Shareholder	Number	%
Sergio Rotondo	89,000,000	8.52
Black Rock Group	140,756,653	13.47
Kris Knauer	52,278,666	5.00

Distribution of Shareholders

	Ordinary Shares		
	Number of Holders	Number of Shares	% Issued Share Capital
1 - 1,000	136	37,873	0.00%
1,001 - 5,000	505	1,515,394	0.15%
5,001 - 10,000	341	2,773,491	0.27%
10,001 - 100,000	996	41,685,933	3.99%
100,001 and over	674	998,898,559	95.60%
Total	**2,652**	**1,044,911,250**	**100.00%**

On-Market Buy Back

There is no current on-market buy back.

Voting Rights

All ordinary shares carry one vote per share without restriction.

Top 20 Shareholders

The names of the twenty largest holders of each class of quoted equity security, the number of equity security each holds and the percentage of capital each hold is as follows:

Rank	Holder Name	Units	
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	142,128,308	13.60%
2	SERGIO ROTONDO	89,000,000	8.52%
3	CITICORP NOMINEES PTY LIMITED	34,897,940	3.34%
4	MONEYBUNG PTY LTD <MONEYBUNG FAMILY A/C>	32,954,167	3.15%
5	PISTON SECURITIES PTY LTD	20,954,167	2.01%
6	MONEYBUNG PTY LTD <MONEYBUNG FAMILY A/C>	15,208,332	1.46%
7	E & E HALL PTY LTD <E & E HALL P/L S/F A/C>	14,312,500	1.37%
8	BROOKAVA PTY LTD	14,299,467	1.37%
9	DOMAEVO PTY LTD <THE JCS A/C NO2>	13,804,167	1.32%
10	LQ SUPER PTY LTD <LQ SUPERFUND A/C>	13,000,000	1.24%
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,216,550	1.17%
12	STRANDLINE INVESTMENTS PTY LTD	11,764,341	1.13%
13	JAWAF ENTERPRISES PTY LTD <HALL FAMILY A/C>	11,060,000	1.06%
14	SANPEREZ PTY LTD <P CHALMERS PARTNERSHIP A/C>	8,978,943	0.86%
15	LEON SUPERANNUATION PTY LTD <THE LEON SUPER FUND A/C>	8,500,000	0.81%
16	BELAIR AUSTRALIA PTY LTD <THE CAPRI INVESTMENT A/C>	8,069,334	0.77%
17	MR JAMES HENDERSON ALLEN	8,000,000	0.77%
18	JAXL HOLDING PTY LTD <JAXL HOLDING A/C>	7,991,000	0.76%
19	BOND STREET CUSTODIANS LIMITED <WJ8 - D72533 A/C>	7,933,000	0.76%
20	MR JEFFREY BENNETT & MS KAREN SKAFTE <J BENNETT SUPER FUND A/C>	7,918,073	0.76%
Total		**482,990,289**	**46.22%**

Performance Shares

Class	Number	Holders with more than 20%
Performance Rights A	60,000,000	Moneybung Pty Ltd <Moneybung Family A/C> – 18,500,000
Performance Rights B	60,000,000	Moneybung Pty Ltd <Moneybung Family A/C> – 18,500,000

Interests in Tenements Held

Project	Property Name	Tenure Title Holder	Interest %	Area (ha)	DNPM No of Area	Status of Tenure
El Guayabo	El Guayabo	Torata Mining Resources S.A	100%	281	COD225	Granted
El Guayabo	Colorado V	Goldking Mining Company S.A	earning 50%	2331	COD3363.1	Granted
El Guayabo	El Guaybo 2	Mr. Segundo Ángel Marín Gómez	earning 80%	957	COD300964	Granted
Hualilan	Divisadero	Golden Mining S.R.L.	100%	6	5448-M-1960	Granted
Hualilan	Flor de Hualilan	Golden Mining S.R.L.	as above	6	5448-M-1960	Granted
Hualilan	Pereyra y Aciar	Golden Mining S.R.L.	as above	6	5448-M-1960	Granted
Hualilan	Bicolor	Golden Mining S.R.L.	as above	6	5448-M-1960	Granted
Hualilan	Sentazon	Golden Mining S.R.L.	as above	6	5448-M-1960	Granted
Hualilan	Muchilera	Golden Mining S.R.L.	as above	6	5448-M-1960	Granted
Hualilan	Magnata	Golden Mining S.R.L.	as above	6	5448-M-1960	Granted
Hualilan	Pizarro	Golden Mining S.R.L.	as above	6	5448-M-1960	Granted
Hualilan	La Toro	CIA GPL S.R.L.	as above	6	5448-M-1960	Granted
Hualilan	La Puntilla	CIA GPL S.R.L.	as above	6	5448-M-1960	Granted
Hualilan	Pique de Ortega	CIA GPL S.R.L.	as above	6	5448-M-1960	Granted
Hualilan	Descrubidora	CIA GPL S.R.L.	as above	6	5448-M-1960	Granted
Hualilan	Pardo	CIA GPL S.R.L.	as above	6	5448-M-1960	Granted
Hualilan	Sanchez	CIA GPL S.R.L.	as above	6	5448-M-1960	Granted
Hualilan	Andacollo	CIA GPL S.R.L.	as above	6	5448-M-1960	Granted
Hualilan	North of "Pizarro" Mine	Golden Mining S.R.L.	as above	1.9	195-152-C-1981	Granted
Hualilan	South of "La Toro" Mine	CIA GPL S.R.L.	as above	1.9	195-152-C-1981	Granted
Hualilan	Josefina	Golden Mining S.R.L.	as above	2570	30.591.654	Granted
Hualilan		Armando J. Sanchez	100% Option	721.90	414-998-M-05	Granted
Hualilan	Guillermina	Armando J. Sanchez	100% Option	2,921.05	1124-045-S-19	Granted
Hualilan	Agu 3	Armando J. Sanchez	100% Option	1,500.00	1124-114-S-14	Granted
Hualilan	Agu 5	Armando J. Sanchez	100% Option	1443.50	1124-343-S-14	Granted
Hualilan	Agu 6	Armando J. Sanchez	100% Option	1500.00	1124-623-S-17	Granted
Hualilan	Agu 7	Armando J. Sanchez	100% Option	1459.00	1124-622-S-17	Granted
Hualilan	El Petiso	Armando J. Sanchez	100% Option	18.00	2478-C-71	Granted

ASX Waivers

The ASX granted the Company a waiver from ASX Listing Rule 7.3.2 to permit the notice of meeting (the "Notice") seeking shareholder approval for the issue of up to 245,000,001 fully paid ordinary shares in the Company ("Waiver Securities") upon the Company satisfying the milestones in relation to each of the Projects ("Milestones") not to state that the Waiver Securities will be issued within 3 months of the date of the shareholder meeting.

The Waiver Securities must be issued no later than 60 months after the date of reinstatement of the Company's securities to official quotation.

All Waiver Securities agreements were amended, received shareholder approval and have been issued.

Performance Shares: The Company has 60,000,000 Class A Performance Shares and 60,000,000 Class B Performance Shares on Issue.

A summary of the terms and conditions of the Performance Shares are as follows: The Performance Shares shall automatically convert into Shares, provided that if the number of Shares that would be issued upon such conversion is greater than 10% of the Company's Shares on issue as at the date of conversion, then that number of Performance Shares that is equal to 10% of the Company's Shares on issue as at the date of conversion under this paragraph will automatically convert into an equivalent number of Company Shares. The conversion will be completed on a pro rata basis across each class of Performance Shares then on issue as well as on a pro rata basis for each Holder. Performance Shares that are not converted into Shares under this paragraph will continue to be held by the Holders on the same terms and conditions.

No Conversion if Milestone not Achieved: If the relevant Milestone is not achieved by the required date (being seven years from the date of the Proposed Acquisition or such other date as required by ASX), then all Performance Shares held by each Holder shall lapse.

After Conversion: The Shares issued on conversion of the Performance Shares will, as and from 5.00pm (WST) on the date of issue, rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for official quotation of the Shares issued upon conversion (subject to complying with any restriction periods required by the ASX).

Milestones: The Performance Shares will, convert upon the satisfaction of the following milestones:

Class A: A JORC Compliant Mineral Resource Estimate of at least Inferred category on either Project of the following:

- a minimum 500,000 ounces of gold (AU) or Gold Equivalent (in accordance with clause 50 of the JORC Code) at a minimum grade of 6 grams per tonne Gold Equivalent; or
- a minimum 1,500,000 ounces of gold (AU) or Gold Equivalent (in accordance with clause 50 of the JORC Code) at a minimum grade of 2.0 grams per tonne Gold Equivalent; or
- a minimum 3,000,000 ounces of gold (AU) or Gold Equivalent (in accordance with clause 50 of the JORC Code) at a minimum grade of 1.0 grams per tonne Gold Equivalent;

Class B: The Class B Performance Shares held by the holder will convert into an equal number of Shares upon the Company:

- Completion and announcement by CEL (subject to the provision of information allowable at the time of completion) of a positive Scoping Study (as defined in the JORC Code) on either Project by an independent third-party expert which evidences an internal rate of return of US Ten Year Bond Rate plus 10% (using publicly available industry assumptions, including deliverable spot commodity / mineral prices, which are independently verifiable) provided that the total cumulative EBITDA over the project life is over US$50m.

No Performance Milestones have been met.

Challenger Exploration

Challenger Exploration Limited

ACN 123 591 382

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